

April 29, 2018

401k PORTFOLIO MAY 2018 UPDATE & NEWSLETTER



envoySM

TAKE CONTROL OF YOUR FUTURE

May 2018 Newsletter

3% Yields Stuns Bulls

For the first three weeks in April, U.S. stocks rose as geopolitical tensions faded and investors turned to corporate earnings for guidance on future economic growth. Last week, however, the equity markets got spooked when we saw rising yields on the 10-year treasury reach 3.0% for the first time in four years. That and inflationary concerns accompanying higher commodity prices led to five days of stock declines in a row. After some late stabilization, the S&P 500 stands up for the month at + 1.1% MTD and slightly below flat at -0.138% YTD.

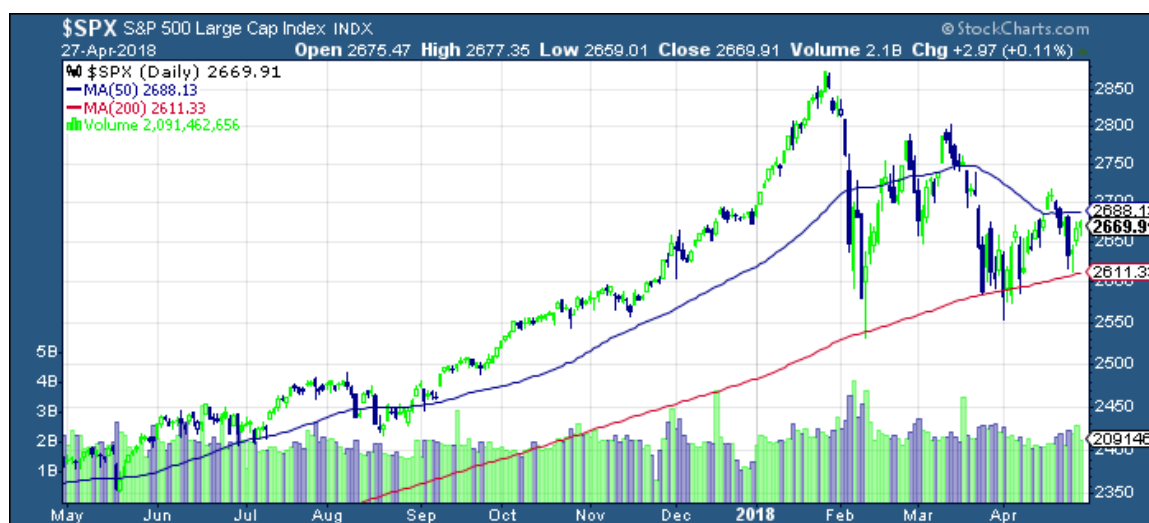
All of the **EZTracker** model portfolios were up on the month and they continue to outpace both the Morningstar Benchmarks and the S&P 500. **As a result there are no changes to the EZTracker model portfolios for the coming month.**

Portfolio Update on Page 3

There is a lot going on in this turbulent market that will determine the direction of the EZTracker portfolios for the rest of the year. Below is a summary of the key issues that we are following:

Corporate Earnings

In general, Q1 earnings for S&P 500 companies have been spectacular, with Q1 profit gains over 22%, "easily the best quarter in at least seven years" according to the Sevens Report. Moreover, over 79% of reporting companies have beaten Wall Street estimates. But the markets have not been impressed. Market pros worry that most of the earnings power already has been priced into the market and are focused on growth, looking ahead and wondering how corporate earnings can top themselves next year. Simply put, although strong earnings are important, future growth ultimately is what will drive stocks and multiples higher.



Financials: Bank earnings so far have been decent, with earnings beats by Citi, JPM, BofA, Goldman Sachs, American Express, and many others. Markets have not rewarded these positive reports however, possibly due to the perceived quality of the outperformance (ie tax benefits). With the recent rise in yields, however, the financial sector (XLF) has outperformed other sectors, gaining over 2.0% in April. Financials benefit from higher yields from the spread between what they pay savers and what they earn on loans and investments.

Industrials: Despite decent Q1 earnings performance, Industrials lagged toward the end of the month after Caterpillar's (CAT) management announced that the construction equipment giant did not expect to see further profit growth for the rest of the year. This doused cold water not only on CAT but also on the entire industrials and materials sector.

Technology: Toward the end of April, Technology earnings results materially outperformed with sector EPS up 22%. This was led by Facebook (FB, 63% EPS increase) and Microsoft (MSFT, beat estimates by 12%). Ultimately such earnings strength didn't translate into share price growth as the sector is down 1.85% for the month. Technology, however, still remains the 2nd strongest YTD of the 11 sectors tracked by Morningstar.

Consumer Discretionary: The Consumer Discretionary sector (XLY) has been one of the strongest performers over the last month, posting 2.96% growth during April. Sources of its momentum include Amazon (AMZN, Q1 earnings that blew past expectations by over 150%) and Netflix (NFLX, posting a 60% increase in EPS). The sector benefits from improving employment and a healthy housing market (as well as lower perceived personal income taxes) which lead to higher consumer spending on purchases outside of core consumer staples.

*EZTracker's ETF Newsletter has exposure to three of the above-mentioned sectors, Financials, Technology and Consumer Discretionary. For more information on the **EZTracker**ETF newsletter, please contact us via the email listed below.*

Bottom Line:

After the market fluctuations and fickleness of the past few months, and in the midst of an excellent earnings environment, U.S. stocks have ended up virtually flat, making runs at both highs and lows but failing to break out in either direction. Accompanying this market volatility, we've had more than a few calls and emails from you with the question: "What should I do?" Keep in mind that investing for your retirement is a long-term proposition. If increased volatility makes you nervous, take a look at how much risk you're taking with your 401k and other investments. Follow the model portfolio that best fits your comfort and ability to take risk. Only you can decide how much risk is right for you.

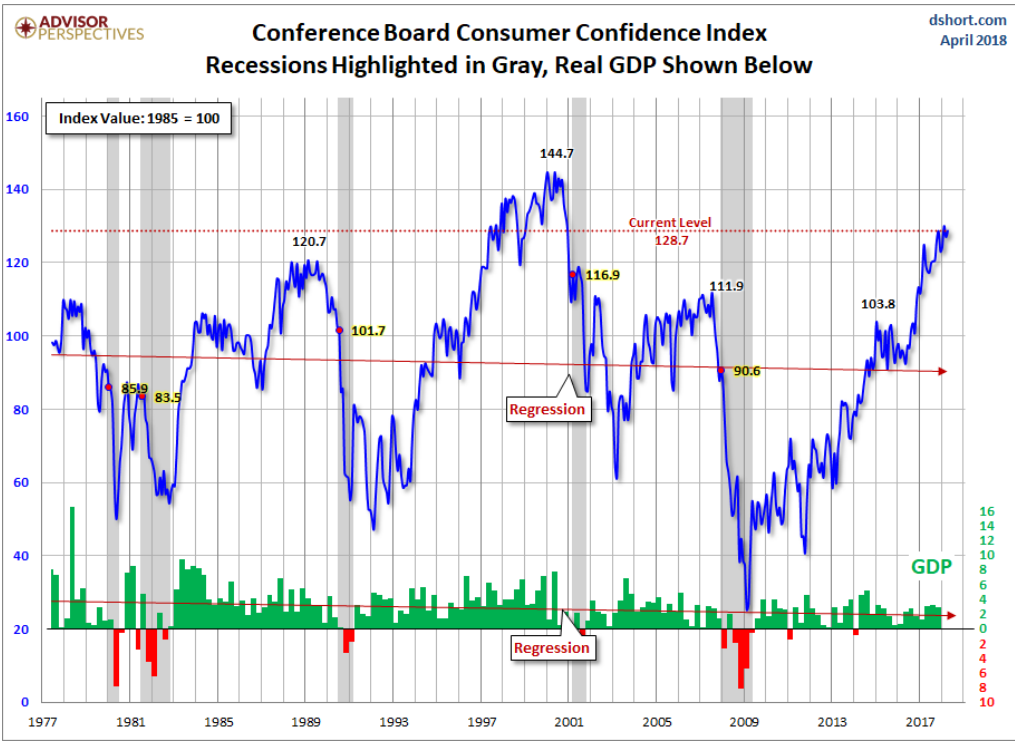
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What We're Watching

Economic Data

The latest batch of U.S. economic data points to a rosy picture. **March new home sales** rebounded to 694,000, a 4% increase over February. **U.S. Consumer Confidence** index continued to climb – to 128.7 in April from 127.0 in March – reaching near an 18-year high. Americans were more optimistic about their own finances and they think jobs are easy to find. “Overall, confidence levels remain strong and suggest that the economy will continue expanding at a solid pace in the months ahead,” said Lynn Franco, Director of Economic Indicators at Conference Board. Friday’s **GDP Report** had Q1 GDP up 2.3% vs a consensus estimate of 2.0% - the first time that a first quarter GDP beat economist expectations since 2008.



Sector Analysis

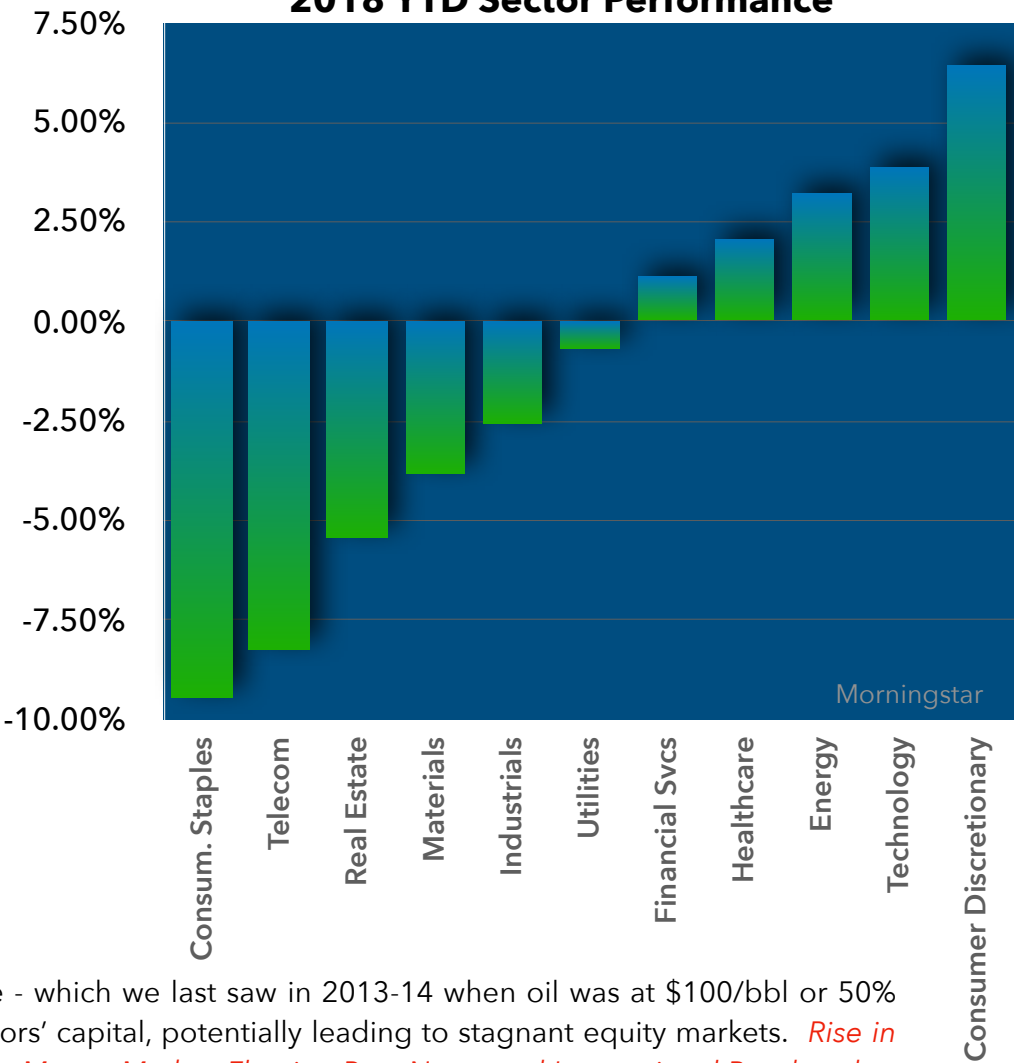
Year-to-date, US equity sector performance continues to be mixed with material weakness continuing across all value and core sectors (small-cap, mid-cap, and large-cap), while all growth sectors (small-, mid-, and large-cap) continue to be in the black. *In many EZTracker model portfolios, we are weighted toward growth sectors to take advantage of this trend.*

YTD Index Performance: Returns (%)

	VALUE	BLEND	GROWTH
LARGE CAP	-2.44%	-2.99%	7.28%
MID CAP	0.18%	-1.48%	3.28%
SMALL CAP	-3.44%	-0.88%	3.84%

Morningstar

2018 YTD Sector Performance



Fixed Income and Other Markets

Yield Curve and Rates: 10-year yields have risen to the 3.00% range - which we last saw in 2013-14 when oil was at \$100/bbl or 50% more than today. At this yield, bonds compete with stocks for investors’ capital, potentially leading to stagnant equity markets. *Rise in yields and the fall in prices is why EZTracker portfolios use Stable Value, Money Market, Floating Rate Notes and International Bonds rather than other bond options in the 401k.* Although the spread between 2-yr Treasuries and 10-yr Treasuries dipped earlier this month to 0.43% (a bearish indicator), it has recovered and is now back over 0.50%. A flatter yield curve signals expectations of slower long-term growth. An inversion (shorter term bonds’ yield > longer term bonds) is considered to be a predictor of recession.

Currencies: The US Dollar is trading at its highest level since January. The main catalyst for US Dollar strength continues to be the rise in US Treasury yields. Put simply, higher yields on U.S. bonds, mutual funds and CD’s make them more attractive for foreign investors. These investors need dollars to buy U.S. investments and must trade their currencies to get ahold of them.

Oil: Earlier in April, oil prices had been bolstered by the sense in the market that Trump will pull the U.S. out of a 2015 international accord to curb Iran’s nuclear program, which would likely lead to sanctions and frustrate the region’s oil output, reducing global supply. Oil prices then fell recently after Trump reversed course and signaled an interest in a new deal on Iran. West Texas Intermediate futures trading over \$68.

EZTracker provides three model portfolios for Envoy employees; Aggressive, Moderate and Conservative. Each is designed for different investment needs and styles as well as level of risk.

STEP 1: Update Current Investments

Current Subscribers:



Aggressive, Moderate & Conservative Portfolios:
There are no changes in any model portfolios for the coming month

New Subscribers:

Rebalance your 401k using the chart below for the portfolio you want to follow. Use “Rebalance my current balance” process.

EZTracker Model Portfolios	Symbol	Aggressive	Moderate	Conservative	Buy Date
Invesco Stable Value Trust or AA Federal Credit Union *		5%	32%	59%	8/28/17, 2/26/18
JPMCB Equity Index-CF		27%	21%	14%	8/28/17
Amercan Century Mid Cap Value -R6	AMDVX	5%	4%		8/28/17
TRP Mid Cap Growth	RPMGX	5%	4%	4%	8/28/17
Vanguard Small Cap Index-Inst	VSCIX	10%	7%	4%	8/28/17
Vanguard Total International Stock Index-Inst	VTSNX	20%	14%	7%	8/28/17
Oppenheimer Developing Markets	ODVIX	8%	6%	4%	8/28/17
TRP New Horizons	PRNHX	10%	6%	4%	10/30/17
JPMorgan Large Cap Growth-R6	JLGMX	10%	6%	4%	2/26/18

* Either allocation appropriate

Your individual percentages may vary somewhat from those indicated above.

STEP 2: Update Future Investment Elections

If you are adding cash to your 401k through payroll deductions, set your Future Contributions identical to your Current Investment in the above **EZTracker** Model Portfolio chart.

After you complete the necessary “Exchange” or “Rebalance”, print a copy of your transactions, including your confirmation number. The Buy dates are the dates of the most recent purchase. In some cases, prior purchase may have been made. **Keep track of your Buy dates to comply with any trading restrictions.** If you make changes to your 401k, you will not see your newly updated portfolio until the next day. While your percentages may vary somewhat, make sure you have the correct funds and approximately these percentages.

Portfolio Management for the 401k

- Go to: <https://participant.empower-retirement.com/participant/#/login>
- Log in with your Username and Password
- Click “My Account” on the top
- In the left-hand column, click on “View/manage my investments”
- Click the blue tab (lower right corner) “Change my investments”
- Select the action you want to take: choose:
 - Current subscribers** should select “Change how my current balance is invested”. This is the “Fund to Fund Transfer” method.
 - New subscribers** should select “Rebalance my current balance”
- Review your choices.
- Select “Submit”.
- After updating your Current Investments, make sure you also update your Future Investments (Paycheck and Company Contributions).

Questions? Call Empower and tell them what percentages you want in each fund: 800-345-2345

Model Portfolios | May 2018 Newsletter

All the model portfolios consist of core holdings representing major market segments, plus top performers based on current market conditions. Some market conditions may cause us to deviate from the following indicative percentages.



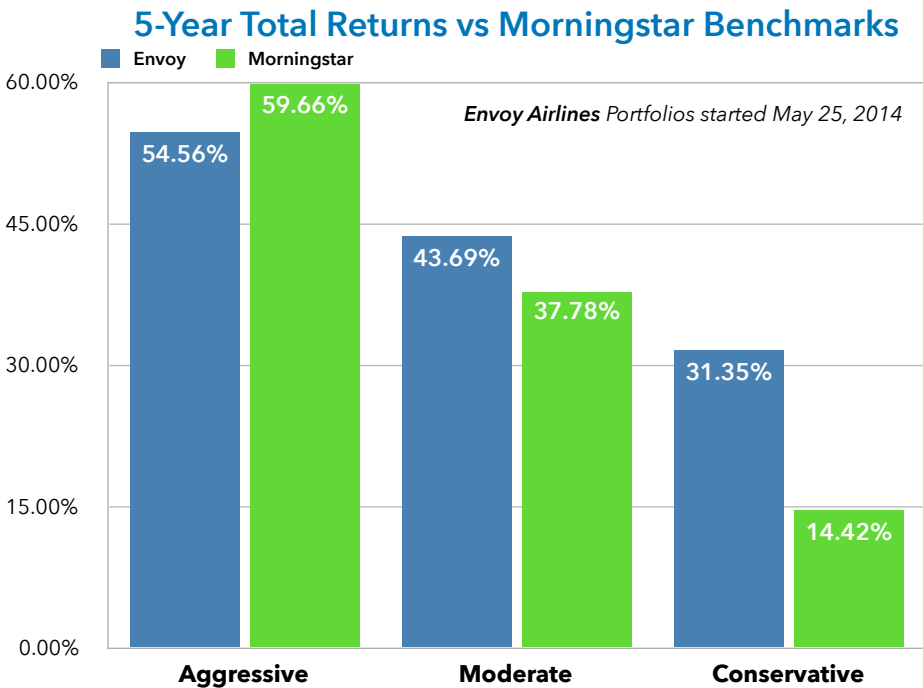
- Aggressive Portfolio:**
95-100% invested in equities. This is a high risk/high reward portfolio.
- Moderate Portfolio:**
70% invested in equities and 30% invested in bonds or the Credit Union or Stable Value Fund
- Conservative Portfolio:**
40% invested in equities and 60% invested in bonds or the Credit Union or Stable Value Fund. This is our lowest risk portfolio.

Which Portfolio is Right for You: Selecting the right portfolio is an individual decision based on your willingness and ability to take risk. Only you can decide. Planning your retirement is more important than ever. Your portfolio choice will vary based on age, retirement horizon, savings & expenses, pension & social security income, other investment assets, personality, and other factors. We believe you can take control of your 401k and plan for the retirement you envision. We've arranged for advisors at Friedenthal Financial to do a COMPLIMENTARY RISK ASSESSMENT for you. Or, you can take this SHORT QUIZ on your own that they've provided. No personal information is required for the quiz. Your privacy is protected.

Performance

The **EZTracker** methodology used for **Envoy Airlines** is the same methodology (investing in the best performing funds) we've used since we began publishing in 2002. It has consistently delivered superior long-term results. While past performance is no guarantee of future results, our past performance validates this long-term investing philosophy.

Current Performance Through April 29, 2018	MTD April	YTD 2018	1-YEAR
EZTracker Aggressive	2.40%	1.00%	12.56%
EZTracker Moderate	1.79%	0.71%	9.25%
EZTracker Conservative	1.07%	0.94%	6.94%
Morningstar Benchmarks			
Aggressive Target Risk Index		0.31%	13.41%
Moderate Target Risk Index		-0.53%	8.15%
Conservative Target Risk Index		-1.20%	2.80%
S&P 500		-0.14%	11.77%



Morningstar Target Risk Index

The Morningstar Target Risk Index series serve as benchmarks to help with investment selections. They cover a global set of stocks, bonds and commodities. While not investable indices, they represent challenging benchmarks for long-term investing plans such as the **EZTracker** model portfolios.

Historical Performance

Any investment strategy should be measured one way: Results over time. Not one-week, one-month, not even one-year. While past performance is not a guarantee of future performance, our record has been excellent in delivering long-term returns. As with any long-term investing strategy, you should not expect dramatic short-term results to offset past losses.

Annual % Total Returns

EZTracker Model Portfolios	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
EZTracker Aggressive	0.59	39.49	18.13	12.19	17.10	9.29	-14.63	34.12	19.58	-0.44	7.18	29.77	4.87	0.49	1.56	19.11
EZTracker Moderate	1.30	27.40	13.47	9.91	13.40	8.52	-9.75	24.71	14.36	0.03	5.42	20.14	4.73	1.37	3.32	13.82
EZTracker Conservative	1.87	14.36	7.82	7.27	9.24	7.62	-3.80	13.89	7.30	0.11	3.58	12.54	4.42	1.72	2.48	9.91
Morningstar Benchmarks																
Aggressive Target Risk Index								32.00	16.75	-3.60	16.07	24.53	5.23	-2.67	11.34	21.95
Moderate Target Risk Index								21.77	12.33	0.59	12.04	14.31	4.89	-1.79	8.57	14.66
Conservative Target Risk Index								9.56	7.07	4.38	7.36	2.97	3.38	-0.92	4.67	7.00

All data for the model portfolios and the market indices are based on total returns which include reinvestment of dividends. See the EZTracker website (www.eztracker401k.com) for historical data for all model portfolios.

Monthly Fund Data

Below is the current fund performance for the alternatives in the **Envoy Air** 401k plan. The “Tracker Average” is a weighted average of performance over the past year and is a key factor in selecting funds for inclusion in the model portfolios.

Fund	Fund Symbol	Total Returns				Tracker Average
		1 MO	3 MO	6 MO	12 MO	
JPMorgan Large Cap Growth-R6	JLGMX	2.24%	-3.65%	10.29%	28.72%	20.52%
TRP New Horizons	PRNHX	0.94%	-1.88%	8.80%	21.87%	16.22%
TRP Mid Cap Growth	RPMGX	0.08%	-3.90%	5.64%	16.91%	10.22%
American Funds EuroPacific Growth R6	RERGX	1.44%	-5.82%	3.57%	17.86%	9.30%
Oppenheimer Developing Markets	ODVIX	-0.57%	-7.45%	4.27%	20.19%	8.97%
Vanguard Total International Stock Index-Inst	VTSNX	2.18%	-6.48%	4.01%	15.65%	8.38%
Vanguard Small Cap Index-Inst	VSCIX	2.58%	-3.76%	4.47%	11.14%	7.87%
JPMCB Equity Index-CF		2.30%	-6.65%	4.34%	13.76%	7.49%
JPMCB SmartRetirement 2055		1.80%	-5.97%	2.80%	11.51%	5.53%
JPMCB SmartRetirement 2060		1.56%	-6.69%	2.90%	12.04%	5.35%
JPMCB SmartRetirement 2050		1.54%	-6.66%	2.71%	12.14%	5.31%
JPMCB SmartRetirement 2045		1.53%	-6.69%	2.67%	12.12%	5.26%
JPMCB SmartRetirement 2040		1.44%	-6.56%	2.60%	11.94%	5.14%
American Beacon Large Cap Value	AADEX	3.11%	-8.15%	2.65%	11.00%	4.70%
JPMCB SmartRetirement 2035		1.30%	-6.20%	2.30%	11.04%	4.61%
JPMCB SmartRetirement 2030		1.14%	-5.61%	2.11%	10.29%	4.32%
American Beacon Small Cap Value	AVFIX	3.44%	-4.36%	1.47%	6.03%	3.58%
Amercan Century Mid Cap Value -R6	AMDVX	2.60%	-5.85%	2.63%	6.83%	3.38%
JPMCB SmartRetirement 2025		0.92%	-4.88%	1.57%	8.42%	3.29%
JPMCB SmartRetirement 2020-C10		0.62%	-4.21%	1.12%	7.02%	2.48%
Invesco Stable Value-III		0.17%	0.51%	1.00%	1.95%	1.98%
JPMCB SmartRetirement Income		0.43%	-3.62%	0.61%	5.38%	1.53%
American Airlines Federal CU		0.07%	0.27%	0.54%	1.01%	1.03%
Wilmington Core Bond Class I1		0.13%	0.26%	0.26%	0.26%	0.50%
Vanguard Total Bond Market Index -Inst	VBTIX	-0.62%	-1.50%	-1.75%	-0.40%	-2.33%



Questions, Comments, Problems?

Let us know if you have any questions or suggestions. We're just a click away at contact@eztracker401k.com. Or call 201.503.6445. For help or answers about rebalancing or fund-to-fund transfers call 201.503.6571. The information and data contained herein are compiled from sources and procedures believed reliable, but accuracy cannot be guaranteed. **EZTracker** monitors fund performance and publishes a monthly newsletter. The publisher and owners disclaim any and all liability for losses that may be sustained as a result of using the data presented herein. Past performance is no assurance of future results. All investments involve risk. You should invest only after careful examination of fund prospectuses.

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