

June 24, 2018



401K PORTFOLIO JULY 2018 UPDATE & NEWSLETTER

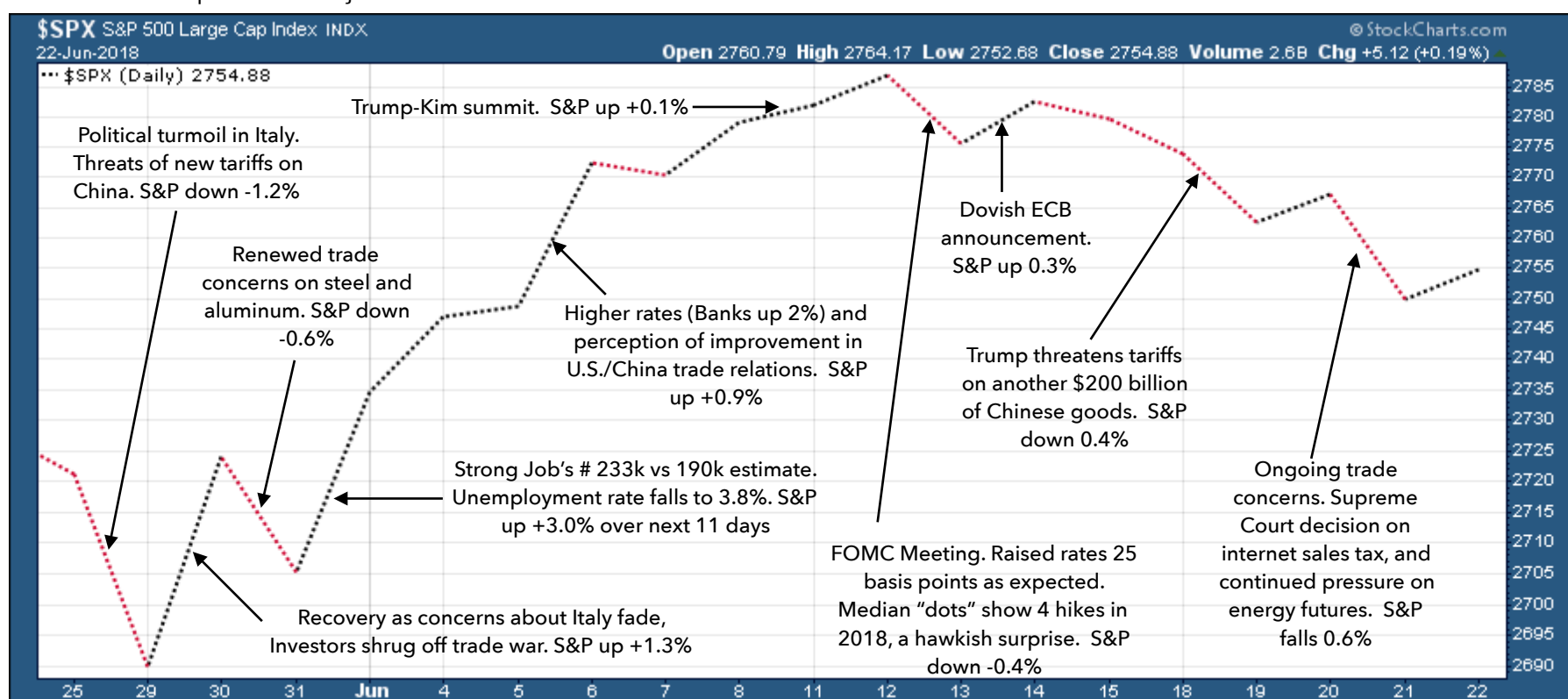
TAKE CONTROL OF YOUR FUTURE

July 2018 Newsletter

Coming off a volatile month with split indices' performance since the last newsletter – DJIA down 0.79% (YTD -.56%), S&P +1.23% (YTD +3.04%) and Nasdaq +3.48% (YTD +11.44%), it is clear we are entering a period of investors' risk reduction. Geopolitical concerns, tariffs - both in place and threatened, and the resultant general perception of international instability has caused us to take a close look at our overseas investments.

We decided to reduce exposure to International and Emerging Market funds and refocus on Domestic investments. We will continue to monitor all sectors and regions but we feel the safer play at this time is to be weighted in the U.S. **EZTracker** portfolios continue to outperform our benchmarks, yet we continue to look to optimize. Please see page 3 for detailed model portfolio adjustments.

Portfolio Update on Page 3



As evident in the above chart showing the SPX since May 25, geopolitical concerns have been the reasons behind market movements, with trade concerns sparked by the threatened tariffs against China as the major source of market headwinds.

So, What Is the Big Deal with Tariffs?

A tariff is a tax on certain goods or items coming into a country, levied by a customs broker or agent at the time that the goods enter. The concept is that a tariff would push up the US price of foreign products, making US alternatives more attractive. Currently, President Trump is attempting to get US companies and consumers to use fewer Chinese-produced goods and opt for items made in the US or imported from a more friendly ally.

What does this mean to me?

First: The prices of some products that everyone buys will likely go up. Steel and aluminum, two imports already targeted by the administration, are crucial inputs for autos, airplanes, appliances and for the construction, oil and utility industries.

Second: Although meant to protect US industries, US companies may not be able to replace what is imported, meaning that manufacturers will keep importing and paying the tariff, and therefore would become less profitable or less competitive.

Third: Foreign countries' retaliation, or a trade war, adds insult to injury where other US exporters (like farmers – China is the top export market for soybeans buying \$14 billion last year) would suffer immediate reductions in overseas demand without any alternate new market.

To the extent that the threat of tariffs obtain some other international goal or concession, without actually levying the duty, it can be an effective negotiation tactic.

Bottom Line:

Fundamental economic strength spurred the US Equity markets at the onset of June, but the announced tariffs and the potential for a drawn-out trade war with China as well as the European Union negatively affected investors sentiment. We continue to closely watch these events given the global uncertainty that may arise from trade and geopolitical concerns, and have changed our model portfolios accordingly. Keep in mind that investing for your retirement is a long-term proposition. 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.

Help Hotline: We help new subscribers get started, and current subscribers get back on track.

201.503.6445 | contact@eztracker401k.com

What We're Watching

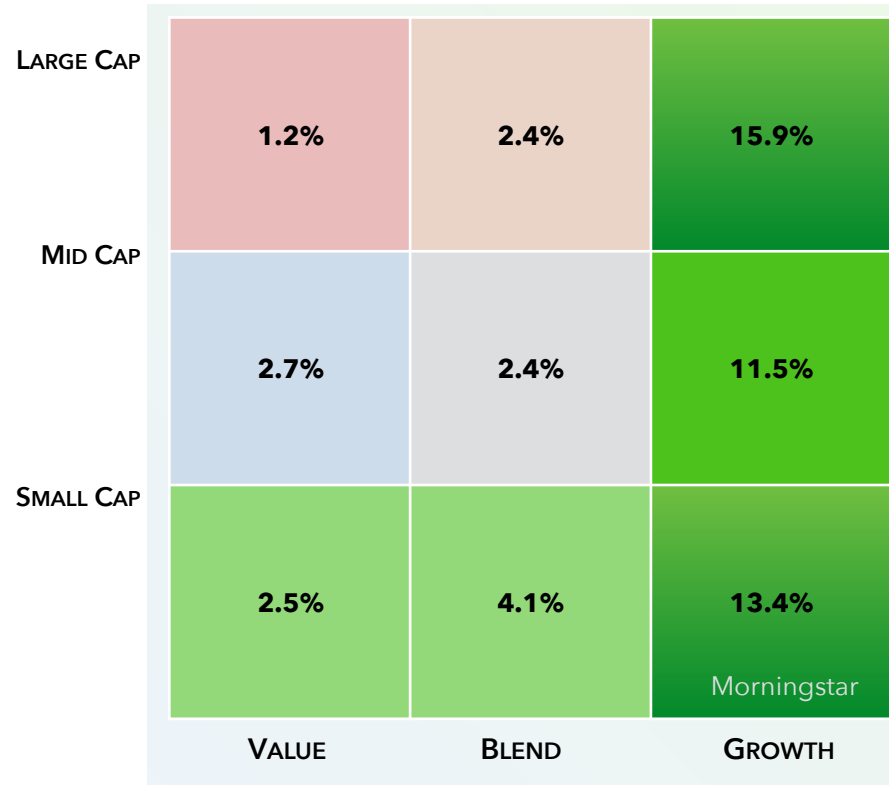
Economic Data

Consumer sentiment as measured by the **University of Michigan Index for Consumer Sentiment** moderated to 97.1 in July, lower than consensus expectations (98.0). The decline was driven by consumers' assessment of current economic conditions, which turned less favorable amid rising concerns over protectionist trade policies. That said, consumers remain optimistic about future economic conditions. The Commerce Department reported on July 27th that **GDP** (gross domestic product), the broadest measure of goods and services produced in the economy, grew at 4.1% in the second quarter of the year. Consumers led the way, shrugging off higher gasoline prices and sluggish wage growth to step up their spending on everything from cars to clothes to restaurant meals. In the short term and counterintuitively, trade tensions may be contributing to domestic export growth by prompting foreign buyers to stock up on American products before the governments impose retaliatory tariffs. Soybean exports, in particular, have surged, rising more than 50% in May from a year earlier. **Existing Home Sales** dropped in June for a third straight month, falling 5.3% to 631k (Estimates 668k). Rising interest rates seems to be affecting the housing markets, as buyers are getting squeezed by higher mortgage rates. Purchases of new homes are at their slowest pace in eight months, while the median selling price declined to the lowest in more than a year. **EZTracker** will watch signs of a cooling housing market.

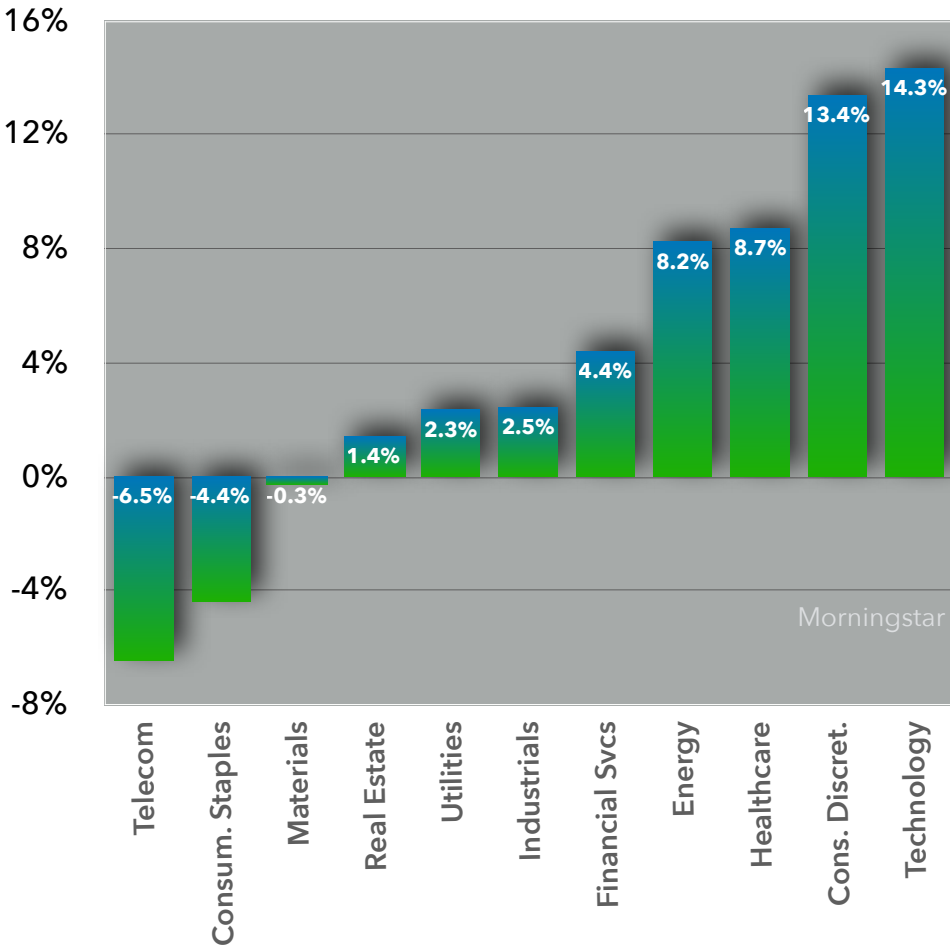
Sector Analysis

During July, aided by corporate earnings releases as mentioned before, Technology, Financials and Healthcare lead the way as the best performing sectors. Year-to-date, Materials, Consumer Staples, and Telecom continue to lag. In many of our **EZTracker** Portfolios we maintain exposure in Consumer Discretionary, Technology and Financials.

YTD Index Performance: Returns (%)



2018 YTD Sector Performance



Fixed Income and Other Markets

Rates: Why are yields rising? Last week, treasury yields popped by over 10 basis points, hitting a eight-week high of 2.98%. Our belief is that it had little to do with inflation, the Fed, or trade related issues. Rather, the sell-off has to do with international concerns, specifically the monetary policy of the Bank of Japan. Late last week, Reuters released an article detailing how BOJ officials are investigating ways to make their accommodation more "sustainable", causing the yen to rise more than 1% vs the dollar and sparked sharp selling in U.S. Treasuries and Japanese government bonds, causing yields to move higher.

Yield Curve: The spread between 2yr and 10yr treasuries continue to flatten (from 0.35% last month to 0.29% currently), and is somewhat puzzling in our minds. We have been watching this spread for quite some time, and warning that levels that approach an inverted yield curve (shorter-term bonds paying more than longer bonds) suggest that a recession is very close. But recent economic data doesn't seem to support an imminent recession. Many factors are causing the yield curve to flatten, ranging from monetary policy, America's trade spats, concern about growth outside the U.S., pension fund and insurer demand for long-term high liquid bonds, and ECB and BOJ monetary policies. An inversion tends to be a good leading indicator, but it can take a while for the economy and the stock market to reflect the consequences. **EZTracker** will continue to monitor this.



EZTracker provides three model portfolios for Amazon Employees; Aggressive, and Moderate. 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:
Exchange 100% Vanguard Inst Tot St Mt Ix Trust for
100% Vanguard Instl 500 Index Trust

New Subscribers:

Rebalance your 401k using the chart below for the portfolio you want to follow. If you need assistance, call our free help hotline at 201.503.6445.

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.

EZTracker Model Portfolios	Aggressive	Moderate	Conservative	Buy Date
Vanguard Instl 500 Index Trust	56%	43%	25%	12/31/17, 6/25/18
Vanguard Explorer Fund Admiral	20%	14%	8%	12/31/17
Vanguard Retire Savings Trust III	4%	28%	57%	12/31/17
State St Russell Lg Cap Gr Indx NL	20%	15%	10%	12/31/17
	100%	100%	100%	

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.

Model Portfolios | July 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 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 Stable Value Fund.
- Conservative Portfolio:**
40% invested in equities and 60% invested in bonds or Stable Value Fund. This is our lowest risk portfolio.

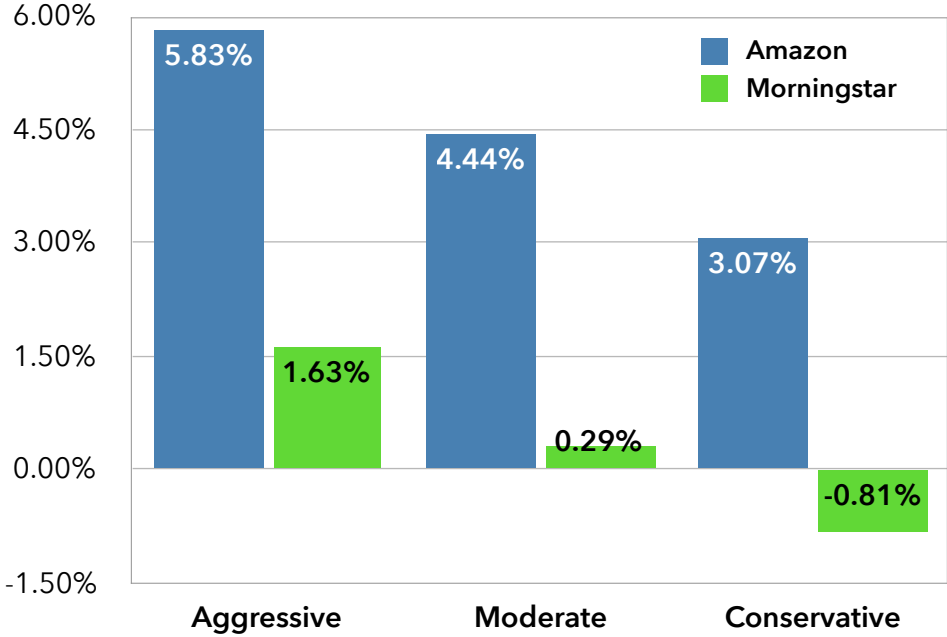
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Current Performance Through June 24, 2018	June **	YTD
EZTracker Aggressive	1.00%	5.83%
EZTracker Moderate	0.74%	4.44%
EZTracker Conservative	0.55%	3.07%
Morningstar Benchmarks		
Aggressive Target Risk Index	0.30%	1.63%
Moderate Target Risk Index	0.16%	0.29%
Conservative Target Risk Index	0.10%	-0.81%
S&P 500		3.04%

* Portfolio backtested to 12/31/17
** Since last Newsletter on June 24

Total Return versus Morningstar Benchmarks YTD

Amazon Portfolios started Dec 31, 2017



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.

Monthly Fund Data

Below is the current fund performance for the alternatives in the **Amazon** 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	Total Returns				Tracker Average
	1 MO	3 MO	6 MO	12 MO	
Amazon Co. Stock Fund	8.49%	11.05%	46.84%	71.34%	75.14%
Vanguard Explorer Fund Admiral	3.98%	9.22%	14.24%	27.36%	29.90%
State St Russell Lg Cap Gr Indx NL	3.10%	6.97%	8.64%	23.07%	22.79%
American Beacon Small Cap Value R6	2.52%	8.52%	6.09%	17.92%	19.12%
Vanguard FTSE Social Index Inst	1.55%	5.54%	4.46%	17.08%	15.62%
Vanguard Instl 500 Index Trust	1.29%	4.71%	3.66%	15.37%	13.66%
Vanguard Target Ret 2050 Tr Sel	-0.24%	2.45%	1.83%	11.82%	8.65%
Vanguard Target Ret 2045 Tr Sel	-0.26%	2.47%	1.81%	11.82%	8.64%
Vanguard Target Ret 2060 Tr Sel	-0.26%	2.44%	1.82%	11.80%	8.63%
Vanguard Target Ret 2055 Tr Sel	-0.28%	2.44%	1.80%	11.81%	8.61%
Vanguard Target Ret 2065 Tr Sel	-0.27%	2.42%	1.75%	11.80%	8.56%
Vanguard Target Ret 2040 Tr Sel	-0.22%	2.34%	1.72%	11.30%	8.26%
Vanguard Target Ret 2035 Tr Sel	-0.10%	2.19%	1.56%	10.29%	7.61%
Vanguard Target Ret 2030 Tr Sel	-0.03%	1.98%	1.36%	9.24%	6.85%
Vanguard Target Ret 2025 Tr Sel	0.05%	1.80%	1.17%	8.21%	6.12%
State St Russell Lg Cap Val Indx NL	-0.31%	2.60%	-0.90%	8.31%	5.29%
Vanguard Target Ret 2020 Tr Sel	0.10%	1.54%	0.95%	7.08%	5.27%
Vanguard Target Ret 2015 Tr Sel	0.20%	1.25%	0.70%	5.54%	4.19%
Vanguard Target Ret Income Tr Sel	0.35%	0.95%	0.40%	3.82%	3.01%
Vanguard Retire Savings Trust III	0.18%	0.52%	1.05%	1.99%	2.04%
Vanguard Inst Tot Intl St Mt Ix Tr	-3.46%	-1.11%	-1.51%	8.92%	1.55%
WF Treasury PI MMkt Inst	0.15%	0.45%	0.81%	1.33%	1.50%
PIMCO Total Return Inst	0.55%	-0.42%	-1.43%	-0.69%	-1.09%
Vanguard Inst Tot Bd Mkt Ix Tr	0.71%	-0.06%	-1.58%	-1.37%	-1.25%
Oakmark International Institutional	-6.01%	-2.45%	-4.62%	6.81%	-3.42%
Invesco International Growth CL I	-2.53%	-3.02%	-3.84%	2.95%	-3.51%



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 questions 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.

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