

June 24, 2018

401k PORTFOLIO JULY 2018 UPDATE & NEWSLETTER



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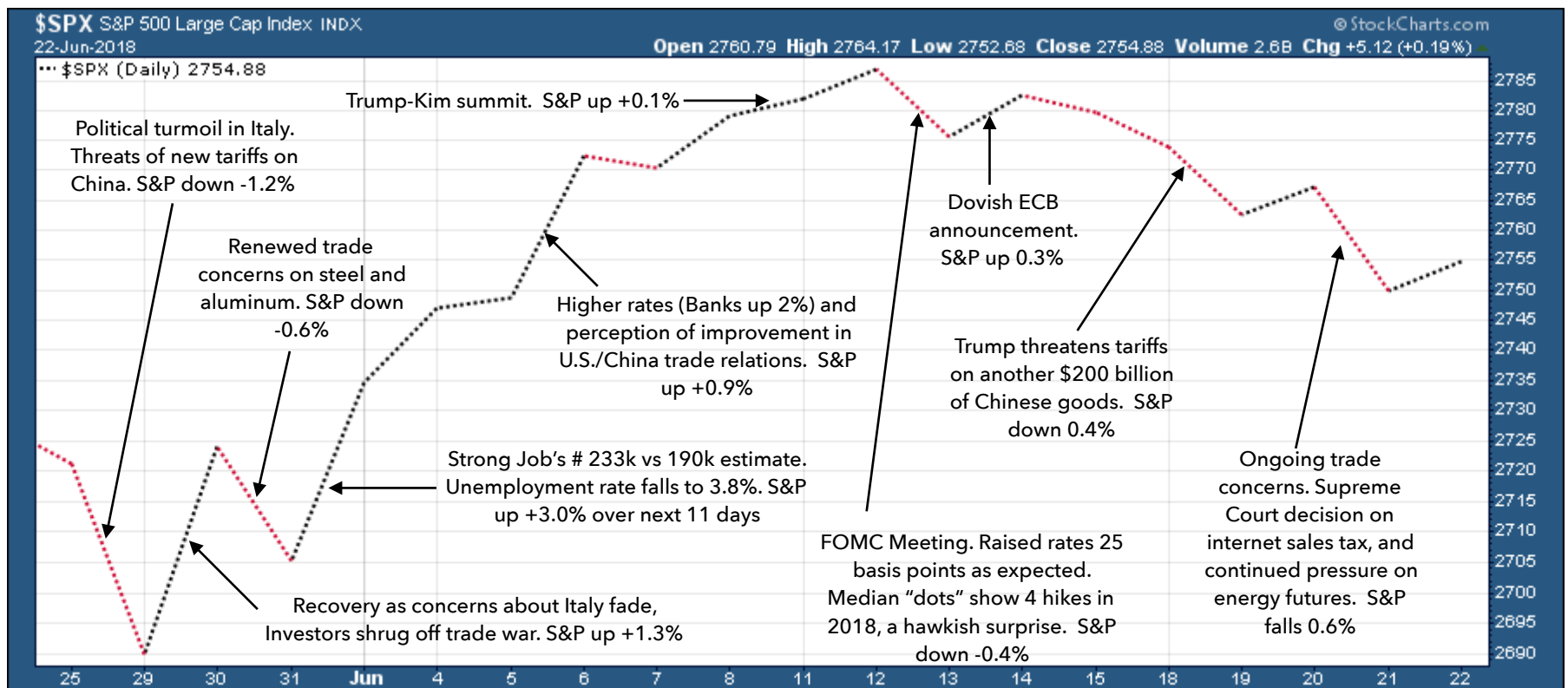
TAKE CONTROL OF YOUR FUTURE

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

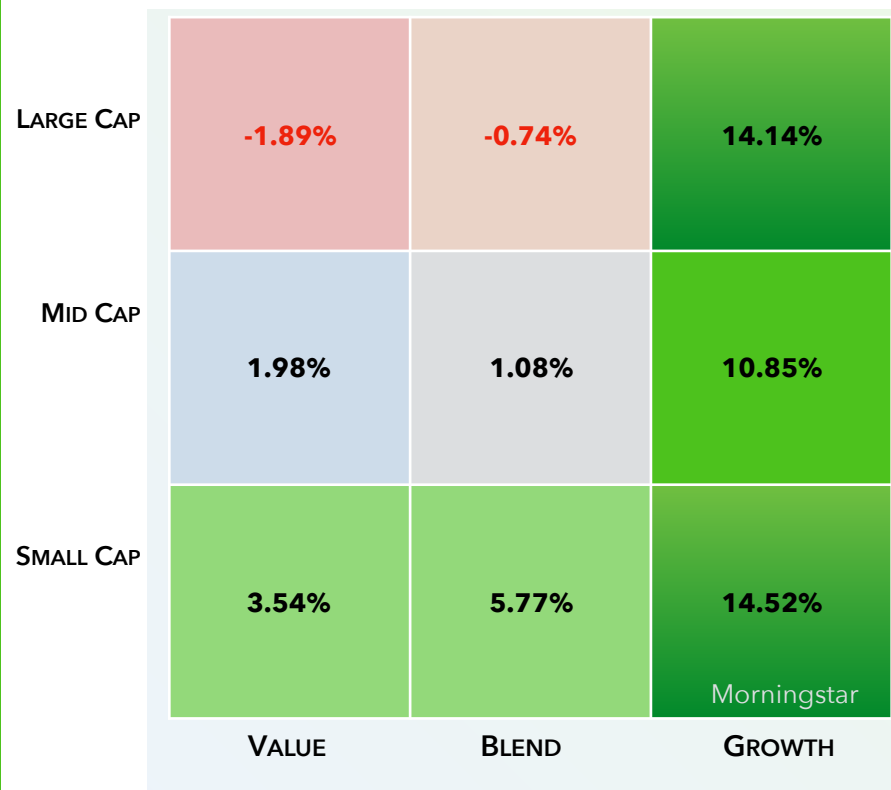
Economic Data

Employment, as described in the **May US Employment Report** (issued on June 1), outperformed expectations with a 223k increase in non-farm payrolls. The resultant reduction in the unemployment rate to 3.8% was energized by broad-based strength across many services sectors including business services, education and health, leisure and hospitality, and retail. At the widely anticipated **June Federal Open Market Committee** meeting, the Fed raised the target range for the federal funds rate by 25bp, in line with consensus expectations. The Fed's policy path steepened in 2018 and 2019 with indications of two further rate hikes this year and three rate increases in 2019. Consumer sentiment as measured by the **University of Michigan Index for Consumer Sentiment** continues to climb, rising to 99.3 in June from 98.0 based mainly on an improvement in consumers' assessment of current economic conditions and consumers' perceiving themselves to be better off financially relative to a year ago. That said, consumers also perceive more uncertainty, driven by expectations of higher interest rates and elevated gas prices.

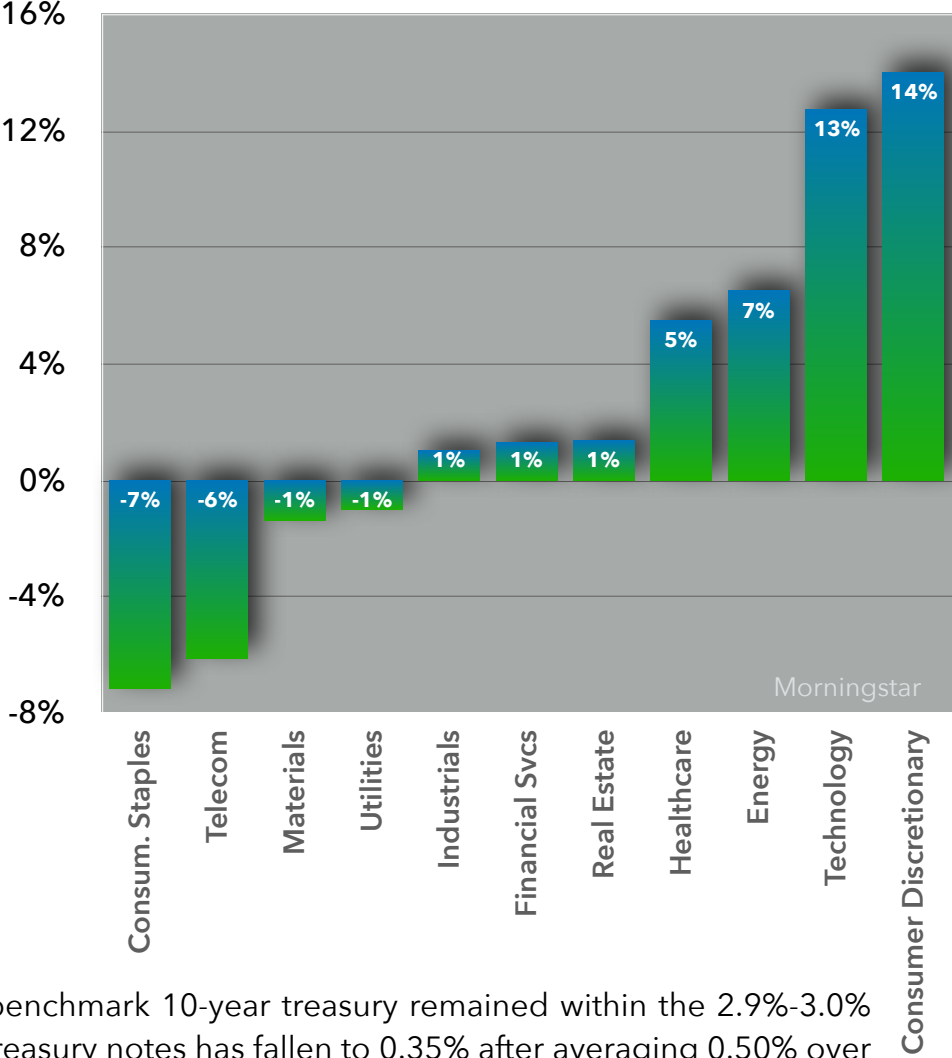
Sector Analysis

Consumer Discretionary, Technology, Energy, and Healthcare continue to be the best performing sectors. Defensive sectors such as Consumer Staples and Telecom continue to lag the market with no signs of a change. The sectors that would be expected to perform well through a trade war scenario, besides US bonds, are those that have a lot of exposure to the US economy such as Healthcare (which has recently risen to be a top-performing sector YTD) and regional banks. In many of our **EZTracker** expanded, brokerage or **EZTrackerETF** portfolios, we are weighted towards the the higher performing sectors such as Technology and Consumer Discretionary.

YTD Index Performance: Returns (%)



2018 YTD Sector Performance



Fixed Income and Other Markets

Yield Curve and Rates: Since the end of May, the yield on the benchmark 10-year treasury remained within the 2.9%-3.0% range. More importantly, the spread between two- and ten-year Treasury notes has fallen to 0.35% after averaging 0.50% over the past 3 months. The yield curve tends to flatten when investors pare their long-term growth and inflation expectations, but one should not discount the Fed's intentions to continue hiking short term interest rates (causing this spread to fall). This indicator is important since each of the past seven recessions has been preceded by an inverted curve (shorter-term bonds paying more than longer bonds).

Oil: Since the end of May, oil prices have fallen due to the assumption amongst investors that OPEC will decide to boost production during its meetings held the weekend of June 22-24. This in fact was the case after Saudi Arabia convinced Iran to drop its opposition, paving the way for a deal for increased production of some 700,000 barrels per day starting next month. Although the boost was lower than originally expected, the increased output is hoped to keep oil prices at their "goldilocks" value of just under \$70 per barrel, offering price relief to consumers. Oil prices actually rose on the announcement and the realization that the boost was lower than expected, but many experts expect the prices to revert to their downward trend soon.

EZTracker provides three model portfolios for Spirit 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:

Exchange American Funds EuroPacific (ERGX) for
Vanguard Institutional Index (VINIX)*

Exchange Oppenheimer Developing Mkts (ODVYX) for
Prudential Jennison Small Co. (PSCZX)*

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.

** This represents an addition to a position already held.*

EZTracker Model Portfolios	Aggressive	Moderate	Conservative	Buy Date
T. Rowe Price Stable Value		28%	58%	8/28/17
Vanguard Institutional Index (VINIX)	47%	37%	23%	8/28/17, 6/25/18
Voya MidCap Opportunities R6 (IMOZX)	12%	10%	3%	8/28/17
Prudential Jennison Small Company (PSCZX)	20%	12%	9%	8/28/17, 6/25/18
TRP Growth Stock (PRGFX)	21%	13%	7%	10/30/17, 2/26/18
	100%	100%	100%	

Your individual percentages may vary somewhat from those indicated above.

Keep track of your Buy and Earliest Sell Dates. Buy dates are the dates of the most recent purchase. In some cases prior purchases may have been made. Your buy and sell dates may be different. Funds in the 401k are subject to a frequent trading policy. **To avoid penalties and "Frequent Trading" notices, be sure to comply with all holding periods.** While many plans have longer holding periods (indicated on the fund data on the last page of the newsletter), all funds in the 401k plan have a minimum hold of 30 days. We take this policy into consideration when constructing the model portfolios

Making Portfolio Changes

If you are a new subscriber or haven't made any changes in the past 90 days, after selecting "Change Current Balances," use the "Investment Exchange" option. This simply exchanges the fund you are selling with the new fund.

Do not use the "Rebalance Entire Account" option. "Rebalance" sells all of your holdings and then repurchases them in the percentages you specify. However, using this method can trigger holding period penalties. "Rebalance" establishes new holding period start dates as it treats these purchases as new buys. This is true even if you are repurchasing the same fund. Use the "Rebalance Entire Account" option only if you have not made any changes in your 401k account during the past 90 days. This option will completely rebalance your entire portfolio and start new holding periods on the funds in your 401k. In the future, we may suggest a "Rebalance" but only where there have been no portfolio changes for an extended period. When this situation occurs we will make it clear in the monthly newsletter.

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.

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.

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

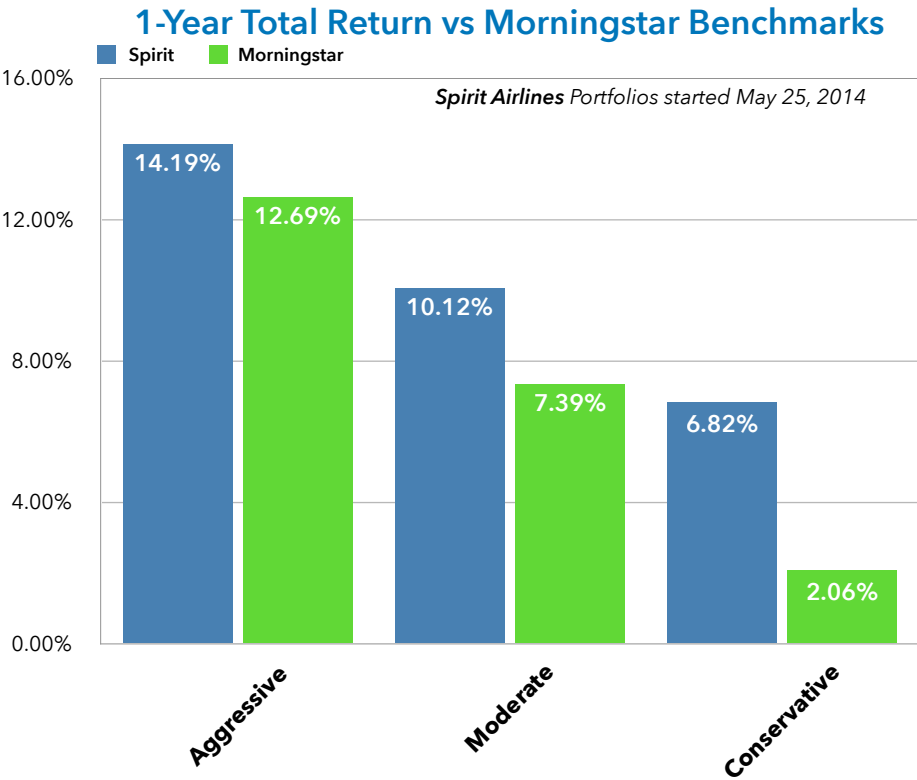
Which Portfolio is Right for You: Selecting the right portfolio is an individual decision based on your willingness and ability to take risk. Only you can decide. Planning your retirement is more important than ever. Your portfolio choice will vary based on age, retirement horizon, savings & expenses, 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 **Spirit 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 June 24, 2018	MTD June *	YTD 2018	1-YEAR
EZTracker Aggressive	1.07%	4.48%	14.19%
EZTracker Moderate	0.68%	3.19%	10.12%
EZTracker Conservative	0.50%	2.34%	6.82%
Morningstar Benchmarks			
Aggressive Target Risk Index		1.63%	12.69%
Moderate Target Risk Index		0.29%	7.39%
Conservative Target Risk Index		-0.81%	2.06%
S&P 500		3.04%	13.16%

* Performance since last newsletter



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 **Spirit Airlines** 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	
T Rowe Price Growth Stock Fund Inc	PRGFX	3.59%	6.69%	11.47%	23.68%	24.78%
PGIM Jennison Small Comp Fund	PSCZX	3.17%	8.17%	9.46%	20.84%	22.72%
Columbia Small Cap Value II Fund	CRRRX	1.82%	7.37%	4.07%	16.21%	16.08%
Voya MidCap Opportunities Fund	IMOZX	2.03%	2.92%	5.16%	16.63%	14.59%
Vanguard Institutional Index Fund	VINIX	1.29%	4.71%	3.65%	15.36%	13.64%
Cohen & Steers Realty Shares Inc	CSRSX	5.67%	9.65%	1.77%	2.25%	10.55%
T Rowe Price Retirement 2055 Fund		0.44%	2.50%	2.76%	11.86%	9.58%
T Rowe Price Retirement 2050 Fund		0.44%	2.44%	2.77%	11.89%	9.57%
T Rowe Price Retirement 2045 Fund		0.42%	2.43%	2.76%	11.90%	9.55%
T Rowe Price Retirement 2060 Fund		0.41%	2.48%	2.74%	11.85%	9.53%
T Rowe Price Retirement 2040 Fund		0.43%	2.38%	2.61%	11.56%	9.26%
T Rowe Price Retirement 2035 Fund		0.41%	2.21%	2.32%	10.83%	8.61%
T Rowe Price Retirement 2030 Fund		0.42%	2.05%	2.09%	9.98%	7.93%
Columbia MidCap Value Fund		0.68%	3.71%	0.46%	8.75%	7.42%
Oppenheimer Developing Markets Fund	ODVYX	-1.19%	-2.13%	2.01%	14.35%	7.11%
T Rowe Price Retirement 2025 Fund		0.39%	1.77%	1.65%	8.82%	6.89%
T Rowe Price Retirement 2020 Fund	TRRBX	0.35%	1.51%	1.29%	7.68%	5.91%
John Hancock Funds III - Disciplined Value Fund		-1.72%	1.07%	-1.23%	11.89%	5.46%
T Rowe Price Retirement 2015 Fund		0.40%	1.28%	0.94%	6.37%	4.90%
T Rowe Price Retirement Balanced Fund		0.30%	1.06%	0.69%	5.15%	3.93%
T Rowe Price Retirement 2010 Fund	TRRAX	0.33%	0.99%	0.55%	5.29%	3.91%
American Funds EuroPacific Growth Fund		-2.83%	-0.97%	0.33%	10.43%	3.80%
T Rowe Price Retirement 2005 Fund		0.37%	0.89%	0.37%	4.64%	3.42%
TRP Stable Value Common Trust B	SPIRIT1	0.17%	0.50%	1.00%	2.01%	2.01%
T Rowe Price High Yield Fund Inc	PRHYX	0.22%	0.58%	-0.35%	2.42%	1.56%
Metropolitan West Total Return Bond Fund	MWTIX	0.84%	0.22%	-1.21%	-0.96%	-0.61%



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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