

September 30, 2018

# **SAMPLE FOR AMAZON 401K PLAN PARTICIPANTS**



## **401K PORTFOLIO OCTOBER 2018 UPDATE & NEWSLETTER**

**SAMPLE**

TAKE CONTROL OF YOUR FUTURE

## October 2018 Newsletter

The S&P 500 gained more than 7% in the third fiscal quarter. This is the strongest fiscal quarter for that index since the end of 2013. All three major indexes are at or near record highs, as investors expect continued corporate earnings strength. Historically, a positive fiscal Q3 has indicated continued Q4 growth – and in midterm election years specifically, the S&P 500 has rallied an average of 7.1% in the fourth quarter following a Q3 gain.

There are NO CHANGES to any **EZTracker** model portfolios. Our equity positions continue to be well balanced and diversified, while we keep a watchful eye on sectors such as small caps and financials. **EZTracker** model portfolios continue to outperform since our June rotation out of international and emerging markets, and we continue to monitor re-entry points.



Portfolio Update on Page 4



Equity markets have so far remained resilient in the face of rising yields and trade tensions, suggesting investors are comfortable with the outlook for corporate earnings and global growth even as borrowing costs rise. This week, Federal Reserve officials raised interest rates for the 3d time this year and reaffirmed further gradual hikes into 2019. The language in the Fed minutes, however, seemed to acknowledge that rates have moved closer to the neutral level, potentially leading to a hiatus for the Fed to assess their effects on the economy. Investors currently expect another 0.25% hike in December and 2-3 more raises in 2019.

This month, Ray Dalio, founder of Bridgewater Associates, the world's largest fund with \$150B in AUM, gave a CNBC interview suggesting investors to be "more defensive" in the current stock market environment. The insightful parts included his comments on where we are in the cycle (he said 7th inning), when investors can expect the next downturn (two years), and China (tariffs are "not that big of a deal"). <https://www.cnbc.com/video/2018/09/11/ray-dalio-bridgewater-financial-crisis-economy-debt.html>.

We expect further global noise that could disrupt markets going forward like troubled Emerging Market currencies, a potentially messy Brexit and continued trade tensions between the US and its global partners. For example, EM's outlook has deteriorated since Q2 and downside risks still remain (**EZTracker** model portfolios all materially reduced EM exposure in June). Although China and other advanced economies are the drivers of the ongoing global expansion, the trade war creates uncertainty – how bad it will get and how deep will it damage the world economy. All this, however, has been relegated to the background as investors continue to focus on the United States, as domestic trends are fundamentally driving the markets. Here are the reasons why:

**The Economy:** Domestic growth has been strong, running at a 3.2% annual rate in the first half of the year, and inflation is still behaving. Lower inflation means less pressure on the Federal Reserve to raise interest rates;

**Corporate Earnings:** Profits for the S&P 500 are expected to rise 22% this year, and 10% next year according to CFRA Research. Since stocks typically trade on expectations of future earnings, you would expect valuations to rise as profits rise.

**Valuation:** The S&P is trading at about 18 times 2018 earnings and about 16 time forward (next year) expected profits;

**Sectors:** **EZTracker** model portfolios have been based on thorough sector analysis with an eye on large cap growth companies such as the FAANG group of companies (FB, AMZN, AAPL, NFLX, GOOGL) which are described more fully on Page 3;

**Fixed Income & Rates:** Although investors have shrugged off the increase in rates and the flattening of the yield curve, we continue to monitor these fixed income movements as we believe these trends are long-term bearish indicators (mentioned in previous newsletters) that are currently overshadowed by other strengths and bullish short-term forces.

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

201.503.6445 | [contact@eztracker401k.com](mailto:contact@eztracker401k.com)



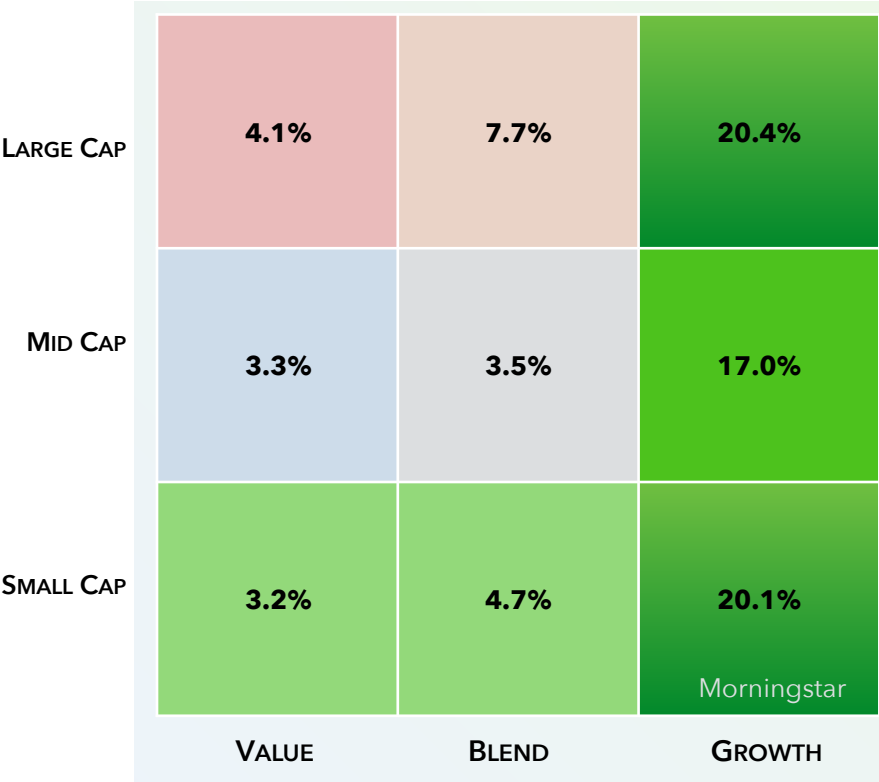
## Economic Data

The **University of Michigan Consumer Sentiment** for September continues to suggest a fairly upbeat disposition among consumers. Households viewed their current and future finances more favorably in September, driven by expectations of better income levels. The U-M press release noted the single issue that had a potential negative effect on the economy was tariffs – cited by nearly one-third of all survey respondents. **Non-farm payrolls** rose 201,000 from the prior month, topping the median economist forecast of 190,000 jobs and the **unemployment rate** was unchanged at 3.9%, remaining at its lowest rate since the 1960s.

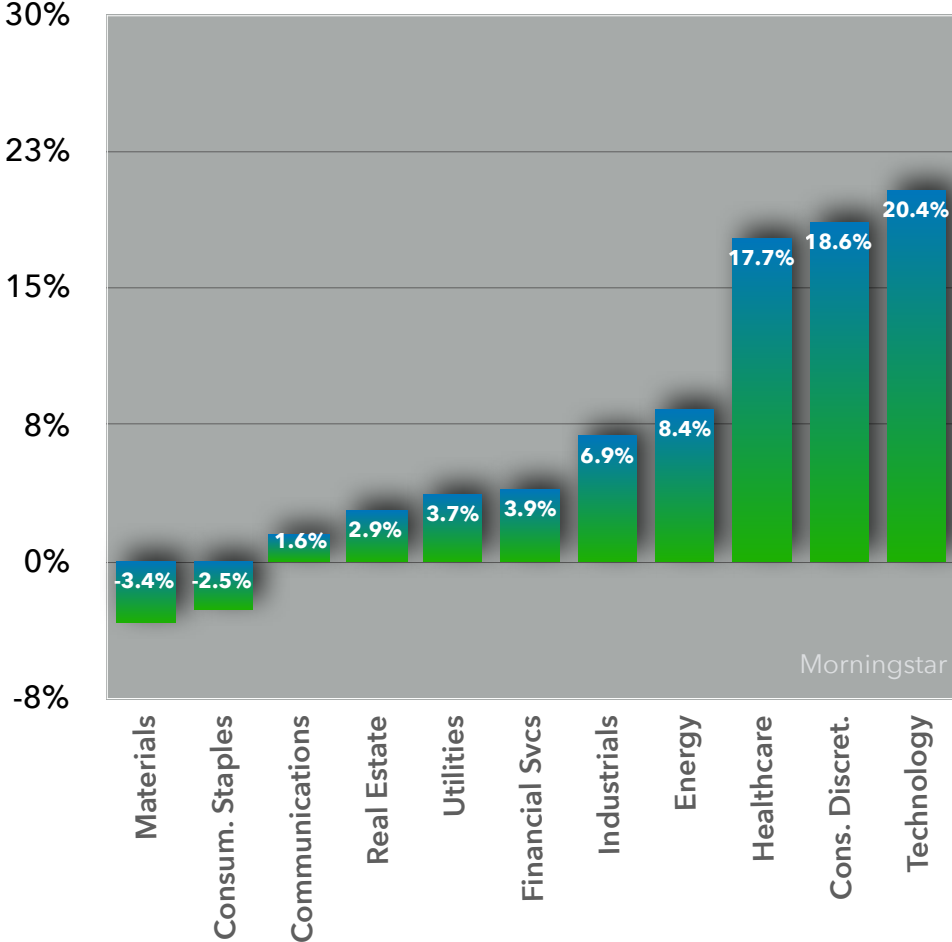
## Sector Analysis

10 out of the 11 S&P Sectors posted gains in Q3. The leaders were Healthcare, Tech, Consumer Discretionary and Financials. The sole laggard was Real Estate. This past Friday we saw the launch of the **S&P Communications Services** sector, replacing the Telecommunications Sector and involving a reshuffling of major industry groups including some widely followed and traded names in the market. The new sector will include companies from three different industry groups, Communications, (e.g. Verizon) Technology (e.g. Facebook and Google's parent Alphabet) and Consumer Discretionary. (e.g. Netflix and Disney).

YTD Index Performance: Returns (%)



2018 YTD Sector Performance



In market speak, the acronym FAANG stands for *Facebook, Amazon, Apple, Netflix* and *Google* a collection of tech companies so widely followed by investors that the media came up with an nickname for them as a whole. Each of the companies within FAANG has been known to move markets and transform not just their own industries, but also how we all live. Together, the five companies make up approximately 13% of the S&P index with a collective market cap of nearly \$4 trillion. To look at their magnitude a different way, if FAANG was a country, and its market cap was the country's GDP, FAANG would be the fourth-largest economy in the world. Purchasing individual FAANG equities can be costly, so **EZTracker** relies on mutual funds and ETFs for appropriate exposure, while at the same time diversifying within other names providing protection.

FAANG corporate earnings are due out in early November, and each name has some questions including: public concerns about *Facebook* and *Google's* data-driven and ad-driven business models, *Netflix* and *Amazon's* stratospheric speculative valuations and *Apple's* new iPhone sales expectations.

Because these five companies are so heavily weighted in the markets, investors are looking for these answers as well as strong guidance to spur the markets to even higher levels. **EZTracker's** sector analysis takes into account the strength and growth runway of the FAANG group of companies.





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

## STEP 1: Update Current Investments

### Current Subscribers:



**Aggressive, Moderate & Conservative Portfolios:**  
**There are no changes for the coming month**

### 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	54%	42%	24%	12/31/17, 6/25/18
Vanguard Explorer Fund Admiral	Visit <a href="http://www.eztracker401k.com">www.eztracker401k.com</a> for more information			12/31/17
Vanguard Retire Savings Trust III				12/31/17
State St Russell Lg Cap Gr Index NL				12/31/17
Vanguard Inst Tot Bd Mkt Index Tr	4%	14%	20%	8/27/18
	100%	100%	100%	

Your individual percentages may vary somewhat from those indicated above due to rounding, timing of purchases, and performance every month (In many cases even though there may be no changes for a particular month you may notice a small change, due to performance/rounding).

## 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.



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.



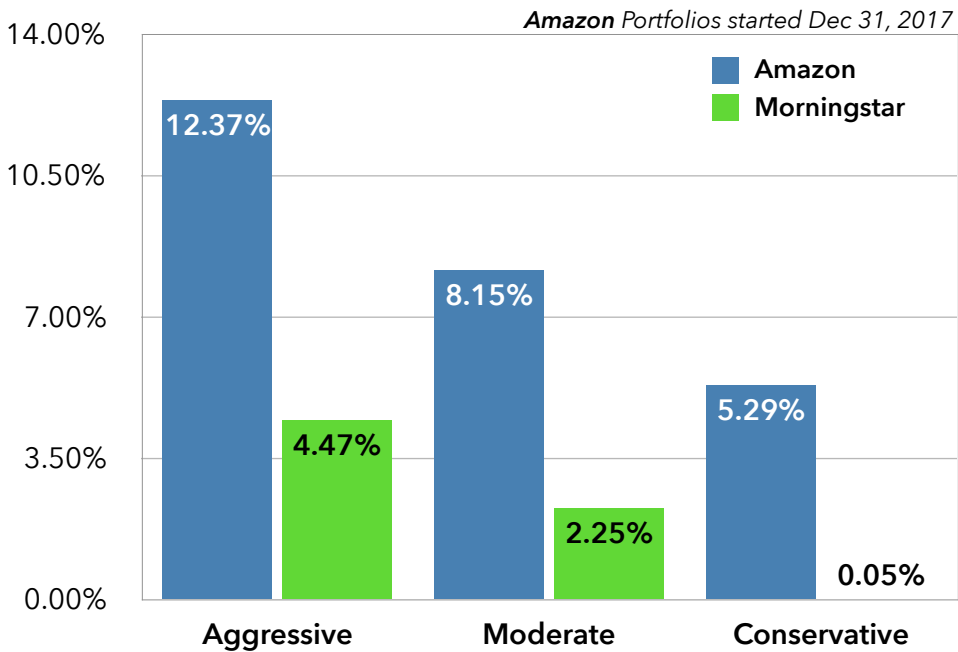
- Aggressive Portfolio:**  
95-100% invested in equities. This is a high risk/high reward portfolio.
- Moderate Portfolio:**  
70% invested in equities and 30% invested in bonds or Stable Value Fund.
- Conservative Portfolio:**  
40% invested in equities and 60% invested in bonds or Stable Value Fund.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

**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.

Current Performance Through Sep 30, 2018	Sep **	YTD
<b>EZTracker Aggressive</b>	1.40%	12.37%
<b>EZTracker Moderate</b>	1.02%	9.25%
<b>EZTracker Conservative</b>	0.51%	5.83%
<b>Morningstar Benchmarks</b>		
Aggressive Target Risk Index	0.68%	4.47%
Moderate Target Risk Index	0.25%	2.25%
Conservative Target Risk Index	-0.28%	0.05%
<b>S&amp;P 500</b>	<b>1.37%</b>	<b>8.99%</b>

\* Portfolio backtested to 12/31/17  
\*\* Since last Newsletter

Total Return versus Morningstar Benchmarks YTD



### 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, or 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	YTD	
Amazon Co. Stock Fund	-0.48%	17.84%	38.39%	108.35%	71.27%	89.51%
Vanguard Explorer Fund Admiral	-0.92%	8.62%	16.42%	28.58%	21.28%	28.74%
State St Russell Lg Cap Gr Indx NL	0.55%	9.15%	15.42%	26.19%	17.01%	27.99%
Vanguard FTSE Social Index Inst	0.13%	7.67%	12.00%	18.78%	11.17%	21.04%
Vanguard Instl 500 Index Trust	0.57%	7.71%	11.40%	17.89%	10.54%	20.49%
State St Russell Lg Cap Val Indx NL	0.19%	5.68%	6.91%	9.38%	3.85%	12.09%
Vanguard Target Ret 2045 Tr Sel	0.17%	4.03%	5.01%	9.85%	4.40%	10.39%
Vanguard Target Ret 2050 Tr Sel	0.16%	4.02%	5.00%	9.84%	4.42%	10.37%
Vanguard Target Ret 2060 Tr Sel	0.17%	4.00%	4.99%	9.81%	4.39%	10.35%
Vanguard Target Ret 2055 Tr Sel	0.15%	3.99%	4.97%	9.79%	4.38%	10.31%
Vanguard Target Ret 2065 Tr Sel	0.18%	3.95%	4.96%	9.75%	4.33%	10.27%
American Beacon Small Cap Value R6	-2.40%	2.17%	8.79%	10.00%	6.60%	10.12%
Vanguard Target Ret 2040 Tr Sel	0.13%	3.79%	4.72%	9.37%	4.17%	9.83%
Vanguard Target Ret 2035 Tr Sel	0.09%	3.47%	4.33%	8.51%	3.72%	8.95%
Vanguard Target Ret 2030 Tr Sel	0.03%	3.09%	3.89%	7.65%	3.30%	7.99%
Vanguard Target Ret 2025 Tr Sel	-0.05%	2.76%	3.43%	6.79%	2.81%	7.05%
Vanguard Target Ret 2020 Tr Sel	-0.06%	2.36%	3.01%	5.87%	2.42%	6.10%
Vanguard Target Ret 2015 Tr Sel	-0.19%	1.76%	2.30%	4.54%	1.76%	4.58%
Vanguard Target Ret Income Tr Sel	-0.16%	1.33%	1.76%	3.31%	1.26%	3.40%
Vanguard Retire Savings Trust III	0.19%	0.53%	1.07%	2.05%	2.10%	2.10%
WF Treasury PI MMkt Inst	0.17%	0.48%	0.87%	1.43%	1.61%	1.61%
Vanguard Inst Tot Intl St Mt Ix Tr	0.28%	0.54%	-2.65%	1.63%	-3.09%	-0.10%
Vanguard Inst Tot Bd Mkt Ix Tr	-0.53%	0.03%	-0.14%	-1.21%	-1.60%	-1.00%
Invesco International Growth CL I	0.74%	1.56%	-3.32%	-1.23%	-4.27%	-1.23%
PIMCO Total Return Inst	-0.60%	0.08%	-0.36%	-1.52%	-1.62%	-1.30%
Oakmark International Institutional	1.24%	-0.87%	-5.79%	-6.16%	-8.39%	-6.32%



## Questions, Comments, Problems?

Let us know if you have any questions or suggestions. We're just a click away at [contact@eztracker401k.com](mailto: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.

**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.

**EZTracker** is a publishing company founded to meet the growing demand for expert, reliable information about 401k choices. **EZTracker** is not endorsed by or affiliated with Amazon or any of its subsidiaries. The goal of **EZTracker** is to remove the guesswork from 401k choices and to help employees manage their own 401k plan with confidence and in an informed way. **EZTracker** is not a financial advisor nor is it a financial manager. It is a provider of information about the various funds within the Amazon 401k retirement plan. By reporting the performance of each fund in a straightforward and easy to understand manner, we hope every employee, from the financial neophyte to the sophisticated investor will make informed choices to best fit their retirement goals and needs.

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 monthly newsletters. 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. **EZTracker** is monthly newsletter monitoring the 401k investment alternatives available to Amazon employees. Published by EZ Tracker LLC, P.O. Box 445, Tenafly, NJ 07670. No reproduction of any EZTracker401k information is permitted without the written permission of the publishers. Copyright EZTracker LLC, 2018.

**One Month Free:** Tell your friends about how EZTracker can help them with their 401k. Send us their email address and we'll send them a copy of this month's newsletter. When they subscribe, we'll add a month to your subscription for free.

**Help for your IRA or Personal Brokerage Accounts:** The EZTracker ETF newsletter is a great tool for your non-401k investments. With commission-free portfolios for Vanguard, Fidelity, Schwab and Ameritrade, it's a great way to manage your IRA or personal brokerage account with the EZTracker strategy.

FOLLOW US ON SOCIAL MEDIA FOR  
WEEKLY EZ BITES ON THE MARKETS!

 **EZTracker 401k**

 **EZTracker 401k**