

September 30, 2018

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.

For the coming month, there are NO CHANGES to the Aggressive, Moderate, or Conservative portfolios. **EZTracker** model portfolios continue to outperform since our June rotation out of international and emerging markets, and we continue to monitor re-entry points. **In the Brokerage portfolio, we shifted from small cap value to growth (See changes on page 4).**



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.

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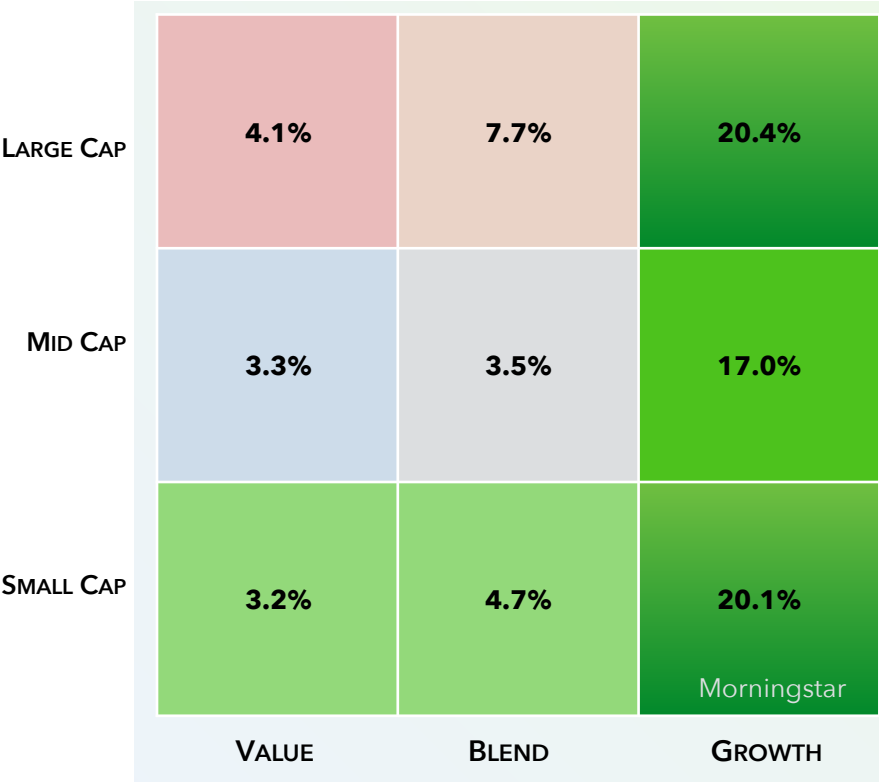
Economic Data

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.

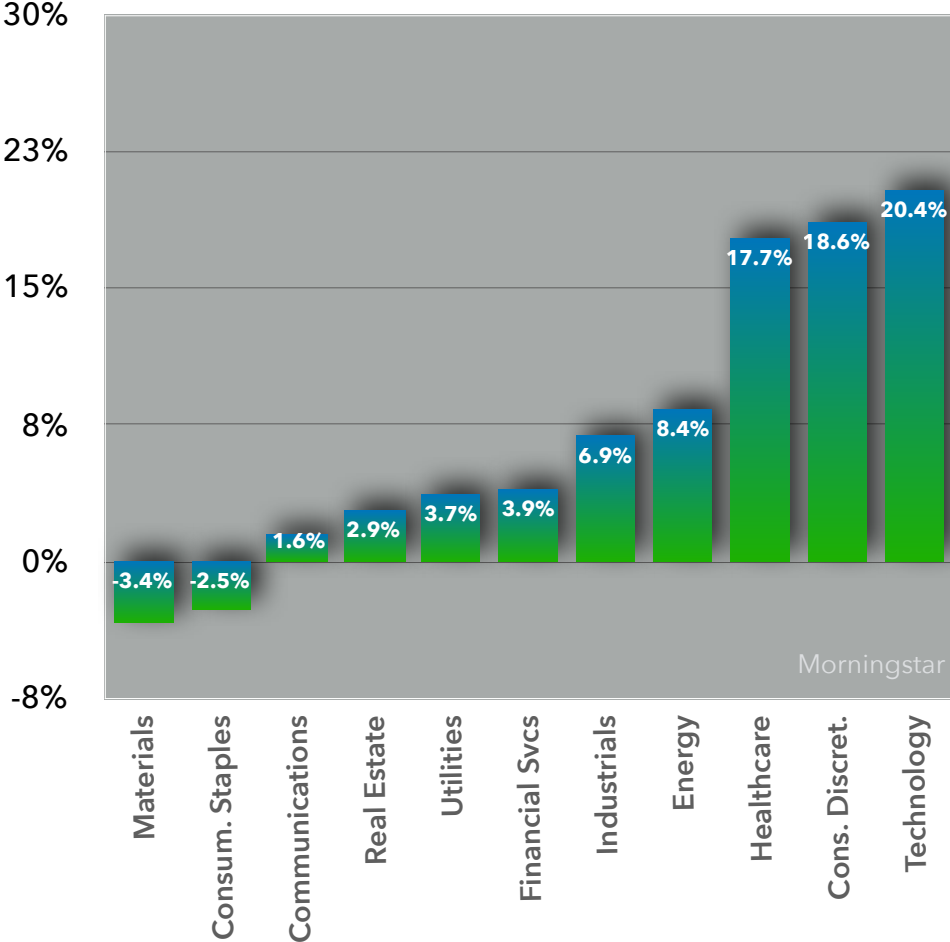
Sector Analysis

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 four model portfolios for Delta Airlines pilots; Aggressive, Moderate, Conservative & Brokerage. Each is designed for different investment needs and styles, as well as level of risk.

STEP 1: Update Current Investments

Login to Fidelity NetBenefits by [clicking here](#).

Current Subscribers:



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



Brokerage Portfolio:
Exchange Fidelity Small Cap Enhanced Index Fund (FCPEX) for Vanguard Small Cap Growth Index (VISGX)

New Subscribers:

or those who haven't made any changes in a few months

- Scroll down to "Holdings" and click on "View Details/Change Investments".
- Under Current Investments, click on "Exchange multiple investments".
- This will take you through the rebalance process

EZTracker Model Portfolios	Symbol	Aggressive	Moderate	Conservative	Brokerage	Buy Date
INS/Contract Stable Value		50%	33%	33%		8/28/17, 5/29/18
S&P 500 Index						8/28/17, 6/25/18
Small/Mid Cap Index						8/28/17
Small/Mid Value Fund						8/27/18
Diversified Bond						8/27/18
Fidelity Contrafund (FID CONTRA POOL CL 3)						3/26/18
Fidelity 500 Index *	FUSVX					9/26/16
Fidelity Mid Cap Stock Fund	FMCSX					9/26/16
Vanguard Small Cap Growth Index **	VISGX					10/1/18
Fidelity Total Market Index Fund	FSTVX					6/25/18
Fidelity Contrafund	FCNTX					7/31/17
Fidelity Select Financial Services	FIDSX					9/25/17
Fidelity Select Technology	FSPTX					3/26/18
Fidelity Select Consumer Discretionary	FSCPX					1/2/18
		100%	100%	100%	100%	

*This is the Advantage share class which has a \$10,000 minimum. For those with smaller accounts, FUSEX has a \$2,500 minimum.

** This has a \$3,000 minimum. For those with smaller accounts, use Hartford Small Cap Growth HLS Fund (HISCX), this has no minimum.

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).

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. These dates are the day **after** publication of the monthly newsletter. Your Buy date may be different. **Keep track of your Buy dates to comply with any trading restrictions.**





Visit www.eztracker401k.com for more information

STEP 2: Update Future Investment Elections

- From the "Summary" page scroll down to "Holdings." Click on "View Details/Change Investments"
- Under "Future Investments", select "Change Investment Elections".
- Select "I'll manage on my own". Complete the process by entering the percentages from the grid above in the Desired % column.
- Complete the procedure and get a confirmation.

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 Stable Value Fund
- **Conservative Portfolio:**
40% invested in equities and 60% invested in bonds or the Stable Value Fund. This is our lowest risk portfolio.
- **Brokerage Portfolio:**
Aggressive: 95-100% invested in equities through the Brokerage Link and an expanded list of Fidelity mutual funds. This is a high risk/high reward 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.

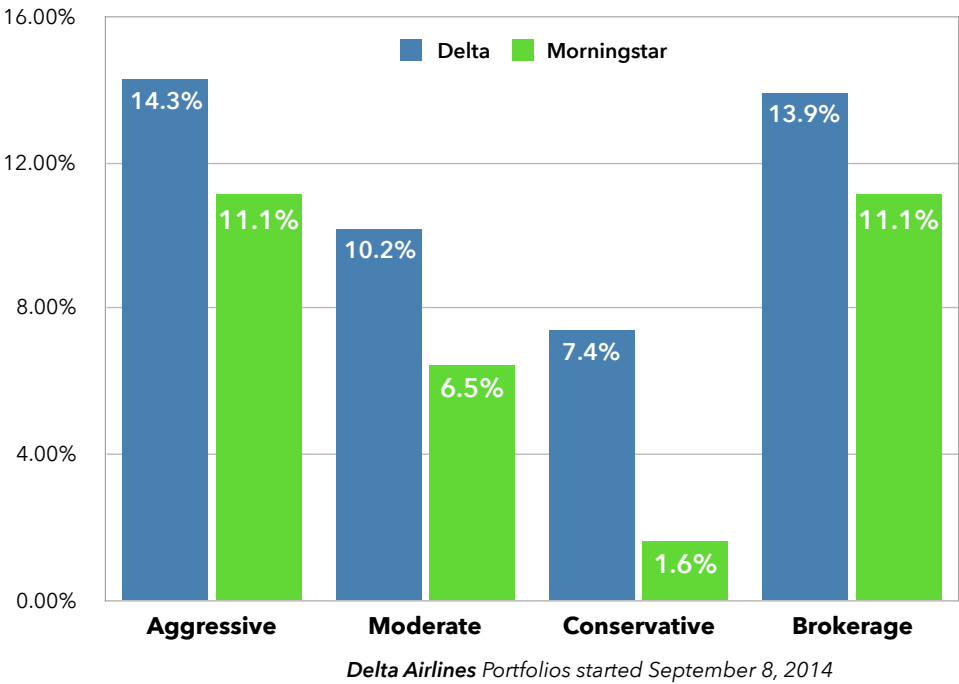
Performance

The **EZTracker** methodology used for **Delta 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 performance validates this long-term investing philosophy.

Current Performance Through Sep 30, 2018	MTD Sep *	YTD 2018	1-Year
EZTracker Aggressive	0.88%	8.26%	14.30%
EZTracker Moderate	0.76%	6.05%	10.17%
EZTracker Conservative	0.35%	4.52%	7.41%
EZTracker Brokerage	0.54%	7.57%	13.92%
Morningstar Benchmarks			
Aggressive Target Risk Index	0.68%	4.47%	11.11%
Moderate Target Risk Index	0.25%	2.25%	6.46%
Conservative Target Risk Index	-0.28%	0.05%	1.62%
S&P 500		8.99%	15.67%

* Performance since last newsletter

1-Year Total Return versus Morningstar Benchmarks



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.

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.

Below is the current fund performance for the alternatives in the **Delta 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 (Long Name)	Fund (Short Name)	Total Return				YTD	Tracker Average
		1 MO	3 MO	6 MO	12 MO		
Fidelity Contrafund Commingled Pool Class 3	FID CONTRA POOL CL 3	1.72%	4.99%	14.83%	25.86%	17.27%	25.85%
Large Cap Growth Fund	LARGE CAP GROWTH	1.95%	5.64%	13.53%	22.13%	12.74%	23.60%
Small/Mid Cap Growth Fund	SMALL/MID GROWTH	0.75%	4.98%	13.43%	21.50%	13.13%	22.17%
S&P 500 Index Fund	S&P 500 INDEX	1.56%	6.29%	13.72%	18.87%	10.58%	22.07%
Small/Mid Cap Index Fund	SMALL/MID CAP INDEX	-0.86%	2.14%	12.22%	18.69%	10.89%	17.56%
Small/Mid Cap Value Fund	SMALL/MID VALUE	-1.36%	1.80%	10.62%	15.02%	6.90%	14.23%
Large Cap Value Fund	LARGE CAP VALUE	0.21%	3.84%	9.48%	10.08%	3.88%	12.87%
Lifecycle 2055	Lifecycle 2055	0.71%	2.51%	7.44%	10.13%	4.01%	11.34%
Lifecycle 2060	Lifecycle 2060	0.68%	2.54%	7.43%	10.10%	3.99%	11.32%
Lifecycle 2050	Lifecycle 2050	0.71%	2.49%	7.41%	10.08%	4.00%	11.29%
Lifecycle 2045	Lifecycle 2045	0.68%	2.50%	7.28%	9.95%	3.95%	11.13%
Lifecycle 2040	Lifecycle 2040	0.56%	2.34%	6.78%	9.29%	3.63%	10.35%
Lifecycle 2035	Lifecycle 2035	0.49%	2.19%	6.15%	8.39%	3.22%	9.40%
Lifecycle 2030	Lifecycle 2030	0.31%	1.93%	5.39%	7.29%	2.73%	8.13%
Lifecycle 2025	Lifecycle 2025	0.11%	1.64%	4.62%	6.11%	2.15%	6.81%
Lifecycle 2020	Lifecycle 2020	-0.06%	1.39%	3.74%	4.86%	1.57%	5.42%
Lifecycle Retirement	Lifecycle Retirement	-0.12%	1.26%	3.40%	4.14%	1.32%	4.73%
DWS RREEF Real Estate Securities Fund	DWS R REAL ESTATE R6-RRRZX	-2.21%	0.84%	11.54%	-1.54%	0.15%	4.71%
International Equity Index Fund	INTL EQ IDX	1.21%	0.33%	2.38%	3.59%	-1.07%	4.09%
INS/Contract Stable Value	INS CTRCT/STABLE VAL	0.16%	0.47%	0.90%	1.71%	1.32%	1.77%
International Equity Fund	INTERNATIONAL EQUITY	0.27%	-0.16%	0.43%	0.97%	-2.19%	0.82%
Diversified Bond Fund	DIVERSIFIED BOND	-0.45%	0.75%	0.83%	-0.22%	-0.81%	0.50%
Bond Index Fund	BOND INDEX	-0.71%	0.40%	0.48%	-1.17%	-1.56%	-0.55%
Emerging Markets Equity Index Fund	EMRG MRKTS EQ IDX	0.07%	-2.60%	-8.16%	-3.21%	-7.79%	-7.58%
Emerging Markets Equity Fund	EMERGING MARKET EQ	0.00%	-2.65%	-11.11%	-5.46%	-10.30%	-10.48%
BrandywineGLOBAL-Global Opportunities Bond Fund	BWG GLB OPP BOND IS-GOBSX	-0.68%	-2.59%	-9.46%	-11.59%	-6.11%	-13.26%

Brokerage Portfolio Monthly Fund Data

These Fidelity funds are used in the EZTracker Brokerage Portfolio. These make use of the brokerage link in the Delta 401k plan.

Fidelity Portfolio	Symbol	1 Mo	3 Mo	6 Mo	12 Mo	Avg
Fidelity Select Retailing Portfolio	FSRPX	1.02%	9.03%	20.63%	43.74%	40.60%
Fidelity Select Health Care Portfolio	FSPHX	1.00%	11.32%	20.13%	24.58%	31.11%
Fidelity Select Consumer Discretionary Portfolio	FSCPX	0.57%	7.00%	14.58%	30.68%	28.82%
Fidelity Select Defense and Aerospace Portfolio	FSDAX	5.31%	10.36%	8.28%	23.68%	25.98%
Fidelity NASDAQ Composite Index Fund	FNCMX	-0.80%	7.25%	14.30%	24.53%	24.70%
Fidelity Contrafund	FCNTX	0.14%	6.68%	13.38%	24.68%	24.48%
Fidelity Select Technology Portfolio	FSPTX	0.16%	6.25%	11.46%	25.09%	23.44%
Vanguard Small Cap Growth Index	VISGX	0.19%	4.24%	15.64%	22.67%	23.31%
Fidelity Select Pharmaceuticals Portfolio	FPHAX	1.03%	13.05%	13.94%	14.32%	23.10%
Fidelity Select Transportation Portfolio	FSRFX	0.49%	11.48%	12.81%	15.98%	22.24%
Fidelity Worldwide Fund	FWWFX	1.29%	6.69%	10.40%	19.79%	20.83%
Fidelity 500 Index Fund	FUSVX	0.57%	7.71%	11.40%	17.87%	20.48%
Fidelity Total Market Index Fund	FSTVX	0.15%	7.10%	11.23%	17.57%	19.67%
Fidelity Select Air Transportation Portfolio	FSAIX	1.33%	11.05%	9.81%	13.70%	19.58%
Fidelity Large Cap Stock Fund	FLCSX	0.64%	7.24%	11.53%	14.99%	18.77%
Fidelity Select Industrials Portfolio	FCYIX	2.62%	9.38%	7.15%	14.11%	18.15%
Fidelity Select Energy Portfolio	FSENX	1.28%	0.46%	12.70%	18.35%	17.89%
Hartford Small Cap Growth Fund	HISCX	-1.29%	1.86%	12.74%	17.87%	17.01%
Fidelity Select Telecommunications Portfolio	FSTCX	3.28%	9.42%	11.94%	6.02%	16.72%
Fidelity Mid-Cap Stock Fund	FMCSX	-0.08%	5.08%	8.85%	14.22%	15.32%
Fidelity Select Biotechnology Portfolio	FBIOX	-1.63%	5.76%	11.49%	9.86%	13.91%
Fidelity Large Cap Value Enhanced Index Fund	FLVEX	0.07%	5.82%	6.64%	11.63%	13.18%
Fidelity Select Utilities Portfolio	FSUTX	-0.12%	2.53%	9.29%	11.64%	12.73%
Fidelity Small Cap Enhanced Index Fund	FCPEX	-2.88%	2.34%	8.97%	11.98%	11.14%
Fidelity Mid Cap Enhanced Index Fund	FMEIX	-1.04%	3.70%	4.91%	11.72%	10.53%
Fidelity Convertible Securities Fund	FCVSX	-0.07%	2.35%	6.69%	9.61%	10.14%
Fidelity Select Construction and Housing	FSHOX	-0.47%	2.68%	6.30%	9.85%	10.02%
Fidelity Select Natural Resources Portfolio	FNARX	-0.29%	-2.62%	8.00%	11.22%	8.89%
Fidelity Japan Fund/United States	FJPNX	1.28%	2.60%	-0.63%	11.22%	7.90%
Fidelity Real Estate Investment Portfolio	FRESX	-2.37%	0.80%	10.23%	3.87%	6.84%
Fidelity High Income Fund	SPHIX	0.56%	2.34%	3.45%	3.59%	5.42%
Fidelity Mid Cap Value Fund	FSMVX	-1.52%	1.03%	0.65%	4.51%	2.55%
Fidelity International Index	FSIVX	0.97%	1.31%	-0.32%	2.64%	2.51%
Fidelity Select Financial Services Portfolio	FIDSX	-3.27%	1.75%	-1.35%	6.59%	2.03%
Fidelity Europe Fund/United States	FIEUX	0.02%	1.82%	0.02%	1.55%	1.86%
Fidelity Select Banking Portfolio	FSRBX	-4.53%	0.86%	-0.08%	6.92%	1.73%
Fidelity Select Consumer Staples Portfolio	FDFAX	0.28%	3.37%	-0.09%	-2.50%	0.58%
Fidelity International Small Cap Opportunities	FSCOX	-0.36%	-0.93%	-4.53%	6.01%	0.10%
Fidelity Global Credit Fund/USA	FGBFX	-0.22%	0.89%	0.01%	-0.51%	0.09%
Fidelity Corporate Bond Fund	FCBFX	-0.30%	1.02%	0.10%	-1.04%	-0.11%
Fidelity Total Bond Fund	FTBFX	-0.39%	0.27%	0.08%	-0.91%	-0.52%
Fidelity Limited Term Government Fund	FFXSX	-0.32%	-0.11%	0.00%	-0.89%	-0.72%
Fidelity Inflation Protected Bond Index Fund	FSIYX	-0.99%	-0.84%	0.04%	0.37%	-0.78%
Fidelity GNMA Fund	FGMNX	-0.46%	-0.12%	0.11%	-1.14%	-0.88%
Fidelity US Bond Index	FSITX	-0.62%	0.01%	-0.21%	-1.37%	-1.20%
Fidelity New Markets Income Fund	FNMIX	1.88%	0.97%	-4.04%	-5.07%	-3.42%
Fidelity Pacific Basin Fund	FPBFX	-1.19%	-3.01%	-6.21%	3.03%	-4.03%
Fidelity Long-Term Treasury Bond Index Fund	FLBAX	-2.74%	-2.88%	-2.47%	-3.58%	-6.36%
Fidelity China Region Fund	FHKCX	0.36%	-5.90%	-9.64%	2.34%	-7.00%
Fidelity Select Materials Portfolio	FSDPX	-5.41%	-4.25%	-2.79%	-2.20%	-7.99%
Fidelity Total Emerging Markets Fund	FTEMX	0.66%	-2.15%	-10.36%	-4.66%	-9.01%
Fidelity Latin America Fund/United States	FLATX	3.02%	1.97%	-21.70%	-17.35%	-18.58%
Fidelity Select Gold Portfolio	FSAGX	-0.49%	-15.67%	-15.45%	-22.46%	-29.50%



Questions, Comments, Problems?

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