

December 31, 2018

401k PORTFOLIO JANUARY 2019 UPDATE & NEWSLETTER

SAMPLE

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TAKE CONTROL OF YOUR FUTURE

EZTracker vs Benchmarks & Target Date Funds

Through December 31, 2018	YTD 2018	EZTracker Outperformance
EZTracker Aggressive (95% stocks/5% bonds target)	-2.9%	-
EZTracker Moderate (70% stocks/30% bonds target)	-2.2%	-
EZTracker Conservative (40% stocks/60% bonds target)	-0.4%	-
Morningstar Benchmarks	YTD 2018	EZT Outperformance
Aggressive Target Risk Index (95% stocks/5% bonds)	-8.2%	+5.3%
Moderate Target Risk Index (70% stocks/30% bonds)	-5.8%	+3.6%
Conservative Target Risk Index (40% stocks/60% bonds)	-2.9%	+2.5%
Target Date Funds	YTD 2018	EZT Outperformance
JPMCB SmartRetirement DRE Income CF10 (36% stocks/64% bonds)	-4.7%	
JPMCB SmartRetirement DRE 2020 CF10 (43% stocks/57% bonds)	-5.6%	+5.2%
JPMCB SmartRetirement DRE 2025 CF10 (55% stocks/45% bonds)	-6.8%	
JPMCB SmartRetirement DRE 2030 CF10 (65% stocks/35% bonds)	-7.8%	
JPMCB SmartRetirement DRE 2035 CF10 (71% stocks/29% bonds)	-9.0%	+6.9%
JPMCB SmartRetirement DRE 2040 CF10 (78% stocks/22% bonds)	-9.7%	
JPMCB SmartRetirement DRE 2045 CF10 (80% stocks/20% bonds)	-10.0%	
JPMCB SmartRetirement DRE 2050 CF10 (80% stocks/20% bonds)	-10.0%	
JPMCB SmartRetirement DRE 2055 CF10 (80% stocks/20% bonds)	-8.6%	
JPMCB SmartRetirement DRE 2060 CF10 (80% stocks/20% bonds)	-9.9%	+7.0%
Traditional Indices	YTD 2018	EZT Outperformance
Dow Jones Industrial Average (100% US 30 stocks/0% bonds)	-5.6%	+2.7%
S&P 500 Index (100% US 500 stocks/0% bonds)	-6.2%	+3.3%

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 benchmark targets for long-term investing plans such as the **EZTracker** model portfolios.

Target Date Funds

Target-date funds simplify investing in many ways but they can complicate it if the risk exposure is wrong. Investing is not one-size-fits-all, and everyone's situation is different. Target-date funds don't take into account where you fall on the aggressive, moderate, or conservative risk tolerance scale. Choosing a target-date fund based solely on your expected retirement date could leave you with an investment that exposes you to too much - or not enough - risk to meet your financial goals.

EZTracker 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 at **EZTracker** 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.

January 2019 Newsletter

In our last newsletter, we noted that our defensive stance for the **EZTracker** model portfolios was justified by November's continued volatility across the markets. Now that December has passed, the term "volatility" does not even do justice to what investors have seen and experienced since. As of yesterday's 12/31 close: S&P -9.18% for the month (YTD-6.24%), DJII -8.66% (-5.63%) and Nasdaq -9.48% (-3.88%), closing out the worst December since the Great Depression. **EZTracker's** continued defensive stance for its model portfolios continued to be justified.

We are not making any changes to any EZTracker portfolios for this month. The volatility over the last two weeks puts in stark relief the continued risks that surround all investing decisions, such as economic growth concerns and political and economic uncertainties like the unresolved US-China trade war. We aim to be as consistent as possible with our strategies for the **EZTracker** model portfolios. While we may not capture each and every market peak or valley, our disciplined approach has provided for consistent market returns over our 16-year history. More importantly, this has enabled us to reduce exposure across all our model portfolios in advance of the recent market gyrations, thereby outperforming the benchmarks as shown in our comparative charts on the previous page.



2018

After the markets underwent a prolonged increase throughout much of the year – hitting multiple all-time highs on the way but punctuated by two separate corrections – 2018 closed with all major indices posting their first annual loss since 2015. This all occurred in the midst of rising interest rates, an ugly trade battle with many of the US' key trading partners, and growing fears of a slowdown in global economic growth. On the flip side, the signs of recession that everyone has been looking for have not materialized, and consumer spending has remained very strong.

What We're Watching

At the end of October we outlined a host of potential causes for our taking a more conservative stance with **EZTracker** model portfolios: Corporate Earnings, European Union/Italy, U.S./China Trade Dispute and Rising Interest Rates/Hawkish Fed. Since then, certain things have crystallized (Fed interest rate hike), and others remain uncertain (worldwide growth rates and US/China trade). Furthermore there have been new stressors on the market such as Presidential threats of interference at the Fed, the US government shutdown, and China's domestic economic slowdown. Taking into account the year-end volatility and the markets being within correction territory, we see many unresolved issues but also some positives:

Consumer Spending: Americans' purchases make up nearly 70% of economic activity and that engine is expected to continue. Mastercard reported that holiday spending growth was the best in six years, while amazon.com said it had record unit sales.

China economic growth: As China is the world's largest exporter of goods with the most demand for materials from other countries, what happens there matters for businesses and markets across the globe. China just posted the first drop in industrial profits in over 3 years, and a big wild card is how the trade war between the U.S. and China will play out in 2019.

Inflation: Despite faster pay increases, most economists expect inflation to remain tempered next year. Oil and gasoline prices have fallen amid rising supplies and cooling global demand.

The Federal Reserve: Of the 5 major economic drivers (**consumer behavior, investment, inflation, housing and the labor market**), consumer behavior, inflation and the labor market all lack indications of imminent downturn. This moderates the risk that the Federal Reserve will cause a recession by hiking interest rates too much too soon. The Fed can move slowly, and pause if hiccups in the data suggest higher rates are hurting consumers or hiring. Evidence suggests that the Fed understands this just fine. January could prove pivotal as analysts will get more direction:

- January 3: Minutes from the December meeting of the rate-setting FOMC are due
- January 29-30: The next central bank meeting which allows it the opportunity to further fine-tune its message.

Turning on the Crystal Ball. Barron's Roster of Experts Batted .000 for 2018

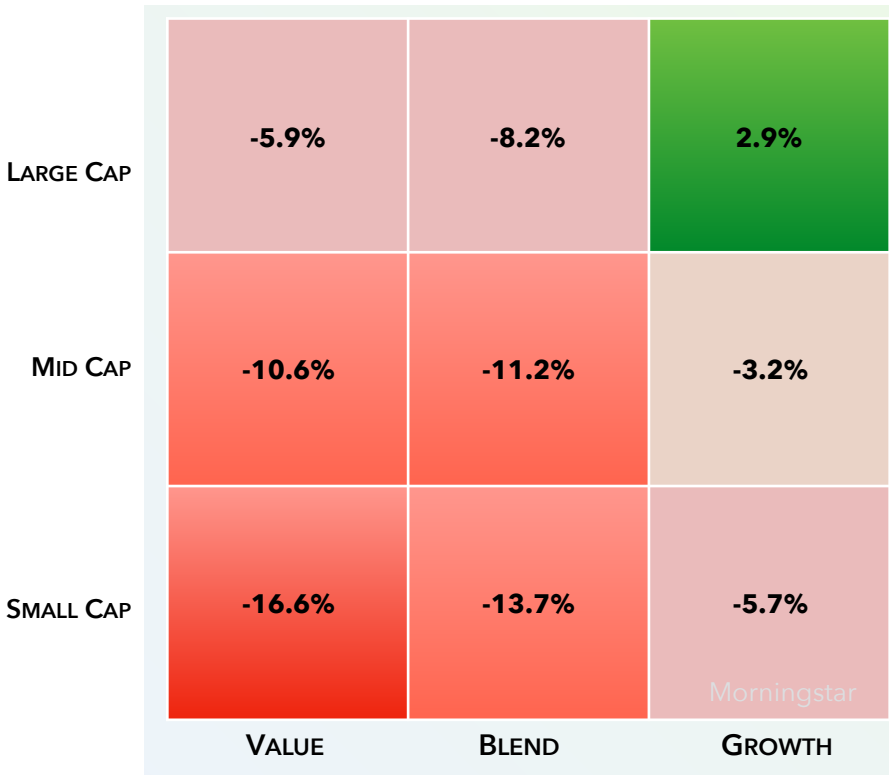
Every year at this time we check with the experts. While **EZTracker** doesn't make predictions, the year-end brings out the analysts and gurus to enlighten us for the coming year. Each December, Barron's takes a poll of ten experts from the major financial firms – below we summarize their scorecard for 2018 and “guesstimates” for 2019.

For 2019 all ten of Barron's listed analysts call for the S&P to finish higher by year-end with the most optimistic forecasts at 3100 (a 23.7% increase from current levels, and 19.2% up from the polling date). Not one analyst took a conservative stance. Keep in mind that all analysts from last years Barron's panel missed the mark – missed it by an average of more than 11%.

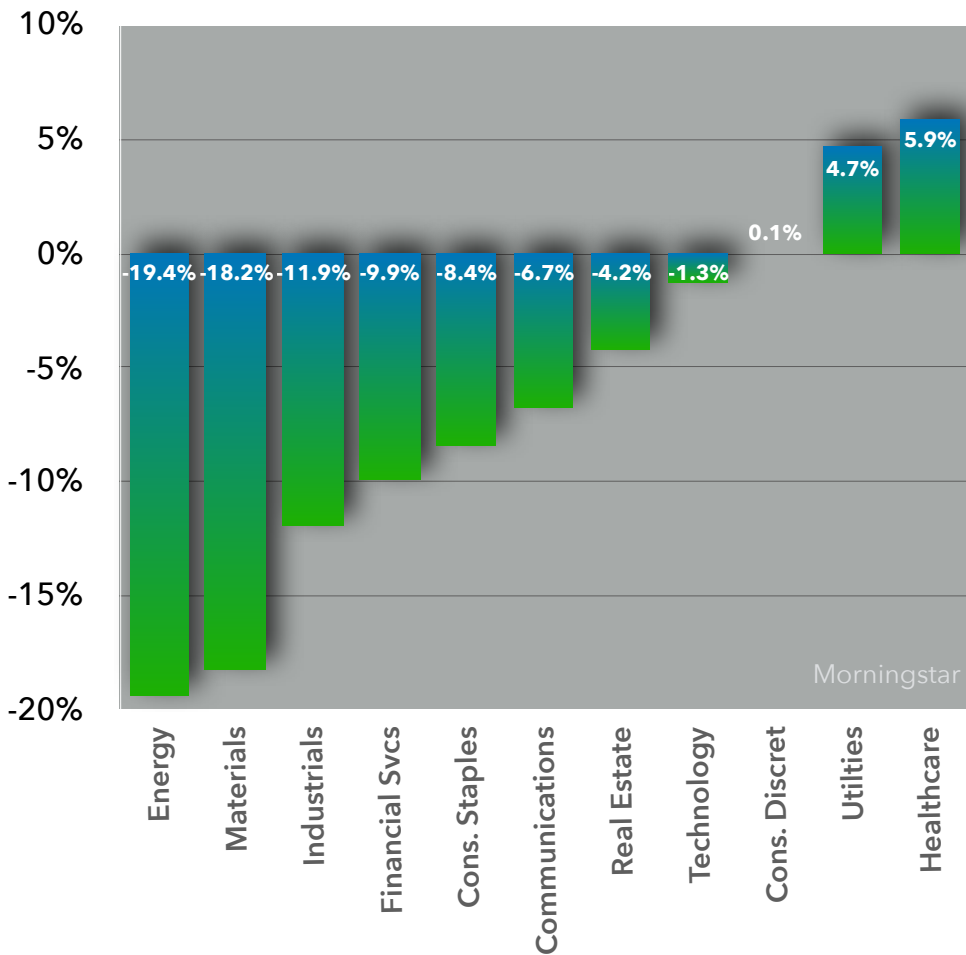
Company	Analyst	2018 S&P Prediction	Actual 2018 S&P	2018 % Miss	2019 S&P Prediction	% Increase
Morgan Stanley	Michael Wilson	2750	2507	-8.8%	2750	9.7%
Yardeni Research	Edward Yardeni	N/A	2507	N/A	3100	23.7%
BofA Merrill Lynch	Savita Subramanian	2800	2507	-10.5%	2900	15.7%
T. Rowe Price	Rob Sharps	2775	2507	-9.7%	2850	13.7%
PGIM	John Praveen	2925	2507	-14.3%	3000	19.7%
Nuveen	Saira Malik	N/A	2507	N/A	2840	13.3%
Citi	Tobias Levkovich	N/A	2507	N/A	3100	23.7%
J.P. Morgan	Dubravko Lakos-Bujas	2800	2507	-10.5%	3100	23.7%
Goldman Sachs	David Kostin	2850	2507	-12.0%	3000	19.7%
Federated Investors	Steve Auth	3000	2507	-16.4%	3100	23.7%
Average		2843	2507	-11.7%	2974	18.6%

Sector Analysis:

YTD Index Performance: Returns (%)



2018 YTD Sector Performance



A Hallmark Moment:
Recently, when deplaning a flight I ended up talking with the pilot. I handed him an EZTracker business card and he replied “I’m a subscriber!” I told him I was a partner and a co-author of the newsletter, to which he responded “Get out of here! Your bold call at the end of October really saved me!” He introduced me to his co-pilot, mentioning that he would be missing out “if he was not signed up with these guys.” We spoke for a few minutes, exchanged season greetings, and went on our way. I recall thinking, what a great job we have and how our subscribers really count on us. Happy New Year to all and a prosperous 2019 for everyone!

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 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
JPMCB Equity Index-CF		57%	42%	21%	10/29/18
JPMorgan Large Cap Growth-R6	JLGMX				10/29/18
Invesco Stable Value Trust					10/29/18
AA Federal Credit Union					10/29/18
		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.

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 | January 2019 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.

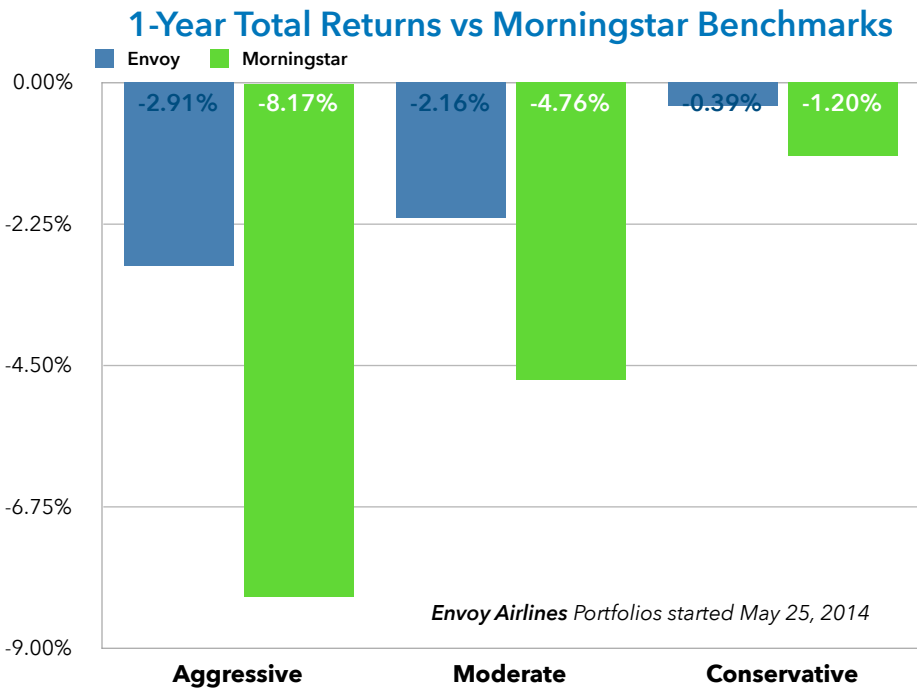
Which Portfolio is Right for You: Selecting the right portfolio is an individual decision based on your willingness and ability to take risk. Only you can decide. Planning your retirement is more important than ever. Your portfolio choice will vary based on age, retirement horizon, savings & expenses, 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 Dec 31, 2018	MTD Dec *	YTD 2018	1-YEAR
EZTracker Aggressive	-1.20%	-2.91%	-2.91%
EZTracker Moderate	-0.89%	-2.16%	-2.16%
EZTracker Conservative	-0.52%	-0.39%	-0.39%
Morningstar Benchmarks			
Aggressive Target Risk Index	-4.20%	-8.17%	-8.17%
Moderate Target Risk Index	-1.71%	-4.76%	-4.76%
Conservative Target Risk Index	0.65%	-1.20%	-1.20%
S&P 500	-4.78%	-6.24%	-6.24%

* 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.

Annual % Total Returns

EZTracker Model Portfolios	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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	-2.91
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	-2.16
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	-0.39
Morningstar Benchmarks	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Aggressive Target Risk Index								32.00	16.75	-3.60	16.07	24.53	5.23	-2.67	11.34	21.95	-8.17
Moderate Target Risk Index								21.77	12.33	0.59	12.04	14.31	4.89	-1.79	8.57	14.66	-4.76
Conservative Target Risk								9.56	7.07	4.38	7.36	2.97	3.38	-0.92	4.67	7.00	-1.20

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				YTD	Tracker Average
		1 MO	3 MO	6 MO	12 MO		
Vanguard Total Bond Market Index Inst	VBPIX	1.82%	1.63%	1.66%	0.00%	0.00%	2.78%
Invesco Stable Value-III		0.19%	0.57%	1.09%	2.13%	2.13%	2.17%
Wilmington Core Bond Class I1		0.19%	0.57%	1.11%	1.63%	1.63%	1.91%
American Airline Federal Credit Union		0.20%	0.46%	0.86%	1.40%	1.40%	1.60%
JPMCB SmartRetirement DRE Income CF10		-2.33%	-5.04%	-3.56%	-4.70%	0.00%	-8.52%
JPMCB SmartRetirement DRE 2020 CF10		-3.03%	-6.24%	-4.43%	-5.57%	0.00%	-10.51%
JPMCB SmartRetirement DRE 2025 CF10		-3.98%	-7.85%	-5.71%	-6.82%	0.00%	-13.29%
JPMCB SmartRetirement DRE 2030 CF10		-4.88%	-9.25%	-6.82%	-7.84%	0.00%	-15.71%
T Rowe Price Mid Cap Growth Fund	RPMGX	-8.58%	-13.15%	-6.70%	-2.04%	0.00%	-16.62%
T. Rowe Price New Horizon	PRNHX	-9.94%	-17.04%	-9.54%	4.04%	0.00%	-17.71%
JPMCB SmartRetirement DRE 2035 CF10		-5.56%	-10.51%	-7.78%	-9.03%	0.00%	-17.93%
Oppenheimer Developing Markets I	ODVIX	-3.08%	-7.78%	-10.82%	-11.79%	0.00%	-18.26%
JPMCB SmartRetirement DRE 2055 CF10		-6.32%	-11.18%	-8.05%	-8.60%	0.00%	-18.63%
JPMCB Equity Index Fund-CF		-9.06%	-13.59%	-6.97%	-4.61%	0.00%	-18.67%
JPMCB SmartRetirement DRE 2040 CF10		-6.18%	-11.48%	-8.59%	-9.74%	0.00%	-19.63%
JPMCB SmartRetirement DRE 2060 CF10		-6.43%	-11.80%	-8.82%	-9.88%	0.00%	-20.14%
JPMCB SmartRetirement DRE 2045 CF10		-6.44%	-11.85%	-8.85%	-10.02%	0.00%	-20.27%
JPMCB SmartRetirement DRE 2050 CF10		-6.45%	-11.83%	-8.86%	-10.04%	0.00%	-20.29%
JPMorgan Large Cap Growth R6	JLGMX	-8.71%	-18.66%	-11.10%	0.57%	0.00%	-20.68%
Vanguard Total International Stock Index Instl	VTSNX	-4.84%	-11.66%	-11.19%	-14.39%	0.00%	-22.95%
American Funds EuroPacific Growth R6	RERGX	-5.12%	-12.59%	-13.33%	-14.91%	0.00%	-25.06%
American Beacon Large Cap Value Inst	AADEX	-10.95%	-15.99%	-11.44%	-11.99%	0.00%	-27.47%
Vanguard Small Cap Index I	VSCIX	-11.10%	-18.34%	-14.44%	-9.32%	0.00%	-29.02%
American Beacon Small Cap Value Inst	AVFIX	-14.94%	-22.74%	-21.07%	-17.64%	0.00%	-41.67%
American Century Mid Cap Value R6	AMDVX	-20.18%	-23.94%	-21.48%	-21.96%	0.00%	-47.76%



Questions, Comments, Problems?

Let us know if you have any questions or suggestions. We're just a click away at contact@eztracker401k.com. Or text/call 201.503.6445 or 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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