

April 28, 2019

# 401K PORTFOLIO MAY 2019 UPDATE & NEWSLETTER



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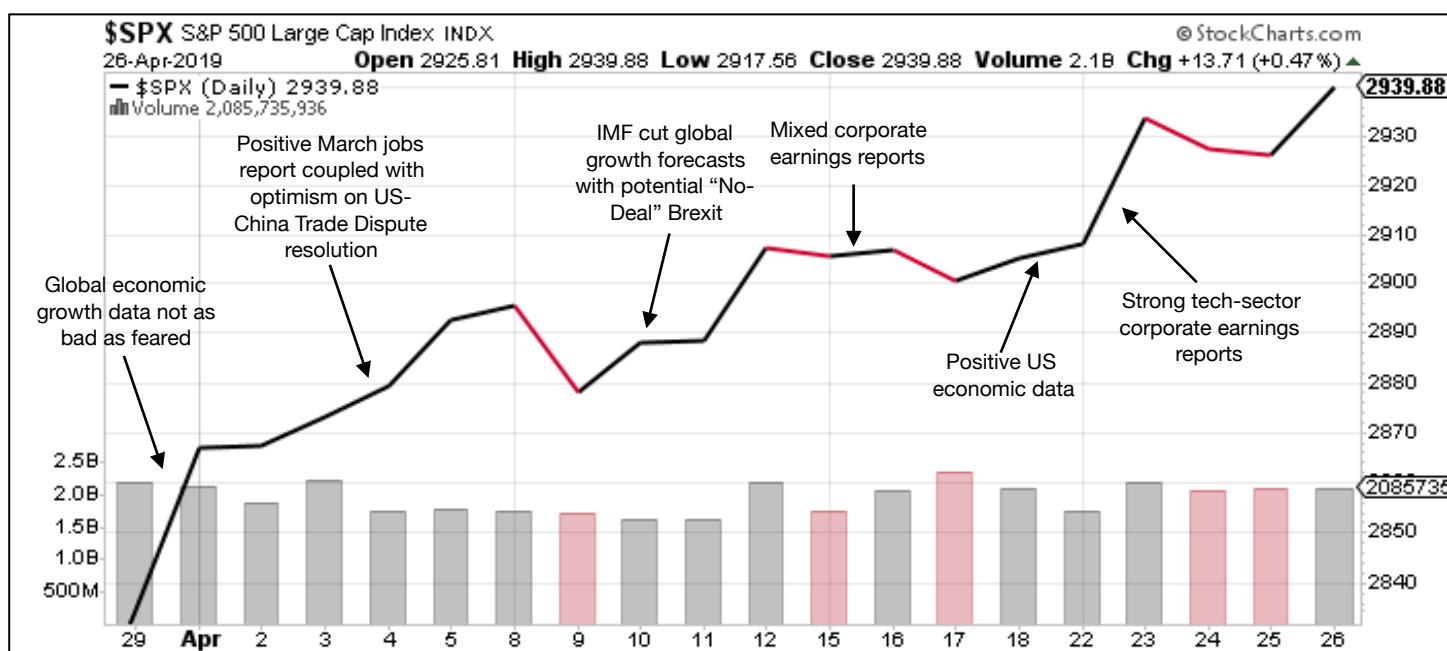
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## May 2019 Newsletter

2019's equity rally continued strongly during the month of April, benefitting from corporate earnings that did not disappoint, signs of a rebound in economic growth especially in China, and stiffening of the commodity and housing markets. All major indices were up on the month, reaching a new record Friday: S&P 500 +3.7% (YTD +17.3%), DJII +2.4% (+13.8%) and NASDAQ +5.4% (+22.8%).

There are changes to all **EZTracker** portfolios as we look to get back to the **EZTracker** target allocations for each risk tolerance level. **Please see page 4 for detailed model portfolio adjustments.** This is also a good time to review your risk tolerance and assess whether you should be following our Aggressive, Moderate, or Conservative portfolios. For a free assessment to help you decide: <https://tinyurl.com/EZT-risk-quiz>.



### S&P up 17% year-to-date! Does this mean anything? What can we expect for the remainder of the year?

Don't be fooled by the media reports rooting on market dominance this year. Left out is the fact that the stock markets also dropped over 14% between October and December – we have simply just returned to last September's levels – in fact, the S&P 500 is only up less than 1% since then. The key question is where are we heading and how should we be positioned.

*The bulls say:* Global growth should strengthen somewhat during 2H 2019 as growth is stabilizing in China (due to macroeconomic stimulus easing fears of a hard landing), coupled with the disruption of a 'hard, unorganized Brexit', joined by a substantially dovish stance by central banks across the globe, reversing the tightening that produced late 2018's drop.

*The bears say:* Corporate P/E ratios are high in many equity markets particularly in the US, which coupled with overcapacity in US commercial real estate and heightened risks associated with the scale of US corporate debt means even a modest negative shock or headline could trigger a correction. Furthermore, stronger US growth might prompt the Fed to reconsider remaining on the sidelines, and a Fed decision not to cut rates could come as a negative surprise. Finally, European growth remains very very fragile, and could be easily derailed by many developments.

**EZTracker** says: we are not afraid of either scenario as we continue our strategy of being in the best performing funds, invested for the long term – not the short or medium term. At this point we believe it is the right time to move toward our target allocations, and as such the **EZTracker** model portfolios are re-allocating funds into the market from more conservative instruments.

### Corporate Earnings

Among the S&P 500 companies that have reported their Q1 earnings to date, over 76% have beaten their consensus EPS estimates, led by outsize earnings results in communications services, discretionary, energy and real estate.

Some examples of companies that announced better than expected earnings and enjoyed price bumps included: financial bellwethers JPMorgan Chase (JPM), PNC Financial Services Group (PNC) and Wells Fargo (WFC); Coca-Cola (KO) and United Technologies (UTX), defense giant Lockheed Martin (LMT), and Microsoft (MSFT). On the news, MSFT stock rose to near a record, past \$1 trillion in market cap, from its Q1 sales jump of 14%, driven mainly by MSFT's transition to the public cloud as more large businesses offload their servers and data storage to Microsoft's Azure.

# What We're Watching

## Economic Data

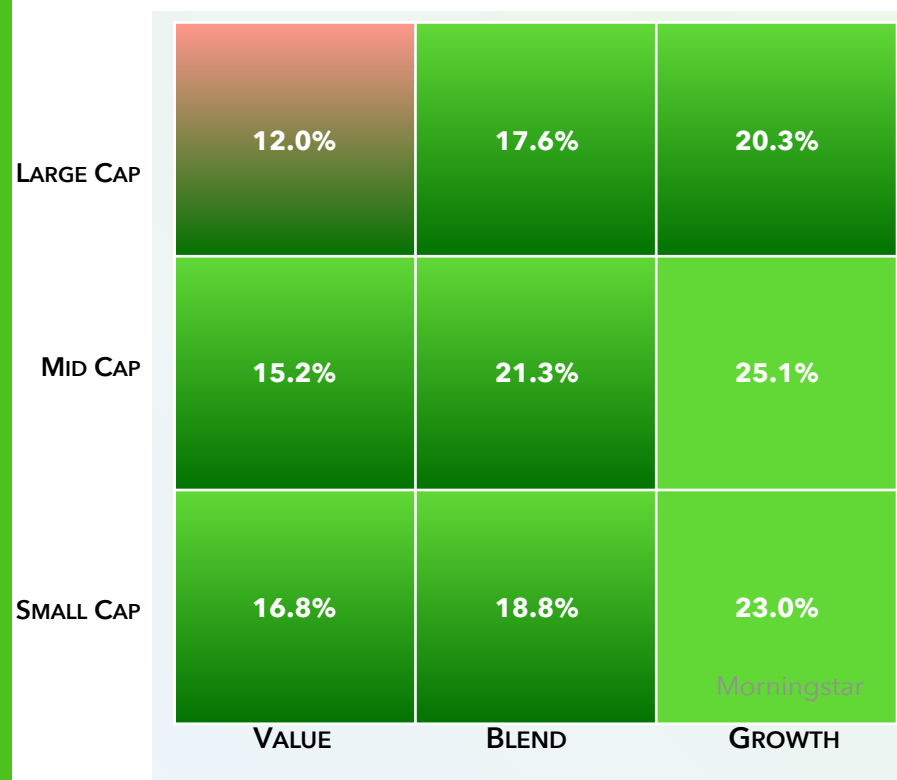
**Housing:** Sales of new US homes unexpectedly rose in March, climbing to a 16-month high to cap the first quarter with a third straight increase, reflecting a boost from lower borrowing costs. Single-family home sales rose 4.5% to an annualized pace that topped all estimates. The surprisingly strong gain suggests lower mortgage rates and rising wages are helping the housing market. Still, other March data have been less upbeat, as existing home sales missed estimates, housing starts slumped, and the median sales price decreased 9.7% from a year earlier.

**This week:** All eyes is on the continuation of corporate earnings releases and the Fed, as they meet for their two day May meeting. With first quarter GDP growth at 3.2% but core inflation slipping to 1.7% from a 1.9% pace in the fourth quarter, a key question will be why strong growth is not leading to more inflation and if Fed officials are content to stay on the sidelines for now.

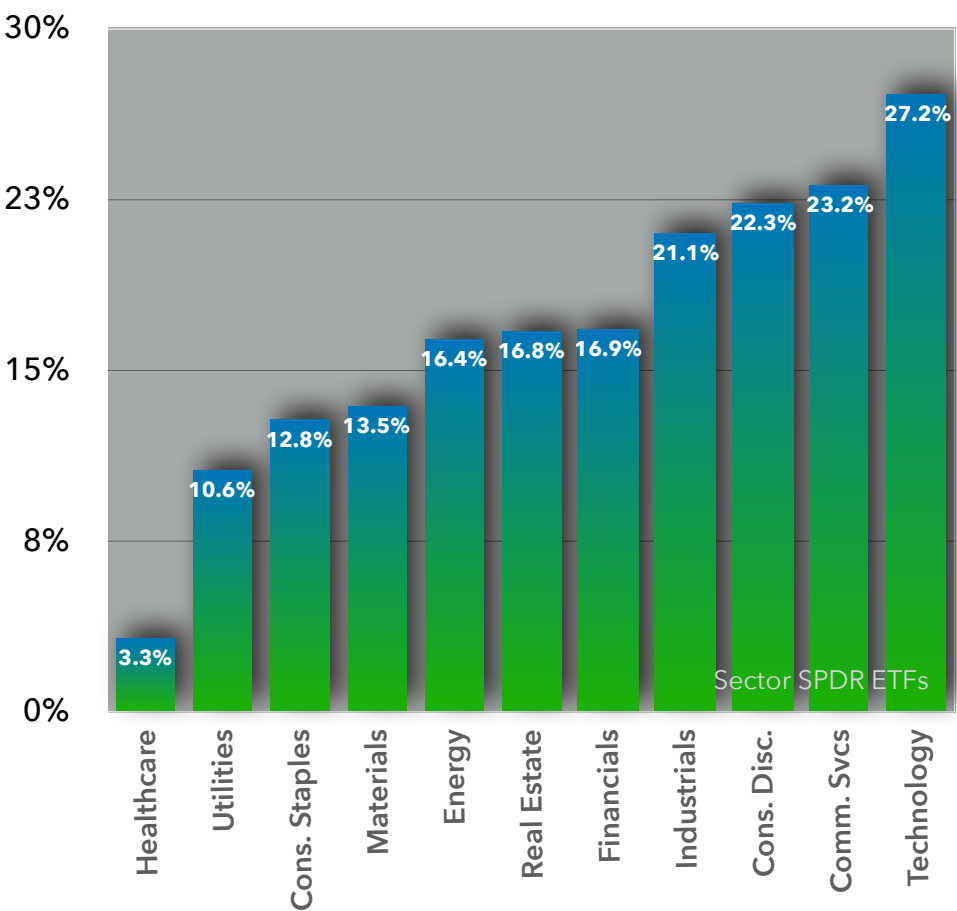
## Sector Analysis

Financials, (+8.5%), Communications Services (+7.7%), Technology (+7.0%), and Consumer Discretionary (+7.0%) were the leading sectors for the last month. Defensive stocks made up the laggards, including Healthcare (-2.4%), Utilities (-1.5%) and Energy (-0.33). Please note that **EZTracker** has changed our source of sector return data from Morningstar (which sector portfolios are not actually investable securities), to Sector SPDRs (which are in fact investable).

YTD Index Performance: Returns (%)



2019 YTD Sector Performance



## Commodities & Fixed Income

### Oil

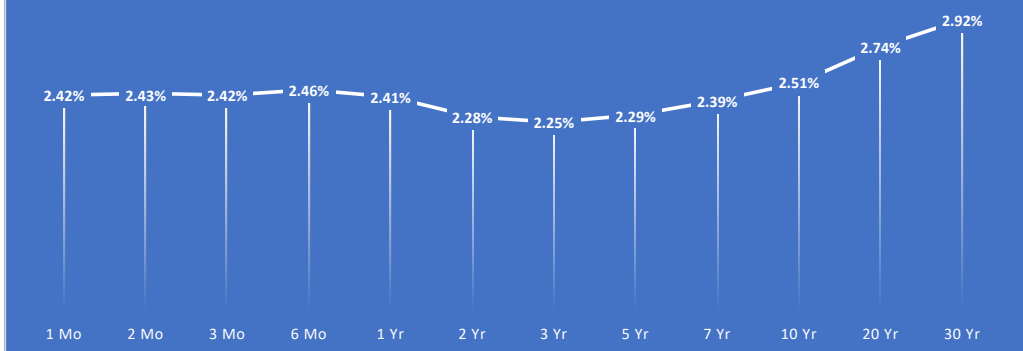
Oil prices hit their highest since November this week after Washington announced the end of all waivers on imports of Iranian crude, pressuring importers to stop buying from Tehran. The expectation is that Saudi Arabia and the UAE will fulfill their pledges to make up the difference. Barclays noted that the US decision was a surprise to many and would “lead to a significant tightening of oil markets”. OPEC is set to meet in June to discuss output policy.

### Rates & Yield Curve:

During the month of April, the treasury curve steepened significantly, with the spread between 10-year vs 2-year Treasury widening 0.07%. The investment implications of a widening yield curve should be bullish for equities. 10-year Treasury yields have been fairly volatile, trading in a range between 2.40%-2.60%, and closing the month at 2.51%. The recent bond rally (Prices up, yields down) in the past week came despite strong equity markets and stronger-than-expected GDP. Traders are pricing in weak inflation and possible Fed easing.

## TREASURY YIELD CURVE

APRIL 26, 2019



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

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**EZTracker** provides three model portfolios for Sun Country 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:**  
Rebalance your portfolio to the desired portfolio below

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	Symbol	Aggressive	Moderate	Conservative	Buy Date
Fidelity 500 Index	FXAIX	27%	22%	12%	1/2/19
T. Rowe Price Mid Cap Growth	RPMGX				1/2/19
Carillon Eagle Small Cap Growth R5	HSRSX				1/2/19
AF EuroPacific Growth	RERGX				1/2/19
WF Stable Fund C					1/2/19
American Funds AMCAP R6	RAFGX	20%	14%	8%	1/2/19
		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).

Visit [www.eztracker401k.com](http://www.eztracker401k.com) for more information or call 201-503-6445

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.



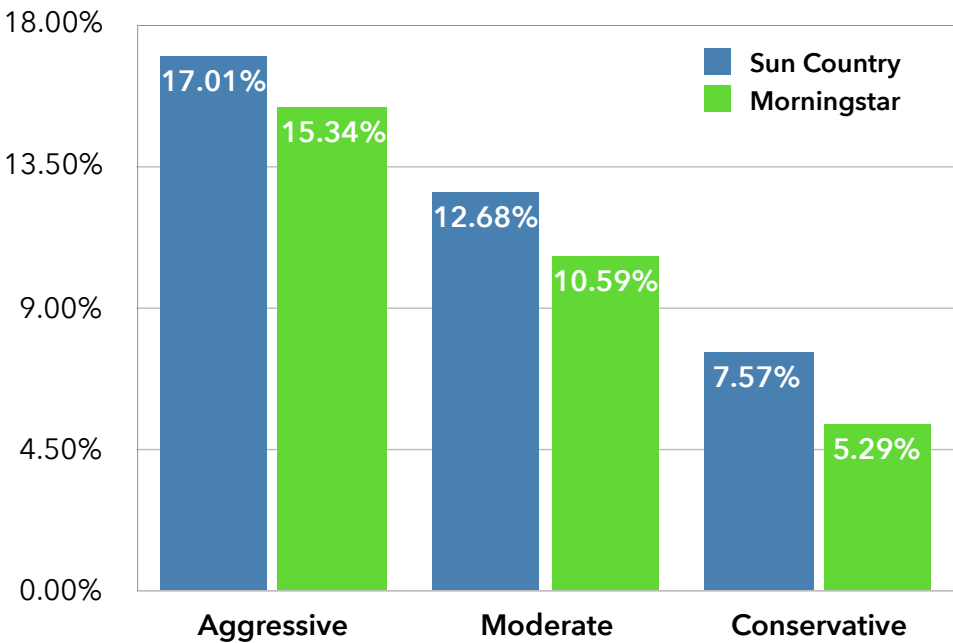
- Aggressive Portfolio:**  
95-100% invested in equities. This is a high risk/high reward portfolio.
- Moderate Portfolio:**  
70% invested in equities and 30% invested in bonds or Stable Value Fund.
- Conservative Portfolio:**  
40% invested in equities and 60% invested in bonds or Stable Value Fund. 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 April 28, 2019	April **	YTD*
<b>EZTracker</b> Aggressive	3.20%	17.01%
<b>EZTracker</b> Moderate	2.47%	12.68%
<b>EZTracker</b> Conservative	1.54%	7.57%
<b>Morningstar Benchmarks</b>		
Aggressive Target Risk Index	2.77%	15.34%
Moderate Target Risk Index	1.76%	10.59%
Conservative Target Risk Index	0.59%	5.29%
<b>S&amp;P 500</b>	<b>3.72%</b>	<b>17.27%</b>

\* Portfolio started 01/02/19  
\*\* 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 **Sun Country** 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	Symbol	Total Return					Tracker Average
		1 MO	3 MO	6 MO	12 MO	YTD	
Vanguard Real Estate Index	VGSLX	0.44%	8.59%	14.53%	20.57%	17.18%	24.07%
T. Rowe Price Mid Cap Growth	RPMGX	4.13%	10.62%	15.72%	13.40%	20.02%	23.93%
Fidelity 500 Index	FXAIX	4.44%	10.90%	11.74%	12.46%	18.01%	21.57%
American Funds Growth Fund of America R6	RGAGX	4.63%	10.13%	13.18%	9.92%	18.48%	20.65%
Carillon Eagle Small Cap Growth R5	HSRSX	5.00%	10.57%	13.79%	7.64%	22.39%	20.18%
American Funds AMCAP R6	RAFGX	4.08%	9.20%	11.75%	9.21%	16.51%	18.68%
Fidelity Extended Market Index	FSMAX	4.49%	9.23%	11.74%	7.40%	20.14%	17.92%
Vanguard Equity Income Adm	VEIRX	2.48%	8.37%	10.32%	9.10%	13.55%	16.51%
American Century Mid Cap Value R6	AMDVX	5.37%	9.05%	11.66%	4.16%	18.35%	16.49%
TRP Retire I 2060		3.27%	8.37%	11.50%	5.59%	15.37%	15.67%
TRP Retire I 2055		3.25%	8.33%	11.47%	5.61%	15.37%	15.63%
TRP Retire I 2050		3.19%	8.29%	11.46%	5.60%	15.37%	15.56%
TRP Retire I 2045		3.18%	8.27%	11.43%	5.57%	15.34%	15.52%
TRP Retire I 2040		3.13%	8.09%	11.23%	5.59%	14.91%	15.30%
TRP Retire I 2035		2.93%	7.76%	10.74%	5.55%	14.13%	14.72%
AF Balanced R6	RLBGX	2.67%	7.30%	10.11%	5.53%	13.15%	13.97%
TRP Retire I 2030		2.67%	7.30%	10.11%	5.53%	13.15%	13.97%
AF Capital World Growth & Income	RWIGX	3.20%	8.71%	11.42%	1.30%	15.06%	13.44%
AF EuroPacific Growth	REGX	3.44%	8.72%	13.53%	-2.25%	16.16%	12.79%
TRP Retire I 2020		2.17%	6.23%	8.61%	5.33%	10.86%	12.19%
TRP Retire I 2025		1.99%	5.85%	8.08%	5.01%	10.02%	11.42%
TRP Retire I 2015		1.86%	5.64%	7.78%	5.18%	9.54%	11.16%
MFS International New Discovery	MIDLX	2.67%	6.91%	10.72%	-0.72%	12.96%	10.68%
TRP Retire I 2010		1.64%	5.17%	7.26%	5.24%	8.66%	10.53%
TRP Retire I Balance		1.66%	4.98%	6.80%	5.01%	8.27%	10.06%
TRP Retire I 2005		1.50%	4.81%	6.82%	5.04%	7.95%	9.91%
Vanguard Total International Stock	VTIAX	2.59%	6.08%	10.56%	-3.68%	12.85%	8.48%
Metropolitan West Total Return Bond		0.07%	2.76%	4.99%	5.55%	3.17%	7.29%
Pioneer Strategic Income K	STRKX	0.56%	3.29%	4.67%	4.29%	4.23%	6.99%
JP Morgan Small Cap Value	JSVUX	3.88%	4.46%	4.67%	-1.24%	15.25%	6.42%
Vanguard GNMA Admiral	VFIJX	0.00%	1.88%	4.30%	4.94%	2.01%	6.07%
WF Stable Fund C		0.19%	0.56%	1.13%	2.20%	0.75%	2.23%



## Questions, Comments, Problems?

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