

June 30, 2019

401K PORTFOLIO JULY 2019 UPDATE & NEWSLETTER

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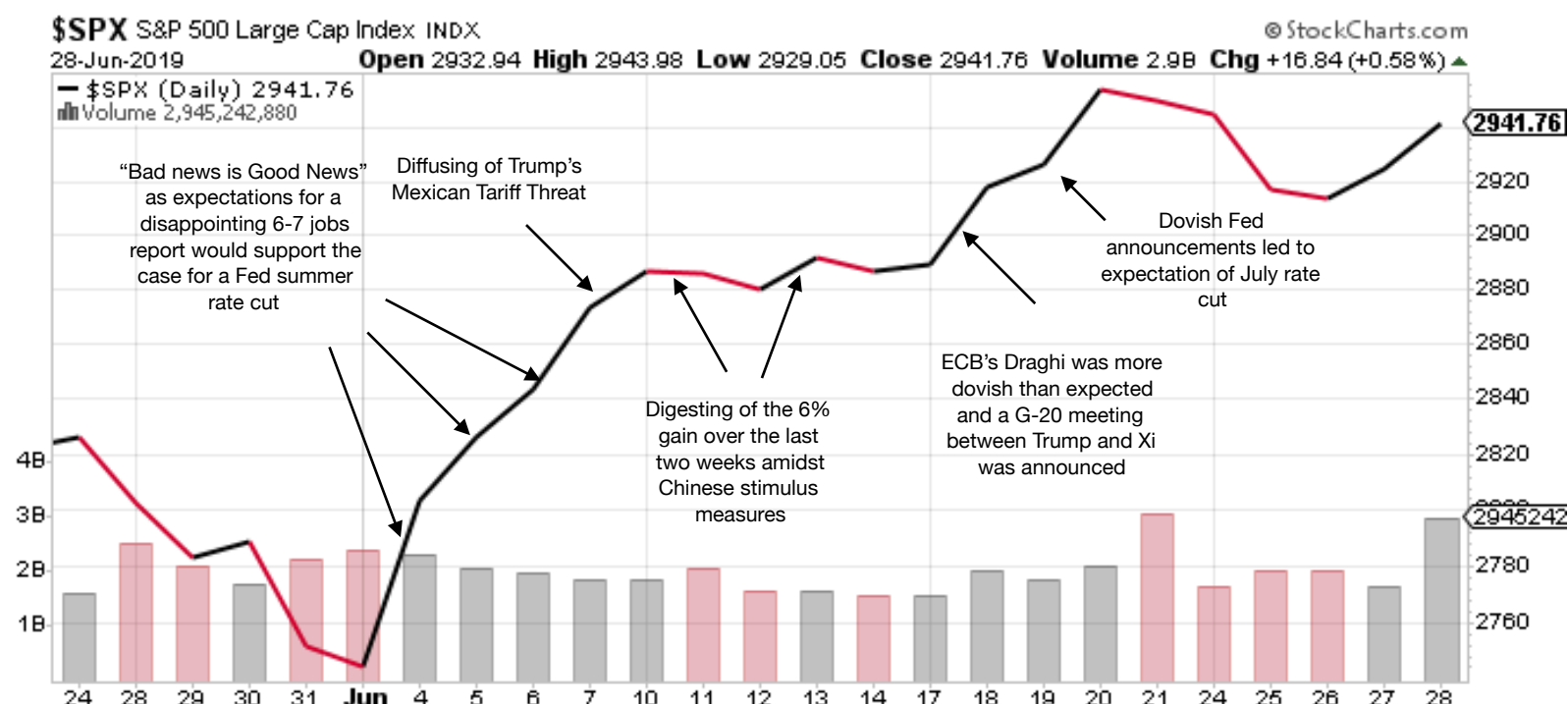
TAKE CONTROL OF YOUR FUTURE

July 2019 Newsletter

Losing "Patience"

All major indices ended up since the last newsletter, with the DJII +4.0% (YTD+14.0%), S&P 500 +4.1% (YTD + 17.3%) and NASDAQ +4.8% (YTD +20.7%).

With the equity markets close to all-time highs, but still exhibiting volatility since the last newsletter, we believe our **EZTracker** model portfolios remain balanced to benefit from incremental bullish sentiment (related to G-20 or better than expected corporate earnings releases). One thing to note: the **EZTracker** Model Portfolios are *not* trading portfolios. They are designed to be long-term focused and are not meant to radically change from month to month chasing the market, as that is not a winning strategy for long-term investors. Please see the "**EZTracker Approach**" on the bottom of Page 3. **There are no changes to any EZTracker Model Portfolios This Month.**



Overall Point - The Difference one Word Makes

June was more or less all about the actions of the US Federal Reserve. Since the S&P's localized low on June 3, it grew 7.2%, mainly due to the expectations surrounding the Fed. Investors consistently bid up the US equity markets since the beginning of the month on a) expectations of a more dovish Fed stance and b) ratification that the revised stance will mean a forthcoming rate cut. At the latest Federal Reserve meeting on Wednesday June 19, the Fed removed the word "**patience**" from its statement, stating instead that it will "act as appropriate" to sustain the US economic expansion. That stance not only gives the Fed some breathing room on policy decisions, but it also suggests that yes, lower interest rates could be around the corner.

International Trade

The other great expectation involved the on-again, off-again, US-China trade skirmish. Investors, looking toward the G-20 meetings in Osaka held on June 28-29, had expected some sort of detente or an "agreement to agree", which expectation also buoyed the equity markets during the month. In what was somewhat of a surprise, on Saturday June 29, Trump and Xi agreed to a full cease-fire on trade in which the US agreed to put off all additional tariffs on Chinese goods indefinitely, and China agreed to start buying large amounts of American farm products. Additionally, curbs on Huawei Technologies will be lifted, although Trump did state that existing tariffs won't be lifted. The markets had priced in some sort of rapprochement, however a truce so quickly was likely not expected. As the announcement came after US markets closed for the weekend on Friday June 28, the immediate market response had not been felt, but equity futures predict a positive market response.

Now what?

The markets have fully factored in a rate cut in July, coupled with the expectation of some sort of US-China truce, and the markets are at or near all-time highs, and remain somewhat volatile. Investors are forced to re-focus on the fundamentals of base economic data (both domestically and globally), and corporate earnings expectations. With fiscal Q2 finishing today (June 30), investors and **EZTracker** will be focused on initial Q2 earnings announcements expected over the next 30 days.

If you are following the Aggressive model portfolio and are concerned about volatility, you're probably not really an aggressive investor. We suggest reviewing your risk tolerance and adjusting your investment strategy if necessary. Commit to a strategy that is consistent with your own risk tolerance and stick with it. For free help, take the assessment to help you decide: <https://tinyurl.com/EZT-risk-quiz>.

Economic Data

The **University of Michigan** said the final reading of its June **Consumer Sentiment Index** was 98.2, down from the 100 reading in May, which decline was mainly attributable to wealthier Americans being rattled by the threatened tariffs.

The June 7 **Jobs Report** showed that wage growth cooled slightly after gaining the previous year, while the national unemployment rate remained at its 49-year low of 3.6%.

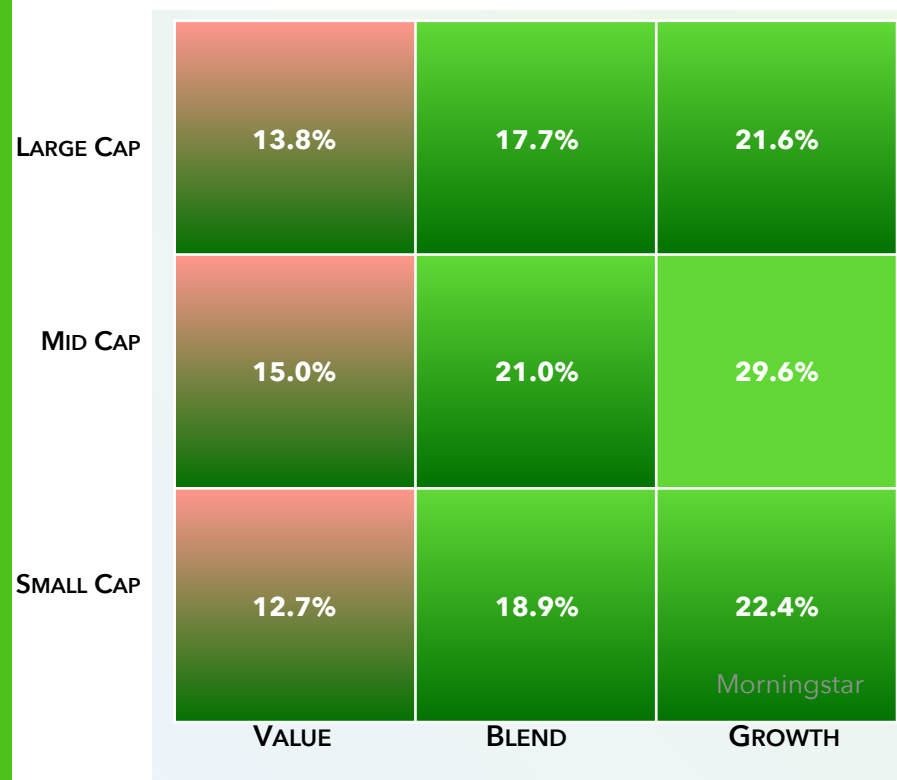
New domestic single-family **Home Sales** dropped 7.8 percent in May from the previous month to a seasonally adjusted annual rate of 626 thousand, while markets had forecast a 1.9 percent increase to 680 thousand. That was the lowest level since December despite lower mortgage rates.

Sector Analysis

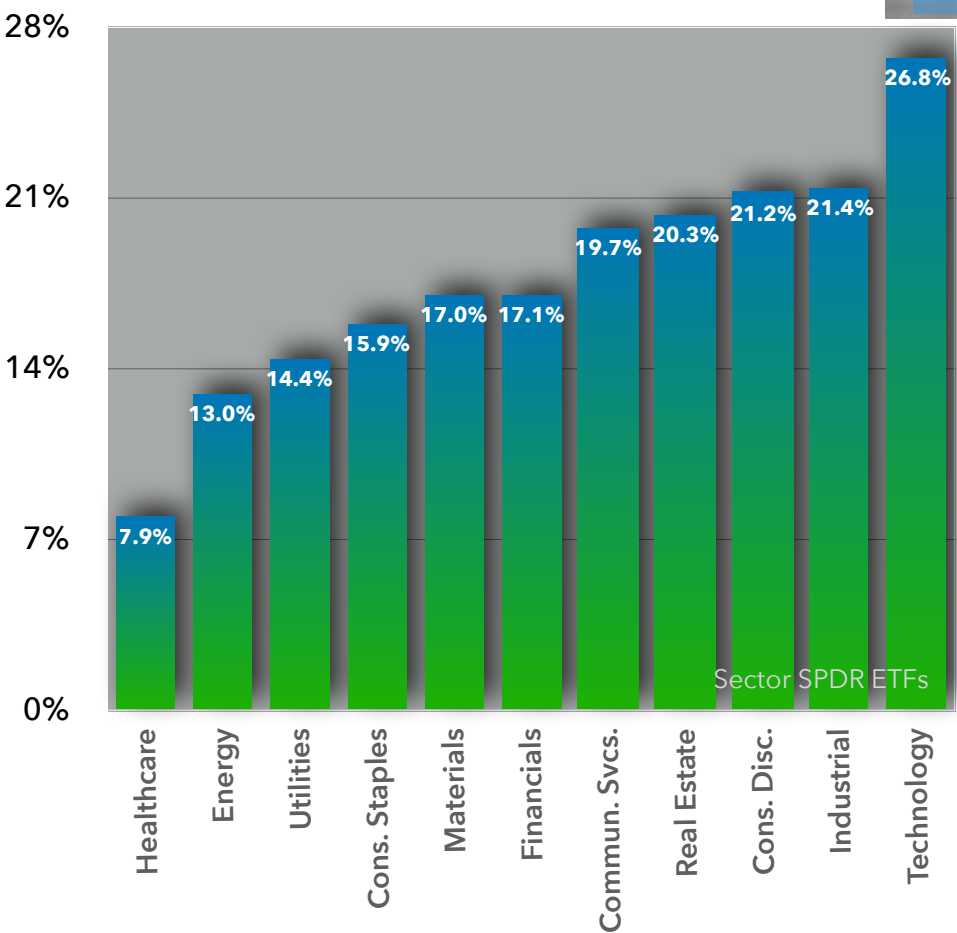
All sectors were in the black this month, led by Materials (+11.6%), Energy (+9.4%) and Technology (+8.9%). Laggards were defensive sectors such as Real Estate (+1.6%) and Utilities (+3.2%). Technology remains the highest-performing sector YTD, with over 26% return.



2019 YTD Index Performance: Returns (%)



2019 YTD Sector Performance: Returns (%)



Fixed Income

Rates & Yield Curve

The spread between 2-year and 10-year treasuries continued to widen, from 0.17% last month to 0.25%. Much of this widening was caused by the expectation of Fed rate cuts, as traders price in easier monetary policy. With the 10-year Treasury yield under 2%, however, it may be a depressing signal on the markets's opinion of future economic growth.

The EZTracker Approach:

- We don't predict where the market is going - we identify the best performers;
- We use a disciplined approach to investing even during market volatility and uncertainty, and we review portfolios monthly;
- We take a long-term perspective of the market;
- We are consistent in our strategy, the **EZTracker** portfolios have consistently outperformed the market in up and down markets.

The EZTracker Subscriber Approach:

- Avoid emotional extremes. Monitor your risk profile and stick to your plan;
- Stop listening to the talking heads. Not one has demonstrated the ability to predict the market;
- Stay up-to-date and maintain your portfolio on a timely basis.

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 this month

New Subscribers: *or those who haven't made any changes in a few months*

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		54%	33%	13%	1/28/19, 4/29/19
JPMorgan Large Cap Growth-R6	JLGMX	Visit www.eztracker401k.com or call 201-503-6445 for more information			1/28/19
Vanguard Small Cap Index I	VSCIX				1/28/19
T. Rowe Price New Horizon	PRNHX				1/28/19
Invesco Stable Value Trust			29%	59%	1/28/19
		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).

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 | July 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.



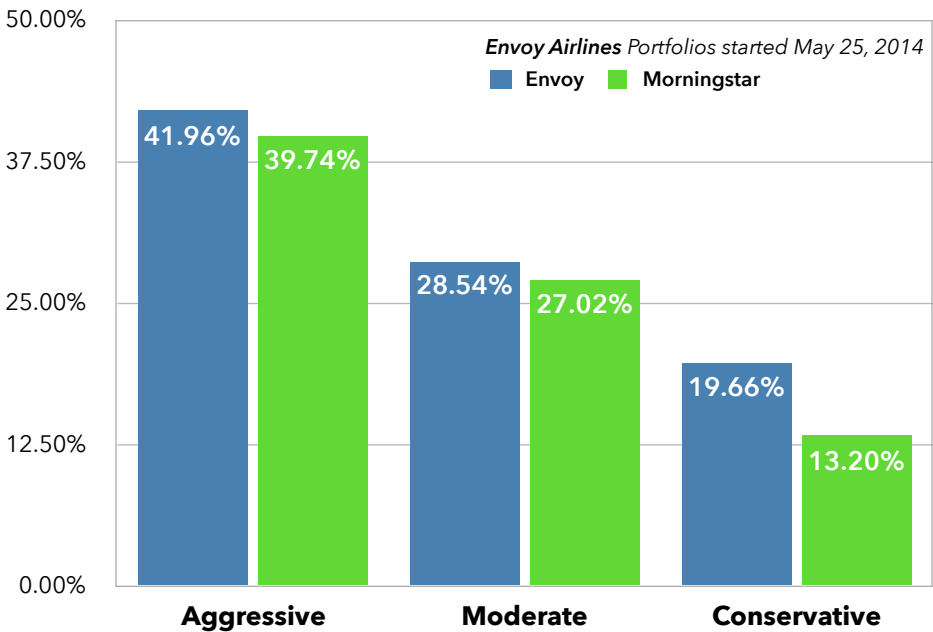
- Aggressive Portfolio:**
95-100% invested in equities. This is a high risk/high reward portfolio.
- Moderate Portfolio:**
70% invested in equities and 30% invested in bonds or the Credit Union or Stable Value Fund
- Conservative Portfolio:**
40% invested in equities and 60% invested in bonds or the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

3-Yr Total Returns vs Morningstar Benchmarks



Current Performance Through June 30, 2019	MTD June *	YTD 2019	3-Year
EZTracker Aggressive	4.88%	13.15%	41.96%
EZTracker Moderate	3.49%	9.73%	28.54%
EZTracker Conservative	2.07%	6.20%	19.66%
Morningstar Benchmarks			
Aggressive Target Risk Index	4.70%	16.05%	39.74%
Moderate Target Risk Index	3.61%	12.08%	27.02%
Conservative Target Risk Index	2.39%	7.55%	13.20%
S&P 500	4.09%	17.35%	40.15%

* 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		
T. Rowe Price New Horizon	PRNHX	6.87%	8.02%	30.46%	18.02%	30.46%	34.56%
JPMorgan Large Cap Growth R6	JLGMX	7.73%	7.59%	28.50%	14.23%	28.50%	31.67%
T Rowe Price Mid Cap Growth Fund	RPMGX	8.25%	6.93%	24.26%	15.93%	24.26%	30.20%
JPMCB Equity Index Fund-CF		7.03%	4.26%	18.42%	10.16%	18.42%	21.75%
American Beacon Large Cap Value Inst	AADEX	7.64%	4.29%	18.39%	4.85%	18.39%	19.18%
Vanguard Small Cap Index I	VSCIX	7.05%	2.87%	19.54%	2.27%	19.54%	17.31%
American Funds EuroPacific Growth R6	RERGX	6.64%	3.87%	17.59%	1.91%	17.59%	16.37%
JPMCB SmartRetirement DRE 2060 CF10		5.74%	3.46%	15.45%	5.27%	15.45%	16.32%
American Century Mid Cap Value R6	AMDVX	5.87%	3.57%	17.34%	3.12%	17.34%	16.31%
JPMCB SmartRetirement DRE 2050 CF10		5.79%	3.46%	15.41%	5.17%	15.41%	16.27%
JPMCB SmartRetirement DRE 2045 CF10		5.75%	3.47%	15.37%	5.17%	15.37%	16.23%
JPMCB SmartRetirement DRE 2040 CF10		5.49%	3.46%	15.03%	5.15%	15.03%	15.89%
JPMCB SmartRetirement DRE 2055 CF10		5.56%	3.09%	14.81%	5.57%	14.81%	15.83%
Oppenheimer Developing Markets I	ODVIX	6.42%	2.86%	15.65%	3.14%	15.65%	15.31%
JPMCB SmartRetirement DRE 2035 CF10		5.03%	3.39%	14.15%	5.27%	14.15%	15.18%
JPMCB SmartRetirement DRE 2030 CF10		4.55%	3.48%	13.56%	5.82%	13.56%	14.95%
JPMCB SmartRetirement DRE 2025 CF10		3.88%	3.33%	12.21%	5.80%	12.21%	13.76%
JPMCB SmartRetirement DRE 2020 CF10		3.17%	3.11%	10.64%	5.74%	10.64%	12.36%
Vanguard Total International Stock Index Instl	VTSNX	5.83%	2.76%	13.29%	0.62%	13.29%	12.27%
JPMCB SmartRetirement DRE Income CF10		2.76%	2.99%	9.55%	5.65%	9.55%	11.43%
Vanguard Total Bond Market Index Inst	VBTIX	1.16%	3.08%	6.12%	7.87%	6.12%	9.94%
American Beacon Small Cap Value Inst	AVFIX	7.81%	1.78%	14.26%	-9.81%	14.26%	7.65%
Wilmington Core Bond Class I1		0.19%	0.57%	1.15%	2.26%	1.15%	2.27%
Invesco Stable Value-III		0.19%	0.58%	1.14%	2.25%	1.14%	2.27%
American Airline Federal Credit Union		0.13%	0.39%	0.79%	1.66%	0.79%	1.62%



Questions, Comments, Problems?

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