

July 28, 2019

# 401k PORTFOLIO AUGUST 2019 UPDATE & NEWSLETTER

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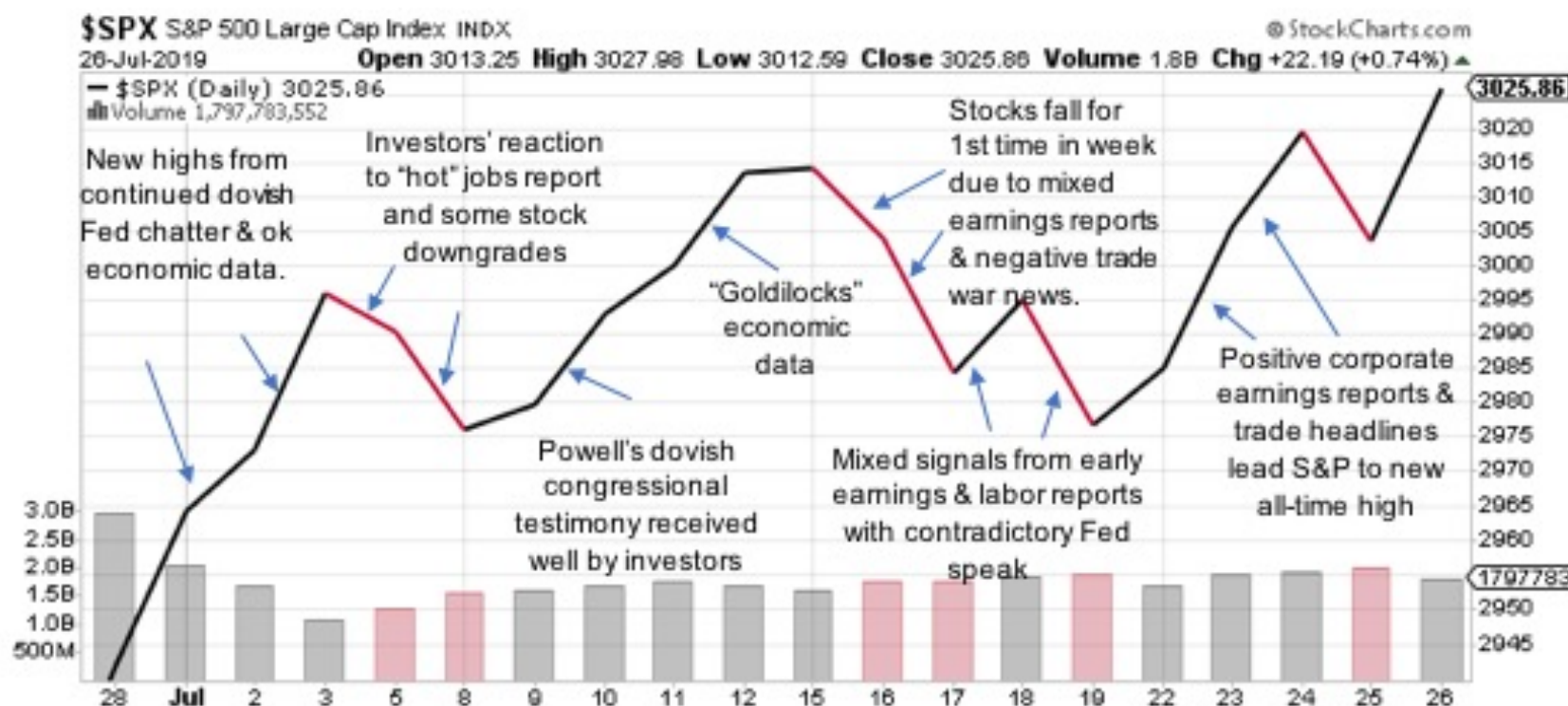
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## August 2019 Newsletter

### Market Resilience Continues for Another Month

On Friday, the S&P 500 index and Nasdaq composite both rose to a record close. Since our last newsletter, DJII +2.2% (YTD+16.6%), S&P 500 +2.9% (YTD + 20.7%) and NASDAQ +4.0% (YTD +25.5%).

The equity markets hit all-time highs this month on the back of 1) hopes that the Fed will elect to cut rates next week; 2) stronger than expected corporate earnings; and 3) incremental progress on US-China trade. The 10-year yield, however, continues to signal a poor commentary on future growth, and short-end interest rates are beginning to look less attractive with the prospect of rate cuts. As such, we are taking this opportunity to adjust our fixed income allocation for **EZTracker** Moderate and Conservative portfolios. **Please see page 4 for portfolio changes.**



### Fed Rate Cut Expectations

The Federal Reserve is expected to cut interest rates for the first time in more than a decade at its upcoming meetings on July 30 and 31, a pre-emptive move due to concerns about the impact of the trade war and a slowing global economy. The market has priced in a 25 basis point cut next week, and expects another later this year. Friday's Q2 GDP growth report came in higher than expected at 2.1% (vs. 1.8%), which some fear may tempt the Fed to adopt a less aggressive posture on cutting rates. Although higher than expected, the GDP growth trend is markedly negative-- following 3.1% the previous quarter -- and may be what the Fed needs to truly pull the trigger on a rate cut. Should the Fed signal it may not lower interest rates as much as has been communicated, it will need to say so very delicately. Because the markets expect rate cuts, a signal that the Fed may take less action could have a large impact.

### Corporate Earnings

To date, 44% of the companies that make up the S&P 500 have reported Q2 results, and so far the results have been promising. The percentage of firms beating estimated EPS (77%) and beating predicted Sales (61%) are both above the five-year average for each metric. Looking forward to the second half of the year, analysts predict a relative decline in corporate earnings for Q3 followed by mid-single-digit earnings growth in the fourth quarter. During the upcoming week, 168 companies in the S&P 500 (including seven Dow 30 components) are scheduled to report Q2 results. Some noteworthy individual company activity: **Facebook (FB)** gained 2% after the social media giant reported quarterly revenue that beat estimates, but also announced that new rules and product changes aimed at protecting user privacy would slow its revenue growth into next year. **3M Co. (MMM)** rose 4.5% after the manufacturing conglomerate reiterated its full-year earnings forecast despite slowing sales growth in high-profile markets such as China. **Tesla Inc (TSLA)** tumbled 12.3%, after the electric carmaker pushed back its profit timeline once again after missing its quarterly financial targets. **Texas Instruments (TXN)** hinted that a global slowdown in microchip demand would not be as long as feared, which countered bleak earnings from bellwether companies **Boeing** and **Caterpillar**.

## Economic Data

Economic data is decidedly mixed, as strong reported employment growth was countered by slowing GDP growth. The July 5 **Jobs Report** showed that job growth rebounded sharply, as employers added 224,000 jobs, a larger figure than expected. The unemployment rate rose slightly, although at 3.7% it remains near a multi decade low.

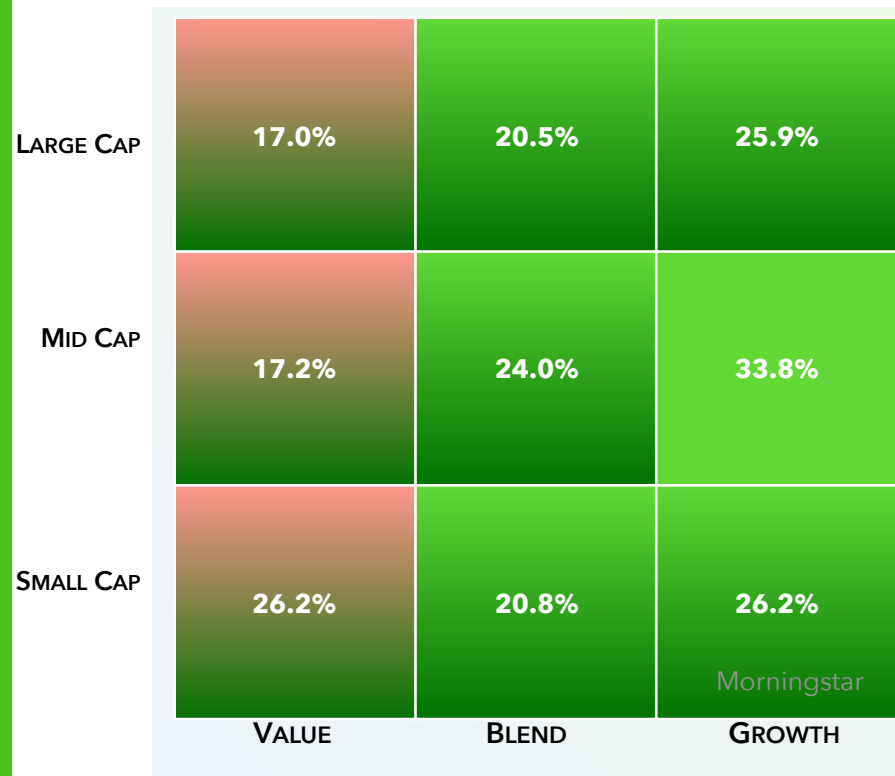
**GDP** growth slowed to 2.1% from 3.1% in the prior quarter, reflecting downturns in inventory investment, exports, and non-residential fixed investments.

## Sector Analysis

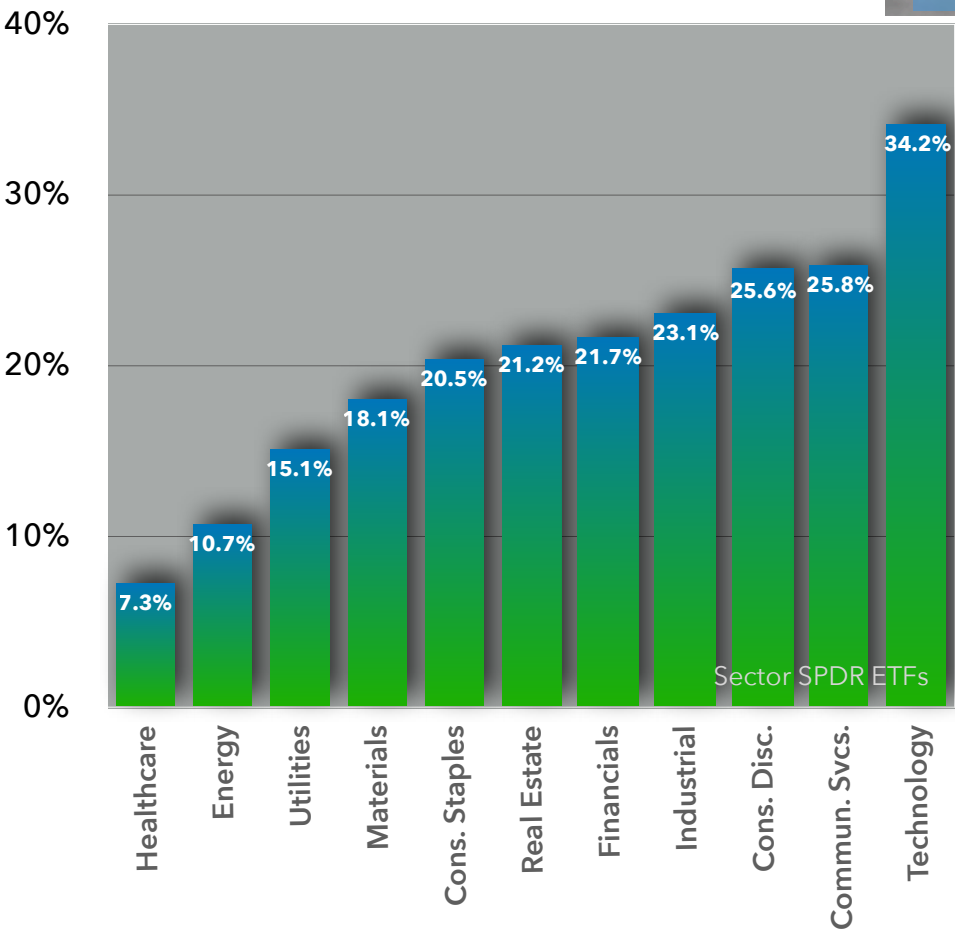
Leaders this month were Communications Services (+6.8%), Technology (+6.1%), Consumer Discretionary (+4.6%), and Consumer Staples (+4.1). Laggards were Energy (-1.6%) and Healthcare (+0.4%).



2019 YTD Index Performance: Returns (%)



2019 YTD Sector Performance: Returns (%)



## Fixed Income

The yield on the benchmark 10-year Treasury note has risen about 10 basis points since the last newsletter, closing Friday at 2.074%. As markets are focused on the US Fed, **EZTracker** has been considering the right balances in it's model portfolios taking into an account the general expectation of rate cuts. Bottom line, the bond markets continue to signal medium and long-term economic issues, and while hopes of central bank easing has propelled stocks to new highs, the 10-year yield is signaling a slowdown in future growth. Short-end rates are poised to drop with a rate cut, therefore in certain **EZTracker** model portfolios we are reallocating a portion of our short-term MM/cash/stable value position into longer-dated fixed income securities.

### 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 Spirit 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 Portfolio:**  
There are NO CHANGES this month.

**Moderate & Conservative Portfolios:**  
Exchange 50% T. Rowe Price Stable Value (TSVB) for Metropolitan West Total Return Bd I (MWTIX)

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. If you need assistance, call our free help hotline at 201.503.6445.

EZTracker Model Portfolios	Symbol	Aggressive	Moderate	Conservative	Buy Date
Vanguard Institutional Index I	VINIX	50%	42%	24%	1/28/19, 4/29/19
Voya MidCap Opportunities R6	IMOZX				1/28/19
PGIM Jennison Small Company Z	PSCZX				1/28/19
Metropolitan West Total Return Bd I	MWTIX				7/29/19
T. Rowe Price Stable Value Common Trust	TSVB				1/28/19
T. Rowe Price Growth Stock	PRGFX	21%	15%	9%	1/28/19
		100%	100%	100%	

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

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).

**Keep track of your Buy and Earliest Sell Dates.** Buy dates are the dates of the most recent purchase. In some cases prior purchases may have been made. Your buy and sell dates may be different. Funds in the 401k are subject to a frequent trading policy. **To avoid penalties and "Frequent Trading" notices, be sure to comply with all holding periods.** While many plans have longer holding periods (indicated on the fund data on the last page of the newsletter), **all funds in the 401k plan have a minimum hold of 30 days.** We take this policy into consideration when constructing the model portfolios

Making Portfolio Changes

If you are a new subscriber and have made any changes in the past 90 days, after selecting "Change Current Balances," use the "Investment Exchange" option. This simply exchanges the fund you are selling with the new fund.

Do not use the "Rebalance Entire Account" option. "Rebalance" sells all of your holdings and then repurchases them in the percentages you specify. However, using this method can trigger holding period penalties. "Rebalance" establishes new holding period start dates as it treats these purchases as new buys. This is true even if you are repurchasing the same fund. Use the "Rebalance Entire Account" option only if you have not made any changes in your 401k account during the past 90 days. This option will completely rebalance your entire portfolio and start new holding periods on the funds in your 401k. In the future, we may suggest a "Rebalance" but only where there have been no portfolio changes for an extended period. When this situation occurs we will make it clear in the monthly newsletter.

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.

**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.

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 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.

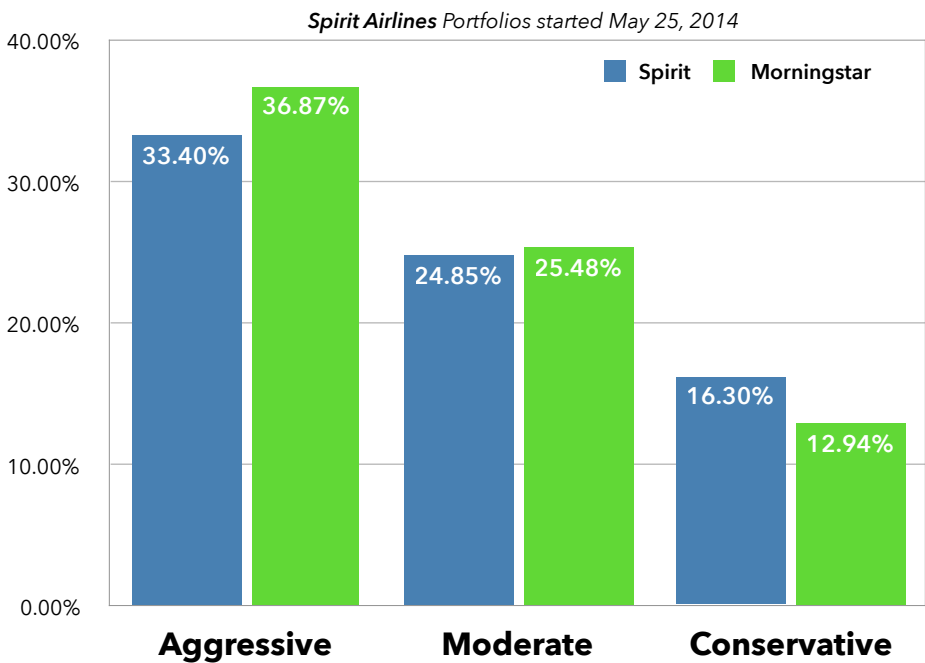
Performance

The **EZTracker** methodology used for **Spirit 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 July 28, 2019	MTD July *	YTD 2019	3-Year
<b>EZTracker</b> Aggressive	3.20%	14.68%	33.40%
<b>EZTracker</b> Moderate	2.32%	10.80%	24.85%
<b>EZTracker</b> Conservative	1.40%	6.72%	16.30%
<b>Morningstar Benchmarks</b>			
Aggressive Target Risk Index	1.37%	17.64%	36.87%
Moderate Target Risk Index	0.91%	13.10%	25.48%
Conservative Target Risk Index	0.35%	7.93%	12.94%
<b>S&amp;P 500</b>	<b>2.86%</b>	<b>20.70%</b>	<b>39.5%</b>

\* Performance since last newsletter

3-Yr Total Return vs 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.

Annual % Total Returns

EZTracker Model Portfolios	2014	2015	2016	2017	2018
<b>EZTracker</b> Aggressive	4.79%	0.39%	5.63%	19.22%	-4.45%
<b>EZTracker</b> Moderate	2.31%	0.79%	3.04%	13.28%	-2.04%
<b>EZTracker</b> Conservative	1.80%	1.06%	3.67%	9.06%	-1.17%
<b>Morningstar Benchmarks</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Aggressive Target Risk Index	5.23%	-2.67%	11.34%	21.95%	-8.17%
Moderate Target Risk Index	4.89%	-1.79%	8.57%	14.66%	-4.76%
Conservative Target Risk Index	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](http://www.eztracker401k.com)) for historical data for all model portfolios.

Below is the current fund performance for the alternatives in the **Spirit 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	Fund Symbol	Total Returns				YTD	Tracker Average
		1 MO	3 MO	6 MO	12 MO		
Cohen & Steers Realty Shares	CSRSX	3.41%	4.57%	14.71%	16.53%	23.20%	21.39%
T. Rowe Price Growth Stock	PRGFX	5.14%	3.47%	15.37%	8.32%	25.28%	17.62%
Voya MidCap Opportunities R6	IMOZX	5.21%	4.42%	15.25%	7.23%	25.16%	17.52%
Vanguard Institutional Index I	VINIX	3.98%	3.43%	14.71%	8.79%	22.06%	16.86%
Columbia Select Mid Cap Value Instl 2	CVERX	3.94%	1.80%	12.44%	4.72%	23.50%	12.50%
T. Rowe Price Retirement 2055	TRRNK	3.12%	2.99%	11.45%	5.26%	18.70%	12.44%
T. Rowe Price Retirement 2045	TRRKX	3.05%	2.94%	11.40%	5.29%	18.66%	12.37%
T. Rowe Price Retirement 2050	TRRMX	3.09%	2.96%	11.38%	5.24%	18.64%	12.37%
T. Rowe Price Retirement 2040	TRRDY	2.95%	2.95%	11.19%	5.36%	18.19%	12.25%
T. Rowe Price Retirement 2035	TRRJX	2.80%	2.97%	10.86%	5.50%	17.40%	12.07%
T. Rowe Price Retirement 2030	TRRCX	2.57%	2.93%	10.42%	5.67%	16.46%	11.78%
PGIM Jennison Small Company Z	PSCZX	6.27%	2.39%	12.86%	-0.61%	24.12%	11.41%
T. Rowe Price Retirement 2025	TRRHX	2.30%	2.89%	9.82%	5.75%	15.23%	11.33%
Vanguard Extended Market Index Admiral	VEXAX	5.38%	2.01%	11.43%	1.59%	22.57%	11.13%
T. Rowe Price Retirement 2020	TRRBX	2.02%	2.82%	9.22%	5.86%	13.98%	10.86%
T. Rowe Price Retirement 2015	TRRGX	1.74%	2.74%	8.53%	6.01%	12.54%	10.37%
T. Rowe Price Retirement 2010	TRRAX	1.46%	2.67%	7.94%	6.04%	11.46%	9.87%
T. Rowe Price Retirement 2005	TRRFY	1.33%	2.70%	7.64%	6.15%	10.78%	9.73%
Metropolitan West Total Return Bd I	MWTIX	0.25%	3.09%	5.99%	8.20%	6.43%	9.57%
T. Rowe Price High Yield	PRHYX	0.77%	2.30%	7.10%	7.27%	10.71%	9.52%
T. Rowe Price Retirement Balanced	TRRIX	1.37%	2.42%	7.58%	5.76%	10.86%	9.35%
JHancock Disciplined Value R6	JDVWX	3.45%	2.22%	8.44%	1.94%	15.27%	8.76%
American Funds EuroPacific Growth R6	RERGX	1.87%	2.26%	11.18%	0.59%	18.79%	8.67%
Oppenheimer Developing Markets Y	ODVYX	0.79%	0.02%	8.63%	1.57%	15.59%	6.00%
Vanguard Developed Markets Index Admiral	VTMGX	0.60%	0.51%	6.73%	-2.23%	13.42%	3.06%
T. Rowe Price Stable Value Common Trust		0.17%	0.55%	1.11%	2.20%	1.29%	2.20%
Columbia Small Cap Value II Inst2	CRRRX	3.15%	-1.61%	5.31%	-8.13%	16.72%	-0.70%



## Questions, Comments, Problems?

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