

SEPTEMBER 2017

THE EXPRESS ADVISOR™

A NEWSLETTER FOR FEDERAL EXPRESS PILOTS



Leading Authority on Successfully Investing Your 401k Plan

CAPTAIN'S BRIEFING:

- **NO CHANGE** in the models.

Make sure you are keeping track of your trade dates for the 30-day hold period!

Captain's Table - Remembering a Friend

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Harvey Hits Hard

It's hard to stay focused on a lot of things, including the markets, in the face of the human tragedy like what we've witnessed from Hurricane Harvey and its aftermath over the last few weeks in South Texas, in the greater Houston area, and into Louisiana. For the people who lived through it, the storm is over, and now it's time to clean up and get back to living. For those that lost loved ones, we offer our thoughts and prayers. Many have now embraced the opportunity to pitch in and help however we can - with our time and our money. We seem to complain a lot about the negatives associated with new technology in our world today – the incessant distraction of “screen time,” etc. - but one of the great things about new technology is how it's made contributing to worthy causes easier than ever. With just a few clicks you can give to any one of several great charities. So, please find here a short list of charities that could really use your help right now. If you've already given, thanks. If you want to give, or give again, just click on any one of these live logo links.



American Red Cross



The destruction, especially from the flooding in the greater Houston area, is unimaginable. More than 75 people are dead or missing; another 30,000 people have been displaced; and the winds and floods have inundated hundreds of thousands of homes and businesses, prompting more than 17,000 rescues. Two weeks ago, when Harvey was still churning in the Gulf of Mexico, few could have imagined how much destruction this storm would do. But the “perfect storm” pieces started falling into place as Harvey plodded toward the Texas coast. It began intensifying, and its slow pace had the models of weather experts forecasting the increasing possibility of devastating precipitation.



The damage was worse than what anyone had predicted. Over a four-day period, many areas received more than 40 inches of rain as the system meandered over eastern Texas and adjacent waters, causing catastrophic flooding. With a peak accumulation of almost 52 inches in Cedar Bayou, Texas, a small town just east of Houston, Harvey became the wettest tropical cyclone on record in the contiguous United States. The local National Weather Service office in Houston observed all-time record daily rainfall accumulations on both August 26 and 27, measured at 14.4 inches and 16.08 inches respectively.

(Continued on page 2)

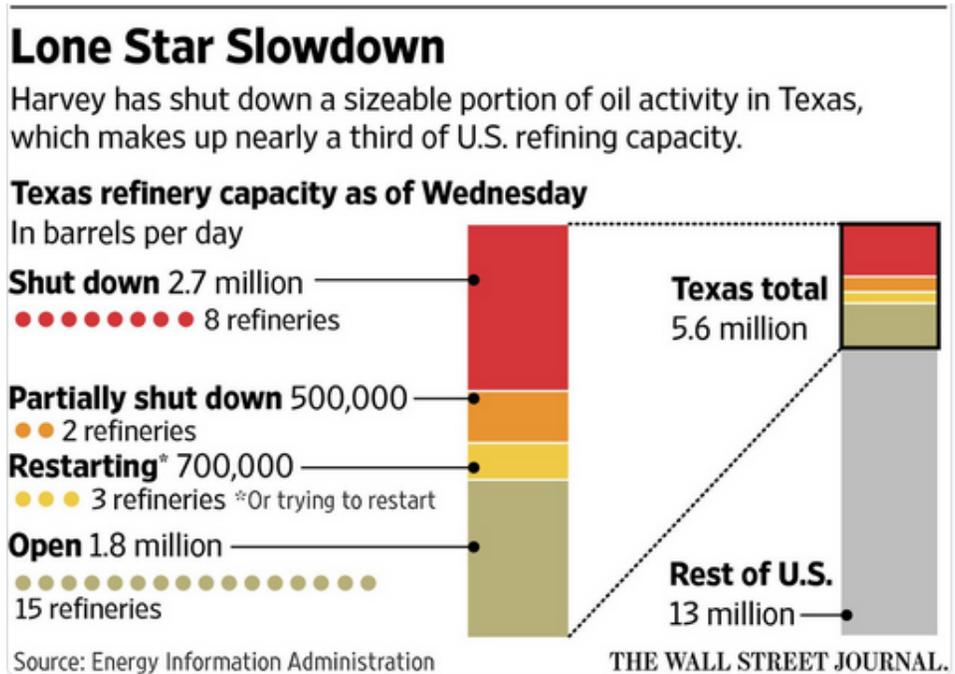


“You're flying toward an unknown financial future— WE HAVE CHARTS!”

The 39.11 inches of rain in August made the month the wettest ever recorded in Houston since record keeping began in 1892, more than doubling the previous record of 19.21 inches in June 2001. The Brazos River, which puts nine times as much water through it as the Rio Grande, at one point was putting 45-60 times as much water through, around 70-80,000 cubic feet per second. That's about the same amount of water found in an Olympic-sized swimming pool.

It's easier to understand now how this mind-boggling amount of rainfall completely overwhelmed the Houston area's rivers and reservoirs, and how at one point an estimated 25-30% of Harris County - roughly 444 square miles of land - was under water. FEMA director Brock Long called Harvey the worst disaster in Texas history, and the recovery is expected to take many years. Harvey could wind up being the most expensive natural disaster in American history, costing the economy an estimated \$190B, which would total more than Katrina and Sandy combined.

As can be imagined, when the fourth-largest city in the U.S. succumbs to a Category 4 hurricane, the impact is felt elsewhere. Oil and gas production in the Gulf of Mexico and oil refineries in the Houston area were scaled back ahead of Harvey, reducing capacity and creating an artificial fuel shortage. Panicked motorists swarmed gas stations throughout Texas, causing many locations to run out of fuel temporarily. Nationally, gasoline prices have risen an average of 17 cents a gallon since Harvey made landfall and now average \$2.45, according to AAA. Flood waters caused a chemical plant outside of Houston to lose power, preventing compounds from remaining refrigerated, which sparked a chemical fire. The threat of toxic pollutants being released into the air and drinking water is a real concern, but health department officials are overwhelmed and can't perform the necessary sampling yet.



Still, there are signs that the Houston area and South Texas are already starting the long path to recovery. Houston's mega-shelter at the NRG Center near downtown sheltered about 10,000 victims only days ago. Now that number is down to only 2,800. Victims are being consolidated from smaller shelters in the area, and many others have returned home. Houston Mayor Sylvester Turner said much of the city was hoping to get back on track after Labor Day, encouraging anyone who had plans of attending a conference, convention, sporting event or concert in Houston to keep their plans. Federal, state and local agencies are already starting the process of making capital available to victims of Harvey, and the Small Business Administration has announced plans to give out thousands of disaster recovery loans worth billions of dollars to rebuild Houston and other Harvey-hit areas.

Again, our thoughts and prayers go to all those affected by Harvey and to those preparing for Hurricane Irma. Now let's spend some time looking at what's been going on in the world.

Velocity Composite™ Fund Score Ranking

Symbol / #	Fund Name	Score	YTD	1MoPerf	3MoPerf
#6901	Vanguard Instl Extended Market Tr	914	8.57%	1.10%	2.65%
#6900	Vanguard Institutional 500 Index Trust	912	11.60%	2.07%	4.15%
#6904	Vanguard Inst Tot Intl St Mt Ix Tr	876	18.77%	3.45%	7.12%
#1680	Vanguard Target Ret 2040 Tr Sel	862	12.50%	2.21%	4.59%
VPMAX	Vanguard PrimeCap Fund Admiral	821	15.57%	0.89%	5.18%
VWNEX	Vanguard Windsor Fund Admiral	786	10.74%	1.78%	4.57%
VWILX	Vanguard International Growth Adm	739	30.91%	5.38%	11.44%
#6903	Vanguard Inst Tot Bond Market Index Tr	696	2.83%	0.40%	1.11%
VWENX	Vanguard Wellington Fund Admiral	690	7.49%	1.22%	3.12%
VMCIX	Vanguard Mid-Cap Index Fund Inst	667	11.05%	1.74%	3.35%
VSCIX	Vanguard Small-Cap Index Fund Inst	660	6.92%	1.11%	2.20%
VTRIX	Vanguard International Value Fund	627	18.49%	3.66%	6.84%
VSCGX	Vanguard LifeStrategy Consvr Grwth	623	6.77%	1.25%	2.56%
VSMGX	Vanguard LifeStrategy Mod Growth	583	9.18%	1.63%	3.40%
#1686	Vanguard Target Ret Income Tr Select	569	5.32%	0.95%	1.92%
#6560	Janus Core Plus Fixed Inc CF	540			
VIPIX	Vanguard Infla-Protected Sec Inst	397	1.42%	0.48%	-0.44%
#1795	Vanguard Target Ret 2065 Tr Sel	300	New fund in plan		

**APPROXIMATE
Future
Publication
Dates**

10/4/17
11/3/17
12/5/17
1/4/18
2/5/18
3/5/18

***** Target Date & International Fund Notes:** Vanguard is now limiting ownership of Target Date Funds to one at a time. After a review of our trading history, the system has used two maturities the most: 2040 and 2010. For this reason, we are keeping these and eliminating the rest from the system ranking. This makes the system easier to follow.

Definitions & Notes: The Velocity Composite Fund Score Ranking combines the Velocity (speed of advance of a fund compared to all other funds) with its Buy Point Score (how close the fund is to a recent bottom). This composite score is used to rank all available fund choices. In defined Bull Market advances, the system uses the Top 3 funds in the Aggressive model and the Top 4 in the Moderate and Conservative models. In Defined Bear Market periods, this ranking is provided for information purposes and for those who are "doing their own thing" and would like to know how the system views the funds. Rankings dates are the last business day of each month. The actual price history of each fund is used to calculate the score.

FedEX 401(k) Plan Conservative Model		
Symbol/#	Fund Name	Allocate
VMRXX	Vanguard Prime Money Market Adm	60.00%
#6901	Vanguard Instl Extended Market Tr	10.00%
#6900	Vanguard Institutional 500 Index Trust	10.00%
#6904	Vanguard Inst Tot Intl St Mt Ix Tr	10.00%
#1680	Vanguard Target Ret 2040 Tr Sel	10.00%
		100.00%

FedEX Pilots 401(k) Plan Moderate Model		
Symbol	Fund Name	Allocate
VMRXX	Vanguard Prime Money Market Adm	36.00%
#6901	Vanguard Instl Extended Market Tr	16.00%
#6900	Vanguard Institutional 500 Index Trust	16.00%
#6904	Vanguard Inst Tot Intl St Mt Ix Tr	16.00%
#1680	Vanguard Target Ret 2040 Tr Sel	16.00%
		100.00%

FedEX Pilots 401(k) Plan Aggressive Model		
Symbol	Fund Name	Allocate
VMRXX	Vanguard Prime Money Market Adm	19.00%
#6901	Vanguard Instl Extended Market Tr	27.00%
#6900	Vanguard Institutional 500 Index Trust	27.00%
#6904	Vanguard Inst Tot Intl St Mt Ix Tr	27.00%
		100.00%

- **NO CHANGE** in the models.
- **READ:** If your 401k plan has *any* trading restrictions,

• **IN A MONTH WITH TRADES—**
THE NEW FUNDS WILL BE HIGHLIGHTED IN YELLOW

you must keep track of your buy and sell orders.

- **Future Contributions:** The models work smoothly if you direct ALL future contributions into the money market account. Then, they will be automatically invested into the correct allocation when you make changes to follow a model.

→ Are you 59 1/2 or older? Unlock the hidden growth potential of your 401k assets!

You now have the opportunity to do a Retirement Rollover into a personal IRA. Starting at 59 ½ you are able to move a sizable portion of your 401k, which is called an In-Service Rollover (ISR). Break the chains of the rules within your 401k plan and have more control over your hard earned money in an IRA.

Call today, toll free, at 1-800-301-8486 to learn more about the benefits of doing an In-Service Rollover.

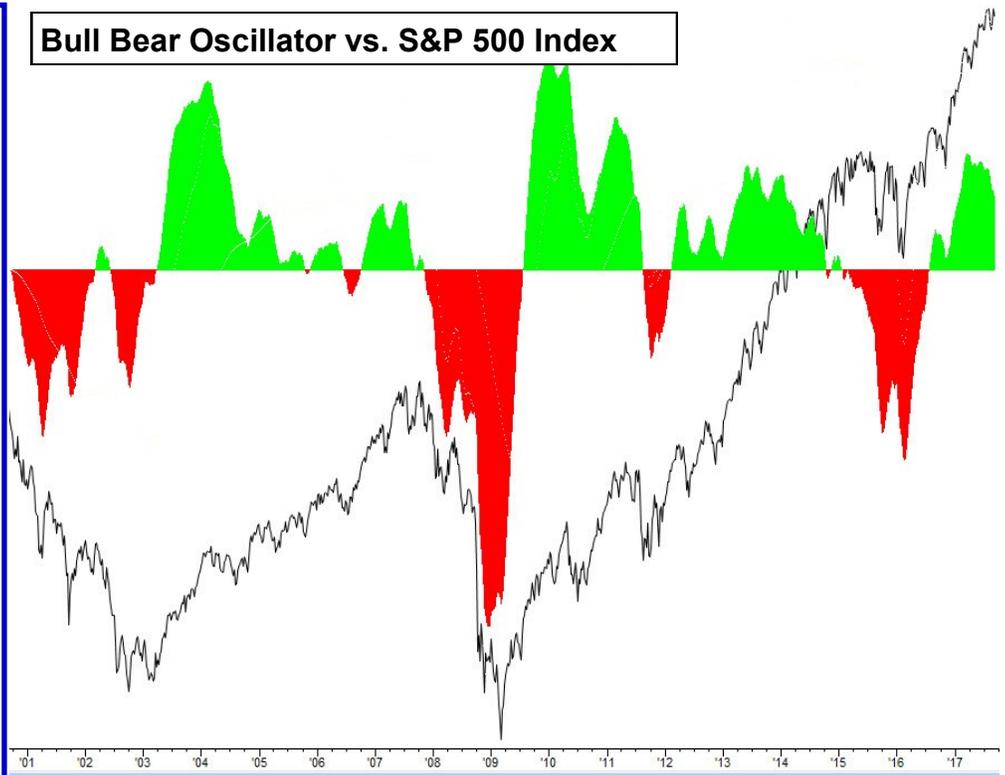
Provided by Smith Anglin, a Registered Investment Advisor

Fear & Greed Index

Geopolitical tensions and stock market volatility took their toll on the enthusiasm of investors in August. Last month's Fear & Greed Index score of 65 gave way to a much more neutral score of 45 as August came to a close.



Bull Bear Oscillator vs. S&P 500 Index



Worry-Free 401k Flight Path Models™—FedEx

Aggressive Model

Moderate Model

Conservative Model

S&P 500 Index



FDX— FedEx stock, while off its high for the year set back in July, is still up more than 15% year-to-date. It leads the stock market (S&P 500) by more than 3%. However, the bigger story is that FDX is trouncing the Dow Jones Transportation Index, which is up only 3% for the year.



FedEx Pilots 401k Plan (as of August 31, 2017)

Performance Stats

	YTD	1 Month	1 Year	3 Years	5 Years	10 Years	Inception
Conservative Model Annualized	4.45%	0.16%	4.59%	7.09%	21.61%	21.26%	70.95%
				2.31%	3.99%	1.95%	3.20%
Moderate Model Annualized	6.95%	0.19%	8.22%	15.46%	36.92%	40.01%	144.96%
				4.91%	6.49%	3.42%	5.41%
Aggressive Model Annualized	9.37%	0.16%	10.78%	29.28%	43.31%	60.46%	217.23%
				8.94%	7.46%	4.84%	7.03%
S&P 500 Annualized	11.93%	0.31%	16.23%	31.45%	95.43%	108.25%	141.28%
				9.54%	14.34%	7.61%	5.32%



from the CAPTAIN'S TABLE

Karen was described as:

“... warm and professional in all regards ... You were lucky to have such a colleague ...”

“... always a breath of fresh air and a pleasure to talk to ...”

“... always very pleasant and helpful ...”

“... always of great help ...”

“... always a joy to talk with ...”

“... such a very sweet lady ...”

Remembering a Friend

At Smith Anglin, our hearts were heavy last month.

On August 3rd, Karen Markward, long-time friend and work associate to so many of us, passed away after a 28-year, hard-fought battle with cancer.

I knew Karen for about five years, since the time John Rhoads with Rhoads Lucca Capital and David Lucca, the founder of the US Pilot Financial Association, were introduced to all of us at Smith Anglin. Over those years, which seem to have passed so quickly to me now, Karen and I shared a lot of laughs and sweet moments. In her role as Administrator of the USPFA, she would occasionally reach out to me when a pilot member of the Association had an investment or financial planning question that went beyond the scope of the USPFA. For you USPFA members who were fortunate enough to have known Karen, you also probably knew that she was passionate about her work. She always tried to make sure the USPFA members she talked to got good advice when they had questions.

Karen enjoyed reading, teaching, and going to garage sales. I can see how those same joys translated to the work she did for the USPFA where she was so good at listening to client issues and then looking to find them the right answer. She truly cared about each USPFA member, and she was dedicated to helping them in whatever way she could.

Last month, the sad news was shared with USPFA members and Smith Anglin by her family that she had passed. There was an immediate outpouring of heart-felt responses. It was wonderful to see how she had touched the lives of so many of you as well. Thank you for sharing those kind words.



All so true.

We'll miss this dear lady.

Rex

Rex Moxley joined Smith Anglin in 2001. Since then, he's served as a Managing Partner and as a member of the firm's Investment Committee. He regularly meets with prospective clients, counsels existing clients, participates in investment portfolio analysis and develops materials for communicating with the firm's clientele and target markets. He holds a BBA in Finance and Marketing, a graduate degree in Law and numerous securities licenses and designations.

Experts at the Captain's Table: All members have a wide and varied background in all areas of wealth management. Most importantly, the members have worked extensively with professional pilots at American, Delta, Federal Express, Southwest, United – and every airline that merged into these along the way – for more than 85 years combined. They know your world, your benefits, how to retire in the best way, and what is needed at each life-stage in retirement to get you to your goal.

US Economy

Growth for the U.S. economy was recently revised higher, which could also be a tailwind for stocks going forward. The U.S. economy grew at a 3% annual pace in the second quarter of 2017, an upward revision from the 2.6% pace reported in July. Spending was robust by both consumers and businesses in Q2, with capital expenditures expanding at an 8.8% rate – the fastest in nearly two years.

INTERNATIONAL

The forecast for an uptick in U.S. economic growth is being mirrored in other economies as well. For the first time in ten years, all of the world's major economies are forecast to grow. All 45 countries tracked by the Organisation for Economic Co-operation and Development are on track for GDP expansion in 2017, and 33 of them are forecast to post stronger growth than they did in 2016.

The expected economic strengthening in Europe is helping to prop up its currency. The euro continues to rally, hitting its highest level against the dollar since just before the European Central Bank announced its stimulus program in January 2015. Driving the euro's gains: growing expectations that the ECB will begin tapering its monthly €60 billion (\$71.3 billion) of bond buying as it runs out of assets to purchase. The euro is already up 13% against the dollar in 2017. Conversely, uncertainty surrounding the United Kingdom's (UK) Brexit campaign is weighing on the pound sterling. The third and latest round of Brexit negotiations between the European Union (EU) and the UK ended on an acrimonious note, with the two sides unable even to agree on whether any progress had been made during the week. There has been no agreement on key issues such as the Northern Ireland border, citizen's rights and the size of the Brexit divorce payment. The EU has stated that sufficient progress must be made on those issues before discussion of the UK's future trade relationship with the EU can be taken up. Sterling slipped almost 2% in August versus the US dollar, its worst month since December. In emerging markets news, manufacturing in China continues to surge. Total new business grew at the strongest rate in more than three years, while export orders saw the sharpest increase in over seven years, pointing to strong demand at home and abroad.

STOCKS

The U.S. stock market (the S&P 500) was up and down in a topsy-turvy August, with the market finishing the month in the black, but just barely. Low trading volumes likely exacerbated market volatility, as many traders often take a break for vacations in August. Losses piled up in the first half of August due to a host of factors - worries over escalating tensions between the U.S. and North Korea, the terrorist attack in Barcelona, the Fed's uncertainty, and fears that the Trump administration's economic and business strategies are splintering.

As volatility spiked, many investors flocked to perceived safe havens like bonds, gold and utility stocks, which many consider the stock market's bond proxy because of their hefty dividends. In fact, utility stocks were the best-performing market sector in August. Meanwhile, the energy sector's slump deepened as the Gulf Coast oil industry took a heavy hit from Harvey. But U.S. markets began their rebound in the back half of August as positive news on earnings and economic data rolled in, helping the S&P 500 once again extend its streak of monthly advances to five.



CENTRAL BANKS

In central bank news, the U.S. Federal Reserve Open Markets Committee (“the Fed”) appears split over the timing of their next rate hike. Minutes from the Fed’s July meeting reveal the group is worried about soft inflation numbers, but officials also agreed to begin the shrinking of the central bank’s holdings soon, perhaps in September. While U.S. job growth likely slowed in August after two straight months of robust gains, the pace of increase should be more than sufficient for the Fed to start shrinking its massive bond portfolio. However, Fed Chair Janet Yellen offered no clues about any policy shifts or further interest-rate increases while speaking at an economic symposium in Jackson Hole, Wyoming last month. Instead, she focused on defending regulations enacted following the financial crisis of 2008.

“Our thoughts and prayers go to all those affected by Harvey and to those preparing for Hurricane Irma.”

Unlock the hidden growth potential of your **401k** investments

Your FedEx plan allows you to do an In-Service Rollover out of your RSP at age 59 1/2 **AND NOW** the funds that were previously in your MPP at 62. Get better control and flexibility of your retirement assets by moving them off the platform. Break the chains of trading restrictions and red tape.

That’s *exactly* what **The 1-Step In-Service RolloverSM** does for you. With one simple call, we help you transfer your ISR funds to an IRA where they can be invested into more diverse and better performing portfolio models! This is what pilots have been telling us they need and want. \$250,000 minimum.

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The 401k Autopilot ProgramSM is offered through Smith Anglin (not the newsletter). The firm provides *daily supervision*, going beyond the newsletter recommendations. All this for a fee smaller than the amount the market often fluctuates in a *day*. There is a \$250,000 minimum combined 401k plus any transferred accounts.

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<http://www.smithanglin.com/401k-autopilotprogram/>

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