



COPPERWYND
FINANCIAL

MAY 2017

CONTACT US:

Copperwynd Financial
14256 N. Northsight Blvd
Suite B-115
Scottsdale, AZ 85260
Office: 480-348-2100
Toll Free: 877-658-2100

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David Daughtrey, CFA, CFP®

Lynda Elley, CTLC, CCPS®
CFP®

Erick S. Newton, CFP®

Jake Eggett



“While earnings season started a bit bumpy and growth numbers (GDP) do give us some concerns, there were enough good reports out to provide a 1% gain in the S&P for April.”

Market Commentary

The beginning of April marked the start of the second quarter and a host of corporate earnings. Following the failure of the Trump administration to make any progress on the healthcare issue, the markets were looking for something positive to continue the upward trend we have enjoyed since the elections late last year. While earnings season started a bit bumpy and growth numbers (GDP) do give us some concerns, there were enough good reports out to provide a 1% gain in the S&P for April.

In US markets, technology stocks led the way again and small cap seemed to recover from its stumble earlier this year but international markets were the biggest winner in April, fueled by a “not bad” result in the French elections. At the present time, the more socially acceptable Emmanuel Macron appears to lead Marie Le Pen by a comfortable margin but it would be remiss to accept any election polling at face value these days, so the run-off election, to be held May 7th, will be closely followed by the world. A “rogue” result, namely Le Pen capturing the position, would likely stir market volatility. The potential for a “Frexit” and a win by Le Pen should really not be the catalyst for a strong or weak US stock market. Rather, that should be driven by good old fashioned fundamentals, namely growth!

Gross Domestic Product (GDP) and the measure of how healthy our economy is, grew a meager annual pace of 0.7% for the first quarter of 2017, in contrast to 2.1% and 3.5% for the last two quarters of 2016. This is the slowest growth reported in three years, hence the cause of some concern. The decline largely stemmed from fewer orders for autos, and declines in spending by both corporations and governments (yay to the latter). Continued low fuel costs, a warmer than usual spring (so less demand for heating fuel) and a decline in prices as retail stores dumped winter inventory early, likely all contributed to the weaker retail numbers and we believe that should see recovery in this next quarter as all those later-than-usual tax refund checks hit bank accounts in time for summer planning! For a primer on what makes an economy, we thought you might appreciate the video link provided at the end of this month’s newsletter.



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So with earnings reports tailing off, focus will turn to the Federal Reserve meeting this week and the French elections next week to look for direction. Brewing in Washington before the summer recess we have the Trump administration pitching tax reform and any positive movement here would be a positive for the markets.

As we see more details on the proposal, we will share that information and our thoughts on these plans in the next issue of the newsletter. It is never a dull moment!

For now, bond portfolios here remain fully invested and trudging slowly along, while we took a small risk-off position on stocks following the last big day in April. Tax season is now in the rear view mirror and we have our upcoming Utah client appreciation event and summer vacations to look forward to!

Special Bulletin!

You will notice, as you log into your portal this month to view your reports that the look and name have changed! Interactive Advisory Software was acquired some time ago by Hanlon Advisory Software and the link to your portal reflects that change. Please note, only the name has changed – your login and password remain the same! As always, should you have any difficulty logging in, please contact our office and we will be happy to assist you.

Market Metrics

	April 30	Mar. 31	1 Year Ago
Dow Jones Ind. Avg.	20,913	20,663	17,774
S&P 500	2,384	2,362	2,065
Nasdaq	6,048	5,912	4,775
The Russell 2000	1,400	1,386	1,131
Developed International Markets	63.8	62.29	58.43
MSCI Emerging Markets	40	39.4	34.4
Bond Index	109.25	108.5	110.9
10 Year US Treasury Yield	2.29%	2.39%	1.88%
Gold (\$/oz)	\$1,245	\$1,245	\$1,237





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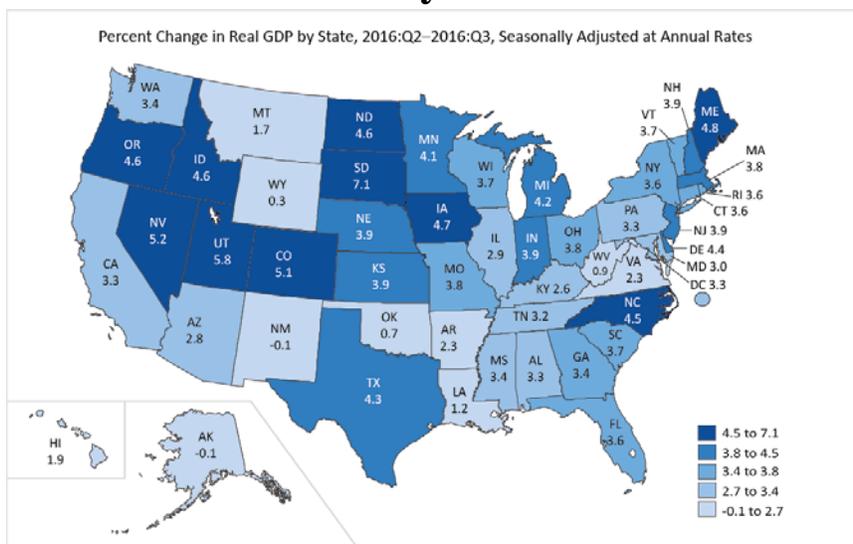
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Graphic of the Month

So are you doing your “part” to help the country grow?! We thought you might like to see how each state has been experiencing growth and adding to the nation’s total Gross Domestic Product. Then just to make it a little more interesting, you can compare who is producing the most for the country with who is getting the biggest wage increases. Perhaps not what you would expect! For a look on what makes an economy, see the video link at the end of the newsletter.

Gross Domestic Product by State





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Portfolio Spotlight

This month's portfolio spotlight celebrates the five year anniversary in trading the Momentum portfolio. In the Momentum portfolio our quantitative models select from a universe of 200 stocks (the top 100 in the S&P and the NASDAQ 100) and rank those stocks by several factors that define "momentum" in the stock market. We purchase just the top 5 highest ranked stocks and rebalance this portfolio on a weekly basis. Probably not a surprise that with the strong positive trends in the technology stocks this year, all five of the current holdings in the Momentum portfolio are technology-related. In fact, technology has factored in the majority of these positions for almost eight months now! The Momentum portfolio continues its strong track record vs. the S&P albeit with daily bouts of volatility – it is, after all, only five stocks – and ranks as one of our highest risk portfolios but gives some credibility to the old axiom "no risk no reward".

Financial Planning Tip of the Month

Think about the people in your life: spouses, children, grandchildren, dear friends, neighbors, and colleagues. Each of these people play such an intricate and personal role in our everyday lives. Yet, there may be only a handful that you would entrust with the responsibility of handling your affairs if something were to happen. It is always important to communicate your wishes to those you care for, and to also ensure you have the proper documents in place to help those individuals you have entrusted carry them out. This is referred to as an Estate Plan.

After you've considered the people who will help carry out your wishes and settle your estate, the next step is to list your beneficiaries and understand any specific options you have for each of them.

Beneficiary is the legal term for someone who will inherit assets from you, regardless of whether the asset has a beneficiary designation on it or not. Another commonly used term is heir, although in legal terms, this refers to the family members who inherit under state law from those who pass away without a will.

Of course, deciding what to do with your assets is a very personal decision. It may be helpful to make a list of your beneficiaries, to make sure you have included everyone you wish to include and to help you divide your assets among them.



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As you develop your estate plan, you'll want to keep in mind how to:

- Try to reduce taxes.
- Provide for your spouse and other beneficiaries.
- Consider giving to charity.
- Ensure your affairs are managed in the event of your incapacity.

You should work closely with your attorney or tax advisor to assess your options. If you have questions on who your current beneficiaries are on your accounts or would like to update them please give us a call at the office!

College Planning Tip of the Month

Saving without a specific number in mind is like leaving the house on a road trip with no map. According to Sallie Mae, 9 in 10 parents today believe that a college education is a strong investment in their child's future. Yet only 45% of parents have set a goal for their savings. It might be painful to look at the bottom line and realize how far you have to go—but the sooner you start, the easier it will be to have a significant savings nest egg by the time your child starts college. It truly comes down to saving now, even if you feel like you are too late. If you borrow money in student loans, every dollar borrowed will cost you about \$2 by the time the debt is repaid. So even if you start saving now, you will save money in the end.

Your 401k Allocation

After drifting lower during the early part of April, markets steadied and pushed higher based on good results out of the French elections (Macron appears to be a heavy favorite, leaving Le Pen far behind) and international markets in particular cheered. As a result, we saw strong upward trends for developed international and we have added to that initial position, taking from US large cap value stocks, which continue to lag for the year. We dipped back into small cap growth stocks as these have also rallied off of the promise of tax reform, but we will see whether that's a temporary bounce or the start of a new trend before making a larger commitment to small cap stocks again. Bonds continue to seesaw up and down with no particular trend in either direction, so we remain concerned that anything with any length of maturity (US corporate bonds and especially treasuries) provides more downside than potential upside, leaving us with the equivalent of money market returns on your 401K bond choices thus far. In the higher risk choices, we still retain a small risk-off position as we head into the summer months. A sell-off of 5-10% would give us an opportunity to put that cash back to work.



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May 2017					
		Agg. Growth	Growth	Moderate	Conservative
Bonds / Cash		10%	15%	35%	70%
	Stable Asset - OR - Short Term Bond	10%	15%	35%	65%
	Total Return	0%	0%	0%	0%
	World Bond	0%	0%	0%	0%
	Inflation Protected Bond	0%	0%	0%	0%
Large Cap:		35%	37%	30%	16%
	Large Cap Growth	28%	28%	22%	12%
	Large Cap Value	7%	9%	8%	4%
Mid Cap:		20%	15%	10%	7%
	Mid Cap Growth	14%	10%	10%	7%
	Mid Cap Value	6%	5%	0%	0%
Small Cap:		10%	8%	5%	2%
	Small Cap Growth	10%	8%	5%	2%
	Small Cap Value	0%	0%	0%	0%
International:		25%	25%	20%	10%
	Developed International	10%	10%	10%	5%
	Emerging Markets	15%	15%	10%	5%

New and Noteworthy

- Copperwynd is excited to announce the Utah Client Appreciation soccer game that we will be hosting this year in Salt Lake City, Utah!
 - **May 17th, 2017 – Real Salt Lake vs. New York FC @ 7:00 PM at Rio Tinto Stadium.**

We have just a few reservation spots left! If you would like attend this game with us, give us a call at 480-348-2100, and we will get you on the reservation list!

- For a look at How the Economy Works, take a few minutes to watch this video by Ray Dalio: <https://www.youtube.com/watch?v=l2GU1etyqT0>