COPPERWYND FINANCIAL

JUNE 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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www.copperwyndfinancial.com

David Daughtrey, CFA, CFP®

Lynda Elley, CTLC, CCPS® CFP®

Erick S. Newton, CFP®

Jake Eggett

"And that's where we come in. Balancing your needs, your best interests, to make sure you are taking the right amount of risk."

Market Commentary

We are at an interesting time on our calendar. We move towards summer. Memorial Day weekend has passed. Universities are done. Primary and secondary schools are done, or almost done. The notion of "sell in May and go away" gets debated by people in the financial markets. And we have finished the 4th month of the Trump Presidency. The fourth month. Now you're saying, oh great, another story about Trump. But it is the story that not only dominates the news, but is now starting to play a different role in the markets. We started off by first having market impact when Trump was elected, and as you now know, and as we have talked about, the Trump Rally, the Trump-On trade began as the election ended. But now the debate has shifted to more of "has the market moved beyond the Trump trade"? Is what we are seeing domestically and internationally bigger and more sustainable?

I draw the Trump piece of this out to highlight a comparison to a conversation we've been having for some time now. Eight years now to be exact. The Fed can't hold interests rates at zero for very long, yet they did. The government can't keep printing trillions of dollars without implications, yet they did. The market can't keep going up like this for very long, yet we've had one of the longest bull markets in history. And to top things off, we've had a bull market with the lowest amount of volatility. Has the market moved beyond all of this?

It's been so long since we've had a big down day we don't remember what it feels like, let alone look like. We definitely haven't had lots of down days lumped together. Remember 2009? Today if the Dow is down 2%, that's 400 points give or take. If the Dow drops 200 points, the news outlets make it sound like the world is coming to an end. You know on average, over the entire time the Dow has existed, we've had a 10% correction nearly every year. That's 2000 points folks! Granted, most downturns don't happen on one day. At this point we are not too worried. What would make us worry? Among other things, if Europe or Japan stops printing money. That would be a warning sign for us. Another is if China signals a slow-down in their economy that would be another big one. But we are seeing nothing of the sort from either continent yet.

A 1926 novel by Hemingway put it best – "How did you go bankrupt?" Bill asked. "Two ways," Mike said. "Gradually and then suddenly". The same applies in our business. Nations go bankrupt, banking systems collapse, currency crises occur in all the same way. Slowly and then all at once. There are always warning signs. But it's always over a period of years, sometimes decades.

A tiny trickle here and there. And as we like to say, you know you've taken more risk than you should when it's too late to do anything about it. It's always easy to press your bets when things look like they are going good.

And that's where we come in. Balancing your needs, your best interests, to make sure you are taking the right amount of risk. These are discussions we have with each and every one of you every time we meet. Here's your allocation. X% stocks, Y% bonds. Here are the safer strategies and here are the more risky strategies and where should you be. As David likes to say, "We don't have a crystal ball. We won't get you out at the top and we won't get you in at the bottom," But we will work with you to make sure you are taking the right amount of risk.

So as you watch the news, read the blogs, watch the alerts come across your phone, there are voices in your head, feelings in your stomach that are saying things to you, and we need to work through each of those. For some of you, it's press the bet. For others, it may be time to dial things back. Maybe somewhere in between. No matter where you are, we need to have those discussions. We have not sold in May and gone away. We are here each and every day, having these discussions with clients. Are you over due for a discussion? Please call us with any questions or concerns and we will get you in for an appointment.

As for our portfolios, we remain mostly invested both on the stock and bond side of the equation. We continue to put more models in place. Diversification by strategy is becoming a mantra of ours. And we continue to put monitors in place to understand when to take risk off, and put it back on. But again, no crystal ball.

So I'll close the letter where I started, summer. For those of you that now have kids out of school, enjoy! For those of you that have travel plans, enjoy! For all of you, enjoy whatever it is you are doing and we'll talk with you soon.

Market Metrics

	May. 31	April 30	1 Year Ago
Dow Jones Ind. Avg.	21,008	20,913	17,685
S&P 500	2,411	2,384	2,060
Nasdaq	6,198	6,048	4,870
The Russell 2000	1,370	1,400	1,114
Developed International Markets	66.34	63.8	55.82
MSCI Emerging Markets	412	380	343
Bond Index	109.5	109.25	112.6
10 Year US Treasury Yield	2.20	2.39%	1.91%
Gold ($/oz)	$1,275	$1,271	$1,335

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Graphic of the Month

Nearly three out of five small business owners (58 percent) are more optimistic about their future as a direct result of the 2016 presidential election. This wave of optimism is tied to expectations that the new administration will enact widespread changes in business policy, regulations, taxation, and healthcare costs. This is a big deal when small business account for 99.7% of all US business in the United States and makes up nearly half of all US employees. When asked to identify the sources for their post-election optimism, small business owners pointed to four key areas where they expected positive changes to occur. They cited the potential for: • More business-friendly policies (77%) • Ease on business regulations (68%) • Corporate tax cuts (60%) • Lower healthcare costs (59%) (Source: Businesswire).

Source: sba.gov

Financial Planning Tip of the Month

When seeking insurance, don't rush into buying expensive permanent life insurance before considering if term life insurance sufficiently meets your needs. Unfortunately, in many cases the fees charged for policies with investment features far outweigh the benefits. When you purchase life insurance, you're betting that you'll live, but also securing peace of mind in case you're wrong. Term insurance for most families tends to be the best solution when it comes to planning for the worst. Term insurance is a type of life insurance policy that provides coverage for a certain period of time, or a specified "term" of years. If the insured dies during the time period specified in the policy and the policy is active - or in force - then a death benefit will be paid. The coverage amount should be in the range of 10-12 times annual expenses and term length will vary based on mortgage term, age of children, and estate planning needs.

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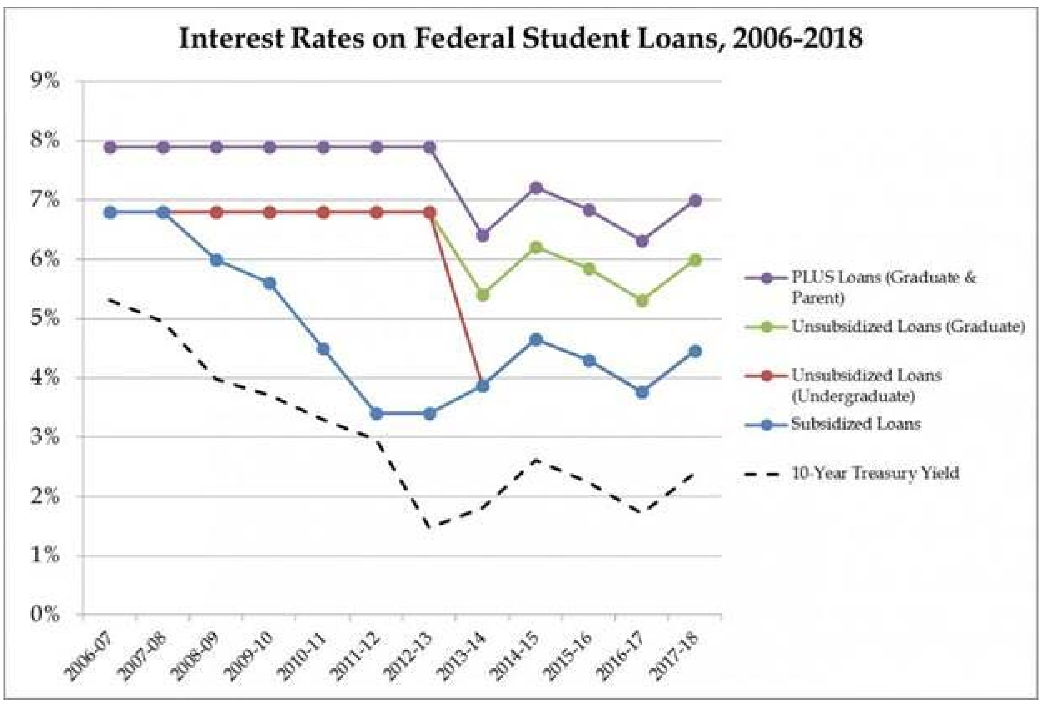
College Planning Tip of the Month

Following the annual Treasury Department 10-year note auction that occurred May 10th, college and grad students borrowing for the upcoming academic year will pay higher interest rates on federal loans than they did this year, a difference that could amount to hundreds of dollars in extra interest over the life of a loan. The interest rate for undergraduate students is now 4.45% for the 2017-18 school year, up from 3.76% for the current year. Graduate students can borrow at a rate of 6%, up from 5.31%. And for graduate students and parents who take out PLUS loans, the interest rate will be 7%, up from 6.31%.The new interest rates, which go into effect July 1, apply only to borrowers who take out loans during the upcoming 2017-18 school year. However, those rates are fixed for the life of the loan, meaning borrowers will continue to pay the new, higher rates for years to come.



Source: US Department of Education

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Your 401k Allocation

June 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:		42%	42%	35%	20%
	Large Cap Growth	35%	35%	30%	16%
	Large Cap Value	7%	7%	5%	4%
Mid Cap:		15%	12%	7%	5%
	Mid Cap Growth	10%	10%	7%	5%
	Mid Cap Value	5%	2%	0%	0%
Small Cap:		8%	6%	3%	0%
	Small Cap Growth	8%	6%	3%	0%
	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

- **July 13, 2017: Women's Lunch and Learn– Gardner Village, West Jordan, Utah**

  Lynda will be presenting to our female guests on many of the fundamentals of financial planning and investing. She will also talk to the importance of the women and the role they play in their household finances and investments, and why it's important to have a handle on the basics. If you would like to attend this luncheon, give us a call at 480-348-2100 or email adiamond@copperwyndfinancial.com and we will add you to the list!

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- We want to thank those of you that came out in the SNOW for our Client Appreciation event with Real Salt Lake!