COPPERWYND FINANCIAL

"Innovation is alive and well in the U.S..."

AUGUST 2017

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Market Commentary

Dow 22,000. As we write the message for this month, the great earnings release from Apple has helped compel the DOW Industrials above the 22,000 mark for the first time in its history. Quite the milestone!

Last year's story in the stock markets was the success of value-oriented (think dividend paying) stocks, while this year it has felt a little like the halcyon days of the dot coms as technology has paved the way for double digit returns in just the first half of this year! Joining Apple on the podium are a number of newer technology names like Facebook and NVidia and Tesla, to name just a few – companies who didn't exist during the last tech boom, but have emerged as strong growth companies in this era. You might find the following an interesting write-up on how emerging technologies are changing our lives today: http://www.marketwatch.com/story/how-auto-giants-are-dealing-with-a-major-threat-2017-07-05?siteid=nwham&mg=prod/accounts-mw

So innovation is alive and well in the U.S. and despite concerns last year about the strength of the dollar potentially hurting our exports, manufacturing indicators just reached a four month high, driven by improving demand conditions and a dollar that has declined in the face of all odds. With the Federal Reserve raising the short-term lending rate twice this year and now accelerating the plan to reduce their balance sheet – both things which should cause the dollar to strengthen – we have seen the dollar give up ground fairly steadily since its peak in early January. To understand why, we have only to look to the east … the global community is voting with our dollar on their opinion of our government leadership and they are not impressed. So (international) public opinion trumps the Federal Reserve for the moment!

What has been impressive, however, has been the continued improvement and resiliency of the US economy this year as employment and housing data joins manufacturing in supporting the market performance this year. New claims for unemployment benefits have remained under the key 300,000 threshold that analysts use to indicate a healthy job market – and they have been below these levels for 125 straight weeks, the longest run since the 1970's. With the unemployment rate now sitting at 4.3% we see why the Federal Reserve feels comfortable in accelerating plans to thin their balance sheet and to continue with plans to raise short term rates one more time this year.

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Housing has continued to impress, although price increases have likely been driven by lack of supply with only 4.3 months of inventory. In a normal market we would expect to see a 6-month supply and this inventory shortage has now been on-going for two years. Continued low mortgage rates and rising rents are supporting the move by many to own vs. rent and if we begin to see wage pressure as a result of a tighter job market, this will lend further support to the housing market.

On this foundation, markets have been able to accomplish solid returns for most segments of the market (bonds and mid/small size companies the exception) without Washington managing to pass any of the Trump administration's mandates! Just imagine what could happen if we do finally get an infrastructure spending bill, or tax reform….

For your portfolios today, we continue to be fully invested in both our stock and bond allocations and watching our models for any signs of weakness that would dampen the current enthusiasm the markets are showing. The downside to this upside is that everything is expensive and priced to perfection. As we meet with you over the course of the next few months, we will be taking the time to discuss what risk-off measures are in place on your particular portfolio and we always welcome your calls, of course!

Enjoy the rest of your summer -

Market Metrics

	July 31	June 30	1 Year Ago
Dow Jones Ind. Avg.	21,863	21,287	18,432
S&P 500	2,470	2,420	2,174
Nasdaq	6,348	6,144	5,162
The Russell 2000	1,425	1,416	1,220
Developed International Markets	66.93	65.16	58.04
MSCI Emerging Markets	438	414	362
Bond Index	109.7	109.5	113.0
10 Year US Treasury Yield	2.29%	2.35%	1.46%
Gold ($/oz)	$1,278	$1,247	$1,334

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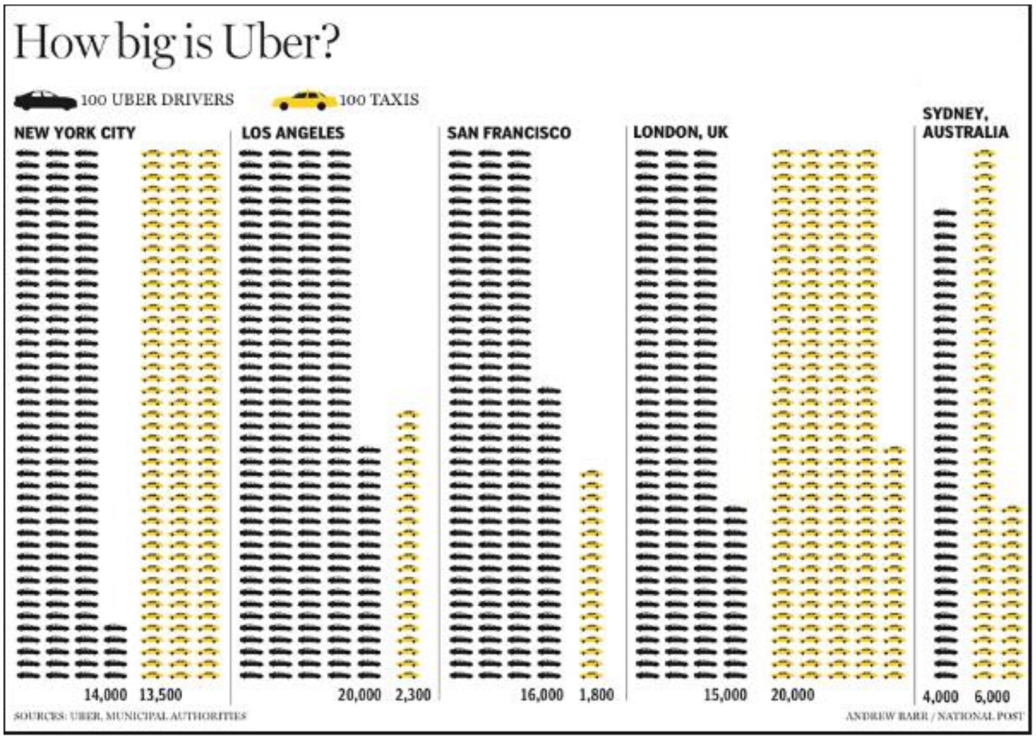
Graphic of the Month

In the cities where Uber is permitted to operate, the ensuing battle is typically between the massive tech giant and the local taxi companies. Taxi Drivers and Unions are bound to mountains of archaic rules, regulations, and downright odd policies, which inhibits them to compete with the exponential growth of on demand services like Uber and Lyft. Now the question remains, and in many cities pending legislation is working to answer: Will Uber be required to follow similar regulations as taxi firms to compete in large cities? Or will taxi groups begin to drop some of the hefty rules to compete and remain a viable industry?



College Planning Tip of the Month

Every year, several hundred thousand students and parents are defrauded by scholarship scams. The victims of these scams lose thousands, if not millions, of dollars collectively on an annual basis according to multiple sources. Scam operations often imitate legitimate government agencies, grant-giving foundations, education lenders and scholarship matching services, using official-sounding names containing words like "National," "Federal," "Foundation," or "Administration." In general, be wary of scholarships with an application fee, scholarship matching services who guarantee success, advance-fee loan scams and sales pitches disguised as financial aid "seminars".

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Financial Planning Tip of the Month

Leasing is the easiest way to get a new car every few years while letting the dealer or leasing company worry about disposing of the old one. But leases have some major disadvantages. One of the biggest, is that you are forced to make a major financial decision when your lease expires. You must either return the car and buy or lease a new one, or buy the vehicle at the lease-end price. Keep in mind that there is a reason why those low lease payments look so attractive: Instead of paying for the entire car, you're only paying the estimated depreciation over the time you are leasing it. So when is leasing a good idea? If you typically trade for a new car every four years or less, you want to avoid the loan down payment, you drive close to but not more than the 15,000 miles a year, and typically keep your vehicle in good condition to avoid end-of-lease penalties, you might well be happy leasing. Buying, on the other hand, frees you from the restrictions involved in leasing, such as mileage caps. The car is yours to do with as you wish. If you tend to hold your vehicles a long time, you will find that cost of ownership is less on a purchase than a lease.

Your 401k Allocation

Technology and International stocks continue to be the drivers of the market returns this year. As most 401K plans do not offer a specific option to carve out a technology bias (other than Growth funds, which should have a higher than normal percentage of technology if they're doing their job this year) – we are going to throw our overweight into your international choices. Even so, many of you will not have an emerging market option, so you will want to take your full international allocation to whatever fund is available to you. Our change this month is incremental; we are exiting our small cap that we added two months ago as the rally in small caps has proved short-lived and the trend has started the other way and re-dedicating that allocation to the stronger trends of international or growth.

As always, should you have any questions about how to set up your 401K to make these changes, please don't hesitate to contact one of us for assistance. A gentle reminder when you do make your changes – be sure to change both CURRENT balances (the money sitting in your retirement account today) along with the FUTURE contributions (so new money coming into the account) so that they are consistent.

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		Agg. Growth	Growth	Moderate	Conservative
Bonds / Cash		10%	15%	35%	65%
	Stable Asset - OR - Short Term Bond	10%	15%	35%	35%
	Total Return	0%	0%	0%	30%
	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:		0%	0%	0%	0%
	Small Cap Growth	0%	0%	0%	0%
	Small Cap Value	0%	0%	0%	0%
International:		33%	31%	23%	10%
	Developed International	15%	15%	15%	5%
	Emerging Markets	18%	16%	8%	5%

New and Noteworthy

- **November 9th, 2017: Women's Lunch and Learn – Retirement Planning– Gardner Village, West Jordan, Utah**

    We invite you to join us for a continuation of our Women and Finances series as we introduce you to Retirement Planning basics. Please join us for lunch and feel free to invite a guest. If you would like to attend, please RSVP to Amy Diamond by email at adiamond@copperwyndfinancial.com or by calling us at the office, and we look forward to seeing you there!