COPPERWYND FINANCIAL

SEPTEMBER 2017

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"When pushed to the edge, we open our hearts, our arms and our checkbooks and we help each other."

Market Commentary

On September 11, 2001 America was under attack in New York, Pennsylvania, Washington DC. For most of us, this will likely be one of the defining moments of our lives. What I remember is holding my then 10-month old daughter in my arms as I watched the morning news with a neighbor who had come running over to our home. We watched in horror and disbelief as the news stations repeatedly showed the planes striking first one and then the other of the World Trade Center towers. Then the first tower collapsed. Of course, this was just the beginning of a horrific series of events that day, with the plane crashing in the Pennsylvania fields, saving who knows how many other lives while sacrificing their own? And the plane crashing into the Pentagon just moments later – scorching the offices of a family member who was thankfully out of the building at the time. It seems everyone knew someone who was touched by the tragedy of that day. "9-11" changed so much about our country.

Just as Hurricane Harvey and now Irma (and soon Jose) will leave behind indelible and painful memories for families in those afflicted areas. Just as the fires raging in California and Colorado are carving up the landscape and tearing apart communities. It seems Mother Nature has a thing or two to tell us.

But one thing that this country does when troubles strike is rise up together. When pushed to the edge, we open our hearts, our arms and our checkbooks and we help each other, as we have demonstrated with an outpouring of support for the people of Texas, as we will again for the people of Florida. As we did for each other back in September of 2001.

With all of the vitriol in Washington, the threats being made by North Korea's Kim Jong-un, the earthquake in Mexico and now the massive data theft of credit bureau Equifax, there seems to be no end to the assault on our confidence right now. Cost estimates from the damage caused by both hurricanes are in the billions of dollars and Goldman Sachs estimates that these events will result in a hit to our GDP of 1% due to lost jobs, shuttered businesses, and the time it will take to recover services. But the other side of that coin will be the jobs created as we help these communities recover and rebuild, and the cars and houses and households that will need to be replenished. If there was any question at all about an infrastructure spending bill being on the table in Washington, it would be difficult to dismiss the need for such a bill at this point.

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Throughout the past month's headlines, the markets have been surprisingly stable. Oil prices spiked mildly due to the shuttering of refineries in Texas, but this should be a short-term impact – depending on the path of the next hurricane, of course! The dollar again weakened, likely in anticipation of the amount of money the government will need to print in order to bring the areas hit by all these natural disasters back to normal. For the month of August, the US markets remained largely unchanged, except for technology stocks which continue to vie with international markets for this year's winning market segment. Given all the disasters, both natural and man-made, that is the definition of resiliency.

We made few changes in either bond or stock portfolios this month as we wait to see how the markets will digest the impact of the hurricanes. As always, we rely on our models to remove the emotion from the equation and provide direction. Coming into the end of the year (where did the year go?!) we will be discussing year-end tax planning and as always, let us know if you have special planning needs we can help with.

Market Metrics

	Aug 31	July 31	1 Year Ago
Dow Jones Ind. Avg.	21,948	21,863	18,401
S&P 500	2,474	2,470	2,171
Nasdaq	6,429	6,348	5,213
The Russell 2000	1,405	1,425	1,240
Developed International Markets	66.9	66.93	58.35
MSCI Emerging Markets	448	438	365
Bond Index	110.5	109.7	112.6
10 Year US Treasury Yield	2.12%	2.29%	1.57%
Gold ($/oz)	$1,327	$1,278	$1,319

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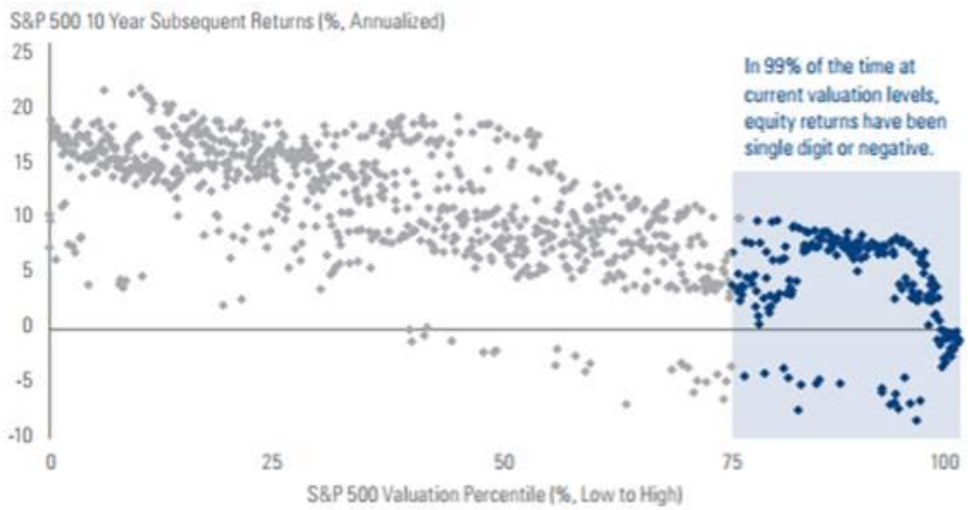
Graphic of the Month

Investment bank Goldman Sachs recently released research that reveals a different take on the relationship between present stock market valuations and future returns. Goldman reports that after periods of valuations in the top quartile of all historical valuations, the S&P 500 index has delivered single-digit or negative returns 99% of the time. In nearly a fifth of instances (17%), returns were negative. Unfortunately, current stock market valuations are solidly in that upper quartile.



Source: Bloomberg, Robert Shiller, and GSAM.

College Planning Tip of the Month

A growing trend among graduating seniors is to take a so called "Gap Year" before starting college. The hiatus from classrooms, textbooks and tests has become an increasingly popular choice. The idea is that university-bound students go on an adventure, do something meaningful and, if all goes to plan, arrive at campus a year later more mature, focused and attuned to their goals. Studies have shown that not only do the students go on to perform better than their non-gap-year classmates, they also tend to end up in more satisfying careers. If your child or grandchild is considering a gap year in hopes that it will lead to better college options, a clarified major, and a more mature approach to school, be sure to choose activities especially carefully so that admission folks regard the time away from school as worthwhile or even unique.

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Financial Planning Tip of the Month

At the very basic level of personal finance, households typically deal with a budget; you make money and then you spend that money. For most people, the word “budget” conjures up thoughts of penny-pinching and the unpleasant task of crunching numbers. This couldn’t be further from the truth. A budget is the cornerstone of a solid financial foundation, regardless of your situation, and it isn’t that hard to do. When you create a budget, you begin to see a clear picture of how much money you have, what you spend it on, and how much, if any is left over.

Here are a few tips to either set up a budget or review the one that you already have in place:

1. Choose Your Budget Style: Paper or Electronic - Pen and paper can be just as accurate as an electronic budgeting program, but financial software certainly makes the job a lot easier. It also reduces errors.
2. Bring Everything to the Table - Everything that shows incoming and outgoing money.
3. Find Out Where the Money Goes - The outgoing category needs more attention after you've got a grand total. Break these into sub categories to find areas for improvement.
4. Control Discretionary Spending and Pay Off Debt - With the numbers in black and white, you can approach the monthly budget more realistically.

When you can clearly see where your money is going, you can then budget appropriately so your money is going where it should. Just like everything else, it is important to review your budget on a regular basis to make sure you are staying on track. Give us a call or bring this new budget plan with you to your next meeting and we can plug it into our Retirement Cash Flow Model to see if your everyday spending now can be sustainable into retirement!

Your 401k Allocation

Markets continue to shrug off negative news coming in the form of Mother Nature, Washington politics, and even international posturing (North Korea). For the moment, we remain fully invested and no changes to this month’s allocation. International exposure and US Large Cap Growth continue to be this year’s winners as technology has driven good results for the latter, and a weak dollar has really helped the international results. As always, let us know if you have any difficulty in interpreting this allocation or in executing it within your 401K plan.

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September 2017					
		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

- David was recently interviewed by Phoenix's Channel 12. You can see that here:

http://www.12news.com/news/local/arizona/harveys-damaging-floods-will-affect-arizonas-economy-heres-how/468736535

- **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!

- **Beat the Rush!**

  In the next few weeks we will be starting our year end planning including RMD processing and charitable donations. If you need one of these taken care of before December 31st, and would like priority processing, give us a call today!