



COPPERWYND  
FINANCIAL

NOVEMBER 2020

**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, CCFS®  
CFP®

Erick S. Newton, CFP®

Jake Eggett

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*"I think there is something we can all agree on: 2020 will go down in history as a year of extremes."*

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**Market Commentary**

Election day is finally here. Regardless of your political persuasion, I think there is something we can all agree on: 2020 will go down in history as a year of extremes.

From economic growth ... coming off the worst quarter in history, the U.S. economy grew at its fastest pace ever in the third quarter, clocking an annualized 33.1% growth rate.

To unemployment ... continued unemployment claims dropped below 800,000 for the first time since the pandemic began in March. While that is progress, it still makes 33 straight weeks with first-time claims exceeding 600,000. For perspective, the worst week following the 2008 Financial Crisis was 660,000 claims and it happened only once. Currently we have 23.1 million people receiving some form of federal unemployment benefit.

To the amount of government stimulus ... over \$3.5 Trillion injected by the Federal Reserve (most of that in the first six weeks of the pandemic) and another \$2.4 Trillion out of the CARES Act in the form of supplemental unemployment, direct stimulus checks, and small business assistance.

To the election ... current estimates indicate that the presidential election alone will account for \$6.6 Billion in spending, more than twice the amount that was spent during the 2016 election. More than 80 million people have already voted and, probably not surprisingly, this is anticipated to be the highest voter turnout in history.

And then there is the pandemic itself, as we approach almost 1 million lives lost around the globe and, unfortunately, cases on the rise particularly in Europe where France and the UK recently announced shut-downs once again as the virus appears to be out of control there.

Just a few things to cause stress and anxiety! However....

- While it may not be Election night, we will know who is President of the United States before too long.
- We are expecting imminent announcements from the pharmaceutical companies currently in Phase 3 clinical trials on a vaccine for the virus.
- We anticipate a second round of stimulus regardless of who wins the White House – it is just a matter of size and benefactors.





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- And while infection rates are rising around the world – the death rate is not, indicating that many infected are younger and better able to survive the virus – and that we have learned much from the early days of this crisis that allows us to now more effectively manage treatment of people who are sick.

There are many reasons to find hope in spite of the chaos.

In your portfolios here, we remain fully invested in our bond portfolios, but have exited some of the stocks within various models as the volatility triggered those signals. As always, if you cannot sleep at night, you need to talk to us about your risk level so we can make adjustments accordingly – but before you do that, you may want to take a look at this month's Graph of the Month for some reassurance.

And finally, we will be conducting our second "Zoom-inar" on November 17th, following the election to talk about the results of the election and the implications for the next year. Mark your calendars now and we will be sending out further communication as we get closer to that date.

It is, improbably, already November, so we would like to take some time to wish you and your family a safe and happy Thanksgiving. 2020 and all that we have experienced this year has heightened our awareness of the importance of family and friends, and the time we spend with them.

**Financial Planning Tip**

People often think of computer security as something technical and complicated. And when you get into the nitty-gritty, it can be—but the most important stuff is actually very simple. Here are the basic, important things you should do to make yourself safer online. Here is our "Top 10" List of Secure Computing Tips:

Tip #1 - You are a target to hackers - Don't ever say, "It won't happen to me." We are all at risk and the stakes are high - both for your personal and financial well-being. Cybersecurity is everyone's responsibility.

Tip #2 - Keep software up-to-date - Installing software updates for your operating system and programs is critical. Always install the latest security updates for your devices:

- Turn on Automatic Updates for your operating system.
- Use web browsers such as Chrome or Firefox that receive frequent, automatic security updates.
- Make sure to keep browser plug-ins (Flash, Java, etc.) up-to-date



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Tip #3 - Avoid Phishing scams - beware of suspicious emails and phone calls - Phishing scams are a constant threat that cyber-criminals will attempt to trick you into divulging personal information such as your login ID and password, banking or credit card information.

- Phishing scams can be carried out by phone, text, or through social networking sites - but most commonly by email.
- Be suspicious of any official-looking email message or phone call that asks for personal or financial information.

Tip #4 - Practice good password management - We all have too many passwords to manage - and it's easy to take short-cuts, like reusing the same password. A password manager can help you to maintain strong unique passwords for all of your accounts. These programs can generate strong passwords for you, enter credentials automatically, and remind you to update your passwords periodically. As a note, that as challenging as it is to use different passwords for different accounts, it's so important to mitigate a hacker gaining access unto several accounts at once.

Tip #5 - Be careful what you click- Avoid visiting unknown websites or downloading software from untrusted sources. These sites often host malware that will automatically install (often silently) and compromise your computer. If attachments or links in the email are unexpected or suspicious for any reason, don't click on it.

Tip #6 - Never leave devices unattended - The physical security of your devices is just as important as their technical security.

- If you need to leave your laptop, phone, or tablet for any length of time - lock it up so no one else can use it.
- If you keep protected data on a flash drive or external hard drive, make sure their encrypted and locked up as well.
- For desktop computers, lock your screen or shut-down the system when not in use.

Tip #7 - Safeguard Protected Data - Be aware of Protected Data that you come into contact with and its associated restrictions. In general:

- Keep high-level Protected Data (e.g., SSN's, credit card information, student records, health information, etc.) off of your workstation, laptop, or mobile devices.
- Securely remove sensitive data files from your system when they are no longer needed.
- Always use encryption when storing or transmitting sensitive data.

Tip #8 - Use mobile devices safely - Considering how much we rely on our mobile devices and how susceptible they are to attack, you'll want to make sure you are protected:

- Lock your device with a PIN or password - and never leave it unprotected in public.



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- Only install apps from trusted sources (Apple AppStore, Google Play).
- Keep the device's operating system up-to-date.
- Don't click on links or attachments from unsolicited emails or texts.
- Avoid transmitting or storing personal information on the device.
- Most handheld devices are capable of employing data encryption - consult your device's documentation for available options.
- Use Apple's Find my iPhone or the Android Device Manager tools to help prevent loss or theft.

Tip #9 - Install antivirus/anti-malware protection - Only install these programs from a known and trusted source. Keep virus definitions, engines and software up-to-date to ensure your programs remains effective.

Tip #10 - Back up your data - Back up regularly - if you are a victim of a security incident, the only guaranteed way to repair your computer is to erase and re-install the system.

And lastly, we would like to emphasize the fact that you should NEVER EVER EVER save your credit card number to an account profile! If you feel like you may have been compromised, just give us a call at the office immediately so we can help you decide the best course of action to avoid further damage..

### College Planning Tip

College costs are increasing at about twice the rate of inflation each year and have averaged between 6-7% for several decades. At Copperwynd we use a College Cost Calculator that is designed to help you estimate how much college may cost when your student is ready to enroll.

It will take into account, the age of the child, where they want to attend, and about how much you can expect the final result to be.

Student's name: Example | Student's age: 14 | Age starting college: 18 | Years in college: 4 | College Start Year: 2024

**College Costs**  
Arizona State University at the Downtown Phoenix campus | **\$27,433** Current annual cost<sup>1</sup>

Annual college inflation rate: 5% | Portion of costs you plan to fund: 100%

**Savings Plan**  
Initial investment: \$20,000 | Ongoing contribution: \$0 | Frequency: Monthly | Hypothetical annual growth rate: 6%

**College Costs**

Year	Projected College Costs
2024	~\$20,000
2025	~\$22,000
2026	~\$24,000
2027	~\$27,000

**Totals**

Projected College Costs: **\$143,721**  
Costs You Plan to Fund: **\$143,721 (100%)**  
Costs Not Funded by You: **\$0 (0%)**  
Deficit: **-\$119,330**

Ongoing monthly contributions may need to increase to \$1,307 to meet the goal.



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This sort of information can be invaluable as you try to navigate saving for your student's future, and save for your own retirement. A constant tug of war for many families. So if you would like to see the impact not only what college costs will look like in the future, but how they will play into your own long term retirement plan, give us a call at the office to receive that specialized report!

**401k Allocation**

There are changes this month and we are taking risk OFF.

While volatility around such a contentious election was expected, we feel the bigger driving reason behind the market's sell-off right now is the resurgence of COVID cases in Europe and the ensuing lock-downs being imposed in France and the UK. At the early stages of the virus, we were six weeks behind Europe in the impact of the virus ... will that prove to be true this time as well? Only time will tell, and because we believe the potential for other countries to follow suit and, frankly, for the election results to drag out for more than a day or two, moving a little out of an expensive market into cash seems like a pretty logical move right now.

As always, evaluate your personal "ulcer index" to the level of risk that will allow you to sleep at night, and then here is our updated allocation for November:

Nov-20		Agg. Growth	Growth	Moderate	Balanced	Conservative
<b>Bonds / Cash</b>		15%	30%	60%	70%	80%
	Stable Asset - OR - Short Term Bond	15%	20%	35%	40%	45%
	Total Return	0%	10%	25%	30%	35%
	High Yield Bonds					
	World Bond	0%	0%	0%	0%	0%
	Inflation Protected Bond	0%	0%	0%	0%	0%
<b>Large Cap:</b>		50%	45%	25%	20%	15%
	Large Cap Growth	35%	35%	20%	15%	10%
	Large Cap Value	15%	10%	5%	5%	5%
<b>Mid Cap:</b>		20%	15%	10%	10%	5%
	Mid Cap Growth	15%	15%	5%	5%	5%
	Mid Cap Value	5%	0%	5%	5%	0%
<b>Small Cap:</b>		15%	10%	5%	5%	5%
	Small Cap Growth	10%	10%	5%	5%	5%
	Small Cap Value	5%	0%	0%	0%	0%
<b>International:</b>		0%	0%	0%	0%	0%
	Developed International	0%	0%	0%	0%	0%
	Emerging Markets	0%	0%	0%	0%	0%



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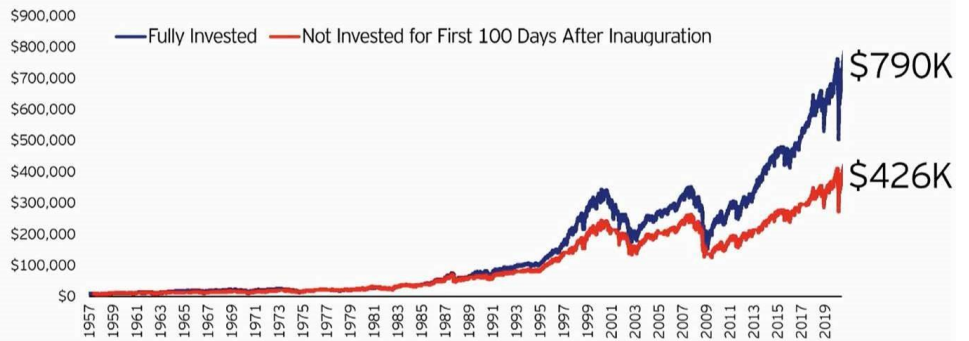


**Notable and Quotable**

This graphic illustrates the overall value lost and gained by exiting the stock market before an election and the risks of not being invested. While uncomfortable, the best thing shown over time is to keep invested and hang tight!

**2020 ELECTION Investors Are Better Off Staying Fully Invested**

Growth of \$10,000 in the S&P 500 Index since 1957



Sources: Haver, Invesco, 8/30/20. For illustrative purposes only. Past performance does not guarantee future results.