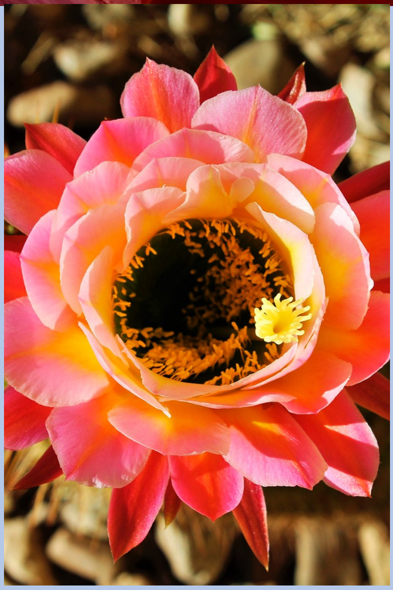

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Your Copperwynd Financial Newsletter: July 2023

Market Commentary

Market Update

By Corrina Olson

We are halfway into 2023 and it seems like little on Wall Street has gone according to plan. Earlier this year, many investors thought the U.S. economy would be falling into a recession by now. Instead, the S&P 500 ended the second quarter and first half of 2023 at a 14-month high and most major stock indices logged solid gains in the second quarter following a pause in the Fed's rate hike campaign, stronger-than-expected corporate earnings (especially in the tech sector) and the relatively drama-free resolution of the debt ceiling.

The second quarter began with markets still in the throes of the regional bank crisis following the March failures of Silicon Valley Bank and Signature Bank, and investors started the month of April wary of contagion risks. Then we saw 78% of S&P 500 companies report better-than-expected Q1 earnings. This was a welcome sight for investors and coupled with general macroeconomic calm, allowed stocks to drift steadily higher throughout most of April.

However, concerns about the solvency of First Republic Bank weighed on markets late in the month and the S&P 500 declined into the end of April to finish with a modest gain. Those fears of a First Republic Bank failure were then realized on May 1st, as the bank was seized by regulators. That same day, JPMorgan announced it was acquiring the bank, and that move helped to calm investor anxiety about financial contagion risks. As that was going on, the Fed hiked rates at the May 2nd FOMC meeting and implied it would pause rate hikes at the next meeting. Since that change was expected by investors, it failed to ignite a meaningful rally in stocks, but the tech sector helped push the S&P 500 higher in mid-May.

Like in April, the end of May saw an increase in volatility. This time it was due to the lack of progress on a U.S. debt ceiling extension and rising fears of a debt ceiling breach and possible U.S. debt default. A two-year debt ceiling extension was agreed to by Speaker McCarthy and President Biden on May 28th and was signed into law a few days later, avoiding a financial calamity. The S&P 500 finished May with a slight gain.

Looking at June, with the debt ceiling resolved, a Fed pause in rate hikes expected and continued stability in regional banks, the rally in stocks resumed early in the month and was aided by several potentially positive developments.

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1. Inflation declined as the Consumer Price Index (CPI) hit the lowest level in two years.
2. Economic data remained impressively resilient, reducing fears of a near-term recession.
3. The Federal Reserve confirmed market expectations by pausing rate hikes and that helped fuel a broad rally in stocks that saw the S&P 500 move through 4,400 and hit the highest levels since April 2022.

The last two weeks of the month saw some consolidation of that rally thanks to mixed economic data, political turmoil in Russia and hawkish rhetoric from global central bankers, but the S&P 500 still finished June with strong gains.

Second Quarter Performance Review

The second quarter of 2023 saw an acceleration of the tech sector outperformance, as AI enthusiasm drove several mega-cap tech stocks sharply higher. Those strong gains resulted in large rallies in the tech-focused Nasdaq and the S&P 500.

Large caps continued to outperform small caps. Regional bank concerns and higher interest rates still weighed on small caps as smaller companies are historically more dependent on financing to maintain operations and fuel growth. Growth continued to outperform value, continuing that sharp reversal from 2022.

Internationally, foreign markets lagged the S&P 500 mostly due to the relative lack of large-cap AI exposed stocks in major foreign indices, combined with some late-quarter worries about the EU economy and pace of Bank of England rate hikes. Foreign markets did finish the second quarter with a modestly positive return.

Looking at the fixed income markets, the leading benchmark for bonds (Bloomberg Barclays US Aggregate Bond Index) realized a slightly negative return for the second quarter of 2023, as the resilient economy and hope of a near-term end to Fed rate hikes led investors to embrace riskier assets.

Equities	June	Q2	YTD 2023
S&P 500	5.48%	8.68%	16.93%
Dow Jones	4.14%	3.89%	3.43%
Mid Cap	8.32%	4.83%	9.16%
Small Cap	6.91%	5.26%	8.31%
Nasdaq	5.09%	15.27%	39.47%
International Developed	2.96%	3.25%	12.37%
Emerging Markets	2.98%	1.25%	6.05%

Fixed Income	June	Q2	YTD 2023
Bloomberg Aggregate Bond Index	-0.67%	-0.94%	2.14%
High Yield Corporates	1.22%	0.76%	4.97%

***Source:** YCharts, 1/1/2023 – 6/30/2023, Total Return Data using SPY, DIA, IJH, IWM, QQQ, EFA, VWO, AGG, and JNK. YTD returns as of 6/30/2023.*

In the Copperwynd portfolios, we remain fully invested in both our stock and bond portfolios. However, we maintain some defensiveness within both sides of the portfolio. Since domestic and growth-oriented stocks continue to exhibit the strongest trend, we reduced our international exposure and increased our allocation to the US markets.

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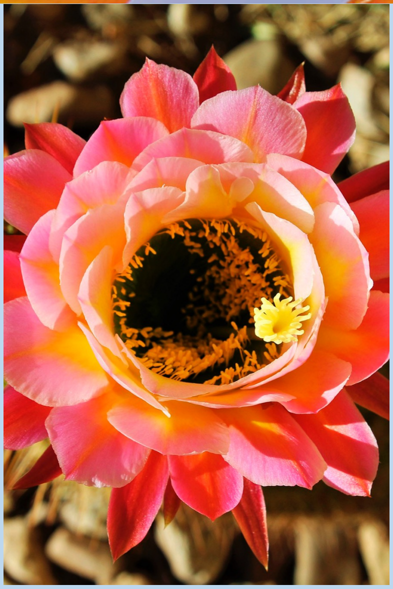

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Third Quarter Market Outlook

As we begin the third quarter of 2023, the outlook for stocks and bonds is the most positive it's been since late 2021, as inflation hit a two-year low, economic growth and the labor market remain impressively resilient, the Fed has temporarily paused its historic rate hiking campaign, the debt ceiling extension is resolved, and we've seen no significant contagion from the regional bank failures from earlier this year.

However, the economy has not yet felt the full impact of the Fed's historically aggressive hike campaign, and while the economy has proved surprisingly resilient so far, we know from history that the impacts of rate hikes can take far longer than most expect to impact economic growth. It's premature to think the economy is "in the clear" from recession risks, and we should expect the economy to slow more as we move into the second half of 2023.

On inflation, there's been progress in bringing inflation down, as year-over-year CPI has fallen from over 9% in 2022 to 4% in less than a year's time. Even at 4%, CPI remains far above the Fed's 2% target. If inflation bounces back, or fails to continue to decline, then the Fed could easily hike rates further, like the Bank of Canada and Reserve Bank of Australia did in the second quarter, following pauses of their own. Those higher rates would weigh further on economic growth.

Turning to banks, markets have taken the regional bank failures in stride, as the collapse of First Republic Bank caused minimal volatility in the second quarter. It is probably too early to consider the crisis "over." Reduced lending by regional banks poses an additional threat to the commercial real estate market and small businesses more broadly.

In sum, there have been positive macro developments so far in 2023 that have helped the stock market rebound. However, it's important to remember that multiple and varied risks remain for the economy and markets. While we are happy with the market's performance, we remain vigilant towards economic and market risks and are focused on managing both risk and return potential.

Upcoming Events

Schwab Transition

You may remember back in 2020 Charles Schwab & Co., Inc. bought TD Ameritrade. In 2023, Schwab and TD Ameritrade will become one company solely under the Schwab brand. Your relationship with Copperwynd Financial will not change. Schwab will automatically transfer your assets and holdings from TD Ameritrade to Schwab over Labor Day weekend 2023.

In preparation for this change, you must have access to all your accounts online at TD Ameritrade using the portal www.advisorclient.com. Using your existing login ID and password will help ensure a smooth transition to the Schwab platform. This is the first critical step to take if you haven't done so already.

For more information about the transition, please visit https://welcome.schwab.com/. If you have any questions, please do not hesitate to contact our office at 480-348-2100.

Client Appreciation Event – Save the date!

We plan on hosting another Client Appreciation Event at Real Salt Lake Stadium on Saturday, August 26th at 5:30pm (Food) and 7:30pm (Game). For now, just save the date and expect to receive more information about tickets in the coming months.

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Do I need a trust?

By: Myra Alport

This is one of the most common estate planning questions we are asked at Copperwynd. A trust is a legal document that provides for the smooth distribution of your assets during and after your lifetime.

There are a wide range of trusts designed for specific purposes. Comments here focus on a revocable or living trust. Revocable trusts can be altered, amended, or terminated at any time by the trust's grantor or trustor. A main difference between a will and a trust is that a will **only** takes effect upon someone's death. Everyone, at minimum, needs a will to fulfill basic estate planning needs to include appointing an executor to oversee the distribution of assets according to your wishes.

A trust becomes effective when assets are transferred to it. Commonly held trust assets are real estate, bank and non-retirement accounts, insurance policies and personal property such as jewelry, artwork, collectibles, and other appreciable assets. Typically, motorized vehicles are not included as trust assets*.

Retirement accounts cannot be placed in a trust while you are living. Placing these assets in a trust would require removing your name into the name of the trust which can cause tax nightmares. You can name your trust as an IRA beneficiary, however there are pros and cons for doing so. Naming a trust as a beneficiary is advantageous if your beneficiaries are minors, require special needs or if there are doubts about the financial capability of a beneficiary. A primary disadvantage of naming a trust as beneficiary relates to the Required Minimum Distribution payouts, which are based on the life expectancy of the oldest beneficiary to all named parties. We are happy to discuss your options based on your personal circumstances as there are IRS rules to consider.

The many benefits of creating a trust include:

- Ensure the desired distribution of your assets to specific beneficiaries.
- Avoid probate.
- Protect your privacy.
- Make provisions in the event of a disability or incapacity.
- Appoint legal guardians to care for young children.
- Leave a charitable legacy.
- Address blended family concerns.

How can I protect my assets without the need for a trust?

- Add primary and contingent beneficiaries to all investment accounts.
- For your personal residence, file a beneficiary deed or Transfer on Death deed with your county recorder's office. They may have a form or sample verbiage you can use.
- Update checking and savings accounts with a Transfer on Death form.
- *A beneficiary designation form from your state Motor Vehicle Dept will allow you to designate the persons you wish to inherit your car, motorcycle or mobile home.
- Make specific provisions in your will for distributing other assets as you wish.

Life happens and circumstances can change. Just like an annual physical it's a good idea to review and update your estate planning documents every few years. For example, if you have moved to another state, you'll want to make sure your estate plan is valid under the laws there. Is there a need to amend your appointed trustees or executors?

Last but not least ensure that your documents are in a safe but accessible place, known to your family and/or personal representatives.

Contact your advisor if you have further questions so he/she can provide the appropriate guidance related to your family situation/circumstances.

July Fraud Alert

By Javier Jimenez

With our transition from TD Ameritrade to Charles Schwab set for Labor Day weekend, we want to make clients aware of a new scam. Scammers are known to be impersonating employees of Schwab and other well-known custodial firms. We already know there has been an uptick on clients receiving phishing emails and/or phone calls from fraudsters who are pretending to work for brokerage companies. Now we want to share with you how this latest scam works and what you can do to best protect yourself.

How this scam works:

Scammers contact a client to inform them of an urgent matter regarding their account such as a "refund" or "suspicious trades." They ask the client to grant them remote access to their electronic device to set up "test transactions" or "catch a criminal." There can also be multiple layers of deception. For instance, someone who claims to represent "Microsoft" may say they must connect you to the "Schwab Fraud Department."

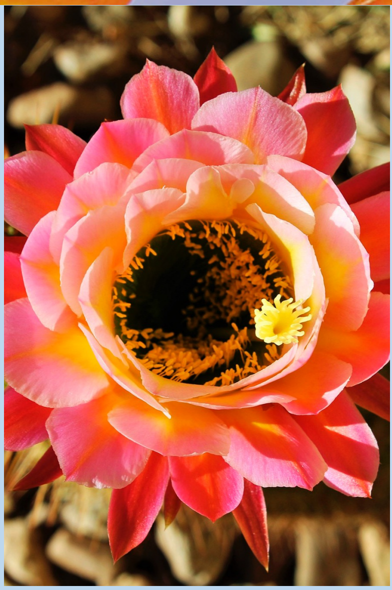
How can you protect yourself and who should you contact:

NEVER click on links or attachments included in unknown or suspicious emails and be on heightened alert when receiving any emails with Office, Zip, or other common file types as attachments. Be on the lookout for clues in the text of emails that may indicate they were sent by bad actors, which typically include errors in grammar, punctuation, and spelling. Also be sure to listen for any background voices that may be providing instructions to the person calling.
Do NOT provide any personal identifying information in an email or by phone, even if they say they're calling from Schwab. First verify that you are speaking to someone at Schwab by hanging up and calling Schwab directly or call us and we will contact them together.

As a reminder:

- Do not click on links or call-based instructions from a computer pop up.
- Always verify the phone numbers for tech support providers independently.
- Never grant remote access to your accounts to anyone.
- Contact Schwab and Copperwynd immediately to report all suspicious or fraudulent activity.

Remember, scammers can be very convincing, and they are good at what they do. Always pause and do your due diligence to confirm the legitimacy of message, request, or website. Remain vigilant of suspicious communications that come to you at all times. If you still aren't sure, you can always reach out to your financial advisor. We are happy to help review anything suspicious!



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401(k) Allocation

By: Jake Eggett

There are trades.

The Federal Reserve decided to pause its interest rate increases this month, but they indicated the possibility of future rate hikes due to concerns about sticky inflation. Despite ongoing geopolitical tensions and negative corporate earnings for two consecutive quarters, the stock market has climbed the wall of worry, with the S&P 500 experiencing one of the longest periods without a 3% pullback since World War II, according to Deutsche Bank. Although low volatility environments typically yield favorable returns, it is crucial that investors avoid becoming complacent, as markets can shift quickly.

Currently, we are fully invested in both our stock and bond portfolios and therefore we'll maintain our risk-on approach with the 401k allocation. At present, domestic and growth-oriented stocks continue to exhibit the strongest trend. Consequently, we are reducing our international exposure and increasing our allocation to the US markets.

As we cannot predict the future, our approach remains aligned with market dynamics, adjusting as conditions evolve.

As always, if you have any questions about how to rebalance your 401K, we encourage you to reach out to us at the office and we'll be happy to help!

July 2023

Asset Class	Description	Agg. Growth 100% Equity	Growth	Moderate Growth	Balanced	Conservative
Bonds / Cash		**0%**	**15%**	**40%**	**50%**	**70%**
	Stable Asset - OR - Short Term Bond	*0%*	*0%*	*10%*	*10%*	*20%*
	Bond Index	*0%*	*0%*	*10%*	*20%*	*30%*
	*Floating Rate Loans***	*0%*	*10%*	*10%*	*10%*	*10%*
	*High Yield Bonds***	*0%*	*5%*	*10%*	*10%*	*10%*
	Inflation Protected Bonds	*0%*	*0%*	*0%*	*0%*	*0%*
Large Cap:		**65%**	**65%**	**45%**	**35%**	**20%**
	Large Cap Growth	*35%*	*35%*	*25%*	*20%*	*10%*
	Large Cap Value	*30%*	*30%*	*20%*	*15%*	*10%*
Mid Cap:		**25%**	**10%**	**10%**	**10%**	**10%**
	Mid Cap Growth	*15%*	*5%*	*5%*	*5%*	*5%*
	Mid Cap Value	*10%*	*5%*	*5%*	*5%*	*5%*
Small Cap:		**10%**	**10%**	**5%**	**5%**	**0%**
	Small Cap Growth	*5%*	*5%*	*5%*	*5%*	*0%*
	Small Cap Value	*5%*	*5%*	*0%*	*0%*	*0%*
International:		**0%**	**0%**	**0%**	**0%**	**0%**
	Developed International	*0%*	*0%*	*0%*	*0%*	*0%*
	Emerging Markets	*0%*	*0%*	*0%*	*0%*	*0%*
		100.00%	**100.00%**	**100.00%**	**100.00%**	**100.00%**

** If High Yield Bonds or Floating Rate Loans are not an option in your 401k, you can allocate that portion to either your Bond Index or Short Term bond fund