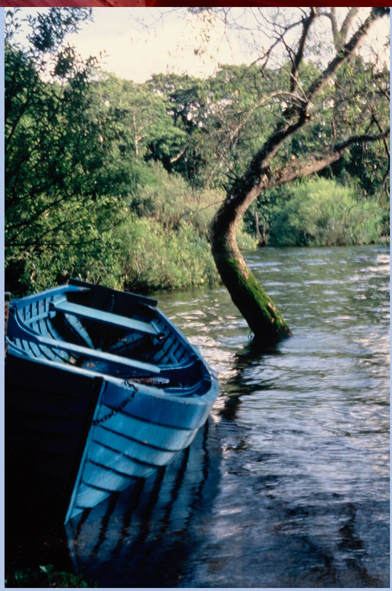

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Your Copperwynd Financial Newsletter: May 2023

Market Commentary

Market Update

By Lynda Elley

Sell in May and go away? …

There are a few events in the headlines this month … the coronation of King Charles, the 23rd and final season for Blake Shelton on The Voice, the retirement of one Lynda Elley, the debt ceiling debate …
And one of these will lik
ely result in stock market volatility that could bruise a stock portfolio. Happily, that's not me – I will be off watching my amazing daughter graduate Summa Cum Laude from University of Arizona, so our personal investment there appears to have worked rather well! No, the headlines in the market will obviously be driven by the debt ceiling debate. The politicians are at it again and playing financial chicken with retirement security for all of us.

What is the Debt Ceiling?

For starters, what it is NOT is a government shut-down. In a shutdown, which occurs every couple of years, the government runs out of money to fund the day-to-day operations of the government. A shutdown does not impede the US Treasury Department from issuing new bonds, and this is an important point.

What it IS, is the maximum amount of money that the United States can borrow cumulatively by issuing bonds. Think of the ceiling as a type of budget that allows the US Treasury to continue to issue bonds to pay the debts and obligations of the US government for expenses that have already been approved by Congress under prior legislation. In theory, it helps to provide for fiscal responsibility as there is some check and balance to the process of running our government – no blank checks.

In reality, each party uses it as a political battering ram to further their agendas, playing for big headlines and holding the stock market hostage to the volatility that results. Make no mistake about it – a US debt default would be catastrophic, about that the press is absolutely correct. However, no one believes that the government will allow the US to default on its debt obligations, but we all believe that they will push the negotiations out to the very last minute. That delay itself could have negative consequences.

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There are several parallels between this current debate and the negotiations around the debt ceiling back in 2011. Back then, as the government went into the debt ceiling discussions, all parts of the market were enjoying strong rallies, with the S&P up over 5%. As the debt ceiling conversation became acrimonious, volatility increased, and indices began to decline. Ultimately an increase was agreed upon, but not before the S&P downgraded the US debt and put us on “negative watch”. The resulting negative sentiment drove all indices into losing territory – except for commodities – and saw the S&P drop almost 20% from its peak over that summer. Markets recovered much of that territory over the final quarter of 2011 as the Federal Reserve provided stimulus that we do not think they will be able to provide this time, however.

Where there is a difference in 2023 from 2011 is where the economy sits currently. We continue to have extremely low unemployment and strong job creation in spite of the headlines we get daily on bankruptcies and layoffs! We continue to have strong consumer spending, even in the face of persistent, albeit declining, inflation. And investors have a strong belief that the Federal Reserve is at the end of their cycle of interest rate increases and the stock market reflects that positive sentiment.

Equities	April	YTD 2023
S&P 500	1.60%	9.18%
Mid Cap	-0.78%	3.02%
Small Cap	-1.79%	0.85%
Nasdaq	0.51%	21.32%
International Developed	2.94%	12.16%
Emerging Markets	-0.40%	3.31%

Fixed Income	April	YTD 2023
Bloomberg Aggregate Bond Index	0.57%	3.82%
High Yield Corporates	0.14%	4.38%

Source: YCharts, YTD Data as of April 30th, 2023

So, caution going into the next 60 days is certainly warranted as the debt ceiling negotiations continue to be played out in the press, but we also see the other side of this negotiation as a potentially good entry point if you have some cash on the sidelines.

In your portfolios here we are fully invested in both stocks and bonds, with our Total Return (bond) portfolio now paying dividends higher than we have seen in almost ten years! Stocks may finish the year higher than bonds, but we still view bonds as the best risk-reward profile and with lower volatility.

As someone on the cusp of my own retirement, let me share my thoughts on the markets. I am not changing a thing. I am also crystal clear on my risk tolerance and trust the cash flow analysis that I have run, and stress tested for my family, just as we do for all of you, and we are going to be fine! And so are you.

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It has been the greatest compliment to me that so many of you have chosen to share your life stories with me and place your trust in our team to help you on this journey of your own. I have been blessed, so blessed, to have had the career I have, to know that the knowledge I developed over that career was able to help make a difference in the lives of many people, and that with my transition into retirement, you are in great hands with the team here to shepherd you into your own retirement when that day comes!

I hope to see you over a cup of coffee some day soon. Now, I'm going to go make some memories.

Upcoming Events

Quarterly Town Hall

Copperwynd Financial is hosting a virtual discussion for our clients to provide insight into the current economic environment and investment trends. The discussion should last 30 minutes with time remaining for additional questions and answers.

Tuesday, May 23rd at 12PM MDT (UTAH) and 11am MST (ARIZONA)

Register in advance for this webinar by clicking here: Registration Link

After registering, you will receive a confirmation email containing information about joining the webinar.

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 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.

If you have any questions, please do not hesitate to contact our office at 480-348-2100.
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4 Personal Habits of a Successful Retiree

By: Myra Alport, AFC®

After decades of dedicating yourself to your work life and saving for your retirement, the time has finally come to move on to your next chapter! For many retirees, it may begin with a lengthy to-do list or perhaps a long-awaited vacation to separate your work self from your permanent "out of office" self.

You've made thoughtful decisions about when to begin Social Security, Medicare and a pension, if applicable. Perhaps you will downsize or move closer to family and friends in other parts of the US or even overseas or buy that second home in a place you have always wanted to split your time between.

You understand that you are now entering the decumulation phase, at which time you may begin to withdraw from your saved assets and investments. This may feel uncomfortable at first as you realize that you're in a different phase of life. Think of it this way – instead of receiving a paycheck, you will receive a retirement check!

As your partner in this process of imagining what retirement might look like, we would like to share some of the best personal habits of a successful retiree.

Be Clear on Your Values

Make sure your money in retirement is aligned with what's truly important to you and brings joy and meaning to your life – there are no right or wrong answers here! Whether it's taking a family vacation, giving back to your community, making time for a new hobby, maintaining your health or broadening your social circle, take a moment to reflect on the things you wished you had more time for during your working years.

Beware Lifestyle Creep and Boredom

With more time on your hands, you may find yourself indulging more – golf, skiing, dining out, entertainment, travel. As long as you have accounted for these expenses in your monthly budget, excellent! Review your monthly spending to make sure you have accounted for some of those costs that seemed to pop up out of nowhere.
Boredom can also lead to unplanned spending to fill a void in your life that work used to provide you socially and professionally. Reflect more on your values (above) for guidance and direction.

Invest in Your Health

Keep moving; inactivity is not your friend. If you have put your health on the back burner after tending to others, now is your time to change course - no more excuses! Find something you enjoy – take a morning walk to start your day, join a gym, swim, enroll in group fitness classes, garden, learn to play pickle ball (the latest craze). Adding some structure to your day will leave you feeling accomplished, and time will pass more quickly. Maybe you'll make some new friends along the way in your fitness journey.

Refrain From Checking Your Account Balances Too Often

Now that you're not adding regularly to your accounts, you may find yourself checking your account balances more frequently. If this has always been your normal routine, it's unlikely this will change.

You might challenge yourself to check weekly instead of daily, or when your monthly statement becomes available. Monitoring too often may cause you to overreact to daily price changes in your investments. Take time to review your tolerance for risk; volatility isn't your friend in the distribution phase of retirement. If you feel your portfolio allocation is causing unwanted stress, we want to hear from you.

Best of all - enjoy your retirement, you earned it! We can't wait to hear about your new adventures!

If you are looking to retire and aren't sure if you're financially or emotionally ready to say your goodbyes, now is a great time to set up a meeting with us. We would love to review your plan with you and figure out what makes the most sense.

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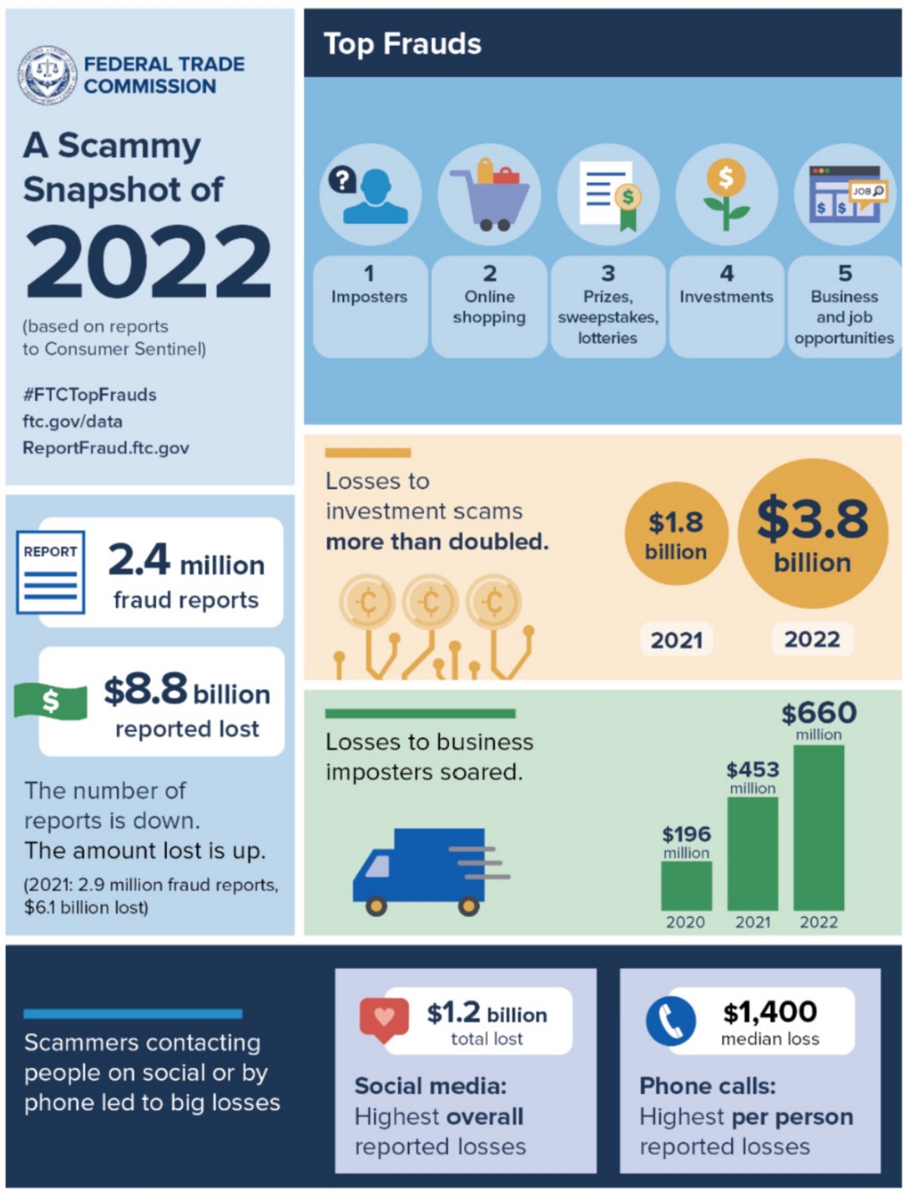
Avoiding Retirement Fraud

In 2022, the Federal Trade Commission data showed that consumers had reported losing nearly $8.8 billion to fraud, an increase of more than 30 percent over the previous year. Younger people reported losing more frequently but older people lost more money on average. Retirees are often the target of fraud for many reasons. They usually have large 'nest eggs', own their own homes, or have good credit, making them appealing targets for con artists. In addition, seniors may take longer to realize that they've been scammed and take longer to report it. Finally, individuals who grew up during the 1930's, 40's and 50's tend to be more polite and trusting, characteristics fraudsters exploit.

With some basic understanding of how fraudsters work, you can avoid fraud and protect your hard-earned money. The last thing you want is a scam to ruin your retirement plans.



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What can I do to avoid being scammed?

Ask questions and check out the answers.

Fraudsters rely on the fact that many people simply don't bother to investigate before they invest. It's not enough to ask a promoter for more information or for references—fraudsters have no incentive to set you straight. Savvy investors take the time to do their own independent research and talk to friends and family first before investing. Make sure you understand the investment, the risk attached, and the company's history. And remember, if the product sounds too good to be true, it is!

Research the company before you invest.

You'll want to fully understand the company's business and its products or services before investing. Before buying any stock, check out the company's financial statements and other disclosures by using the SEC's EDGAR database. Remember that unsolicited emails, message board postings, and company news releases should never be used as the sole basis for your investment decisions.

Watch out for salespeople who prey on your fears.

Con artists know that many retirees worry about the adequacy of their retirement savings, especially if they are faced with costly medical expenses. As a result, fraudsters know to pitch their schemes as a way to increase the investor's financial security to the point where such fears are no longer necessary.

Take your time—don't be rushed into investment decisions.

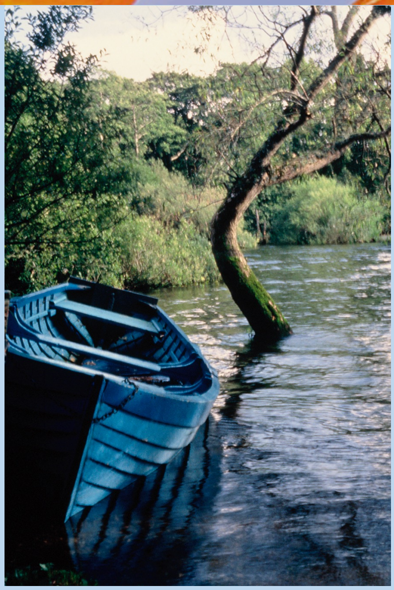
Just because someone you know made money, or claims to have made money, doesn't mean you will too. Be especially skeptical of investments that are pitched as "once-in-a-lifetime" opportunities, particularly when the promoter bases the recommendation on "inside" or confidential information. Remember that a fraudster does not want you to think too much about the investment because you might figure out the scam.

Be wary of unsolicited offers.

Be especially careful if you receive an unsolicited fax or email about a company—or see it praised on an Internet bulletin board—but can find no current financial information about the company from other independent sources. Many fraudsters use email and Internet postings to tout thinly traded stocks, in the hopes of creating a buying frenzy that will push the share price up so that they can sell their shares. Once they dump their stock and quit promoting the company, the share price quickly falls. And be extra wary if someone you don't know, and trust recommends foreign or "offshore" investments. When you send your money abroad, and something goes wrong, it's more difficult to find out what happened and to locate your money.

Information for this article was taken from the following website:
Avoiding Retirement Fraud

Additional information
Guide for Seniors: Protect Yourself Against Investment Fraud
Early Retirement Seminars 101: Smart Tips for Spotting Retirement Scams
Social Media and Investing - Tips for Seniors



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401(k) Allocation

By: Jake Eggett

There are trades.

The Fed met market expectations yesterday by hiking .25% and signaled its pausing further rate hikes for now. There might be some debate in the June meeting but for now it appears they have finally reached their terminal rate of 5.0 – 5.25%. It's all up to economic data now. If the data hints at a soft landing it could propel stocks substantially higher; however, if data starts to hint at a hard landing, then even with a Fed's pause stocks could drop sharply from here. Earnings season is still in force, but the numbers so far have been ok. The economy is facing some extra headwinds from the regional banking crisis to the looming debt ceiling fight. Both of which have investors on edge. For now, our models have us fully invested in both the stock and bond side. On the stock side we favor Large Cap vs Small Cap. We are also maintaining our exposure to Developed International, as that trend continues to be good. On the bond side, High Yield and Floating Rate bonds are attractive from a yield standpoint and the trend has been sideways to up, so we'll take advantage of it for now.

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!

May 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:		**60%**	**60%**	**40%**	**30%**	**20%**
	Large Cap Growth	*30%*	*30%*	*20%*	*15%*	*10%*
	Large Cap Value	*30%*	*30%*	*20%*	*15%*	*10%*
Mid Cap:		**20%**	**10%**	**10%**	**10%**	**5%**
	Mid Cap Growth	*10%*	*5%*	*5%*	*5%*	*0%*
	Mid Cap Value	*10%*	*5%*	*5%*	*5%*	*5%*
Small Cap:		**10%**	**5%**	**5%**	**5%**	**0%**
	Small Cap Growth	*5%*	*5%*	*5%*	*5%*	*0%*
	Small Cap Value	*5%*	*0%*	*0%*	*0%*	*0%*
International:		**10%**	**10%**	**5%**	**5%**	**5%**
	Developed International	*10%*	*10%*	*5%*	*5%*	*5%*
	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

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