

Looking Back Ten Years

The stock market bottomed 10-years ago on March 9, 2009, signaling the beginning of a recovery from the financial crisis. Since that time, the S&P 500 Index has achieved a 400% total return, the Dow Jones Industrial Average has achieved a 402% total return, and the NASDAQ 100 has achieved a 650% total return. If an individual had waited 6-months after the market bottomed (due to fear or other reasons), their return would have been 181% for the S&P 500, 198% for the Dow, and 357% for the NASDAQ. A great amount of the excess return could be achieved by prescient market timing, but this is hindsight.

If an individual was fully invested as of October 9, 2007 (the peak of the market prior to the crisis) their total return would have been 124% for the S&P 500, 142% for the Dow, and 264% for the NASDAQ. Even if the individual had been fully invested and completely ignored the financial crisis, they would have more than doubled their money over ten years, which is a reasonable expectation that would suit most retirement planning scenarios.

Additionally, almost one-third of the total return in the S&P 500 came from the impact of dividends (305% 10-year price return versus 400% 10-year total return).

In our view, time proves to be the most consistent winner. Additionally, adding to investments over time and re-balancing when appropriate can help individuals achieve their investment goals.

Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	-2.0%	9.4%	International Stocks (MSCI ex-US)	-1.7%	7.7%
Dow Jones Industrial Average	-2.1%	9.1%	Aggregate Bond Index	0.8%	0.9%
NASDAQ 100	-1.7%	10.4%	U.S. Dollar Index	1.2%	1.2%
Russell 2000 (Small Cap Index)	-4.2%	12.8%	WTI Crude Oil	0.4%	23.4%

Sources: S&P Global, Thomson Reuters

Dissecting Headlines: Growth Stocks and Value Stocks

Most investors are used to stocks being classified by size such as Large Cap or Small Cap. They are also classified by style with one of the most popular classifications being Growth and Value. Within a Large Cap Index, such as the Russell 1000, there can also be a differentiation by style producing the Russell 1000 Growth and the Russell 1000 Value. There are not 1000 stocks with in each, these are subsets of the Russell 1000. The Russell 1000 Growth currently holds 545 stocks and the Russell 1000 Value holds 724 stocks (there is an overlap of companies).

Growth stocks are weighted in their Index based on their earnings growth rate two-year forecast and sales/share five-year historical sales. The focus is on their ability to grow earnings. Value stocks are weighted in their Index based on Book-to-Price Ratio. Their focus is on valuation relative to their balance sheet equity. The growth stock index is more weighted in Technology, Consumer Discretionary, Health Care, Industrial and Financial Services stocks. The Value stock index is more weighted in Financial Services, Health Care, Utilities, Consumer Discretionary, and Energy stocks. Again, there is an overlap, but sectors help us see the tilt of each style index.

Do You Know Your Risk Number?

Individuals often classify their investment risk tolerance with adjectives such as "Conservative", "Moderate", or "Aggressive".

These can be highly subjective and may not correctly identify the amount of risk someone is actually comfortable taking.

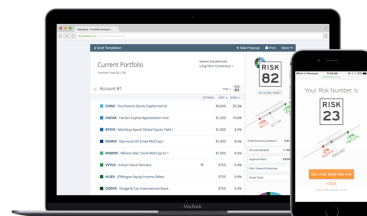
One Moderate investor may feel uncomfortable if their portfolio fell 5% while another may not feel uncomfortable until their portfolio falls more than 10%.

While investors understand that the purpose of taking risk is to achieve investment returns, they may not have a realistic sense of how much risk is required to achieve a targeted level of return. In this case, they may not be taking enough risk and won-

dering why they are not able to achieve the returns they want.

We work with our clients to identify the risk they are comfortable taking and balance it with the investment objectives they are seeking to achieve.

Contact us about our complimentary risk analysis questionnaire.



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Joe has over 20 years of experience in the investment management industry. Prior to founding NovaPoint, he was a portfolio manager at Spectrum Advisory Services and GMT Capital in Atlanta, and Epoch Investment Partners in New York. He has also worked as an equity research analyst at Merrill Lynch and ABN Amro. Before beginning his investment career, Joe was an Infantry officer in the U.S. Army. Joe holds a BS from the U.S. Military Academy at West Point and an MBA from the University of Chicago. He is both a Chartered Financial Analyst (CFA) and a Chartered Market Technician (CMT).



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Alan has over 20 years of experience in the investment management industry. Prior to founding NovaPoint, he was a fixed income manager at both Spectrum Advisory Services and a private family office. Alan was also with the Bank Group division of Countrywide Capital Markets where he developed balance sheet strategies for depository institutions. He holds a BS in Banking and an MBA in Finance from Nova Southeastern University. Alan is Certified Plan Fiduciary Adviser (CPFA) and an endurance athlete and three-time IRONMAN finisher.



Jeffrey Wright, CFA / Managing Director / jwright@novapointcapital.com

Jeff has 9 years of industry experience. Prior to joining NovaPoint, Jeff was a Vice President in the Private Banking and Investment Group at Merrill Lynch. Jeff also worked at Booz Allen Hamilton and the Department of Defense. Prior to his private sector career, Jeff was a Field Artillery officer in the U.S. Army. He holds a BA from the University of Texas and an MBA from the University of Maryland. Jeff is Chartered Financial Analyst (CFA).

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