

Christmas Market

The stock market continues to grind higher driven by favorable progress on trade between both U.S.-China and U.S.-Mexico-Canada (USMCA). China appears to be accommodative to reducing tariffs and the U.S. is reciprocating. The key issues of intellectual property protections and further opening of China’s financial sector should take longer to work out. Trade should continue to be an issue for the two countries into 2020. The House of Representatives passed the USMCA trade agreement and it will be waiting for the Senate when it returns from recess. The deal replaces the old North American Free Trade Agreement (NAFTA).

Relative to where we were a year ago, there is much greater clarity on trade and Federal Reserve policy. This clarity has been reflected in the strong year-to-date returns in the stock market.

In our *Dissecting Headlines* section, we explain the change over from LIBOR to SOFR as base pricing for floating rate consumer and commercial debt.

Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	1.7%	28.5%	Aggregate Bond Index	-0.2%	5.4%
Dow Jones Industrial Average	1.1%	22.0%	U.S. Dollar Index	0.5%	1.5%
NASDAQ 100	2.3%	37.1%	WTI Crude Oil	0.6%	33.1%
Russell 2000 (Small Cap Index)	2.1%	24.0%	Gold	0.2%	14.7%
International Stocks (MSCI ex-US)	-0.8%	16.4%	Real Estate (US REIT Index)	1.7%	18.4%

Sources: S&P Global, Thomson Reuters

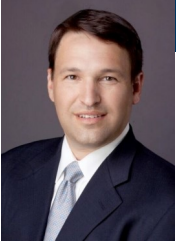
Dissecting Headlines: LIBOR to SOFR

Trillions of dollars of floating rate debt is currently priced with a margin (higher amount due to credit risk) versus the London Inter-Bank Offer Rate (LIBOR). This rate is set by a panel of banks submitting estimates of what they think their borrowing costs are. LIBOR has had some issues regarding price fixing and manipulation.

Some floating rate debt is starting to be priced at a margin to the Secured Overnight Financing Rate (SOFR), and LIBOR is expected to be totally phased out by the end of 2021. The SOFR is calculated using actual transactions and is considered a good measure of the true cost of borrowing cash overnight that is collateralized by Treasury securities.

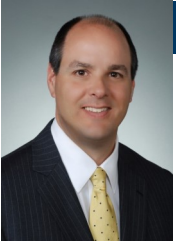
This changeover may be transparent to most consumers and businesses, but if you read the fine print on your credit card statement or adjustable rate mortgage you can determine when the benchmark lending rate changes from LIBOR to SOFR for your borrowings.

The NovaPoint Capital Team



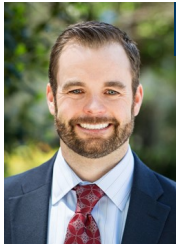
Joseph Sroka, CFA, CMT / Chief Investment Officer / jsroka@novapointcapital.com

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).



Alan J. Conner, CPFA / President and Chief Compliance Officer / aconner@novapointcapital.com

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.



Jeffery Wright, CFA / Managing Director & Portfolio Manager / 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).



Frederick Wright, CFA / Managing Director & Portfolio Manager / fwright@novapointcapital.com

Frederick has over 25 years of experience in the investment management industry. Prior to joining NovaPoint, Frederick was a Partner and Investment Advisor at Brightworth where he advised high net worth investors. Frederick began his investment career in 1991 at Balentine & Co where he rose to Partner. He also co-founded and served as Chief Investment Officer at Wright Investment Management and at Smith & Howard Wealth Management. Prior to beginning his investment career, Frederick served as an Engineer officer in the U.S. Army. He holds a BS from the U.S. Military Academy at West Point and an MBA from Emory University. Frederick is a Chartered Financial Analyst (CFA).

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