

## Roaring into the 20's

Barring any significant disruption happening over the next two days, the equity market will be closing 2019 at, or near, record highs. Many of the worries from a year ago, such as global trade and a hawkish Federal Reserve, have dissipated. Consumer spending has been a key component of economic growth for the year. According to Mastercard SpendingPulse data holiday retail sales increased 3.4% with online sales growing 18.8%.

Looking ahead to 2020, corporate earnings growth should be positive with current consensus expectations for 9.7% growth versus 2019 for companies in the S&P 500 Index. However, we anticipate 2020 could be a noisy year in political headlines as we head into the election cycle.

In our *Dissecting Headlines* section, we explain an easy rule of thumb that investors can use to estimate how rates of return can impact the compounding value of financial assets.

## Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	0.6%	29.2%	Aggregate Bond Index	0.2%	5.7%
Dow Jones Industrial Average	0.7%	22.8%	U.S. Dollar Index	-0.8%	0.8%
NASDAQ 100	1.1%	38.6%	WTI Crude Oil	2.1%	35.9%
Russell 2000 (Small Cap Index)	-0.2%	23.8%	Gold	2.2%	14.7%
International Stocks (MSCI ex-US)	0.8%	17.3%	Real Estate (US REIT Index)	0.4%	18.9%

Sources: S&P Global, Thomson Reuters

## Dissecting Headlines: The Rule of 72

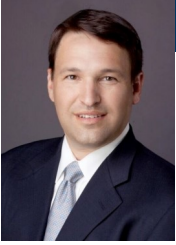
We often get asked, “How long should it take my portfolio to double in value?” Investment returns can vary from year-to-year, but some simple math called the Rule of 72 can be used as a guide.

The Rule of 72 states that the number of years required for an investment to double in value is equal to 72 divided by the rate of return. This takes into account the effect of compounding interest, meaning that the same rate of return is applied every year to the total of principal and return from the year prior.

Since we are at the start of a new decade, if we take 72 and divide by a 7.2% annual return (drop the percentage sign), we get 10 years for an investment to double. A higher return shortens the period and a lower return lengthens the period. The average annual return of the S&P 500 Index since 1957 (when 500 stocks were adopted as the Index) is around 8%.

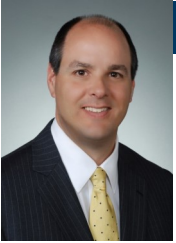
Factors such as additional savings being added or withdrawals being taken could alter these numbers, as well as factors such as taxes. As we head into a new decade, you can use the Rule of 72 as a rough guide to see how your investments grow.

## The NovaPoint Capital Team



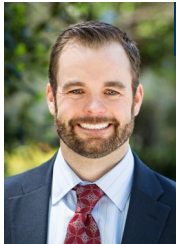
**Joseph Sroka, CFA, CMT / Chief Investment Officer / [jsroka@novapointcapital.com](mailto:jsroka@novapointcapital.com)**

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](mailto: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](mailto: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](mailto: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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