

Phase One Trade Agreement Signed

A good start to the fourth quarter earnings reporting season and the signing of the Phase One trade agreement between the U.S. and China combined to maintain positive equity market momentum this past week.

With 44 companies having reported fourth quarter earnings, 70% have exceeded expectations, 7% have reported in-line, and 23% have reported below expectations. Current consensus expectations are for a year/year earnings decline of -0.8% on revenue growth of +4.4% versus last week's consensus for an earnings decline of -0.6% on revenue growth of +4.2%. Another 44 companies are scheduled to reporting earnings this week. Current consensus expectations for full-year 2020 earnings for the S&P 500 is currently +9.6% year/year with revenue growth of +12.2%.

In our *Dissecting Headlines* section, we highlight the major components of the Phase One trade agreement.

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%	3.1%	Aggregate Bond Index	0.1%	0.6%
Dow Jones Industrial Average	1.8%	2.8%	U.S. Dollar Index	0.3%	1.3%
NASDAQ 100	2.3%	5.0%	WTI Crude Oil	-0.8%	-4.1%
Russell 2000 (Small Cap Index)	2.5%	1.9%	Gold	-0.4%	2.6%
International Stocks (MSCI ex-US)	1.4%	1.8%	Real Estate (US REIT Index)	2.7%	2.0%

Sources: S&P Global, Thomson Reuters

Dissecting Headlines: Phase One Trade Highlights

The Phase One trade agreement between the U.S. and China has been signed. It takes a significant step toward addressing some of the financial and legal imbalances that existed previously.

Tariffs: The U.S. suspended planned 15% tariffs that were scheduled to go into effect on Sunday on nearly \$160 billion worth of Chinese goods and China canceled its retaliatory tariffs due to take effect that same day. The 15% tariff rate the U.S. imposed on September 1st on a \$120 billion of Chinese goods will be halved to 7.5%. U.S. tariffs of 25% on \$250 billion worth of Chinese goods will remain unchanged, providing negotiating leverage for a second phase of negotiations.

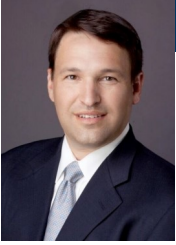
Purchases: China agreed to increase purchases of American products and services by at least \$200 billion over the next two years. The purchases are expected to reduce the \$419 billion U.S. trade deficit with China.

Intellectual Property: China offered greater legal protections for intellectual property. China also committed to follow through on previous pledges to eliminate any pressure for foreign companies to transfer technology to Chinese firms as a condition of market access.

Financial Market Access: U.S. companies should gain improved access to China's financial services market to include banking, insurance, securities and credit rating services.

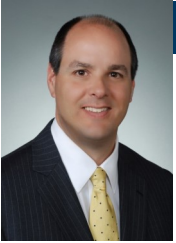
Further progress from here is likely dependent on compliance/enforcement and the ability to get started on Phase Two negotiations.

The NovaPoint Capital Team



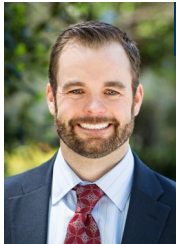
Joseph Sroka, CFA, CMT / Chief Investment Officer / jsroka@novapointcapital.com

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).

NovaPoint Capital LLC (referred to herein as "NovaPoint" or "the Company") is registered with the SEC as an investment adviser, but registration does not imply any certain level of skill or training. The information contained in this document has not been filed with, reviewed by or approved by any regulatory or self-regulatory authority.

Not an offer of advisory services or securities: This document is limited to the dissemination of general information about the services provided by the Company and is provided for informational purposes only. This document is intended for residents of the United States only and the information contained herein does not constitute and should not be construed as an offering of advisory services or an offer to sell or solicitation to buy any securities or other financial instruments in any jurisdiction in which such offer or solicitation, purchase or sale would be unlawful under the securities, or other applicable laws of such jurisdiction. Nothing contained in this document constitutes tax, legal or investment advice. Responses to any inquiry which may involve the rendering of personalized investment advice for compensation or effecting or attempting to effect transactions in securities will not be made absent compliance with state broker-dealer, investment adviser, broker-dealer agent or investment adviser representative registration requirements, or applicable exemptions or exclusions from such requirements.

Investment risk: The Company makes no representation, and it should not be assumed, that past investment performance is any indication of future results. Moreover, wherever there is the potential for profit there also is the possibility of loss. Certain of the Company's strategies may involve investments that are illiquid, are subject to a substantial risk of loss and are not suitable for certain investors.

Limitation of liability: While the Company uses reasonable efforts to include accurate and up-to-date information in this document, errors or omissions sometimes occur. The Company makes no warranties or representations as to the accuracy of this document. Opinions expressed herein are subject to change without notice. Under no circumstances shall the Company or any party involved in creating, producing, or delivering this document be liable for any direct, incidental, consequential, indirect, or punitive damages that result from the use of the information contained in this document, even if the Company's authorized representative has been advised of the possibility of such damages. Applicable law may not allow the limitation or exclusion of liability or incidental or consequential damages, so the above limitation or exclusion may not apply to you.

Trademarks and copyrights: All trademarks, service marks, trade names, logos, and icons are proprietary to the Company. Nothing contained in this document should be construed as granting, by implication, estoppel, or otherwise, any license or right to use any trademark displayed in this document without the prior written permission of the Company or such third party that may own the trademarks displayed in this document. Your use of the trademarks displayed in this document, or any other content in this document, except as provided herein, is strictly prohibited.