

Off to the Races

Momentum from year-end continued into the new year until U.S. – Iran tension reached a boiling point. The typical Middle East worry trade followed with oil, gold, Treasury bonds, bond proxies, and defense industry stocks to the positive in an otherwise down market.

The Federal Reserve released the minutes from its December meeting. The Fed indicated that it would not be raising short-term interest rates from the current 1.50% to 1.75% range as long as the economy remains on its current path.

We have mentioned that 2020 is likely to be a noisy year, mainly from the political arena heading into the U.S. Presidential election. Adding in some geopolitical tension to the mix could make it even noisier.

In our *Dissecting Headlines* section, we look at the January Effect what may cause some investors to believe the stock market should typically rise in January.

Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	-0.1%	0.1%	Aggregate Bond Index	0.4%	0.6%
Dow Jones Industrial Average	0.0%	0.3%	U.S. Dollar Index	-0.1%	0.5%
NASDAQ 100	0.3%	0.7%	WTI Crude Oil	2.2%	3.3%
Russell 2000 (Small Cap Index)	-0.4%	-0.5%	Gold	2.7%	2.3%
International Stocks (MSCI ex-US)	-0.3%	-0.1%	Real Estate (US REIT Index)	0.0%	-0.6%

Sources: S&P Global, Thomson Reuters

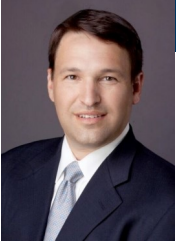
Dissecting Headlines: The January Effect

There is perception that the stock market typically rises in January. The “January Effect” has been positive 57 out of 92 times since 1928 (62%), so it is has been positive more often than not, but far from a sure thing.

Some factors that have been cited as reasons for the January Effect to happen are a reversal of tax-loss selling from December, reversal of money manager year-end “window dressing”, investment of bonuses, and resolutions to save and invest more.

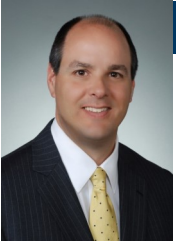
We are not fans of market timing and believe consistent, long-term investing is the best way to build wealth. It is a marathon, not a sprint.

The NovaPoint Capital Team



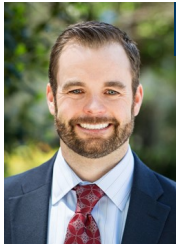
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Joe has over 20 years of experience in the investment management industry. Prior to founding NovaPoint, he was a portfolio manager at Spectrum Advisory Services and GMT Capital in Atlanta, and Epoch Investment Partners in New York. He has also worked 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.



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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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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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