

## Groundhog

Punxsutawney Phil, the groundhog, predicted an early Spring over the weekend. We'd take caution with the prediction as the groundhog has only been about 40% correct historically on his weather predictions. He predicted an early Spring last year that did not prove correct. Likewise, not many market prognosticators know the extent of the coronavirus or its potential economic impact. In these situations, some investors usually sell first and ask questions later. That is what we saw in the market last week.

Despite fear of the future, views of the recent past are improving. With 226 companies having reported 4Q earnings, 69% have exceeded expectations, 10% have been in-line and 20% have been below expectations. Current consensus expectations are for year/year EPS growth of +1.1% on revenue growth of +4.7% versus last week's consensus EPS decline -0.5% on revenue growth of +4.5%. Another 96 companies are scheduled to reporting earnings this week. Current consensus expectations for full-year 2020 earnings for the S&P 500 is currently +9.8% year/year with revenue growth of +12.2%.

In our *Dissecting Headlines* section, we explain the SECURE Act and some key changes it brings to retirement accounts.

## Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	-2.1%	-0.2%	Aggregate Bond Index	0.6%	2.0%
Dow Jones Industrial Average	-2.5%	-1.0%	U.S. Dollar Index	-0.5%	1.1%
NASDAQ 100	-1.6%	3.0%	WTI Crude Oil	-4.9%	-15.6%
Russell 2000 (Small Cap Index)	-2.9%	-3.3%	Gold	1.2%	4.8%
International Stocks (MSCI ex-US)	-3.4%	-3.4%	Real Estate (US REIT Index)	-1.6%	1.0%

Sources: S&P Global, Thomson Reuters

## Dissecting Headlines: The SECURE Act

The Setting Every Community Up for Retirement Enhancement Act of 2019 ("SECURE Act") was signed into law in December 2019. The purpose of the legislation is to increase access to tax advantaged accounts and help prevent older Americans from outliving their retirement assets. While there are several areas addressed in the law, individuals are impacted in two key retirement areas.

**IRA Required Minimum Distributions:** Key provisions of the bill include increasing the age at which individuals must begin taking required minimum distributions from their retirement accounts from 70½ to 72, as well as lifting restrictions on contributions to a traditional IRA after age 70½.

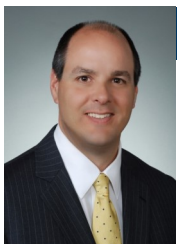
**Inherited IRA Required Distributions:** Under the previous law, individuals who inherit a retirement account are allowed to distribute those assets over the course of their lifetime. The Secure Act requires those assets to be distributed within 10 years, which could have major implications for estate planning. The key item to remember is that if you are currently taking distributions from an inherited IRA, the rules do not change for you.

## The NovaPoint Capital Team



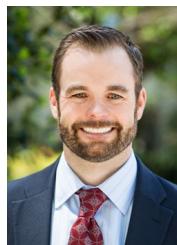
**Joseph Sroka, CFA, CMT / Chief Investment Officer / [jsroka@novapointcapital.com](mailto:jsroka@novapointcapital.com)**

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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