

## Bridging the Gap

The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was passed by the Senate and the House of Representatives and was signed by the President on Friday. If uncertainty about the impact of the coronavirus was centered on the two unknowns of the infection itself and what the government was doing about it, then some clarity has been supplied for the latter. The great unknown remains in the spread of the virus.

The S&P 500 had its first positive week in the past three and investors expressed some optimism regarding the CARES Act as a bridge for the economy while many non-essential businesses remain closed. The impact of business closures can immediately be seen in the weekly claims for unemployment which we highlighted last week as an important metric to watch. This past Thursday, initial claims for unemployment were reported for the week of March 21st with 3.283 million new claims versus 282,000 for the prior week. The four-week moving average increased to 998,000 from 232,000. The increase in initial claims over the next two to four weeks is going to be important to set the bar for how many jobs need to return once the economy recovers post COVID crisis.

As we move into the end of the first quarter of the year, we should get better clarity into the impact of the current environment on many individual companies and industries when companies start reporting their quarterly earnings. We think investors are likely going to be less focused on the impact in the quarter and more likely on what actions companies are taking to operate in the current economic environment.

In our *Dissecting Headlines* section, we look at Insider Stock Purchases and why they are typically viewed as a positive signal.

## Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	10.3%	-21.3%	Aggregate Bond Index	2.0%	2.8%
Dow Jones Industrial Average	12.8%	-24.2%	U.S. Dollar Index	-4.3%	2.1%
NASDAQ 100	8.5%	-13.1%	WTI Crude Oil	-4.1%	-64.8%
Russell 2000 (Small Cap Index)	11.7%	-32.2%	Gold	8.0%	6.6%
International Stocks (MSCI ex-US)	10.8%	-24.6%	Real Estate (US REIT Index)	18.0%	-26.8%

Sources: S&P Global, Thomson Reuters

## Dissecting Headlines: Insider Purchases

Seeing a CEO, Board Member, or other executive of a corporation reaching into their own pocket to purchase stock in their own company has long been viewed as a positive signal. Since corporate officers and board members have greater insight to the operations and plans of their companies, their positive views can be reflected when they decide to purchase stock. Since they have deeper knowledge of their companies, they are required to notify the Securities & Exchange Commission (SEC) when they make decisions to buy or sell, and those are made public through corporate filings with the SEC. There are also periods when they are forbidden to buy and sell stock, known as "black out periods".

Since insiders are often compensated in stock and stock options in their company, the normal ratio of buying to selling is below 1x as most have stock to sell at some point. The ratio of insider buying to selling is at 1.75x ratio so far in March. With the market well off its highs due to economic concerns over the coronavirus, many corporate insiders are viewing this as a buying opportunity.

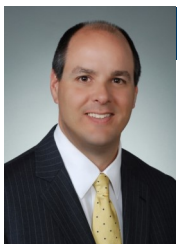
Monitoring of insider buying and selling for any specific company can be tracked in their filings with the SEC as well as on many third-party news and web sites.

## 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).

**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.