Weekly Market Commentary

April 6, 2020

Waiting on Normal

The equity market gave back some of its recent gains last week, but volatility also decreased which we view as a welcome signal relative to the higher levels of volatility we've seen over the past few weeks. Uncertain timing on a return to normalcy in society and the economy is likely to weigh on investor sentiment until evidence emerges that we're closer to the end than the beginning.

We have been monitoring employment as a key metric to gauge the potential economic impact from COVID-19. First-time unemployment claims for the week of March 28th increased to 6.648 million versus 3.307 for the week of March 21st. The four-week moving average increased to 2.612 million from 1.004 million. Monitoring this data over the next few weeks is going to be important to see where unemployment claims peak and to set the bar for how much employment needs to be generated as 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 what Recession means and how the equity markets responded versus Gross Domestic Product ("GDP") data in 2008-2009 as an example of how markets anticipate the future.

Financial Market Update

	Weekly Return	YTD Return		Weekly Return	YTD Return
S&P 500 Index	-2.0%	-23.0%	Aggregate Bond Index	1.4%	2.3%
Dow Jones Industrial Average	-2.6%	-26.2%	U.S. Dollar Index	2.2%	4.5%
NASDAQ 100	-0.8%	-13.8%	WTI Crude Oil	31.8%	-53.6%
Russell 2000 (Small Cap Index)	-7.0%	-36.9%	Gold	-0.1%	6.6%
International Stocks (MSCI ex-US)	-2.9%	-26.8%	Real Estate (US REIT Index)	-10.6%	-34.6%

Sources: S&P Global, Thomson Reuters

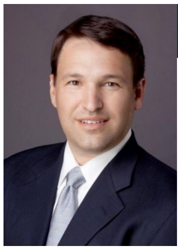
Dissecting Headlines: Recession

A recession is defined as two consecutive quarters of contracting (or negative) GDP growth. The economy has been growing in the 2% to 3% range the past few years. First quarter GDP is likely to be flat or negative, and 2nd quarter GDP should be negative as we likely don't get back to normal activity levels for several months and the bulk of the COVID-19 impact should be felt in the second quarter. If we look back at the 2008-2009 financial crisis, the fourth quarter of 2008 was -7.2% GDP, first quarter of 2009 was -4.5%, and second quarter of 2009 was -1.2%.

The stock market bottomed in March of 2009, before the first quarter of 2009 data was known. The stock market was taken by surprise by the Lehman bankruptcy and fell sharply in the fourth quarter of 2008, but then started rebounding before it was even proven that there was the second quarter of GDP contraction. Just like we see the stock market decline on worry/fear, we also see it trade higher as optimism/greed return. As mentioned above, the current unknown is what event or events start to convince both investors and the general public that we've turned the corner on the spread of the virus and resumption of activity levels return.

Advance report for first quarter GDP is currently scheduled for release on April 29th. That will be a first step in understanding the recession scenario.

The NovaPoint Capital Team



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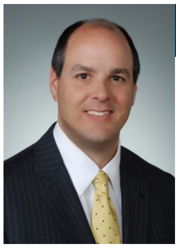
Joe has over 20 years of experience in the investment management industry. Prior to founding NovaPoint, he was a portfolio manager at Spectrum Advisory Services and GMT Capital in Atlanta, and Epoch Investment Partners in New York. He has also worked as an equity research analyst at Merrill Lynch and 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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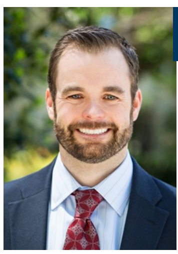
Alan has over 20 years of experience in the investment management industry. Prior to founding NovaPoint, he was a fixed income manager at both Spectrum Advisory Services and a private family office. Alan was also with the Bank Group division of Countrywide Capital Markets where he developed balance sheet 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).