

Earnings and Sales

The second quarter earnings reporting period kicked-off last week. While earnings should be significantly lower for many companies due to the COVID related shutdowns, some favorable results relative to these dire expectations pushed the S&P 500 Index to an up week.

Of the 47 companies in the S&P 500 Index that have reported second quarter earnings, 77% have reported results above consensus expectations versus 23% below expectations. The average surprise factor was 11.5% to the upside. The better than expected week has moved current consensus expectations for second quarter S&P 500 earnings to down 43.2% year-over-year versus down 44.0% last week, and for revenue to decline 10.9% versus an 11.5% last week. An additional 88 companies in the S&P 500 Index are scheduled to report this week.

Employment remains a key issue in the economic recovery. For the week of July 11th, initial unemployment claims decreased to 1.30 million versus 1.31 million the week prior. Continuing unemployment claims for July 4th were 17.388 versus 17.760 the week prior. Several more months of sequential improvement in employment are necessary to return the U.S. economy to pre-COVID levels. Enhanced unemployment benefits are currently scheduled to expire at the end of July.

In our *Dissecting Headlines* section, we dissect last week's June Retail Sales report to identify some trends occurring in consumer spending.

Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	1.3%	-0.2%	Aggregate Bond Index	0.3%	5.8%
Dow Jones Industrial Average	2.3%	-6.5%	U.S. Dollar Index	-0.7%	-0.4%
NASDAQ 100	-1.8%	21.9%	WTI Crude Oil	0.1%	-33.5%
Russell 2000 (Small Cap Index)	3.6%	-11.7%	Gold	0.6%	19.2%
International Stocks (MSCI ex-US)	1.0%	-7.6%	Real Estate (US REIT Index)	1.0%	-20.3%

Sources: S&P Global, Thomson Reuters

Dissecting Headlines: Retail Sales Trends

The COVID induced shutdowns and economic decline has taken a toll on spending at retail stores over the past few months. Some stores were shut and others had issues keeping some items in inventory. Remember the great toilet paper scare of 2020?

Retail sales in June had their second consecutive sequential increase after sharp fall offs in March and April. Sales has increased 18.2% in the May versus April period and an additional 7.5% in the June versus May period. June retail sales also had its first year-over-year increase since the pre-COVID period in February with a 1.1% increase versus June 2019. Overall, retail sales are 3.4% lower for the first six months of 2020 versus 2019.

Sales at restaurants, gasoline stations, automobile dealerships, and clothing stores all have increased over the past two months. The "pantry stocking" activity we saw may have peaked in March, but sales at grocery stores are still higher year-over-year. Sales at "nonstore retailers" (the government's name for online stores) have been the growth area with sales +18.4% for the year thorough June, but also declined 2.4% in June versus May, that category's first sequential decline since December 2019.

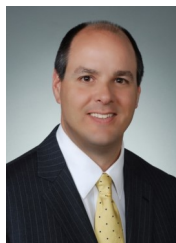
It is clear that consumers emerging from their homes to shop more broadly is a positive for the economy. Two issues to watch are how COVID impacts the important back-to-school shopping season and how the expiration of enhanced unemployment benefits impacts those individuals over the coming months.

The NovaPoint Capital Team



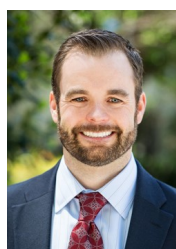
Joseph Sroka, CFA, CMT / Chief Investment Officer / jsroka@novapointcapital.com

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 / 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 an endurance athlete and three-time IRONMAN finisher.



Jeffery Wright, CFA / Managing Director & Portfolio Manager / jwright@novapointcapital.com

Jeff has 10 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).



Christina McGeehen, CPA / Managing Director – Accounting & Tax Strategies / cmcgeehen@novapointcapital.com

Christina has 25 year of accounting experience. She earned her CPA license in 1998 while working as a Senior Accountant for Bennett Thrasher PC. She has also worked in accounting roles in the financial services, public relations, and manufacturing industries. She earned her BS in Accounting at Miami University in Oxford, Ohio magna cum laude. She is a member of the American Institute of Certified Public Accountants (AICPA) and a member of the Georgia Society of CPAs.

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.