Weekly Market Commentary

November 15, 2021

Checking Sentiment

Following a five-week rally, the S&P 500 Index took a pause last week. The S&P 500 finished the week -0.3%, the Dow was -0.6% and the NASDAQ was -1.0%. The U.S. 10-year Treasury bond yield increased to 1.570% at Friday's close versus 1.455% the previous week.

Current forecast for the S&P 500 Index is for earnings to be +41.5% year-over-year, the same expectation as last week. At the outset of the earnings season in early October, the Third Quarter year-over-year growth was expected to be 29.4%. This week 15 companies in the S&P 500 are scheduled to report earnings. Of the 459 companies in the S&P 500 that have already reported earnings, 80.4% have reported earnings above consensus estimates. This compares to a long-term average of 65.8% and prior four quarter average of 84.7%.

The University of Michigan Consumer Sentiment Index fell to 66.8 in its preliminary November reading from October's final reading of 71.7. The 66.8 preliminary reading was the lowest since November 2011's 64.2. The drop was due to an escalating inflation rate and the growing belief among consumers that no effective policies have yet been developed to reduce the damage from surging inflation. The gauge of current conditions dropped to 73.2 from 77.7, while the expectations subindex went down to 62.8 from 67.9. Inflation expectations for the year-ahead edged up to 4.9% from 4.8%,while the 5-year outlook was unchanged at 2.9%

In our *Dissecting Headlines* section, we look at the recent announcements of companies splitting up their operations.

Financial Market Update

	Weekly Return	YTD Return		Weekly Return	YTD Return
S&P 500 Index	2.0%	26.6%	Aggregate Bond Index	0.6%	-0.8%
Dow Jones Industrial Average	1.4%	20.5%	U.S. Dollar Index	0.2%	4.9%
NASDAQ 100	3.2%	27.7%	WTI Crude Oil	-1.7%	69.3%
Russell 2000 (Small Cap Index)	6.1%	24.4%	Gold	1.9%	-4.2%
International Stocks (MSCI ex-US)	1.2%	8.9%	Real Estate (US REIT Index)	1.7%	31.4%

Sources: S&P Global, Thomson Reuters

Dissecting Headlines: Splitting Up

Both General Electric (GE) and Johnson & Johnson (JNJ) announced plans to break up into multiple smaller companies this past week. We often see companies spin-off or sell a single business unit, but full break-ups are slightly more rare. The main reason for any corporate action should be to create more value for shareholders.

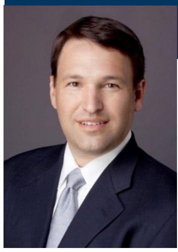
In the case of General Electric, the company was at one point the bellwether conglomerate with assets in industrial machinery, finance, real estate, consumer products, aviation, and even entertainment. Investors will sometimes value a large conglomerate at less than the sum of its parts. This "conglomerate discount" reduces the value to shareholders, so the break-up can help unlock this value.

By focusing energy on smaller, targeted businesses, there is the potential for a management team to create greater value for shareholders, both in the operational focus of the company as well as by reducing some overhead expenses. By allowing each piece of the company to exist independently, investors can better decide which business they want to own and what price they are willing to value each independent business.

If this proves to be an effective strategy for value creation, we could see more large corporations elect to split up into smaller businesses.

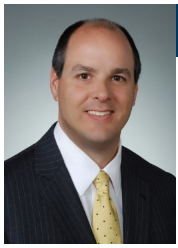
** NovaPoint Capital owns JNJ in its Dividend Growth Strategy*

The NovaPoint Team



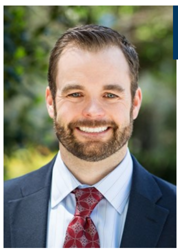
Joseph Sroka, CFA, CMT / Chief Investment Officer / jsroka@novapointcapital.com

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 30 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).

Timothy Benbow, CFP / Managing Director & Portfolio Manager / tbenbow@novapointcapital.com

Tim has over 15 years of experience in the investment management industry. Prior to joining NovaPoint, Tim was the managing partner of Bull's Eye Wealth Management. Tim began his investment career at Raymond James & Associates and was a co-founder of Black Diamond Investment Partners. Following Black Diamond's merger with Waterloo Capital Management, Tim left to found Bull's Eye. He holds a BS from the University of South Carolina and an MBA from the University of Rochester. Tim is a Certified Financial Planner (CFP).