NovaPoint CAPITAL LLC

Weekly Market Commentary

December 27, 2022

Good-Bye 2022

Equity markets were mixed last week. The S&P 500 was -0.2% for the week, the Dow was +0.9%, and the NASDAQ was -2.3%. The 10-year U.S. Treasury note yield increased to 3.747% at Friday's close versus 3.482% the previous week.

Small but steady improvement continues on the inflation front. The November Personal Consumption Expenditures (PCE) Price Index report showed PCE prices were +0.1% month-to-month and core PCE prices were +0.2% month-to-month. Year-over-year, PCE prices were +5.5% and core PCE prices were +4.7%. As of the December Federal Open Market Committee (FOMC) meeting, the FOMC's projection is for core PCE to be at 3.5% in 2023.

We say good-bye to 2022 this week. We don't think many investors will miss it. In our *Dissecting Headlines* section, we look at some annual return metrics for the S&P 500 Index that should provide some optimism for 2023.

Financial Market Update

	Weekly Return	YTD Return		Weekly Return	YTD Return
S&P 500 Index	-0.2%	-18.0%	Aggregate Bond Index	-1.3%	-11.4%
Dow Jones Industrial Average	0.9%	-6.7%	U.S. Dollar Index	-0.4%	8.7%
NASDAQ 100	-2.3%	-32.1%	WTI Crude Oil	7.1%	5.8%
Russell 2000 (Small Cap Index)	-0.1%	-20.5%	Gold	0.3%	-1.7%
International Stocks (MSCI ex-US)	0.3%	-16.1%	Real Estate (US REIT Index)	-0.3%	-26.6%

Sources: S&P Global, Thomson Reuters

Dissecting Headlines: S&P 500 Index Total Returns

When the market is having a down year, it is always easy to believe the negativity can persist indefinitely. History tells us a different story. While not without periods of pain, the stock market, as represented by the S&P 500 Index, has produced real returns above the rate of inflation over time.

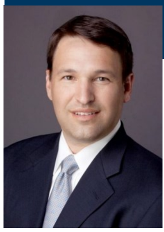
The S&P 500 Index has averaged a 12.0% annual total return from 1926 to the present. In that time, it has seen 26 down years (26.8% of the time). Multiple down years have been rare: 1929-1932 during the Great Depression, 1939-1941 during World War II, 1973-1974 during the Oil Embargo, 2000-2002 during the Recession and 9/11. All were followed by strong up years following each crisis: +54.0% in 1933, +20.3% in 1942, +37.2% in 1975, and +28.7% in 2003.

Even the 2008 Financial Crisis, which saw a 37% decline, was followed by a 26.5% return in 2009 and an additional 15.1% in 2010.

The last down year in 2018, when the Federal Reserve was also raising interest rates, saw a negative 4.4% return that was followed by a 31.5% return in 2019.

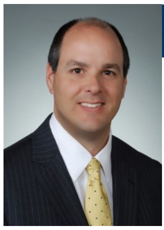
While accurately predicting a market return for 2023 is difficult, probability favors that market gains return once crises have passed. Moderating inflation and a moderating Fed would provide a tailwind to that probability for 2023.

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).



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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 an endurance athlete and three-time IRONMAN finisher.

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).

Allan Duncan / Investment Adviser / aduncan@novapointcapital.com

Allan has over 7 years of investment industry experience. Prior to joining NovaPoint, he worked at an independent RIA firm. Allan began his investment advisory career with Edward Jones. He earned his BA from the University of West Georgia.