

Investors Digest

The NASDAQ managed a weekly gain while the S&P 500 and Dow Jones indices declined last week. For the week, the S&P 500 was -1.0%, the Dow -2.7%, and the NASDAQ +0.1%. Within the S&P 500 Index, the Consumer Discretionary, Technology, and Communication Services sectors led the market. The Materials, Health Care, and Industrial sectors lagged. The 10-year U.S. Treasury note yield increased to 4.239% at Friday's close versus 4.078% the previous week.

Corporate earnings reports, inflation, employment, and GDP data, plus closing arguments from election candidates provide a lot of information to digest this week. Just over one-third of companies in the S&P 500 Index are scheduled to report their earnings results this week. Normally, it would be a great time to focus on fundamental factors, but economic headlines will dominate as well. The September Personal Consumption Expenditures (PCE) Price Index will provide a look at the Fed's preferred inflation gauge on Thursday and the October Employment Situation Report is scheduled for Friday. We will also see preliminary third quarter GDP data on Wednesday. All this comes just before the Federal Open Market Committee (FOMC) meets on November 6th and 7th for its next decision on monetary policy. Current CME Fed funds futures for November imply a 0.25% reduction in the Fed funds target rate at the meeting. An additional 0.25% reduction in December would bring the year in at a total reduction of 1.0% in the Fed funds rate which is in line with the FOMC's Summary of Economic Projections. Lastly, headlines are likely to be dominated by the homestretch into election day on November 5th.

The third quarter earnings reporting period continues this week with 169 companies in the S&P 500 Index scheduled to report earnings. Third quarter earnings growth is currently forecast at 3.6% year-over-year with revenue growth of 4.9%. Full-year 2024 earnings for the S&P 500 Index are expected to grow by 9.3% with revenue growth of 5.0%.

In our *Dissecting Headlines* section, we take a break from the headlines and provide a quick rule of thumb to calculate how long it can take for investments to double.

Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	-1.0%	23.1%	Aggregate Bond Index	-0.8%	2.4%
Dow Jones Industrial Average	-2.7%	13.4%	U.S. Dollar Index	0.7%	2.9%
NASDAQ 100	0.1%	21.7%	WTI Crude Oil	3.7%	0.2%
Russell 2000 (Small Cap Index)	-3.0%	10.1%	Gold	0.9%	33.0%
International Stocks (MSCI ex-US)	-1.9%	10.5%	Real Estate (US REIT Index)	-1.8%	14.1%

Sources: S&P Global, FactSet

Dissecting Headlines: The Rule of 72

While presidential candidates are focused on the 270 electoral votes they need to win. Investors can win by focusing on the number 72. When thinking about how long it takes for an investment to double in value, a simple math exercise called the Rule of 72 can be used as a guide.

The Rule of 72 states that the number of years required for an investment to double in value is equal to 72 divided by the rate of return. This takes into account the effect of compounding interest, meaning that the same rate of return is applied every year to the total of principal and return from the year prior.

If we take 72 and divide by a 7.2% annual return (drop the percentage sign), the result is a 10 year period for an investment to double. A higher return shortens the period and a lower return lengthens the period. The average annual return of the S&P 500 Index since 1957 (when 500 stocks were adopted as the Index) is around 10.2%. That 10.2% average return would take just over 7 years to double your money.

Additional savings being added or withdrawals taken out over the investment period could alter these numbers, as well as factors such as taxes.

The NovaPoint Team



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



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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).



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Larry leads NovaPoint's accounting, tax and outsourced CFO business. He built his previous company, Atlas Solutions, as a solo entrepreneur before merging into NovaPoint CFO. Larry began his career as a Field Artillery officer in the United States Army. Larry earned his Bachelor of Science degree from the U.S. Military Academy at West Point, where he was a four-year letterman on the football team. Larry is a certified Enrolled Agent, recognized by the U.S. Department of the Treasury to represent taxpayers before the Internal Revenue Service.

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