

Behavioral Finance

Equity markets saw their worst week since the pandemic on fear over escalation of a global trade war. For the week, the S&P 500 Index was -9.1%, the Dow Jones Industrials -7.8%, and the NASDAQ -9.7%. All eleven sectors in the S&P 500 Index had a negative return. The least negative were the Consumer Staples, Utility, and Real Estate sectors, while the largest declines were in the Energy, Technology, and Financial sectors. The 10-year U.S. Treasury note yield decreased to 4.013% at Friday’s close versus 4.259% the previous week.

Investor concerns over what the tariffs could do to economic growth have caused a sell-off in stocks globally. Equities tend to decline in periods of uncertainty. As the situation evolves and some clarity returns to outlooks, equities should stabilize. Multiple nations have reached out to the U.S. regarding trade negotiations and as those show signs of progress so should stock prices.

In other economic headlines, the March Employment Situation report showed 228,000 net new jobs created versus an expectation of 140,000. February jobs were revised down to 117,000 from previous report of 151,000. The March unemployment rate rose to 4.2% from 4.1% in February. This week’s calendar brings reports on inflation with the March Consumer Price Index (CPI) scheduled for Thursday and Producer Price Index (PPI) on Friday. Current CME Fed funds futures indicate there could be up to 1.00% in reductions to the Fed funds rate by December.

Nine companies in the S&P 500 Index are scheduled to report first quarter earnings this week. First quarter 2025 earnings growth is currently forecast at 7.0% y/y with 4.2% revenue growth. Full-year 2025 earnings are expected to grow by 11.3% with revenue growth of 5.4%.

In our *Dissecting Headlines* section, we look at news on tariffs.

Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	-9.1%	-13.4%	Aggregate Bond Index	1.0%	3.4%
Dow Jones Industrial Average	-7.8%	-9.5%	U.S. Dollar Index	-1.0%	-5.0%
NASDAQ 100	-9.7%	-17.0%	WTI Crude Oil	-10.6%	-13.6%
Russell 2000 (Small Cap Index)	-9.6%	-17.8%	Gold	-1.5%	15.7%
International Stocks (MSCI ex-US)	-5.6%	1.3%	Real Estate (US REIT Index)	-6.9%	-6.9%

Sources: S&P Global, FactSet

Dissecting Headlines: Tariff Update

The U.S. introduced a new baseline 10% on goods from all countries selectively higher tariffs on countries with higher current tariffs on U.S. goods or high trade deficits. Among large trading partners, the tariff rate is 34% on China, 20% on the European Union, 24% on Japan, and 25% on South Korea. China responded by announcing increased tariffs on U.S. goods. The European Union is meeting to propose a strategy. Some smaller countries highly reliant on the U.S. as an export market, to include Vietnam and Taiwan, have reached out to negotiate lowering tariffs. While nothing is imminent in terms of changing policy, we should see movement among many of the countries to negotiate a solution to the announced tariffs.

The concern surrounding tariff policies we see playing out in the stock market is the impact to economy and if tariffs will cause a recession. Tariffs charged on imported goods would be inflationary if those tariffs were passed along to consumers in higher prices. Consumer spending in all forms, both goods and services, accounts for roughly two-thirds of U.S. Gross Domestic Product (GDP). Business and government spending make up the remainder of GDP with about equal shares. Businesses may be reluctant to spend money when the economic outlooks are uncertain. When growth weakens, the government often enacts stimulus measures to stem economic declines and incentivize growth. The current policy to reduce government spending may limit some spending, but stimulus likely happens if the consumer weakens meaningfully. Some potential offsets we see are a decline in energy prices and lower interest rates.

There has been much debate if the tariffs are intended to be a negotiating tactic or if they are meant to be permanent. They likely wind up being negotiated country-by-country with the goal of creating the fairest trade terms for the U.S. The stand-off with China is likely to take longer to see a resolution.

Ultimately, earnings growth in companies is the key factor to stock prices. The potential impact of tariffs on earnings will be the most important outcome of the upcoming earnings reporting period.

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).



Alan J. Conner / President and Chief Compliance Officer / aconner@novapointgroup.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.



Frederick Wright, CFA / Managing Director & Portfolio Manager / fwright@novapointgroup.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).



Larry Dixon, EA / Tax Managing Partner / ldixon@novapointgroup.com

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.



Meghan Hoover / Investment Associate / mhoover@novapointgroup.com

Meghan is an Investment Associate focusing on financial planning. Prior to joining NovaPoint, Meghan spent 18 years in government service as an Operations Officer in military intelligence. She holds two Bachelor of Science degrees from the University of Maryland and a Master of Science from the Joint Military Intelligence College. Meghan has additional education specializing in financial planning and is a member of the Financial Planning Association.



Blake McDaniel / Investment Associate / bmcDaniel@novapointgroup.com

Blake is an Investment Associate focusing on financial planning. Prior to joining NovaPoint, Blake served in the United States Army with 7th Special Forces Group, specializing in intelligence. Following his service, he worked as a financial planner in Atlanta. Blake has a Bachelor's degree in business administration and business analytics from the American Military University and a Bachelor's degree in finance from Georgia State University.

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 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.