



Welcome to the inaugural edition of Rockport's newsletter, We hope you will find this helpful in keeping you updated on our latest news and provide you with updates to our Model Portfolios.

"Bull markets are born on pessimism, grow on skepticism, mature on optimism and die on euphoria."

Sir John Templeton, February 1994

PROCEEDING WITH CAUTION

Rockport Wealth Advisor's Models are tracking very close to or beating their benchmark risk and reward profiles over the year to date and one year time periods. The markets have had a lot of gyrations this year with daily volatility (both up and down days) at extremes. This led to broad market declines with the NYSE Composite off over 10% in January and February only to recover by the end of March. The reasons for this are 3 fold: 1. Continued volatility in oil prices, 2. A slow down in economic growth in China, and 3. The first increase in interest rates in many years with a .25% raise by the FOMC in late December 2015.

From a Fundamental basis, earnings continue to decline in U.S corporations

with 4 consecutive quarters now of decreasing earnings. This has led many to believe that the U.S. is heading into a recession. Economic data is mixed and not (yet) confirming a recession with Manufacturing experiencing a multi quarter slow down along with CEO confidence at Multi year lows and the U.S. Leading Economic Index now turning down two months in a row. Meanwhile Consumer Confidence and Sentiment are both still holding up surprisingly well as is the housing market. This mixed data has caused the Federal Reserve to declare that further interest rate increases will depend on how data points look moving forward vs their original viewpoint of 4 increases in 2016.

Much of the stock markets daily weekly and monthly moves can be attributed to Technical indicators. A select group of indicators we follow are also mixed at this point and are showing no confirmation as to further market declines or gains.

As a result, the model portfolios have not had any changes this year after being moved to a more defensive position 9/1/2015. Further moves to defensive territory or a reversal into fully invested models will depend on how the economic and technical data unfold over the coming months.

As always we welcome any questions or comments.

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