



Happy Summer!! Welcome to the quarterly 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

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

*Sir John Templeton,*

## Still Proceeding with Caution

As of the close of the 2<sup>nd</sup> quarter all Rockport Models are still operating at reduced risk levels. The reasons for this reduced risk are much the same as in the previous quarter. The combination of continuing stagnant economic data and mixed market technicals give us little reason to move back to fully invested levels at this time.

The big news story heading into quarter end was Brexit. For those of you unfamiliar with this term it represents the exiting of Great Britain from the European Union. Global Markets had moved up heading into this event in anticipation of a stay vote which the exit polls had predicted. Well, so much for exit polls! In what turned out to be a surprise a vote to leave was the final result. This shocked the markets for a couple days with the Dow Jones Average losing over 800 points. Also

surprising was the equally swift recovery of the markets from this event. Long story short, this will be a multi-year process with ups and downs and it is our belief that you will see more countries in this region have similar votes in the coming years.

Economically things continue to operate at somewhat stagnant levels although some slight improvement has shown up recently in some of the data. U.S. GDP for the first quarter was revised upward from .8% to 1.1% (far from overheating) and the LEI (Leading Economic Index) which we follow closely has ticked up the last couple readings after falling for several months. A recession appears to be less likely in the short term as do any interest rate increases from the FOMC.

In the stock market, the likelihood of a bear market has been reduced

for the time being as several of our technical and sentiment indicators have recovered and are showing some signs of life (This doesn't necessarily mean a bull market will occur either!) Stocks have been relatively flat this year and the past 18 months, this may continue.

In our model portfolios there were two changes this past quarter. The first was a share class change on SunAmerica Focused Dividend Fund from Class A to class W. The W share is less expensive. We will continue to look for ways to reduce costs to our investors. Secondly, we moved a good portion of cash to the Fidelity Intermediate Term bond Fund in an attempt to get some return over what cash currently offers.

Please have a safe remainder of your summer and as always feel free to contact us with questions.

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