

Happy New Year!! Welcome to the Annual Review Edition of our Rockport Wealth Newsletter.

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

Sir John Templeton,

A Year of Stunning? Surprises

Happy 2017 to all of our friends and clients. What a year 2016 was! A Cavs Championship (The first in an eternity for us Clevelanders) an Indians World Series Run and an absolutely stunning presidential election to say the least.

The year started off with significant declines in the global stock markets largely due to a feared slowdown in China and a large decrease in oil prices that brought fears of deflation. However as these fears subsided equity markets quickly found their footing and managed to get back to and stay around the break even level until the Fall. The only blip on the radar from February until November was the Brexit vote which was one of the bigger surprises in the calendar year. In short, it was widely assumed that the UK would stay as a member of the EU right up until the vote day. The people spoke and the exact

opposite happened. This did cause a very short term drop in global equity markets which was quickly recovered. To this day the process of actually leaving the EU has barely started, time will tell how things will be effected. Additional votes from other countries to stay or go in the EU are scheduled for 2017 so stay tuned, this story is far from over.

Hands down the biggest surprise was the presidential election. This will not be a political commentary, sufficient to say that the result of Donald Trump beating Hilary Clinton was different than most media outlets had expected. It is our job to determine how these results though can affect investment portfolios. Prior to the election it was widely assumed that a Donald Trump win would cause stock markets to decline (and there were some stunning forecasts out there, not from us though as we are smart enough to

not make investment predictions off of political out comes.) Another surprise was the late year rally in stock prices that started almost immediately after the election and equally surprising was the sharp rise in bond yields. This caused high quality bond funds to decline in the short term as much as 3-5% depending on the type bonds they own.

We will see about 2017. We are very much taking a wait and see approach. It is our belief that the global markets will move from a "Hope and Promise" stage to a "show me" stage. A large amount of uncertainty exists and some volatility is likely and frankly over due. Wishing you all a healthy and safe 2017.

Investments in securities do not offer a fixed rate of return. Principal, yield and or share price will fluctuate with changes in market conditions and, when sold or redeemed, you may receive more or less than originally invested. No system or financial planning strategy can guarantee future results

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