1st Quarter 2018:

Where do we go from here??

ROCKPORT
WEALTH ADVISORS

As of the end of the 1st quarter, all models are running at the same reduced level of risk that we had set during the January 31st rebalance. Not much has changed since the writing of the rebalance news letter that we sent out. The market is still expensive (per the shiller p/e ratio that we follow) and it has now been over 9 years since the end of the last Bear Market which is the second longest streak in history. Due to the length of this bull market and the likelihood that it is in its last stages (In baseball terms that would put us somewhere in the 7th or 8th inning) we remain diligent for any warning signs of impending problems and any such signs should be taken very seriously. That being said we are still comfortable with the slight reduction in risk we have taken but are ready to further reduce risk if needed.

The S and P 500 was down just over 1% for the quarter. This is hardly a disaster; however we realize that the manner in which it got there was uncomfortable for most. The high level of market volatility that started in early February and continued for the remainder of the quarter can side-track even the most seasoned of investors. During this time, we experienced some of the largest point declines in the DOW Jones industrial average in history. The important thing to remember is that the percentage declines while still noticeable (3-5%) were not even in the top days in history. In short, when you are operating off an index level that is over 26,000 (the Dow got over 26,600 in late January) the point moves will naturally be more significant. We can take off the table now the length of time it has been since we have had a 5 and 10% correction that you have seen us mention several times in past news letters as both the DOW and S and P 500 both reached the 10% correction level during the quarter. It's hard to believe for some but this is actually healthy in some ways as it helps wring out excesses in the market and bring investors back into reality as they realize markets actually can and do go down.

So where do we go from here? As of the end of the quarter we are in a bit of a wait and see scenario. The market is wrestling with the fact that some of the technical data has weakened (This is not unexpected given the market conditions we have had) but the economic data is still very strong. Having strong economic data is generally a good under pinning for the stock market. We will continue to monitor all data points we follow (well over 30 of them) and make adjustments as needed. If changes are made, we will send out an interim update to keep everyone in the loop. By all means if you would like to discuss please feel to reach out. We will be busy this spring and summer scheduling reviews with all clients and continuing to rollout the E-Money system that we purchased late last year. This is our new financial planning and account aggregation system that we feel Is extremely beneficial to our clients. Those that have already been enrolled have nothing but good things to say.

We made not further changes to any of the models since the January rebalance and all funds are performing as expected.

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

Lastly, at Rockport we are in growth mode! Please keep in mind that we always make room for your friends and family and other referrals. Thank you for all you do for us!

Here's to great spring. Feel free to reach out with any questions.

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