



The month of April was the best of times, it was also the worst of times, only time will tell if it was the age of wisdom or foolishness. During the month of April, markets shrugged off an onslaught of poor economic data and moved significantly higher. The Standard and Poor's 500 Index pushed 12.7% higher marking the best April for the stock market in 82 years despite advanced estimates showing a 4.8% contraction to the economy and nearly all jobs created since the 2008 recession erased (just over 22 million jobs lost).

As the broad market (Standard and Poor's 500 Index) moved 12.7% higher on the month, it shaved losses for this year to -9.85% and -0.39% for the one-year period. Unfortunately, the strength of the one-month performance was not as "broad based" as we would like with the strong market performance concentrated in a handful of companies (just five of the 500 companies in the index now comprise 20% of the index). International stocks (MSCI EAFE) remain down 18.62% year to date and small caps (Russell 2000) remain down 21.45%.

Wall Street is not short of superstitions or hokey phrases. One of Wall Street's favorite axioms is "Sell in May and go away." This expression is derived from the daunting statistic that of all six-month periods during the year, the May to October timeframe is the one with the lowest average return for the Standard and Poor's 500 Index. During all May to October time periods from 1950 to present, the Standard and Poor's 500 Index (and its predecessor the S&P 90) had an average return of only 1.5%. Despite the historically lackluster performance of this timeframe, the market was higher at the end of the six-month period 64.3% of the time.

Various S&P 500 Index 6-Month Returns		
6-Month Period	Average % Change	% Higher
Nov-Apr	7.0%	78.3%
Oct-Mar	6.2%	68.6%
Dec-May	5.5%	72.5%
Sept-Feb	4.7%	68.6%
Aug-Jan	4.5%	70.0%
July-Dec	4.5%	70.0%
Jan-June	4.3%	69.6%
Feb-July	4.1%	71.4%
Mar-Aug	4.0%	71.4%
June-Nov	3.1%	67.1%
Apr-Sept	2.5%	64.3%
May-Oct	1.5%	64.3%

So, with a strong market rally in April that is seemingly at odds with economic data, should investors listen to the old adage?

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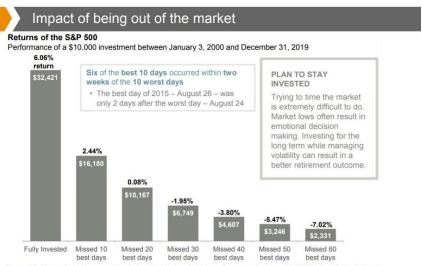
SELL IN MAY AND GO AWAY?

Stocks are up more than 30% since their March lows. Economic data has been less than appealing, and to be frank, we expect that second quarter economic data will be worse. While markets in the short-term are a voting machine, reacting to headlines and expectations, the markets are also leading indicators. Markets move on expectation of what is to come. An argument can be made that the March lows were the panic and expectations of a first and second quarter contraction and markets will move higher as the economy reopens on expectations of a third (and more likely fourth quarter) recovery. However, after a 30% recovery and still no containment of the novel coronavirus, a pullback may also be warranted in the coming weeks, or months.

In our April Market Commentary, we discussed the forming of a market bottom. We said that while markets had seen *a bottom*, we are not convinced that we have seen *the bottom*. While the Fed and Congress have acted swiftly to make sure that monetary and fiscal policy are in place to support the economy, and all indications are that additional assistance through fiscal policy will be coming, we still do not have a meaningful slowing in the number of new cases of coronavirus signaling a containment of the virus—nor do we have meaningfully improved treatment, or a vaccine. Slowly but surely places of public accommodation and the economy will reopen, but fear of a further spread will linger. We believe that investors should brace themselves for volatility in the coming months as markets see potential setbacks. While we counsel clients to not make changes to their financial plans in response to short-term market movements, if volatility has been unsettling it may be an opportune time after this recent rally to reassess your risk tolerance and perhaps make minor adjustments within your portfolio.

While we do recommend minor adjustments after this rally for clients who may be unsettled by volatility, and we anticipate markets will be volatile in the coming months, many may be wondering if this is an opportunity to sell on short-term market performance while trying to opportunistically buy back in at lower prices. This is called

If history teaches us anything, it is that over the long-term the amount of time in the market is a more meaningful indicator of long-term performance than timing the market. Remember, to successfully time the markets, you must consistently be right not once, but twice. The cost of missing out on up days is too great to try benefiting from missing a few down days. As you can see, the best days in the market tend to follow closely after the worst days--and missing those up days have a detrimental impact on long-term returns—had an investor missed the ten best days in this most recent bull market, they would have experienced less than half the annualized return over the ten-year period.



Source: J.P. Morgan Asset Management analysis using data from Bloomberg. Returns are based on the S&P 500 Total Return Index, an unmanaged, capitalization-weighted index that measures the performance of 500 large capitalization domestic stocks representing all major industries. Indices do not include fees or operating expenses and are not available for actual investment. They phothetical performance calculations are shown for illustrative purposes only and are not meant to be representative of actual results while investing over the time periods shown. The hypothetical performance calculations for the respective strategies are shown gross of fees. If fees were included, returns would be lower. Hypothetical performance returns reflect the reinvestment of all dividends. The hypothetical performance results have certain inherent limitation. Unlike an actual performance record, they do not reflect actual trading, liquidity constraints, fees and other costs. Also, since the trades have not actually been executed, the results may have under- or overcompensated for the impact of certain market factors such as lack of liquidity. Simulater trading programs in general are also subject to the fact that they are designed with the benefit of hindispit. They may be worth more or less than its original value. Past performance is not indicative of future returns. An individual cannot invest directly in an indice. Data as of December 31, 2019.

However, for clients who are adding to their portfolios, or who have cash on the side lines, it is times like these that we can try to be selective and make new investments at opportune times. To the extent that clients are making systematic contributions to their portfolios, we urge them to continue to do so, and for those who are long-term investors with cash on the side lines, work with our team to put money to work at opportune times in the coming weeks and months.

As always, if you have any questions, please do not hesitate to contact our team. Be safe, be well, and try to tune out some of the noise.





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