THE OMNIVEST MARKET VIEW

Investments

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Sell in May and Go Away! Look Below First

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"Sell in May and go away" - a popular refrain has gained even more popularity as fears of the last two year's performance has reinforced investor fears. We decided to look back at election year cycles to see if selling in May and returning at year-end produced decent results. Regardless of political parties, the results (below) which go back to 1964, give a solid edge to not selling in May. In fact, investors would have experienced positive rates of return as measured by the S&P 500 Index in nine of the last 12 election years (May 1st - December 31st) by staying past May.

This morning's weak employment data has only fanned the flames of the bearish camp. As we have repeated in the past, we do not believe that the last two years of poor equity performance need be repeated this year.

An extended commitment of unusually low rates by the Federal Reserve, better than expected earnings for Q1 this year and a broadening effort to defuse sovereign contagion in Europe may place us in better stead this year as compared to the last two.

Election Years May 1st - Dec 31st	S&P 500 Index Total Return (%)
2012	
2008	-34.79
2004	10.77
2000	-9.37
1996	14.92
1992	7.89
1988	9.12
1984	3.44
1980	28.73
1976	5.73
1972	10.65
1968	6.01
1964	5.71

Source: *Bloomberg*

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