

SHOULD YOU TAKE THE SUMMER OFF FROM THE STOCK MARKET?



There's an old trading-related proverb that goes, "Sell in May and go away."

It's based on historical observations that the stock market at times seems to go through summer doldrums, with less growth in the third quarter than at other times of the year. And so, the notion goes, you should cash out of your market-based investments in the late spring and then buy back into the market in the fall.

Like most exercises where we try to identify a repeatable pattern among the markets' chaos, if you look at enough data, you can "find" one. According to Money magazine, there is a kernel of truth to the old saying. Since 1926, stocks have returned only around half as much from May through October as they have the rest of the year.¹

However, the random and uncertain reasons why make this axiom unreliable at best.

Some attempted rationalizations for this data have suggested that it's because the summer months are when most traders take their vacation, or the euphoria over Wall Street spring bonuses is over by then, or even that it's simply a self-fulfilling prophecy.

Problems With Taking The Summer Off

The reasons not to follow sell-in-May are the same reasons you don't want to try to time the market or pick winning stocks the rest of the year: it doesn't work in the long run.

You simply don't know when the rule will work against you: We looked at the summer performance of the S&P 500 over the past nine years. Gains ranged from -9.37% to +9.93%. For every negative period there were two positive periods. The average return rate during those periods was +0.92%. In your efforts to miss the summer slump you may miss out on your most significant gains of the year.²

You don't have anywhere better to invest: If you park your funds in a money market over the summer or buy short-term CDs, your investment is almost certain to shrink vs. the constant drag of inflation. Jumping into and out of short term assets is simply speculating. Adjusting your investing time horizon from decades to a few months and back again doesn't represent a disciplined approach.

Buying and selling will cost you: Even if you can successfully time your jumps out of and back into the market, any extra gains you make will be eroded by trading expenses. Holding pat will help protect you from that.

Plan For Ups AND Downs

While the market will have periods where your investments won't grow as rapidly or even lose value, in the long run there's no better place to put your money to work.

Analyst Steve LeCompte ran a comparison of sell-in-May vs. buy-and-hold over the past 148 years. He found that those who used the seasonal strategy would have realized average annual gains of 4.8%, while those who stayed in the market would have earned an average of 8.9%.³

According to LeCompte, selling in May only makes sense if you are CERTAIN you have a better-performing, alternative investment. But you really don't. He found that even during the May-October stretch, stocks on average outpaced cash and bonds.

A truly diverse portfolio is designed take advantage of market gains and spread the risk of periodic downturns among multiple asset classes all year round. We can help you create a plan that's best for your individual situation and goals, and then help you stick with it.

Have a great weekend!

Source: Efficient Advisors

Golf Tip of the Week



Put More Power in your Iron Shots

Some top PGA players, like Xander Schauffele, are packing some surprising power in their short iron shots.

What's their secret?

"Tour players like Xander hit their short irons so far because they make such precise contact and because they come through impact with slightly less loft on the club than when they started," said Bernie Najar, director of instruction at Caves Valley Golf Club in Owings, Maryland.

"Many weekend players have added loft to try to get the ball up in the air, and the clubhead isn't very stable. That's where you get shots flying with inconsistent distance and direction."

Najar said some golfers using short irons make the mistake of attempting to slash wildly at the ball.

He recommends players start thinking beyond impact of the ball.

"Hit some practice balls with a tee stuck in the ground at driver height 6 inches ahead of your ball, toward the target, just inside the target line," Najar said. "You're not trying to hit the tee, but you want to make the bottom of your swing as long a divot as you can toward that tee."

Najar said the technique may add 10 or more yards to your short shots.

Tip adapted from Golf Magazineⁱ

Recipe of the Week



3-Ingredient Chocolate Mousse

Serves 8

Ingredients:

8 ounces bittersweet chocolate (70% cacao or higher), chopped, plus chocolate shavings
30 regular-size marshmallows
2 cups heavy cream

Directions:

1. Mix chocolate, marshmallows, and $\frac{1}{2}$ cup heavy cream in a large bowl. Microwave the mix on high for 2 minutes. Stir until the marshmallows melt and the mix is smooth.
2. If the mix is not melted after 2 minutes, microwave it again for 15 seconds. Repeat until the mix is melted, stirring between intervals.
3. Let the mix cool to room temperature, 45 minutes.
4. Once cooled, add the remaining cream into the bowl and mix until peaks form.
5. Pour $\frac{1}{2}$ cup of mix into a small bowl to use as topping. Put it in the refrigerator.
6. Take half of the remaining whipped cream and stir it completely into the cooled chocolate mixture. Then pour in the rest of it.
7. Gently fill eight 4-ounce small glazed ceramic or glass bowls.
8. Put them into the refrigerator until the mix is set, 2 hours to overnight.
9. Put the rest of the whipped cream on the servings, and sprinkle with shaved chocolate.

Recipe adapted from Good Housekeepingⁱⁱ

Health Tip of the Week



Why Should You Quit Smoking?

Most people are aware of the health hazards of smoking. Even package directions are required to display bold warnings about the dangers of cigarettes. Health experts offer advice and provide programs to those who want to break the habit.

The U.S. Department of Health and Human Services states that quitting smoking may be the most important act to improving your health. And the sooner you quit, the sooner your body begins to heal itself, authorities say.

Quitting smoking makes you feel better and more energetic. Smoking is considered the most preventable cause of death in the United States.

Smoking causes a variety of serious health problems, including:

- Lung and other types of cancer
- Heart disease
- Stroke
- Chronic obstructive pulmonary disease
- Pregnancy problems
- Gum disease
- Vision loss
- Type 2 diabetes
- Rheumatoid arthritis

Get help today and experience the health benefits of a smoke-free lifestyle.

Tips adapted from Office of Disease Prevention and Health Promotionⁱⁱⁱ

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Sources:

1. <http://go.efficientadvisors.com/e/91522/y-3819593-stock-market-summer-/5bjq4/459551093>
2. <http://go.efficientadvisors.com/e/91522/chart-5EGSPC-/5bjq6/459551093>
3. <http://go.efficientadvisors.com/e/91522/y-over-the-long-run--more-3873/5bjq8/459551093>

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ⁱ <https://www.golfdigest.com/story/get-more-juice-on-your-irons-like-xander-schauffele>

ⁱⁱ <https://www.goodhousekeeping.com/food-recipes/easy/a47667/3-ingredient-chocolate-mousse-recipe/>

ⁱⁱⁱ <https://healthfinder.gov/HealthTopics/Category/health-conditions-and-diseases/diabetes/quit-smoking>