

May 2018

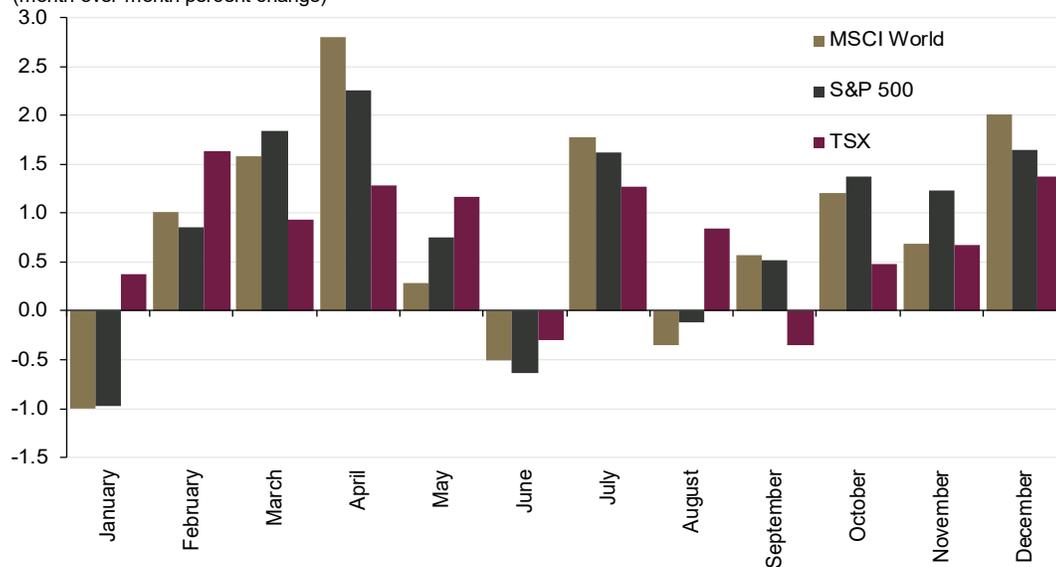
## Sell in May & Go Away?

“Sell in May & Go Away” is a well-known adage about investing — the idea of liquidating asset holdings in May, ahead of the period when financial market professionals traditionally close up shop and go on summer holidays, and buying them back in late September. The full phrase ends with “and come on back on St. Leger’s Day”, which refers to the date of the final horserace of the English Triple Crown which typically occurs mid-September.

The seasonality in the equity markets seems to support this strategy, as the months of June through September have historically been among the worst months for the global stock markets over the last 15 years, with June, August and September in particular seeing weak (and even negative) returns on average.

### Equity Market Total Return By Month, Last 15 Years

(month-over-month percent change)



Source: Bloomberg, Guardian Capital

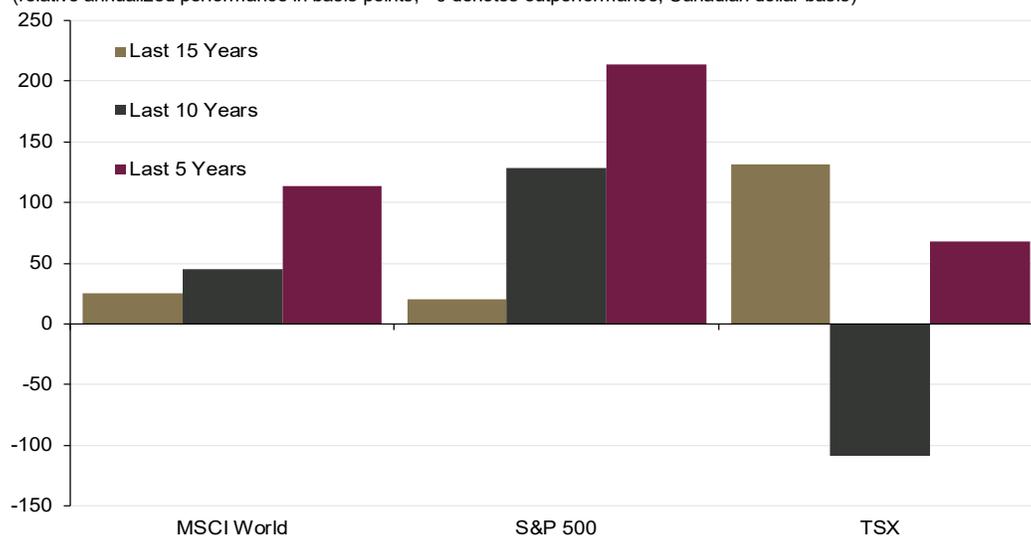
Like all things in investing however, it is not that clear cut. It may in fact be the case that monthly performance is weak (or negative), on average, in these summer months, but it is also the case that the June to September period has still generated positive total returns more often than not. Both the S&P 500 and the TSX have increased over this period in 12 of the last 15 years, while the MSCI World rose in 11.

May 2018

Moreover, a simple “buy & hold” strategy with just the equity benchmarks, historically, has managed to outperform a strategy of selling the broad market indexes at the end of May and buying again at the end of September, over the last 5, 10 and 15 years (and this is even ignoring transaction costs).

**"Buy & Hold" Versus "Sell in May" Strategy Total Returns**

(relative annualized performance in basis points, &gt;0 denotes outperformance; Canadian dollar basis)



Source: Bloomberg, Guardian Capital

Unsurprisingly, if a simple profitable investment strategy exists it will be quickly exploited, resulting in financial markets adjusting and the opportunity disappearing — investors would gladly delay their vacations if it yielded benefits to their portfolios.

In other words, “Sell in May & Go Away”, while having a nice ring to it, is not exactly an optimal investment strategy. Instead, as we wrote about in our April Perspectives, history supports continuing to adhere to, “*time in*” rather than “*timing*” the market as being key to long-term wealth building.

This document includes information and commentary concerning financial markets that was developed at a particular point in time. This information and commentary are subject to change at any time, without notice, and without update. This commentary may also include forward looking statements concerning anticipated results, circumstances, and expectations regarding future events. Forward-looking statements require assumptions to be made and are, therefore, subject to inherent risks and uncertainties. There is significant risk that predictions and other forward looking statements will not prove to be accurate. Investing involves risk. Equity markets are volatile and will increase and decrease in response to economic, political, regulatory and other developments. The risks and potential rewards are usually greater for small companies and companies located in emerging markets. Bond markets and fixed-income securities are sensitive to interest rate movements. Inflation, credit and default risks are also associated with fixed income securities. Diversification may not protect against market risk and loss of principal may result. This commentary is provided for educational purposes only. It is not offered as investment advice and does not account for individual investment objectives, risk tolerance, financial situation or the timing of any transaction in any specific security or asset class. Certain information contained in this document has been obtained from external parties which we believe to be reliable, however we cannot guarantee its accuracy. Guardian Capital Advisors LP provides private client investment services and is a wholly-owned subsidiary of Guardian Capital Group Limited, a publicly traded firm listed on the Toronto Stock Exchange.