Advisers put fundamentals ahead of sell-in-May warning

Shunning the historical precedent of moving to the sidelines in May, advisers remain bullish on stocks

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By **Jeff Benjamin**

Historically speaking, there's a strong case for following the Wall Street adage to **sell in May and go away** until late fall. But there are exceptions to every rule, and that isn't even technically a rule.

While most financial advisers tend to scoff at the sell-in-May maxim as outdated, market-timing folly, their arguments against it this May relate largely to economic fundamentals.

"The bull market may be long in the tooth, but the technicals of low unemployment, low inflation and positive GDP numbers don't support a pullback," said Jon Ulin, managing principal at Ulin & Co. Wealth Management.

Part of Mr. Ulin's optimism has to do with the momentum he sees in the market, which has the S&P 500 Index up 17.5% from the **start of the year** on the heels of a **13% decline during the fourth quarter** of last year.

"I think the market pullback in December was oversold and I think the rebound this year was normal off that kind of pullback," he said. "I think things will be more normal this year compared to the insanity of last year."

Kashif Ahmed, president of American Private Wealth, said serious financial professionals should avoid "all nonsense" that isn't grounded in market fundamentals.

"If anyone uses these old wives' tales to make their investing decisions, they shouldn't be making investing decisions," he said. "Even worse, if advisers are using this voodoo with the money their clients have entrusted to them, then shame on them."

To be fair, there is some basis **for the sell-in-May axiom.**

According to LPL Research, over the past 68 years the S&P 500 has averaged a mere 1.5% gain during the six-month period from May to October.

That **six-month stretch** compares to a 7% average gain for the period from November to April.

"We've been talking about this adage for months, but the numbers no longer support it," said Dennis Nolte, vice president at Seacoast Investment Services.

"Last year I was much more worried about selling in May, but this year is not an election year and things look good," Mr. Nolte said. "Employment is strong, taxes are low, the yield curve is starting to steepen, and it looks like there might be a trade deal with China. It doesn't seem like a time to worry."

Alan Katz, president of Comprehensive **Wealth Management Group**, also shrugged off the notion of selling in May as a foolhardy effort to try and time the market.

"It's just one of those things that can get people into trouble," he said. "What makes a stock go up is the speculation that the company can continue to make money. I don't think you're going to have 30% or 40% years like you've had in the past, but the market can sustain 5% to 10% annual gains for a while. And if Trump wins again, I think the economy will keep growing."