

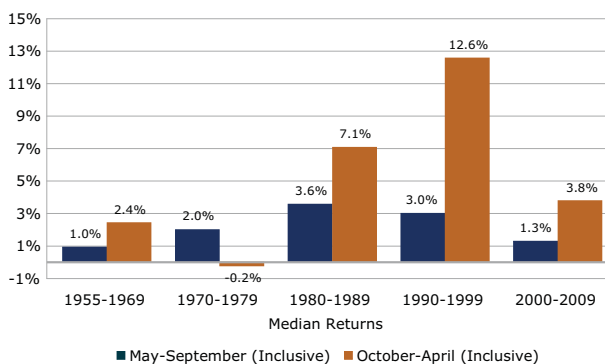
"Sell in May and Go Away" - Not This Year

Mark Schmeer, CFA
Chief Investment Officer, Global Equities
and Asset Allocation

Research Support:
Jonathan Crescenzi, Investment Analyst

Historically, May to September has been a seasonally weak period for the U.S. stock market. During these months, the median return for the S&P 500 Index has been 2.2%, compared to a median market return of 6.3% for the subsequent October to April period. Moreover, May to September has only provided positive returns 63.6% of the time, whereas October to April has provided positive returns 72.2% of the time. This relationship can be seen in the graph below, which shows the median return for the S&P 500 for both May to September, and October to April during the last four decades, and the 15-year period ending in 1969.

May-September Returns Historically Lagged October-April



Source: Bloomberg

As indicated above, if you followed the old adage "Sell in May and Go Away", you would have done very well as an investor over the years. However, this year you would have felt some pain as the S&P

500 soared 21% from May to September, the largest percentage gain ever recorded for these months. What does such an uncharacteristically strong seasonal gain portend for the coming October to May seasonally strong period?

...But May-September Strength Has Been Linked To A Strong October-April

| When median May-September return is... | Median return in subsequent October-April is... |
|--|---|
| >0% | 5.90% |
| >5% | 6.30% |
| >10%* | 10.80% |
| Overall historical median return | 6.30% |

* S&P 500 returned 21% in May-Sept 2009
Source: Bloomberg. Data from 1955-2009

The above chart shows that when the old adage "Sell in May and Go Away" does not come to fruition, the market has performed quite well during the subsequent October to April period. When the May to September period provided a return in excess of 5%, the subsequent October to April median return was 6.3%. However, when the May to September period provided a return in excess of 10%, a notable outperformance occurs during the following October to April. As such, a strong May to September does not necessarily mean that a poor October to April will occur. In fact, the data suggests that in years like this, when the market performs particularly well during May to September, strong performance tends to continue during the subsequent October to April timeframe.

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