

**THE COMMUNIQUE**

**April 2021**

| MAJOR INDICIES        | LAST     | MTD    | QTD   | YTD    |
|-----------------------|----------|--------|-------|--------|
| S&P 500               | 4127.99  | 0.49%  | 5.76% | 11.86% |
| Dow Jones Industrials | 33745.40 | 1.99%  | 4.75% | 12.88% |
| NASDAQ Composite      | 13850.00 | -2.36% | 2.91% | 5.78%  |

| U.S. TREASURIES     | YIELD |
|---------------------|-------|
| 5-yr Treasury Note  | 0.80% |
| 10-yr Treasury Bond | 1.57% |
| 30-yr Treasury Bond | 2.24% |

Information as of May 6, 2020

Source: Thomson Reuter's Thomson One

**MARKET COMMENT**

**“Sell In May and Go Away”**

Wall Street lore is chocked-full of famous adages, axioms, and rules-of-thumb that investors used to guide their investment decisions for years. While some have weathered the test of time, others have proved less reliable in modern markets and global economies. Perhaps the most popular Wall Street adage is “sell in May and go away.” The phrase is thought to have originated from old English and usually concluded with “and come back on St. Leger’s Day” – which was popular horse race attended primarily by aristocrats, bankers, and merchants in mid-September.<sup>i</sup> The modern application holds that investors and traders are more likely to be on vacation between Memorial Day and Labor Day and, thus, less likely to make large outsized investments in the market, resulting in less trading volume and heightened volatility.

But does this market adage still ring true today? The chart below from Michael Gibbs, the Director of Equity Portfolio & Technical Strategy at Raymond James, demonstrates how the “sell in May” approach has performed since 2013:

## Sell In May?



Source: FactSet, Raymond James Equity Portfolio & Technical Strategy

As you can see above, investors would have given up an additional 5.72% average annual return by adopting this investment philosophy over the last eight years. But axioms that don't work usually don't reach this level of popularity, and the last time that I checked, investors were still making summer beach trips, so what has changed? The not-so-simple answer is "a lot." Physical market orders were replaced with cell phone trading applications. Institutional traders were exchanged for computer algorithms and access to domestic markets was expanded well beyond just those who observe Memorial Day. These technological advances make markets accessible to investors anytime, from anywhere – even on a beach in the Dominican in the middle of June (via an algorithm bot in Texas).

Although the seasonality of this famous adage may no longer apply in our modern technological world, the recent highs in the stock market may have investors wondering – should I "sell in May and go away?" To this we answer – time will tell. But considering the robust economic data, including high level of vaccinations, consumers flush with disposable income, outsized government spending, and consistently lower unemployment rates, the trend certainly seems favorable for investors. However, with assets prices at historical highs, the markets will likely need time to digest the recent gains before staking a path higher.

A continuation of the positive trend isn't without downside risk though. As supply chains remain stressed, and employers struggle to find workers to meet the increased demand, the threat of inflation remains a considerable concern for investors. Much will depend on the Federal Reserve's ability to navigate a "smooth landing," but as another old market adage states "the Fed usually takes the punch bowl away just as the party gets started." Whether that adage holds up the test of time, or becomes of victim of changing circumstances, we will likely find out in the not too distant future.

As always, we appreciate your trust and confidence.

# PLANNING STRATEGY

Raymond James "Point of View" article. M21-3561496

## **Don't Let Estate Blunders Get in the Way of Your Wishes**

You've worked long and hard to build your estate. Don't let blunders keep your wishes from being carried out and leave your family – and wealth – in the lurch.

Here are a few lessons to keep in mind.

### **No plan in place**

Prince Rogers Nelson did a lot of things right in his life, leaving an indelible musical legacy that spanned generations. Unfortunately, his financial legacy wasn't as successful. The artist formally – and formerly – known as Prince passed away in 2016 without an estate plan in place. Years of legal battles ensued.

Prince didn't have a will, an executor or a trust in place, which left his hundreds of millions of dollars, his music library and his assets up in the air. In the void, multiple people vied to serve as the executor of the vast estate. With so many in the mix, the petition went to court, with siblings and half-siblings battling for control.

The point is that it's imperative to not just name your executor or any other position with responsibility for overseeing your wishes (like a trustee or power of attorney) but to cast the right person in each role. Thoughtfully selecting these financial caregivers could help you avoid the bumbles and blunders that even celebrities fall prey to.

### **Smoke and mirrors**

Tobacco heiress Doris Duke left behind an estate worth \$1.3 billion and a sizable sum to her charitable foundation. She named her butler as executor and trustee of the foundation. It wasn't long before his spending was called into question, and he was booted by a probate judge, only to be reinstated by a higher court. A battle ensued and the parties settled on a board of trustees to manage the foundation.

The moral of the story? Thoroughly vet your chosen representative. Be extra careful whom you pick as an executor, trustee or guardian. For a large trust or foundation, a corporate trustee or board may be ideal to handle financial and administrative tasks. Also, have a backup plan in case your chosen designee declines the responsibility or is unable to uphold his or her duties.

### **The dotted line**

One gentleman went through all the motions with his attorney and financial planner, setting up a will and living trust, but he never signed them. Time got away from him, and, sadly, so did his memory. As his Alzheimer's advanced, his family stepped in to help, but were dismayed to discover the invalid documents. Because there was no trust or power of attorney to dictate the man's wishes, a guardianship was required to manage both his personal and financial affairs. The family was forced to go through a court to manage his finances, a cumbersome and expensive process, and his wishes for the final distribution of his assets didn't occur.

The lesson here? Resolve to be proactive. Waiting puts you and your estate at the mercy of life's great unknowns. We can't guarantee tomorrow, as much as we'd like to, but we can do as much as possible to ensure that our loved ones are taken care of when we no longer are able to do it ourselves.

Sources: *More than Money* 360; Broadridge; Florida Bar; fox43.com; caregiver.com; National Caregivers Library; mylifesite.net; money.usnews.com; Raymond James research; legalzoom.com; MFS; cnbc.com; uslegalwills.com; caring.com; Accenture; cegworldwide.com; Nuveen; kiplinger.com

## **LIFE & LEISURE**

Raymond James "Point of View" article. M21-3536565

### **For the Love of Libraries**

Free access to a private library was "like a blessing from above" for a poor telegraph messenger in the late 1800s. It would prove to be fundamental to his success. That messenger? Andrew Carnegie. This steel-baron-turned-philanthropist later used his millions to singlehandedly fund a network of 1,700 libraries across the U.S., public and free for all to use.

Today, American libraries have evolved to offer much more than books, with access to e-books, 3D printers, homework help and more. Amid the pandemic, they have stepped in, once again, as a community safety net, lending Wi-Fi hot spots to residents without internet access, providing grab-and-go meals, offering virtual job interview classes and hosting online art therapy and social events.

**For every dollar spent on public libraries, residents receive anywhere from \$2 to \$10 in economic value.**

However, this essential community support is threatened by a looming funding crisis. In 2020, 32% of leaders surveyed by the National League of Cities expected to furlough or lay off employees due to the pandemic's economic impact, and libraries have begun to report job losses, according to the American Library Association.

#### **An oasis of learning**

With big dreams and constrained budgets, these institutions have sought philanthropists' help through Library Giving Day, launched in April 2019. Though libraries are supported by public funds, their reliance on property and sales tax dollars means uneven funding for locations in low-income areas. Some parts of the country have been dubbed "library deserts" – the U.S. is ranked 62nd in the world in libraries per capita, according to a Syracuse University study of World Bank data.

**More than half of the American public – 172 million people – have library cards.**

That's why private citizens are stepping in to fill the gaps, making large donations memorialized on buildings and circulation desks and creating bequests. Even a donation of \$10 can add a book to the shelves. "Monetary donations are the most useful," said Sarah Burris, community relations coordinator for Bay County Public Library in Florida. "You can also support libraries by becoming a member of the Friends of the Library group, attending programming and sharing the cool things your library is doing with friends." In Bay County, those programs include virtual art history and French classes.

## Sparking creativity

At the dawn of the internet age, futurists predicted the death of public libraries. However, these resourceful institutions have adapted to help bridge the digital divide and uphold their mission of universal access to information. Nearly 1.3 billion people visit the library each year – millions more than the number who see movies in theaters. Many of those are millennial parents bringing children for story time, plays, maker spaces and other activities that expand the imagination, Pew Research Center reports. With a little creative thinking and collaboration, philanthropists can help keep that mission alive.

*Sources: Forbes; The Brookings Institution; The Atlantic; librarygivingday.org; 2019 Public Libraries Survey; American Library Association; Syracuse University's School of Information Studies; Pew Research Center*

**Quote of the Month:** "Facts are stubborn things, but statistics are pliable."  
— Mark Twain

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<sup>1</sup> ['Sell in May and Go Away' Definition \(investopedia.com\)](#)