Polaris Greystone FINANCIAL GROUP, LLC

Polaris Greystone Educational Series

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It's the Most Wonderful Time of the Year

The holiday season is upon us. It has always been a great time to show thanks for what we have, reflect upon the year, and look forward to the year to come. It is also the perfect time for me to directly thank all of our clients who have entrusted so much to us. Some of you are brand new clients while others have been clients for decades. Regardless, Polaris Greystone Financial Group would not be the firm that it is today without you!

Investors should rejoice, as this is the best time of the year to be a stock investor. As you can see from the chart below, historically this is the best time of the year for the S&P 500.

Seasonality of S&P 500 (1900 to 2015)

Six-Month Periods

	Since 1900		Since 1952		Since 1982	
Period	**Mean**	**Rank**	**Mean**	**Rank**	**Mean**	**Rank**
Nov – Apr	4.43%	1	6.80%	1	7.53%	1
Dec – May	4.33%	2	6.18%	2	7.20%	2
Jan – Jun	3.86%	3	5.12%	4	6.27%	3

Three-Month Periods

	Since 1900		Since 1952		Since 1982	
Period	**Mean**	**Rank**	**Mean**	**Rank**	**Mean**	**Rank**
Nov – Jan	2.73%	1	3.94%	1	4.10%	1
Dec – Feb	2.67%	2	3.41%	2	3.76%	2
Jan – Mar	2.38%	3	2.91%	3	3.14%	5

Gains are mean percentage changes in the S&P 500 monthly average.

Source: Ned Davis Research, Inc.

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But just as we have written about in past editions, the time of the year or the season doesn't always accurately predict the way the market moves. For example, the "January Effect" claims that as January goes, so goes the rest of the year. We've written extensively on how inaccurate the **"January Effect"** is as a predictor of the markets for the rest of the year. We've also pointed out how many wonderful times there is to invest during the May through October period, even though the investment adage tells us to **"sell in May and go away."** We have to keep the same thing in mind with our current seasonality of the investment year. While November through April has been a very strong time of the year to invest, we can't keep a blind eye to risks that abound. In fact, the S&P 500 lost 0.68% from November 1, 2015 through April 30, 2016.

Polaris Greystone will continue to invest your portfolios tactically, always assessing the risk in both the stock market and bond market. All of our strategies have specified stock market exposures that they will hold when our risk assessment of the market is average. We also have preset maximum stock market exposures for all strategies. This allows us to increase our equity exposure to take advantage of the stock market when we feel increased risk is warranted, while still remaining disciplined and risk conscience of our clients' desired risk parameters. None of our strategies has a minimum exposure to the stock market, allowing us to lower our exposure to the stock market during recessions and other turbulent times in the stock market, in an attempt to mitigate losses.

We wish you the very best this holiday season.

Sincerely,

Jeffrey J. Powell
Managing Partner