

The Trend

May 2016



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Did You Know?

The RHL Group has been a proud sponsor of Christmas in Action Holly for the past twelve years. Christmas in Action volunteers repair the homes of low-income and/or disabled senior home owners. On Saturday, April 30th we helped with repairs on three more homes in the Holly area. Since 2004 we have helped 37 local senior citizens with repair and restoration work.



www.hollycia.org
[facebook.com/GIAHolly](https://www.facebook.com/GIAHolly)

Sell in May?

"Sell in May and Go Away" is a stock market adage that suggests it is better to move out of the stock market for six months each year. There have been numerous statistical studies showing that the best six month period for stock market performance happens from November through April. Since this is the seasonally "strong" period for stock market performance, the thinking is you should sell your investments each year in May and go away during the seasonally "weak" period. Sounds like a simple trend strategy we should follow right?

Unfortunately, when it comes to investing and managing client portfolios, nothing is that simple and nothing works every time. Investment trends are constantly moving into and out of favor. We cannot predict the direction of the markets. However, we do look for trends because we believe the best investment strategy is an active one that adapts to changing market conditions.

In January we went through a significant market decline. Historically, it was one of the worst declines to start off a new year in history. Market pullbacks, corrections or even sell offs are a normal function of the stock market and they occur for a variety of reasons. In a worst case situation, a sell off could signify the end of a rising Bull Market and the start of a Bear Market. Market pullbacks can also be a sign of leadership changes.

The January correction was indeed a change in market leadership and we adjusted our positions to reflect that change. We exited sector holdings in Housing, Technology and Consumer Discretionary stocks and we began increasing our allocations into Fixed Income Bonds, Preferred Stock Funds and Cash. We started buying dividend paying value stock funds and also low beta stock funds designed to minimize volatility. In addition, we shifted our sector focus into Utilities, Consumer Staples and Commodities. We have continued to hold Oil in many portfolios and it has rebounded nicely this year.

Our final move was to take a position in Gold for the first time in 5 years. We added a fund that owns Gold and Silver and also companies that mine other precious metals. This is significant because mining companies benefit the most when demand rises for hard commodity assets like Gold and Silver. As always we remain committed to efficiently managing our portfolios to help minimize downside risk and grow your capital.