

The Four Most Dangerous words when investing . . .

One of my investing heroes is Sir John Templeton. The guy was ??????? the ultimate contrarian. From 1954 to 2004 his flagship fund, returned an annual average of 13.8% compared to the S&P of 11.1%. His contrarian [entschieden](#) approach often had him investing in stocks and markets that that most people wouldn't touch with a ten foot pole!

I could go on and one about his life . . . but won't (you can watch a fantastic biography of Sir Templeton's life by [clicking here](#)), instead I want to focus on one principle that Sir Templeton often made decisions on, they [cheap nfl jerseys](#) are the most dangerous words in investing . . . he said, ***"The four most dangerous words in investing are, 'this time is different'"***.

With that as the backdrop we turn our heads towards market history as a way to allocate a portfolio. Historically, the six month period of May – October are the markets worst six month stretch. Since 1945 the S&P 500 has averaged 1% in May – October compared to 7% in the six month period of November – April. Here's a look at the numbers not only of the S&P but from the entire globe.

Understanding this historical market cycle helps put the *probabilities* of investing on your side. **We are not investors that invest on possibilities. We are investors that invest on probabilities.**

Global Markets	Nov.- April Avg. % Return	May - Oct. Avg. % Return
S&P 500®	7	1
Developed Non-US	9.6	-.01
Emerging Markets	12.1	.7

Source: S&P Capital IQ

This six month cycle of May – October and November – April just doesn't occur

in [Beans](#) the overall global markets, it also occurs with sectors as well. Here's a glance at the cyclical nature of the core sectors . . .

S&P Sectors	Nov.- April Avg. % Return	May - Oct. Avg. % Return
Consumer Discretionary	11	-.03
Consumer Staples	4.9	4.6
Energy	8.5	1.7
Financials	8.1	1.1
Healthcare	4.4	4.7
Industrials	9.7	-.03
Information Technology	8.9	3.1
Materials	10.1	-2.2
Utilities	3.0	1.5
S&P 500®	7	1

So how do you take advantage of the fact that [wholesale NBA jerseys](#) “this time may not be different” and put the probabilities on your side? Here’s the gist of what an investor may do . . .

May – October = Risk off, get defensive. Overweight defensive sectors such as Healthcare and Consumer Staples. Also consider using options as a way to enhance returns and reduce portfolio volatility.

November – April = Risk on, get offensive. Overweight those sectors such as Consumer Discretionary and Industrials.

So remember, the next time stock market volatility occurs and you hear that “this has never occurred before in the history of the market” or “history doesn’t repeat [at](#) itself,” you can [Горького](#), calmly turn off the T.V. or put the newspaper [wholesale NBA jerseys](#) down and make the right decisions based on *probabilities* not *possibilities*.

If you would like to learn [Maxine](#) more about these types of cycles and an approach [wholesale MLB jerseys](#) to portfolio management techniques, [click here](#).