

## June Commentary

June 1, 2022

### Staying Invested - The Best Strategy

On Friday on May 20th, stocks declined over 2% midday putting the decline from the the beginning of the year at over 20%. The market closed slightly positive that day and gained another 6% last week. That is an 8% rise in just over 5 trading days. In some years that could be entire year's worth of gains! Make no mistake, the market is still negative about 14% for the year, but it proves how quickly things can turnaround and just how difficult it can be to time short-term moves in the market.

Will the U.S. slip into a recession later this year or in 2023? There is no way to predict that. There are signs pointing both ways. Recessions are a part of the business cycle. It is nearly impossible to know when to move out of stocks hoping to avoid a recession, and then when to get invested again when the outlook appears brighter. The stock market anticipates economic changes in advance. By the time it is recognized that the U.S is actually in a recession, the stock market will already be looking beyond it and moving higher.

The best strategy to follow, in our view, is to not have any money that you need to use in the next few years invested in stocks, because no-one can predict the short term direction of the market. Stay invested, however, with money that has a longer term time horizon. We have studied many complicated investment strategies over the years and it is pretty much that simple. Investing, unlike Olympic gymnastics or diving does not reward you for degree of difficulty.

A \$100,000 investment in an S&P 500 index fund On Jan 1, 1982 would have grown to \$7 million today. That incredible gain was achieved despite events that included the market crash of 1987, the dotcom bubble of 2000, 9/11, the financial crisis of 2008 and 2009, the pandemic and this year's decline.

Make sure you have the right mix between stocks and fixed income investments like bonds, and CD's to match to your own personal situation and time frame. Beyond that, turn off CNBC and try not to look at your phones too often!

If you have any questions, we can be reached by phone at 216-539-8444 or by email.

Enjoy your summer!

Best Regards,

Jim & Dave

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