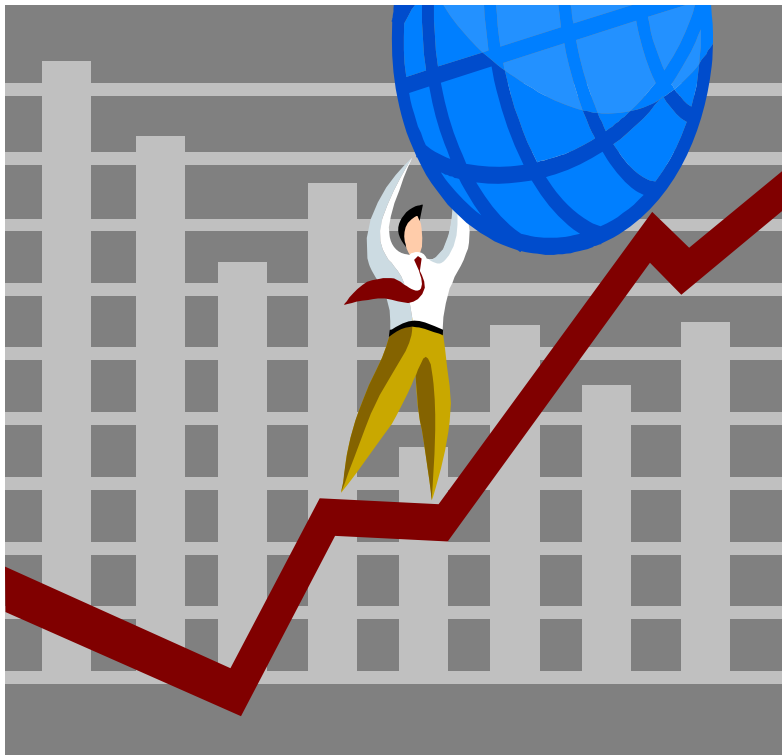


Calendar & Stock Market Returns



June 2010

Robert W. Henkel

Chief Investment Officer
bhenkel@weyland.com

Frank C. Sabin, CFA

Portfolio Manager
fsabin@weyland.com

Summary

Weyland Capital Management Research focuses on actionable research to refine our strategic and tactical asset allocation strategies. Our philosophy is that the risk and expected return for broad asset classes are influenced by the economic environment, investor sentiment, market valuations, correlations and volatility. This study should be viewed as contributing to, but not defining, our market viewpoint and strategy.

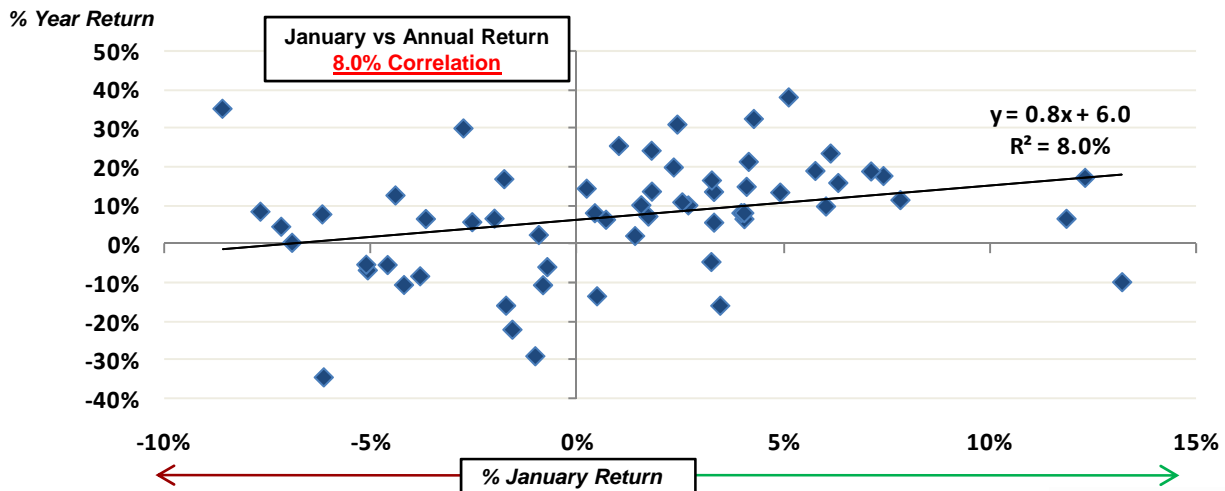
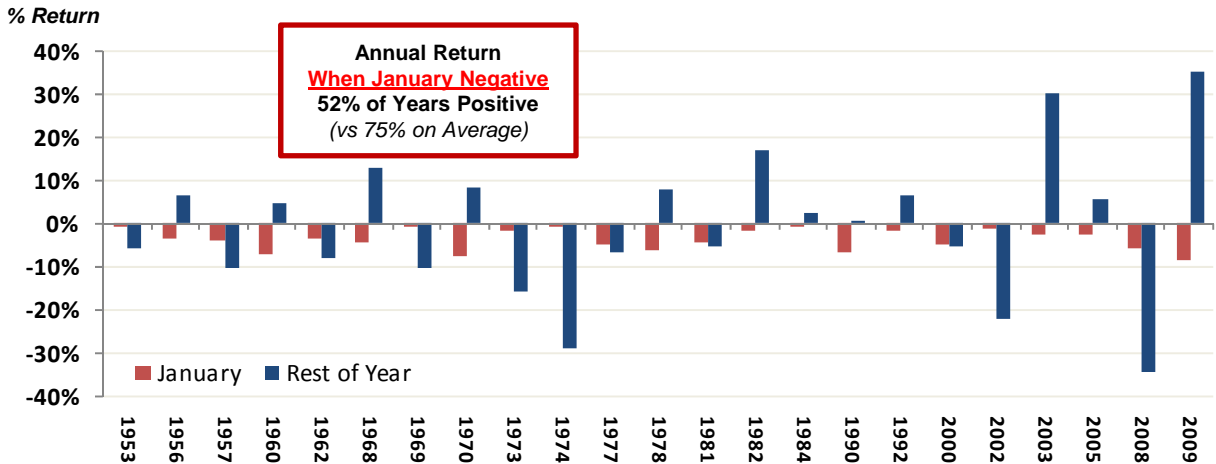
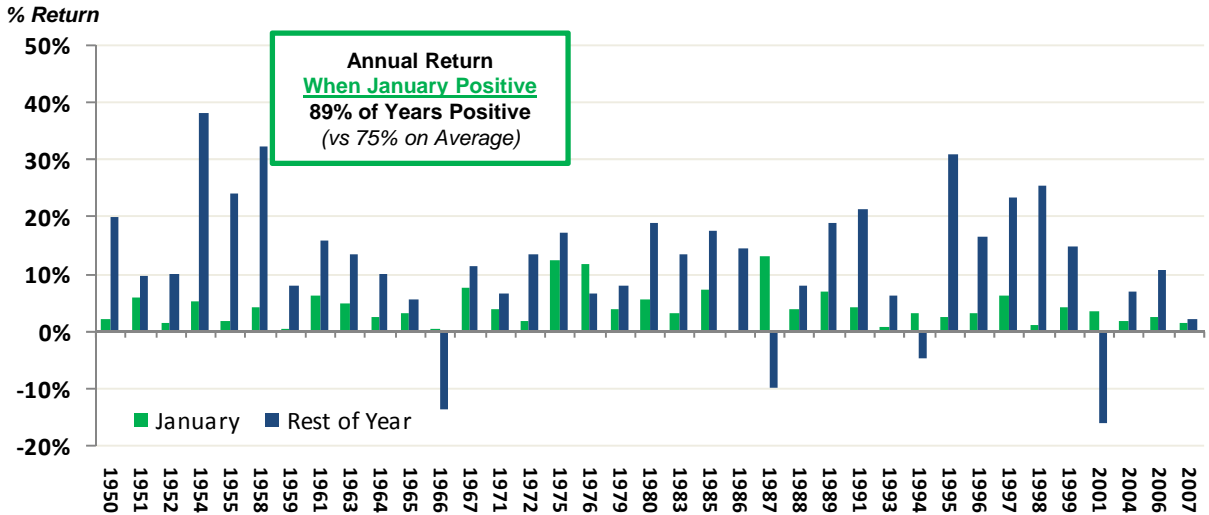
This particular note studies the calendar effect on U.S. stock returns. Our base conclusion is that, all else equal, the calendar does matter with respect to realized U.S. stock returns. The data set is the S&P 500 Price Return from 1950-2009. In total, the analysis covers 60 years of data with a combined 15,097 daily observations.

Summary Findings:

- **January: Moderately predictive** - January is moderately predictive of the market return for the rest of the year. If January is up (down), it is likely that the rest of the year will be up (down). The strength of the return is also moderately predictive. An especially strong (weak) return in January is on average followed by an especially strong (weak) return for the year.
- **First Five Trading Days: Moderately predictive** - Very similar to the January Effect. On average, if the first five trading days are up (down), it is likely the rest of the year will be up (down).
- **Month of Year: Moderately predictive** - The calendar seems to matter. On average, November and December have been the strongest months and September the weakest month.
- **Day of Month: Significantly predictive** - The day you buy or sell does indeed matter on average. Typically, the highest returns in the market are observed during the four days prior to and four days after month end. Moreover, this observation is reasonably consistent across months. The economic rationale for this performance is most likely a function of mutual fund flows around month end and the propensity for significant economic releases to happen around month end.
- **Presidential Cycle: Significantly predictive** - Year three tends to be a strong year, perhaps because administrations add fiscal stimulus with the goal of being reelected.

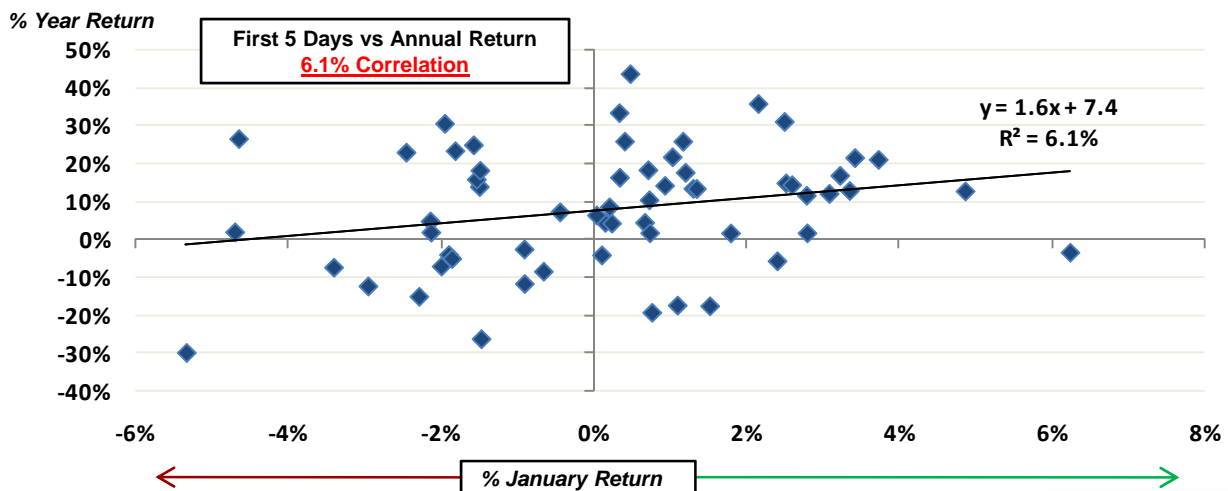
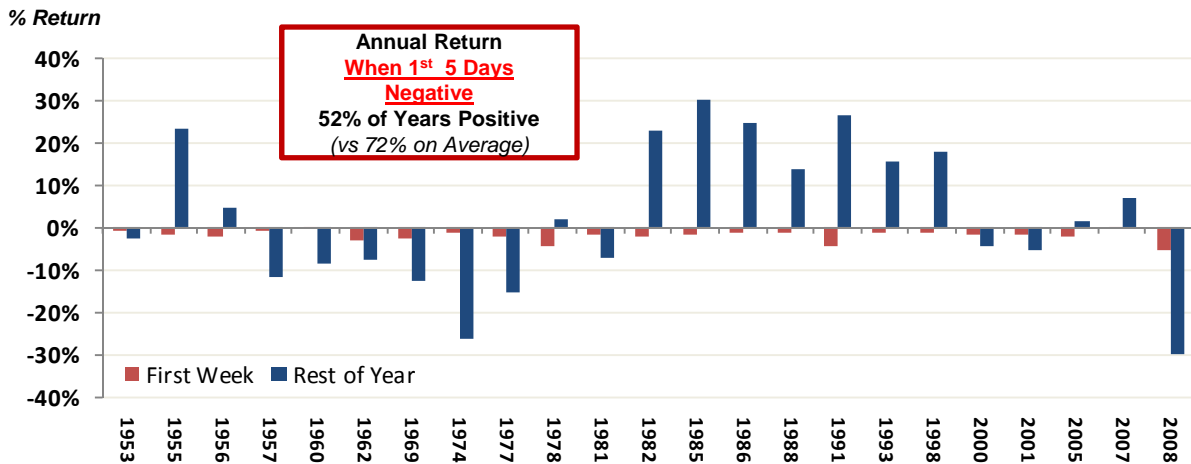
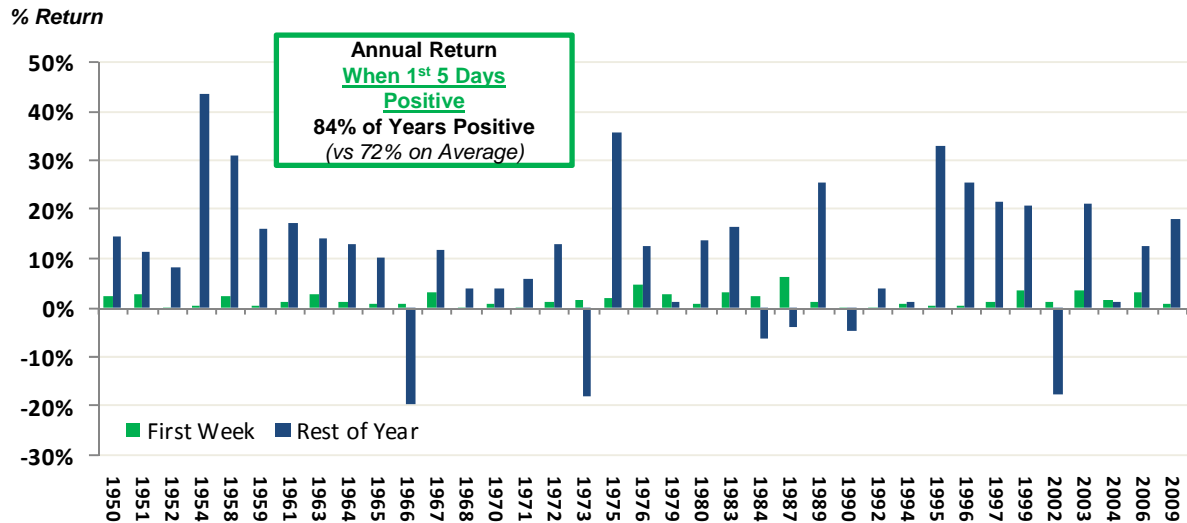
January vs Rest of Year

Somewhat predictive. If January is up, it will likely be an up year and vice versa. From a statistical standpoint, January explains about 8% of the returns for the rest of the year. Note - 75% of the years since 1950 have a positive return February through December.



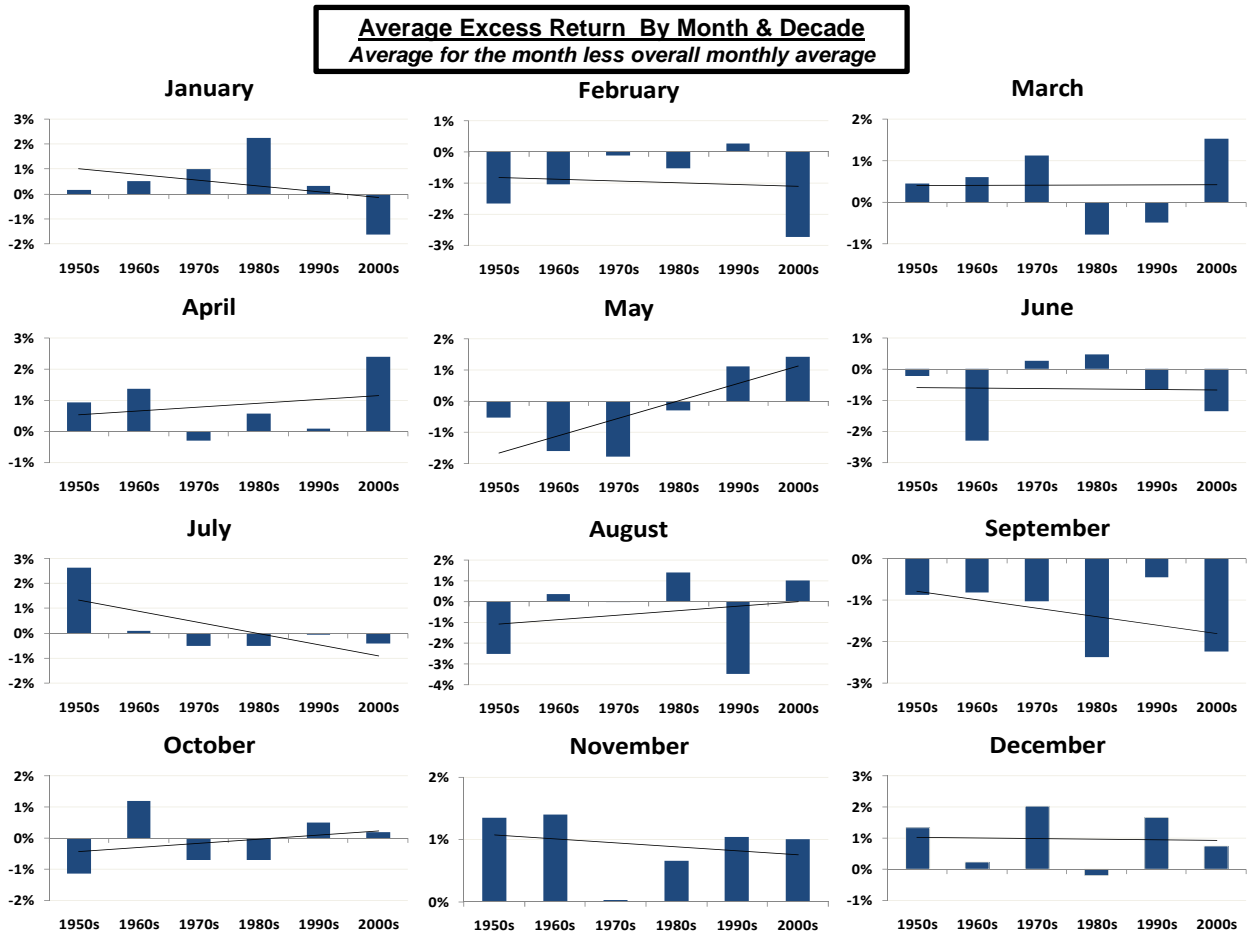
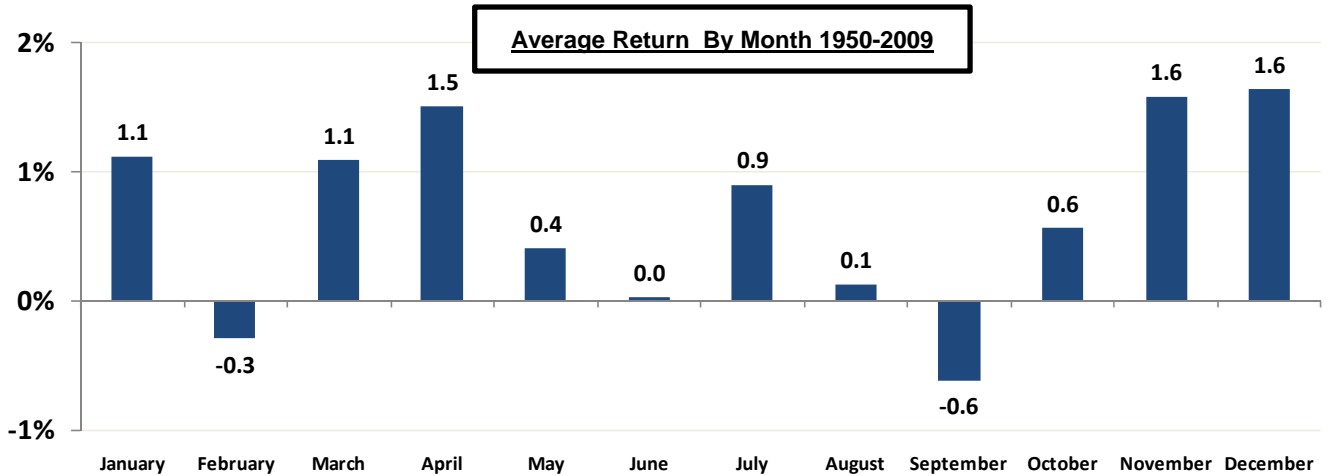
First Five Trading Days vs Rest of Year

Somewhat predictive. If the first five trading days are in the green, it bodes well for the rest of the year. Note – 72% of the years since 1950 have a positive return from the 6th trading day in January through December.



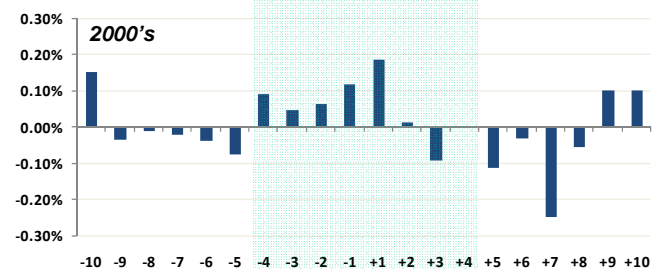
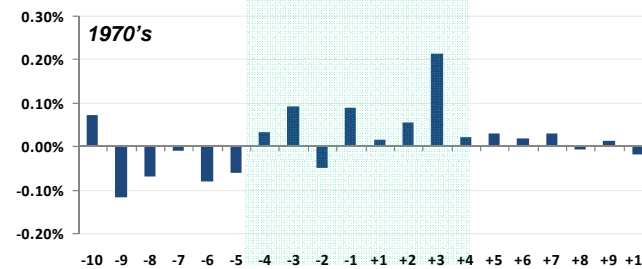
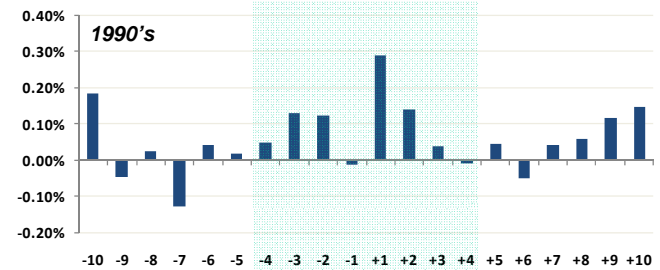
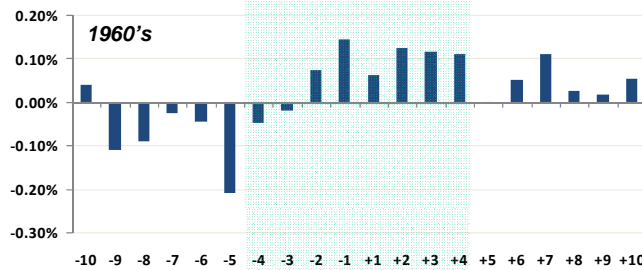
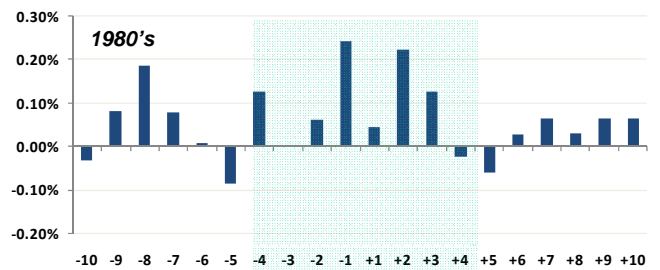
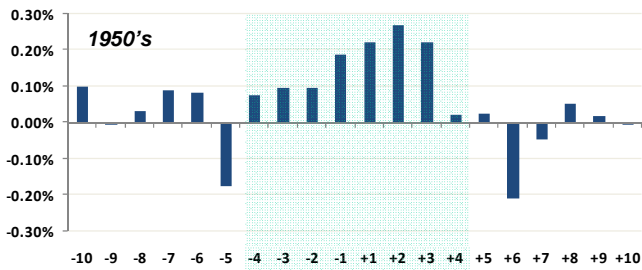
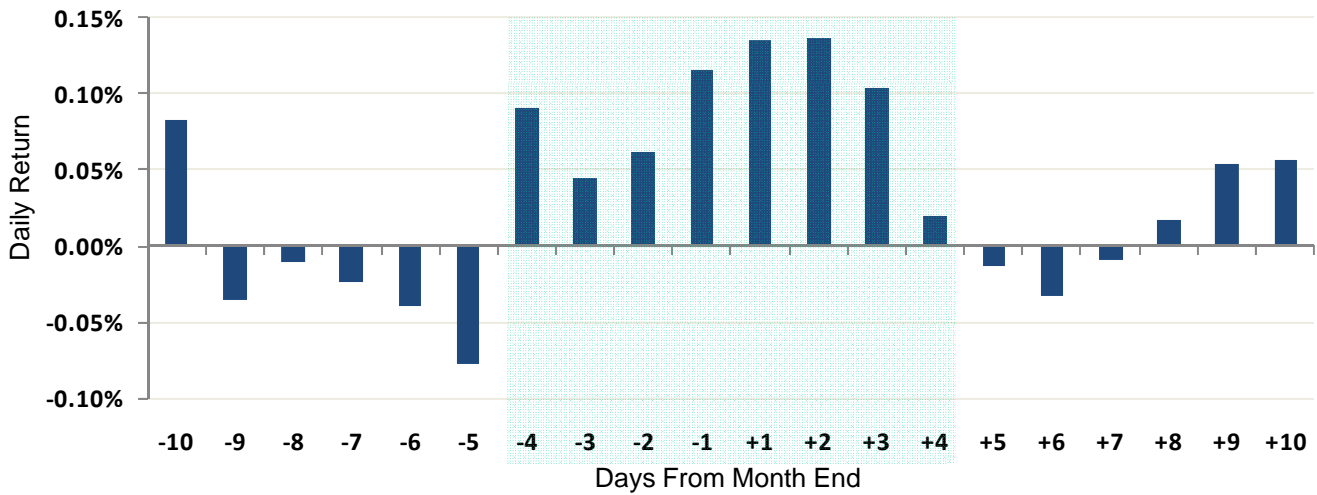
Month of Year

Somewhat predictive. Returns are most consistently highest in November and December, with the greatest risk in September.



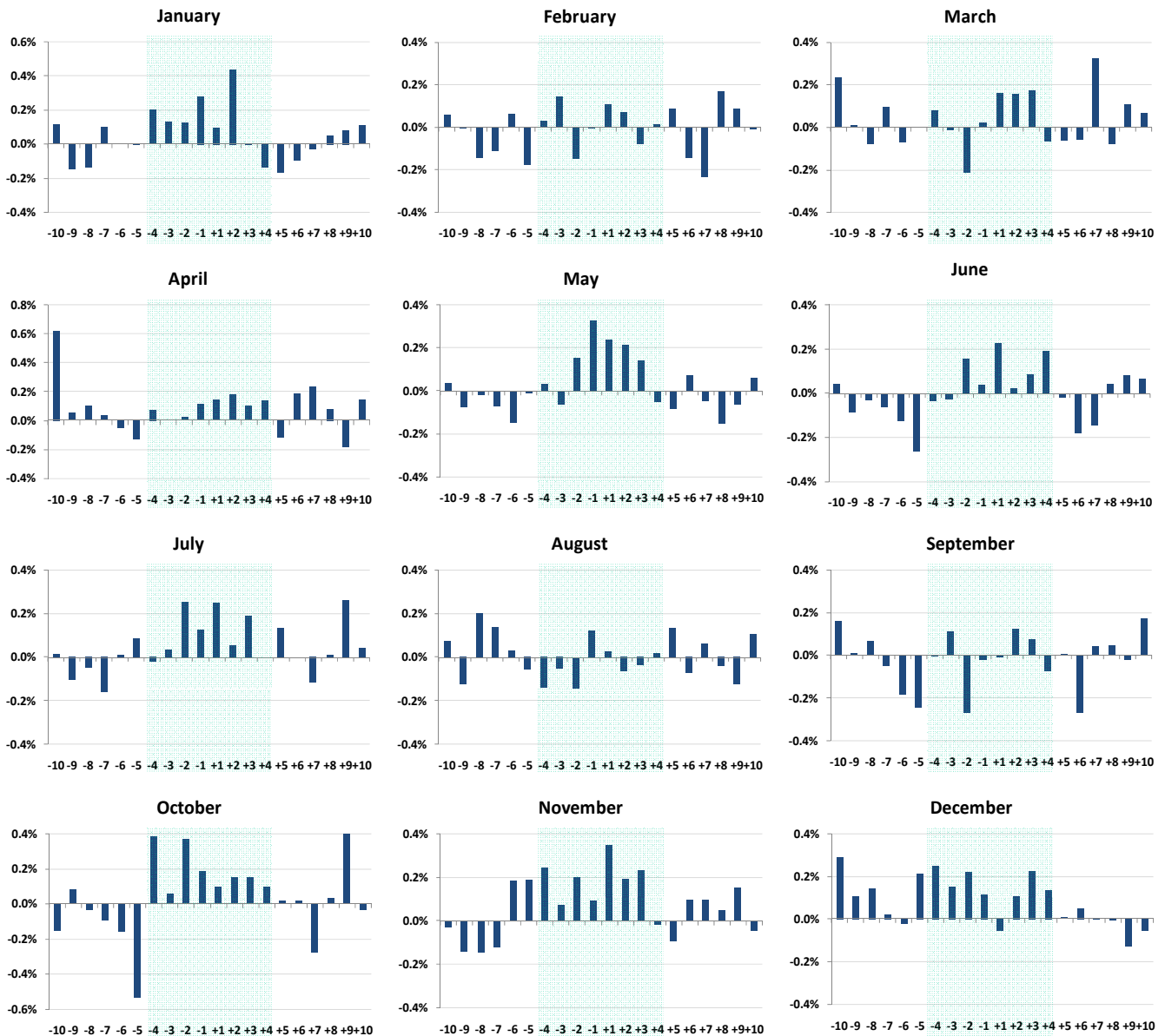
Day of Month (By Decade)

Very predictive. Returns are, on average, greatest around month end. The effect appears to be strongest (and most consistent through time) four days prior to and four days after month end.



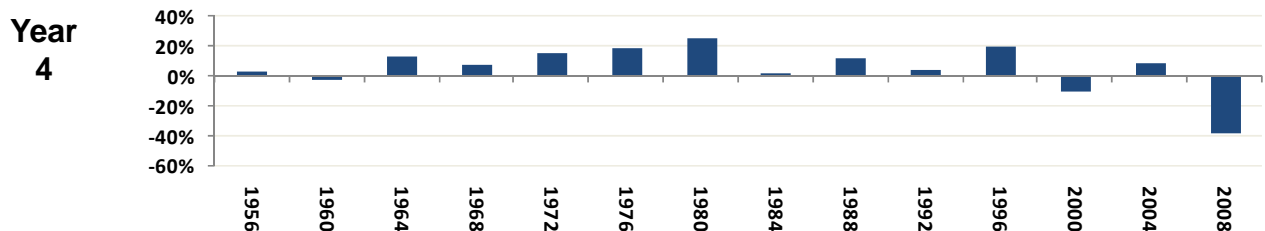
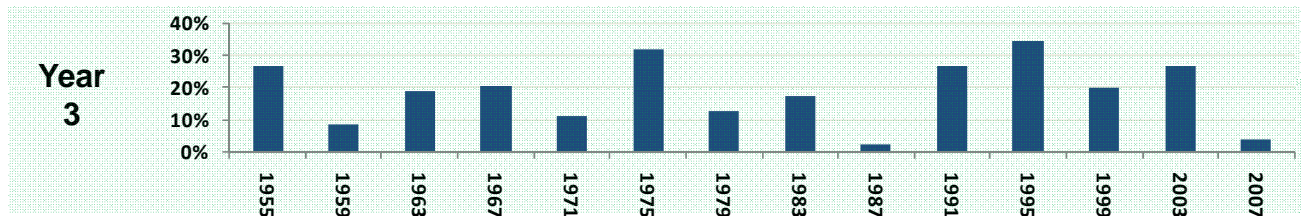
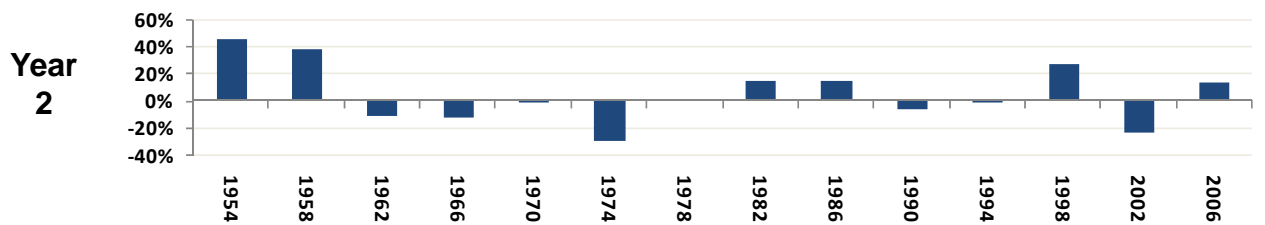
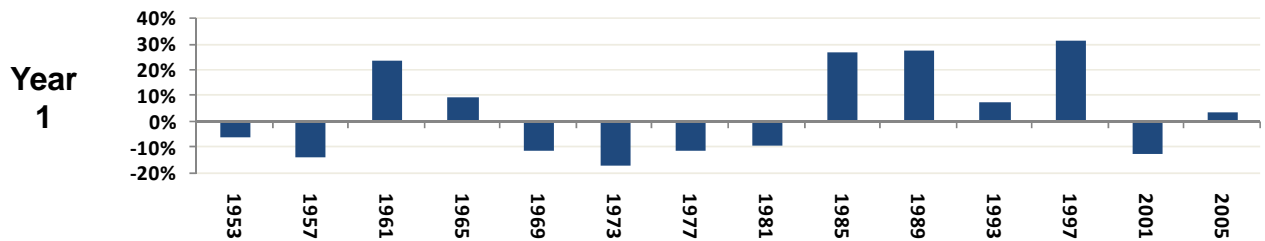
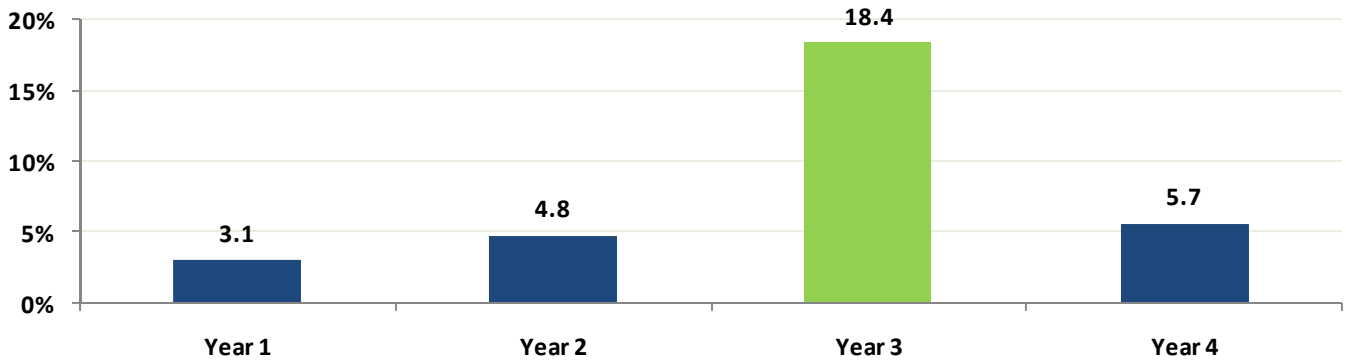
Day of Month (By Month)

Very predictive. Returns are, on average, greatest around month end, and across a majority of the months. The “end-of-month” effect appears to be reasonably consistent and robust throughout the year.



Presidential Cycle

Very predictive. The third year of the presidential cycle has both the highest average annual return and the most consistently positive annual return.



Disclaimer

Past performance is not a guide to future performance and the value of investments and the income derived from those investments can go down as well as up. Future returns are not guaranteed and a loss of principal may occur.

This material represents the views of Weyland Capital Management LLC (WCM). Certain results shown herein reflect the reinvestment of dividends and other earnings but do not reflect advisory fees, transaction costs and other expenses a client would have paid, which would reduce return. No representation is being made that any client will or is likely to achieve results similar to those shown. Modeled, back tested, simulated and hypothetical results are subject to high levels of uncertainty regarding future economic and market factors that may affect actual future performance. Accordingly, such data should be viewed as merely representative of a broad range of possible returns. The data shown herein should not be construed as providing any assurance or guarantee as to returns that may be realized in the future from investments in any asset or asset class described herein and may not be representative of how we will manage any of our portfolios or allocate funds to such asset classes. WCM makes the assumption that external data and studies are accurate, but can not and has not verified outside sources. WCM does not provide tax advice to its clients and all investors are strongly urged to consult with their tax advisors regarding any possible investment. This document might include performance results. Weyland results are after management fees and all transaction costs have been deducted, and reflect all discretionary client accounts custodied at Charles Schwab & Co (12/98-Present). Weyland results are a composite figure: account performance dispersion has and will occur due to client specific client cash and security holdings. The Average Balanced Fund return is an average of all balanced mutual funds tracked by Morningstar (through December 2009) for each time period, and is before front-end and back-end loads. The Balanced Index "60/40" is a mix of 60% S&P 500 Index and 40% Barclays Capital Aggregate Bond Index. YTD and Total Returns for Average Balanced Fund uses Balanced Index return for current calendar year. The indices presented are for informational purposes only and are not directly investable. The volatility and holdings of the indices shown may be materially different from that of Weyland's composite or single client portfolios. A balanced index is geared towards investors looking for a mixture of principal protection, income, and capital appreciation, and Weyland considers it its primary benchmark. Weyland performance figures are derived by compounding the daily IRR. All Index and Average Balanced Fund Return data is derived by monthly compounding returns, unless otherwise noted. All performance figures include the reinvestment of dividends and income.