

Thursday, February 11, 2021

Good Morning,

After a few wild up and down weeks, markets are calmer this week as corporate earnings and economic data point to the continued modest recovery from the pandemic. While stocks can be perplexing from one day or week to the next, it's important to remember that we invest in stocks for the long term rather than for day-to-day gains. Since 1950, the S&P 500 index has been up 54% of 17,866 trading days, 60% of 852 months, 67% of 284 quarters and 73% of 71 years. In other words, the longer you remain invested, the better your opportunities for gains.

Stock gains often occur in short time frames. Missing just a fraction of the good days can significantly impact returns. The total return for the S&P 500 over the last 30 years (1991-2020) was a gain of +10.7% per year. If you missed the 24 best percentage gain days over the last 30 years (i.e., 24 days in total, not 24 days per year), the +10.7% annual gain falls in half to a +5.3% annual gain. Hence the old phrase "it's time in the market, not timing the market."

As baseball fans get ready for the start of Spring Training, I have an update on my Cincinnati Reds. Reds pitcher Trevor Bauer, the best in the National League in 2020 (winner of the Cy Young Award) is now a member of the World Series Champion Los Angeles Dodgers. Perhaps he couldn't resist the opportunity to play for the World Champs near his own hometown. Or, it could have been the \$102 million 3-year contract. Either way, it appears the Reds' streak of making the playoffs will end at 1 year in a row. It was great run while it lasted.

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http://www.commonwealth.com/RepSiteContent/weekly_comm/commentary_redirect.htm

As always, if you would like to discuss this or anything regarding current market conditions or your portfolio, feel free to contact me at any time.

Have a great week,

Wade

Wade A. Sarkis, CFP®, AIF®
Managing Partner
Canandaigua Financial Group
45 Ontario Street
Canandaigua, NY 14424
(585) 396-2720

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