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By **GENE MARCIAL** / **MONEYWATCH** / May 11, 2016, 5:30 AM

# Sell in May and go away? No way! Do this instead

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Some aphorisms have the tenacity of overly used clichés. One of them is the Wall Street adage "Sell in May and go away," probably the most widely repeated saying in the marketplace at this time of year -- thanks to the *The Stock Traders Almanac*, which introduced it decades ago.

What it means specifically is for investors to sell their stock holdings in May and buy them back at the end of October. That's because since 1945, the S&P 500 rose in price an average of 6.6 percent from November through April but gained only 1.4 percent from May through October, noted Sam Stovall, U.S. equity strategist at S&P Global Market Intelligence.

But the better rule may be to buy the fundamentally sound stocks that hasty investors are selling in May, presumably at reduced prices, and profit from them when they bounce back by October's end as they resume their expected rise. Investors who do this could either sell them at huge profits or simply hold the stocks purchased at bargain prices.



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Plenty of stocks that investors usually unload in May are solid and have already provided ample profits. So during this month, which started out reflecting the sell-in-May adage, investors should watch out for "fallen angel" stocks bearing the brunt of unloading.

For instance, here are three stocks that analysts see as ideal opportunities for seizing under this

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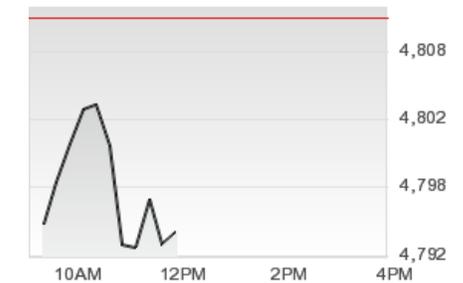


*CBS This Morning*

## Market Data

Enter Ticker Symbol or Company Name

NASDAQ: May 11, 2016



Symbol	Last	Change	% Change
<b>DOW</b>	17,813.05	-115.30	-0.64%
<b>NASDAQ</b>	4,793.94	-15.94	-0.33%
<b>S&amp;P 500</b>	2,075.44	-8.95	-0.43%

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## Should investors sell in May and go away?

reversal of the sell-in-May strategy.

First is Apple (AAPL), a stock many investors have a love-hate relationship with. The highly active momentum players tend to exacerbate the level of selling in this stock because they love the wide range of volatility it engenders like few other stocks do. A week ago, Apple tumbled below \$92 a share, as the bears beat it up, mainly because of **worries about the China market**.

Already, though, Apple has moved higher, back above \$93. But the stock is considered still way undervalued at this price, considering that long-term investors continue to value it at more than \$130 a share. "We still see a shiny Apple despite ongoing near-term headwinds, and we're maintaining our fair value estimate of \$133 share," said Brian Colello, equity analyst at Morningstar.

Another stock ideally situated as a buy during the sell-in-May fever is Gilead Sciences (GILD), which has already been battered down to \$84 a share from its 52-week high of \$123. Gilead's drugs focus on major immunodeficiency viruses including HIV, chronic hepatitis B and hepatitis C. Some patent expirations in 2018 threaten its huge HIV franchise, some analysts warn.

But the bulls are encouraged by Gilead's single-tablet regimens for HIV and its next-generation products with long-term safety profiles. With the stock trading at seven times estimated 2016 earnings, well below peers and historical levels, "we believe the shares are attractively valued," said Jeffrey Loo, equity analyst at S&P Global Market Intelligence, who rates Gilead as a "strong buy" with a price target of \$155 a share.

A third stock to profit from is Visa (V), the world's largest retail payment network and a leading global brand, whose stock hasn't made much headway. It's down to \$78 a share from its 52-week high of over \$81. But its appeal to some close watchers of the industry is that Visa remains the "King of the Hill in digital payments," as Jim Sinegal, equity analyst at Morningstar describes the company. Sinegal argues that this means Visa deserves a much higher valuation.

"Visa dominates the global market for electronic payments, accounting for about half of all credit card transactions," Sinegal noted in an appraisal of the company. Visa also accounted for roughly three-fourths of debit card transactions in recent years, according to the Nilson Report.

"In a world in which the number of digital payment transactions is constantly growing, this wide-moat company should flourish," noted Sinegal. He's maintaining his fair value estimate of \$104 a share for Visa. "We share management's optimism," he said, "that the softness seen in fiscal 2016 will not persist into the following year."

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