



# INVESTOR PERFORMANCE: HISTORY OF INDIVIDUAL INVESTING

Lessons learned from the past election cycle by the annual DALBAR investor behavior study, and how to plan for the end of 2020.

# INTRODUCTION

## Mission

This year has been, to use the most common word for 2020, unprecedented. It's fair to say we've never seen a year like it, and we never will again. But with all of the new challenges brought by 2020, most of us have the same fear: our financial future.

Whether you are saving to buy your first home, trying to build up a next egg for an upcoming retirement, or trying to manage your income within your current retirement, it's likely that this year brought some financial anxiety for you at some point.





# THE HARD TRUTH

Unfortunately, for many people, anxiety brings impulsive decisions, and those decisions are rarely sound in terms of financial goals. It's years like this that highlight the importance of having a financial plan, and an advisor to help you stay on the right track, despite market condition.

Since 1984, approximately

**70%**

of Average Investor **underperformance** occurred during only

**10 KEY PERIODS**

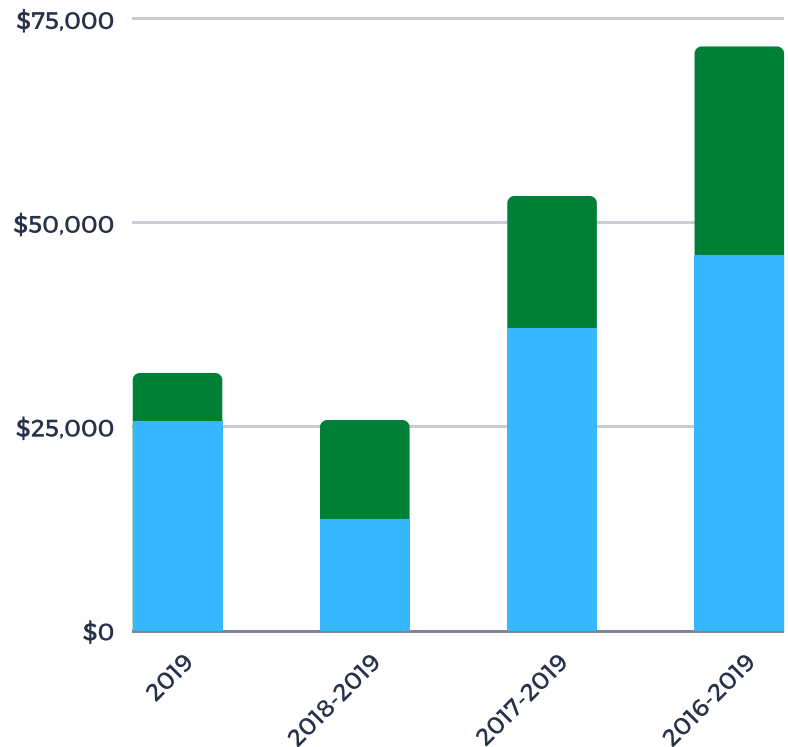
in which investors withdrew their investments during periods of **market crisis**.



# The Danger of Panic

THE DIFFERENCE BETWEEN SELLERS AND HOLDERS

The Average Equity Fund Investor's behavior changed in 2016 in terms of net contribution/withdrawals from their equity portfolio. It began with fears over election results and continued straight through until the end of 2019.



## HYPOTHETICAL PERFORMANCE OVER THE PAST FOR YEARS

This graph compares a hypothetical \$100,000 investment that is bought and held to a hypothetical \$100,000 investment by the Average Equity Fund Investor. The graphs will compare the money earned for starting points at the beginning of each year from 2016 to 2019.

The blue shows the money earned for that time period for the average investor on a hypothetical \$100,000 investment. The green added on is the difference between that performance and the performance of someone who would have avoided any panic selling and would have simply held their investments.

## \$145,972 VS \$171,487

The final portfolio balance between difference between the hypothetical portfolio of the average investor vs one who would have maintained their investment in 2016-2019.

# IN SUMMARY...

That data shows that, starting with fears over election results, over the past four years the average investor has underperformed the S&P 500 by about 25% from 2016-2019.

We all know what is coming up at the end of this year... another election. An election that we expect to be as turbulent as ever.

**Stop guessing in times of panic, and start planning for a more confident future.**



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or call 866-254-4235

All statistics and figures from 2020 Quantitative Analysis of investor Behavior, 2020 QAIB Report for the period ending December 31, 2019 from Dalbar, Inc.

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