Average Investor blown away by market turmoil in 2018
DALBAR study shows the Average Equity Fund Investor lost twice the money of the S&P in 2018

(Marlborough, MA. March 25, 2019) The nation’s leading investor behavior study over the past 25 years found that the average investor took some money off the table in 2018 but was still poorly positioned for the second half of the year. The average investor was a net withdrawer of funds in 2018 but poor timing caused a loss of 9.42% on the year compared to an S&P 500 index that retreated only 4.38%.

In 2018 the average investor underperformed the S&P 500 in both good times and bad, lagging behind the S&P by more than 100 basis points in two different months. In October, a bad month for the market (-6.84% S&P 500 return vs. -7.97% Avg. Equity Investor Return) the investor lagged by 113 basis points, while in August, a strong month for the market (+3.26% S&P 500 return vs. 1.80% Avg. Equity Investor Return) the Average Investor lagged by 146 basis points.

“Judging by the cash flows we saw, investors sensed danger in the markets and decreased their exposure but not nearly enough to prevent serious losses. Unfortunately, the problem was compounded by being out of the market during the recovery months. As a result, equity investors gained no alpha, and in fact trailed the S&P by 504 basis points.” said Cory Clark, Chief Marketing Officer at DALBAR, Inc.

DALBAR’s Quantitative Analysis of Investor Behavior Study (“QAIB”) has been analyzing investor returns since 1994 and has consistently found that the average investor earns much less than market indices would suggest. The full report of the 25th Edition of DALBAR’s Quantitative Analysis of Investor Behavior (QAIB) is available from DALBAR by visiting the QAIB Store at www.QAIB.com, calling 617-723-6400 or emailing QAIB@dalbar.com.

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