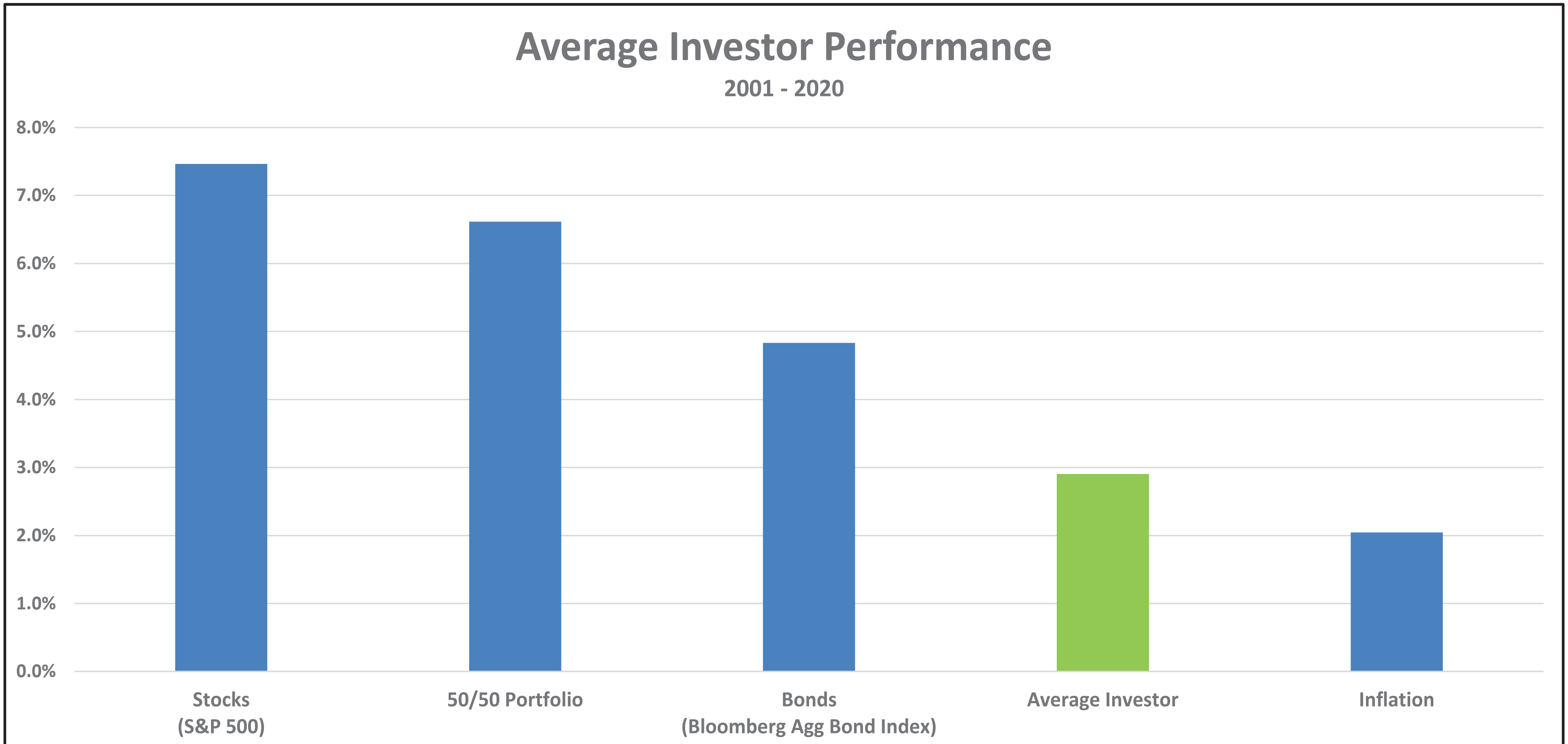
The average investor underperforms due to market timing

The following chart is from a Dalbar study titled “Quantitative Analysis of Investor Behavior” that displays the annualized returns of various asset classes and the average investor for the twenty-year period of 2001 through 2020.

The average asset allocation investor’s return is based on an analysis of the net aggregate mutual fund sales, redemptions and exchanges each month. The study shows that the average investor’s return over this period was less than half of stocks and far worse than a bond portfolio.

Dalbar cites market timing as a main factor for poor investor performance.



Annualized Return	7.5%	6.6%	4.8%	2.9%	2.0%

SOURCE: Bloomberg and Dalbar Inc.

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