



Contact: Cory Clark
617.624.7156
cclark@dalbar.com

Investors Reacted to Market Crisis in Unprecedented Fashion

DALBAR Study Reveals Vital Lessons for Investor Behavior during Times of Crisis

(Marlborough, MA. April 1, 2021) [DALBAR, Inc.'s QAIB report \(Quantitative Analysis of Investor Behavior\)](#) has been the nation's leading study on investor behavior for the past 27 years. This year's report, published on March 31st, examines one of the most fascinating periods for investor behavior since the study's inception in 1994.

The study found that the Average Investor reacted in an atypical fashion during the market turmoil of last March; fleeing from fixed income investments but holding steady with their equity levels. The study reports that only 11% of investors cashed out investments in response to the market crash last March. The level of money movement among equity funds was similar to other times of crisis; however, in 2020, a much greater proportion of the money movement was via exchanges into other equity investments.

"The Average Equity Fund Investor looks like a pretty cool customer when we look back at 2020, no real signs of panic but instead evidence that they capitalized on an opportunity," said Cory Clark, Chief Marketing Officer at DALBAR, Inc. "While we'd like to believe that investors have been cured of poor behavior by reading our QAIB study, the truth is that there were unique circumstances which left the Average Equity Investor looking like a rock star. The first was the rapid speed of the crash and subsequent recovery. Another unique factor was the intuitive winners and losers that would result from the pandemic. The Average Equity Fund Investor was a good fund picker in 2020, but I would caution investors from becoming overly confident. Abandoning a long-term strategy to find top performers seldom works out in their favor."

Despite the improved behavior and outperforming the S&P 500 in 6 of the last 8 months of 2020, the Average Equity Fund Investor still underperformed the S&P 500 by 1.31% for the year in 2020. The Average Fixed Income Fund Investor did decidedly worse, showing signs of panic selling in March, leading to a yearly underperformance of 4.42% against the Bloomberg Barclays Aggregate Bond Index.

The full report of the 27th 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.