



faith . discipline . patience

We speak often about the importance of behavior management when it comes to stock investing. We all know people that “Sold everything when _____”. ~~Investors~~ Traders often underperform the market because of overreactions to temporary, short-term upsets.

*“...For instance, investors pulled nearly \$8 billion from U.S. equity funds in the week after Brexit, [one of the bigger weekly withdrawals of 2016](#), according to the Investment Company Institute. The S&P 500 fully recovered from Brexit less than a month later, with many of those investors missing out on the rebound and locking in what should have been just a temporary paper loss... the average investor in U.S. stock mutual funds lost 2.3% in 2015, whereas the S&P 500 was slightly positive that year, including dividends... And 2015 wasn't an anomaly. ***The gap between investors' returns and the market's performance** is even wider over a longer time horizon. Equity-fund investors earned just **3.7% annually** over the past 30 years through 2015 **compared with a 10.4% annual return for the S&P 500.**” --Steven Russolillo, [Why Trump Slump Stings Investors](#), WSJ, 3/27/17*

Let that last, **bolded** stat sink in....the investments out-performed their investors by nearly 7% a year for 30 years. Ouch!

The delta between investment and investor returns is sometimes called “The Behavior Gap”. While we agree fees and investment selection do deserve some attention, investors behavior is the single largest determinant of success.

Faith. Discipline. Patience.

*Source: Dalbar

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