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DALBAR Introduces Asset Allocator Ratings as Antidote for Investor Behavior

(Boston, MA. March 26, 2013) Today, DALBAR released its annual study on investor returns that reports on what individual investors earn from their mutual funds. As in previous years, the 2013 Quantitative Analysis of Investor Behavior (QAIB) study shows the gap between what investors earned over various time periods up to 20 years and the most popular investment indices.

New in 2013, QAIB offers an affirmative solution to the shortfalls that investors suffer. Asset allocation funds have been shown to retain investors for longer than equity or fixed income funds, but on balance the investor returns for most periods are lower than the equity investor. The finding is that this anomaly is due to underperformance of certain asset allocation funds. The QAIB study shows that asset allocation underperformance accounts for as much as 16.92% in critical years.

At the same time, the QAIB study found extremely strong performance of certain allocators in the critical years of 2008 (down market), 2009 (up market) and 2011 (turbulent market). Leading this group of "weather proof" asset allocators are MFS, Invesco and VALIC. Comparable moderate funds from each of these allocators scored in the first or second quartile in each critical year. The study ranked 38 allocators that offered moderate asset allocation funds.

Individual investors in equity funds kept pace with the S&P 500 in 2012 but remained 3.96% behind for the 20 year period.

Copies of the study are available for purchase at www.qaib.com or www.dalbar.com.

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