

FOR IMMEDIATE RELEASE

Contact: Stephanie Ptak
SPtak@Dalbar.com
617-723-6400

Investors Find No Shelter
DALBAR Study Reveals Carnage for
Equity, Bond and Asset Allocation Shareholders

Boston, MA -(March 9, 2009) By all measures, 2008 was the year that wiped out wealth- and DALBAR's *Quantitative Analysis of Investor Behavior (QAIB)* is no exception. In its 15th annual study of mutual fund investor behavior, DALBAR discovered that equity, fixed income and asset allocation fund investors experienced average annual losses for all time periods examined except the longest (20-year) time frame. And even those positive returns did not keep pace with the average inflation rate.

"The dramatic events that continue to plague our financial markets have provoked panic, which exacerbates the ongoing carnage," said Lou Harvey, president of DALBAR. "For 15 years, QAIB has shown that investor returns lag what performance reports and prospectuses would lead one to believe is achievable. While those returns are, in fact, theoretically achievable, the reality is that investors are not rational, and make buy and sell decisions at the worst possible moments," he said.

Among the studies findings:

- For the 20 years ended December 31, 2008, equity, fixed income and asset allocation fund investors had average annual returns of 1.87%, 0.77% and 1.67%, respectively. The inflation rate averaged 2.89% over that same time period.
- Equity fund investors lost 41.6% last year, compared with 37.7% for the S&P 500 Index.
- Bond fund investors lost 11.7% last year, versus a gain of 5.2% for the Barclays Aggregate Bond Index. This disparity is largely due to the underperformance of managed bond funds caused by mortgage-backed securities.
- With an annual loss of 30% last year, asset allocation fund investors fared better than equity fund investors.

QAIB suggests that financial firms and advisers help mitigate the effects of investor behavior by:

- Encouraging dollar cost averaging to ease back into the markets.
- Helping investors stay calm during market turbulence through a strategy called "Purpose-Based Asset Management."
- Providing a deeper evaluation of a potential investment's leverage exposure.

For more information on these findings, or to purchase the full study, please contact Stephanie Ptak at 617-723-6400 or sptak@dalbar.com

DALBAR is the leading provider of Qualified Default Investment Alternative (QDIA) Validations

and fiduciary adviser audits and certifications for ERISA plans and IRAs. DALBAR has a 30-year history as an independent third-party evaluator in the financial services industry. DALBAR certifications are also recognized as a mark of excellence in adviser services, communications, E-business, and customer service.

###

<http://www.dalbar.com>