

---

# THE *INVESCO* Alternative

Dedicated to helping you ...

## ... Achieve Financial Independence

Number 197    Wealth Management - Estate Planning - IRA's    June 7, 2016

Registered Investment Advisors - Certified Public Accountants - Real Estate Brokers

*INVESCO*, LLC - 1295 Rand Road, Des Plaines, Illinois, 60016 - (847) 824-4078

### **Study: Mutual Fund Investors Are Their Own Worst Enemy**

Ten years ago this month we wrote a newsletter giving the summarized highlights of Don Wilkinson's book entitled "STOP Wasting Your Wealth In MUTUAL FUNDS!"

Our review pointed out, in Chapter 4 of his book, Wilkinson cited "The 2004 DALBAR study revealed that for the 10-year period ending December 31, 2003, fund investors earned 9.47 percent less than the actual performance of the funds ...the stock market (the S&P 500 index) averaged 16.3 percent per year over this time period and the average investor earned only 5.3 percent per year!... The study concluded that for those investors lacking time, discipline, knowledge, and experience to maintain a portfolio over a long term, a financial advisor would make far more money than he would cost.

Indeed Mutual Funds are the roadkill of American investing.

Since our newsletter of ten years ago, the news for mutual fund investors shows a similar scenario. Financial Advisor magazine states "In its 2016 Quantitative Analysis of Investor Behavior, DALBAR found that the average equity mutual fund investor earned annual returns of 3.66 percent in the 30 year period ending December 31, 2015, while the S&P 500 index produced annual returns of 10.35 percent over the same period".

"This underperformance is mostly attributable to panic selling, excessively exuberant buying and attempts at market timing". It goes on to say that "investors in asset allocation mutual funds that spread investments over multiple asset classes have fared even worse" (this is why we always say forget asset classes - think industries).

Call or email us for a free copy of Wilkinson's book and we will include a reprint of our June 2006 newsletter.

You can also go to our website and read our newsletters from October 2013 "20 Reasons To Hire INVESCO as Your Financial Advisor", and June 2013 "Think, Act and Invest Like Warren Buffett".

If you have a 401k plan at work, which usually has limited investment options to choose from, call us and we will help you make the right choice.

**Published by Myron J. Gaylord, Keith B. Nyborg, Paul N. Linzer and Ryan J. McNeilly**