MIND THE GAP

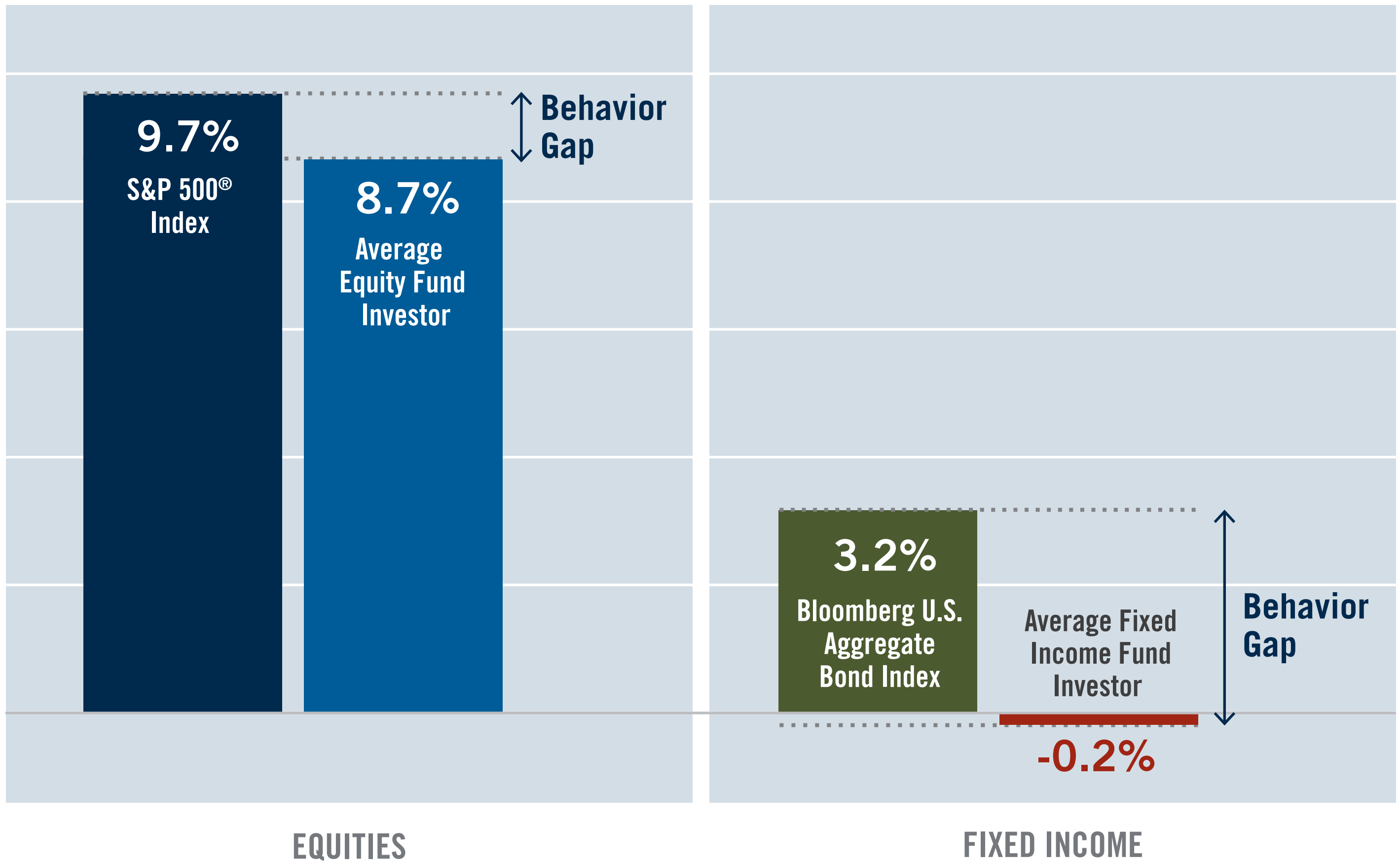
VIRTUS INVESTMENT PARTNERS

1K “Buying low and selling high” is easier said than done, because emotions often get the best of investors, letting fear and greed dictate their actions.

Investing on emotion increases the odds of “buying high and selling low”—the exact opposite of investing wisdom—and is a major reason why the average equity and fixed income investor has underperformed the respective benchmarks over the last 20 years. This “behavior gap”—the difference between investing rationally and emotionally—can cost an investor a significant sum over long periods.

20-YEAR AVERAGE INVESTOR VS. INDEX RETURNS

Period ended 12/31/2023



RETIREMENT SOLUTIONS

Past performance is not indicative of future results. Source: Quantitative Analysis of Investor Behavior, 2024, DALBAR, Inc., www.dalbar.com.

Average investor performance results are based on a DALBAR study, “Quantitative Analysis of Investor Behavior (QAIB), 2024.” DALBAR is an independent financial research firm. The Average Equity Fund Investor is comprised of a universe of both domestic and world equity mutual funds. It includes growth, sector, alternative strategy, value, blend, emerging markets, global equity, international equity, and regional equity funds. The Average Fixed Income Fund Investor is comprised of a universe of fixed income mutual funds, which includes investment grade, high yield, government, municipal, multi-sector, and global bond funds. It does not include money market funds. Using monthly fund data supplied by the Investment Company Institute, QAIB calculates investor returns as the change in assets after excluding sales, redemptions, and exchanges. This method of calculation captures realized and unrealized capital gains, dividends, interest, trading costs, sales charges, fees, expenses, and any other costs. After calculating investor returns in dollar terms, two percentages are calculated for the period examined: Total investor return rate and annualized investor return rate. Total return rate is determined by calculating the investor return dollars as a percentage of the net of the sales, redemptions, and exchanges for the period. The equity market is represented by the Standard & Poor’s 500 Index. The fixed income market is represented by the Bloomberg Aggregate Bond Index. 20-year period ended 12/31/23.

The **S&P 500® Index** is a free-float market capitalization-weighted index of 500 of the largest U.S. companies. The index is calculated on a total return basis with dividends reinvested. The **Bloomberg U.S. Aggregate Bond Index** measures the U.S. investment grade fixed rate bond market. The index is calculated on a total return basis. The indexes are unmanaged, their returns do not reflect any fees, expenses, or sales charges, and they are not available for direct investment.

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