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INVESTOR FEAR LEADS TO LOSSES IN 2011

(Boston, MA March 19, 2012) While the volatility of the 2011 markets ended with large gains for bond holders and a small profit for equities, the mutual fund investor did not fare as well.

Equity mutual fund investors gave up on the markets shortly before the year-end recovery and suffered a loss of 5.73%, compared to a 2.12% gain for the S&P 500. This erodes the long-term gains that began to recover from the devastating losses of 2008.

The unprecedented ups and downs of 2011 drove up the aversion to risk and investors succumbed to their fears. They decided to take their losses instead of risking further declines. Unfortunately, as is so often the case, this occurred just before the markets started on a steady trek to recovery.

The annual Quantitative Analysis of Investor Behavior (QAIB) study documents the reaction to the markets and tracks the long term effect on investors' actual returns. The 2012 QAIB study also examines whether the regulatory push to apply a fiduciary status to more and more advisors is likely to produce improved results for investors. Copies of the study are available for purchase at www.qaib.com or www.dalbar.com.

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