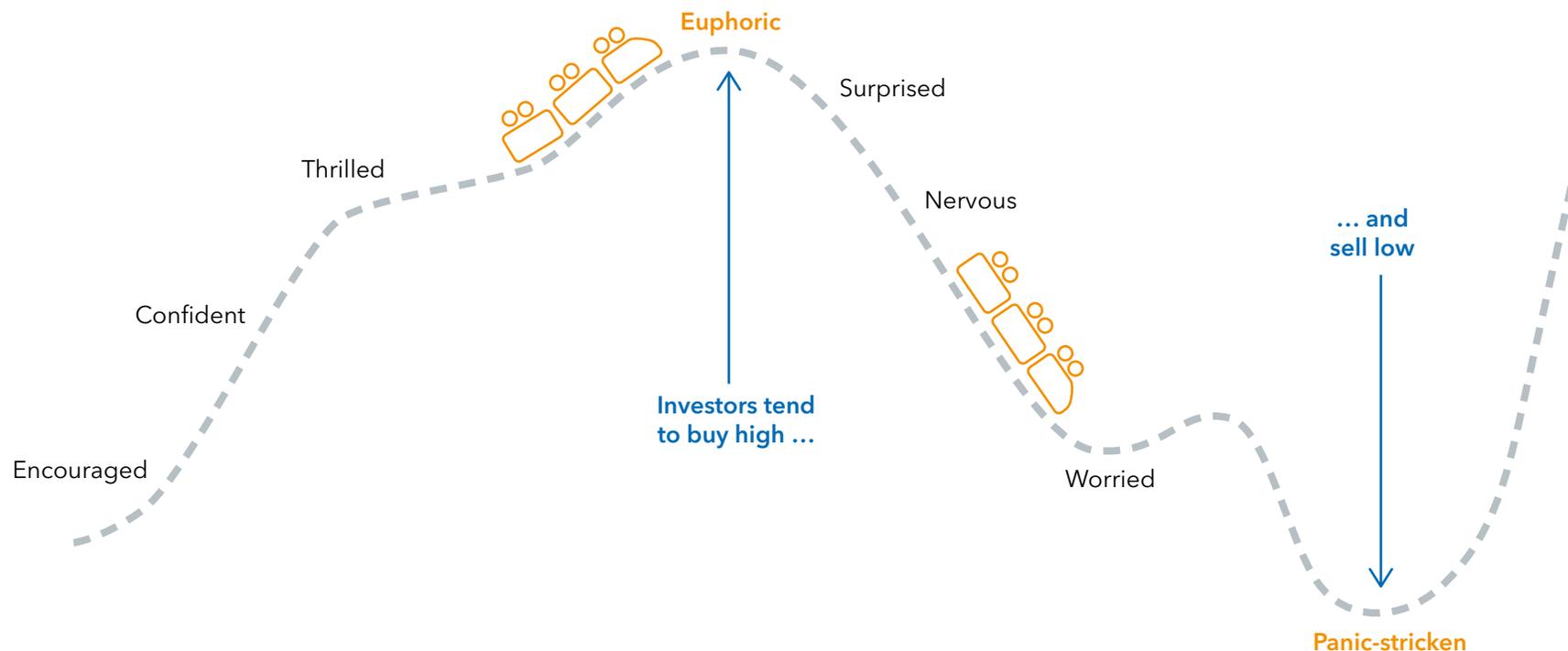


# Investing with emotions can be costly

When things are going bad, we want to limit our losses. When things are going well, we wish we had invested more. We all fear missing out.

But when you're investing, giving in to fear is often a losing strategy. More often than not, investors with this mindset tend to buy high and sell low as they invest more in a rising market and pull money out in a falling market.

## Riding the ups and downs of the market



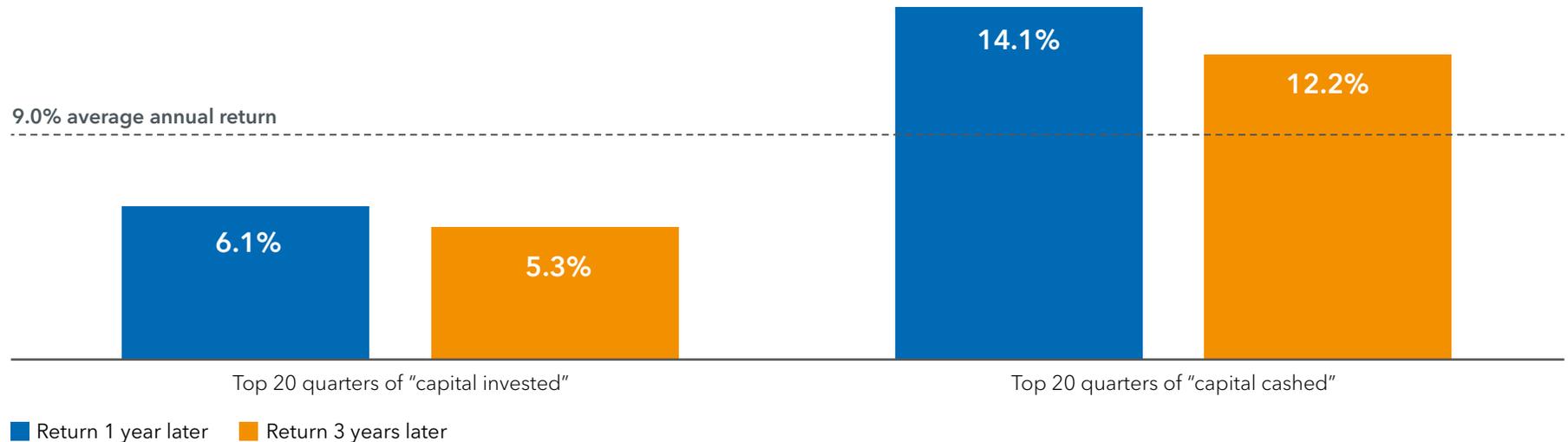
Hypothetical example.

## Keep your emotions in check

Investors who have followed their emotions, joining the crowd of other emotional investors, have historically regretted it. Periods that followed investors cashing out of the market have provided above-average returns, while periods that followed investors adding to the market have provided below-average returns.

### The average investor gets the timing wrong

U.S. stock flows and returns over the last 25 years (1994-2018)



Source: BlackRock, Morningstar as of 12/31/18. Flow data is based on quarterly net flows into Morningstar's US Equity Funds Category with the **Top 20 quarters of "capital invested"** reflecting the 20 quarters with the highest net flows and the **Top 20 quarters of "capital cashed"** reflecting the 20 quarters with the lowest net flows. Return data is based off of the return of the S&P 500 over the time periods mentioned. **Return 1 year later** reflects the average of the 12 month returns immediately following the 20 quarters in each category. **Return 3 years later** reflects the average of the 36 month returns immediately following the 20 quarters in each category. Past performance does not guarantee or indicate future results. It is not possible to invest directly in an index.

#### Investing involves risks, including possible loss of principal.

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