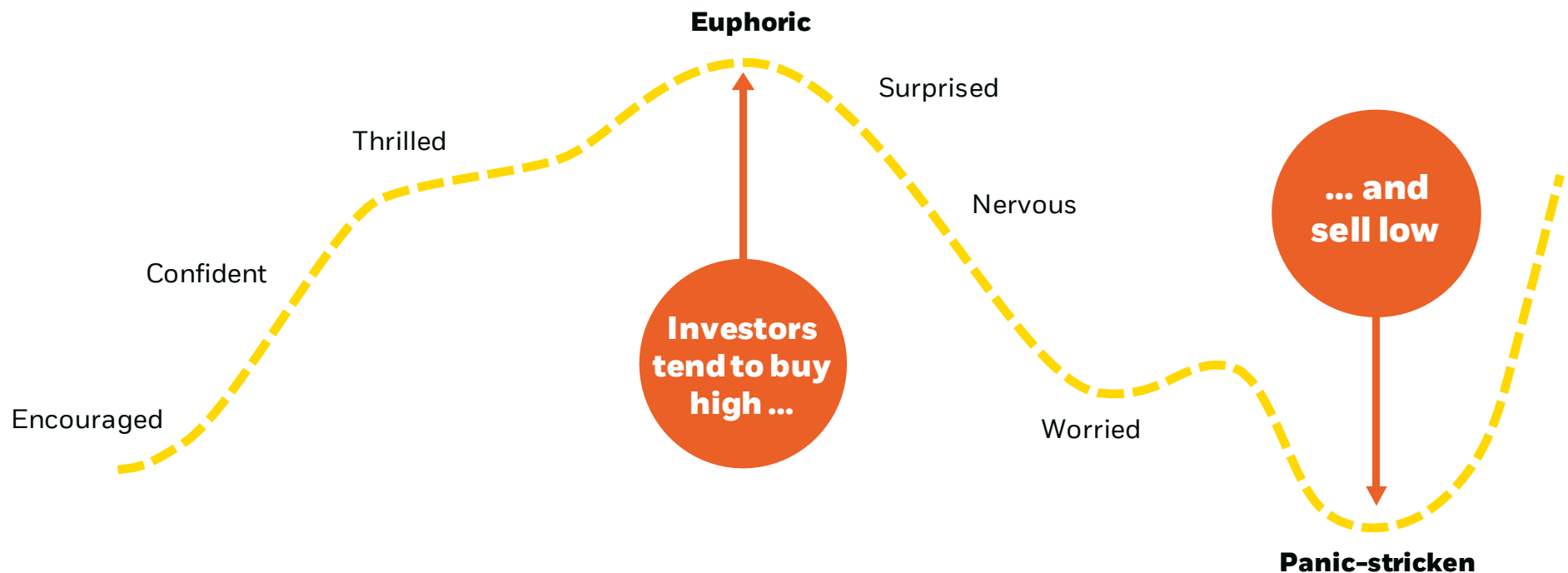


# Investing with emotions can be costly

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

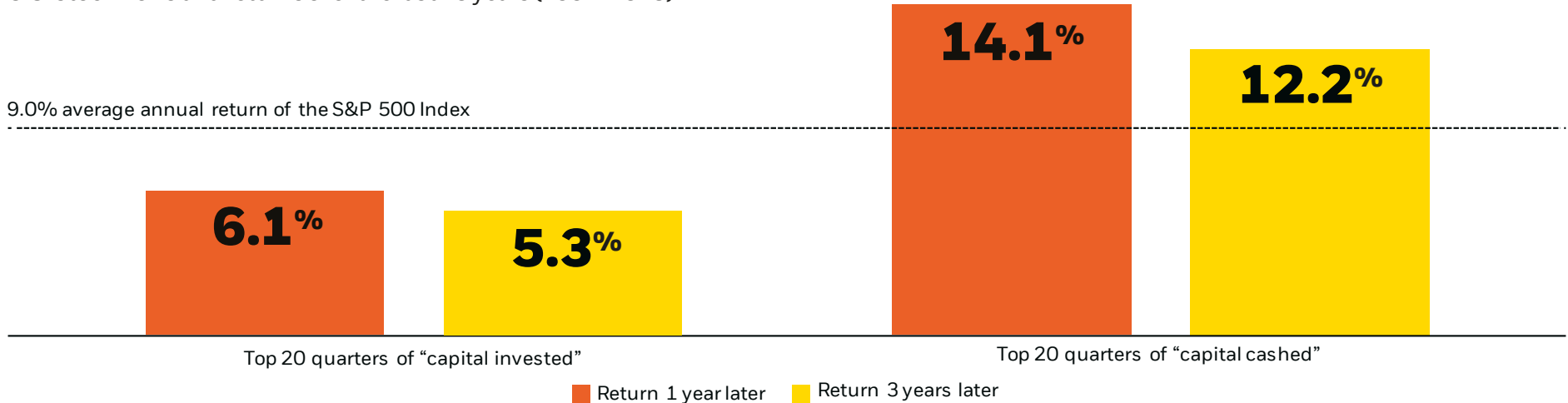


## Keep your emotions in check

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)



Sources: BlackRock, Morningstar as of 12/31/18. Flow data is based on quarterly net flows into Morningstar's U.S. 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 1 year later** reflects the average of the 12 month returns of the S&P 500 Index immediately following the time periods defined as Top 20 quarters of "capital invested" and Top 20 quarters of "capital cashed". **Return 3 years later** reflects the average of the annualized 36 month returns of the S&P 500 Index immediately following the time periods defined as Top 20 quarters of "capital invested" and Top 20 quarters of "capital cashed". 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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