

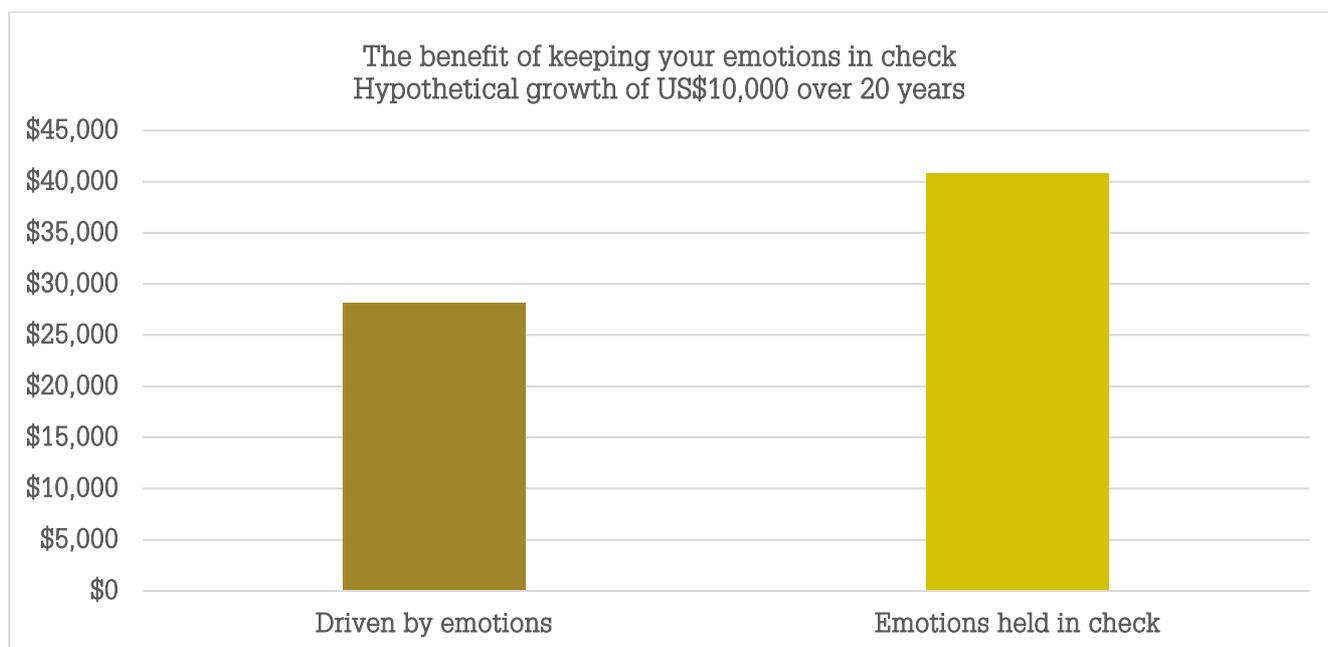
KEEP EMOTIONS IN CHECK

“A lot of people with high IQs are terrible investors because they’ve got terrible temperaments. You need to keep raw irrational emotion under control.”

Charles Munger
Vice-Chairman, Berkshire Hathaway

Emotions can wreak havoc on investor returns. Keeping them in check is critical to building long-term wealth.

Unfortunately, when faced with periods of inevitable market volatility, investors are often guided by their emotions. This leads to self-destructive behaviour, such as timing the market, avoiding equities despite attractive low prices and abandoning financial plans altogether.



Source: Davis Advisors and *Quantitative Analysis of Investor Behaviour* by Dalbar, Inc. (March 2018) and Lipper. Dalbar computed the Average Stock Fund Investor Return (above, “Driven by Emotions”) by using industry cash flow reports from the Investment Company Institute. The Average Stock Fund Return (above, “Emotions Held In Check”) figures represent the average return for all funds listed in Lipper’s US Diversified Equity fund classification model. The average annual return for these two were 5.3% and 7.3% respectively. Dalbar also measured the behavior of an “asset allocation” investor who uses a mix of equity and fixed income investments.

The annualised return for this type of investor was 2.6% over the time frame measured. All Dalbar returns were computed using the S&P 500 Index. Returns assume reinvestment of dividends and capital gain distributions. The fact that buy and hold has been a successful strategy in the past does not guarantee that it will continue to be successful in the future. The performance shown is not indicative of any particular Davis investment. **Past performance is not a reliable indicator of future returns.**



Over the past 20 years, investors who keep their emotions under control built considerably more wealth than investors who were driven by their emotions: **US\$40,810** versus **US\$28,057**.

Ways to keep your emotions in check and improve returns:

- Disregard market forecasts
- Be patient
- Consider investing when feeling fearful
- Don't jump in and out of the market
- Tune out daily market drama
- Work with a trusted financial adviser.

To build long-term wealth, investors must remain disciplined, unemotional and focused on long-term goals in the face of inevitable market volatility.

For information about the PAN-Tribal Global Equity Fund, please go to www.pantribal.com.au or contact your Key Account Manager:

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Applications to invest in the Fund must be made on the application form which can be downloaded from www.pantribal.com.au or obtained by contacting PAN-Tribal on (03) 9654 3015.

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