Research Insights

Investors' Behaviors Undermine Their Goals

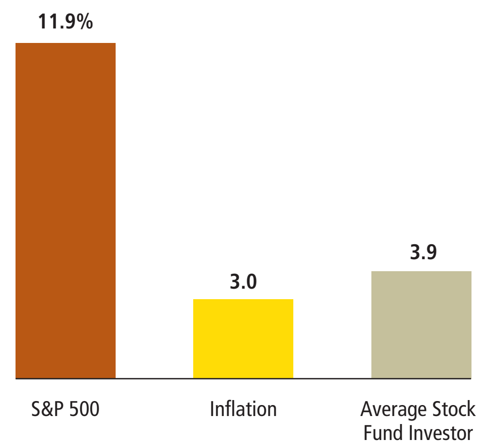
Emotional intelligence plays an important role

How well are you really doing?

Investors make common mistakes that may be costing them a lot.

- Buying high, and selling low
- Not diversifying properly
- Neglecting to rebalance their portfolios
- Ignoring the timeless principles of investing

Annualized Returns 1986-2005



Source: DALBAR, Inc., 2006 Quantitative Analysis of Investor Behavior

Stay on Track to Reach Your Goals

Four critical steps to keep you on track to reaching your goals

Define success.

- Success in investing requires you to have a clear picture of your goals, hopes and aspirations.
- What do you want your future to look like—are you saving to buy your dream home? Do you need to fund a child's education? How much will you need to spend to support the retirement lifestyle you envision?
- The answers will help you clarify your life-defining financial goals and an investment plan to help make them a reality.

Create the appropriate asset allocation strategy.

- In its most basic sense, asset allocation is about having the right mix of investments—stocks, bonds, international and other investments—to reach your goals.
- A smart asset allocation strategy is an integral part of any financial plan. Investing experts agree it is one of the most important factors driving long term portfolio performance.
- In a recent survey, three out of four Financial Advisors reported asset allocation is more important to investing success than individual investment selection.*
- In fact, 51% of investors who have an asset allocation plan say they are very confident that they will reach their long-term financial goals. Only 32% of investors who don't have an asset allocation strategy feel that way.*

Rebalance regularly.

- It's not enough to set your allocation once and forget about it. Asset classes fluctuate—frequently moving in opposite directions and/or at varying rates. That can distort your original allocation and leave your portfolio unbalanced.
- To truly take advantage of proper asset allocation, it's critical to periodically restore the original allocation through rebalancing.
- The best rebalancing approach factors in the benefits (like reduced risk) with costs (such as taxes and transaction fees). A Financial Advisor can help develop and implement a rebalancing strategy to keep you on track.

Stay focused on the long term.

- It's easy to get distracted when markets are moving up and down—and when financial information from the news, TV, your friends and colleagues overwhelms you.
- When you want to make a change in your plan or your portfolio, ask yourself how doing so will support your long-term goals.

*Source: AllianceBernstein Asset Allocation Study, conducted by Mathew Greenwald & Associates, Inc. We conducted telephone interviews with 500 Financial Advisors and 1,000 investors. All advisors surveyed had been practicing for at least five years and were responsible for a minimum of $25 million in assets under management. All investors surveyed were solely or jointly responsible for making financial and investment decisions for their households, had a household income of $75,000 or more and had household investable assets of $75,000 or more.

AllianceBernstein
Investments

1345 Avenue of the Americas
New York, NY 10105
1.800.227.4618