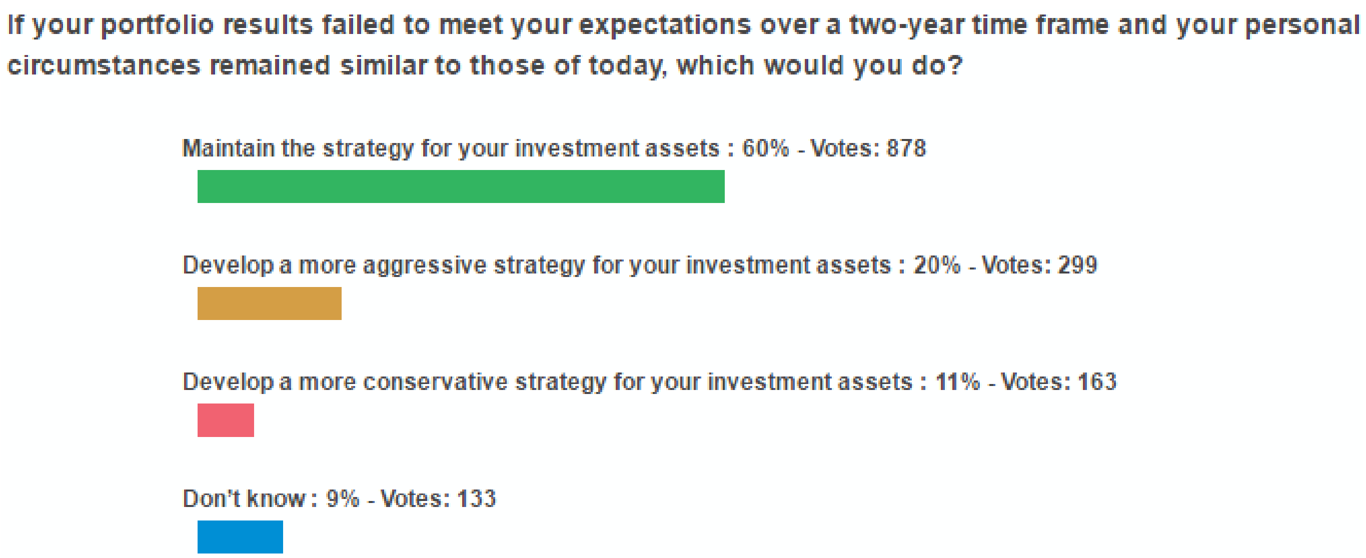
Investors Reveal What They Wish They Had Done Differently

Discipline is a characteristic that many of the world's greatest investors have in common. Part of that discipline entails being able to stick with your investment strategy, even through periods of underperformance. Jumping from strategy to strategy, in essence, chasing returns is a pathway to disappoint.

To see how willing our readers are to deal with a period of underperformance with their portfolio, we posed the following question last week:

If your portfolio results failed to meet your expectations over a two-year time frame and your personal circumstances remained similar to those of today, what would you do?

Here are the results:



Of the 1,473 responses we received as of 5:30 a.m. (Central) on Sunday the 18th, 60% said they would maintain the strategy for their investment assets. Another 31% said they would change strategies. Of this group, 64.7% said they would develop a more aggressive strategy for their investment assets while, surprisingly, 35.3% said they would develop a more conservative strategy for their investments.

Finally, 9% said they were not sure how to react to their portfolio failing to meet their expectations over a two-year period.

Weekly Special Question

There is the saying “If I only knew then what I know now.” This certainly applies to investing as well. A lifetime of investing may last several decades and over that period investors learn new techniques, as well as from their mistakes.

With that in mind, last week’s special question asked:

Knowing what you know today about investing, what is the one thing you wish you had done differently through the years when building your portfolio?

In all, 352 readers offered their opinions, and the two themes that ran through most of the responses were:

- Invested more in index funds (10.8%)
- Started investing earlier (10.0%)

Other readers said they had invested more in dividend-paying stocks (5.1%); been more aggressive in their investments (4.6%); and taken a more active role in their investments (3.7%).

And, lastly, 3.4% of respondents said that they would not have changed a thing.

Here is a sampling of the responses:

- “A better understanding of risk/reward.”
- “Allocate much more heavily to Index funds as opposed to managed mutual funds.”
- “Stopped chasing “hot” stocks or funds and put more in index funds.”
- “Been more aggressive and less focused on the volatility in the market.”
- “Keep a record of why I bought each stock, along with a goal for that investment.”
- “Listen less to fee-based advisors!”
- “Started sooner.”

And perhaps the best words to live by:

- “Listened to my wife.”

Want to weigh in? Participate in our weekly member poll, updated every Tuesday, and see the results online at http://www.aaii.com/memberquestion.