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## The Behaviour Gap

Investor behavior matters, probably even more than skill. It helps to understand one fundamental concept: Investment returns and investor returns are almost always different. You earn the investment return if you invest your money and then don't touch it. No buying, no selling, just holding. But real people rarely invest this way.

Real people chase performance and invest by looking in the rearview mirror. The hunt for the best investment creates what I call the Behaviour Gap. The result is well documented: because of classic behavioural mistakes, average investors almost always do worse than average investments. Now that we know the gap exists, it's time to close it.