

Dollar Cost Averaging

[Get access >](#)

Michael J. Brennan, Feifei Li, Walter N. Torous

Review of Finance, Volume 9, Issue 4, 2005, Pages 509–535,

<https://doi.org/10.1007/s10679-005-4999-x>

Published: 01 January 2005

Abstract

Dollar Cost Averaging is a strategy for purchasing equity securities that is widely recommended by professional investment advisors and commentators, but which has been virtually ignored by academic theorists and textbook writers. In this paper we explore whether the strategy is but another instance of irrational behavior by individual investors, or whether it is an investment heuristic that has survival value in an environment in which security prices exhibit mean reversion behavior that has only belatedly been recognized by academic theorists. Our evidence supports the view that the uninformed individual investors who follow this strategy in purchasing individual stocks to add to an existing portfolio are better off than if they followed the ‘rational’ strategies traditionally recommended by academics.

This content is only available as a PDF.

© Springer

Subject: [Household Finance, Behavioral Asset Pricing](#)

Issue Section: [Articles](#)

You do not currently have access to this article.

Sign in

 [Get help with access](#)

Personal account

Institutional access



Sign in through your

- Sign in with email/username & password
- Get email alerts
- Save searches
- Purchase content
- Activate your purchase/trial code
- Add your ORCID iD

Sign in >

Register

 institution

 Sign in through your institution >

[Sign in with a library card](#)

[Sign in with username/password](#)

[Recommend to your librarian](#)

Institutional account management

[Sign in as administrator](#)

Purchase

[Subscription prices and ordering for this journal](#)

[Purchasing options for books and journals across Oxford Academic](#)

Short-term Access

To purchase short-term access, please sign in to your personal account above.

Don't already have a personal account? [Register](#)

Dollar Cost Averaging - 24 Hours access

EUR €39.00

GBP £33.00

USD \$43.00

Rental



This article is also available for rental through DeepDyve.