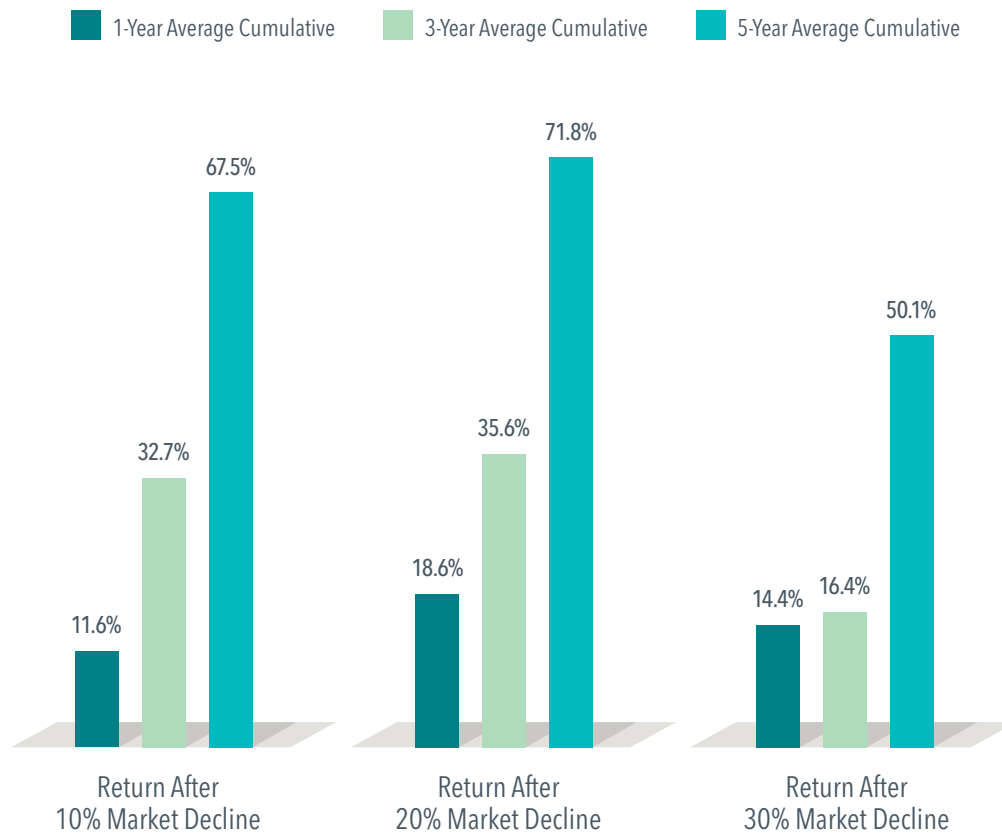


History Shows That Stock Gains Can Add Up After Big Declines

FAMA/FRENCH TOTAL US MARKET RESEARCH INDEX RETURNS,
July 1, 1926–December 31, 2019



Sudden market downturns can be unsettling. But historically, US equity returns following sharp downturns have, on average, been positive.

- A broad market index tracking data since 1926 in the US shows that stocks have tended to deliver positive returns over one-year, three-year, and five-year periods following steep declines.
- Cumulative returns show this to striking effect. Five years after market declines of 10%, 20%, and 30%, the compounded returns all top 50%.
- Viewed in annualized terms across the longest, five-year period, returns after 10%, 20%, and 30% declines have been close to the historical annualized average over the entire period of 9.6%.¹

Sticking with your plan helps put you in the best position to capture the recovery.

1. The average annualized returns for the five-year period after 10% declines were 9.33%; after 20% declines, 9.66%; and after 30% declines, 7.18%.

Past performance is no guarantee of future results. Short-term performance results should be considered in connection with longer-term performance results. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio.

Market declines or downturns are defined as periods in which the cumulative return from a peak is -10%, -20%, or -30% or lower. Returns are calculated for the 1-, 3-, and 5-year look-ahead periods beginning the day after the respective downturn thresholds of -10%, -20%, or -30% are exceeded. The bar chart shows the average returns for the 1-, 3-, and 5-year periods following the 10%, 20%, and 30% thresholds. For the 10% threshold, there are 28 observations for 1-year look-ahead, 27 observations for 3-year look-ahead, and 26 observations for 5-year look-ahead. For the 20% threshold, there are 14 observations for 1-year look-ahead, 13 observations for 3-year look-ahead, and 13 observations for 5-year look-ahead. For the 30% threshold, there are 6 observations for 1-year look-ahead, 3-year look-ahead, and 5-year look-ahead. Peak is a new all-time high prior to a downturn. Data provided by Fama/French and available at mba.tuck.dartmouth.edu/pages/faculty/ken.french/data_library.html. Eugene Fama and Ken French are members of the Board of Directors of the general partner of, and provide consulting services to, Dimensional Fund Advisors LP.

Investing risks include loss of principal and fluctuating value. There is no guarantee an investment strategy will be successful.

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