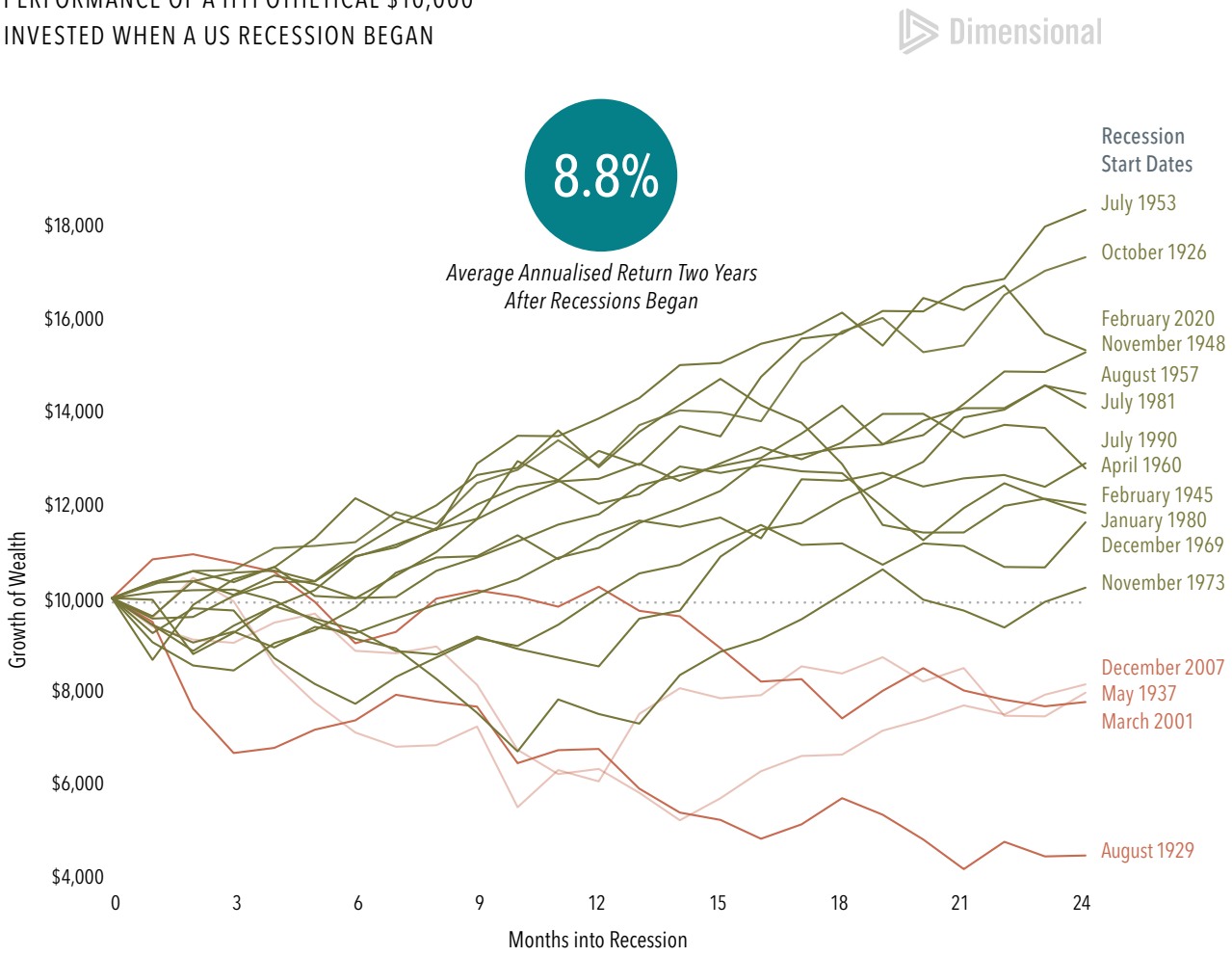
Dimensional

Long-Term Investors, Don't Let a Recession Faze You

PERFORMANCE OF A HYPOTHETICAL $10,000
INVESTED WHEN A US RECESSION BEGAN



Investors may be tempted to abandon equities when there is a heightened risk of a recession. But research has shown that stock prices incorporate these expectations and generally fall in value before a recession even begins.

- In 12 of the 16 recessions in the US over the past century, stock returns were positive two years after the recession began.
- The average annualised return two years after the onset of these 16 recessions was 8.8%.
- A $10,000 investment at the peak of the business cycle would have grown to $12,153 after two years on average.

A history of positive average performance following a recession can be a comfort for investors concerned about sticking with stocks.

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

In USD. Performance includes reinvestment of dividends and capital gains.

Growth of wealth shows the growth of a hypothetical investment of $10,000 in the securities in the Fama/French Total US Market Research Index over the 24 months starting the month after the relevant recession start date. Index data presented in the growth of wealth chart is hypothetical and assumes reinvestment of income and no transaction costs or taxes. Sample includes 16 US recessions as identified by the National Bureau of Economic Research (NBER) from October 1926 to February 2020. The average annualised return is calculated as the arithmetic average of the 16 annualised two-year return periods. NBER defines recessions as starting at the peak of a business cycle. A business cycle is a description of the various stages of economic output.

Fama/French Total US Market Research Index: July 1926–present: Fama/French Total US Market Research Factor + One-Month US Treasury Bills. Source: Ken French website.

The Fama/French indices represent academic concepts that may be used in portfolio construction and are not available for direct investment or for use as a benchmark. Index returns are not representative of actual portfolios and do not reflect costs and fees associated with an actual investment.

Results shown during periods prior to each index's inception date do not represent actual returns of the respective index. Other periods selected may have different results, including losses. Backtested index performance is hypothetical and is provided for informational purposes only to indicate historical performance had the index been calculated over the relevant time periods. Backtested performance results assume the reinvestment of dividends and capital gains. 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.

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