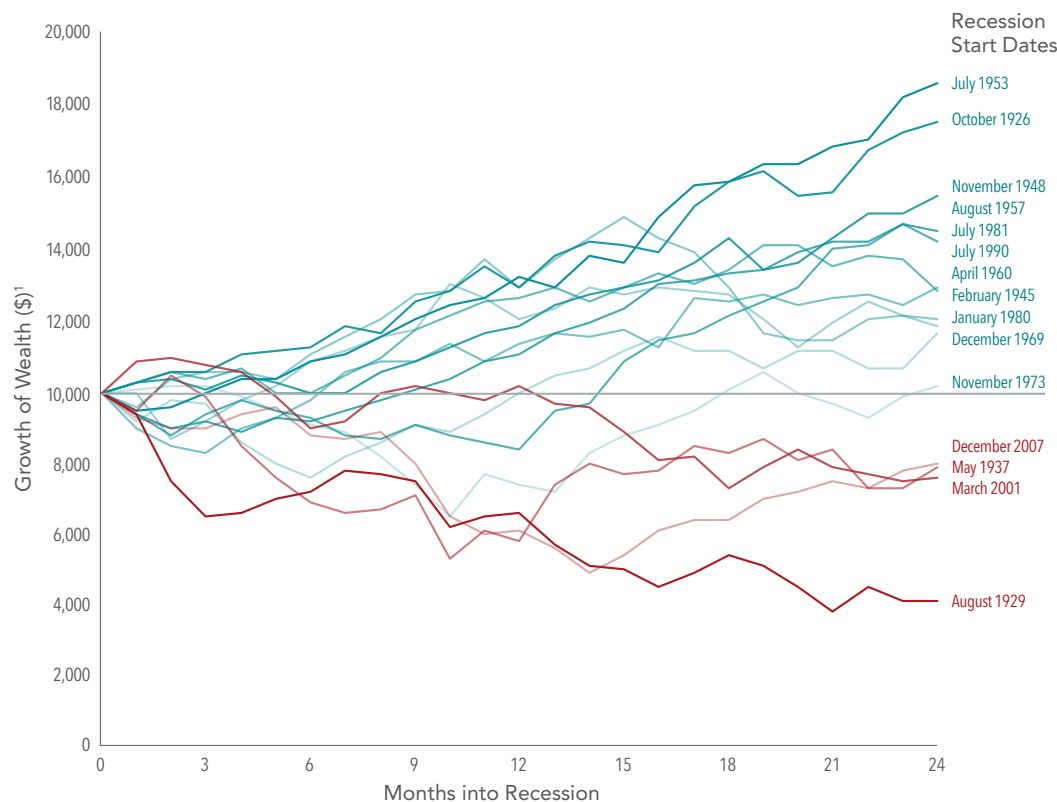


# Long-Term Investors, Don't Let a Recession Faze You

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



In the past century, there have been 15 recessions in the US. In 11 of those instances, stock returns were positive two years after the recession began.

- Investors may be tempted to abandon equities and go to cash when there is heightened risk of an economic downturn.
- But research has shown that stock prices incorporate expectations of a recession and generally have fallen in value before a recession even begins.
- The average annualized return two years after the onset of these 15 recessions was 7.8%.
- A \$10,000 investment at the peak of the business cycle would have grown to \$11,937, after two years on average.

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*Recessions understandably trigger worries. But a history of positive average performance following a recession can be a comfort for investors wondering about sticking with stocks.*

1. Growth of wealth for the Fama/French Total US Market Research Index.

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**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 15 US recessions as identified by the National Bureau of Economic Research (NBER) from October 1926 to December 2007. 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:** The value-weighted US market index is constructed every month, using all issues listed on the NYSE, AMEX, or Nasdaq with available outstanding shares and valid prices for that month and the month before. Exclusions: American Depositary Receipts. Sources: CRSP for value-weighted US market return. Rebalancing: Monthly. Dividends: Reinvested in the paying company until the portfolio is rebalanced.

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 index 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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