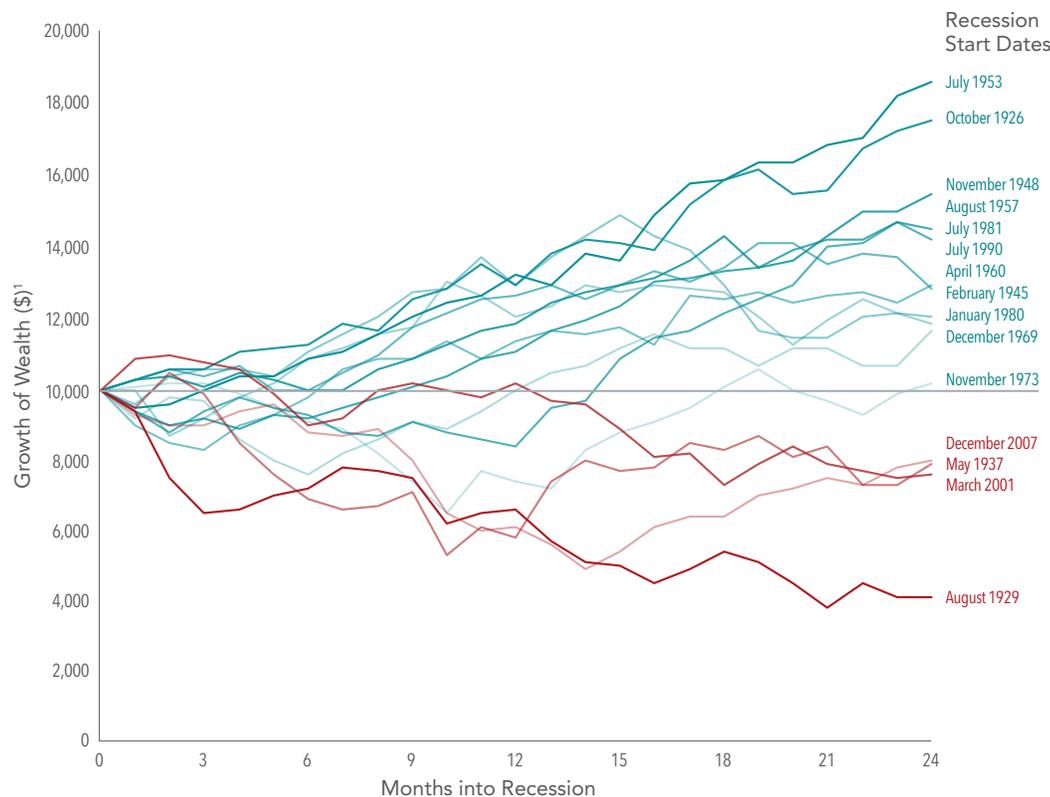


# Long-Term Investors, Don't Let a Recession Faze You

## 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, including hypothetical 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. Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio.

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.

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