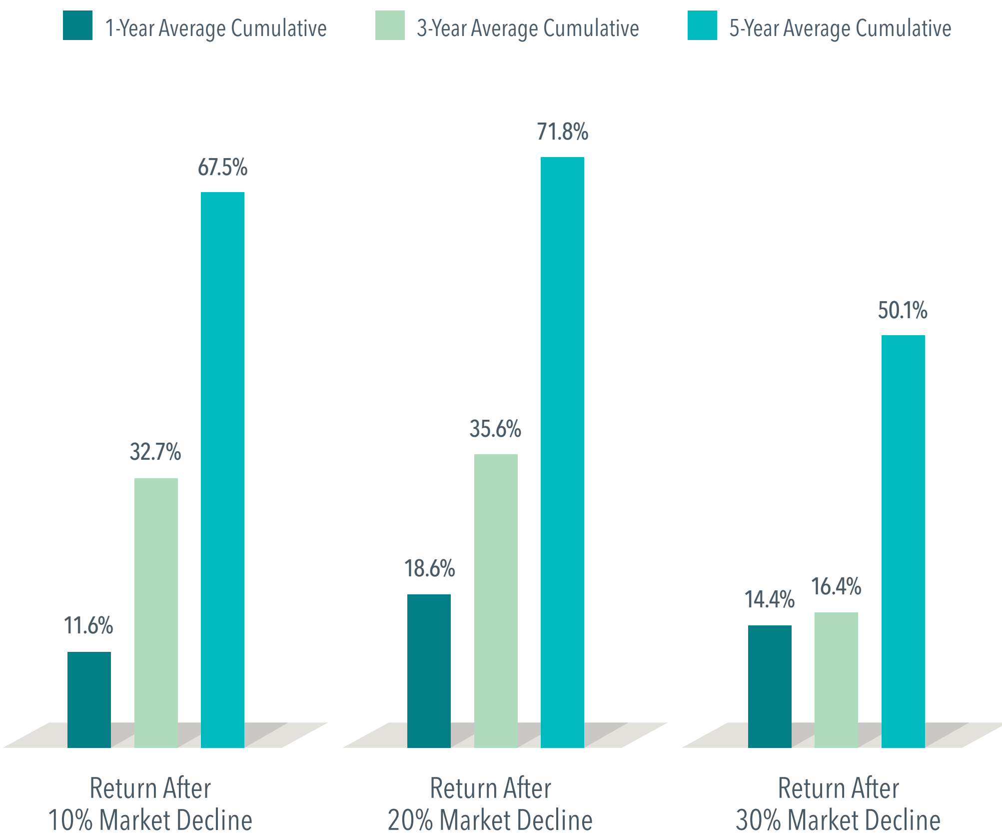
History Shows That Stock Gains Can Add Up After Big Declines

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%.

AMERICAS
Austin, Charlotte, Santa Monica, Toronto, Vancouver

EUROPE
London, Amsterdam, Berlin

ASIA PACIFIC
Sydney, Melbourne, Singapore, Hong Kong, Tokyo

dimensional.com

Dimensional

MKT-9317 04/20 1777845