

Stock Gains Can Add Up After Big Declines

FAMA/FRENCH TOTAL US MARKET RESEARCH INDEX RETURNS
July 1926–December 2025



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

- A broad market index shows that US stocks have tended to deliver positive returns over one-, three- 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 average cumulative return has topped 50%.
- Stocks posted especially notable rebounds after declines of at least 20%, the threshold for a bear market. After three years, stocks gained more than 40% and nearly 70% within five years.

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

Past performance is no guarantee of future results. Short-term performance results should be considered in connection with longer-term performance results.

In USD. 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 one-, three- and five-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 one-, three- and five-year periods following the 10%, 20% and 30% thresholds. For the 10% threshold, there are 29 observations for one-year look-ahead, 29 observations for three-year look-ahead and 28 observations for five-year look-ahead. For the 20% threshold, there are 15 observations for one-year look-ahead, 15 observations for three-year look-ahead and 14 observations for five-year look-ahead. For the 30% threshold, there are seven observations for one-year look-ahead, seven observations for three-year look-ahead and seven observations for five-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.

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.

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

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