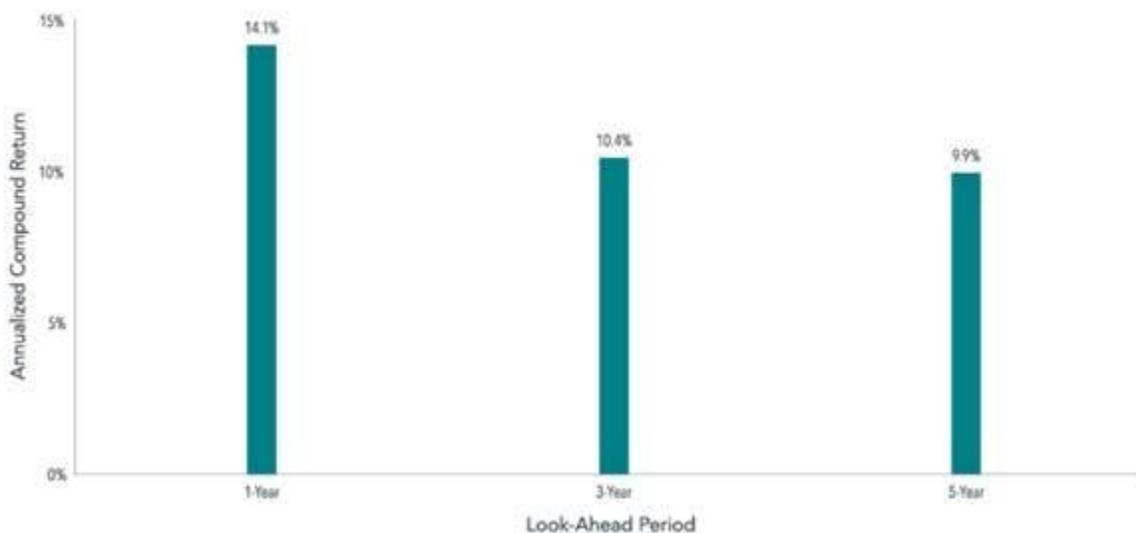


CLIENT QUESTION OF THE MONTH: If the market is at an all-time high, is now a good time to invest?

1. On February 19, 2020 the S&P 500 Index hit an all-time high, closing at 3,386.15 as part of a historic bull run that started on March 9, 2009. Over the next 23 trading days the index fell nearly 34%, amidst the uncertainty stemming from the COVID-19 outbreak. Fast forward to August 18th and you'll see it only took 126 trading days for the S&P 500 Index to make the round trip from peak-to-trough-back-to-peak. For investors, the question many are asking is, "why invest when the market is at an all-time high?"
2. When markets hit all-time highs, investors may wonder whether they have already missed the rally and are better off waiting for a pullback rather than getting into the market. They may consider taking profits now, weary of an imminent downturn. Some investors may make tactical decisions that do not align with their initial investment plan based on their beliefs on what may happen next.
3. More often than not, one major fear is driving similar reactions to these scenarios: what if I make an investment today and the price goes down tomorrow?
4. Good news is, the data makes a compelling case as to why investors should not do any of these things. The below exhibit suggests that new market highs have not been a harbinger of negative returns to come. The S&P 500 Index went on to provide positive average annualized returns over one, three, and five years following new market highs.

Average Annualized Returns After New Market Highs

S&P 500, January 1926-December 2018



In US dollars. Past performance is no guarantee of future results. New market highs are defined as months ending with the market above all previous levels for the sample period. Annualized compound returns are computed for the relevant time periods subsequent to new market highs and averaged across all new market high observations. There were 1,115 observation months in the sample. January 1990–Present: S&P 500 Total Returns Index. S&P data © 2019 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. January 1926–December 1989; S&P 500 Total Return Index, Stocks, Bonds, Bills and Inflation Yearbook™, Ibbotson Associates, Chicago. For illustrative purposes only. Index is not available for direct investment; therefore, its performance does not reflect the expenses associated with the management of an actual portfolio. There is always a risk that an investor may lose money. This information is provided for registered investment advisors and institutional investors and is not intended for public use. Dimensional Fund Advisors LP is an investment advisor registered with the Securities and Exchange Commission.