

Investor Discipline

- Humans are not wired for disciplined investing
- Many investors follow their emotions
- Reacting can hurt performance
- Markets have rewarded discipline
- Focus on what you can control

“The investor’s chief problem—
and even his worst enemy—is
likely to be himself.”

—Benjamin Graham

The Intelligent Investor

Humans Are Not Wired for Disciplined Investing



When people follow their natural instincts, they tend to apply faulty reasoning to investing.

Many Investors Follow Their Emotions

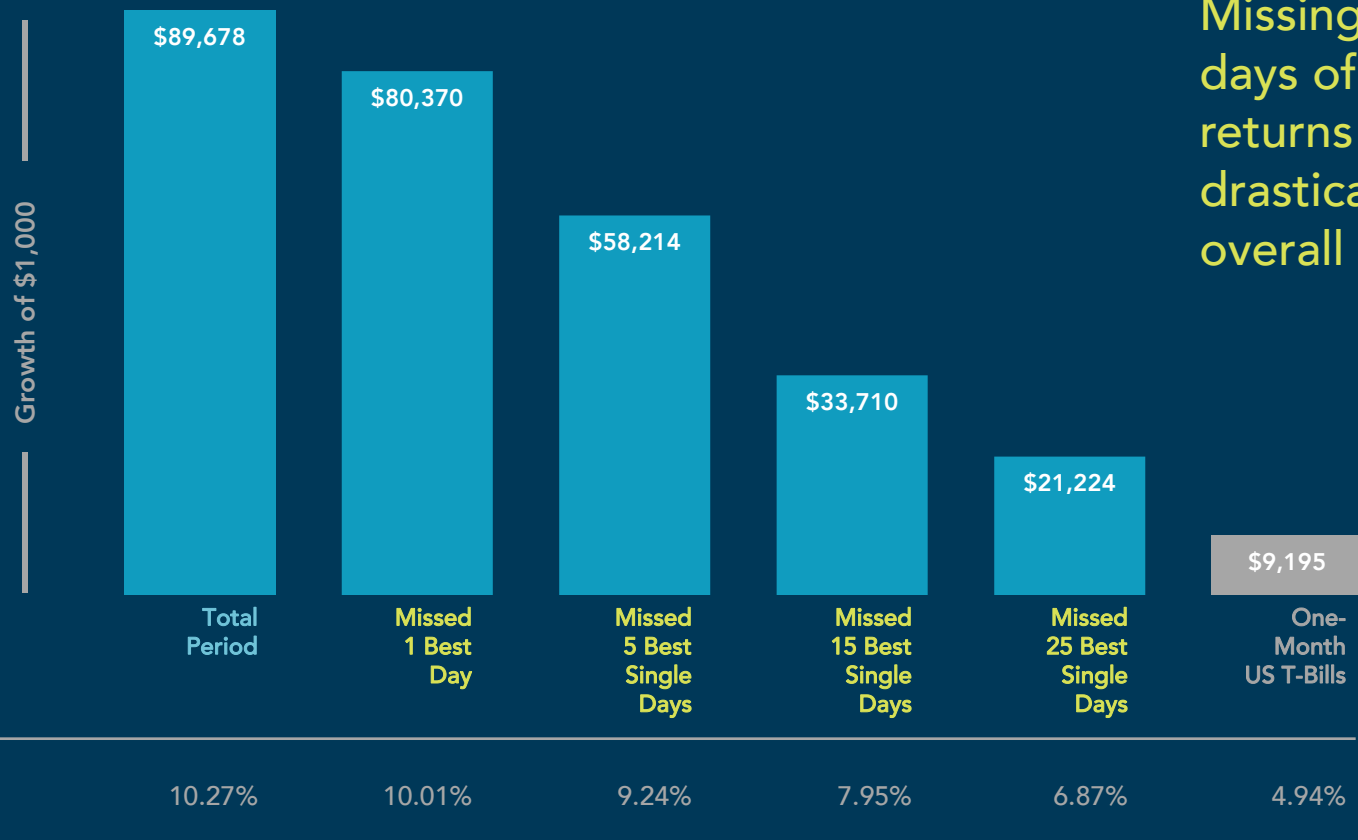


People may struggle to separate their emotions from their investment decisions.

Following a reactive cycle of excessive optimism and fear may lead to poor decisions at the worst times.

Reacting Can Hurt Performance

Performance of the S&P 500 Index, 1970–2015



Missing only a few days of strong returns can drastically impact overall performance.

In US dollars.

Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results. Performance data for January 1970–August 2008 provided by CRSP; performance data for September 2008–December 2015 provided by Bloomberg. S&P data provided by Standard & Poor’s Index Services Group. US bonds and bills data © Stocks, Bonds, Bills, and Inflation Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld).

Markets Have Rewarded Discipline

Growth of a dollar—MSCI World Index (net dividends), 1970–2015



To build wealth, you must look beyond the concerns of today and invest for the long term.

In US dollars.

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Focus on What You Can Control



Creating an investment plan to fit your needs and risk tolerance

Structuring a portfolio around dimensions of returns

Diversifying broadly

Reducing expenses and turnover

Minimizing taxes

No one can reliably forecast the market's direction or predict which stock or investment manager will outperform.

A financial advisor can help you create a plan and focus on actions that add value.

Disclosures

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Dimensional Fund Advisors LP is an investment advisor registered with the Securities and Exchange Commission.