



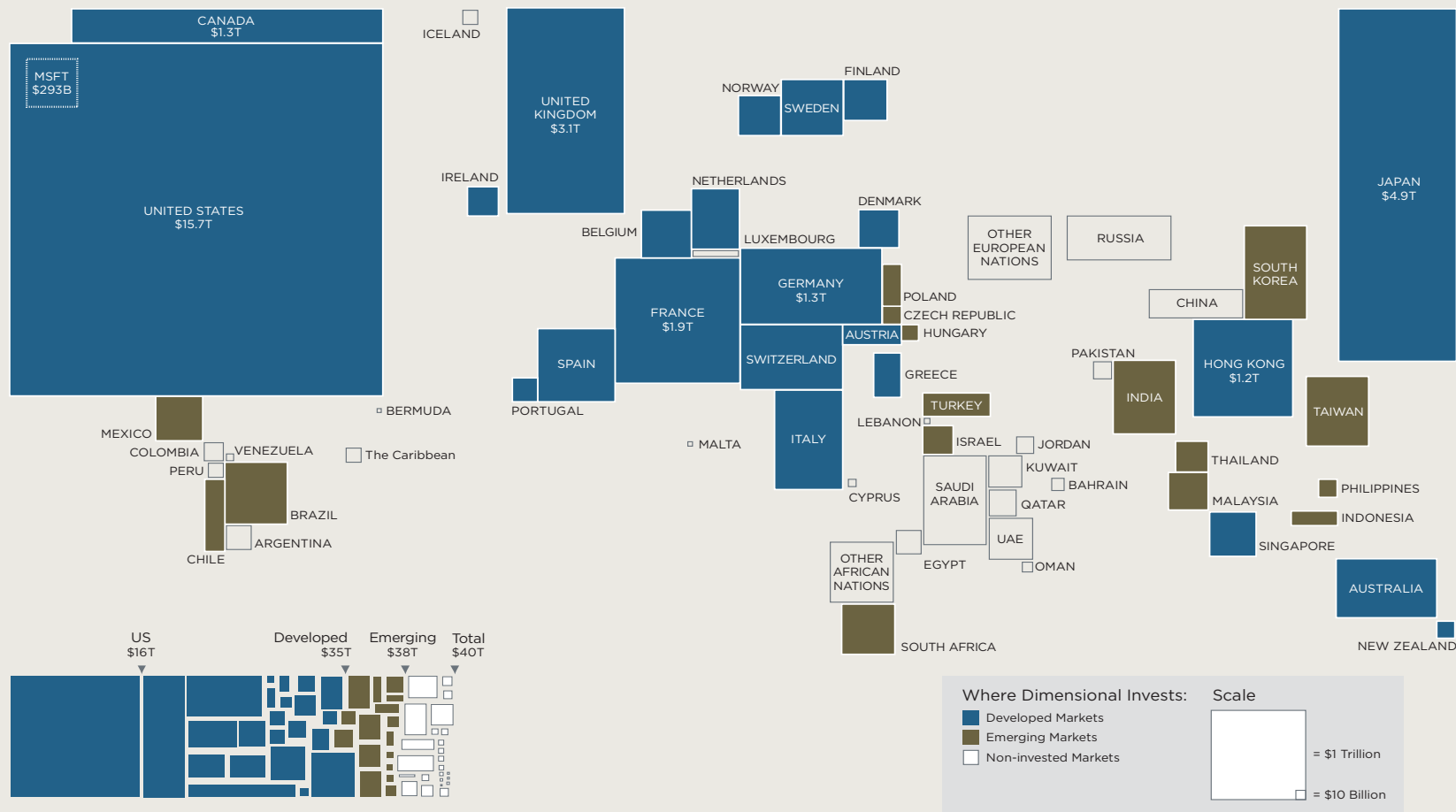
Dimensions of Investing

Eugene F. Fama Jr.
Vice President

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World Market Capitalization—Historical View

\$40.9 Trillion as of December 31, 2005



In US dollars. Map reflects countries in the MSCI Provisional All Country World Index, MSCI All Country World Small Cap Index, and MSCI Frontier Markets Index. Market cap data is free-float adjusted. MSCI data copyright MSCI 2006, all rights reserved. Saudi Arabia data provided by S&P/Citigroup Global Markets Inc. Many small nations not displayed. Totals may not equal 100% due to rounding. Dimensional makes case-by-case determinations about the suitability of investing in each emerging market, making considerations that include local market accessibility, government stability, and property rights, before making investments. For educational purposes; should not be used as investment advice.

Innovations in Finance

Conventional Wisdom circa 1950

"Once you attain competency, diversification is undesirable. One or two, or at most three or four, securities should be bought. Competent investors will never be satisfied beating the averages by a few small percentage points."

Gerald M. Loeb
The Battle for Investment Survival, 1935

Analyze securities one by one. Focus on picking winners. Concentrate holdings to maximize returns.

Broad diversification is considered undesirable.

The Role of Stocks

James Tobin
Nobel Prize in Economics, 1981

Separation Theorem:
1. Form portfolio of risky assets.
2. Temper risk by lending and borrowing.

Shifts focus from security selection to portfolio structure.

"Liquidity Preference as Behavior Toward Risk," *Review of Economic Studies*, February 1958.

Single-Factor Asset Pricing Risk/Return Model

William Sharpe
Nobel Prize in Economics, 1990

Capital Asset Pricing Model: Theoretical model defines risk as volatility relative to market.

A stock's cost of capital (the investor's expected return) is proportional to the stock's risk relative to the entire stock universe.

Theoretical model for evaluating the risk and expected return of securities and portfolios.

Efficient Markets Hypothesis

Eugene F. Fama, University of Chicago

Extensive research on stock price patterns.

Develops Efficient Markets Hypothesis, which asserts that prices reflect values and information accurately and quickly. It is difficult if not impossible to capture returns in excess of market returns without taking greater than market levels of risk.

Investors cannot identify superior stocks using fundamental information or price patterns.

The Birth of Index Funds

John McQuown
Wells Fargo Bank, 1971;
Rex Sinquefeld,
American National Bank, 1973

Banks develop the first passive S&P 500 Index funds. Years later, Sinquefeld co-chairs Dimensional, and McQuown sits on its Board.

1950 1951 1952 1953 1954 1955 1956 1957 1958 1959 1960 1961 1962 1963 1964 1965 1966 1967 1968 1969 1970 1971 1972 1973 1974

Diversification and Portfolio Risk

Harry Markowitz
Nobel Prize in Economics, 1990

Diversification reduces risk. Assets evaluated not by individual characteristics but by their effect on a portfolio. An optimal portfolio can be constructed to maximize return for a given standard deviation.

Investments and Capital Structure

Merton Miller and Franco Modigliani
Nobel Prizes in Economics, 1985 and 1990

Theorem relating corporate finance to returns. A firm's value is unrelated to its dividend policy. Dividend policy is an unreliable guide for stock selection.

Behavior of Securities Prices

Paul Samuelson, MIT
Nobel Prize in Economics, 1970

Market prices are the best estimates of value. Price changes follow random patterns. Future share prices are unpredictable. "Proof that Properly Anticipated Prices Fluctuate Randomly," *Industrial Management Review*, Spring 1965

First Major Study of Manager Performance

Michael Jensen, 1965;
A.G. Becker Corporation, 1968

First studies of mutual funds (Jensen) and of institutional plans (A.G. Becker Corp.) indicate active managers underperform indexes. Becker Corp. gives rise to consulting industry with creation of "Green Book" performance tables comparing results to benchmarks.

Options Pricing Model

Fischer Black, University of Chicago;
Myron Scholes, University of Chicago;
Robert Merton, Harvard University
Nobel Prize in Economics, 1997

The development of the Options Pricing Model allows new ways to segment, quantify, and manage risk. The model spurs the development of a market for alternative investments.

Financial Design through Scientific Process

THE FEEDBACK LOOP

- 1 Leading financial economists in the field of asset pricing find new sources of risk and return in advance of the industry.
- 2 Dimensional engineers products and brings client feedback to the academics for further research and enhancement.
- 3 Academic research becomes more relevant to practical investing, and practical investing is backed by solid theory and economic knowledge.

Dimensional's Inception	1981	
US Micro Cap	1982	
One-Year Fixed Income	1983	
	1984	Russell 2000 Index
International Small Cap	1986	
	1989	Salomon EMI Indexes
Global Fixed Income	1990	
US Value Strategies	1992	
Equal-Weighted Emerging Markets		
International Large Cap Value	1993	Russell 2000 Value Index
Real Estate Securities		
International Small Cap Value	1995	
Emerging Markets Small Cap	1997	MSCI EAFE Value Index
Emerging Markets Value	1998	MSCI EAFE Small Cap Index
Tax-Managed Strategies	1999	Lipper Database Converts to Multifactor Framework
Tax-Managed Separate Accounts	2000	Ibbotson Associates adds Value and Growth to SBBI
	2001	
Short-Term Municipal Bond	2002	
	2003	
Global Portfolios	2003	
Core Equity Strategies	2004	
	2005	Russell Micro Index






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Agenda

Dimensions of Investing

- 1 The Evolution of Multifactor Investing
- 2 Investment Principles
- 3 Implementation
- 4 Conclusion

The Evolution of Multifactor Investing

	 Small Cap	 Bond Structure	 Multifactor Model	 Tax Management	 Applied Core Equity
	1981	1983	1992	1999	2004
Benefit	Greater expected returns in small cap stocks.	Shorter maturities and higher credit reduce bond risk.	Three-factor model identifies greater expected returns for small cap and value stocks.	Reduced taxes and costs.	Total market portfolios increase the weight of small cap and value stocks where expected returns are greater.
Barrier	Massive trade costs erode potential benefit.	Traditional pursuit of longer-bond returns misses total portfolio benefit.	Long-term commitment to asset classes can be difficult to maintain.	Targeting equity factors generates taxes and costs.	Component vehicles generate increased frictions and costs.
Innovation	By not tracking an index, able to trade opportunistically and capture the liquidity premium instead of paying for it.	Budget risk to equities instead of fixed income and increase expected return for the total portfolio.	Portfolio structure and measurement gain focus through the three-factor model.	Algorithmic trading achieves target factors while managing taxes and costs.	Core strategies capture a total risk-return profile while reducing frictions and costs.

Core Investment Principles

In This Section

- ▶ Identify What Matters
 - Structure Determines Performance
- ▶ Sharpen Focus and Efficiency
 - Reduce Speculative Risk
 - Reduce Costs
 - Diversify
- ▶ The Role of the Investor
 - Markets Reward Risk Capital
 - The Investor's Return Is the Issuer's Cost of Capital
 - Invest Where Return Is Expected Economically

Focus on the Factors That Determine Expected Return.

Dimensions of Equity Markets

Multifactor Risk Model

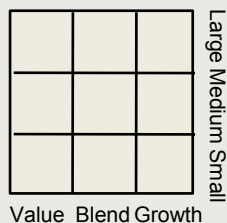
THREE DIMENSIONS EXPLAIN AVERAGE RETURNS

- ▶ **Equity Premium**
Stocks have greater expected returns and risk than fixed income.
- ▶ **Small/Large**
Small cap stocks have greater expected returns and risk than large cap stocks.
- ▶ **Value/Growth**
Value stocks have greater expected returns and risk than growth stocks.



INDUSTRY INTERPRETATION

Consulting
Style Box



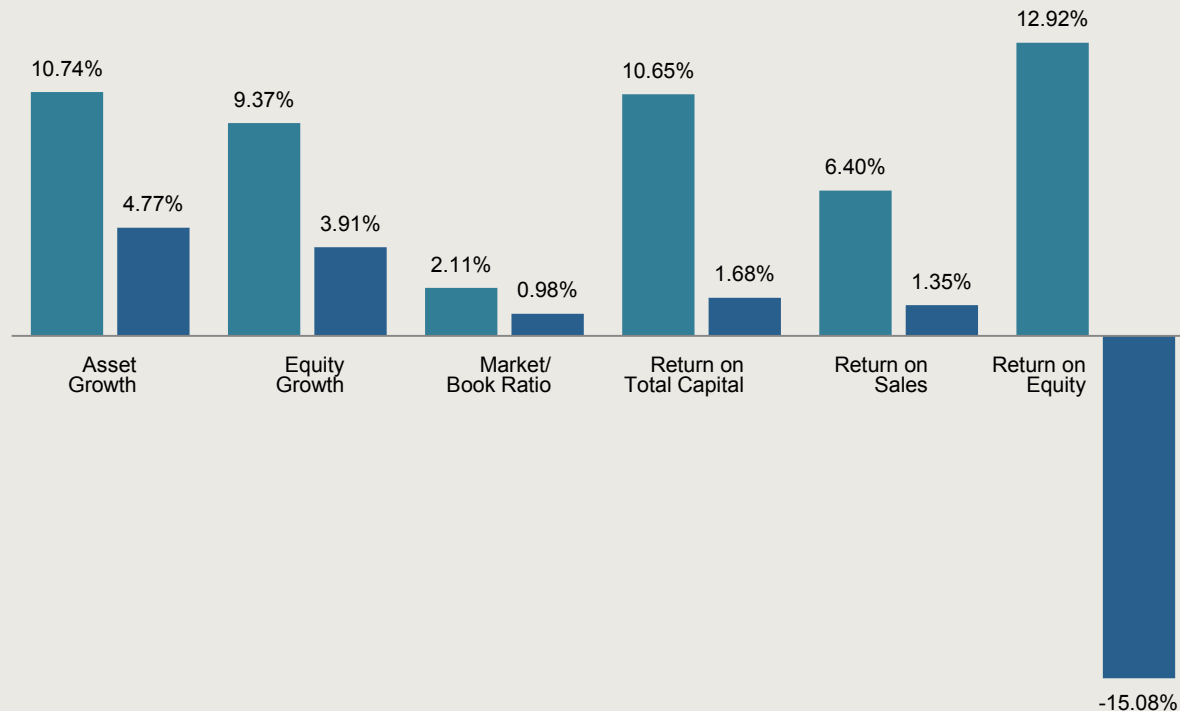
A less fluid
approach toward
factor exposure.

Excellent vs. Unexcellent Companies¹

Example: US Companies Economic Fundamentals, 1981-1985

► Economic health is (often) easily observed.

■ Excellent Companies
■ Unexcellent Companies



Excellent vs. Unexcellent Companies¹

Example: US Companies Investment Returns, 1981-1985

- For a given level of future earnings, a lower price paid means a higher expected investment return.



Size and Value Effects Are Strong around the World

Annual Index Data



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. US value and growth index data (ex utilities) provided by Fama/French. The S&P data are provided by Standard & Poor's Index Services Group. CRSP data provided by the Center for Research in Security Prices, University of Chicago. International Value data provided by Fama/French from Bloomberg and MSCI securities data. International Small data compiled by Dimensional from Bloomberg, StyleResearch, London Business School, and Nomura Securities data. MSCI EAFE Index is net of foreign withholding taxes on dividends; copyright MSCI 2009, all rights reserved. Emerging markets index data simulated by Fama/French from countries in the IFC Investable Universe; simulations are free-float weighted both within each country and across all countries.

Expected Premium over Market

Three-Factor Model

Monthly: July 1927-December 2008

Average Historical Return

Market Factor = 7.81

Size Factor = 3.56

BtM Factor = 5.15

Example Asset Regression Results

US Equity Balanced Strategy

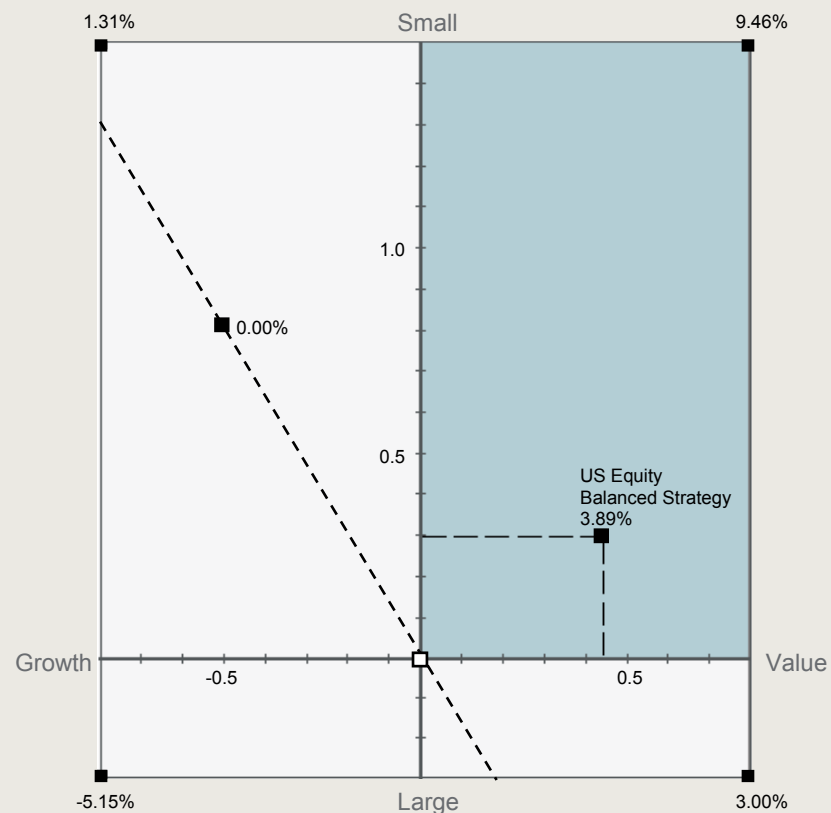
Market Beta (β) = 1.08

Size Loading (s) = 0.28

BtM Loading (h) = 0.44

Example Calculation:

Market Beta x (Market Factor)	1.08	x	(7.81)	8.43
Size Loading x (Size Factor)	+ 0.28	x	(3.56)	1.00
BtM Loading x (BtM Factor)	+ 0.44	x	(5.15)	2.27
Minus Market Excess Return	-			7.81
Expected Premium over Market				3.89



US Equity Balanced Strategy:

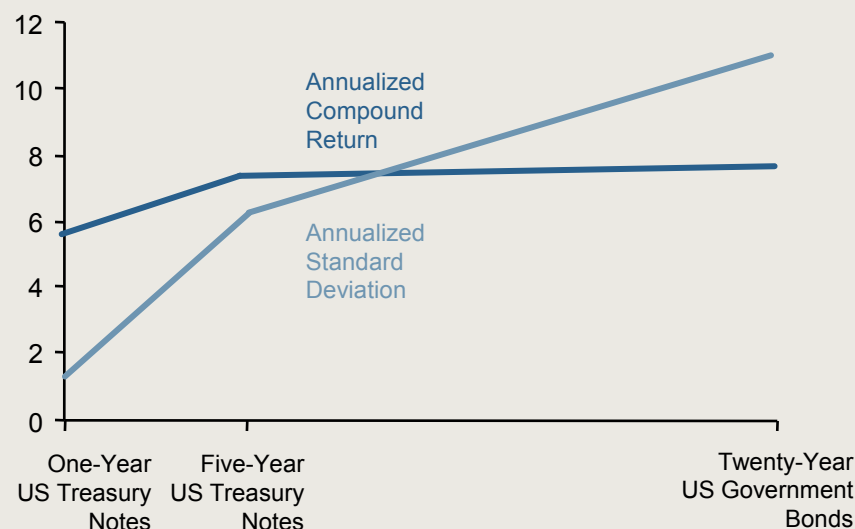
S&P 500 Index 33.5%, Fama/French US Large Cap Value simulated strategy 33.3%,

CRSP 6-10 Index 16.5%, Fama/French US Small Cap Value simulated strategy 16.7%, rebalanced monthly.

Dimensions of Fixed Income

Quarterly: 1964-2008, In US Dollars

- ▶ Not all investors define risk as standard deviation. Some seek to hedge long-term liabilities using long-term bonds.
- ▶ Historically, longer-maturity instruments have higher standard deviations without consistently greater returns.
- ▶ Shorter-maturity, high-quality fixed income can help manage total portfolio volatility.



	One-Year US Treasury Notes	Five-Year US Treasury Notes	Twenty-Year US Government Bonds
Annualized Compound Return (%)	5.69	7.50	7.87
Annualized Standard Deviation (%)	1.34	6.24	11.10

Source: One-Month US Treasury Bills, Five-Year US Treasury Notes, and Twenty-Year (Long-Term) US Government Bonds provided by Ibbotson Associates. Six-Month US Treasury Bills provided by CRSP (1964-1977) and Merrill Lynch (1978-present). One-Year US Treasury Notes provided by CRSP (1964-May 1991) and Merrill Lynch (June 1991-present). One-Year US Treasury Notes provided by © Stocks, Bonds, Bills and Inflation Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld). CRSP data provided by the Center for Research in Security Prices, University of Chicago. The Merrill Lynch Indices are used with permission; copyright 2009 Merrill Lynch, Pierce, Fenner & Smith Incorporated; all rights reserved.

Implementation

In This Section

- ▶ Engineering
- ▶ Execution

Innovation.

Asset Class Investing versus Traditional Management

Asset Class Investing

Believes capital markets work and price securities fairly.

Captures specific dimensions of risk identified by financial science.

Increases returns through portfolio design and reduced trading costs.

Index Management

Believes capital markets work and price securities fairly.

Allows commercial benchmarks to define strategy.

Accepts lower returns and increased trading costs in favor of tracking.

Active Management

Believes capital markets often misprice securities.

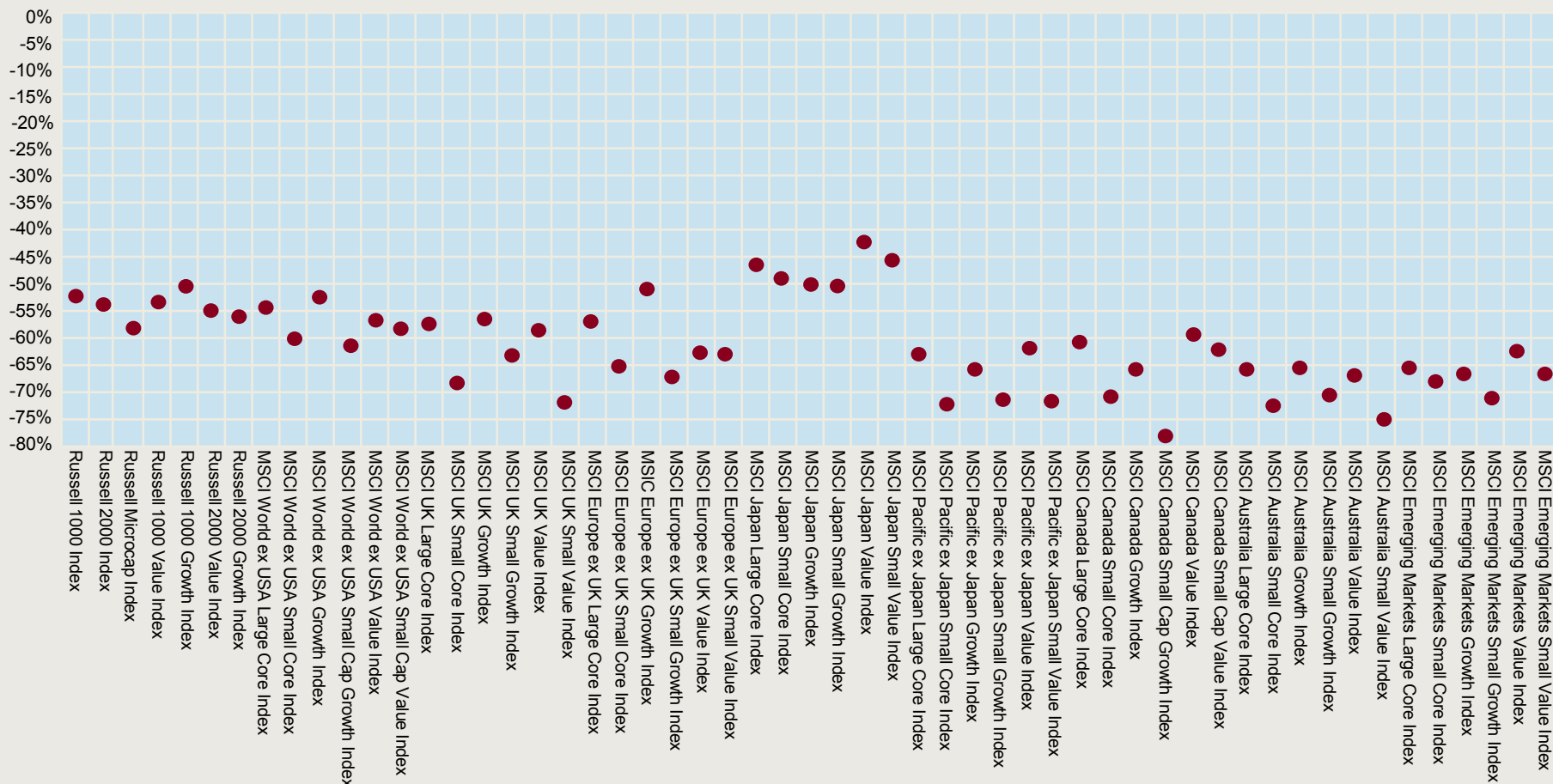
Picks stocks and times markets based on securities analysis.

Generates higher expenses, trading costs, and excess risk from forecasting.

Nowhere to Hide

Indices Performance from the Peak to Trough *(for illustrative purposes only)*

December 31, 2006 to December 31, 2008



In USD. All indices are gross of returns. The indices are not available for direct investment; therefore their performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is no guarantee of future results, and there is always the risk that an investor may lose money. Russell data copyright © Russell Investment Group 1995-2009, all rights reserved. MSCI data copyright MSCI 2009, all rights reserved.

A History of Recovery

S&P 500 Index: Bull and Bear Markets *(for illustrative purposes only)*

Monthly Returns: January 1926-December 2008

Average Duration:

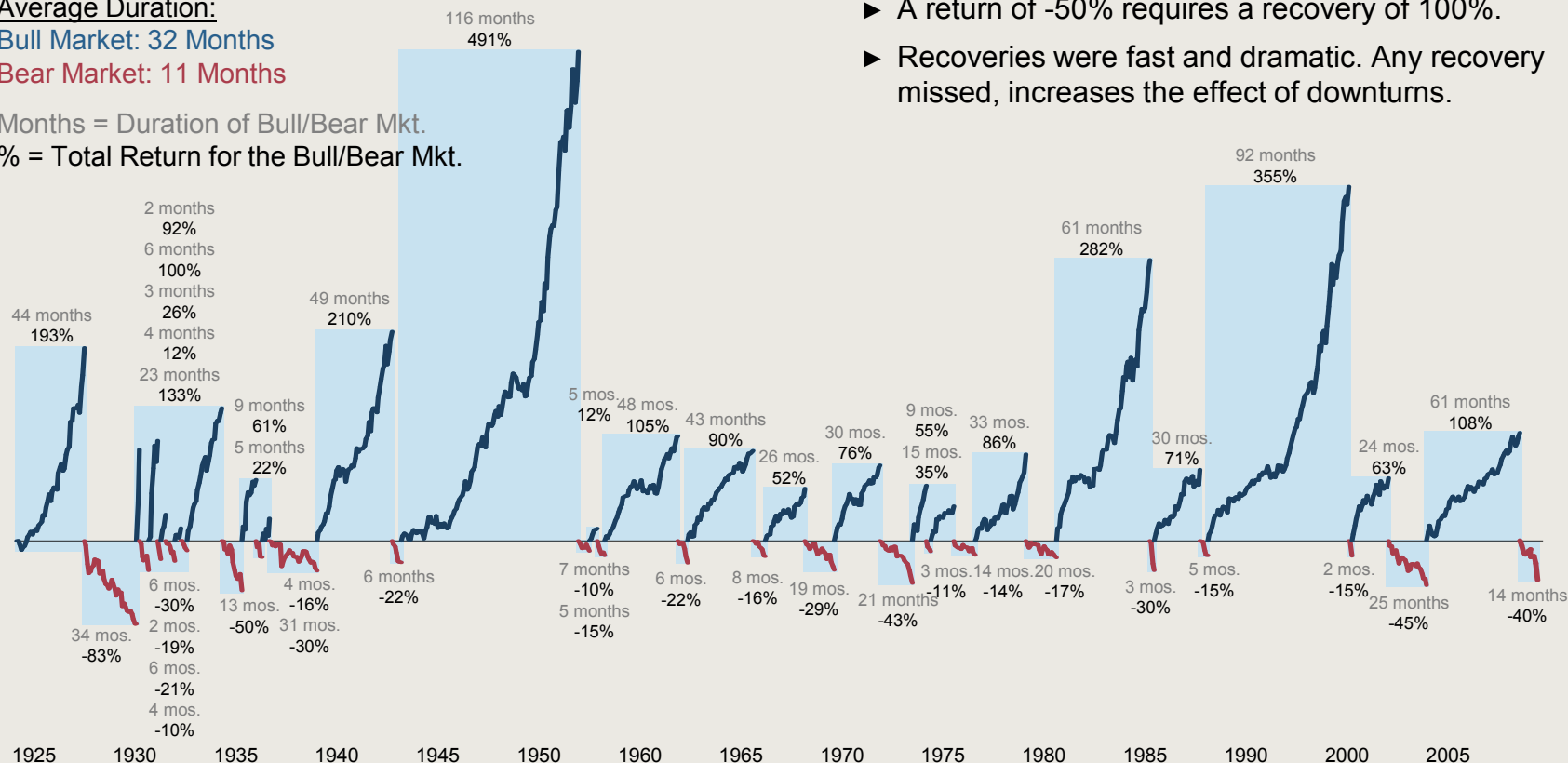
Bull Market: 32 Months

Bear Market: 11 Months

Months = Duration of Bull/Bear Mkt.

% = Total Return for the Bull/Bear Mkt.

- ▶ A return of -50% requires a recovery of 100%.
- ▶ Recoveries were fast and dramatic. Any recovery missed, increases the effect of downturns.



The S&P data are provided by Standard & Poor's Index Services Group. Bull and bear markets are defined in hindsight using cumulative monthly returns. A bear market (1) begins with a negative monthly return, (2) must achieve a cumulative return less than or equal to -10%, and (3) ends at the most negative cumulative return prior to achieving a positive cumulative return. All data points which are not considered part of a bear market are designated as a bull market. Indexes are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio.

Rewards of a Long-Term Focus

CRSP Market Index

January 2, 1926-December 31, 2008

Move the portfolio to cash for one year (250 days) when the performance from peak hits the trigger.

Strategy (Trigger to Get Out of Market)	Annualized Strategy Return (%)	Percent of Days in Cash	Annualized Return for CRSP Market Index while in Cash (%)
-20%	8.05	24.18	7.95
-25%	8.53	16.19	8.24
-30%	8.28	11.63	12.25
-35%	9.23	8.22	6.39
-40%	9.92	5.94	-3.91
-45%	8.58	5.88	16.73

Always in the Market (CRSP Market Index)
Annualized Return: 9.31%

- ▶ Being out of the market “trimmed” good returns along with the bad.
- ▶ The market is designed to reward the diligent.

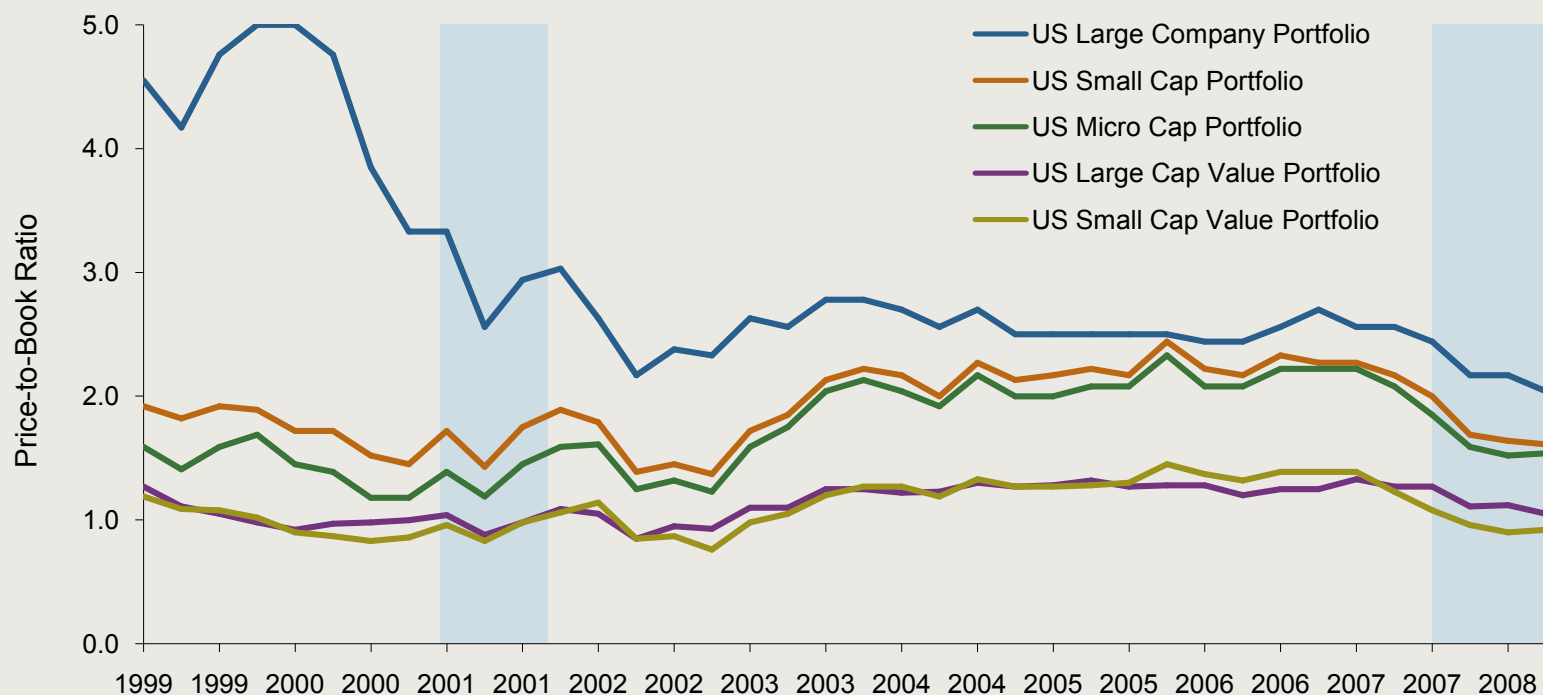
Move the portfolio to cash for two years (500 days) when the performance from peak hits the trigger.

Strategy (Trigger to Get Out of Market)	Annualized Strategy Return (%)	Percent of Days in Cash	Annualized Return for CRSP Market Index while in Cash (%)
-20%	7.19	36.67	7.80
-25%	8.71	25.27	5.09
-30%	8.10	18.44	9.34
-35%	8.62	13.89	8.61
-40%	8.11	11.61	13.98
-45%	9.17	9.29	4.67

CRSP data provided by the Center for Research in Security Prices, University of Chicago. Indexes are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is no guarantee of future results.

Portfolio Price-to-Book Ratios

June 30, 1999-December 31, 2008



Shaded areas indicates US recession as determined by the NBER.

► As prices fell, expected return increased.

For illustrative purposes only. Price to book is the inverse of BtM. Source: Dimensional Fund Advisors. Recession cycles are provided by the National Bureau of Economic Research (NBER) website: www.nber.org/cycles. See Appendix: *Standardized Performance Data and Disclosures* for how to obtain complete information on performance, investment objectives, risks, advisory fees, and expenses of Dimensional's funds.

Performance against Conventional Benchmarks

As of December 31, 2008

	Dimensional Strategy	Inception	Conventional Benchmark	Annualized Difference (basis points)		R ²
				Last Ten Years	Since Inception	
US	US Micro Cap Portfolio	1982	Russell 2000	342	166	0.92
	US Small Cap Portfolio	1992	Russell 2000	182	95	0.98
	US Small Cap Value Portfolio	1993	Russell 2000 Value	121	122	0.92
	US Large Cap Value Portfolio	1993	Russell 1000 Value	79	-44	0.90
Non-US	International Small Company Portfolio	1996	MSCI World ex USA Small Cap (price-only)	450	357	0.96
	International Small Cap Value Portfolio	1995	MSCI World ex USA Small Cap (price-only)	698	485	0.92
	International Value Portfolio	1994	MSCI World ex USA (net dividends)	357	202	0.89
	Emerging Markets Small Cap Portfolio	1998	MSCI Emerging Markets (gross dividends)	217	438	0.88
	Emerging Markets Value Portfolio	1998	MSCI Emerging Markets (gross dividends)	408	610	0.90
	Emerging Markets Portfolio	1994	MSCI Emerging Markets (gross dividends)	18	182	0.92

- ▶ Long-term outperformance of popular benchmarks with reasonable tracking.

Dimensional portfolios are net of all fees. R² are since Dimensional strategy inception. R² is a measurement of what portion of a fund's performance can be explained by the performance of an index. Values for R² range from 0 to 1, where 0 indicates no correlation and 1 indicates perfect correlation. Russell data copyright © Russell Investment Group 1995-2009, all rights reserved. MSCI data copyright MSCI 2009, all rights reserved. See *Appendix: Standardized Performance Data and Disclosures* for how to obtain complete information on performance, investment objectives, risks, advisory fees, and expenses of Dimensional's funds.

Standardized Performance Data and Disclosures

As of December 31, 2008 Average Annual Total Returns (%)	One Year	Five Years	Ten Years	Since Inception	Inception Date
US Core Equity 1 Portfolio	-36.53	–	–	-7.48	9/15/2005
US Core Equity 2 Portfolio	-36.86	–	–	-7.88	9/15/2005
US Sustainability Core 1 Portfolio	–	–	–	-30.45	3/12/2008
US Social Core Equity 2 Portfolio	-38.15	–	–	-36.09	10/1/2007
TA US Core Equity 2 Portfolio	-35.62	–	–	-33.62	10/4/2007
US Vector Equity Portfolio	-37.18	–	–	-9.68	12/30/2005
US Micro Cap Portfolio	-36.72	-2.71	6.44	10.74	12/23/1981
US Small Cap Portfolio	-36.01	-1.99	4.84	7.68	3/19/1992
US Small Cap Value Portfolio	-36.79	-1.51	7.32	9.91	3/2/1993
US Targeted Value Portfolio	-33.78	-0.18	–	8.16	2/23/2000
US Large Cap Value Portfolio	-40.80	-2.05	2.15	7.38	2/19/1993
US Large Company Portfolio	-36.78	-2.19	-1.47	7.74	12/28/1990
Enhanced US Large Company Portfolio	-37.28	-2.88	-1.70	4.19	7/2/1996
Real Estate Securities Portfolio	-37.36	0.59	7.55	7.78	1/5/1993
International Core Equity Portfolio	-44.01	–	–	-5.77	9/15/2005
International Sustainability Core 1 Portfolio	–	–	–	-38.18	3/12/2008
TA World ex US Core Equity Portfolio	–	–	–	-39.85	3/6/2008
International Vector Equity Portfolio	–	–	–	-32.02	8/14/2008
International Small Company Portfolio	-43.87	3.41	6.96	3.66	9/30/1996
Continental Small Company Portfolio	-47.96	5.77	6.87	8.39	4/15/1988
Japanese Small Company Portfolio	-12.12	4.97	5.53	4.09	1/31/1986
Asia Pacific Small Company Portfolio	-57.04	2.35	10.58	5.62	1/5/1993
United Kingdom Small Company Portfolio	-53.02	-2.13	4.35	8.76	3/4/1986
International Small Cap Value Portfolio	-41.68	5.07	9.44	5.20	12/29/1994
International Value Portfolio	-46.33	3.34	4.75	5.36	2/15/1994
Large Cap International Portfolio	-41.44	2.08	1.25	4.62	7/17/1991
International Real Estate Securities Portfolio	-51.92	–	–	-36.70	3/1/2007
Global Real Estate Securities Portfolio	–	–	–	-43.68	6/4/2008
Emerging Markets Core Equity Portfolio	-50.66	–	–	2.38	4/5/2005

As of December 31, 2008 Average Annual Total Returns (%)	One Year	Five Years	Ten Years	Since Inception	Inception Date
Emerging Markets Social Core Equity Portfolio	-52.00	–	–	-9.28	8/31/2006
Emerging Markets Small Cap Portfolio	-54.53	6.91	11.37	9.81	3/5/1998
Emerging Markets Value Portfolio	-53.94	11.05	13.33	10.85	4/1/1998
Emerging Markets Portfolio	-49.20	8.53	9.44	5.28	4/25/1994
One-Year Fixed Income Portfolio	4.02	3.42	3.96	6.03	7/25/1983
Two-Year Global Fixed Income Portfolio	4.08	3.28	4.06	4.59	2/9/1996
Five-Year Government Portfolio	8.36	4.24	5.29	6.40	6/1/1987
Five-Year Global Fixed Income Portfolio	4.02	3.54	4.71	6.41	11/6/1990
Intermediate Government Fixed Income Portfolio	12.88	6.30	6.60	7.73	10/19/1990
Inflation-Protected Securities Portfolio	-1.42	–	–	4.04	9/18/2006
Short-Term Municipal Bond Portfolio	2.90	2.34	–	2.36	8/20/2002
California Short-Term Municipal Bond Portfolio	3.13	–	–	3.24	4/2/2007
Selectively Hedged Global Fixed Income Portfolio	–	–	–	-8.87	1/9/2008
Global 25/75 Portfolio	-8.70	2.65	–	2.69	12/24/2003
Global 60/40 Portfolio	-25.74	1.10	–	1.30	12/24/2003
Global Equity Portfolio	-39.99	-0.07	–	0.29	12/24/2003
Tax-Managed US Small Cap Portfolio	-38.43	-2.40	4.49	4.96	12/15/1998
After Taxes on Distributions	-38.73	-2.79	4.24	4.71	12/15/1998
After Taxes on Distributions and Sale of Fund Shares	-24.95	-1.92	3.95	4.37	12/15/1998
Tax-Managed US Targeted Value Portfolio	-37.76	-2.28	5.67	6.08	12/11/1998
After Taxes on Distributions	-38.09	-3.20	5.10	5.51	12/11/1998
After Taxes on Distributions and Sale of Fund Shares	-24.51	-1.59	5.13	5.50	12/11/1998
Tax-Managed US Equity Portfolio	-35.53	-1.68	–	0.84	9/25/2001
After Taxes on Distributions	-36.03	-1.99	–	0.57	9/25/2001
After Taxes on Distributions and Sale of Fund Shares	-23.03	-1.44	–	0.68	9/25/2001
Tax-Managed US Marketwide Value Portfolio	-41.58	-1.79	0.80	1.10	12/14/1998
After Taxes on Distributions	-42.09	-2.15	0.45	0.75	12/14/1998
After Taxes on Distributions and Sale of Fund Shares	-26.95	-1.49	0.59	0.86	12/14/1998
Tax-Managed International Value Portfolio	-44.38	4.01	–	4.16	4/16/1999
After Taxes on Distributions	-45.19	3.06	–	3.48	4/16/1999
After Taxes on Distributions and Sale of Fund Shares	-28.65	3.79	–	3.69	4/16/1999

Standardized Performance Data and Disclosures

Securities of small companies are often less liquid than those of large companies. As a result, small company stocks may fluctuate relatively more in price.

Performance data shown represents past performance. Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. To obtain performance data current to the most recent month end, access our website at www.dimensional.com. Average annual total returns include reinvestment of dividends and capital gains.

Dimensional Fund Advisors is an investment advisor registered with the Securities and Exchange Commission. Consider the investment objectives, risks, and charges and expenses of the Dimensional funds carefully before investing. For this and other information about the Dimensional funds, please read the prospectus carefully before investing. Prospectuses are available by calling Dimensional Fund Advisors collect at (310) 395-8005; on the Internet at www.dimensional.com; or, by mail, DFA Securities Inc., c/o Dimensional Fund Advisors, 1299 Ocean Avenue, Santa Monica, CA 90401. Dimensional funds are distributed by DFA Securities Inc.

Prior to April 1, 2002, the following reimbursement fees may have been charged to purchasers of the respective portfolios: Intl. Small Company Portfolio 0.675%; Continental Small Company Portfolio 1.00%; Japanese Small Company Portfolio 0.50%; Pacific Rim Small Company Portfolio 1.00%; Intl. Small Cap Value Portfolio 0.675%; Emerging Markets Small Cap Portfolio 1.00%; Emerging Markets Value Portfolio 0.50%; Emerging Markets

Portfolio 0.50%. Prior to April 1998, the reimbursement fees were as follows: Intl. Small Company Portfolio 0.70%; Intl. Small Cap Value Portfolio 0.70%. Prior to July 1995, the reimbursement fees were as follows: Intl. Small Cap Value Portfolio 1.00%; Continental Small Company Portfolio 1.50%; Japanese Small Company Portfolio 1.00%; Asia Pacific Small Company Portfolio 1.50%; UK Small Company Portfolio 1.50%; Emerging Markets Portfolio 1.50%. Returns for these portfolios are presented net of these reimbursement fees.

All reimbursement fees are based on the net asset value of the shares purchased. The standardized returns presented reflect deduction, where applicable, of the reimbursement fees for the portfolios. Non-standardized performance data reported by Dimensional Fund Advisors does not reflect deduction of the reimbursement fee. If reflected, the fee would reduce the performance quoted.

Investments in foreign issuers are subject to certain considerations that are not associated with investments in US public companies. Investments of the foreign equity portfolios and the global fixed income portfolios are denominated in foreign currencies. Changes in the relative values of these foreign currencies and the US dollar, therefore, may affect the value of investments in these portfolios. However, the global fixed income portfolios may utilize forward currency contracts to minimize these changes. Further, foreign issuers are not generally subject to uniform accounting, auditing, and financial reporting standards comparable to those of US public corporations and there may be less publicly available information about such companies than comparable US companies. Also, legal, political, or diplomatic actions of foreign governments, including expropriation, confiscatory taxation, and limitations on the removal of securities, property, or other assets of the portfolios could adversely affect the value of the assets of these portfolios.

Sources and Descriptions of Data

All Dimensional fund returns are net of all fees and expenses unless otherwise indicated. All Dimensional subtrust returns are net of administrative expenses only unless otherwise indicated. Prior to April 2002, certain international equity funds charged a reimbursement fee to the purchasers of shares of those funds.

Australian Bureau of Statistics (ABS)

Australian inflation rate provided by the Australian Bureau of Statistics.

Australian Financial Markets Association (AFMA)

Australian risk-free rate provided by Australian Financial Markets Association.

Barclays Capital

Barclays Capital data, formerly Lehman Brothers, provided by Barclays Bank PLC. Includes US fixed income indices of various issuers and maturities.

Barra

Canadian Barra data provided by MSCI Barra. Includes size- and style-based indices of Canadian companies.

Bloomberg

Securities and commodities data provided by Bloomberg.

British Bankers' Association

LIBOR data provided by the British Bankers' Association.

Center for Research in Security Prices (CRSP)

CRSP data provided by the Center for Research in Security Prices, University of Chicago. Includes indices of securities in each decile as well as other segments of NYSE securities (plus AMEX equivalents since July 1962 and NASDAQ equivalents since 1973). Additionally, includes US Treasury constant maturity indices.

Citigroup

Citigroup bond indices copyright 2009 by Citigroup. Includes the World Government Bond Index and all subsets of countries, maturities, and currencies (hedged and unhedged).

Datastream

Individual country stock exchange indices provided by Datastream.

DEX Indices

Canadian fixed income data provided by PC-Bond, a business unit of TSX Inc.; copyright © TSX Inc., all rights reserved. The information contained herein may not be redistributed, sold, modified, or used to create any derivative work without the prior written consent of TSX Inc. Includes DEX bond indices and Canadian Treasury bills.

Dimensional Indices

Dimensional index data simulated by Dimensional from StyleResearch securities data; not available for direct investment. Includes size- and style-based indices of various countries and regions.

Dow Jones Wilshire

Dow Jones Wilshire data provided by Dow Jones Indexes. Includes the Dow Jones Industrial Average, marketwide US data (2500, 4500, and 5000), and size- and style-based US indices. Additionally, includes real estate indices.

Fama/French

Fama/French and multifactor data provided by Fama/French. Includes value, neutral, and growth indices of various countries and regions. For US data, includes many size- and style-based subsets, with and without utilities. Additionally, includes factors (premiums) for the US and the world.

Federal Reserve

Certificates of deposit provided by the Federal Reserve Statistical Release H.15: Selected Interest Rates.

FTSE International Limited

FTSE data published with the permission of FTSE. Includes size- and style-based indices of UK companies. Also includes UK government bond indices and UK Treasury bills. Additionally, includes a variety of regional and country equity indices.

Ibbotson Associates

US long-term bonds, bills, inflation, and fixed income factor data © Stocks, Bonds, Bills, and Inflation Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld).

Sources and Descriptions of Data

Macquarie Research

Macquarie Research data provided by Macquarie Research. Includes style-based indices of Australian companies.

Mercer

Mercer data provided by Mercer. Includes Australian direct property data.

Merrill Lynch

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MSCI Inc.

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Morningstar, Inc.

Mutual fund universe statistical data and non-Dimensional money managers' fund data provided by Morningstar, Inc.

New Zealand Stock Exchange (NZSX)

NZSX data provided by the New Zealand Stock Exchange.

Office for National Statistics

UK inflation rate provided by the Office for National Statistics in the UK; Crown copyright material is reproduced with the permission of the Controller of HMSO.

Reserve Bank of New Zealand (RBNZ)

New Zealand risk-free rate provided by the Reserve Bank of New Zealand.

Russell

Russell data copyright © Russell Investment Group 1995-2009, all rights reserved. Includes size- and style-based indices of US companies.

S&P/ASX

S&P/ASX data provided by Standard & Poor's Index Services Group. Includes size-based indices of Australian companies, including specialty subsets, both accumulation and price.

S&P/Barra

US S&P/Barra data provided by Standard & Poor's Index Services Group.

S&P/TSX

S&P/TSX data provided by S&P/TSX. Includes size-based indices of Canadian companies.

Standard & Poor's (S&P)

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UBS Australia (UBSA)

UBSA data provided by UBS Australia. Includes Australian bank bills and bonds of various maturity ranges.

WM/Reuters

Currency data provided by WM/Reuters.