

# A Different Way to Invest

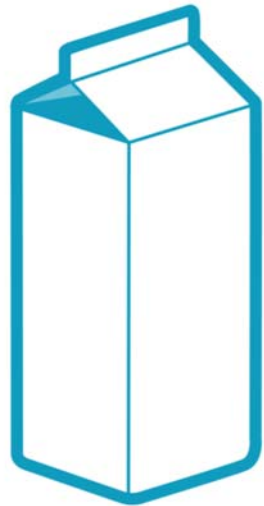
Dimensional Fund Advisors LP is an investment advisor registered with the Securities and Exchange Commission. **Consider the investment objectives, risks, and charges and expenses of the Dimensional funds carefully before investing. For this and other information about the Dimensional funds, please read the prospectus carefully before investing. Prospectuses are available by calling Dimensional Fund Advisors collect at (512) 306-7400 or at [us.dimensional.com/prospectus](https://us.dimensional.com/prospectus).** Dimensional funds are distributed by DFA Securities LLC.

# Why Invest?

# Your Money Today Will Likely Buy Less Tomorrow

**1913**

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**\$0.09 = Quart**

**1963**

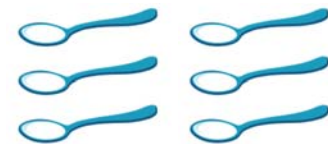
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**\$0.09 = 1 Small Glass**

**2014**

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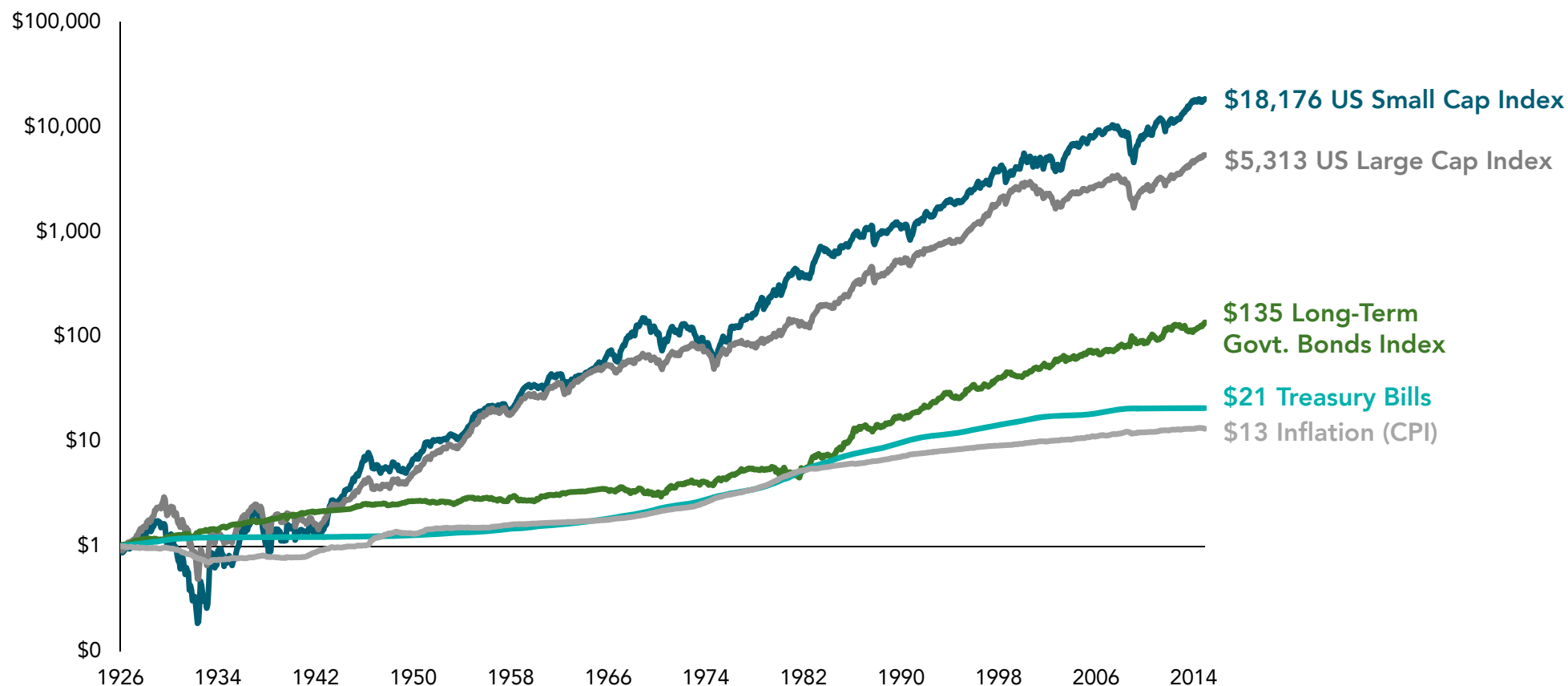
**\$0.09 = 6 Tablespoons**

Investing means taking risks.

Not  
investing means taking risks,  
too.

# Capital Markets Have Rewarded Long-Term Investors

Monthly growth of wealth (\$1), 1926–2014

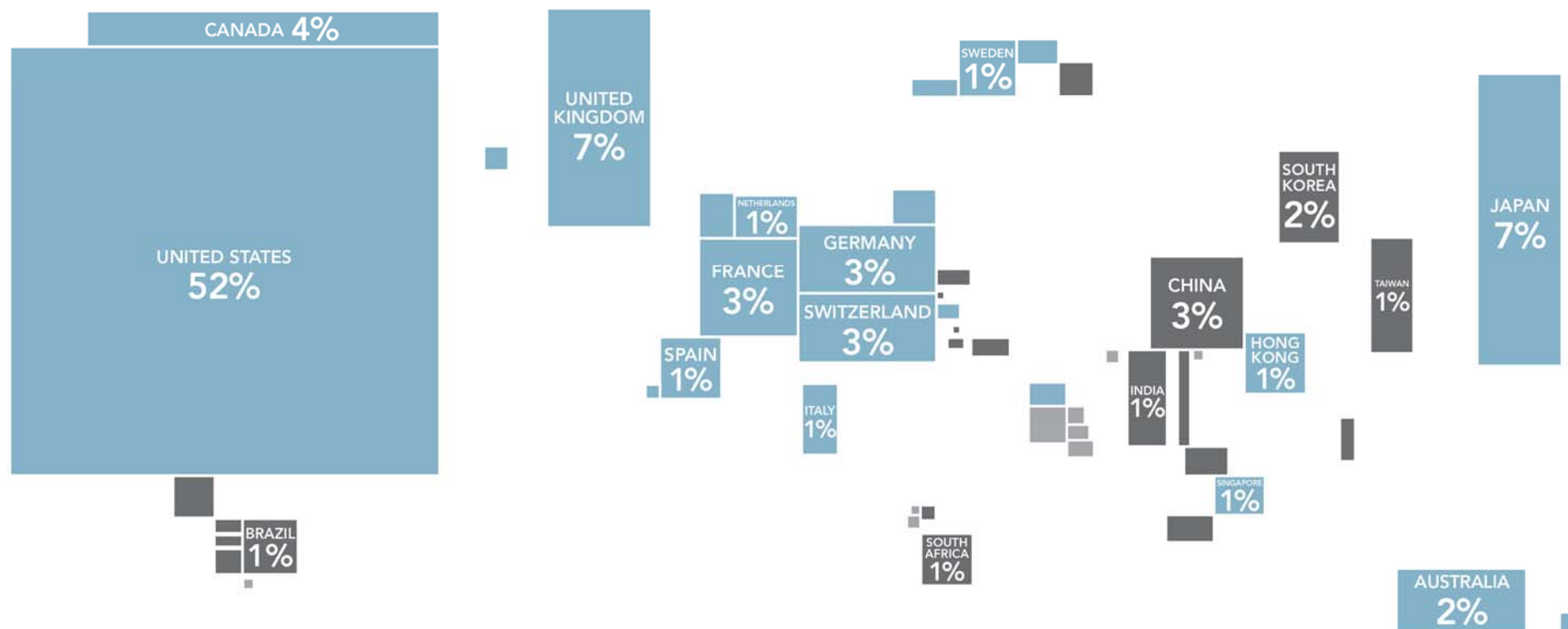


Past performance is no guarantee of future results. In US dollars. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. See "Growth of Wealth Indices" page in the Appendix for more information. US Small Cap Index is the CRSP 6–10 Index; US Large Cap Index is the S&P 500 Index; Long-Term Government Bonds Index is 20-year US government bonds; Treasury Bills are One-Month US Treasury bills; Inflation is the Consumer Price Index. CRSP data provided by the Center for Research in Security Prices, University of Chicago. Bonds, T-bills, and inflation data © Stocks, Bonds, Bills, and Inflation Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld). The S&P data are provided by Standard & Poor's Index Services Group.

# There's a World of Opportunity in Equities

Percent of world market capitalization as of December 31, 2014

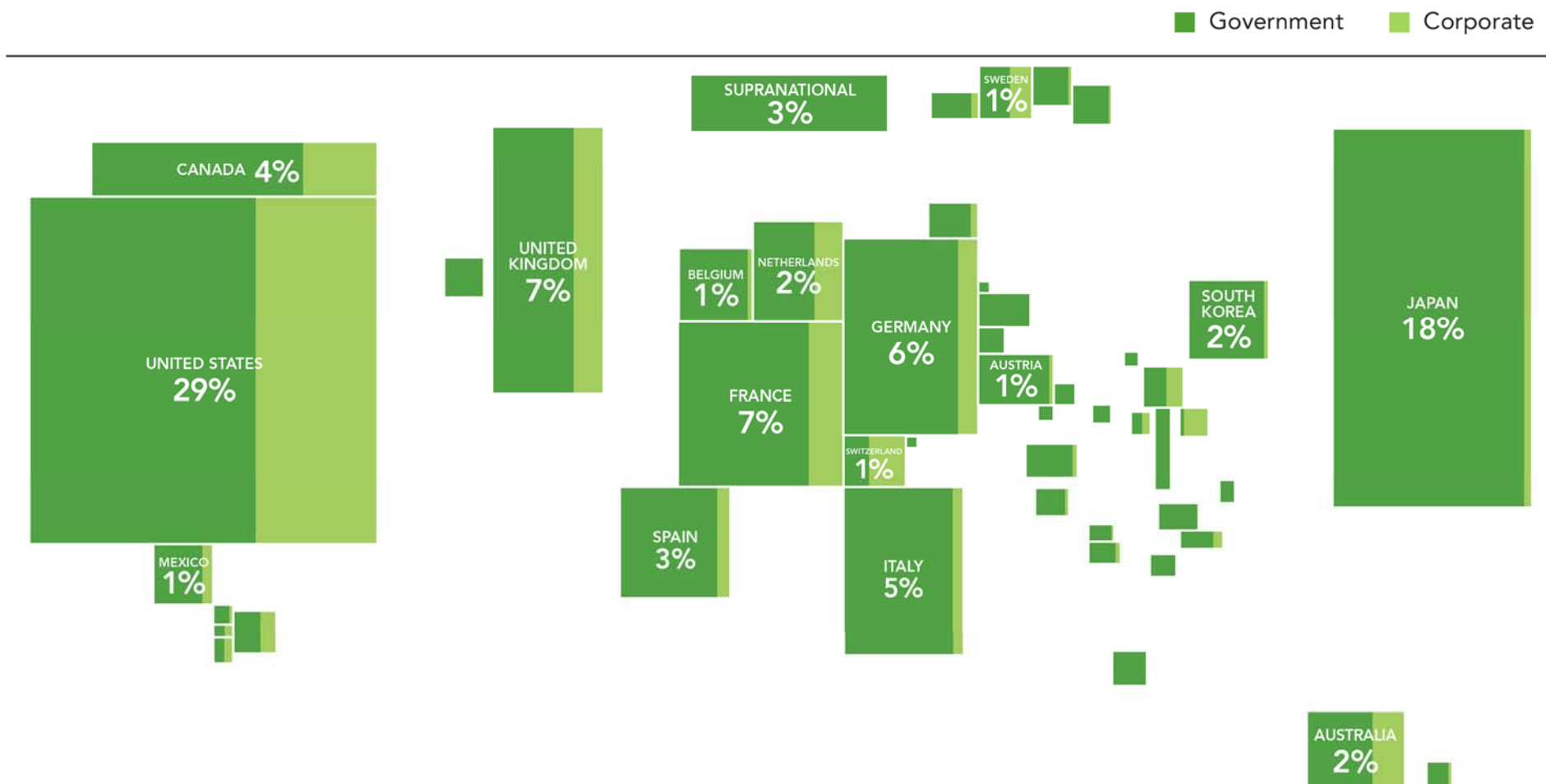
■ Developed Markets ■ Emerging Markets ■ Frontier Markets



Market cap data is free-float adjusted from Bloomberg securities data. Many nations not displayed. Total may not equal 100% due to rounding. For educational purposes; should not be used as investment advice. China market capitalization excludes A-shares, which are generally only available to mainland China investors.

# There's a World of Opportunity in Fixed Income

Percent of global investment grade bond market as of December 31, 2014



Data is from Barclays Global Aggregate Ex-Securitized Bond Index. Many nations not displayed. Total may not equal 100% due to rounding. For educational purposes; should not be used as investment advice. Barclays data provided by Barclays Bank PLC.



# How Do Many People Invest?

## They Try to Predict the Future

“I have a proven system for picking winning stocks.”

“That sector will continue advancing through next year.”

“The market is primed for a retreat.”

## They Act on Impulse

“I can’t take this bear market—  
I’m getting out!”



“Everyone’s making money—I want  
a piece of the action.”

## They Bet their Savings on Tips and Hunches



“I heard it on cable news.  
I’d better sell!”

“I got a hot tip from my neighbor.  
It’s a slam dunk.”

“My friend works in the industry—  
he’s got the inside scoop.”

# They Are Swayed by the Media

**“The Death of Equities”**

*Business Week*, 08/13/1979

**“The Crash of ’98  
Can the US Economy Hold Up?”**

*FORTUNE*, 09/28/1998

**“Retire Rich – A Simple  
Plan to Have it All”**

*FORTUNE*, 08/16/1999

**“How to Reach  
\$1 Million”**

*Money*, 08/2012

# What Have We Learned?

# Many of the Greatest Advancements in Finance Have Come from Academia

**1952**  
**Diversification and Portfolio Risk**

**HARRY MARKOWITZ**  
Nobel Prize in Economics, 1990

**1966**  
**Efficient Markets Hypothesis**

**EUGENE FAMA**  
Nobel Prize in Economics, 2013

**1984**  
**Term Structure of Interest Rates**

**EUGENE FAMA**

**2012**  
**Profitability**

**ROBERT NOVY-MARX**  
**EUGENE FAMA**  
**KENNETH FRENCH**

**1964**  
**Single-Factor Asset Pricing Risk/Return Model**

**WILLIAM SHARPE**  
Nobel Prize in Economics, 1990

**1981**  
**The Size Effect**

**ROLF BANZ**

**1992–1993**  
**Value Effect and Multifactor Asset Pricing Model**

**EUGENE FAMA**  
**KENNETH FRENCH**

# Together, We Know More Than We Do Alone



Participants were asked to estimate the number of jelly beans in a jar.

Range: 409-5,365

**Average: 1,653**

**Actual: 1,670**



# Markets Integrate the Combined Knowledge of All Participants

## World Equity Trading in 2014

	Number of Trades	Dollar Volume
Daily Average	60 million	\$302 billion

The market effectively enables competition among many market participants who voluntarily agree to transact.

This trading aggregates a vast amount of dispersed information and drives it into security prices.

# What is the Best Way to Invest?

# There Are Differing Approaches

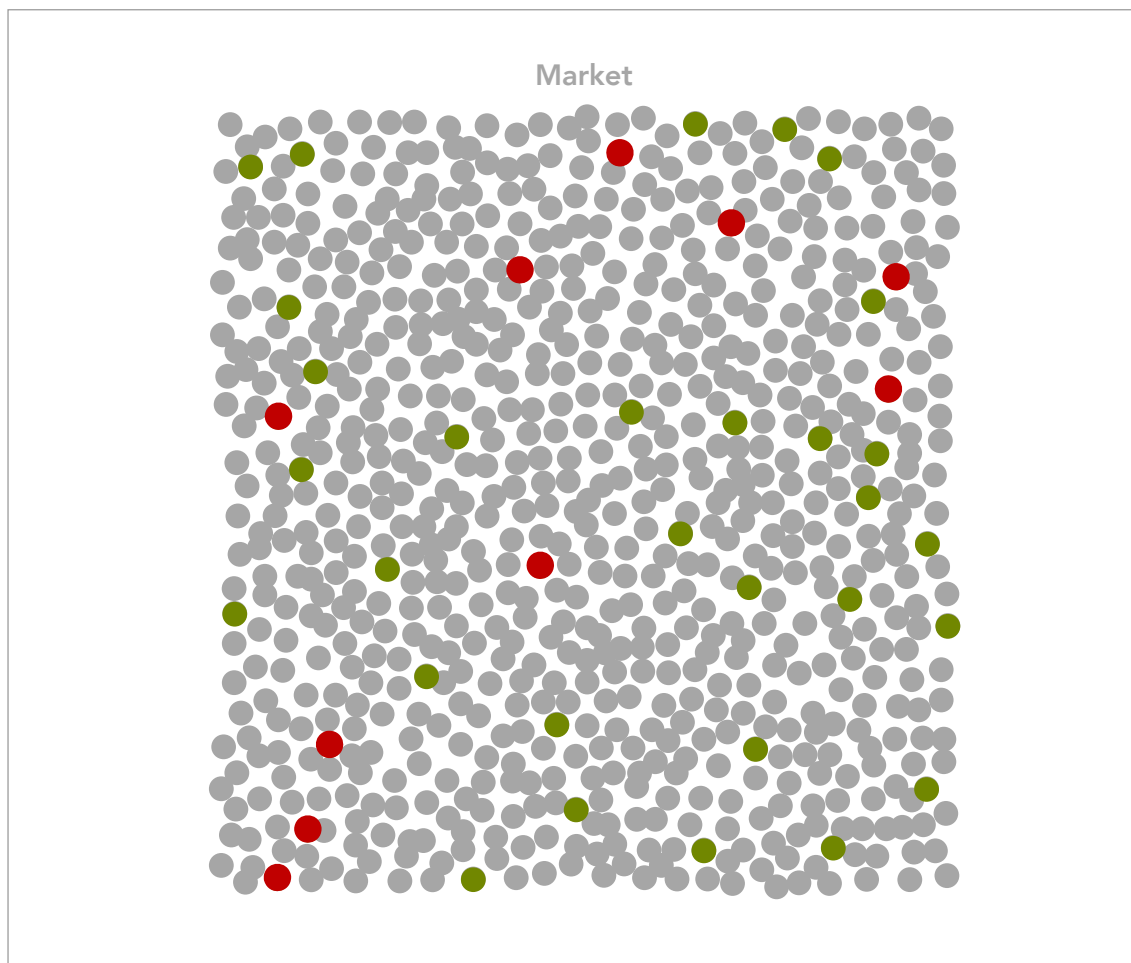
## CONVENTIONAL MANAGEMENT

Attempts to identify mispricing in securities

Relies on forecasting to select “undervalued” securities or time markets

Generates higher expenses, trading costs, and risks

# The Conventional Approach Attempts to Outguess the Market



**Buys** a selection of individual securities manager thinks will outperform.

**Sells** securities when deemed overvalued.

Can lead to high turnover and excess costs.

# Conventional Investment Methods Have Low Odds of Success

Fraction of mutual funds that survived and beat their index for 10 years, ending December 31, 2013



**Past performance is no guarantee of future results.** Survivors are funds that were still in existence as of December 2013. Outperformers are survivors that beat their respective benchmarks over the period. See "Data Appendix" page in the Appendix for additional information.  
Source: Mutual Fund Landscape, Dimensional Fund Advisors 2014. US-domiciled mutual fund data is from the CRSP Survivor-Bias-Free Mutual Fund Database, provided by the Center for Research in Security Prices, University of Chicago.

# There Are Differing Approaches

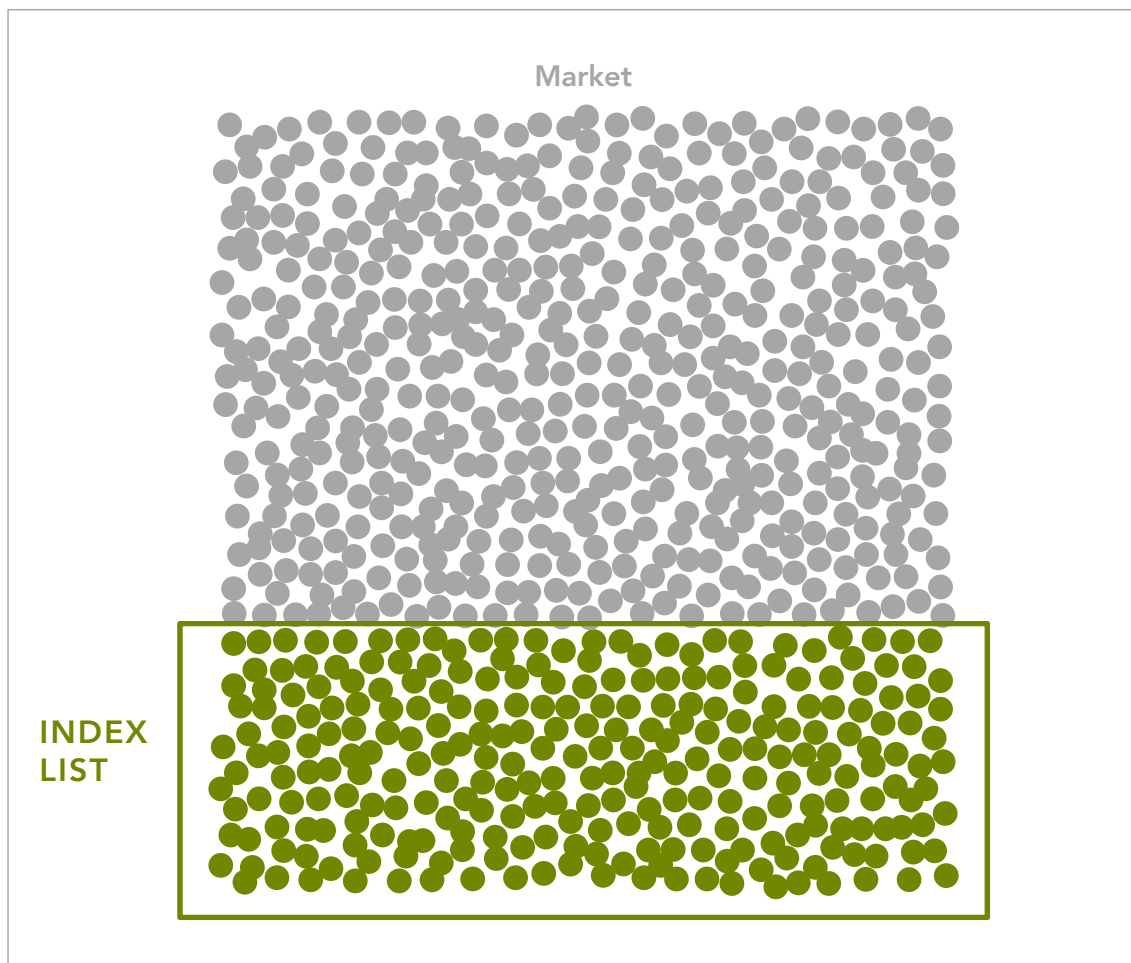
## INDEXING

Allows commercial index to determine strategy

Attempts to match index performance, restricting which securities to hold and when to trade

Prioritizes low tracking error over higher expected returns

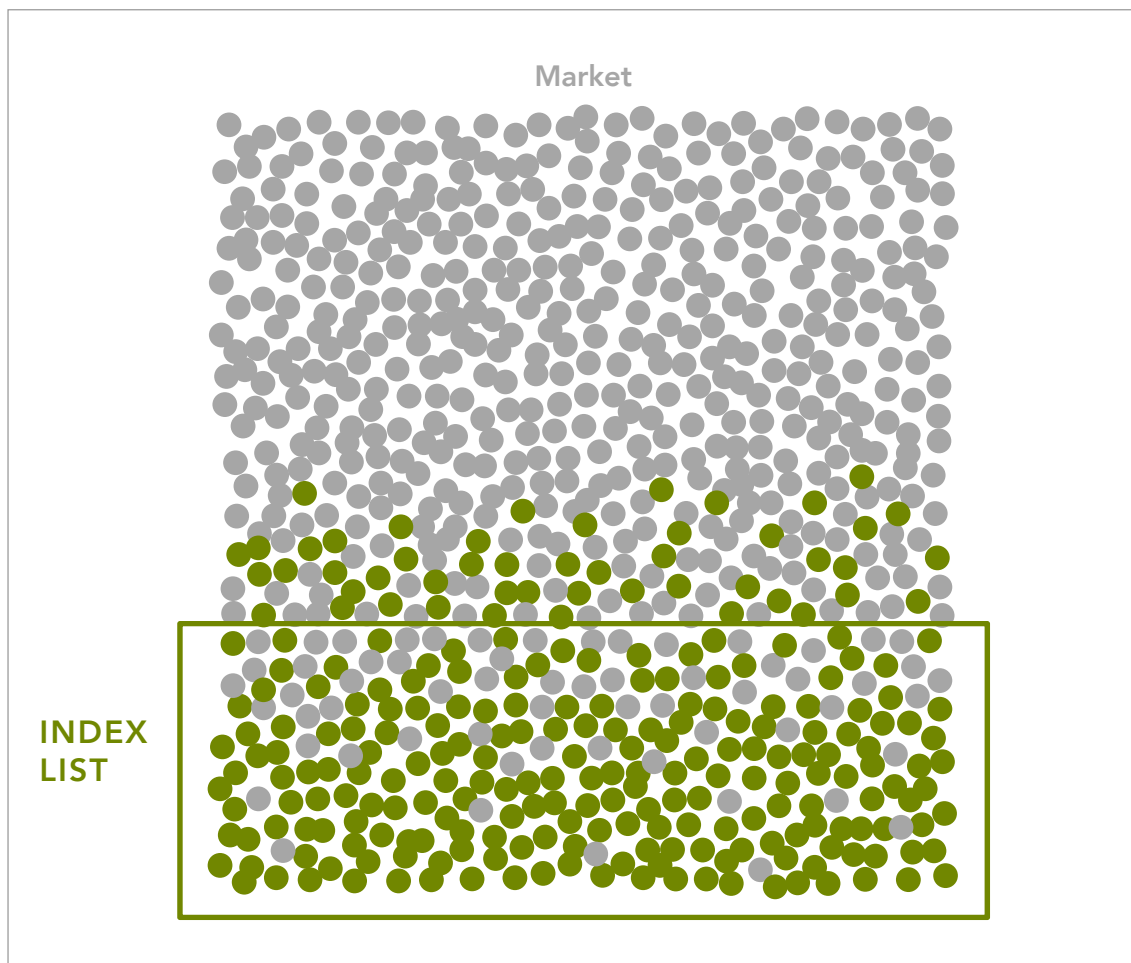
# The Indexing Approach Attempts to Match the Returns of a Commercial Benchmark



**Holds** a basket of securities represented in the index.

Buys and sells the same securities at the same time as all other funds tracking the index.

# The Indexing Approach Attempts to Match the Returns of a Commercial Benchmark



## Six months later:

Securities have moved in and out of the index's targeted range

As a result, your investment may have drifted from what you intended.



# There Are Differing Approaches

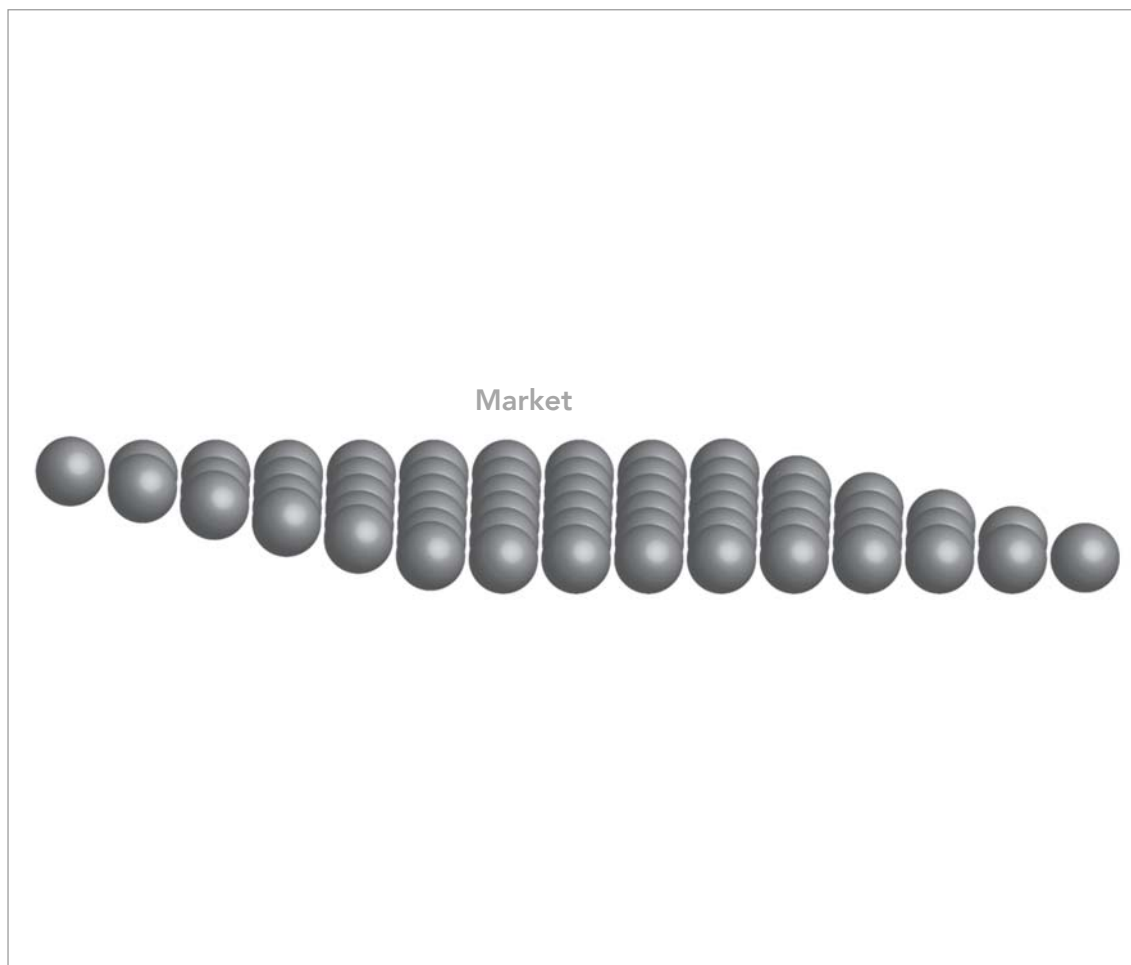
## DIMENSIONAL

Gains insights about markets and returns from academic research

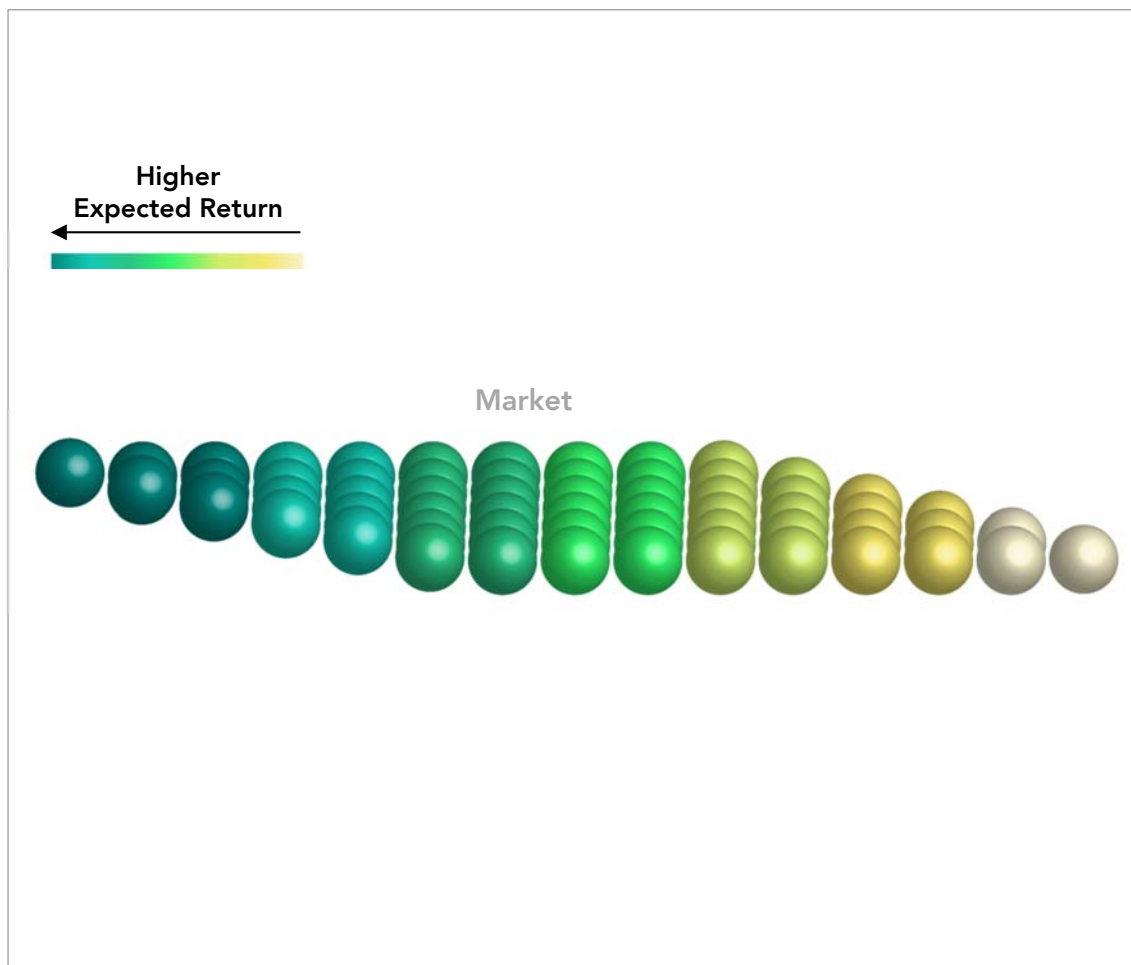
Structures portfolios along the dimensions of expected returns

Adds value by integrating research, portfolio management, and trading

# We See the Market in a Different Dimension

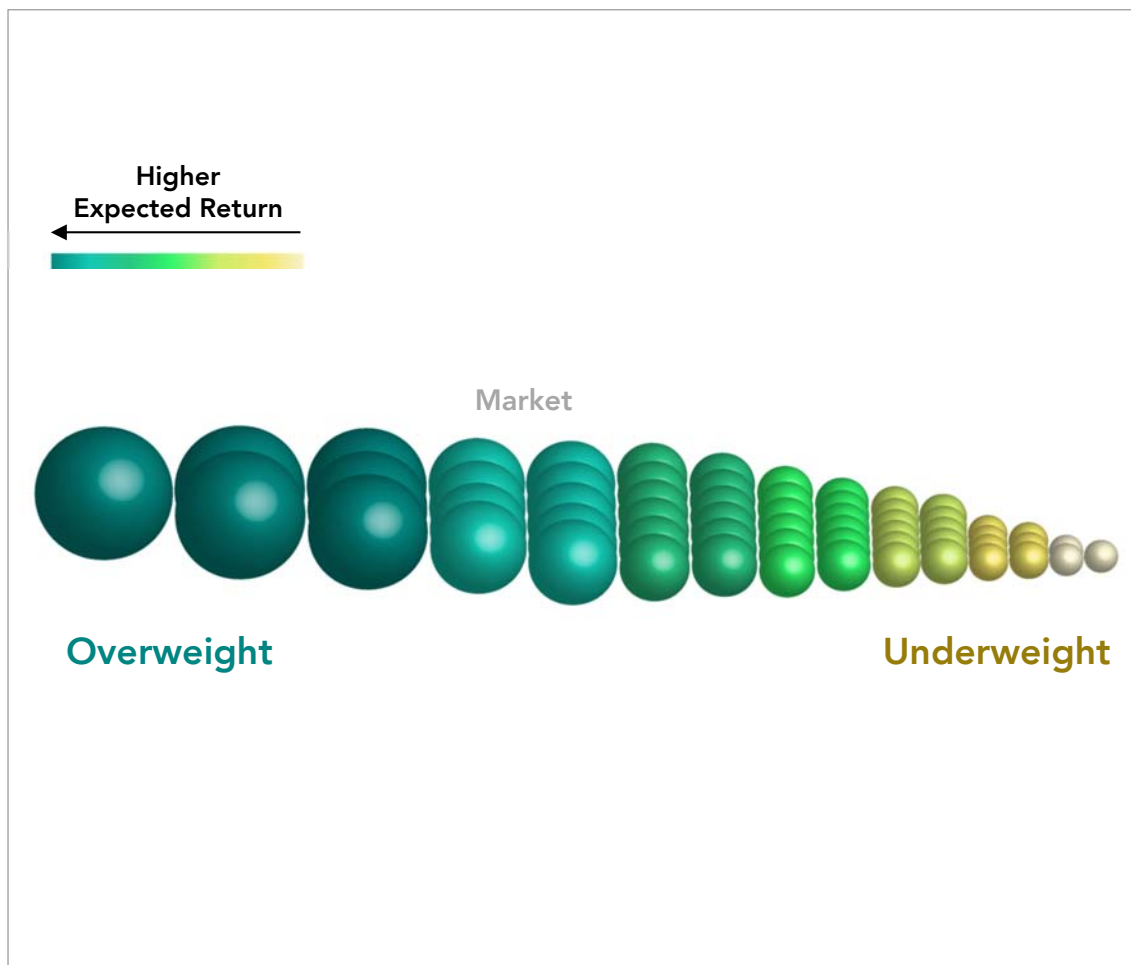


# We See the Market in a Different Dimension



Decades of academic research and rigorous testing help us identify relevant dimensions that point to **differences in expected returns**.

# Dimensional Structures Portfolios Along Dimensions of Expected Returns

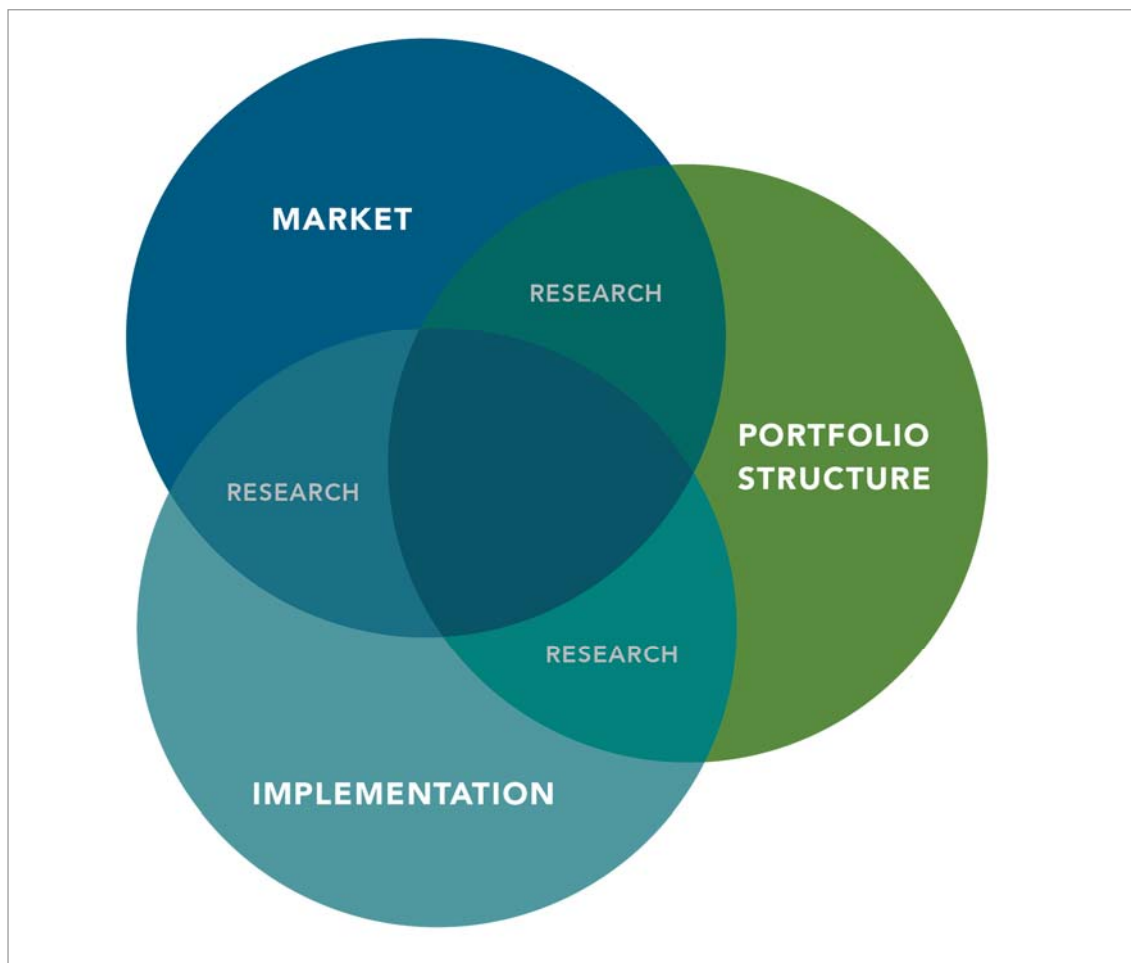


Within well-diversified portfolios, we **emphasize** areas of the market with higher expected return potential.

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# The Dimensional Difference

# From Insights to Implementation



Our integrated investment process adds value at each step.

We apply research throughout our process to advance our understanding of all aspects of investing.

# Balancing Investment Tradeoffs

Dimensional designs strategies to reduce the total cost of pursuing expected returns

## INVESTMENT OPPORTUNITY



## CONDITIONS

Broad diversification and patient, flexible trading lead to **lower turnover and costs**.

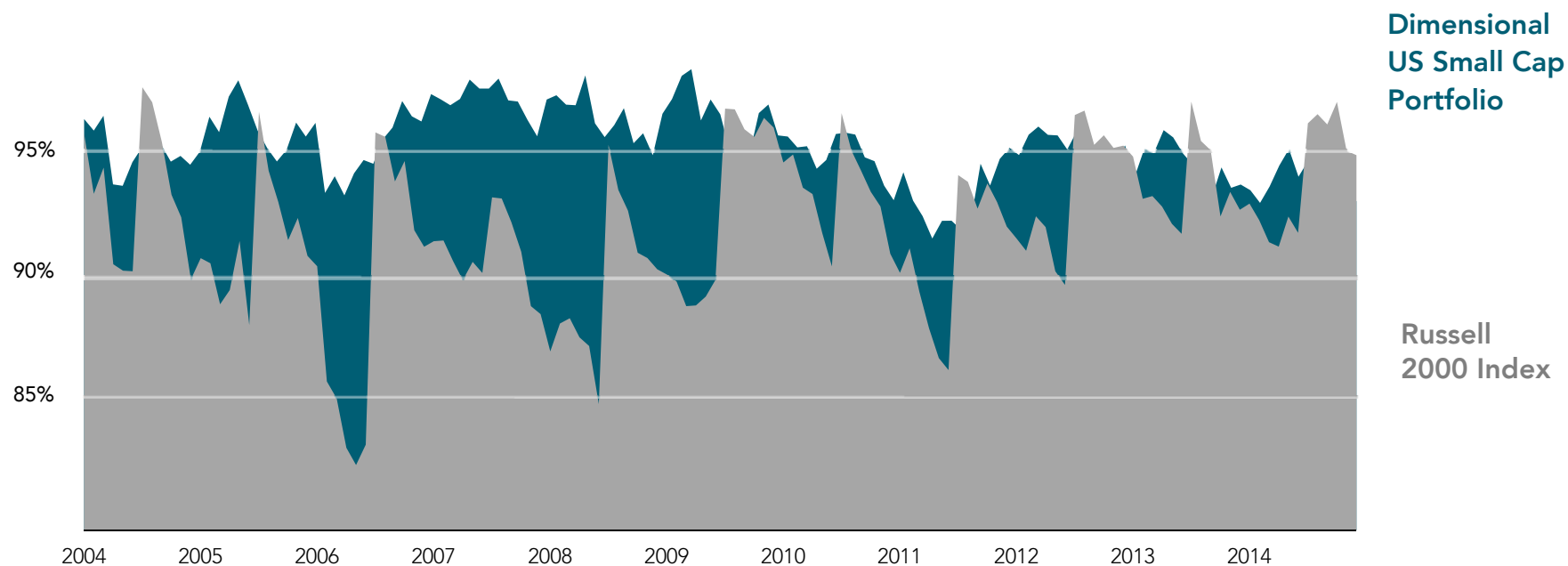
Concentrated holdings and urgent, inflexible trading result in **higher turnover and costs**.

Two investment opportunities can have the same expected return but invite very different conditions.

These conditions result in different costs, which impact net returns.

# Managing Portfolios to Maintain Asset Class Consistency

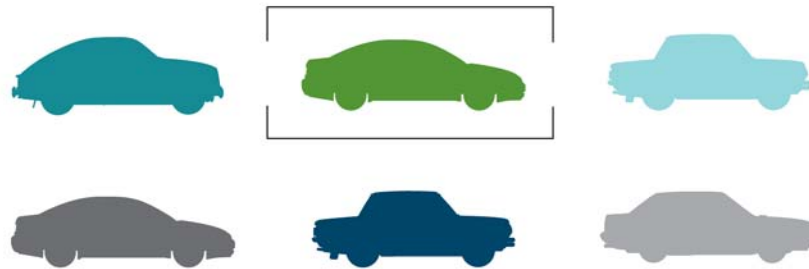
Assets in small cap companies (bottom 10% of market cap)



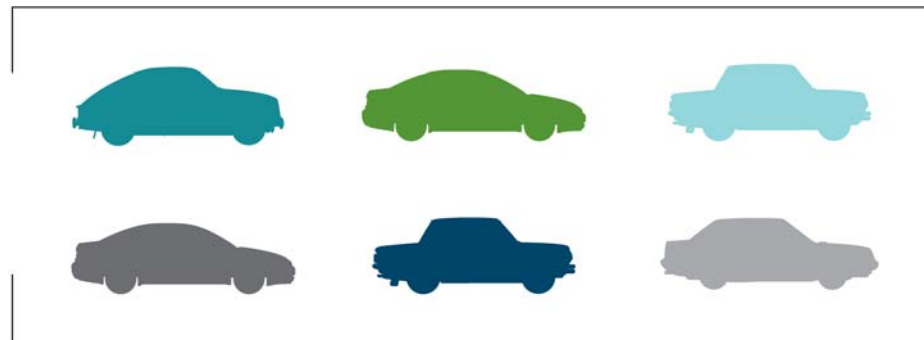


# Adding Value through Flexible, Patient Trading

"I want this one—today!"



"I'm flexible."



# Track Record After Fees

Dimensional portfolios with 15+ years of performance

First full month <sup>1</sup> through 12/31/2014	ANNUALIZED RETURN	
	Fund(%)	Benchmark(%)
<b>US EQUITY</b>		
US Micro Cap, since 1/82	12.32	10.63
US Small Cap, since 4/92	11.06	9.63
US Large Cap Value, since 3/93	10.46	10.01
US Small Cap Value, since 4/93	12.54	10.56
<b>NON-US EQUITY</b>		
International Small Company, since 10/96	6.79	3.77
International Small Cap Value, since 1/95	7.58	3.65
International Value, since 3/94	6.47	5.05
Emerging Markets Small Cap, since 4/98	12.08	7.58
Emerging Markets Value, since 5/98	11.40	7.69
Emerging Markets, since 5/94	7.26	6.01
<b>FIXED INCOME</b>		
One-Year Fixed, since 8/83	5.01	4.59
Intermediate Government, since 11/90	6.67	6.21
Five-Year Global, since 12/90	5.69	5.03

1. Returns are annualized from the first full month and reflect compound returns and assume reinvestment of dividends and other earnings. Benchmark information available in the appendix. See "Track Record Portfolios and Benchmarks" and "Standardized Performance Data and Disclosures" pages in the Appendix.

Performance data shown represents past performance and is no guarantee of future results. 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 the most current month-end performance data, visit [us.dimensional.com](http://us.dimensional.com).

# Focus On What You Can Control



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



# Appendix

# Growth of Wealth Indices

Small Cap Value Index is the Fama/French US Small Value Index (ex utilities)

Small Cap Index is the CRSP 6–10 Index

Large Cap Index is the S&P 500 Index ®

Long-Term Government Bonds Index is 20-year US government bonds

Treasury Bills are One-Month US Treasury bills

Inflation is the Consumer Price Index.

# Data Appendix

Research conducted by Dimensional Fund Advisors LP. Mutual fund data is from the CRSP Mutual Fund Database, provided by the Center for Research in Security Prices, University of Chicago.

Certain types of equity and fixed income funds were excluded from the performance study. For equities, sector funds and funds with a narrow investment focus, such as real estate and gold, were excluded. Money market funds, municipal bond funds, and asset-backed security funds were excluded from fixed income.

Funds are identified using Lipper fund classification codes and are matched to their respective benchmarks at the beginning of the 10-year sample period. Winner funds are those whose cumulative return over the period exceeded that of their respective benchmark. Loser funds are funds that did not survive the period or whose cumulative return did not exceed their respective benchmark. Non-survivors include funds that were either liquidated or merged.

Benchmark data provided by Barclays, MSCI, and Russell. Barclays indices © Barclays 2015. MSCI data copyright MSCI 2015, all rights reserved. Russell data © Russell Investment Group 1995–2015, all rights reserved.

Benchmark indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio.

**Mutual fund investment values will fluctuate, and shares, when redeemed, may be worth more or less than original cost. Diversification neither assures a profit nor guarantees against a loss in a declining market. Past performance is no guarantee of future results.**

# Track Record Portfolios and Benchmarks

US Micro Cap benchmark is Russell 2000 Index.

US Small Cap benchmark is Russell 2000 Index.

US Large Cap Value benchmark is Russell 1000 Value Index.

US Small Cap Value benchmark is Russell 2000 Value Index.

International Small Company prospectus benchmark is MSCI World ex USA Small Cap Index (net dividends). The MSCI World ex USA Small Cap Index (price-only) benchmark was used due to unavailability of returns data from inception date.

International Small Cap Value prospectus benchmark is MSCI World ex USA Small Cap Index (net dividends). The MSCI World ex USA Small Cap Index (price-only) benchmark was used due to unavailability of returns data from inception date.

International Value benchmark is MSCI World ex USA Index (net dividends).

Emerging Markets Small Cap prospectus benchmark is MSCI Emerging Markets Index (net dividends). The MSCI Emerging Markets Index (gross dividends) benchmark was used due to unavailability of returns data from inception date.

Emerging Markets Value prospectus benchmark is MSCI Emerging Markets Index (net dividends). The MSCI Emerging Markets Index (gross dividends) benchmark was used due to unavailability of returns data from inception date.

Emerging Markets prospectus benchmark is MSCI Emerging Markets Index (net dividends). The MSCI Emerging Markets Index (gross dividends) benchmark was used due to unavailability of returns data from inception date.

One-Year Fixed benchmark is BofA Merrill Lynch 6-Month US Treasury Bill Index

Intermediate Government benchmark is Barclays US Government Bond Index.

Five-Year Global benchmark is Citigroup World Government Bond Index 1-5 Years (hedged to USD).

Russell data © Russell Investment Group 1995–2015, all rights reserved.  
MSCI data © MSCI 2015, all rights reserved. Except as noted above, MSCI indices are net of foreign withholding taxes on dividends since January 1999. The BofA Merrill Lynch index is used with permission; © 2015 Merrill Lynch, Pierce, Fenner & Smith Incorporated; all rights reserved. Merrill Lynch, Pierce, Fenner & Smith Incorporated is a wholly owned subsidiary of Bank of America Corporation. Barclays indices © Barclays 2015. Citigroup bond indices © 2015 by Citigroup. Indices are not available for direct investment.

# Standardized Performance Data & Disclosures

**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 [us.dimensional.com](http://us.dimensional.com).**

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**Risks** include loss of principal and fluctuating value. Investment value will fluctuate, and shares, when redeemed, may be worth more or less than original cost.

**Small and micro cap** securities are subject to greater volatility than those in other asset categories.

**International and emerging markets investing** involves special risks such as currency fluctuation and political instability. Investing in **emerging markets** may accentuate these risks.

**Sector-specific investments** focus on a specific segment of the market, which can increase investment risks.

**Fixed income securities** are subject to increased loss of principal during periods of rising interest rates. Fixed income investments are subject to various other risks, including changes in credit quality, liquidity, prepayments, call risk and other factors. **Municipal securities** are subject to the risks of adverse economic and regulatory changes in their issuing states.

**Real estate investment** risks include changes in real estate values and property taxes, interest rates, cash flow of underlying real estate assets, supply and demand, and the management skill and creditworthiness of the issuer.

**Sustainability funds** use environmental and social screens that may limit investment opportunities for the fund.

**Commodities** include increased risks, such as political, economic, and currency instability, and may not be suitable for all investors. The Portfolio may be more volatile than a diversified fund because the Portfolio invests in a smaller number of issuers and commodity sectors.

**The fund prospectuses contain more information about investment risks.**



# Standardized Performance Data & Disclosures

As of December 31, 2014 Average Annual Total Returns (%)	Symbol	1 Year	5 Years	10 Years	Since Inception	Net Expense Ratio <sup>1</sup> (%)	Total (Gross) Expense Ratio <sup>1</sup> (%)	Management Fee	Inception Date
<b>US Equity Portfolios</b>									
US Micro Cap Portfolio <sup>2,3</sup>	DFSCX	2.92	17.53	7.77	12.28	0.53	0.52	0.50	12/23/1981
US Small Cap Portfolio <sup>2</sup>	DFSTX	4.44	17.35	8.82	10.89	0.37	0.37	0.35	3/19/1992
US Large Cap Value Portfolio <sup>2</sup>	DFLVX	10.07	17.02	8.10	10.50	0.27	0.27	0.25	2/19/1993
US Small Cap Value Portfolio <sup>2,3</sup>	DFSVX	3.48	16.77	7.92	12.45	0.53	0.52	0.50	3/2/1993
<b>Non-US Equity Portfolios</b>									
International Small Company Portfolio <sup>2</sup>	DFISX	-6.30	8.28	6.68	6.79	0.53	0.53	0.40	9/30/1996
International Small Cap Value Portfolio <sup>2</sup>	DISVX	-4.99	8.43	7.10	7.58	0.68	0.68	0.65	12/29/1994
International Value Portfolio <sup>2</sup>	DFIVX	-6.99	4.19	4.59	6.51	0.43	0.43	0.40	2/15/1994
Emerging Markets Small Cap Portfolio <sup>2</sup>	DEMSX	3.00	4.95	10.67	12.34	0.72	0.72	0.65	3/5/1998
Emerging Markets Value Portfolio <sup>2</sup>	DFEVX	-4.41	-0.07	8.78	11.10	0.55	0.55	0.50	4/1/1998
Emerging Markets Portfolio <sup>2</sup>	DFEMX	-1.71	2.68	8.55	7.25	0.56	0.56	0.50	4/25/1994
<b>Fixed Income Portfolios</b>									
One-Year Fixed Income Portfolio <sup>2</sup>	DFIHX	0.26	0.66	2.13	5.00	0.17	0.17	0.15	7/25/1983
Intermediate Government Fixed Income Portfolio <sup>2</sup>	DFIGX	5.18	4.25	4.76	6.66	0.12	0.12	0.10	10/19/1990
Five-Year Global Fixed Income Portfolio <sup>2</sup>	DFGBX	2.87	3.39	3.60	5.69	0.27	0.27	0.25	11/6/1990

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1. Actual fees as of October 31, 2014.

2. The net expense ratio takes into account contractual management fee waivers/caps and expense assumption agreements that are in effect through 2/28/2016. The fund's prospectus contains more information on fees and expenses.

3. The Total Operating Expense Ratio listed includes the "Acquired Fund Fees and Expenses" that are required to be included in the fund's prospectus; these "Acquired Fund Fees and Expenses" are not borne directly by the fund, however, and therefore are not reflected in the fund's audited financial statements or financial highlights.