

# Dimensional at a Glance



## A Philosophy Rooted in the Power of Markets

At the heart of the way we invest is our belief that markets work. Security prices reflect the news and expectations of millions of buyers and sellers, updated in real time. We harness that information to build portfolios that target higher expected returns.

*“The market is an effective information processing machine, driving prices toward fair value each day. We consider prices our best forecast of the future.”*

Gerard O'Reilly, Co-CEO and Co-CIO

## A Better Way to Invest

**Index fund managers** aim to match a benchmark, accepting portfolio management and trading constraints that can lead to higher costs and lower returns.

**Traditional active managers** look for “mispriced” securities, making predictions on what they think the market has missed.

**Dimensional** uses information in market prices and a systematic approach to target higher expected returns.

## Applying Financial Science to Investing

- ▶ A scientific perspective guides Dimensional’s philosophy, investment approach, and culture.
- ▶ Since our founding, Dimensional has forged deep working relationships with top minds in financial economics, including Nobel laureate Eugene Fama, Professor Ken French, and other leading academics, who serve as directors or consultants of the firm.
- ▶ Our internal Research team conducts rigorous research across every aspect of our investment process to improve outcomes for investors.

## Focusing on Higher Expected Returns

<b>Drivers of Stock Returns<sup>2</sup></b>	<b>Company Size</b> Small vs. large companies	<b>Relative Price</b> Value vs. growth companies	<b>Profitability</b> High vs. low profitability companies
<b>Drivers of Bond Returns</b>	<b>Term</b> Sensitivity to interest rates	<b>Credit</b> Credit quality of issuer	<b>Currency</b> Currency of issuance

- ▶ The firm draws insights from market prices and decades of academic research to emphasize areas of the market—or dimensions—that drive returns.
- ▶ In addition to designing portfolios to focus on the drivers of higher expected returns, Dimensional looks to enhance returns, minimize costs, and mitigate risks through each stage of our portfolio design, management, and trading processes.

## Our Implementation Advantage

How we design, manage, and trade portfolios is where we add value over benchmarks and peers.

### Consistent Exposure

Index funds may only update holdings periodically. We look every day at ways to keep our portfolios consistently focused on higher expected returns.

### Tax Efficient

The majority of our equity funds distributed zero capital gains in 2025. We also apply a thoughtful approach to managing dividend income to help reduce tax costs.

### Trading Opportunistically

Our process gives us flexibility in what securities to trade and when. This has allowed us to execute at better prices than peers who need to trade specific securities immediately.

### Competitively Priced

The majority of our funds are priced within the lowest quartile of their Morningstar category.<sup>3</sup>

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1. Firmwide assets under management as of March 31, 2026, in USD (billions).
  2. Relative price is measured by the price-to-book ratio; value stocks are those with lower price-to-book ratios. Profitability is measured as operating income before depreciation and amortization minus interest expense scaled by book equity.
  3. As of December 31, 2025.

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.

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