

DIMENSIONAL AT A GLANCE



A different view of markets

- ▶ **Index fund managers** aim to match index returns, accepting portfolio management and trading constraints that can increase costs.
- ▶ **Traditional managers and quants** may rely on predictions or backtested simulations to find mispriced securities or time markets.
- ▶ **Dimensional** believes investors can have a successful investment experience without having to outguess the market. The firm trusts market prices and applies a scientific, transparent, and process-driven investment approach to pursue higher expected returns.

Focusing on the drivers of returns

Long-term drivers of STOCK RETURNS ²	COMPANY SIZE	RELATIVE PRICE	PROFITABILITY
	Small vs. large companies	Value vs. growth companies	High vs. low profitability companies
Long-term drivers of BOND RETURNS	TERM	CREDIT	CURRENCY
	Sensitivity to interest rates	Credit quality of issuer	Currency of issuance

- ▶ Dimensional believes security prices contain reliable information about expected returns.
- ▶ The firm draws insights from research and prices to emphasize market areas—or dimensions—that drive returns.
- ▶ Equity dimensions with higher expected returns are small, value, and high profitability companies. Fixed income dimensions are term, credit, and currency.
- ▶ Dimensional targets these dimensions in low-cost, broadly diversified strategies.³

Applying financial science to investing

- ▶ Dimensional has forged deep working relationships with top academics in finance.
- ▶ Nobel laureate Eugene Fama, fellow researcher Kenneth French, and other leading academics are directors and consultants to the firm.
- ▶ A scientific perspective guides the firm's culture, philosophy, and investment approach.

“The research is out there for anybody to access. What distinguishes Dimensional is the way we implement the ideas.”

David Booth

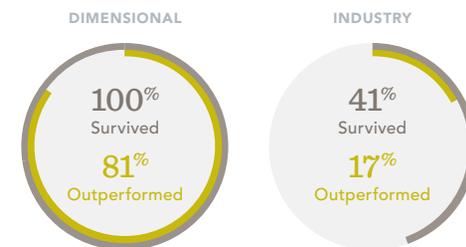
Value-added implementation

Expert implementation sets Dimensional apart. The firm applies financial science in real-world portfolios through a process that integrates:

- RESEARCH** Gain a better understanding of expected returns by evaluating and testing empirical research
- PORTFOLIO DESIGN** Increase expected returns while allowing for robust risk and cost management
- PORTFOLIO MANAGEMENT** Use current market information to balance tradeoffs between competing premiums and costs
- TRADING** Reduce trading costs by employing a flexible approach to participate in available market liquidity

Dimensional vs. the industry

Mutual Fund Performance vs. Benchmarks⁴
20 years through 2019



Performance data shown represents past performance and is no guarantee of future results. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio.

1. Assets under management as of September 30, 2020, in US dollars (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.
3. Diversification neither assures a profit nor guarantees against loss in a declining market.

4. **Data Sample**

US-domiciled, non-Dimensional open-end mutual fund data provided by Morningstar. Dimensional fund data is provided by the fund accountant. Beginning sample includes funds as of January 1, 2000. The number of beginning funds is 4,601 for the industry and 27 for Dimensional. Dimensional subadvised funds and funds whose access is or previously was limited to certain investors are also excluded. Index funds, load-waived funds and funds of funds are excluded from the industry sample.

Methodology

Surviving funds are those with return observations for every month of the sample period. Each fund is evaluated relative to its primary prospectus benchmark. Where the full series of primary prospectus benchmark returns is unavailable, non-Dimensional funds are instead evaluated relative to their Morningstar category index. Outperformers are funds that survived the 20-year period and whose cumulative net return over the period exceeded that of their respective benchmark. We aggregate funds with multiple share classes to the strategy level.

Morningstar Categories

Equity fund sample includes the following Morningstar historical categories: Diversified Emerging Markets, Europe Stock, Foreign Large Blend, Foreign Large Growth, Foreign Large Value, Foreign Small/Mid Blend, Foreign Small/Mid Growth, Foreign Small/Mid Value, Global Real Estate, Japan Stock, Large Blend, Large Growth, Large Value, Mid-Cap Blend, Mid-Cap Growth, Mid-Cap Value, Miscellaneous Region, Pacific/Asia ex-Japan Stock, Real Estate, Small Blend, Small Growth, Small Value, World Large Stock, and World Small/Mid Stock.

Fixed income fund sample includes the following Morningstar historical categories: Corporate Bond, High Yield Bond, Inflation-Protected Bond, Intermediate Core Bond, Intermediate Core-Plus Bond, Intermediate Government, Long Government, Muni California Intermediate, Muni California Long, Muni Massachusetts, Muni Minnesota, Muni National Intermediate, Muni National Long, Muni National Short, Muni New Jersey, Muni New York Intermediate, Muni New York Long, Muni Ohio, Muni Pennsylvania, Muni Single State Intermediate, Muni Single State Long, Muni Single State Short, Muni Target Maturity, Short Government, Short-Term Bond, Target Maturity, Ultrashort Bond, World Bond, and World Bond-USD Hedged.

Index Data Sources

Index data provided by Bloomberg Barclays, MSCI, Russell, FTSE Fixed Income LLC, and S&P Dow Jones Indices LLC. Bloomberg Barclays data provided by Bloomberg. MSCI data © MSCI 2020, all rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. FTSE fixed income indices © 2020 FTSE Fixed Income LLC. All rights reserved. S&P data © 2020 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

Past performance is no guarantee of future results. Investing risks include loss of principal and fluctuating value. There is no guarantee an investment strategy will be successful. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio.

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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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