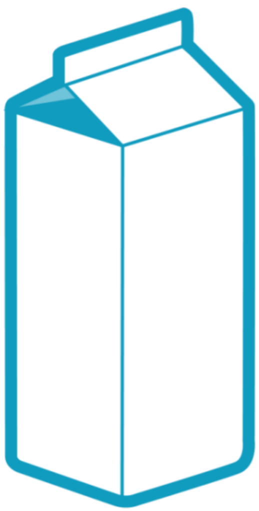
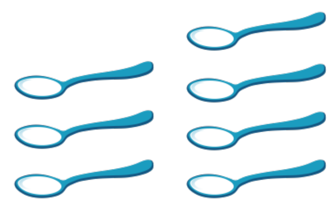
A Different Way to Invest

Via Four Investments

Why Invest?

Your Money Today Will Likely Buy Less Tomorrow

1913	1963	2015
		
$0.09 = Quart of milk	**$0.09 = 1 Small Glass of milk**	**$0.09 = 7 Tablespoons of milk**

In US dollars. Source for 1913 and 1963: Historical Statistics of the United States: Colonial Times to 1970/U.S. Dept. of Commerce. Source for 2015: United States Department of Labor, Bureau of Labor Statistics, Economic Statistics, Consumer Price Index–Average Price Data.

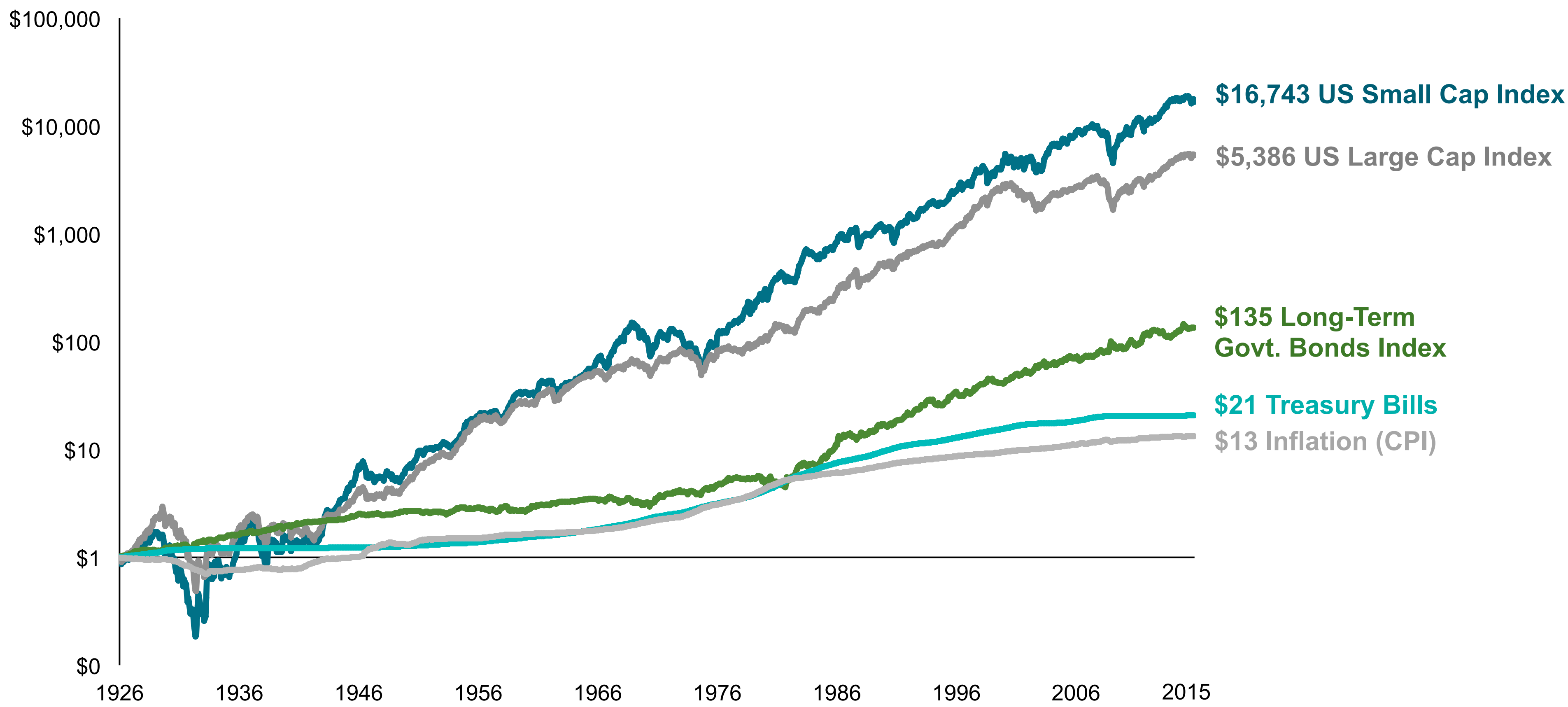
VIAIV

Investing means taking risks.

Not
investing means taking risks,
too.

Capital Markets Have Rewarded Long-Term Investors

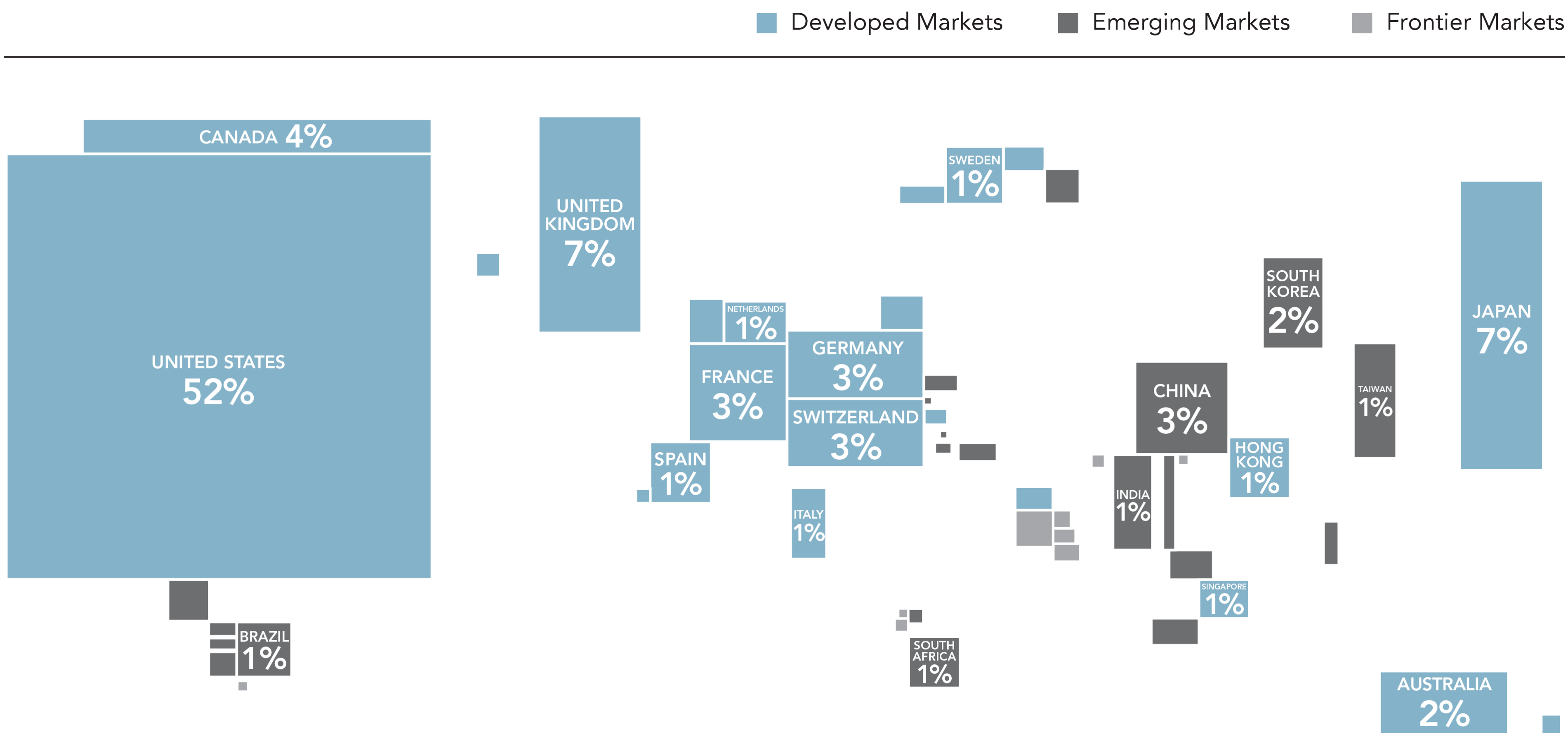
Monthly growth of wealth ($1), 1926−2015



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. Sinquefield).

There’s a World of Opportunity in Equities

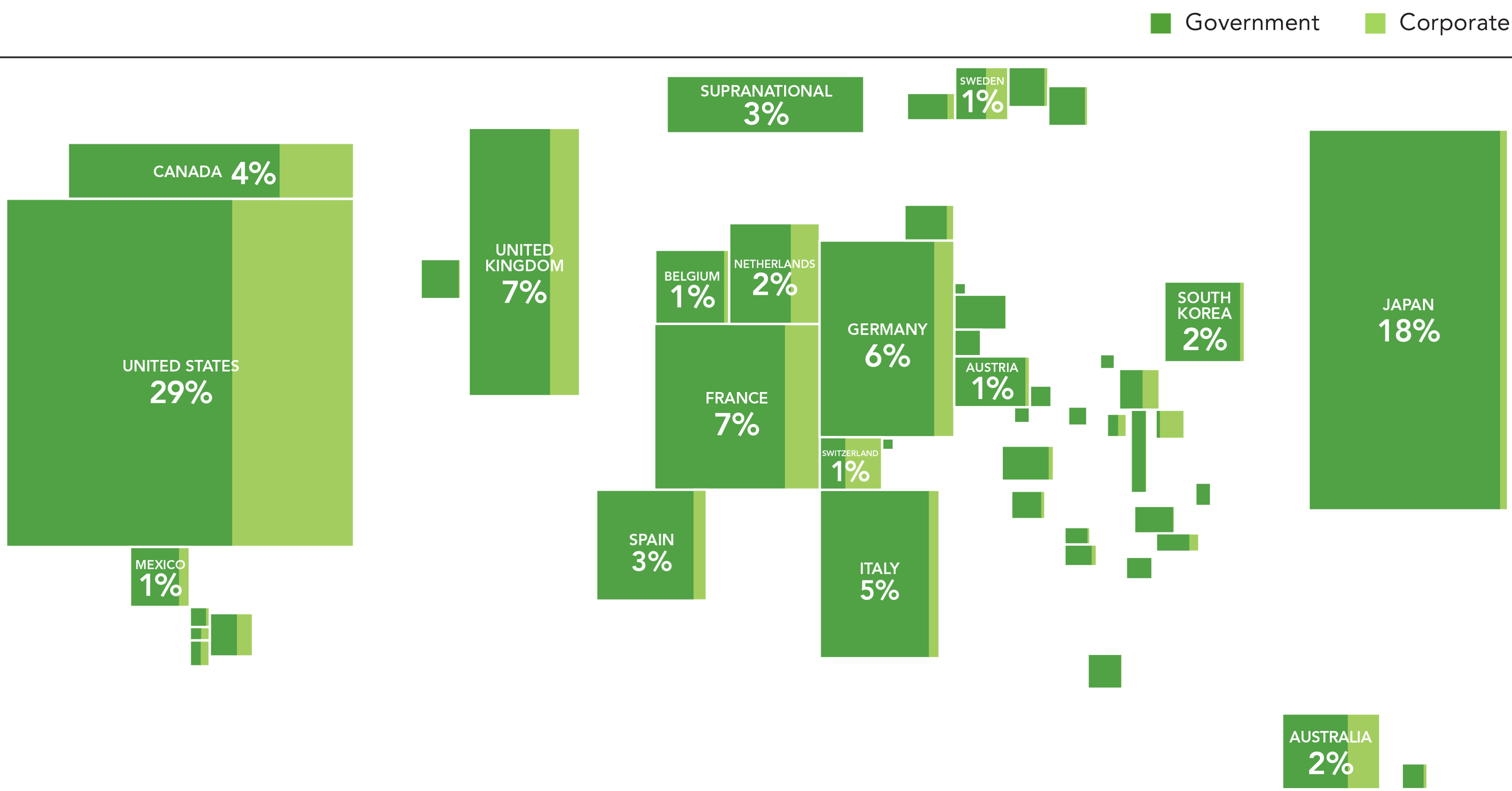
Percent of world market capitalization as of December 31, 2014



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?

VIAIV

They Try to Predict the Future

"I have a proven system for picking winning stocks."

"That sector will continue advancing through next year."

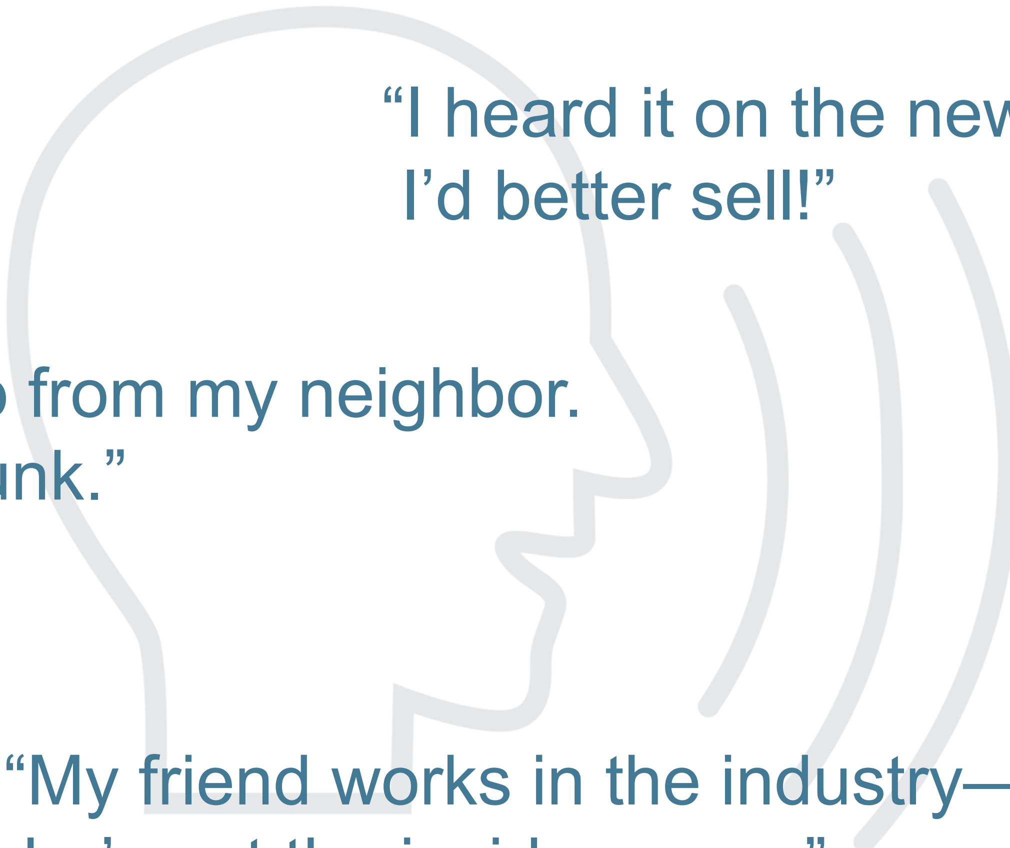
"The market is primed for a retreat."

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 the 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."

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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

1964
Single-Factor Asset Pricing Risk/Return Model
WILLIAM SHARPE
Nobel Prize in Economics, 1990

1966
Efficient Markets Hypothesis
EUGENE FAMA
Nobel Prize in Economics, 2013

1981
The Size Effect
ROLF BANZ

1984
Term Structure of Interest Rates
EUGENE FAMA

1992–1993
Value Effect and Multifactor Asset Pricing Model
EUGENE FAMA
KENNETH FRENCH

2012
Profitability
ROBERT NOVY-MARX
EUGENE FAMA
KENNETH FRENCH

Eugene Fama and Kenneth French are members of the board of directors for and provide consulting services to Dimensional Fund Advisors LP. Robert Novy-Marx provides consulting services to Dimensional Fund Advisors LP.

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

Illustration based on voluntary participation at client event hosted by a financial advisor, August 2013. Results audited by advisor.

Markets Integrate the Combined Knowledge of All Participants

World Equity Trading in 2015

	Number of Trades	Dollar Volume
Daily Average	98.6 million	$447.3 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.

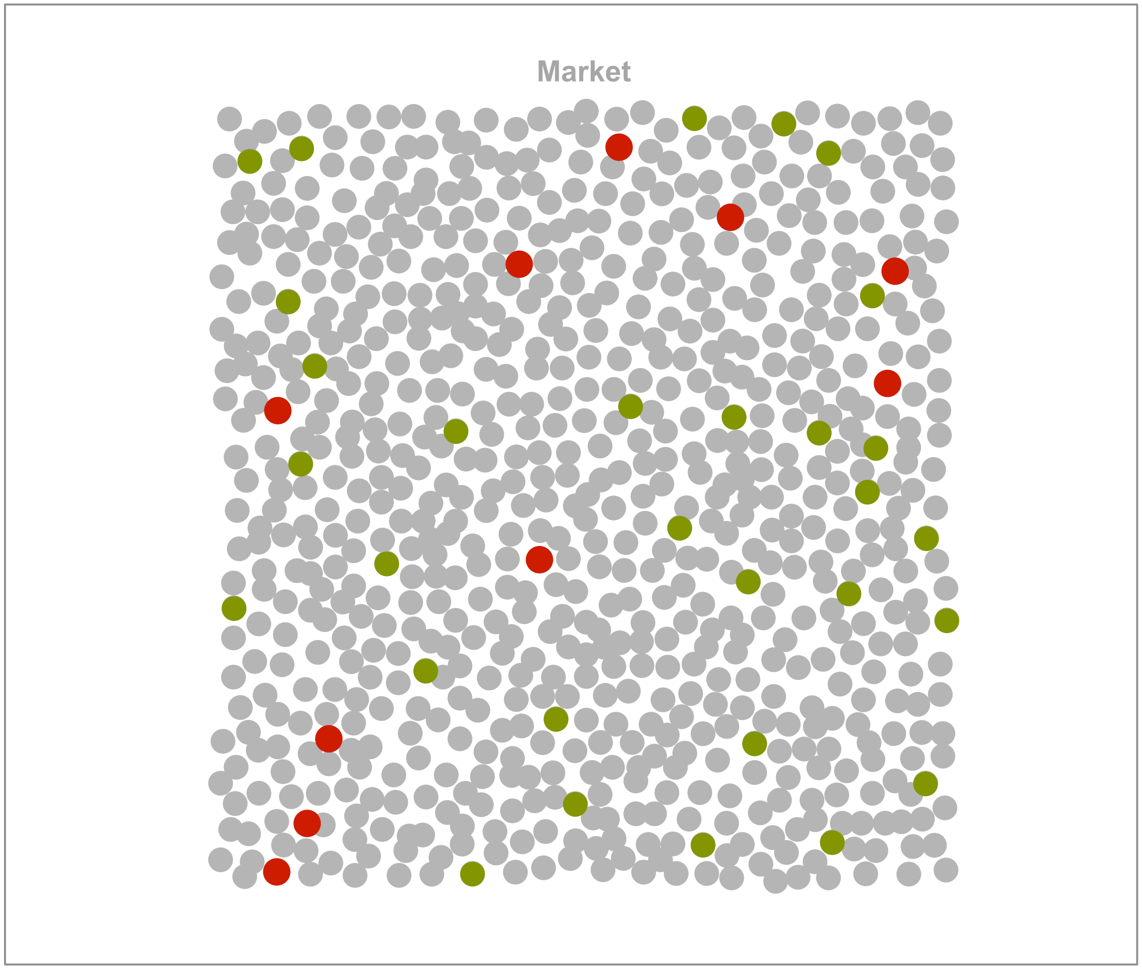
Source: World Federation of Exchanges. Global electronic order book figures gathered from the 60 WFE member exchanges.

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.

Investing involves risks such as fluctuating value and potential loss of principal value. There is no guarantee strategies will be successful.

Conventional Investment Methods Have Low Odds of Success

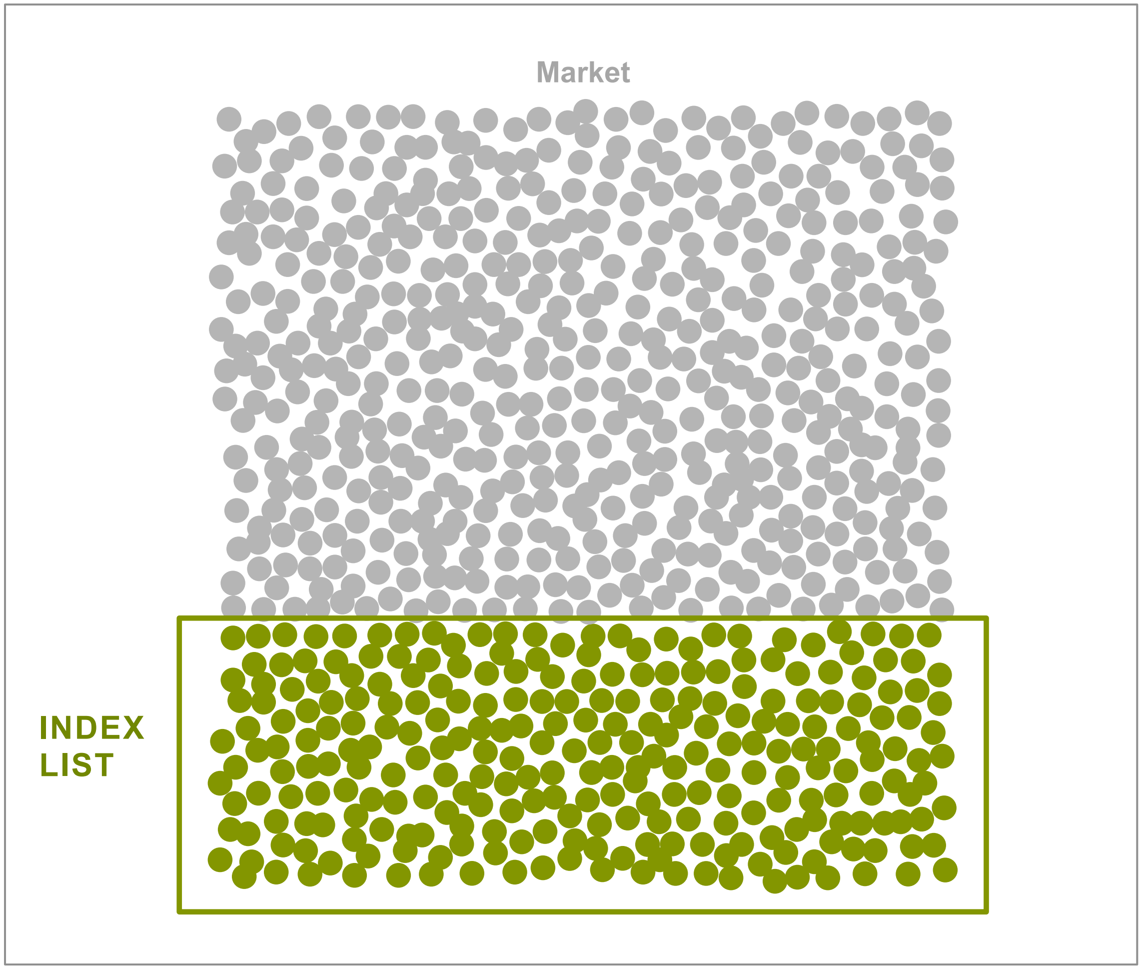
Fraction of mutual funds that survived and beat their index for 15 years, ending December 31, 2014

Past performance is no guarantee of future results. Survivors are funds that were still in existence as of December 31, 2014. 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 2015. US-domiciled mutual fund data is from the CRSP Survivor-Bias-Free US 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

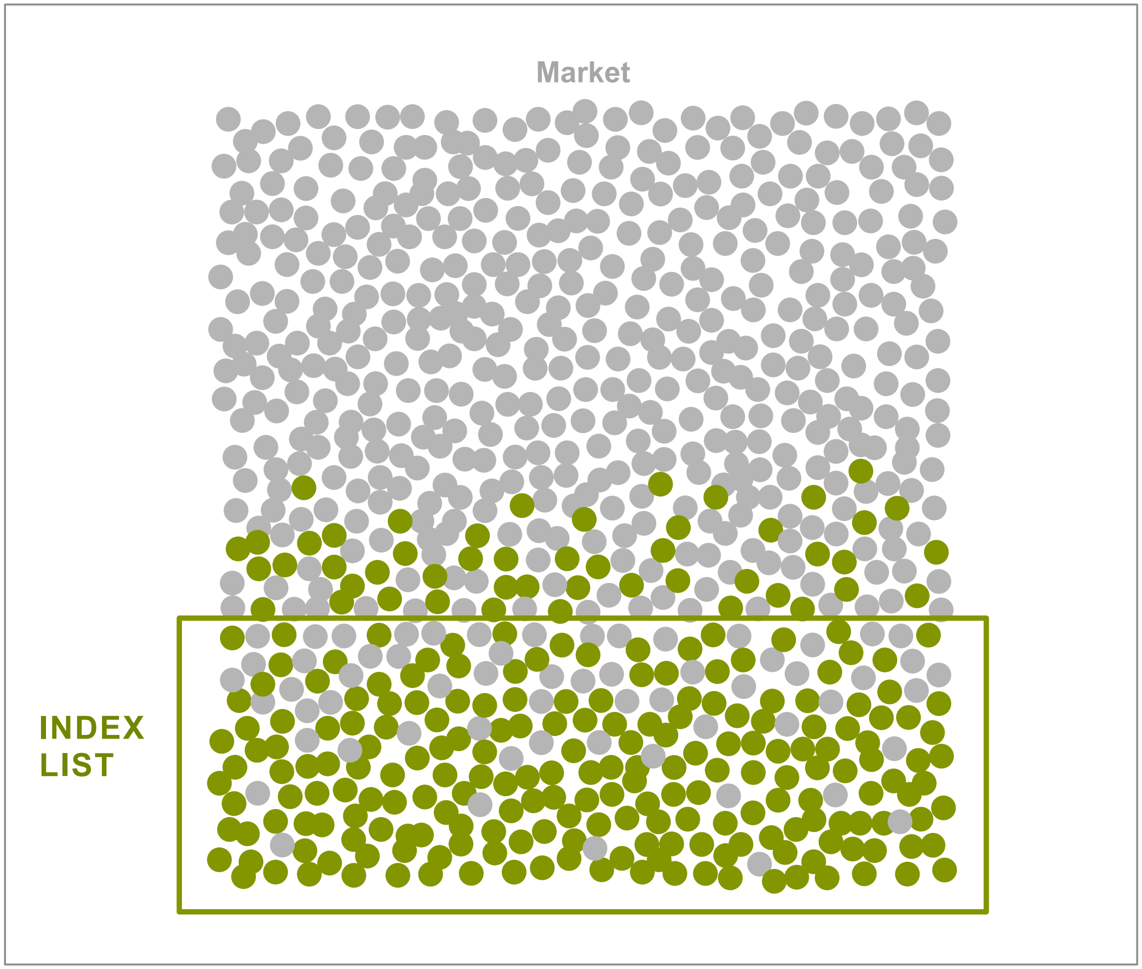


Holds a basket of securities represented in the index.

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

Investing involves risks such as fluctuating value and potential loss of principal value. There is no guarantee strategies will be successful.

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

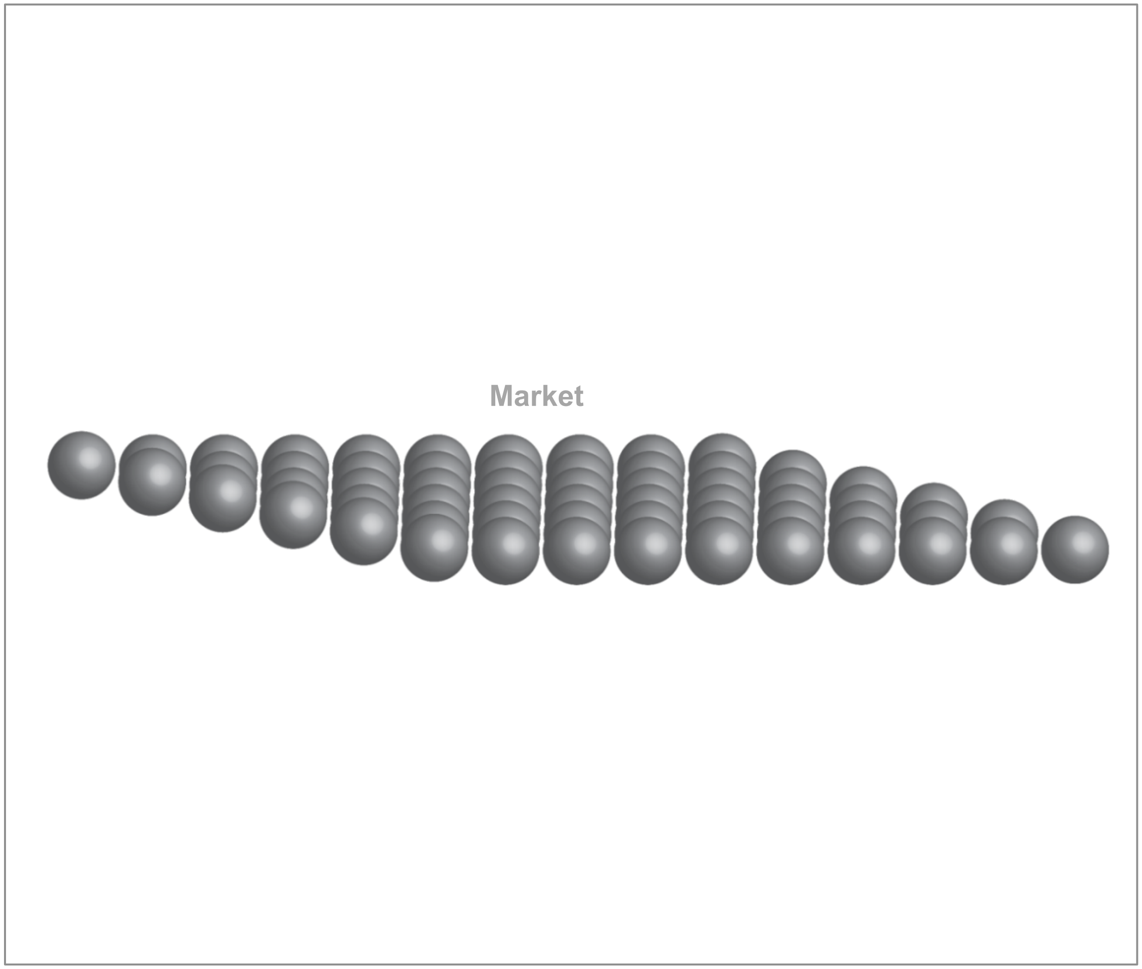
As a result, your investment may have drifted from what you intended.

Investing involves risks such as fluctuating value and potential loss of principal value. There is no guarantee strategies will be successful.

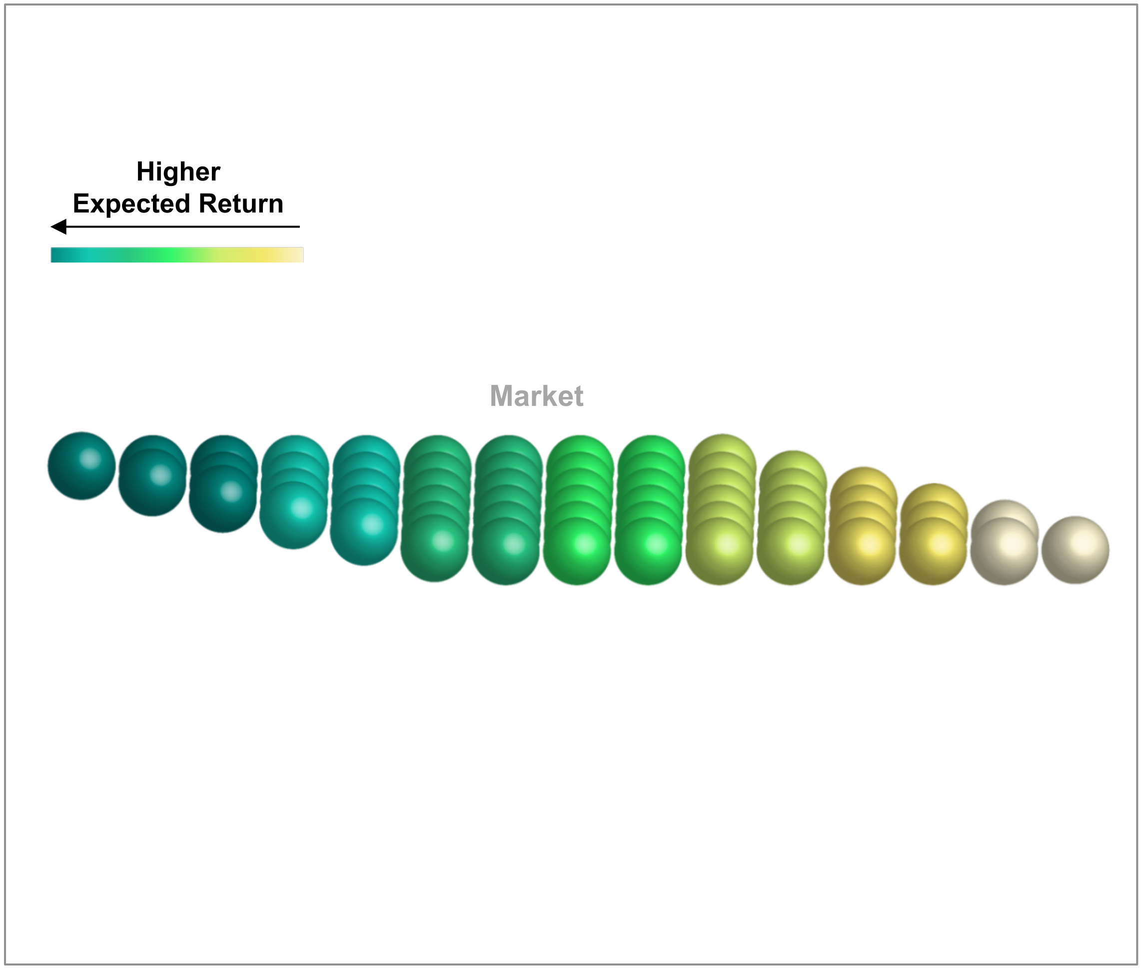
There Are Differing Approaches

AN ALTERNATE APPROACH
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

Viewing the Market in a Different Dimension

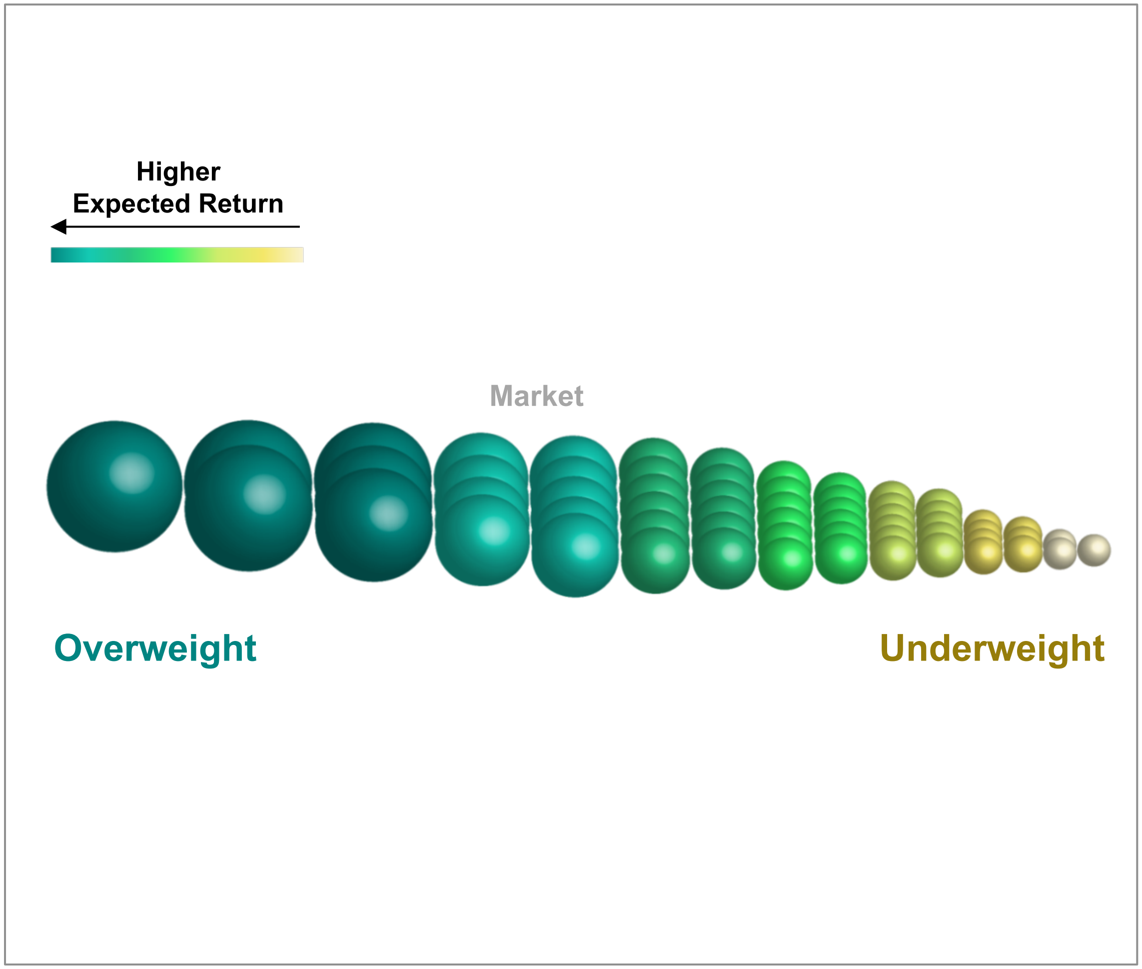


Viewing the Market in a Different Dimension



Decades of academic research have identified relevant dimensions that point to differences in expected returns.

Portfolios Can Be Structured along Dimensions of Expected Returns

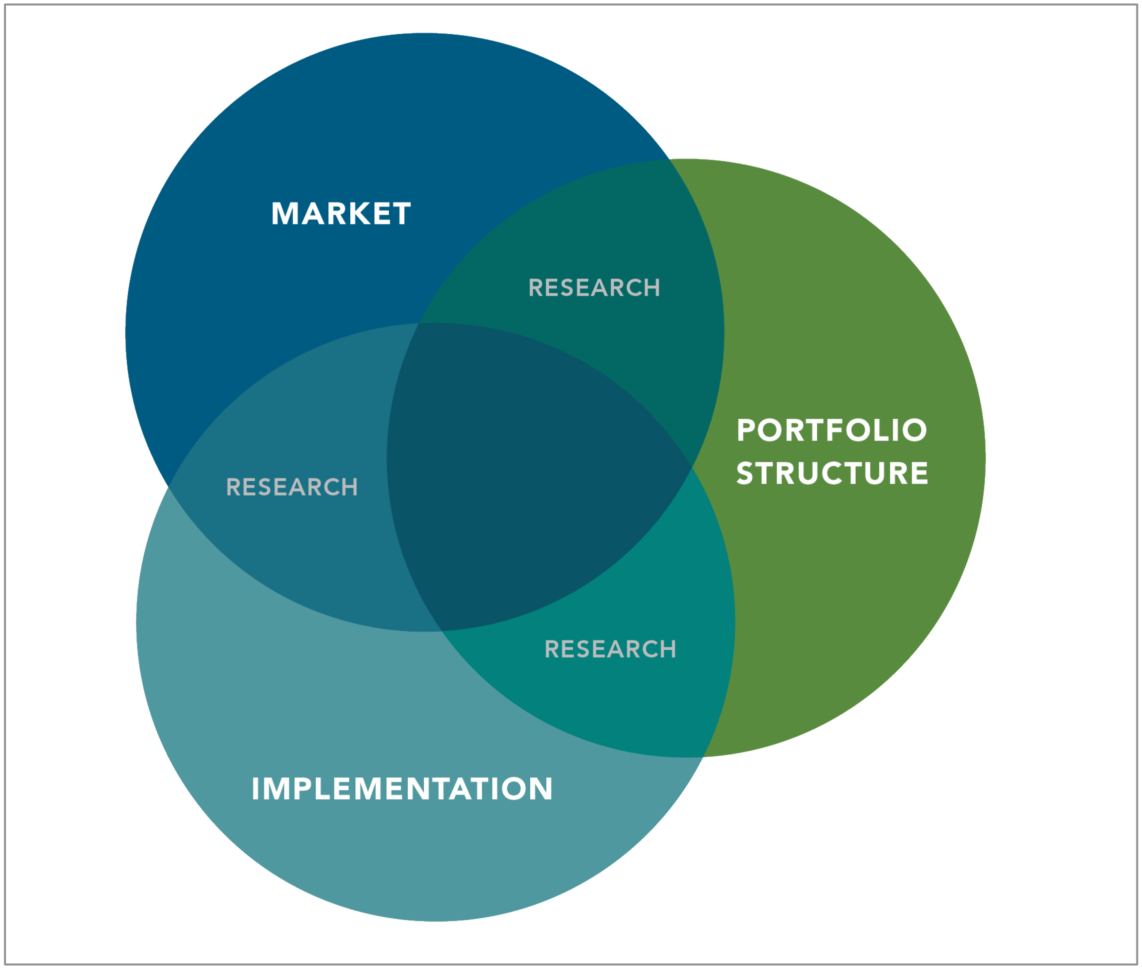


A well-diversified portfolio can emphasize market areas offering higher expected return potential.

Diversification does not eliminate the risk of market loss. Investing involves risks such as fluctuating value and potential loss of principal value. There is no guarantee strategies will be successful.

Applied to
Practical Investing

From Insights to Implementation



An integrated investment process adds value at each step.

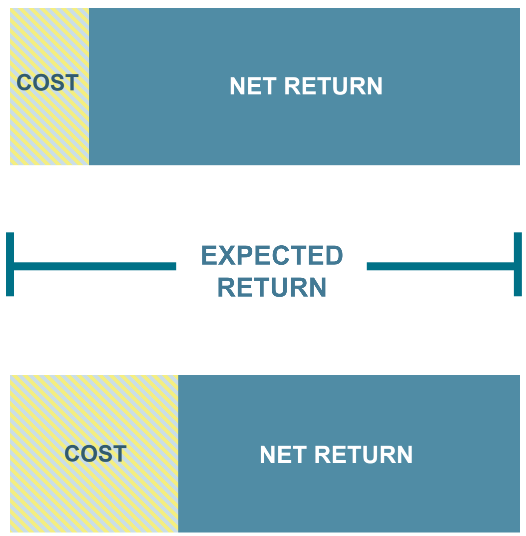
Research can be applied throughout the process for an advanced understanding of all aspects of investing.

Balancing Investment Tradeoffs

INVESTMENT OPPORTUNITY

A

B



CONDITIONS

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

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

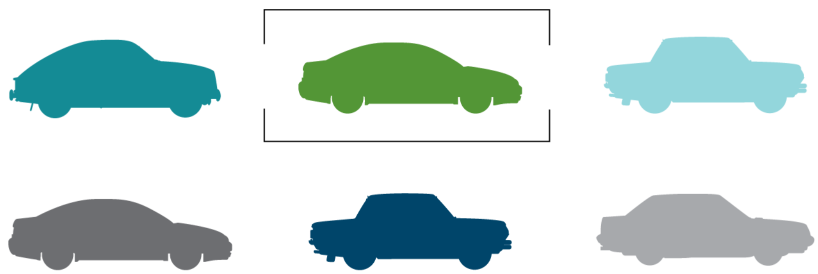
Two investment opportunities can have the same expected return but invite very different conditions.

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

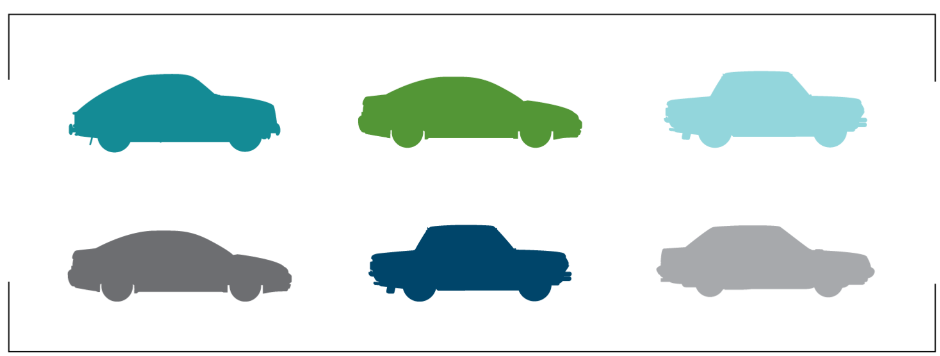
For illustrative purposes only.

Adding Value through Flexible, Patient Trading

"I want this one—today!"



"I'm flexible."



Focus On What You Can Control

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

Diversification neither ensures a profit nor guarantees against loss in a declining market.

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.

Fama/French and CRSP data provided by the Center for Research in Security Prices, University of Chicago. The S&P data are provided by Standard & Poor's Index Services Group. Bonds and T-bills data provided by Morningstar. Inflation data © Stocks, Bonds, Bills, and Inflation Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefield).

Data Appendix

Research conducted by Dimensional Fund Advisors LP. US-domiciled mutual fund data is from the CRSP Survivor-Bias-Free US 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 data provided by Barclays Bank PLC.

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.