
INVESTOR SYMPOSIUM

The Foundational Principles

Jake DeKinder, CFA
Head of Client Communications

May 20, 2026

The Foundational Principles

Prices Reflect Information

Prices reflect the aggregate expectations of market participants.

Dimensions of Expected Returns

Fairly priced securities can have different expected returns from one another.

Implementation Requires Expertise

Efficiently capturing higher expected returns requires us to use the information contained in security prices rationally.

The Foundational Principles

PRICES

PREMIUMS

PROCESS

PRICES

PREMIUMS

PROCESS

PRICES

PREMIUMS

PROCESS

Stock
PickingIndex
Management

Dimensional

The Foundational Principles

PRICES

PREMIUMS

PROCESS

Implications of a Well-Functioning Market

- Prices incorporate relevant information very quickly.

Stock Prices Adjust Quickly

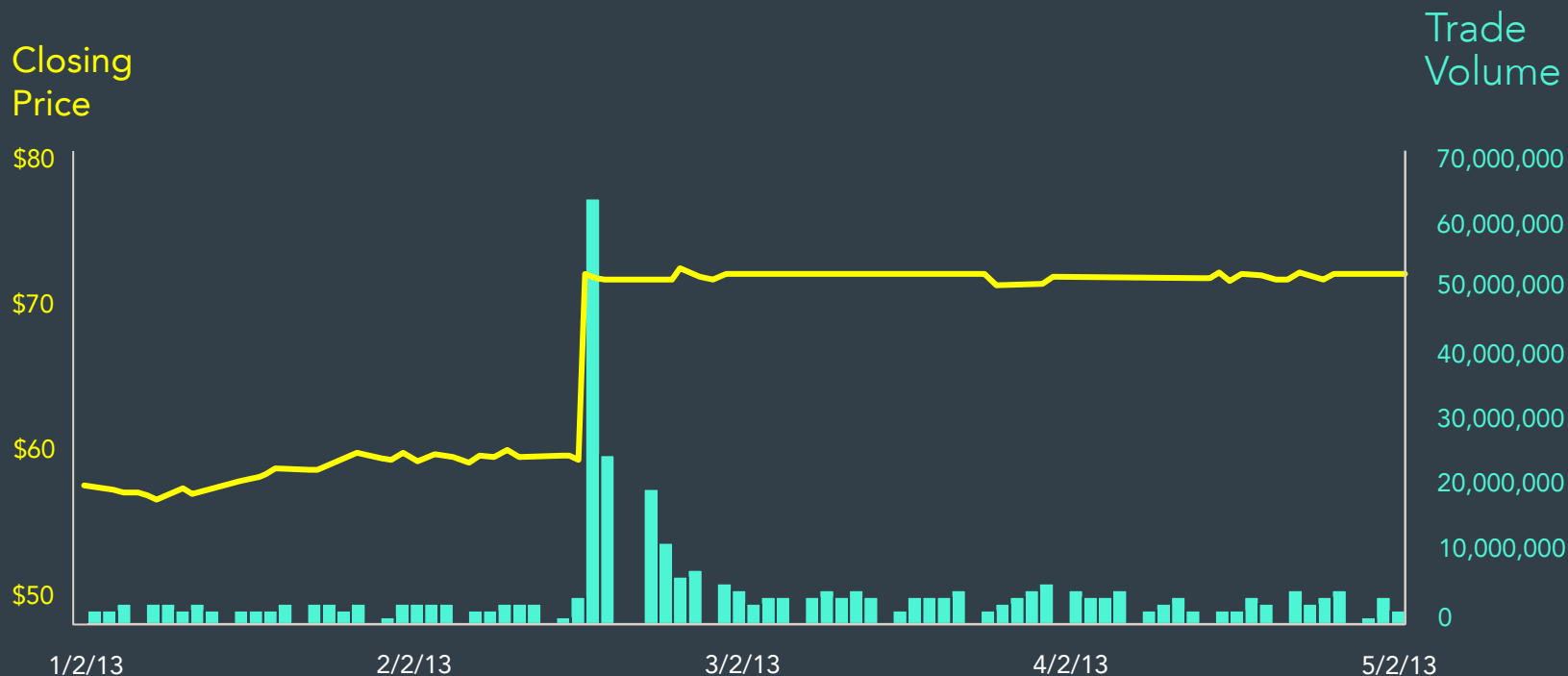


In USD.

Source: Bloomberg.

The security identified is shown for illustrative purposes only to demonstrate the investment philosophy described herein. These materials are not, and should not be construed as, a recommendation to purchase or sell the security identified or any other securities. Actual holdings will vary for each client, and there is no guarantee that any client will hold the security identified.

Stock Prices Adjust Quickly



In USD.

Source: Bloomberg.

The security identified is shown for illustrative purposes only to demonstrate the investment philosophy described herein. These materials are not, and should not be construed as, a recommendation to purchase or sell the security identified or any other securities. Actual holdings will vary for each client, and there is no guarantee that any client will hold the security identified.

Implications of a Well-Functioning Market

- Prices incorporate relevant information very quickly.
- Prices are forward-looking.

Implications of a Well-Functioning Market

- Prices incorporate relevant information very quickly.
- Prices are forward-looking.
- Competition makes it very hard to systematically identify and profit from mispricing.

Markets Integrate the Combined Knowledge of All Participants



In USD. Source: Dimensional, using data from Bloomberg LP. Includes primary and secondary exchange trading volume globally for equities. Funds are excluded. Daily averages were computed by calculating the trading volume of each stock daily as the closing price multiplied by shares traded that day. All such trading volume is summed up and divided by 252 as an approximate number of annual trading days.

Markets Integrate the Combined Knowledge of All Participants

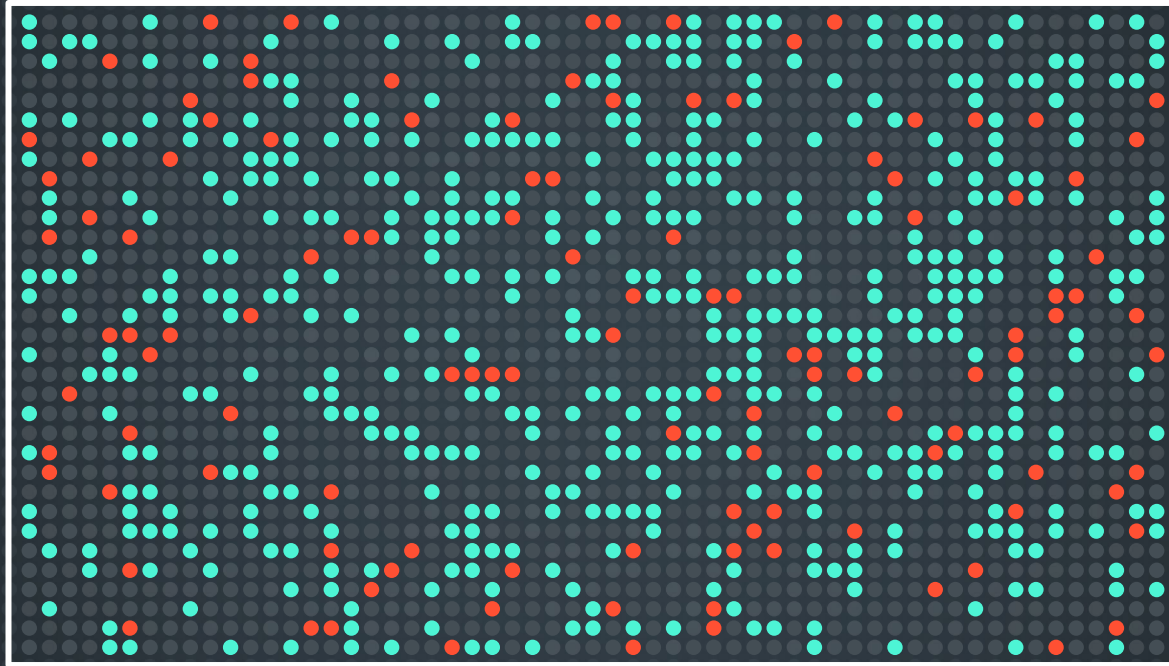
Markets Integrate the Combined Knowledge of All Participants

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



MARKET PORTFOLIO

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



MARKET PORTFOLIO

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



MARKET PORTFOLIO

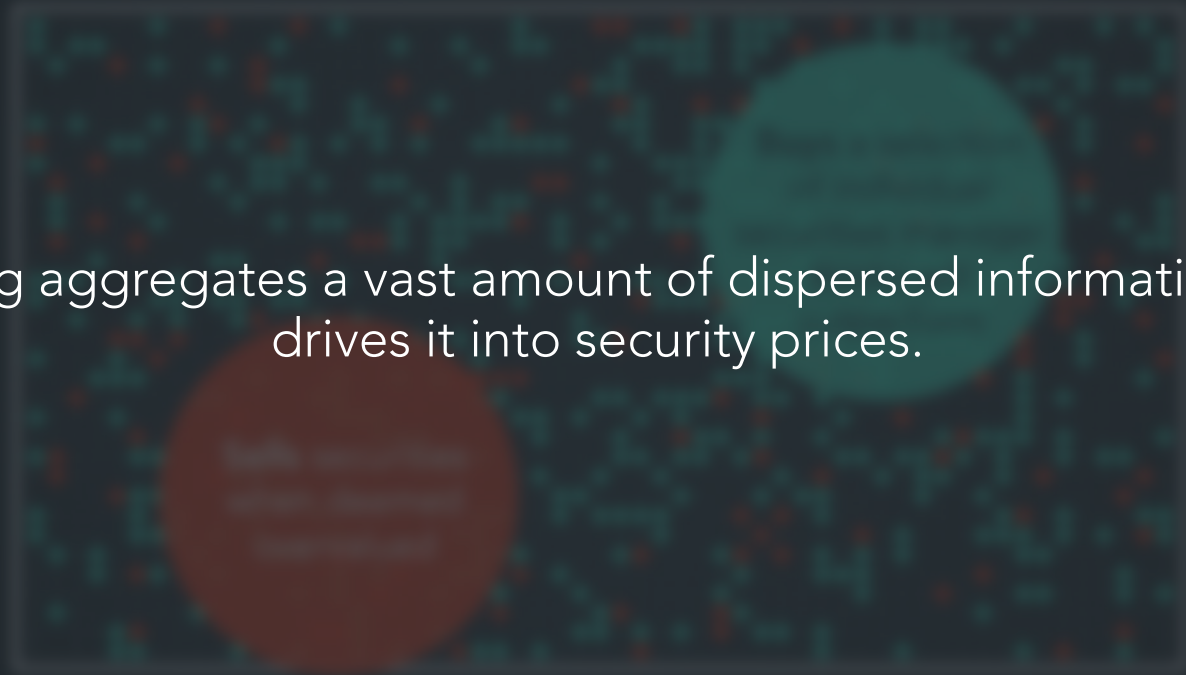
Investing involves risks such as fluctuating value and potential loss of principal value. There is no guarantee strategies will be successful.



MARKET PORTFOLIO

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

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



Source: https://www.fidelity.com/learningcenter/media/pcontent/?_id=11277&_tid=617&cid=400000000

PRICES

PREMIUMS

PROCESS

Stock
Picking

Attempt to
Outguess

Index
Management

Dimensional

Stale
Information

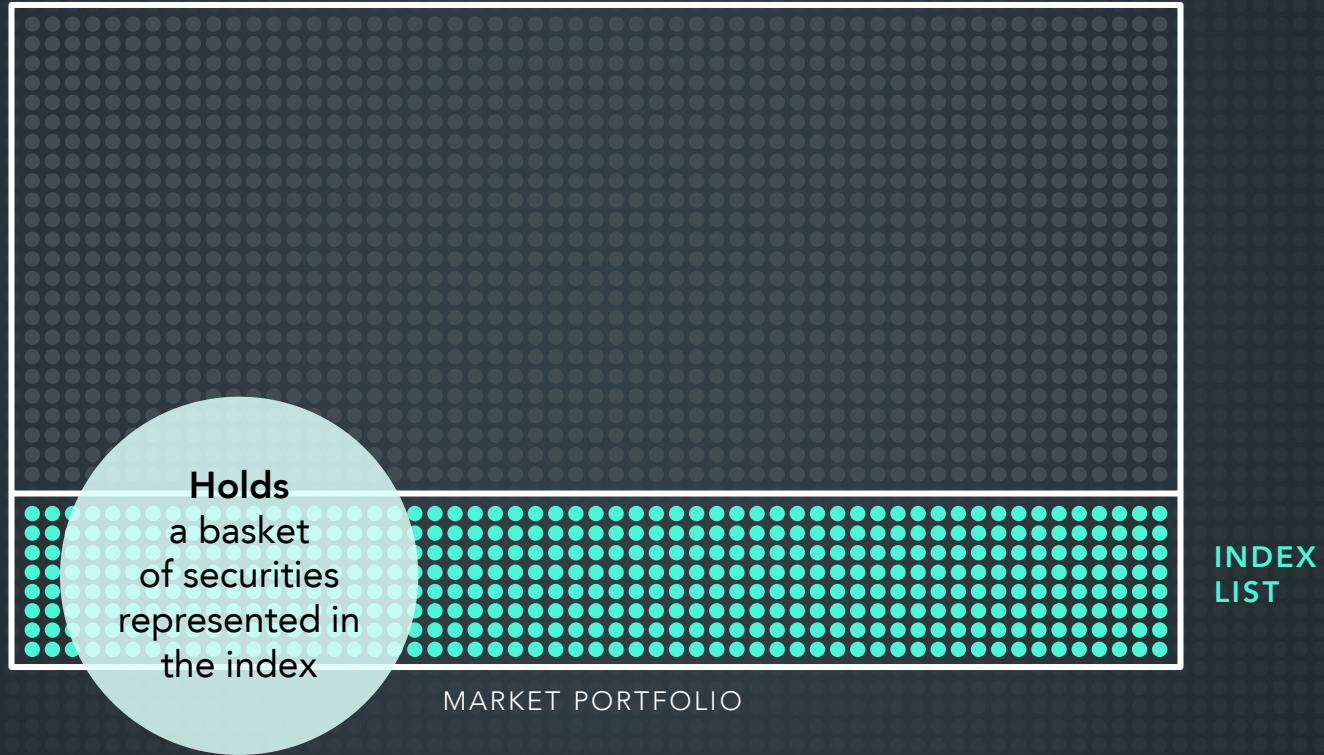
Current
Information



MARKET PORTFOLIO

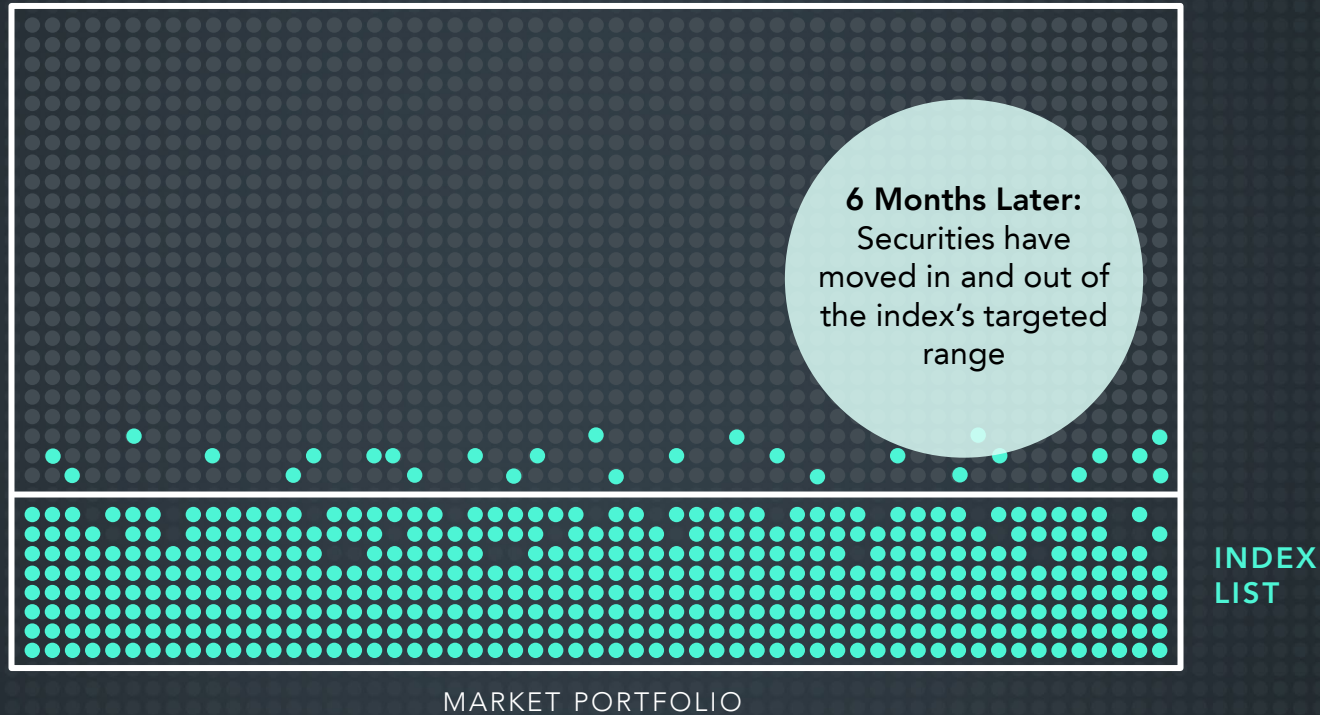
Investing involves risks such as fluctuating value and potential loss of principal value. There is no guarantee strategies will be successful.

The Indexing Approach

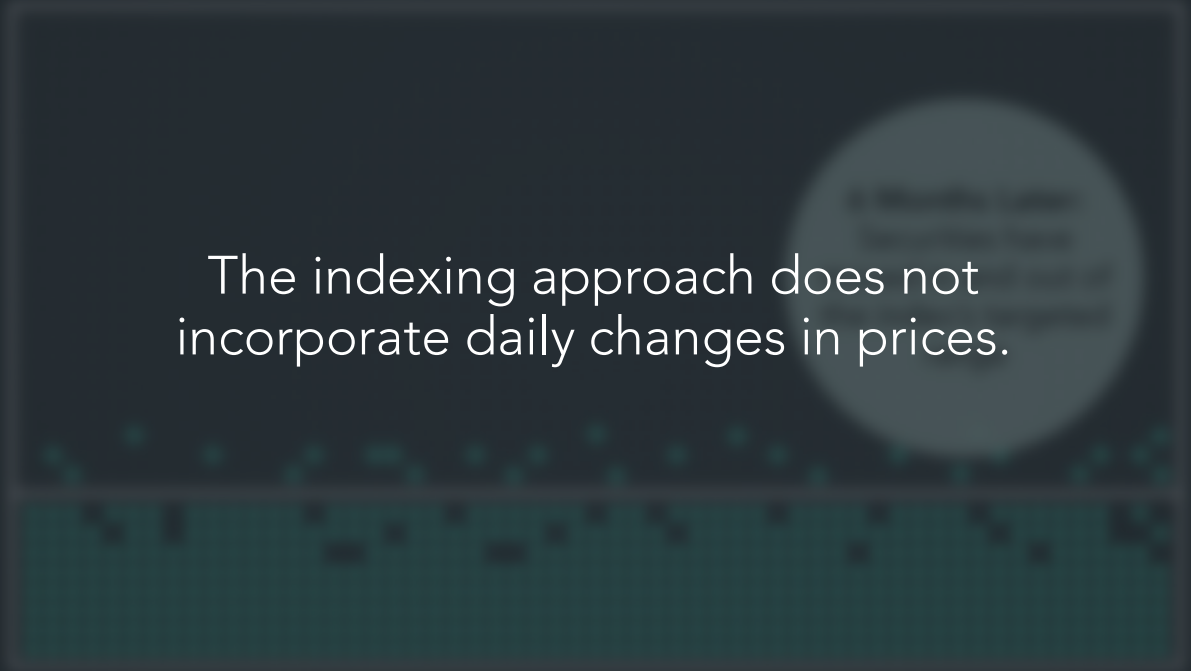


Investing involves risks such as fluctuating value and potential loss of principal value. There is no guarantee strategies will be successful.

The Indexing Approach



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



The indexing approach does not
incorporate daily changes in prices.

PRICES

PREMIUMS

PROCESS

Stock
Picking

Attempt to
Outguess

Index
Management

Use Stale
Information

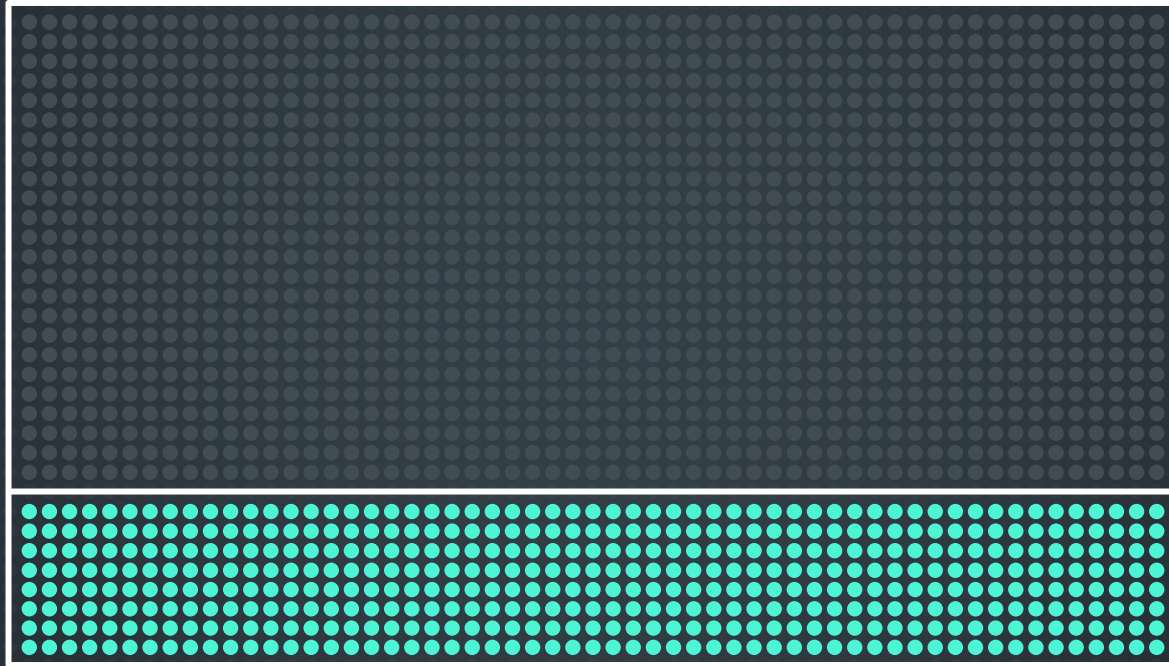
Dimensional



MARKET PORTFOLIO

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

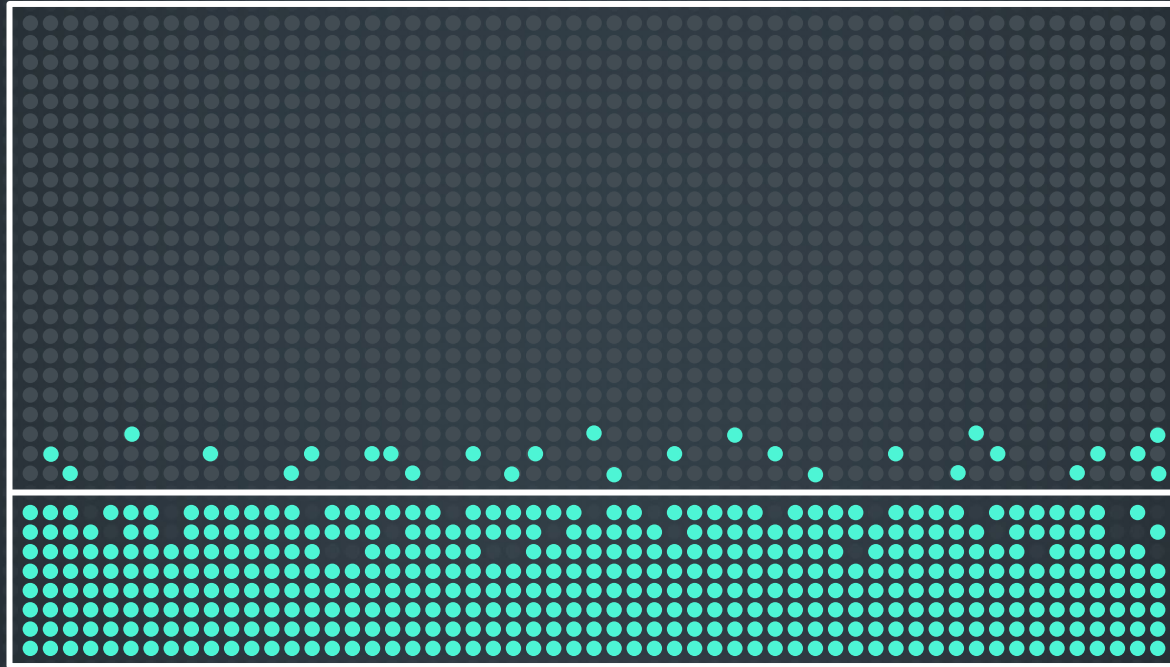
Dimensional's Approach



MARKET PORTFOLIO

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

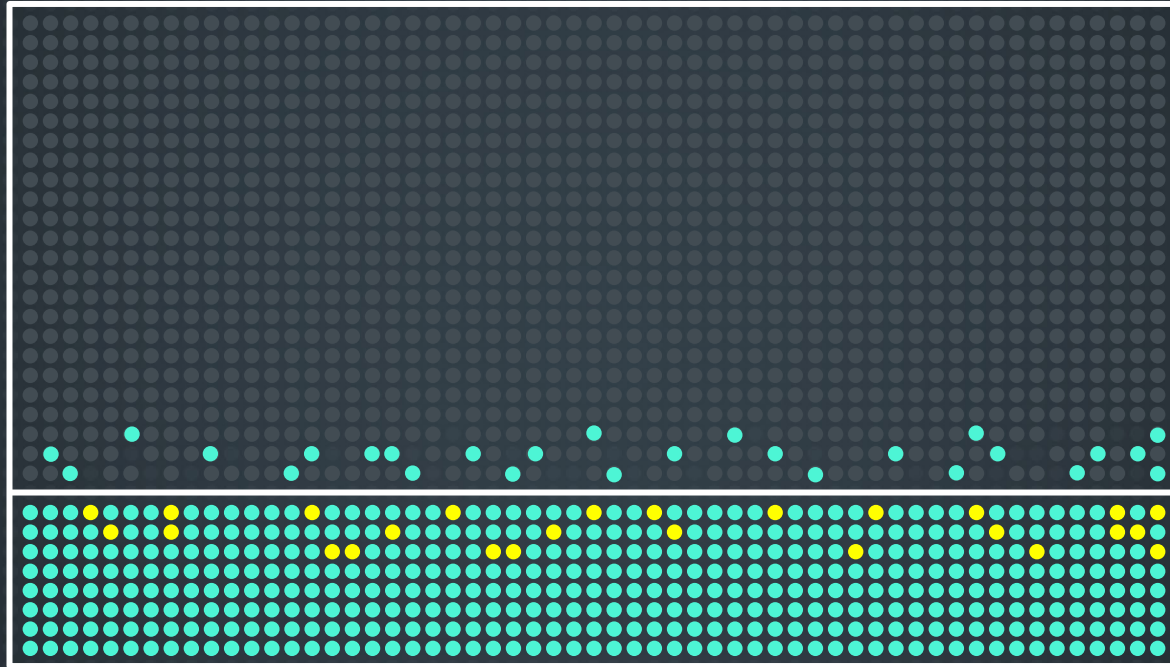
Dimensional's Approach



MARKET PORTFOLIO

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

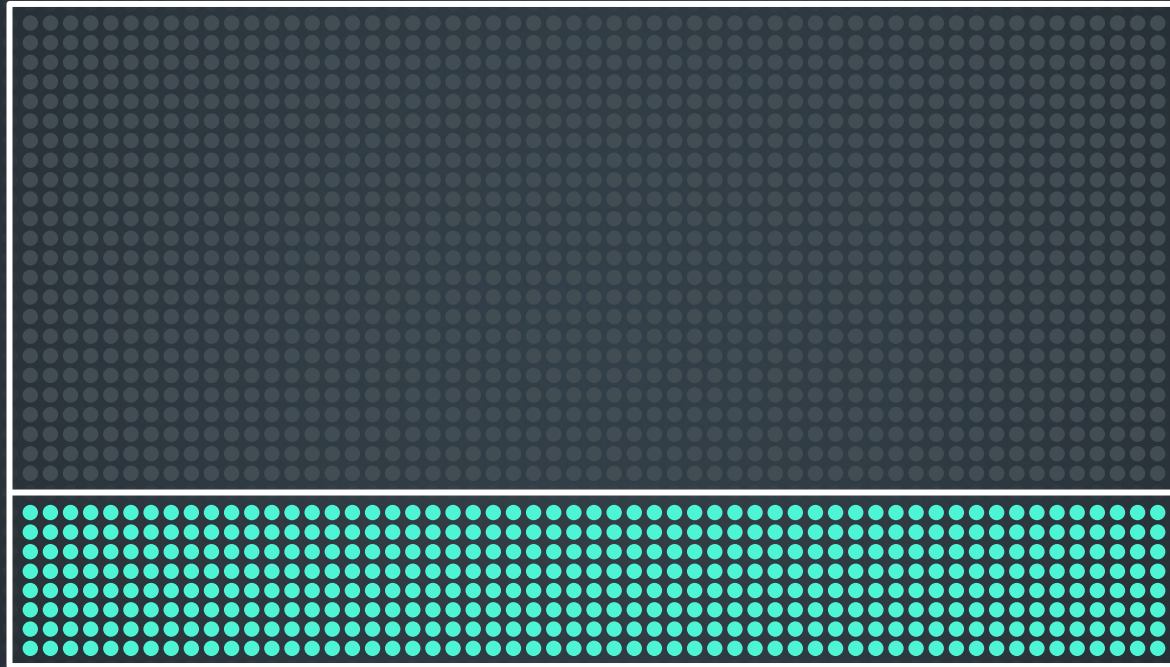
Dimensional's Approach



MARKET PORTFOLIO

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

Dimensional's Approach



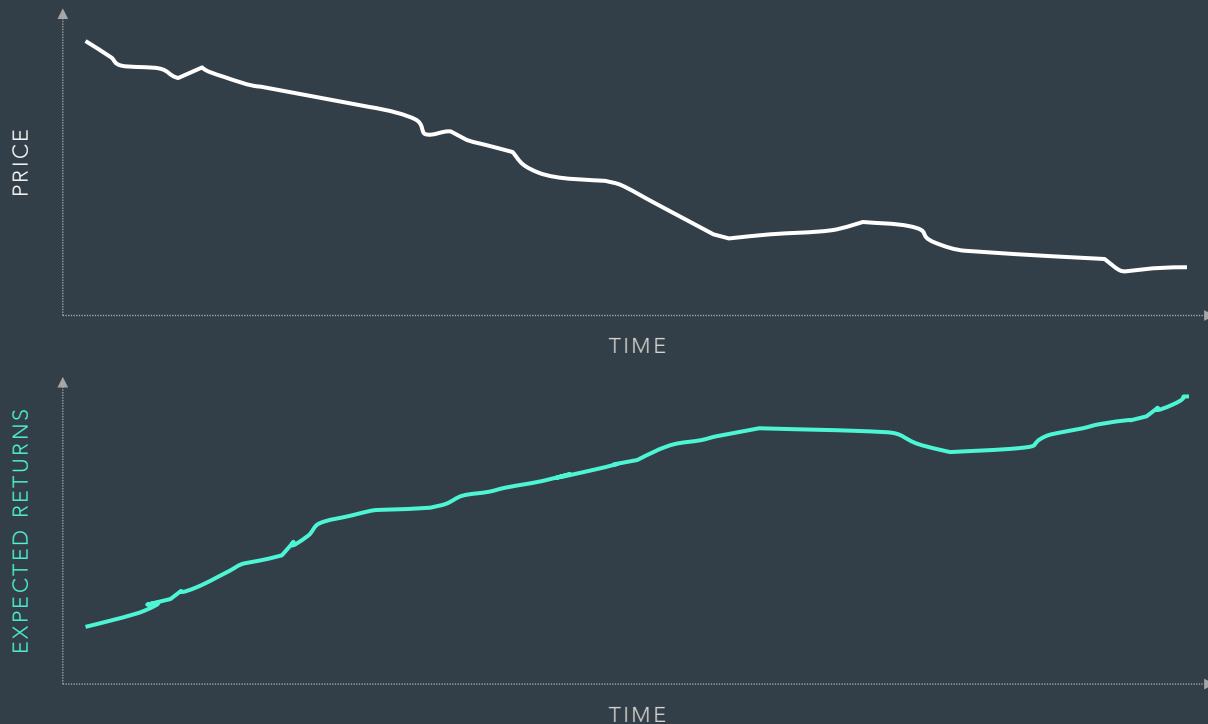
MARKET PORTFOLIO

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

The dynamic nature of prices requires incorporating daily changes into the investment process.

A Security's Price Changes Every Day

As the price of a
stock changes,
its expected
return changes.



A Security's Price Changes Every Day

© 2015 Pearson Education, Inc.

There is a connection between the price you pay and what you expect to earn on a stock.

PRICES

PREMIUMS

PROCESS

Stock
Picking

Attempt to
Outguess

Index
Management

Use Stale
Information

Dimensional

Incorporate
Daily Changes

The Foundational Principles

PRICES

PREMIUMS

PROCESS

Do all stocks have the same expected return?

A Heritage of Leading Research



Merton Miller
University of Chicago
Nobel Laureate, 1990

Independent Director,
Dimensional US Mutual Funds,
1981–2000



Eugene Fama
University of Chicago
Nobel Laureate, 2013

Dimensional Director and
Consultant, Dimensional,¹
1981–present



Myron Scholes
Stanford University
Nobel Laureate, 1997

Independent Director,
Dimensional US Mutual Funds,
1981–2012

Lead Independent Director,
Dimensional
US Mutual Funds,
2013–2021



Kenneth French
Dartmouth College

Consultant, Dimensional,¹
1986–present

Dimensional Director,
2006–present



Robert Merton
MIT
Nobel Laureate, 1997

Director, Dimensional
US Mutual Funds,
2003–2009

Resident Scientist, Dimensional
Holdings Inc.,
2010–present



Robert Novy-Marx
University of Rochester

Consultant, Dimensional,¹
2014–present



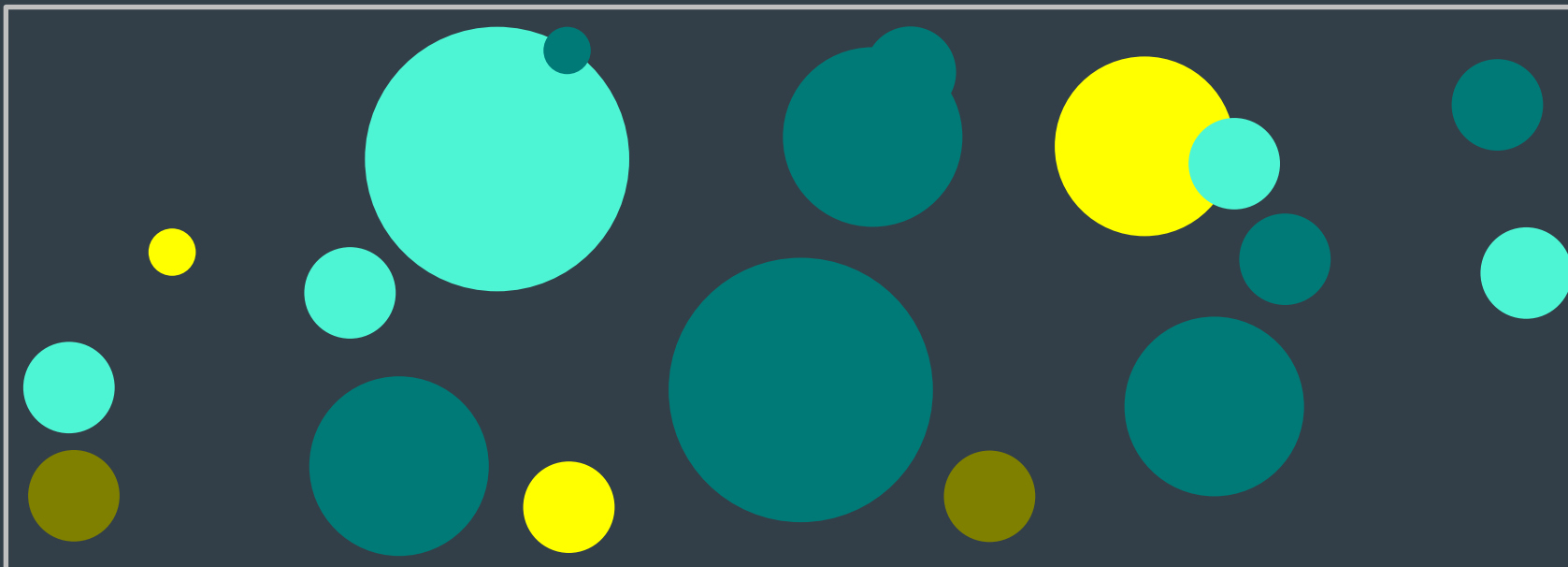
Douglas Diamond
University of Chicago
Nobel Laureate, 2022

Independent Director,
Dimensional US Mutual Funds,
2017–2021

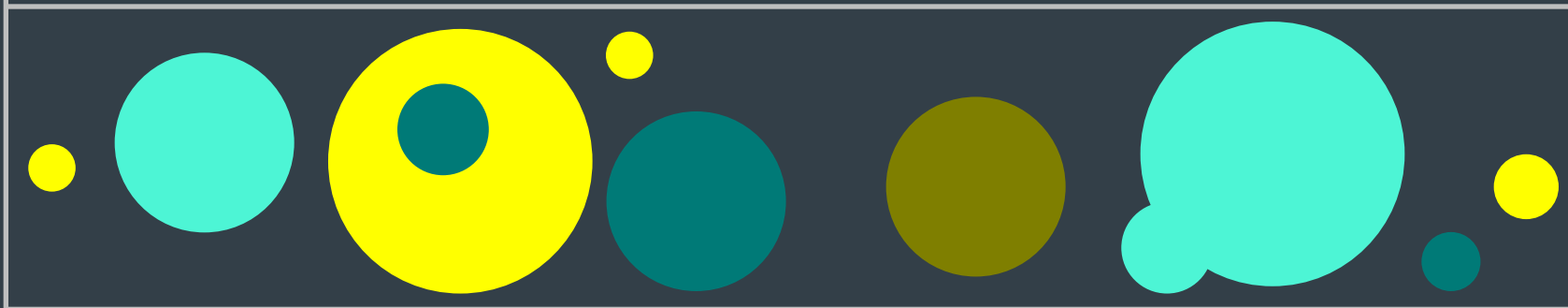
Lead Independent Director,
Dimensional
US Mutual Funds and
ETF Trust, 2022–present

¹. Dimensional Fund Advisors LP.
"Dimensional Directors" refers to the Board of Directors of the general partner of Dimensional Fund Advisors LP.

Large
Cap



Small
Cap

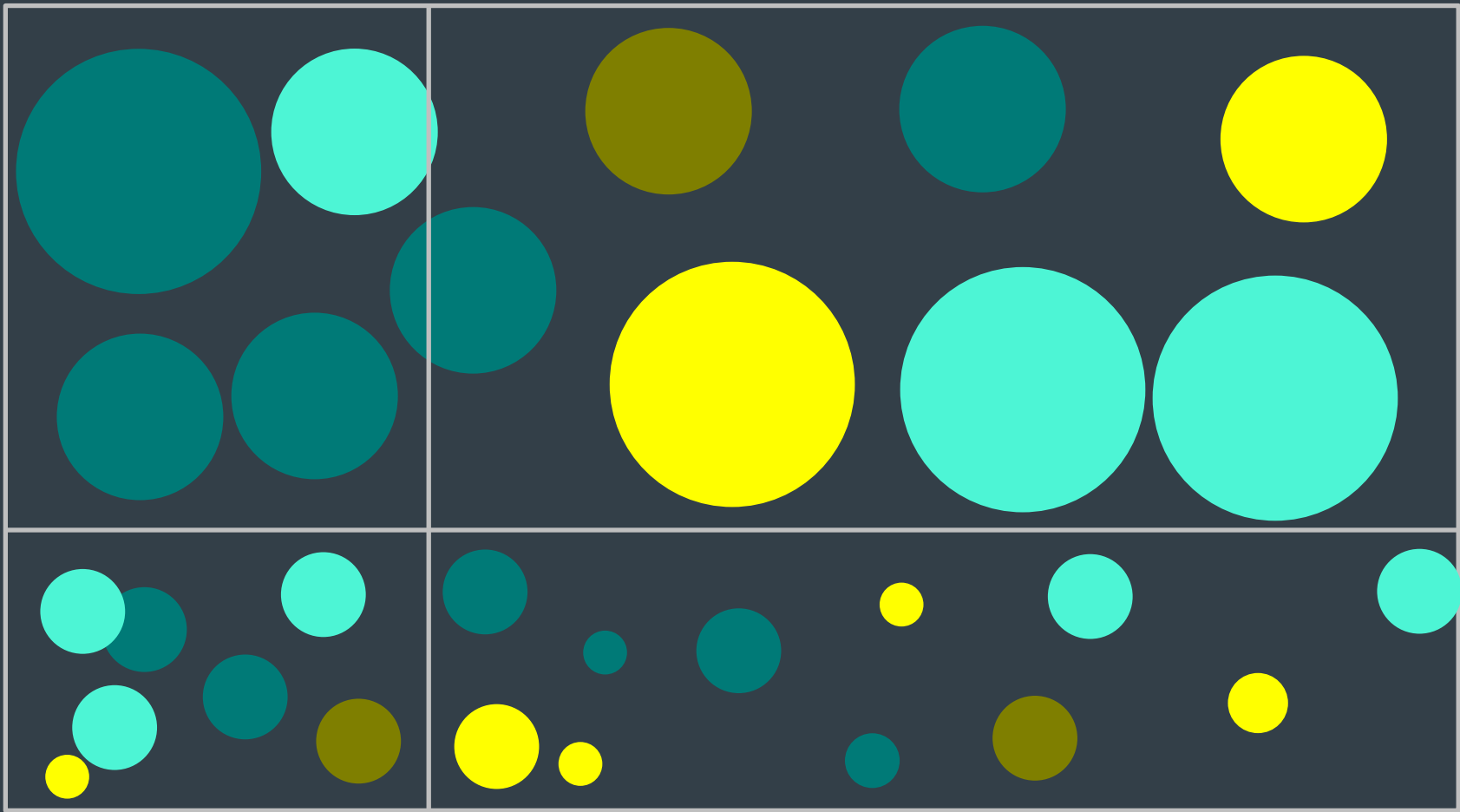


Value

Growth

Large
Cap

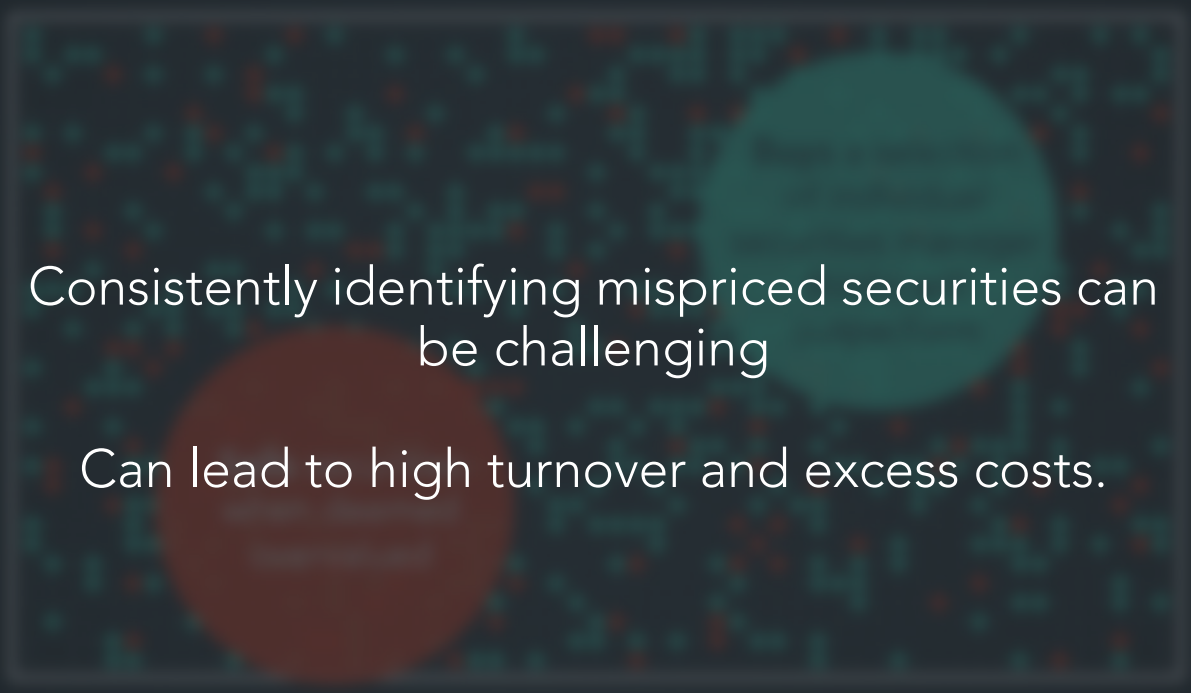
Small
Cap





MARKET PORTFOLIO

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



Consistently identifying mispriced securities can
be challenging

Can lead to high turnover and excess costs.

PRICES

PREMIUMS

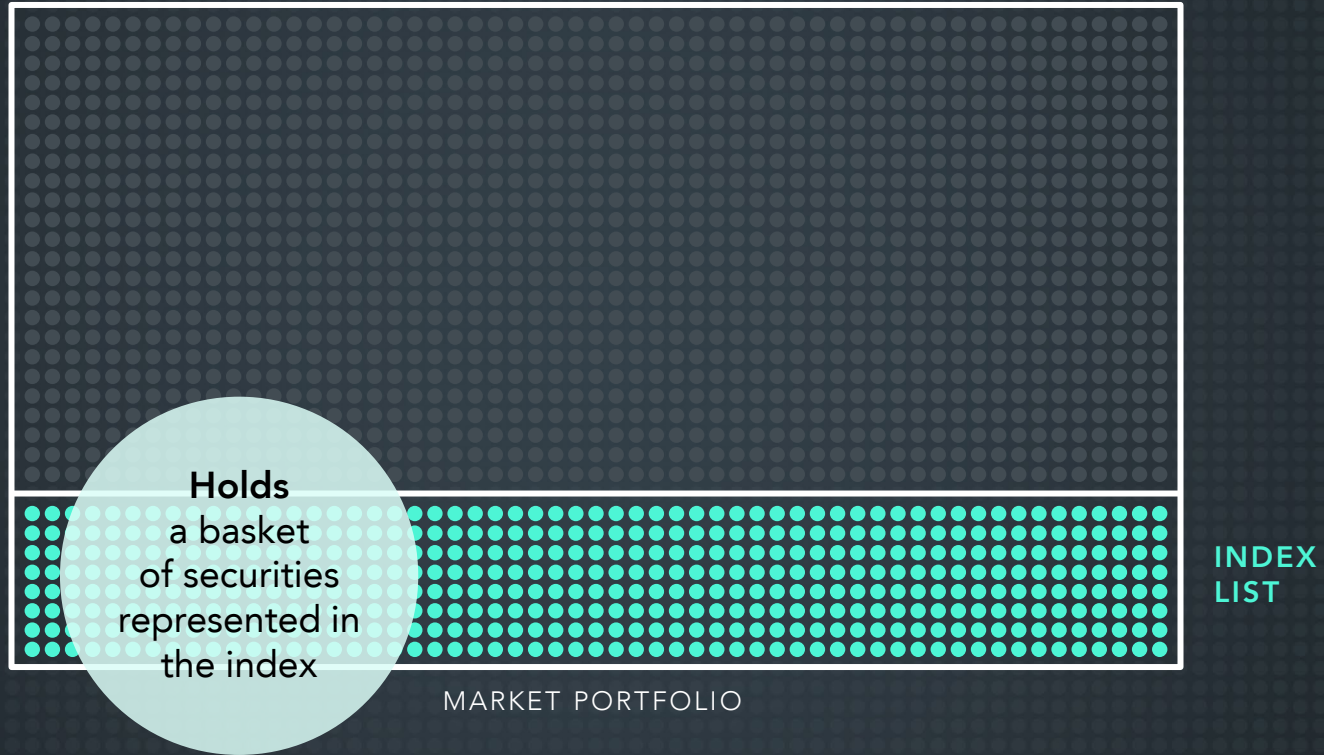
PROCESS

Stock
PickingAttempt to
Outguess**Delivers
Incomplete
Exposure**Index
ManagementUse Stale
Information

Dimensional

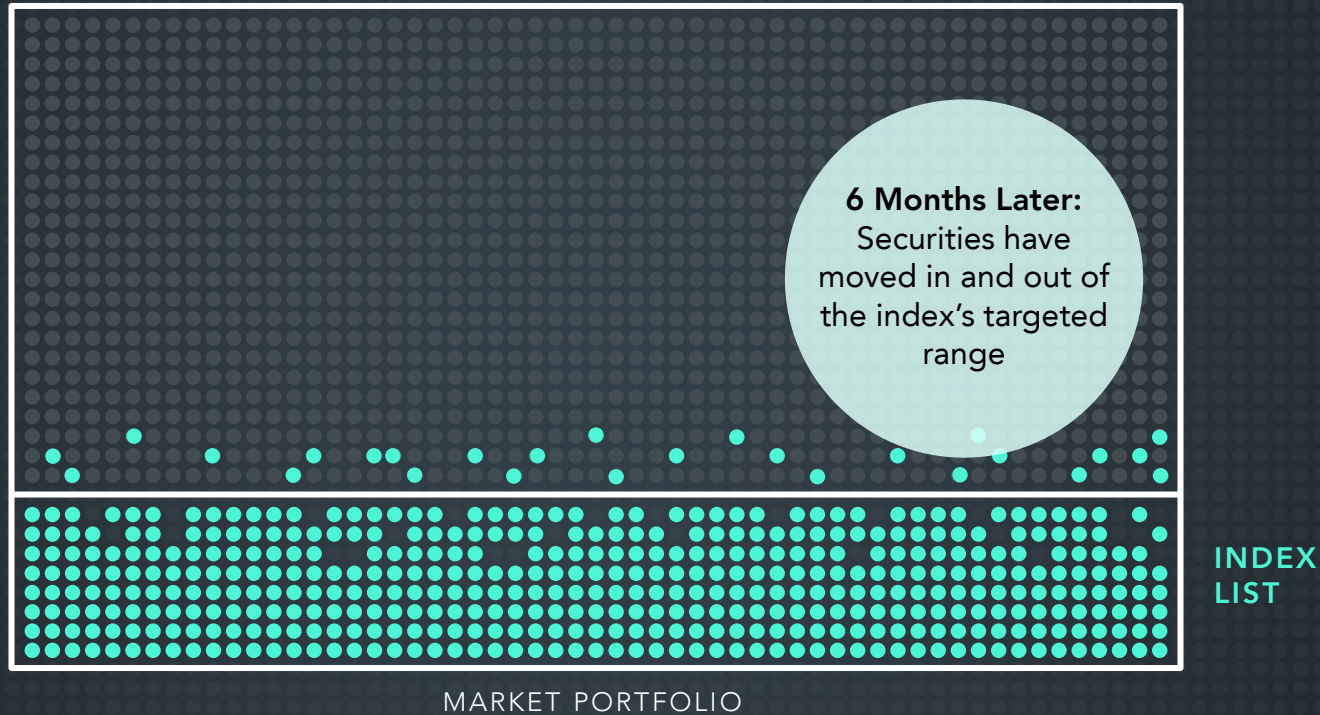
Incorporate
Daily Changes

The Indexing Approach

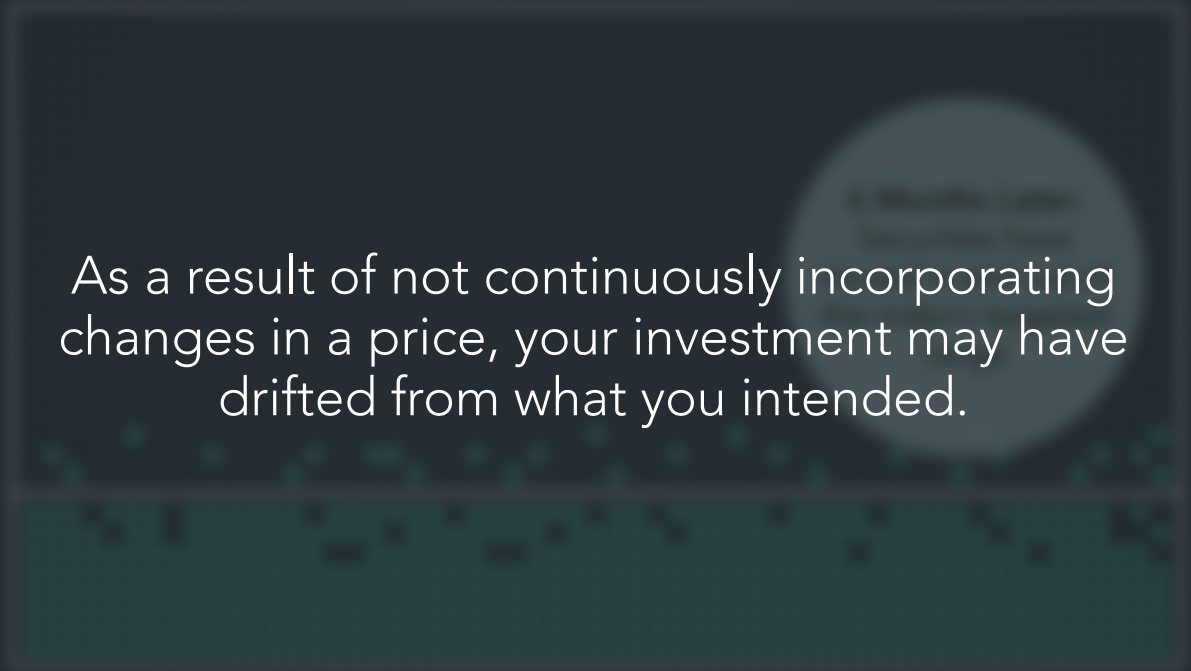


Investing involves risks such as fluctuating value and potential loss of principal value. There is no guarantee strategies will be successful.

The Indexing Approach



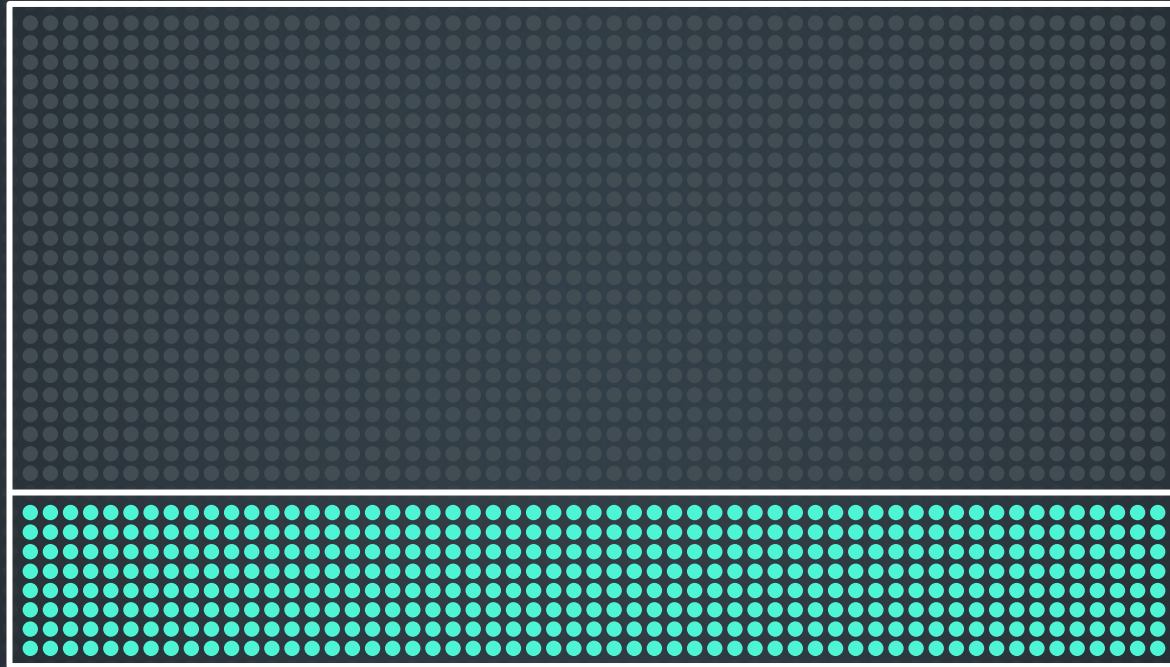
Investing involves risks such as fluctuating value and potential loss of principal value. There is no guarantee strategies will be successful.



As a result of not continuously incorporating changes in a price, your investment may have drifted from what you intended.

	PRICES	PREMIUMS	PROCESS
Stock Picking	Attempt to Outguess	Delivers Incomplete Exposure	
Index Management	Use Stale Information	Delivers Inconsistent Exposure	
Dimensional	Incorporate Daily Changes		

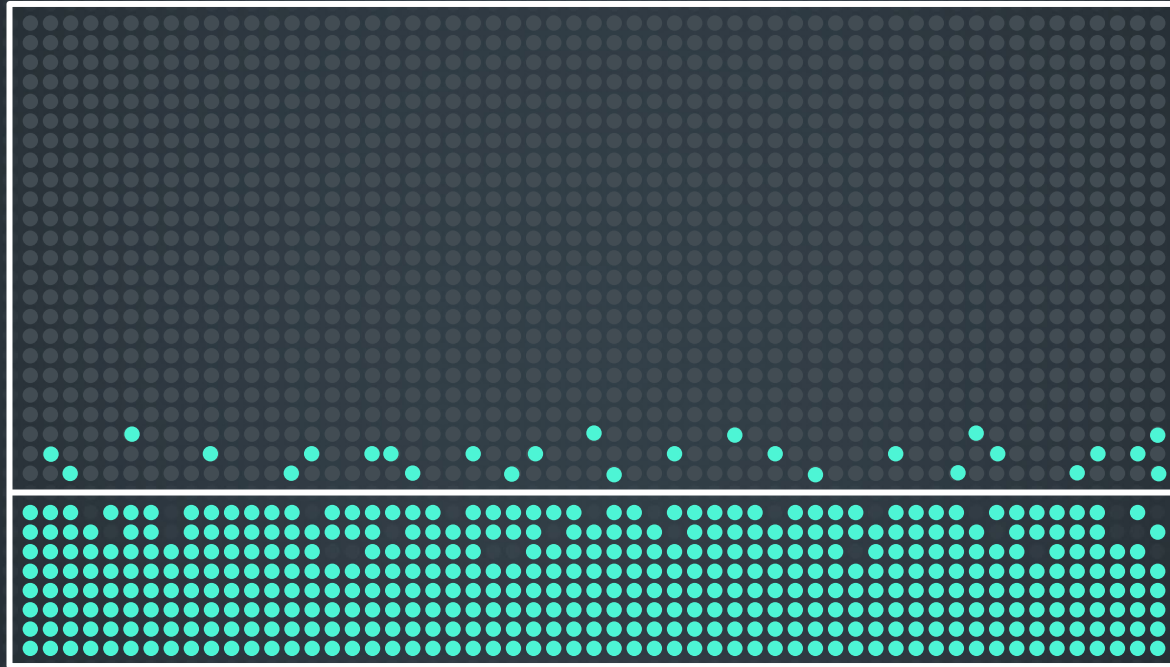
Dimensional's Approach



MARKET PORTFOLIO

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

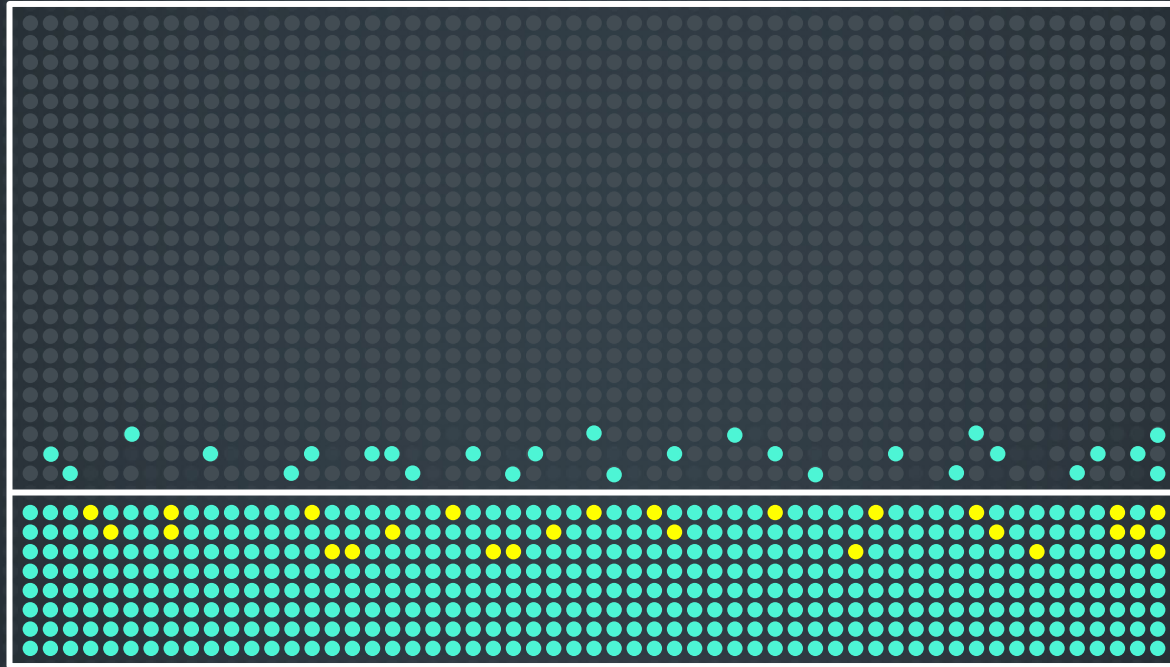
Dimensional's Approach



MARKET PORTFOLIO

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

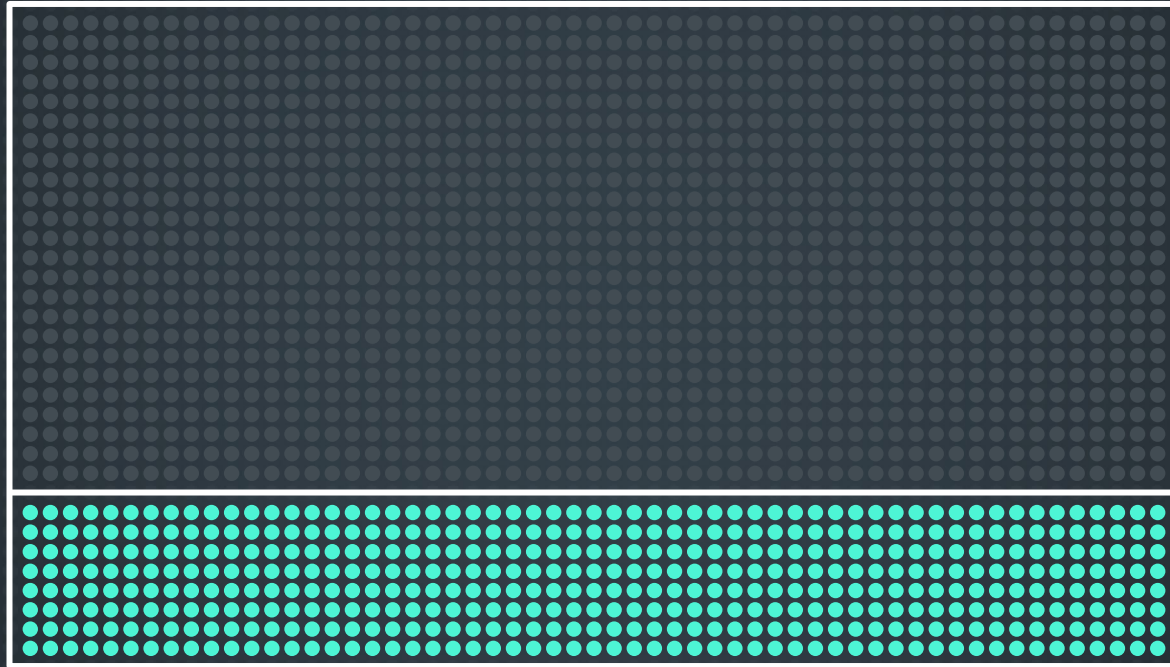
Dimensional's Approach



MARKET PORTFOLIO

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

Dimensional's Approach



MARKET PORTFOLIO

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

The dynamic nature of prices requires incorporating daily changes into the investment process.

	PRICES	PREMIUMS	PROCESS
Stock Picking	Attempt to Outguess	Delivers Incomplete Exposure	
Index Management	Use Stale Information	Delivers Inconsistent Exposure	
Dimensional	Incorporate Daily Changes	Provides Continuous Focus	

The Foundational Principles

PRICES

PREMIUMS

PROCESS

Impact of Fees on Performance

US-domiciled equity funds, 20 years

Median Expense Ratio (%)

LOW

0.81

MEDIUM-LOW

1.06

MEDIUM-HIGH

1.26

HIGH

1.62

High costs of active management make outperformance difficult.

% Winners

32

23

13

6

% Losers

68

77

87

94

Analysis performed by Dimensional Fund Advisors. The sample includes funds at the beginning of the 20-year period ending December 31, 2024. Funds are sorted into quartiles within their category based on average expense ratio over the evaluation period. The chart shows the percentage of winner and loser funds by expense ratio quartile for each period. Winners are funds that survived and outperformed their benchmark, and losers are funds that either did not survive or did not outperform their benchmark. US-domiciled, USD-denominated, non-Dimensional open-end and exchange-traded fund data is from Morningstar. Past performance is no guarantee of future results. See The Fund Landscape Appendix for more information.

Impact of Turnover on Performance



US-domiciled equity funds, 20 years

Median
Turnover (%)

LOW

25.20

MEDIUM-LOW

51.46

MEDIUM-HIGH

75.78

HIGH

124.70

More trading can result
in more costs and
lower returns.

% Winners

29

20

15

9

% Losers

71

80

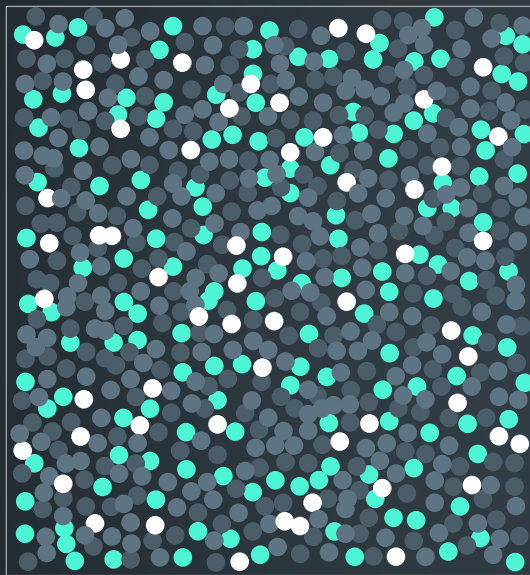
85

91

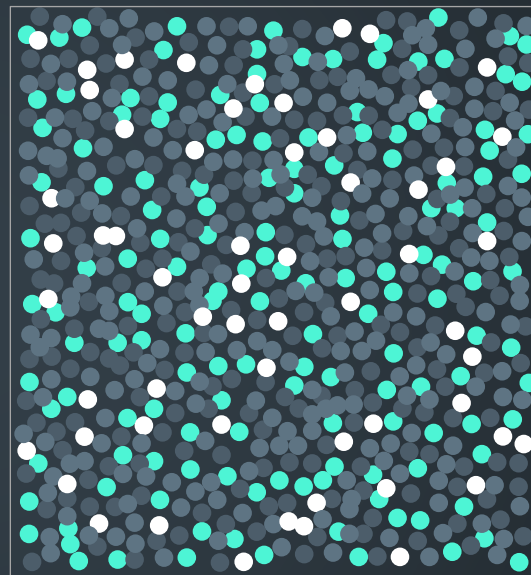
Analysis performed by Dimensional Fund Advisors. The sample includes equity funds at the beginning of the 20-year period ending December 31, 2024. Funds are sorted into quartiles within their category based on average turnover during the evaluation period. The chart shows the percentage of winner and loser funds by turnover quartile for each period. Winners are funds that survived and outperformed their benchmark, and losers are funds that either did not survive or did not outperform their benchmark. US-domiciled, USD-denominated, non-Dimensional open-end and exchange-traded fund data is from Morningstar. Past performance is no guarantee of future results. See The Fund Landscape Appendix for more information.

	PRICES	PREMIUMS	PROCESS
Stock Picking	Attempt to Outguess	Delivers Incomplete Exposure	Adds Unnecessary Cost
Index Management	Use Stale Information	Delivers Inconsistent Exposure	
Dimensional	Incorporate Daily Changes	Provides Continuous Focus	

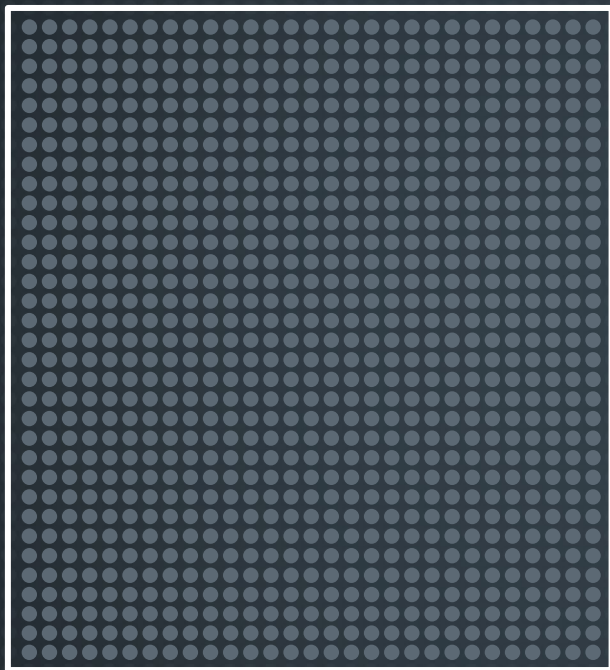
Index Fund Construction Process



INDEX



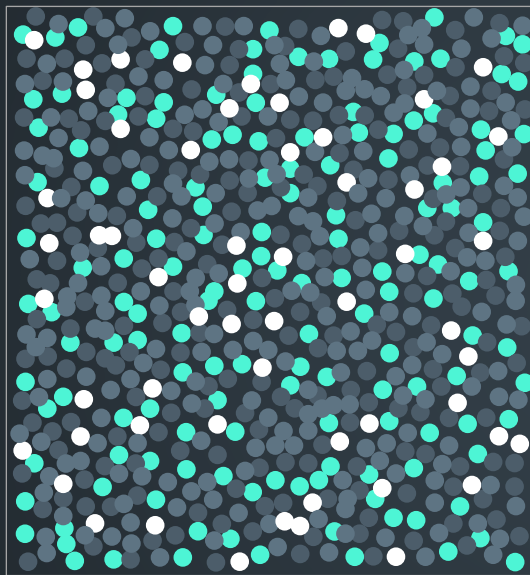
INDEX FUND



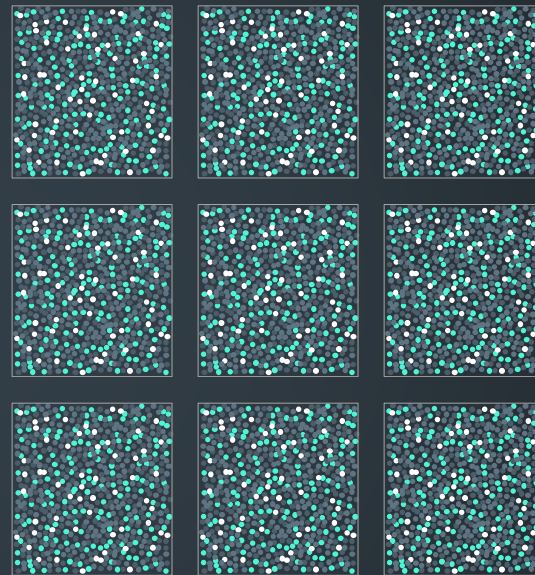
MARKET PORTFOLIO

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

Index Fund Construction Process



INDEX

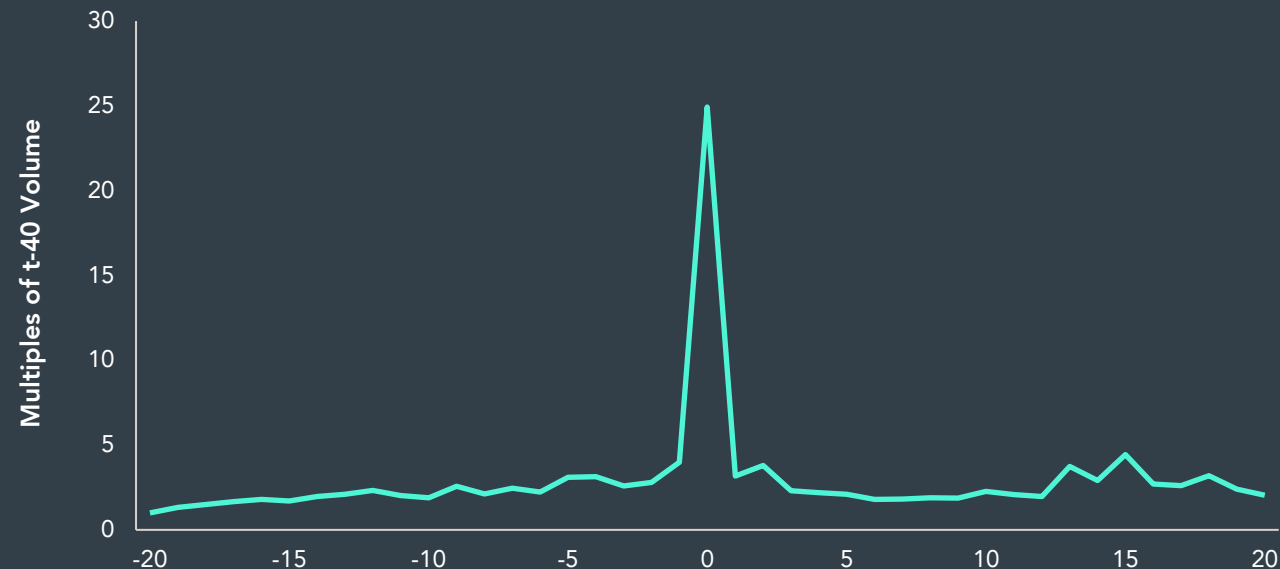


INDEX FUNDS

Avoiding Immediacy-Driven Price Movement

Equal-weighted average trade volume for index additions and deletions

Russell 2000 (2015–2024)

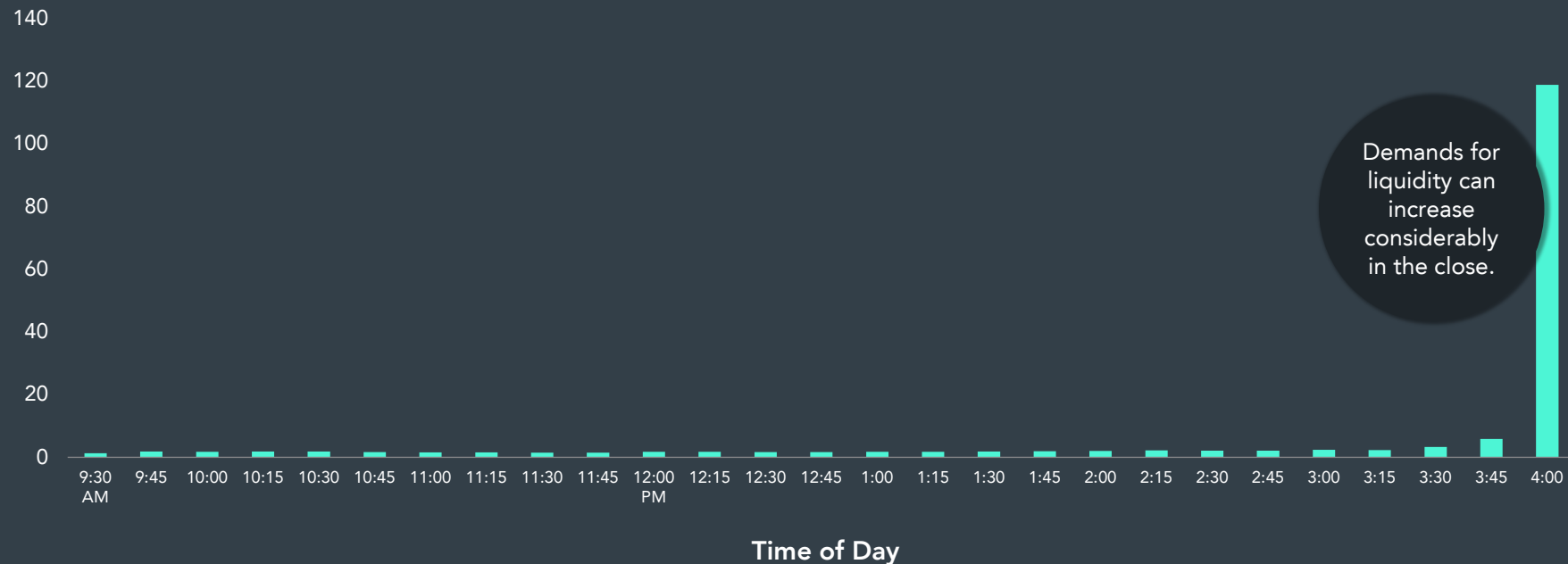


Investment objectives
can drive turnover.

Past performance is no guarantee of future results. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. Trading volume sourced from Bloomberg L.P. Multiples of t-20 volume is the trading volume at the specific time relative to trading volume at t-20 (20 days prior to index addition or deletion). Indices are unmanaged and cannot be invested into directly. Indices change their reconstitution dates and methodologies from time to time. The data depicted during the relevant period may reflect a number of different reconstitution practices. This data does not suggest that past performance will re-occur in future periods, as index reconstitution may be different in the future. Other simultaneous events, such as triple-witching dates, could lead to spikes in volume, in addition to reconstitution dates and fund trades which follow them.

Intraday Volume Effects of Reconstitution

Reconstitution/pre-reconstitution ratio for the Russell 2000 Index



Sample includes all additions and deletions to the Russell 2000 Index from January 2019 through December 2023. The security-day-level intraday volume multiple is based on the ratio of observed intraday volume levels on the index reconstitution date relative to the observed equal-weighted average intraday volume over the 30-calendar-day period prior to the reconstitution date. The value-weighted average intraday volume multiples are then calculated across all securities and reconstitution days, using securities' respective free-float market capitalizations, which are month-end values from the most recent month before reconstitution date. Migrating events for the index are excluded; see "Appendix: Index Migrations" for more information. Indices change their reconstitution dates and methodologies from time to time. The data depicted during the relevant period may reflect a number of different reconstitution practices. This data does not suggest that past performance will re-occur in future periods, as index reconstitution may be different in the future. Other simultaneous events, such as triple-witching dates, could lead to spikes in volume, in addition to reconstitution dates and fund trades which follow them.

	PRICES	PREMIUMS	PROCESS
Stock Picking	Attempt to Outguess	Delivers Incomplete Exposure	Adds Unnecessary Cost
Index Management	Use Stale Information	Delivers Inconsistent Exposure	Lacks Flexibility
Dimensional	Incorporate Daily Changes	Provides Continuous Focus	

Adding Value in All Aspects of Implementation

Research

Understand what
drives expected returns

Portfolio Design

Increase
expected returns

Manage risks

Control costs

Portfolio Management

Use up-to-date
information to pursue
premiums every day

Maximize the value
of our holdings

Trading

Use flexibility to
reduce trading costs

Appendix

The Fund Landscape Appendix

Data Sample

The sample includes US-domiciled, USD-denominated open-end and exchange-traded funds (ETFs) in the following Morningstar categories. Non-Dimensional fund data provided by Morningstar. Dimensional fund data is provided by the fund accountant. Dimensional funds or subadvised funds whose access is or previously was limited to certain investors are excluded. Index funds, load-waived funds, and funds of funds are excluded from the industry sample.

Methodology

The beginning samples include funds as of the start of the 10-, 15-, and 20-year periods. 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 sample 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)

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, Global Large-Stock Blend, Global Large-Stock Growth, Global Large-Stock Value, and Global Small/Mid Stock.

Morningstar Categories (Fixed Income)

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, Ultrashort Bond, Global Bond, and Global Bond-USD Hedged.

Index Data Sources

Index data provided by Bloomberg, MSCI, Russell, FTSE Fixed Income LLC, and S&P Dow Jones Indices LLC. Bloomberg data provided by Bloomberg. MSCI data © MSCI 2025, 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 © 2025 FTSE Fixed Income LLC. All rights reserved. S&P data © 2025 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

Indices are not available for direct investment. Their performance does not reflect the expenses associated with management of an actual portfolio. US-domiciled mutual funds and US-domiciled ETFs are not generally available for distribution outside the US.

This material is intended for the recipient's background information and use only. It is provided in good faith and without any warranty or, representation as to accuracy or completeness. Information and opinions presented in this material have been obtained or derived from sources believed by Dimensional to be reliable and Dimensional has reasonable grounds to believe that all factual information herein is true as at the date of this material. This material does not constitute investment advice, recommendation, or an offer of any services or products for sale and is not intended to provide a sufficient basis on which to make an investment decision. It is the responsibility of any persons wishing to make a purchase to inform themselves of and observe all applicable laws and regulations. Unauthorized reproduction or transmitting of this material is strictly prohibited. Dimensional accepts no responsibility for loss arising from the use of the information contained herein.

"Dimensional" refers to the Dimensional separate but affiliated entities generally, rather than to one particular entity. These entities are Dimensional Fund Advisors LP, Dimensional Fund Advisors Ltd., Dimensional Ireland Limited, DFA Australia Limited, Dimensional Fund Advisors Canada ULC, Dimensional Fund Advisors Pte. Ltd, Dimensional Japan Ltd. and Dimensional Hong Kong Limited. Dimensional Hong Kong Limited is licensed by the Securities and Futures Commission to conduct Type 1 (dealing in securities) regulated activities only and does not provide asset management services.

RISKS

Investments involve risks. The investment return and principal value of an investment may fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original value. Diversification neither assures a profit nor guarantees against a loss in a declining market. Past performance is not a guarantee of future results. There is no guarantee strategies will be successful.

Appendix: Index Migrations

S&P	Russell	CRSP
S&P 500: Additions (deletions) that are deleted from (added to) the S&P 400 or S&P 600 indices	Russell 2000: Additions (deletions) that are deleted from (added to) the Russell 1000 Growth or Russell 1000 Value indices	CRSP US Large Cap Growth: Additions (deletions) that are deleted from (added to) the CRSP US Small Cap or CRSP US Large Cap Value indices (or weights adjusted in either index)
S&P 400: Additions (deletions) that are deleted from (added to) the S&P 500 or S&P 600 indices	Russell 1000 Growth: Additions (deletions) that are deleted from (added to) the Russell 2000 or Russell 1000 Value indices (or weight adjusted in Russell 1000 Value Index)	CRSP US Large Cap Value: Additions (deletions) that are deleted from (added to) the CRSP US Small Cap or CRSP US Large Cap Growth indices (or weights adjusted in either index)
S&P 600: Additions (deletions) that are deleted from (added to) the S&P 400 or S&P 500 indices	Russell 1000 Value: Additions (deletions) that are deleted from (added to) the Russell 2000 or Russell 1000 Growth indices (or weight adjusted in Russell 1000 Growth Index)	CRSP US Mid Cap: Additions (deletions) that are deleted from (added to) the CRSP US Small Cap Index (or weight adjusted in the CRSP US Small Cap Index)
		CRSP US Small Cap: Additions (deletions) that are deleted from (added to) the CRSP US Large Cap Growth, CRSP US Large Cap Value, or CRSP US Mid Cap indices (or weights adjusted in either index)