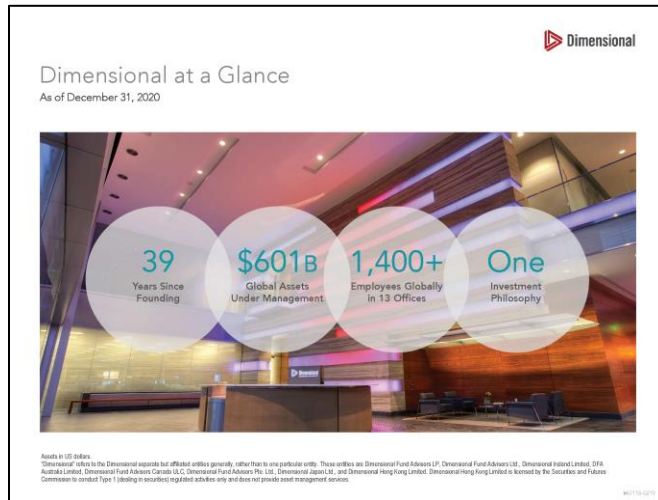


## ADVISOR TALKING POINTS

# Dimensional at a Glance



- Here's a snapshot of Dimensional's size and global reach.
- Dimensional manages assets across a wide range of equity and fixed income strategies.
- They have offices around the world, including in the US, Europe, Asia, and Australia.
- If you've never heard of them before, that's not uncommon. They aren't a household name to the public, but they are very well known in the industry.
- Dimensional has a different business model and a different approach to investing
- Dimensional has not promoted their business like many traditional mutual funds. They have grown steadily and with intent for decades by finding clients who share their philosophy and view of markets.
- They have **one** encompassing investment philosophy that is the foundation of everything they do, and they have been applying this philosophy since 1981.

## ADVISOR TALKING POINTS

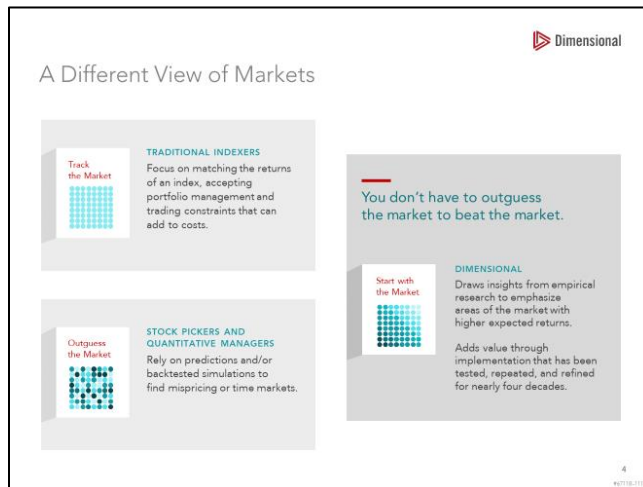
# One Investment Philosophy



- We said Dimensional has one philosophy: That philosophy centers on a belief in the **power of markets**.
- Their view of markets is a clear contrast to many other investment managers who attempt to forecast where the markets are going or find "mispriced" securities.
- Rather than trying to predict the future or outguess others, Dimensional draws information about expected returns from the market itself— leveraging the knowledge of buyers and sellers trading billions of dollars each day.
- All this activity is quickly incorporated into security prices that reflect fair value. If prices weren't fair, investors wouldn't agree to transact.
- Investors who try to outguess prices, then, are pitting their knowledge and instincts against the collective wisdom of **all** market participants.
- If markets **did not** effectively incorporate information into securities prices, then opportunities should arise for investment managers to identify pricing "mistakes" and convert them into higher returns. We would expect to see a lot more mutual funds outperforming benchmarks. Decades of academic research, though, show otherwise.
- This is great news for investors. It means markets do a good job processing information and driving it into prices.
- Dimensional believes a security's price is the most complete model of expected returns because it's updated in real-time, all the time. That's why they use the information in prices.

## ADVISOR TALKING POINTS


# A Different View of Markets




- You've likely heard about different types of investing like active, passive, smart beta, quants, multifactor, etc.
- The difference comes down to how you view markets and what you are looking to achieve.
- Do you want to track the market or a subset of the market? If so, indexing is a reasonable option.
- Or do you want to beat the market? In that case, you have another decision to make.
- You *could* try to outguess the market and look for what stock pickers believe are pricing mistakes. Academic research has found little evidence they have been able to pick winners consistently.
- Quantitative managers similarly look for so-called pricing mistakes using computer models. Some based on backtested simulations.
- Stated another way, stock pickers are making bets on what they think the market has missed. Quants are betting that their models will find what the market has missed. Both are looking to exploit some supposed mistake in prices. Again, the research shows little evidence of ongoing success.
- Dimensional uses the market as a starting point and builds from there. Drawing insights from their own research and the academic community, Dimensional emphasizes areas of the market with higher expected returns and adds value through implementation.
- Is Dimensional passive or active? In a way, they're both and neither. Their funds are broadly diversified and low cost, like most index strategies, while aiming to outperform market benchmarks, like active managers.

## ADVISOR TALKING POINTS


# A Heritage of Leading Research




**A Heritage of Leading Research**  
The bar for research at Dimensional has been set by the best in the field




**Eugene Fama**  
Nobel Laureate  
Director and Consultant,  
Dimensional



**Ken French**  
Nobel Laureate  
Director and Consultant,  
Dimensional



**Robert Merton**  
Nobel Laureate  
Resident Scientist,  
Dimensional Holdings Inc.



**Robert Novy-Marx**  
Nobel Laureate  
Consultant,  
Dimensional

• Dimensional has forged lasting relationships with some of the best academics in finance, gaining inspiration from their work.

• Dimensional devotes its efforts to determining what research can be useful to investors and how to apply those insights in real portfolios.

**Academics who serve as Independent Directors on Dimensional's US Mutual Fund Board<sup>1</sup>**

<b>George M. Constantinides</b> University of Chicago	<b>Donnell Ouffie</b> Stanford University	<b>Abbie J. Smith</b> University of Chicago
<b>Douglas W. Diamond</b> University of Chicago	<b>Roger G. Ibbotson</b> Yale University	<b>Ingrid M. Werner</b> Yale University
	<b>Myron S. Scholes</b> Nobel Laureate 1997 Yale University	

<sup>1</sup> Dimensional Director Fellow is on the Board of Directors of the general partner of Dimensional Fund Advisors L.P.  
<sup>2</sup> Dimensional's US Mutual Fund Board refers to The DFA Investment Trust Company, DFA Investment Dimension Group Inc., Dimensional Investment Group Inc., and Dimensional Emerging Markets Value Fund Inc.

- Since its beginning, Dimensional has been shaped by **leading academics** and their research.
- **Eugene Fama** joined Dimensional as a founding Director in 1981. He was awarded the Nobel Prize in 2013 for his 50 years of work in financial science.
- Fama has worked in close collaboration with **Ken French** for more than 30 years, and their findings have been applied throughout Dimensional's portfolios.
- **Robert Merton**, previously an Independent Director on Dimensional's US Mutual Fund Board and now the firm's Resident Scientist, was awarded the Nobel Prize in 1997.
- The work of **Robert Novy-Marx** on profitability provided the foundation for Dimensional to apply the profitability dimension in their portfolios.
- Along with these giants, the Independent Directors of the company's US Mutual Fund Board include leading thinkers from places like the University of Chicago, Stanford, and Yale. They are pioneers on topics like asset pricing, market structure and corporate default risk.
- These academics have been instrumental in shaping the DNA of the Investment team, including the scientific framework that drives the firm's investment process.
- Dimensional is proud of its tradition of implementing groundbreaking research guided by a pursuit of truth.

## ADVISOR TALKING POINTS

## Putting Research into Practice



Putting Research into Practice  
Dimensional aims to add value over benchmarks and peers through expert implementation

**GERARD H. OWSELYK, PhD**  
Co-Chief Investment Officer  
and Co-Chief Investment Officer

**Research**

**SAVINA RIZOVA, PhD**  
Co-Chief Investment Officer and Global Head of Research

**PETE DELAND**  
Chief Strategist and Head of Investment Analytics and Data

**Investment Solutions**

**MARLENA LEE, PhD**  
Global Head of Investment Solutions

**Trading**

**KYVIN WILEY**  
Chief Head of Equity Trading

**JACOB LAPPINO**  
Head of International Equity Trading

**DAVID LUPINSO**  
Head of Fixed Income Trading

**Portfolio Management**

**JOE CHODURA**  
Global Head of Portfolio Management

**DAVE PUCKER**  
Chief Head of U.S. Fixed Income

**PAUL FOLEY**  
Head of Global Portfolio Management

**BRANDI BROWN**  
Chief Strategist and Senior Investment Officer

**MARY PHILLIPS**  
Global Head of Portfolio Management, North America

**ALLEN FUL, PhD**  
Chief Head of Portfolio Management, North America

**JUL SCHNEIDER**  
Chief Head of Portfolio Management, North America

**JIM BRITTONSTON**  
Head of European Investment and Senior Portfolio Manager

**LACEY HEBBEL**  
Head of European Investment and Senior Portfolio Manager

"It's 10% having a good idea and 90% implementing that idea and making it work. Dimensional has been making it work for decades."  
Robert Merton  
Nobel laureate, 1997

Robert Merton provides consulting services to Dimensional Fund Advisors LP.

7

- Here's an overview of Dimensional's Investment team leadership.
- While academic research has always been an integral part of Dimensional—the ongoing research by its **internal team** carries the legacy forward.
- The academic research is available for anyone to access. Where Dimensional stands apart is in their rigorous approach to interpreting, testing, and applying the research in real-world portfolios.
- The academic giants you saw a moment ago have sent Dimensional some of their best students. For example, **Marlena Lee**, Global Head of Investment Solutions, was a teaching assistant to Gene Fama. **Savina Rizova**, Co-Chief Investment Officer and Global Head of Research, was a research assistant to Ken French.
- Dimensional applies financial science to portfolios all around the world with a continual focus on getting better at implementing—across asset classes and across borders.

## ADVISOR TALKING POINTS

## Foundations of Portfolio Structure

**RESEARCH** Dimensional

### Foundations of Portfolio Structure

STOCK RETURNS	COMPANY SIZE	RELATIVE PRICE <sup>1</sup>	PROFITABILITY <sup>2</sup>
	Small vs. large companies	Value vs. growth companies	High vs. low profitability companies

BOND RETURNS	TERM	CREDIT	CURRENCY
	Sensitivity to interest rates	Credit quality of issuer	Currency of issuance

- Guided by decades of academic research, Dimensional structures portfolios around the drivers—or dimensions—that explain differences in expected returns.
- For example, a small company trading at a relatively low price with high profitability has a higher expected return than a large company trading at a higher price with low profitability.

*"At Dimensional, we don't jump on every new idea that comes along. We're looking for what will stand up over a long period of time."*  
Eugene Fama, Nobel laureate, 2013

Eugene Fama is a member of the Board of Directors of the general partner of, and provides consulting services to, Dimensional Fund Advisors LP.  
<sup>1</sup> Relative price as measured by the price-to-book ratio, where stocks are first sorted into price-to-book ratios.  
<sup>2</sup> A company's operating income before depreciation and amortization minus interest expense scaled by book equity.

- Decades of academic research have shown that there are certain long-term drivers of higher expected returns.
- These **dimensions** must be sensible, backed by empirical evidence, and able to be captured cost effectively. These criteria give Dimensional confidence that the differences in expected returns are persistent and worth pursuing in portfolios.
- In equity markets, Dimensional structures portfolios along these dimensions, emphasizing **smaller** companies with **lower relative prices** and **higher profitability**.<sup>1</sup>
- In fixed income, the dimensions are **term**, **credit**, and **currency**. Dimensional uses information in global yield curves and credit spreads to target higher expected returns in bonds with different maturities and credit ratings as well as differences in yield curves among currencies.
- Dimensional also looks at short-term variables and intraday opportunities. That is part of their implementation—everything from how they conduct and interpret research, to how they identify and pursue drivers of higher expected returns, to how they execute orders throughout the day.

<sup>1</sup> Profitability is a measure of current profitability, based on information from individual companies' income statements.

## ADVISOR TALKING POINTS

# Changing the Way People Think About Investing



- Dimensional has a core set of beliefs that have guided them since the founding of the firm in 1981:
  1. Markets work. You can do well without relying on forecasts or searching for mispriced securities.
  2. Dimensional works with some of the best researchers in the field, drawing and applying insights to benefit investors.
  3. Dimensional innovates across every aspect of the firm's process, knowing that each improvement counts.
  4. Dimensional has built an extensive track record through a variety of market conditions.
  5. Dimensional's philosophy is one you can stick with through the ups and downs. It means adopting a better way to invest so you can live better—not just years from now, but today.

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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](http://us.dimensional.com).** Dimensional funds are distributed by DFA Securities LLC.

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. Robert Novy-Marx provides consulting services to Dimensional Fund Advisors LP.