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# Go Beyond Indexing with Dimensional ETFs

## Dimensional at a Glance

Dimensional was established in 1981 and helped pioneer a new approach to investing—one that targeted higher expected returns based on historical drivers of outperformance.

Today, we continue to apply leading financial science to investment solutions.

42

YEARS SINCE  
FOUNDING

\$677B

FIRMWIDE ASSETS  
UNDER MANAGEMENT

1,600+

EMPLOYEES IN  
15 GLOBAL OFFICES

One

INVESTMENT  
PHILOSOPHY

Dimensional exchange-traded funds (ETFs) are designed to outperform the market. They use daily flexibility and a research-backed approach to pursue higher expected returns for investors.

## Why Dimensional ETFs

### Higher Expected Returns

Market prices contain reliable information that can be used to position portfolios toward outperformance.

### Flexible Daily Process

Every day, we actively manage our strategies through a flexible process that allows us to focus on reducing costs and minimizing risks.

### Competitively Priced

All Dimensional ETFs are priced within the lowest quartile among Morningstar category peers.<sup>1</sup>



Percent of Dimensional funds that outperformed their Morningstar category peer group average over the last 15 years.<sup>2</sup>

Data as of December 31, 2023.  
Firmwide assets under management  
are in USD (billions).

Performance data shown represents past performance and is no guarantee of future results. Funds may have experienced negative performance over the time period. Visit [us.dimensional.com](https://us.dimensional.com) for standardized performance information for Dimensional's funds.

## The Dimensional Difference

Traditional investment approaches like indexing and stock picking may leave returns on the table. Dimensional takes a different investment approach.

### Indexers

#### TRACK THE MARKET

Indexers focus on matching the returns of an index rather than pursuing outperformance.

Low cost

Broad diversification

Low turnover

### Stock Pickers

#### OUTGUESS THE MARKET

Stock pickers seek to outperform an index by relying on predictions to find “mispriced” securities.

Targeting outperformance

### Dimensional

#### TRUST THE MARKET

You don’t have to settle for tracking the market. And you don’t have to outguess the market to outperform it. Instead, Dimensional uses information in market prices to systematically target research-backed drivers of higher expected returns.

Driven by financial science

Flexible process

Low cost

Broad diversification

Low turnover

Targeting outperformance

*“You don’t have to outguess the market to beat the market.”*

DAVID BOOTH  
Founder and Chairman

## Guiding Principles for Investors in Dimensional ETFs

### PUT THE MARKETS TO WORK FOR YOU

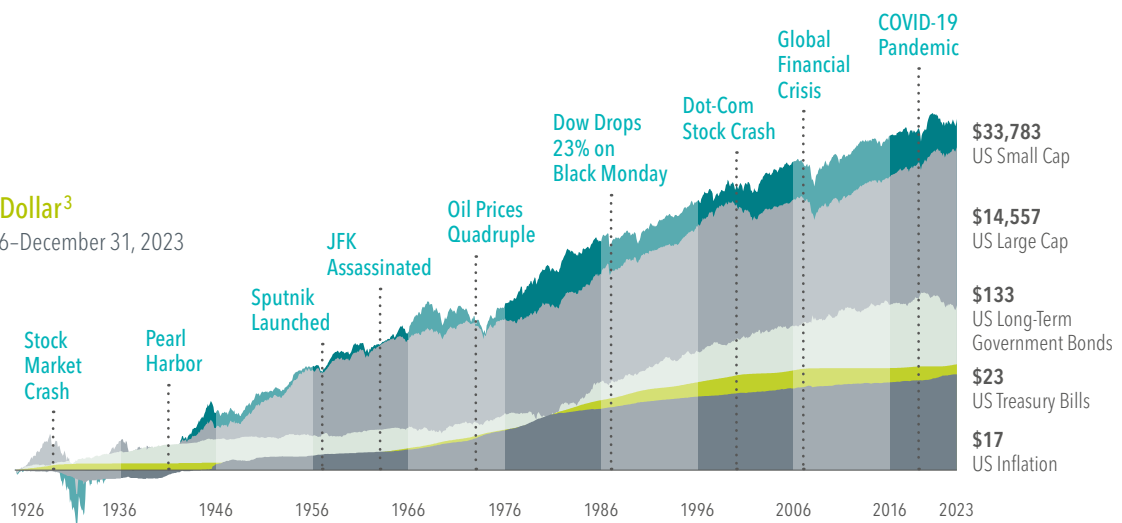
The financial markets have rewarded long-term investors.

While daily market news and commentary may challenge an investor's discipline, equity and bond markets have a long history of delivering growth—despite the headlines.

Dimensional ETFs can help investors increase their wealth over time with broadly diversified exposure to equity and bond markets.

#### Growth of a Dollar<sup>3</sup>

January 1, 1926–December 31, 2023



Past performance is no guarantee of future results.

Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio.

Data presented in the Growth of a Dollar chart is hypothetical and assumes reinvestment of income and no transaction costs or taxes. The chart is for illustrative purposes only and is not indicative of any investment.

## LOOK TO FINANCIAL SCIENCE

Decades of academic and empirical research provide insight into what drives differences in expected returns.

Dimensional ETFs are designed with an emphasis on higher expected returns across equities and fixed income.



*“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  
Professor, University of Chicago  
Dimensional Director and Consultant

\*Profitability: A company's operating income before depreciation and amortization minus interest expense scaled by book equity.

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## INVEST WITH FLEXIBILITY

The benefits of remaining flexible are evident in many aspects of life, including in investing. Dimensional ETFs use daily flexibility in our pursuit of higher expected returns.

### Stay Current

*While driving, using a GPS that adapts to traffic patterns in real time is better than relying on a static map.*



Like traffic, stock prices and market conditions are always changing. Dimensional's flexible daily process uses real-time information in market prices to position our portfolios toward higher expected returns and to manage risks.

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### Shop Sensibly

*When you go to the grocery store, you use a list of what you need to buy that week because you might not need one of everything in the store.*



Each day, Dimensional can buy or sell stocks based on what can improve expected returns. That's daily flexibility many index funds don't have.

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### Reduce Costs

*On Valentine's Day, the high demand for roses drives up prices. Smart gifters may opt for tulips instead.*



Dimensional can avoid price pressures around events like index rebalancing, when funds that track an index may have to trade. This flexibility allows us to reduce trading costs.

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*"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  
Professor, MIT  
Dimensional Resident Scientist

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*Interested in learning more?*

Contact your financial advisor to learn more about Dimensional Investing and using Dimensional ETFs to pursue your long-term investment goals.

1. Comparison of funds in Morningstar peer categories as of December 29, 2023.
2. The sample includes US-domiciled, USD-denominated open-end and exchange-traded funds at the beginning of the 15-year period ending December 31, 2023. Each fund is evaluated relative to its respective Morningstar category average as of the start of the 15-year period. Outperformers are funds that survive the full 15-year period and whose cumulative net return over the period exceeded that of their Morningstar category average. See "Category Average Data Appendix" for more information. Visit [us.dimensions.com](https://us.dimensions.com) for standardized performance information for Dimensional's funds.
3. In USD. **US Small Cap:** The CRSP 6–10 Index represents US Small Cap. The universe includes all common stocks listed on the NYSE, NYSE MKT, and Nasdaq National Market, excluding unit investment trusts, closed-end funds, REITs, Americus Trusts, foreign stocks, and American depositary receipts. Eligible companies with primary listings on the NYSE are ranked into equally populated deciles by market capitalization, the largest being in decile 1. The largest capitalizations in each decile serve as the break points that are applied to various exchange groupings of the universe. The CRSP 6–10 measures the performance of the bottom five deciles. CRSP data is provided by the Center for Research in Security Prices, University of Chicago. **US Large Cap:** The S&P 500 index represents US Large Cap. The index measures the performance of the large-cap segment of the market. Considered to be a proxy of the US equity market, the index is composed of 500 constituent companies. S&P data © 2024 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. **US Long-Term Government Bonds:** IA SBBI US LT Govt TR USD represents US Long-Term Government Bonds. The index measures the performance of a single issue of an outstanding US Treasury bond with a maturity term of around 21.5 years. It is calculated by Morningstar and the raw data is from the *Wall Street Journal* (WSJ). **US Treasury Bills:** IA SBBI US 30 Day TBill TR USD represents US Treasury bills. The index measures the performance of a single issue of an outstanding Treasury bill that matures closest to, but not beyond, one month from the rebalancing date. The issue is purchased at the beginning of the month and held for a full month; at the end of the month that issue is sold and rolled into a newly selected issue. The index is calculated by Morningstar and the raw data is from WSJ. US Long-term government bonds and Treasury bills data provided by Ibbotson Associates via Morningstar Direct. **US Inflation:** Changes in the US consumer price index are used to measure US inflation. Represented by the consumer price index for all urban consumers (CPI-U), not seasonally adjusted. US consumer price index data is provided by the US Department of Labor Bureau of Labor Statistics.

## DISCLOSURES

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.dimensions.com](https://us.dimensions.com).

Dimensional funds are distributed by DFA Securities LLC.

**Risks** include loss of principal and fluctuating value. Investment value will fluctuate, and shares, when redeemed, may be worth more or less than original cost. There is no guarantee strategies will be successful. Diversification neither assures a profit nor guarantees against loss in a declining market.

ETFs trade like stocks, fluctuate in market value, and may trade either at a premium or discount to their net asset value. ETF shares trade at market price and are not individually redeemable with the issuing fund, other than in large share amounts called creation units. ETFs are subject to risks similar to those of stocks, including those regarding short-selling and margin account maintenance. Brokerage commissions and expenses will reduce returns.

Eugene Fama is a member of the Board of Directors of the general partner of, and provides consulting services to, Dimensional Fund Advisors LP.

Robert Merton provides consulting services to Dimensional Fund Advisors LP.

## CATEGORY AVERAGE DATA APPENDIX

**Data sample:** The Dimensional sample includes US-domiciled, USD-denominated open-end and exchange-traded funds in the following Morningstar categories. Morningstar category average monthly returns 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.

**Methodology:** The beginning samples include funds as of the start of the 15-year period. Each fund is evaluated relative to its respective Morningstar category average as of the start of each period. Outperformers are funds that survive the full 15-year period and whose cumulative net return over the period exceeded that of their Morningstar category average. 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, 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, Long-Term 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.

### Investment products:

- Not FDIC Insured • Not Bank Guaranteed • May Lose Value
- Dimensional Fund Advisors does not have any bank affiliates.

[dimensional.com](https://us.dimensions.com)

