

2003 Distribution Schedule

Income Distributions by Month (Capital gains not included.)

Record date	7-Feb	7-Mar	7-Apr	7-May	9-Jun	7-Jul	7-Aug	8-Sep	7-Oct	7-Nov	19-Dec	Total Income Distributions ¹	Short-Term Capital Gain ²	Long-Term Capital Gain ²	Total All Distributions
Ex-dividend date	10-Feb	10-Mar	8-Apr	8-May	10-Jun	8-Jul	8-Aug	9-Sep	8-Oct	10-Nov	22-Dec				
Payable date	18-Feb	17-Mar	15-Apr	15-May	17-Jun	15-Jul	15-Aug	16-Sep	15-Oct	17-Nov	29-Dec				
US Equities															
US Micro Cap Portfolio											0.206	0.206	0.003	0.172	0.381
US Small Cap Portfolio											0.075	0.075			0.075
Tax-Managed US Small Cap Portfolio											0.014	0.014			0.014
US Small Cap Value Portfolio											0.372	0.372		1.195	1.567
Tax-Managed US Small Cap Value Portfolio											0.050	0.050			0.050
US Small XM Value Portfolio											0.872	0.872	0.049	0.841	1.762
US Large Cap Value Portfolio		0.031			0.043			0.048			0.081	0.203			0.203
US Large Cap Value Portfolio III								0.159			0.159	0.159			0.159
AAM/DFA US High Book to Market Portfolio		0.020			0.026			0.030			0.049	0.125			0.125
Tax-Managed US Marketwide Value Portfolio		0.003			0.006			0.008			0.024	0.041			0.041
Tax-Managed US Marketwide Value Portfolio II											0.051	0.051			0.051
US Large Company Portfolio		0.077			0.100			0.112			0.170	0.459			0.459
US Large Co. Inst. Index Portfolio		0.020			0.029			0.031			0.047	0.127			0.127
Enhanced US Large Company Portfolio		0.029			0.021			0.020			0.022	0.092			0.092
Tax-Managed US Equity Portfolio											0.074	0.074			0.074
Real Estate Securities Portfolio											0.837	0.837	0.006	0.033	0.876
International Equities															
International Small Company Portfolio											0.177	0.177			0.177
Continental Small Company Portfolio											0.409	0.409	0.154	1.639	2.202
Japanese Small Company Portfolio											0.187	0.187			0.187
Pacific Rim Small Company Portfolio											0.468	0.468			0.468
United Kingdom Small Company Portfolio											0.800	0.800			0.800
International Small Cap Value Portfolio											0.188	0.188	0.002	0.084	0.274
International Value Portfolio		0.012			0.136			0.041			0.079	0.268			0.268
International Value Portfolio III											0.258	0.258		0.008	0.266
AAM/DFA International High BtM Portfolio											0.279	0.279	0.001	0.009	0.289
Tax-Managed International Value Portfolio											0.183	0.183			0.183
International Large Cap Portfolio											0.257	0.257			0.257
Emerging Markets Small Cap Portfolio											0.097	0.097	0.022	0.044	0.163
Emerging Markets Value Portfolio											0.180	0.180			0.180
Emerging Markets Portfolio											0.153	0.153			0.153
Fixed Income															
One-Year Portfolio	0.010	0.015	0.012	0.013	0.011	0.012	0.009	0.010	0.011	0.012	0.090 ³	0.205			0.205
AAM/DFA Two-Year Portfolio		0.027			0.047			0.032			0.055	0.161	0.176	0.036	0.373
AAM/DFA Two-Year Government Portfolio		0.023			0.037			0.033			0.067	0.160	0.258		0.418
Two-Year Global Portfolio		0.037			0.052			0.034			0.147	0.270			0.270
Five-Year Government Portfolio					0.140						0.190	0.330	0.012	0.368	0.710
Five-Year Global Portfolio		0.027			0.048			0.147			0.110	0.332	0.083	0.339	0.754
Intermediate Government Portfolio		0.099			0.176			0.149			0.190	0.614	0.024	0.262	0.900
Short-Term Municipal Bond Portfolio	0.013	0.014	0.013	0.013	0.013	0.013	0.012	0.013	0.012	0.012	0.029 ³	0.157			0.157

¹ See attached "Tax Consequences of Jobs and Growth Tax Relief Act of 2003" for treatment of qualified/non-qualified dividends.

² Short-term and long-term capital gains distributed annually in December.

³ Record, Ex-Div, and Payable dates are 12/8/03, 12/9/03, and 12/16/03 respectively

2003 Distribution Schedule

	Qualified Dividend Income %	Qualified Investment Income Per Share	Non-Qualified Investment Income Per Share	Total Income Distributions Per Share ¹
US Equities				
US Micro Cap Portfolio	32.44%	\$0.067	\$0.139	\$0.206
US Small Cap Portfolio	92.35%	\$0.069	\$0.006	\$0.075
Tax-Managed US Small Cap Portfolio	100.00%	\$0.014	\$0.000	\$0.014
US Small Cap Value Portfolio	41.75%	\$0.155	\$0.217	\$0.372
Tax-Managed US Small Cap Value Portfolio	100.00%	\$0.050	\$0.000	\$0.050
US Small XM Value Portfolio	14.90%	\$0.130	\$0.742	\$0.872
US Large Cap Value Portfolio	100.00%	\$0.203	\$0.000	\$0.203
US Large Cap Value Portfolio III	100.00%	\$0.159	\$0.000	\$0.159
AAM/DFA US High Book to Market Portfolio	100.00%	\$0.125	\$0.000	\$0.125
Tax-Managed US Marketwide Value Portfolio*	32.39%	\$0.013	\$0.028	\$0.041
Tax-Managed US Marketwide Value Portfolio II*	15.76%	\$0.008	\$0.043	\$0.051
US Large Company Portfolio*	11.73%	\$0.054	\$0.405	\$0.459
US Large Co. Inst. Index Portfolio*	11.28%	\$0.014	\$0.113	\$0.127
Enhanced US Large Company Portfolio	0.00%	\$0.000	\$0.092	\$0.092
Tax-Managed US Equity Portfolio*	19.03%	\$0.014	\$0.060	\$0.074
Real Estate Securities Portfolio	0.00%	\$0.000	\$0.837	\$0.837
International Equities				
International Small Company Portfolio*	8.25%	\$0.015	\$0.162	\$0.177
Continental Small Company Portfolio*	1.99%	\$0.008	\$0.401	\$0.409
Japanese Small Company Portfolio*	3.94%	\$0.007	\$0.180	\$0.187
Pacific Rim Small Company Portfolio*	7.32%	\$0.034	\$0.434	\$0.468
United Kingdom Small Company Portfolio*	5.54%	\$0.044	\$0.756	\$0.800
International Small Cap Value Portfolio	90.29%	\$0.170	\$0.018	\$0.188
International Value Portfolio	86.42%	\$0.232	\$0.036	\$0.268
International Value Portfolio III	86.42%	\$0.223	\$0.035	\$0.258
AAM/DFA International High BtM Portfolio	86.42%	\$0.241	\$0.038	\$0.279
Tax-Managed International Value Portfolio	97.91%	\$0.179	\$0.004	\$0.183
International Large Cap Portfolio	100.00%	\$0.257	\$0.000	\$0.257
Emerging Markets Small Cap Portfolio*	10.90%	\$0.011	\$0.086	\$0.097
Emerging Markets Value Portfolio	78.92%	\$0.142	\$0.038	\$0.180
Emerging Markets Portfolio*	6.93%	\$0.011	\$0.142	\$0.153
Fixed Income				
One-Year Portfolio	0.00%	\$0.000	\$0.205	\$0.205
AAM/DFA Two-Year Portfolio	0.00%	\$0.000	\$0.161	\$0.161
AAM/DFA Two-Year Government Portfolio	0.00%	\$0.000	\$0.160	\$0.160
Two-Year Global Portfolio	0.00%	\$0.000	\$0.270	\$0.270
Five-Year Government Portfolio	0.00%	\$0.000	\$0.330	\$0.330
Five-Year Global Portfolio	0.00%	\$0.000	\$0.332	\$0.332
Intermediate Government Portfolio	0.00%	\$0.000	\$0.614	\$0.614
Short-Term Municipal Bond Portfolio	0.00%	\$0.000	\$0.157	\$0.157

¹ See attached "Tax Consequences of Jobs and Growth Tax Relief Act of 2003" for treatment of qualified/non-qualified dividends.

*QDI Percentage for the Partnership Feeders include Estimated QDI Income Earned during the period 12/1/03-12/31/03 only

Tax Consequences of Jobs and Growth Tax Relief Act of 2003

Many funds advised by Dimensional employ a master-feeder structure in which a master ("Series") holds securities and the feeder ("Portfolio") holds shares in the master. For tax purposes, master funds are organized either as corporations (*corporate-master*) or partnerships (*partnership-master*). The partnership-master structure is advantageous for some strategies since it facilitates the tax-managed process as well as the flow-through of foreign tax credits. The fiscal year-end for both corporate and partnership masters is November 30.

The Jobs and Growth Tax Relief Act of 2003 ("the Act") states dividends earned in 2003 in a *corporate-master* structure are qualified and thus eligible for the lower 15% tax rate.

However, an Internal Revenue Service announcement issued in September 2003 stated that dividends earned in a *partnership-master* structure are non-qualified if the mutual fund fiscal year began prior to 2003. Thus, as the law is currently interpreted by the Internal Revenue Service, **dividends earned in all Dimensional *partnership-master* funds will likely be deemed non-qualified for the tax year ended November 30, 2003.**

Dimensional believes this interpretation regarding *partnership-masters* is the result of an oversight in the enactment of the law. A technical correction is required to fix the oversight, but it is unknown when the correction will be made, if at all. The Investment Company Institute is lobbying for the technical correction, which in the past has typically included a retroactive option. **Either way, the issue is a one-time-only event.** Even if the technical correction is never made effective, corporate and partnership masters will be treated equally under the Act in future years.

Portfolios advised by Dimensional that hold shares of a *partnership-master* are listed below. The accompanying table shows actual 2003 distributions. An estimated breakout of qualified and non-qualified income is also included.

As an example, Tax-Managed US Equity Portfolio paid zero capital gains distribution for 2003, and a full-year dividend distribution of \$0.074 per share. On a \$100,000 investment, the dividend distribution would be \$657. Federal tax on this distribution would be \$99 at the 15% rate and \$230 at the maximum 35% rate. The additional tax in this example would be \$131, or 0.13% of total account value.

Dimensional will provide updates as it is able on the status of the proposed technical correction.

Portfolios that hold shares of a *partnership-master* include:

- US Large Company Portfolio
- US Large Company Institutional Index Portfolio
- Tax-Managed US Marketwide Value Portfolio
- Tax-Managed US Marketwide Value Portfolio II
- Tax-Managed US Equity Portfolio
- Japanese Small Company Portfolio
- UK Small Company Portfolio
- Continental Small Company Portfolio
- Pacific Rim Small Company Portfolio
- International Small Company Portfolio
- Emerging Markets Portfolio
- Emerging Markets Small Company Portfolio