



*“Stock picking, whether you do it yourself or pay a pro to do it for you, is a mug’s game. You’re better off buying and holding a cheap, diversified, and consistent index fund, which passively invests in the stocks listed on a broad market benchmark.”*

— *Katie Benner, Scott Cendrowski, and Mina Kimes,*  
 “The Best Stocks in 2010” *Fortune* December 21, 2009.

## The Big Story Behind Small Stocks

Feb 11, 2011 | by Mary Brunson

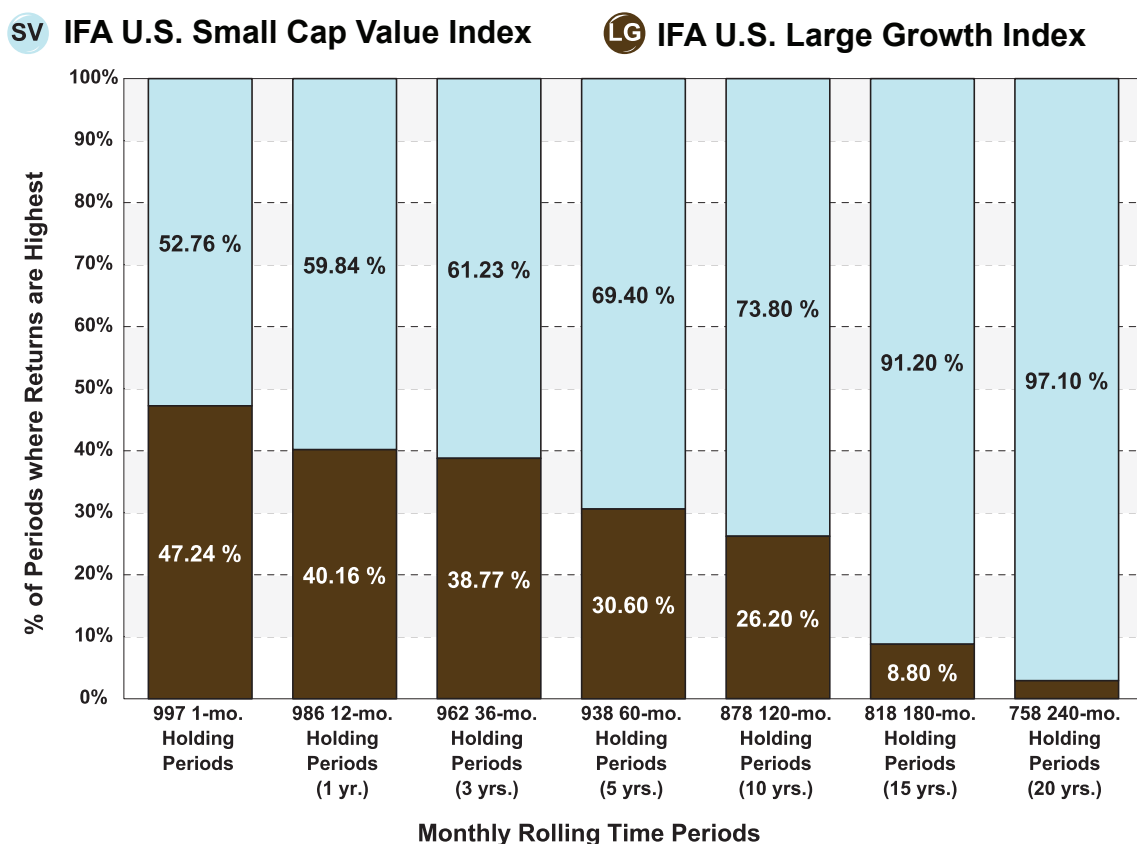
Why do people pick stocks or try to spot the next hot sector? Likely, it’s because they are drawn in by captivating headlines of magazines and newspapers designed to sell subscriptions instead of developing a keen understanding of long-term historical data.

Here’s a quick and valuable tidbit that will prevent you from ever again dropping five bucks and change on a magazine touting hot stocks or sizzling sectors:

**More often than not, small-cap value tilted portfolios outperform large-cap growth oriented portfolios. In fact, when we look at monthly rolling 12-month periods for the last 83 years, we see that IFA U.S. Small Cap Value Index beats IFA U.S. Large Growth Index 59% of the time. And, small-value beats large growth in greater percentages of the time in longer time periods such as 3, 5, 10 and 20 years, as seen in the chart below.**

Last year proved to be no exception as small cap stocks outperformed large cap stocks by a significant margin in most global markets. But, stock pickers and asset class speculators had to ignore the headlines that claimed the ability to forecast the best-performing asset classes, and instead stay the course to realize the ultimate small-cap premium that came, left and then roared back.

## Index Comparisons: IFA U.S. Small Cap Value Index vs. IFA U.S. Large Growth Index 83 Years, 1 Month (1/1/1928 - 1/31/2011)



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Specifically, US small stocks started off strong in 2010 with the IFA US Small Cap Index quick out of the gate with a gain of 17.50% in the first 4 months, more than double the return of the S&P 500 Index for the same time period. That small cap premium faded, however, and by Labor Day both large cap and small cap indices were down for the year. A surprisingly strong rally during the remainder of the year drove the IFA US Small Cap Index up 32.43%, and for the year as a whole it was the best performance for US small stocks since 2003.

Small caps' mighty roar was not predicted by leading financial pundits. Here's a short list of some major financial media misfires for 2010:

- In November 2009, the *Wall Street Journal*<sup>1</sup> claimed "small caps aren't looking that cheap anymore" and suggested that the stock market rally was in the midst of "an important change that has put the less-volatile large caps back in favor."

<sup>1</sup> Donna Kardos Yesalavich. "Large-Cap Stocks Are Back in Favor" Wall Street Journal November 12, 2009.

- *Money's* 2010 <sup>2</sup> Investor's Guide said that smaller stocks' rally had been played out, and as the bull market appeared to be maturing, it was time to switch gears and "bring your focus back to high quality blue-chip stocks this year."
- *Smart Money* <sup>3</sup> predicted the U.S. would remain mired in recession and pitched for large multinationals such as Procter & Gamble and Coca-Cola that "sell goods worldwide and don't need an economic rebound to make money."
- *Fortune's* 2010 <sup>4</sup> Investor's Guide issue repeated the refrain that an uneven economic recovery would reward clever stock-pickers: "Making judicious stock selections will be crucial in what is likely to be a topsy-turvy year." It was indeed a topsy-turvy year for the markets, but even more so for Fortune's ten stock picks *that delivered* an average price-only return of just 1.75%.

Long term stock market history provides our clearest path for investment success, and large sets of historic risk and return data are the best. At IFA, 83 years of history enables us to help our clients take the guesswork out of investing — focusing on science, not speculation. We don't guess about what might happen in the short-term, but instead we rely on the simple fact that stocks have a positive expected return over time, and the degree to which you can invest your stock assets in small and value stocks, you have the highest probability of long-term investment success. And, investment success is what every investor wants.

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It is IFA's privilege to share this information with you. Each of our investment professionals welcomes the opportunity to assist you in your quest for risk-appropriate, low-cost returns. To learn more, please call 888-643-3133 or visit [ifa.com](http://ifa.com).

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<sup>2</sup> Pat Dorsey. "What's Ahead for Stocks" Money January/February 2010

<sup>3</sup> Reshma Kapadia and Russell Pearlman. "Where to Invest 2010" SmartMoney January 2010

<sup>4</sup> Katie Benner, Scott Cendrowski, and Mina Kimes. "The Best Stocks in 2010" Fortune December 21, 2009

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Index Funds Advisors  
matching people with portfolios

Index Funds Advisors, Inc.  
19200 Von Karman Ave., Suite 150  
Irvine, CA 92612

Call Toll Free: 888-643-3133  
Local Phone: 949-502-0050  
Fax: 949-502-0048

# Disclosure for Backtested Performance

Disclosure for Backtested Performance Information the IFA Indexes and IFA Index Portfolios (updates can be found at [www.ifabt.com](http://www.ifabt.com)):

1. Index Funds Advisors, Inc. (IFA) was incorporated in March 1999 and placed its first independent client investments in early 2000. The performance information presented in the chart or table represents backtested performance based on combined simulated index data and live (or actual) mutual fund results from January 1, 1928 to period ending date shown using the strategy of buying, holding and annually rebalancing globally diversified portfolios of index funds. Backtested performance is hypothetical (it does not reflect trading in actual accounts) and is provided for informational purposes to indicate historical performance had the index portfolios been available over the relevant period. IFA did not offer the index portfolios until November 1999. Prior to 1999, IFA did not manage client assets. The IFA indexing investment strategy is based on the principles of Modern Portfolio Theory and the Fama and French Three Factor Model for Equities and Two Factor Model for Fixed Income. Index portfolios are designed to provide substantial global diversification (approximately 11,600 companies in 40 countries) in order to reduce investment concentration and the resulting increased risk caused by the volatility of individual companies, indexes, or asset classes. Client portfolios are monitored and rebalanced, taking into consideration risk exposure consistency, transaction costs, and tax ramifications to maintain target asset allocations as shown in the IFA Index Portfolios.

2. A review of the IFA Index Data Sources and IFA Indexes Time Series Construction is an integral part of and should be read in conjunction with this explanation of backtested performance information. For Socially Responsible Index Portfolios or Investing for Catholics' IFA SRI Index Portfolios, please go to [www.ifa.com/pdf/IFC\\_TimeSeriesConstruction.pdf](http://www.ifa.com/pdf/IFC_TimeSeriesConstruction.pdf). Simulated index data is based on the performance of indexes and live mutual funds as described in the IFA Indexes Data Sources page. The index mutual funds used in IFA's Index Portfolios are IFA's best estimate of a mutual fund that will come closest to the index data provided in the simulated indexes. Simulated index data is used for the period prior to the inception of the relevant live mutual fund data and an equivalent mutual fund expense ratio is deducted from simulated index data. Live (or actual) mutual fund performance is used after the inception of each mutual fund. Fees and expenses of mutual funds are deducted from the monthly returns. Prior to the reporting of the returns by the mutual fund company. The IFA Indexes Times Series Construction goes back to January 1928 and consistently reflects a tilt towards small and value equities over time, with an increasing diversification to international markets and the real estate index as data became available. As of January 1928, there are 4 equity indexes and 2 bond indexes, in January 1970 there are a total of 8 indexes, and there are 15 indexes in March 1998 to present. If the original 4 equity indexes from 1928 are held constant until December 2010, the annualized rate of return is 10.44%, after the deduction of a 0.9% IFA advisor fee and a standard deviation of 22.79%. The evolving IFA Indexes over the same period have a 10.68% annualized return after the same IFA fees and a standard deviation of 21.99%. IFA advises clients to diversify their investments, however, this stitching together of index and live fund data and adding international and emerging markets only had a slight impact on risk and return over this 83 year period. Instead, it demonstrates the value of a small and value tilt in global equity markets, since over the same period a Simulated SP500 only had a return of 9.39% (with no advisor fee deducted), at a standard deviation of 19.31%. It is IFA's advice that the value of having a longer time series exceeds the concerns of index substitutions over the 1928 to present period. Due to the very high standard deviations of returns (21.99%) a 60 year or more sample size of data is recommended to reduce the standard error of the mean. In other words, in IFA's opinion, smaller sample sizes introduce larger errors than the errors introduced by stitching together indexes and live data over time. This is the advice IFA

provides to its clients. Go to [www.ifa.com/Media/Images/PDF%20files/Evolution1927.pdf](http://www.ifa.com/Media/Images/PDF%20files/Evolution1927.pdf) to see the analysis of the evolution of these portfolios. Backtested performance is calculated by using a computer program and monthly returns data set that starts with the first day of the given time period and evaluates the returns of simulated indexes and index mutual funds. (see [www.ifaindexes.com](http://www.ifaindexes.com)) In 1999, tax-managed funds became available for many different index funds. IFA uses tax-managed funds in taxable accounts. The tax-managed funds are consistent with the indexing strategy, however, they should not be expected to track the performance of corresponding non-tax-managed funds in the same or similar indexes. As such, the performance of portfolios using tax-managed funds will vary from portfolios that do not utilize these funds.

3. Backtested performance does not represent actual performance and should not be interpreted as an indication of such performance. Actual performance for client accounts may be materially lower than that of the index portfolios. Backtested performance results have certain inherent limitations. Such results do not represent the impact that material economic and market factors might have on an investment adviser's decision-making process if the adviser were actually managing client money. Backtested performance also differs from actual performance because it is achieved through the retroactive application of model portfolios (in this case, IFA's Index Portfolios) designed with the benefit of hindsight. As a result, the models theoretically may be changed from time to time to obtain more favorable performance results.

4. History of Changes to the IFA Indexes: 1991-1999: IFA Index Portfolios 10, 30, 50, 70 and 90 were originally suggested by Dimensional Fund Advisors (DFA), merely as an example of globally diversified investments using their many custom index mutual funds, back in 1991 with moderate modifications in 1996 to reflect the availability of index funds that tracked the emerging markets asset class. Portfolios (individualized and indexed) between each of the above listed portfolios were created by IFA in 1999 by interpolating between the above portfolios. Portfolios 5, 95 and 100 were created by Index Funds Advisors in 1999, as a lower and higher extension of the DFA 1991 risk and return line. As of March 1, 2010, 100 Index Portfolios are available to IFA clients, with Index Portfolios between the shown allocations being interpolations of the 20 allocations shown. In January 2008, IFA introduced three new indexes and twenty socially responsible portfolios constructed from these three indexes and five pre-existing IFA indexes. The new indexes introduced were: IFA US Social Core Equity, IFA Emerging Markets Social Core, and IFA International Real Estate. All three use live DFA fund data as long as it has been available. Prior to live fund data, they use index data supplied by DFA modified for fund management fees. Go to [www.ifa.com/btp/historyofchange.html](http://www.ifa.com/btp/historyofchange.html) to see a summary of changes made to the IFA Indexes and Portfolios.

5. Backtested performance results assume the reinvestment of dividends and capital gains and annual rebalancing at the beginning of each year. In reality, client's accounts will be rebalanced either more or less frequently depending on the fluctuation of the asset classes and the cash flow activity of the client. It is IFA's opinion that the assumption of annual rebalancing is a reasonable approximation to reality. It is important to understand that the assumption of annual rebalancing has an impact on the monthly returns reported for the IFA Index Portfolios in the Index Calculator found at [www.ifacalc.com](http://www.ifacalc.com). The reason for this difference is that with annual rebalancing, the monthly returns are calculated by applying the asset class percentages to the year-to-date returns as of the beginning and the end of the month, unlike monthly rebalancing which assumes that the portfolio is perfectly in balance at the beginning of the month. At [www.ifabt.com](http://www.ifabt.com) in section 5 there is an example of the monthly and year-to-date returns for October 2009 and how they would have differed if monthly

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rebalancing had been assumed. The reason for the small difference in the monthly returns observed at that page is a mixed equity and fixed income portfolio like IFA Index Portfolios 50 that started on January 1st would be overweight in equities and underweight in fixed income at the beginning of October. Since equities did worse than fixed income in October, the annually rebalanced portfolio did worse than the monthly rebalanced portfolio. However, on a year-to-date basis, the annually rebalanced portfolio did better because the monthly rebalanced portfolio would have sold equities only to see them rise further. It is IFA's opinion that the overall impact of the assumption of annual rebalancing on the reported monthly and year-to-date returns is not material enough to warrant the creation of a second set of monthly figures. It is important to bear in mind that for any given month, the difference in the expected returns between annually and monthly rebalanced portfolios is statistically insignificantly different from zero. The performance of the IFA Index Portfolios reflects and is net of the effect of IFA's annual investment management fee of 0.9%, billed monthly. Monthly fee deduction is a requirement of our software used for backtesting. Actual IFA advisory fees are deducted quarterly, in advance. This fee is the highest fee IFA has ever charged. Depending on the size of your assets under management, your investment management fee may be less. Backtested risk and return data is a combination of live (or actual) mutual fund results and simulated index data, and mutual fund fees and expenses have been deducted from both the live (or actual) results and the simulated index data. When IFA Indexes are shown in IFA Index Portfolios, all returns data reflects a deduction of 0.9% annual investment advisory fee, which is the maximum IFA fee. Your fee may be less depending on assets under management at IFA. Unless indicated otherwise, data shown for each individual IFA Index is shown without a deduction of the IFA advisory fee. We choose this method because the creation, choice, monitoring and rebalancing of diversified index portfolios are the services of the independent investment advisor and at that point the fees are appropriate to deduct from the whole portfolio returns. Since we accept no fees from investment product firms, IFA compares index funds based on net asset value returns, which are net of the mutual fund company expense ratios only. Although index mutual funds minimize tax liabilities from short and long term capital gains, any resulting tax liability is not deducted from performance results. Performance results also do not reflect transaction fees (as seen at [www.ifafee.com](http://www.ifafee.com)) and other expenses charged by broker-dealers, which reduce returns. IFA is not paid any brokerage commissions, sales loads, 12b1 fees, or any form of compensation from any mutual fund company or broker dealer. The only source of compensation from client investments is obtained from asset based advisory fees paid by the client. More information about advisory fees, expenses, no-load mutual fund fees, prospectuses for no-load index mutual funds, brokerage and custodian fees can be found at [www.ifa.com/Admin/fees.asp](http://www.ifa.com/Admin/fees.asp) and on the gold navigation bar at the bottom of every page of [www.ifa.com](http://www.ifa.com).

6. For all data periods, annualized standard deviation is presented as an approximation by multiplying the monthly standard deviation number by the square root of twelve. Please note that the number computed from annual data may differ materially from this estimate. We have chosen this methodology because Morningstar uses the same method. Go to [www.ifa.com/Media/Images/PDF%20files/AssetClassTimeSeriesConstruction.pdf](http://www.ifa.com/Media/Images/PDF%20files/AssetClassTimeSeriesConstruction.pdf) for details. In those charts and tables where the standard deviation of daily returns is shown, it is estimated as the standard deviation of monthly returns divided by the square root of 22.

7. Not all of IFA clients follow our recommendations and depending on unique and changing client and market situations we may customize the construction and implementation of the index portfolios for particular clients, including the use of tax-managed mutual funds, tax-loss-harvesting techniques and rebalancing frequency and precision.

In taxable accounts, IFA uses tax-managed index funds to manage client assets. However, the tax-managed index funds are not used in calculating the backtested performance of the index portfolios, unless specified in the table or chart. Some clients substitute the mutual funds recommended by IFA with investment options available through their 401k or other accounts, thereby creating a custom asset allocation. The performance of custom asset allocations may differ materially from (and may be lower than) that of the index portfolios.

8. Performance results for clients that invested in accordance with the Index Portfolios will vary from the backtested performance provided on the site due to market conditions and other factors, including investments cash flows, mutual fund allocations, frequency and precision of rebalancing, tax-management strategies, cash balances, lower than 0.9% advisory fees, varying custodian fees, and/or the timing of fee deductions. As the result of these and potentially other variances, our clients have not and are not expected to have achieved the exact results shown since November 1999, when we placed our first investment. Actual performance for client accounts may differ materially from (and may be lower than) that of the index portfolios. Clients should consult their account statements for information about how their actual performance compares to that of the index portfolios.

9. As with any investment strategy, there is potential for profit as well as the possibility of loss. IFA does not guarantee any minimum level of investment performance or the success of any index portfolio or investment strategy. All investments involve risk (the amount of which may vary significantly) and investment recommendations will not always be profitable.

10. Past performance does not guarantee future results.

11. IFA Index Portfolio Value Data is based on a starting value of one, as of January 1, 1928.

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[Updated 2-08-2011, for additional updates see [www.ifabt.com](http://www.ifabt.com)]

# Sources and Description of Data

The following descriptions of IFA Indexes indicate how indexes are strung together to simulate similar risk and return characteristics back to 1928. This reduces the standard error of the mean which is unacceptably high for periods less than 20 or 30 years. When IFA Indexes are shown in Index Portfolios, all returns data reflects a deduction of 0.9% annual investment advisory fee, which is the maximum Index Funds Advisors (IFA) fee. Fees are based on assets under management at IFA. Unless indicated otherwise, data shown for each individual IFA Index is shown without a deduction of the IFA advisory fee. This method is used because the creation, choice, monitoring and rebalancing of diversified index portfolios are the services of the independent investment advisor. Therefore, fees are deducted from the whole portfolio data.

Live Dimensional Fund Advisors' (DFA) fund data reflects the deduction of mutual fund advisory fees, mutual fund company brokerage fees, other expenses incurred by the mutual funds and incorporates actual trading results. Simulated index data also reflects DFA's current mutual fund expense ratios for the entire period. Both simulated and live data reflect total returns, including dividends, except for IFA/NSDQ.

[For updates on sources and descriptions of data see [www.ifaindexes.com](http://www.ifaindexes.com).]

**LC IFA U.S. Large Company Index (LC)**

**Time-Series Construction** January 1928 – December 1990: S&P 500 minus 0.0125%/month  
January 1991 – April 2010: DFA US Large Company symbol: DFLCX  
May 2010 – Present : DFA US Large Company Symbol: DFUSX

**Investment Objective of DFA US Large Company Institutional Index (DFUSX)** The US Large Company Portfolio is a no-load mutual fund designed to approximate the investment performance of the S&P 500 Index, both in terms of the price of the Portfolio's shares and its total investment return. The Portfolio intends to invest in all of the stocks that comprise the S&P 500 Index in approximately the same proportions as they are represented in the Index. The S&P 500 Index is comprised of a broad and diverse group of stocks, most of which are traded on the NYSE. Generally, these are the US stocks with the largest market capitalizations and, as a group, they represent approximately 70% of the total market capitalization of all publicly traded US stocks.

Average Annual Total Return	One Year	Three Years	Five Years	Ten Years	Number of Holdings	Price/Earning (exclude negatives)
US Large Company Portfolio	15.00%	-2.71%	2.37%	1.40%	500	15.02
S&P 500 Index	15.06%	-2.85%	2.29%	1.41%	Weighted Average Market Cap \$88,863M	Dividend Yield 1.88%
					Weighted Average Book-to-Market 0.50	Expense Ratio (as of 10/31/10) 0.10%

\*All Data as of Dec 31, 2010. For updates, see [www.ifaindexes.com](http://www.ifaindexes.com)

**LV IFA U.S. Large Cap Value Index (LV)**

**Time-Series Construction** January 1928 – February 1993: Dimensional US Large Cap Value Index minus 0.0225%/month  
March 1993 – Present: DFA US Large Cap Value Symbol: DFLVX

**Investment Objective of DFA US Large Cap Value Portfolio Class I (DFLVX)** The US Large Cap Value Portfolio is a no-load mutual fund designed to capture the returns and diversification benefits of a broad cross-section of US value companies, on a market-cap weighted basis. The Portfolio invests in securities of US companies with market capitalizations within the largest 90% of the market universe or larger than the 1,000th largest US company, whichever results in a higher market capitalization break. The market universe is comprised of companies listed on the NYSE, American Stock Exchange, and NASDAQ National Market System. After identifying the aggregate market capitalization break, a value screen is applied to the universe. Securities are considered value stocks primarily because a company's shares have a high book value in relation to their market value (BIM). This BIM sort excludes firms with negative or zero book values. In assessing value, additional factors such as price to cash flow or price to earning ratios may be considered, as well as economic conditions and developments in the issuer's industry. The criteria for assessing value are subject to change from time to time.

Average Annual Total Return	One Year	Three Years	Five Years	Ten Years	Number of Holdings	Price/Earning (exclude negatives)
US Large Cap Value Portfolio (I)	20.17%	-2.52%	1.60%	5.30%	211	13.95
Russell 1000 Value Index	15.51%	-4.42%	1.28%	3.25%	Weighted Average Market Cap \$49,397M	Dividend Yield 1.66%
					Weighted Average Book-to-Market 0.93	Expense Ratio (as of 10/31/10) 0.28%

\*All Data as of Dec 31, 2010. For updates, see [www.ifaindexes.com](http://www.ifaindexes.com)

**SC IFA U.S. Small Cap Index (SC)**

**Time-Series Construction** January 1928 – March 1992: Dimensional US Small Cap Index minus 0.0317%/month  
April 1992 – Present : DFA US Small Cap Symbol: DFSTX

**Investment Objective of DFA US Small Cap Portfolio Class I (DFSTX)** The US Small Cap Portfolio is a no-load mutual fund designed to capture the returns and diversification benefits of a broad cross-section of US small companies, on a market-cap weighted basis. The Portfolio invests in securities of US companies with market capitalizations within the smallest 10% of the market universe or smaller than the 1,000th largest US company, whichever results in a higher market capitalization break. The market universe is comprised of companies listed on the New York Stock Exchange, American Stock Exchange, and NASDAQ National Market System.

Average Annual Total Return	One Year	Three Years	Five Years	Ten Years	Number of Holdings	Price/Earning (exclude negatives)
US Small Cap Portfolio (I)	30.70%	4.47%	5.21%	8.33%	2,661	17.81
Russell 2000 Index	26.85%	2.22%	4.47%	6.33%	Weighted Average Market Cap \$1,158M	Dividend Yield 0.74%
					Weighted Average Book-to-Market 0.59	Expense Ratio (as of 10/31/10) 0.37%

\*All Data as of Dec 31, 2010. For updates, see [www.ifaindexes.com](http://www.ifaindexes.com)

**MC IFA U.S. Micro Cap Index (MC)**

**Time-Series Construction** Jan 1928 - Dec 1981: Dimensional US Micro Cap Index minus 0.045%/month  
Jan 1982 - Present: DFA US Micro Cap: DFSCX

**Investment Objective of DFA US Micro Cap Portfolio (DFSCX)** The US Micro Cap Portfolio is a no-load mutual fund designed to capture the returns and diversification benefits of a broad cross-section of US small value companies, on a market cap-weighted basis. The portfolio generally invests in securities of US companies whose size (based primarily on market capitalization) falls within the smallest 5% of the market universe or smaller than the 1,500 largest US companies, which results in a higher market capitalization break. The market universe is comprised of companies listed on the New York Stock Exchange, American Stock Exchange, and the NASDAQ Market System.

Average Annual Total Return	One Year	Three Years	Five Years	Ten Years	Number of Holdings	Price/Earning (exclude negatives)
US Micro Cap Portfolio	31.29%	2.09%	3.21%	9.63%	2,264	18.45
Russell 2000 Index	26.85%	2.22%	4.47%	6.33%	Weighted Average Market Cap \$598M	Dividend Yield 0.75%
					Weighted Average Book-to-Market 0.59	Expense Ratio (as of 10/31/10) 0.52%

\*All Data as of Dec 31, 2010. For updates, see [www.ifaindexes.com](http://www.ifaindexes.com)

**SV IFA U.S. Small Cap Value Index (SV)**

**Time-Series Construction** January 1928 – February 2000: Dimensional US Targeted Value Index minus 0.0342%/month  
March 2000 – Present: DFA US Targeted Value Symbol: DFFVX

**Investment Objective of DFA Targeted Value Portfolio Class I (DFFVX)** The US Targeted Value Portfolio is a no-load mutual fund designed to capture the returns and diversification benefits of a broad cross-section of US small value companies, on a market cap-weighted basis. The Portfolio invests in securities of US companies whose size (market capitalization) falls within the smallest 18% of the market universe. The market universe is comprised of companies listed on the New York Stock Exchange, American Stock Exchange, and NASDAQ National Market System. After identifying the smallest 18% of aggregate market capitalization, a value screen is applied to the universe. Securities are considered value stocks primarily because a company's shares have a high book value in relation to their market value (BIM). This BIM sort excludes firms with negative or zero book values. In assessing value, additional factors such as price to cash flow or price to earning ratios may be considered, as well as economic conditions and developments in the issuer's industry. The criteria for assessing value are subject to change from time to time.

Average Annual Total Return	One Year	Three Years	Five Years	Ten Years	Number of Holdings	Price/Earning (exclude negatives)
US Targeted Value Portfolio (I)	29.01%	4.05%	4.36%	10.72%	1,517	15.50
Russell 2000 Value Index	24.50%	2.19%	3.52%	8.42%	Weighted Average Market Cap \$1,743M	Dividend Yield 0.79%
					Weighted Average Book-to-Market 0.88	Expense Ratio (as of 10/31/10) 0.38%

\*All Data as of Dec 31, 2010. For updates, see [www.ifaindexes.com](http://www.ifaindexes.com)

# Sources and Description of Data

## RE IFA Real Estate Index (RE)

Time-Series Construction	January 1928 – December 1977: 50% IFA US Small Cap Index and 50% IFA Small Cap Value Index
	January 1978 – December 1992: Dow Jones US Select REIT Index minus 0.0275%/month
	January 1993 – June 2008: DFA US Real Estate Securities Symbol: DFREX
	July 2008 – Present: DFA Global Real Estate Securities Symbol: DFGEX

**Investment Objective of DFA Global Real Estate Securities (DFGEX)** The Global Real Estate Securities Portfolio is a no-load mutual fund designed to achieve long-term capital appreciation. The Portfolio invests in a broad range of securities of US and non-US companies in the real estate industry, including companies in developed and emerging markets, with a focus on real estate investment trusts or companies that Dimensional considers to be REIT-like entities. The Portfolio primarily purchases shares of Dimensional's Real Estate Securities Portfolio and International Real Estate Securities Portfolio. In addition to investing in these underlying funds, the Portfolio also may invest directly in securities of companies in the real estate industry. The Portfolio is currently authorized to invest in companies in the following countries: Australia, Belgium, Canada, China, France, Germany, Greece, Hong Kong, Japan, the Netherlands, New Zealand, Singapore, South Africa, Taiwan, the United Kingdom, and the United States. Other countries may be authorized for investment in the future.

Average Annual Total Return	One Year	Three Years	Five Years	Inception*	Number of Holdings	Price/Earning (exclude negatives)	26.18
Global Real Estate Sec. Portfolio	23.79%	NA	NA	-2.99%	300	Weighted Average Market Cap	\$7,958M
S&P Global REIT Index**	22.09%	NA	NA	-4.89%	Weighted Average Book-to-Market	0.69	Expense Ratio (as of 10/31/10) 0.41%

\*Inception Date 6/4/08 \*\*Gross Dividends \*All Data as of Dec 31, 2010. For updates, see [www.ifaindexes.com](http://www.ifaindexes.com)

## IRE IFA International Real Estate Index (IRE)

Time-Series Construction	January 1928 - June 1989: IFA Real Estate Index
	July 1989 - March 2007: S&P Global (ex-US) REIT Index Gross minus 0.04%/month
	April 2007 - Present: DFA International Real Estate Portfolio Symbol: DFITX

**Investment Objective of DFA International Real Estate Securities Portfolio (DFITX)** The DFA International Real Estate Securities Portfolio (DFITX) is a no-load mutual fund designed to achieve long-term capital appreciation. The Portfolio invests in a broad range of securities of non-US companies in the real estate industry including developed and emerging markets with a focus on non-US real estate investment trusts (REITs) and companies that Dimensional considers REIT-like entities. It is well diversified with respect to both geography and property type. The Portfolio may invest in the securities of real estate companies in developed and emerging markets and is currently authorized to invest in companies in the following countries: Australia, Belgium, Canada, China, France, Hong Kong, Japan, the Netherlands, New Zealand, Singapore, South Africa, and the United Kingdom. Other countries may be authorized for investment in the future.

Average Annual Total Return	One Year	Three Years	Five Years	Inception*	Number of Holdings	Price/Earning (exclude negatives)	17.79
Intl. Real Estate Sec. Portfolio	18.09%	-8.03%	NA	-8.89%	193	Weighted Average Market Cap	\$6,363M
S&P Global REIT ex US REIT Index	16.91%	-8.04%	NA	-8.72%	Weighted Average Book-to-Market	0.95	Expense Ratio (as of 10/31/10) 0.41%

\*Inception date 3/1/07 \*\*Gross Dividends \*All Data as of Dec 31, 2010. For updates, see [www.ifaindexes.com](http://www.ifaindexes.com)

## IV IFA International Value Index (IV)

Time-Series Construction	January 1928 – December 1969: IFA US Large Value Index
	January 1970 – December 1974: MSCI EAFE Gross Dividends minus 0.0367%/month
	January 1975 – June 1993: MSCI EAFE Value Gross minus 0.0367%/month
	July 1993 – February 1994: LWAS/DFA International High BTM Portfolio
	March 1994 – Present: DFA International Value Symbol: DFIVX

**Investment Objective of DFA International Value Portfolio Class I (DFIVX)** The DFA International Value Portfolio is a no-load mutual fund designed to achieve long-term capital appreciation. The Portfolio pursues its objective by investing in the stocks of large non-US companies which the Advisor believes to be value stocks at the time of purchase. Securities are considered value stocks primarily because a company's shares have a high book value in relation to their market value (B/M). This B/M sort excludes firms with negative or zero book values. In assessing value, additional factors such as price to cash flow or price to earning ratios may be considered, as well as economic conditions and developments in the issuer's industry. The criteria for assessing value are subject to change from time to time. The Portfolio currently invests in companies in Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and United Kingdom.

Average Annual Total Return	One Year	Three Years	Five Years	Ten Years	Number of Holdings	Price/Earning (exclude negatives)	13.17
Intl. Value Index Portfolio	10.57%	-6.12%	4.12%	7.76%	532	Weighted Average Market Cap	\$37,960M
MSCI EAFE Index*	8.95%	-6.33%	3.05%	3.98%	Weighted Average Book-to-Market	0.95	Expense Ratio (as of 10/31/10) 0.45%

\*Net Dividends \*All Data as of Dec 31, 2010. For updates, see [www.ifaindexes.com](http://www.ifaindexes.com)

## IS IFA International Small Company Index (IS)

Time-Series Construction	January 1928 – December 1969: IFA US Small Cap Index
	January 1970 – September 1996: Dimensional International Small Cap Index minus 0.0458%/month
	October 1996 – Present: DFA International Small Company Symbol: DFISX

**Investment Objective of DFA International Small Company Portfolio I (DFISX)** The International Small Company Portfolio is a no-load mutual fund designed to achieve long-term capital appreciation. The Portfolio pursues its objective by investing in the small companies of Canada (0-15%), Europe (25-50%), Japan (15-40%), Pacific Rim (0-25%), and the United Kingdom (15-35%). The Portfolio currently invests in companies in Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom.

Average Annual Total Return	One Year	Three Years	Five Years	Ten Years	Number of Holdings	Price/Earning (exclude negatives)	12.74
Intl. Small Cap Index	23.91%	-0.42%	5.43%	11.66%	4,649	Weighted Average Market Cap	\$1,464M
MSCI EAFE Small Cap Index*	21.95%	-3.11%	1.65%	7.89%	Weighted Average Book-to-Market	0.79	Expense Ratio (as of 10/31/10) 0.56%

\*Price-Only \*All Data as of Dec 31, 2010. For updates, see [www.ifaindexes.com](http://www.ifaindexes.com)

## ISV IFA International Small Cap Value Index (ISV)

Time-Series Construction	January 1928 – December 1969: IFA Small Cap Value Index
	January 1970 – June 1981: IFA International Small Company Index
	July 1981 – December 1994: Dimensional International Small Cap Value Index minus 0.0575%/month
	January 1995 – Present: DFA International Small Cap Value Symbol: DISVX

**Investment Objective of DFA International Small Cap Value Portfolio I (DISVX)** The DFA International Small Cap Value Portfolio is a no-load mutual fund designed to achieve long-term capital appreciation. The Portfolio pursues its objective by investing in the stocks of small non-US companies which the Advisor believes to be value stocks at the time of purchase. Securities are considered value stocks primarily because a company's shares have a high book value in relation to their market value (B/M). This B/M sort excludes firms with negative or zero book values. In assessing value, additional factors such as price to cash flow or price to earning ratios may be considered, as well as economic conditions and developments in the issuer's industry. The criteria for assessing value are subject to change from time to time. The Portfolio currently invests in companies in Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and United Kingdom.

Average Annual Total Return	One Year	Three Years	Five Years	Ten Years	Number of Holdings	Price/Earning (exclude negatives)	11.23
Intl. Small Cap Value	18.10%	-1.32%	4.90%	13.49%	2,168	Weighted Average Market Cap	\$1,564M
MSCI EAFE Small Cap Index*	19.44%	-4.05%	0.65%	7.20%	Weighted Average Book-to-Market	1.23	Expense Ratio (as of 10/31/10) 0.70%

\*Price-Only \*All Data as of Dec 31, 2010. For updates, see [www.ifaindexes.com](http://www.ifaindexes.com)

## EM IFA Emerging Market Index (EM)

Time-Series Construction	January 1928 – December 1969: 50% IFA US Large Value Index and 50% IFA US Small Cap Index
	January 1970 – December 1987: 50% IFA Intl Value and 50% IFA Intl Small Cap
	January 1988 – April 1994: DFA Equally Weighted Emerging Markets Index minus 0.05%/month
	May 1994 – Present: DFA Emerging Markets Portfolio Symbol: DFEMX

**Investment Objective of DFA Emerging Markets Portfolio Class I (DFEMX)** The Emerging Markets Portfolio is a no-load mutual fund designed to achieve long-term capital appreciation. The Portfolio pursues its objective by investing in emerging markets equity securities that Dimensional deems to be large company stocks at the time of purchase. Dimensional will consider, among other things, information disseminated by the International Finance Corporation in determining and approving countries that have emerging markets. The Portfolio currently invests in companies in Brazil, Chile, China, the Czech Republic, Hungary, India, Indonesia, Israel, Malaysia, Mexico, Philippines, Poland, South Africa, South Korea, Taiwan, Thailand, and Turkey. Due to repatriation restrictions, the Portfolio currently holds but does not purchase securities in Argentina.

Average Annual Total Return	One Year	Three Years	Five Years	Ten Years	Number of Holdings	Price/Earning (exclude negatives)	15.06
Emerging Markets Portfolio I	21.82%	2.06%	13.31%	15.60%	760	Weighted Average Market Cap	\$51,529M
MSCI Emerging Markets Index*	19.20%	-0.03%	13.11%	16.23%	Weighted Average Book-to-Market	0.44	Expense Ratio (as of 10/31/10) 0.60%

\*Gross Dividend \*All Data as of Dec 31, 2010. For updates, see [www.ifaindexes.com](http://www.ifaindexes.com)

# Sources and Description of Data



## IFA Emerging Market Value Index (EV)

<b>Time-Series Construction</b>	January 1928 – December 1969: IFA US Small Cap Value Index January 1970 – December 1988: IFA Emerging Markets Index January 1989 – March 1998: Fama/French Emerging Markets Value Index minus 0.05%/month April 1998 – Present: DFA Emerging Markets Value Portfolio Symbol DFEVX
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**Investment Objective of DFA Emerging Value Markets Portfolio Class I (DFEVX)** The Emerging Markets Value Portfolio is a no-load mutual fund designed to achieve long-term capital appreciation. The Portfolio pursues its objective by investing in emerging markets equity securities that Dimensional deems to be value stocks at the time of purchase. Dimensional will consider, among other things, information disseminated by the International Finance Corporation in determining and approving countries that have emerging markets. Securities are considered value stocks primarily because a company's shares have a high book value in relation to their market value (B/M). This B/M sort excludes firms with negative or zero book values. In assessing value, additional factors such as price to cash flow or price to earning ratios may be considered, as well as economic conditions and developments in the issuer's industry. The criteria for assessing value are subject to change from time to time. The Portfolio currently invests in companies in Brazil, Chile, China, the Czech Republic, Hungary, India, Indonesia, Israel, Malaysia, Mexico, Philippines, Poland, South Africa, South Korea, Taiwan, Thailand, and Turkey. Due to repatriation restrictions, the Portfolio currently holds but does not purchase securities in Argentina.

<b>Average Annual Total Return</b>	<b>One Year</b>	<b>Three Years</b>	<b>Five Years</b>	<b>Ten Years</b>	<b>Number of Holdings</b>	2,076	<b>Price/Earning (exclude negatives)</b>	12.82
Emerging Markets Value Portfolio I	22.06%	2.63%	16.77%	21.12%	<b>Weighted Average Market Cap</b>	\$26.414M	<b>Dividend Yield</b>	1.66%
MSCI Emerging Markets Index*	19.20%	-0.03%	13.11%	16.23%	<b>Weighted Average Book-to-Market</b>	0.73	<b>Expense Ratio (as of 10/31/10)</b>	0.60%

\*Gross Dividend \*All Data as of Dec 31, 2010. For updates, see [www.ifaindexes.com](http://www.ifaindexes.com)



## IFA Emerging Market Small Cap Index (ES)

<b>Time-Series Construction</b>	January 1928 – December 1969: IFA US Small Cap Index January 1970 – December 1988: IFA Emerging Markets Index January 1989 – February 1998: Fama/French Emerging Markets Small minus 0.065%/month March 1998 – Present: DFA Emerging Markets Small Cap Symbol: DEMSX
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**Investment Objective of DFA Emerging Markets Small Cap Portfolio I (DEMSX)** The Emerging Markets Small Cap Portfolio is a no-load mutual fund designed to achieve long-term capital appreciation. The Portfolio pursues its objective by investing in emerging markets equity securities that Dimensional deems to be small company stocks at the time of purchase. Dimensional will consider, among other things, information disseminated by the International Finance Corporation in determining and approving countries that have emerging markets. The Portfolio will invest in companies whose market capitalization is less than \$2.3 billion. The Portfolio currently invests in companies in Brazil, Chile, China, Hungary, India, Indonesia, Israel, Malaysia, Mexico, Philippines, Poland, South Africa, South Korea, Taiwan, Thailand, and Turkey. Due to repatriation restrictions, the Portfolio currently holds but does not purchase securities in Argentina.

<b>Average Annual Total Return</b>	<b>One Year</b>	<b>Three Years</b>	<b>Five Years</b>	<b>Ten Years</b>	<b>Number of Holdings</b>	2,689	<b>Price/Earning (exclude negatives)</b>	13.51
Emg. Markets Small Cap Portfolio I	30.18%	5.74%	17.51%	19.82%	<b>Weighted Average Market Cap</b>	\$1.691M	<b>Dividend Yield</b>	1.90%
MSCI Emerging Markets Index*	19.20%	-0.03%	13.11%	16.23%	<b>Weighted Average Book-to-Market</b>	0.59	<b>Expense Ratio (as of 10/31/10)</b>	0.78%

\*Gross Dividend \*All Data as of Dec 31, 2010. For updates, see [www.ifaindexes.com](http://www.ifaindexes.com)



## IFA One-Year Fixed Income Index (1F)

<b>Time-Series Construction</b>	January 1928 – June 1963: One-Month T-Bills minus 0.015%/month July 1963 – July 1983: One-Year T-Note Index minus 0.015%/month August 1983 – Present: DFA One-Year Fixed Income Symbol DFHIX
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**Investment Objective of Investment Objective of DFA One-Year Fixed Income (DFHIX)** The investment objective of the DFA One-Year Fixed Income Portfolio is to achieve stable real returns in excess of the rate of inflation with a minimum of risk. Generally, the Portfolio will acquire high quality obligations which mature within one year from the date of settlement. However, when greater returns are available, substantial investments may be made in securities maturing within two years from the date of settlement as well. In addition, the Portfolio intends to concentrate investments in the banking industry under certain circumstances. The Portfolio is diversified, and with respect to corporate debt obligations and commercial paper, the Portfolio generally invests in securities rated A1/P1 or better.

<b>Average Annual Total Return</b>	<b>One Year</b>	<b>Three Years</b>	<b>Five Years</b>	<b>Ten Years</b>	<b>Duration</b>	0.91 Years
One-Year Fixed Income Index Portfolio	1.16%	2.36%	3.40%	3.14%	<b>Average Portfolio Maturity Range</b>	0.93 Years
One-Year US Treasury Note*	0.83%	2.11%	3.31%	3.17%	<b>Expense Ratio (as of 10/31/10)</b>	0.17%

\*BoFA Merrill Lynch Index \*All Data as of Dec 31, 2010. For updates, see [www.ifaindexes.com](http://www.ifaindexes.com)



## IFA Two-Year Global Fixed Income Index (2F)

<b>Time-Series Construction</b>	January 1928 – June 1977: Five-Year T-Notes minus 0.015%/month July 1977 – December 1989: ML US Treasury Index 1-3 Years minus 0.015%/month January 1990 – February 1996: Citi World Gov't Bond 1-3 Years Hedged minus 0.015%/month March 1996 – December 2007: DFA Two-Year Global Fixed Income Symbol: DFGFX
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**Investment Objective of DFA Two-Year Global Fixed Income Portfolio (DFGFX)** The investment objective of the DFA Two-Year Global Fixed Income Portfolio is to maximize total returns consistent with preservation of capital. Generally, the Portfolio will acquire high quality obligations which mature within two years from the date of settlement. The Portfolio expects to invest in obligations issued or guaranteed by countries that are members of the Organization of Economic Cooperation and Development, but may invest in other countries as well. Investments in corporate debt obligations, bank obligations, commercial paper, repurchase agreements, and obligations of other domestic and foreign issuers with high quality ratings may also be included. The Portfolio will also enter into forward foreign currency contracts solely for the purpose of hedging against fluctuations in currency exchange rates. The Portfolio is diversified; and with respect to corporate debt obligations and commercial paper, the Portfolio generally invests in US securities rated A1/P1 or better and non-US securities rated AA/Aa2 or better.

<b>Average Annual Total Return</b>	<b>One Year</b>	<b>Three Years</b>	<b>Five Years</b>	<b>Ten Years</b>	<b>Duration</b>	1.34 Years
Two-Year Global Fixed Income Portfolio	1.75%	2.63%	3.52%	3.34%	<b>Average Portfolio Maturity Range</b>	1.38 Years
World Gov't Bond Index 1-3 Years*	1.35%	2.97%	3.85%	3.64%	<b>Expense Ratio (as of 10/31/10)</b>	0.18%

\*Citigroup Index, Hedged \*All Data as of Dec 31, 2010. For updates, see [www.ifaindexes.com](http://www.ifaindexes.com)



## IFA Five-Year Government Fixed Income Index (5G)

<b>Time-Series Construction</b>	January 1928 – December 1972: Five-Year T-Notes minus 0.0192%/month January 1973 – May 1987: Barclays Intermediate Government Bond Index minus 0.0192%/month June 1987 – Present: DFA Five-Year Gov't Income Symbol: DFFGX
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**Investment Objective of DFA Five-Year Government Portfolio (DFFGX)** The investment objective of the DFA Five-Year Government Portfolio is to maximize total returns available from the universe of debt obligations of the US government and US government agencies. Ordinarily, the Portfolio will invest at least 80% of its assets in US government obligations and US government agency obligations that mature within five years from the date of settlement. The Portfolio may also acquire repurchase agreements.

<b>Average Annual Total Return</b>	<b>One Year</b>	<b>Three Years</b>	<b>Five Years</b>	<b>Ten Years</b>	<b>Duration</b>	2.72 Years
Five-Year Gov't Portfolio	4.45%	4.72%	4.72%	4.83%	<b>Average Portfolio Maturity Range</b>	2.88 Years
Capital US Gov't Bond Index Intermediate*	4.98%	4.94%	5.41%	5.11%	<b>Expense Ratio (as of 10/31/10)</b>	0.23%

\*Braclays Index \*All Data as of Dec 31, 2010. For updates, see [www.ifaindexes.com](http://www.ifaindexes.com)



## IFA Five-Year Global Fixed Income Index (5F)

<b>Time-Series Construction</b>	January 1928 – December 1984: IFA Five-Year Government Fixed Income Index January 1985 – November 1990: Citi Global Government Bond Hedged minus 0.0233%/month December 1990 – Present: DFA Five-Year Global Fixed Income Symbol: DFGBX
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**Investment Objective of DFA Five-Year Global Fixed Income Portfolio (DFGBX)** The investment objective of the DFA Five-Year Global Fixed Income Portfolio is to provide a market rate of return for a fixed income portfolio with low relative volatility of returns. Generally, the Portfolio will invest in high quality obligations which mature within five years from the date of settlement. The Portfolio expects to invest primarily in obligations issued or guaranteed by any of the following countries (but may invest in other countries as well): Australia, Canada, Denmark, EMU countries, Japan, Sweden, Switzerland, the United Kingdom, and the United States. Investments in obligations of other foreign issuers rated AA or better, corporate debt obligations, bank obligations and commercial paper may also be included. The Portfolio will also enter into forward foreign currency contracts solely for the purpose of hedging against fluctuations in currency exchange rates.

<b>Average Annual Total Return</b>	<b>One Year</b>	<b>Three Years</b>	<b>Five Years</b>	<b>Ten Years</b>	<b>Duration</b>	3.78 Years
Five-Year Global Fixed Portfolio	5.30%	4.51%	4.52%	4.63%	<b>Average Portfolio Maturity Range</b>	4.08 Years
World Gov't Bond 1-5 Years*	1.99%	3.60%	4.24%	4.03%	<b>Expense Ratio (as of 10/31/10)</b>	0.28%

\*Citigroup Index, Hedged \*All Data as of Dec 31, 2010. For updates, see [www.ifaindexes.com](http://www.ifaindexes.com)



# Sources and Description of Data

## IFA US Social Core Equity Index (SCE)

**Time-Series Construction** January 1928 - September 2005: Dimensional Adjusted Market 2 Index minus 0.04%/month  
October 2005 - October 2007: DFA US Core Equity 2 Portfolio Symbol: DFQTX minus 0.02%/month  
November 2007 - Present: DFA US Social Core Equity 2 Portfolio Symbol: DFUEX

**Investment Objective of DFA US Social Core Equity 2 Portfolio (DFUEX)** The US Social Core Equity 2 Portfolio is a no-load mutual fund designed to achieve long-term capital appreciation. The Portfolio seeks to purchase a broad and diverse range of US securities with an increased exposure to small cap stocks and those it considers to be value stocks, relative to the market universe. In assessing value, Dimensional may consider factors such as the issuer's securities having a high book value in relation to their market value, as well as price to cash flow or price to earnings ratios. The Portfolio seeks to exclude from investment certain companies that are identified by the Portfolio's social screens, as reflected in the prospectus. These screens were designed to meet the social investing needs of shareholders. An independent, third-party service provider has been engaged to monitor the Portfolio's social screens and determine which securities to exclude from the Portfolio based upon the social screens. The purchase, sale, or exclusion of any specific security does not reflect a judgment by Dimensional relating to any social issue.

Average Annual Total Return	One Year	Three Years	Five Years	Inception*	Number of Holdings	Price/Earning (exclude negatives)	15.10
US Social Core Equity 2 Portfolio	22.48%	-0.59%	NA	-2.94%	2,264		
Russell 3000 Index	16.93%	-2.01%	NA	-3.30%	Weighted Average Market Cap	\$35,968M	Dividend Yield 1.27%
					Weighted Average Book-to-Market	0.69	Expense Ratio (as of 10/31/10) 0.33%

\*Inception Date 10/1/07 \*All Data as of Dec 31, 2010. For updates, see www.ifaindexes.com

## IFA Emerging Markets Social Core Index (EMS)

**Time-Series Construction** January 1928 - April 2004: 30/30/40 blend of IFA Emg. Markets & IFA Emg. Markets Value & IFA Emg. Markets Small Indexes  
May 2005 - August 2006: DFA Core Emerging Markets Portfolio Symbol: DFCEX  
September 2006 - Present: DFA Social Core Emerging Markets Portfolio Symbol: DFESX

**Investment Objective of Emerging Markets Social Core Equity Portfolio (DFESX)** The Emerging Markets Social Core Equity Portfolio is a no-load mutual fund designed to achieve long-term capital appreciation. The Portfolio seeks to purchase a broad and diverse group of securities, with an increased exposure to securities of small cap issuers and securities that it considers to be value securities. In assessing value, Dimensional may consider factors such as the issuer's securities having a high book value in relation to their market value, as well as price to cash flow or price to earnings ratios. Dimensional considers, among other factors, information disseminated by the International Finance Corporation in determining and approving countries that have emerging markets. The Portfolio seeks to exclude from investment certain companies that are identified by the Portfolio's social screens. These screens were designed to meet the social investing needs of shareholders, and currently include limitations on businesses participating in gambling; the production and/or sale of alcohol, tobacco, or military weapons; those actively conducting business in or with Sudan; and other screens as reflected in the prospectus. An independent third-party service provider has been engaged to monitor the Portfolio's social screens and determine which securities to exclude from the Portfolio based upon the social screens. The Portfolio is constructed to meet the social investing needs of shareholders; and as such, the purchase or sale of specific securities in the portfolio should not be construed as a judgment of Dimensional Fund Advisors relating to any social issue. The Portfolio currently invests in companies in Brazil, Chile, China, the Czech Republic, Hungary, India, Indonesia, Israel, Malaysia, Mexico, the Philippines, Poland, South Africa, South Korea, Taiwan, Thailand, and Turkey.

Average Annual Total Return	One Year	Three Years	Five Years	Inception*	Number of Holdings	Price/Earning (exclude negatives)	14.05
DFESX Portfolio	23.42%	2.89%	NA	14.42%	2,122		
MSCI Emerging Market Index**	18.88%	-0.32%	NA	12.04%	Weighted Average Market Cap	\$32,138M	Dividend Yield 1.81%
					Weighted Average Book-to-Market	0.55	Expense Ratio (as of 10/31/10) 0.67%

\*Inception Date 10/1/07 \*\*Net Dividend \*All Data as of Dec 31, 2010. For updates, see www.ifaindexes.com

## IFA Simulated SP500 Index (SP500)

The Simulated SP500 is provided to reflect the returns from an actual investment in the S&P 500 over history. The returns are pulled from the IFA U.S. Large Company Index (LC). To see a Time-Series Construction and Investment Objective of the current underlying mutual fund in the index, please see the IFA U.S. Large Company Index (LC).

\*All Data as of Dec 31, 2010. For updates, see ifaindexes.com

## IFA NSDQ Index (N)

**Time-Series Construction** January 1928 - February 1971: Fama/French US Small Growth Simulated Portfolio (ex Utilities)  
Mar 1971 - Present: NASDAQ % Change (Source: Yahoo! Finance)

**Investment Objective of Fama/French US Small Growth Simulated Portfolio (ex Utilities)** The Fama/French US Small Growth Simulated Portfolio (ex Utilities) includes US operating companies trading on the NYSE, AMEX or Nasdaq NMS with a maximum weight of any security in the portfolio is 4%. The following are excluded from the portfolio: ADRs, Investment Companies, Tracking Stocks before 1993, non-US incorporated companies, Closed-end funds, Certificates, Shares of Beneficial Interests, Berkshire Hathaway, Inc (Permo 540), negative book values, and Utilities. For the period prior to March 1971, the simulation contains firms with market capitalizations below the 55th percentile of all eligible NYSE firms. The Book to Market breakpoints for 1927 to February 1971 split the eligible NYSE firms with positive book equity into three categories: the top 30% are in value category and the bottom 30% is in growth category.

\*All Data as of December 31, 2010. For updates, see ifaindexes.com

## IFA U.S. Total Market Index (TM)

**Time-Series Construction** Jan 1928 - Apr 1992 = Fama/French Total Market Index Minus 0.01% per month  
May 1992 - Present = Vanguard US Total Market Index Instl: VITSX

**Investment Objective of Vanguard US Total Market Index (VITSX)** The investment seeks to track the performance of a benchmark index that measures the investment return of the overall stock market. The fund employs a passive management strategy designed to track the performance of the MSCI US Broad Market index, which consists of all the U.S. common stocks traded regularly on the New York Stock Exchange and the Nasdaq over-the-counter market. It typically holds 1,200-1,300 of the stocks in its target index.

Average Annual Total Return	One Year	Three Years	Five Years	Ten Years	Number of Holdings	Price/Earning (exclude negatives)	18.1
IFA US Total Market Index	17.23%	-1.61%	3.07%	2.57%	3,389		
					Weighted Average Market Cap	\$29.7B	Dividend Yield 1.51%
					Weighted Average Book-to-Market	0.45	Expense Ratio (as of 12/31/10) 0.06%

\*All Data as of Dec 31, 2010. For updates, see www.ifaindexes.com

## IFA U.S. Large Growth Index (LG)

**Time-Series Construction** Jan 1928 - Nov 1992 = Fama/French Large Growth ex. Utilities Minus 0.01% per month  
Dec 1992 - Present = Vanguard Growth Index Instl: VIGIX

**Investment Objective of Vanguard Growth Index (VIGIX)** The investment seeks to track the performance of a benchmark index that measures the investment return of large-capitalization growth stocks. The fund employs a passive management investment approach designed to track the performance of the MSCI US Prime Market Growth index, a broadly diversified index of growth stocks of large U.S. companies. It attempts to replicate the target index by investing all, or substantially all, of assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

Average Annual Total Return	One Year	Three Years	Five Years	Ten Years	Number of Holdings	Price/Earning (exclude negatives)	20.1
IFA US Large Growth Index	17.17%	-0.38%	4.00%	1.45%	432		
					Weighted Average Market Cap	\$33.3B	Dividend Yield 0.89%
					Weighted Average Book-to-Market	0.29	Expense Ratio (as of 12/31/10) 0.08%

\*All Data as of Dec 31, 2010. For updates, see www.ifaindexes.com

## IFA U.S. Small Growth Index (SG)

**Time-Series Construction** Jan 1928 - May 1998 = Fama/French Small Growth ex. Utilities Minus 0.01% per month  
Jun 1998 - Present = Vanguard Small-Cap Growth Index Instl: VSGIX

**Investment Objective of Vanguard Small-Cap Growth Index (VSGIX)** The investment seeks to track the performance of a benchmark index that measures the investment return of small capitalization growth stocks. The fund employs a passive management investment approach designed to track the performance of the MSCI US Small Cap Growth index, a broadly diversified index of growth stocks of smaller U.S. companies. It attempts to replicate the target index by investing all, or substantially all, of assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

Average Annual Total Return	One Year	Three Years	Five Years	Ten Years	Number of Holdings	Price/Earning (exclude negatives)	32.9
IFA US Small Growth Index	30.96%	3.80%	6.60%	7.69%	1,000		
					Weighted Average Market Cap	\$1.7B	Dividend Yield 0.40%
					Weighted Average Book-to-Market	0.32	Expense Ratio (as of 12/31/10) 0.08%

\*All Data as of Dec 31, 2010. For updates, see www.ifaindexes.com