“Providing great client experiences has always been, and will continue to be, why we do what we do.”

DAVE BUTLER, CO-CHIEF EXECUTIVE OFFICER AND HEAD OF GLOBAL FINANCIAL ADVISOR SERVICES

Welcome to Inside Dimensional. Since 1981, we have focused on bringing the great ideas in finance to life for investors. Within, you’ll find a behind-the-scenes look at the people of Dimensional, who are hard at work every day to give our clients an outstanding investor experience.

LETTER FROM THE CHAIRMAN

OUR PEOPLE
- Board of Directors
- Executive Committee
- Investment Committee
- Portfolio Management
- Trading
- Financial Advisor Services
- Institutional Services
- Marketing
- Corporate Services
- Investment Operations
- Finance and Accounting
- Technology
- Research
- Compliance
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- Legal

BY THE NUMBERS

IN THE MEDIA

SPOTLIGHT
- Corporate Governance
- Conferences
- Data Management

AROUND THE GLOBE
- Australia
- Japan
- Asia ex Japan
- EMEA
- Canada

“Dimensional” refers to the Dimensional separate but affiliated entities generally, rather than to one particular entity. These entities are Dimensional Fund Advisors LP, Dimensional Fund Advisors Ltd., DFA Australia Limited, Dimensional Fund Advisors Canada ULC, Dimensional Fund Advisors Pte. Ltd., and Dimensional Japan Ltd.

“Our People” pages as of March 1, 2017.

Dimensional Fund Advisors LP is an investment advisor registered with the Securities and Exchange Commission.
Just like a personal philosophy can act as a moral compass, an investment philosophy can guide your decisions on how to invest. While this may sound simple, the implications can be significant. People who put their savings to work in capital markets do so with the expectation of earning a return on their investment, and there is ample evidence to support that long-term investors have been rewarded with such returns. But we also know that investors will encounter times when the results are disappointing. It is in these times that your philosophy will be tested, and being able to stay the course requires trust.

The alternative approach likely consists of moving between different strategies based on past results, which is unlikely to lead to a good outcome.

At Dimensional, our investment philosophy is based on the power of market prices and guided by theoretical and empirical research. What does that mean? Markets do an incredible job of incorporating information and aggregate expectations into security prices, so it does not make sense to form an investment strategy that attempts to outguess the market. Our approach focuses on using information contained in prices to identify differences in expected returns. We conduct research to help us organize our thinking, improve our understanding of what drives returns, and gain insights on how to build sensible portfolios. One such insight is looking beyond average returns. By considering the entire distribution of outcomes, we can better understand what investors should be aware of to help them stay invested when results aren’t what they expect.

As an example, the S&P 500 Index has returned about 10% annualized since 1926. But over that time period, there have only been six calendar years when the S&P’s return was within two percentage points of 10%. If investors were to adopt a strategy that tracks the S&P 500 Index expecting 10% each year, they need to understand that returns over any given period can look different.

So what does it take to stay the course? Our view is that while there is no silver bullet, there are some basic tenets that can help. Developing an understanding of how markets work and trusting markets is a good starting point. Having an asset allocation that aligns with your risk tolerance and investment goals is also valuable. We believe financial advisors can play a critical role in this determination. Finally, it’s important that the investment manager can be trusted to execute the desired strategy.

In this regard, an index-like approach is useful because of how transparent it is. It is easy for an investor to examine whether the returns achieved by the manager matched those of the index. This is part of the reason indexing has been a positive development for investors, offering a transparent, low-cost way to access markets. However, index funds prioritize matching an index over potentially achieving higher returns—so we believe they are too mechanical.

At Dimensional, we’ve sought to improve upon indexing, taking the best of what it offers and adding the ability to make judgments. Our experience has been that by incorporating a little bit of judgment, you can add a lot of value.

Dimensional began back in 1981 with a new idea: small cap investing. The premise was that many investors didn’t invest in small cap stocks, and that small caps behaved differently than large cap stocks and could offer diversification benefits to investors concentrating in large caps. We found clients who agreed the idea was sensible. Over the next nine years, the performance of small cap stocks was disappointing relative to large caps (at one point the S&P 500 outpaced our portfolio by about 10% annually), so on the surface it may have appeared that both we and our clients had a reason to be nervous. But clients were willing to stick with us because we were clear about our objective—providing a diversified portfolio of small cap stocks—and we delivered on it.2 Having compelling ideas is important, but the implementation of those ideas is what really counts. From the beginning, we focused on developing protocols about how to design and manage portfolios, and 35 years later we have amassed a track record of results that we believe stands out in the industry.
While our long-term results show an ability to add value over benchmarks, we still place tremendous value on helping our clients understand why we do what we do. Just like those first years, we have lived through other times when the results have looked disappointing. This is one reason our approach combines our ability to make judgments with the transparency we believe is necessary for clients to understand what they can expect from us. The solutions we provide are meant to help clients achieve their financial goals. We know that a big part of enjoying the expected benefit of long-term returns relies on the ability to stay invested. By clearly articulating what we promise to provide, and delivering on those promises with robust portfolios, our hope is that we can help increase clients’ confidence in their decision to invest with us and provide them with a more successful investment experience.

On behalf of all of us at Dimensional, we want to thank our clients for the trust you have placed in us. We will continue working hard to reinforce the decision you have made. For those of you who may not yet work with us, we look forward to the prospect of serving you in the future.

DAVID BOOTH
Founder and Executive Chairman
BOARD OF DIRECTORS

Back row, left to right:
DAVE BUTLER
Director
EDUARDO REPETTO
Director
DAVID BOOTH
Chairman
KENNETH FRENCH
Director, Consultant, and Co-Chair of the Investment Research Committee

Front row, left to right:
EUGENE FAMA
Nobel Laureate, Director, and Consultant
JOHN MCQUOWN
Director

EXECUTIVE COMMITTEE

DAVID BOOTH
Founder and Executive Chairman
EDUARDO REPETTO
Co-Chief Executive Officer and Co-Chief Investment Officer

STEVE CLARK
Head of Global Institutional Services and President, Dimensional International
SAM GILLILAND
Senior Adviser and Chief Operating Officer
CATHERINE NEWELL
General Counsel
GERARD O’REILLY
Co-Chief Investment Officer and Head of Research
When Dimensional was founded in 1981, the mutual fund industry was focused on stock picking and active strategies—and so was the media. Today, index funds and passive strategies account for 34% of the market with $4 trillion in assets under management, demonstrating the significant shift of both institutional and individual investors away from traditional active investing and high management fees. Unsurprisingly, the media’s coverage of Dimensional’s approach to investing has shifted as well.

Yet, while the press has caught up to Dimensional, our core beliefs have remained the same.


Growing Big by Buying Small

Investor

Dimensional started the firm offering investors diversified, efficient access to small company stocks at a time when the industry and academic community debated whether the cost of trading small cap stocks would wipe out any advantage in expected returns.

“The money management community at large seems rather skeptical of this approach. ‘I find it intellectually unappealing,’ says a small-stock investor, adding that ‘anything that brainless is doomed.’”

INSTITUTIONAL INVESTOR, JUNE 1982

How the Really Smart Money Invests

FORTUNE

What was labeled “brainless” in 1982 became “smart” 16 years later:

“Unlike any other money management firm, DFA insists that each of its funds follow a strategy based on rigorous academic research. And for the past three decades, that research has squarely challenged the industry’s fundamental assumptions—namely that a stock picker, given enough smarts and enough research, can consistently beat the market.”

FORTUNE, JULY 8, 1998

Market Beaters

BARRON’S

A cover story highlighting our strong track record emphasized how the firm implements insights from science to deliver long-term, market-beating results for investors:

“Dimensional’s funds all operate on the same principles—that it’s hard to beat the market, and impossible to do it consistently, by stock picking. There are, however, various factors that can be exploited to provide market-beating returns. That, along with sophisticated trading strategies, a keen eye toward tax-efficiency, and low expenses has led to Dimensional’s success.”

BARRON’S, JANUARY 4, 2014

Money Masters 2016: David Booth

INSTITUTIONAL INVESTOR, JULY 14, 2016

The same publication that expressed skepticism about our approach in 1982 presented David Booth with a lifetime achievement award. Here’s what David said to commemorate the occasion:

“The institutional investor 20 years ago just assumed they could find managers that could beat the market. I think increasingly there’s a list of doubt that they [can] do that. Nevertheless, the managers themselves are undeterred—they believe they can do it. My belief is, if we are going to have progress, particularly in the area of investing and finance, the innovation has to come from better and safer financial services. That’s what will lift us all up.”
In this interview, David Booth discussed the benefits of adopting an investment approach based on sound financial principles:

“I think that success is also measured another way—did clients have a good experience? For sure, that includes good returns. But were we able to do that and feel good throughout? If you can do both, then you have a good experience. That’s what success is about—getting good returns and achieving them in a way that enables people to relax just a little bit more.”

PwC, January 19, 2016

A key focus for our firm is providing thought leadership in the retirement space and developing innovative solutions designed to improve retirement outcomes. Steve Clark, Dimensional’s Head of Global Institutional Services, explained:

“DC plans are being used as an alternative to [defined benefit (DB)] plans. To do this effectively, they should focus on retirement income … Participants don’t need a pool of money but a source of money to sustain spending in retirement.”

PlanAdviser, May/June 2016

P&I tracked the growth of the firm, particularly since the financial crisis, as institutions continue to look for low-cost strategies that outperform index funds:

“Embedded in Dimensional’s process is minimizing transaction costs through its buy/sell discipline that avoids the costs incurred by index funds’ regimented rebalancing.”

Pensions & Investments, November 14, 2016

David Booth talked to his alma mater, the University of Chicago, to trace his journey from PhD student to the business school’s namesake. Asked to describe his personal leadership style, David pointed to the firm’s founding principles:

“We try to establish broad principles and then get out of the way. One of our founding principles is to create opportunities for our people to contribute both to our success and to their own.”

Chicago Booth Magazine, Fall 2016

In a Wall Street Journal feature story by Jason Zweig, our investment approach—which often defies categorization—was described as both active and passive:

“DFA, whose founders and advisers include leading purveyors of efficient-market theory, is built on the bedrock belief that active management practiced by traditional stock pickers is futile, if not an absurdity. DFA’s founders are pioneers of index funds. But these men concluded long ago that investors who respected efficient markets could nevertheless achieve better returns than plain index funds deliver.”

Wall Street Journal, October 21, 2016

Where do we go from here? Institutional Investor sized up Dimensional and concluded that the firm’s appeal is growing:

“They’ve won the argument that a basic index fund can be improved upon—Dimensional, after all, is the fastest-growing fund company in the US—and they’ve shown that a methodical culture can still work in the age of faceless computers.”

Institutional Investor, December 19, 2016
INVESTMENT COMMITTEE

DAVID PLECHA
Global Head of Fixed Income

KAREN UMLAND
Senior Portfolio Manager

INVESTMENT TEAM

CHARLOTTE
- 4 Portfolio Managers
- 2 Senior Research Staff

SANTA MONICA
- 11 Portfolio Managers
- 3 Traders
- 4 Senior Research Staff

AUSTIN
- 14 Portfolio Managers
- 8 Traders
- 9 Senior Research Staff

LONDON
- 8 Portfolio Managers
- 6 Traders
- 1 Senior Research Staff

TOKYO
- 1 Portfolio Manager

SINGAPORE
- 2 Portfolio Managers
- 2 Traders

SYDNEY
- 7 Portfolio Managers
- 4 Traders

JOSEPH CHI
Investment Committee Chair and Co-Head of Portfolio Management

DAVID BOOTH
Founder and Executive Chairman

ROBERT DEERE
Investment Director and Senior Portfolio Manager

JED FOGDALL
Co-Head of Portfolio Management

JOSEPH KOLERICH
Senior Portfolio Manager

GERARD O’REILLY
Co-Chief Investment Officer and Head of Research

MARY PHILLIPS
Senior Portfolio Manager

DAVID PLECHA
Global Head of Fixed Income

EDUARDO REPETTO
Co-Chief Executive Officer and Co-Chief Investment Officer

KAREN UMLAND
Senior Portfolio Manager

JED FOGDALL
Co-Head of Portfolio Management

JOSEPH KOLERICH
Senior Portfolio Manager

GERARD O’REILLY
Co-Chief Investment Officer and Head of Research

MARY PHILLIPS
Senior Portfolio Manager
OUR PEOPLE

PORTFOLIO MANAGEMENT

Left to right:
- BOB DEERE
  Investment Director and Senior Portfolio Manager
- DANIEL ONG
  Senior Portfolio Manager
- ALLEN PU
  Senior Portfolio Manager
- GRADY SMITH
  Senior Portfolio Manager
- KAREN UMLAND
  Senior Portfolio Manager

Top to bottom:
- BHANU SINGH
  Head of Asia Pacific Portfolio Management
- ROB NESS
  Senior Portfolio Manager
- SANTA MONICA
  JOSEPH CHI
  Co-Head of Portfolio Management
- DAVID PLECHA
  Global Head of Fixed Income

AUSTIN

Left to right:
- ARUN KESWANI
  Senior Portfolio Manager
- JOSEPH KOLERICH
  Senior Portfolio Manager
- JOEL SCHNEIDER
  Senior Portfolio Manager
- LUKAS SMART
  Senior Portfolio Manager

CHARLOTTE

MARY PHILLIPS
  Senior Portfolio Manager

SANTA MONICA

NATHAN LACAZE
  Senior Portfolio Manager

SYDNEY

Ziyu Rui
  Head of Asia Pacific Portfolio Management

AUSTIN

RYAN WILEY
  Co-Head of Global Equity Trading

SANTA MONICA

JOHN ROMIZA
  Co-Head of Global Equity Trading

LONDON

NATHAN LACAZE
  Senior Portfolio Manager

TRADING

AUSTIN

Left to right:
- JASON LAPPING
  Head of Asia Pacific Trading
- SAM WILLIS
  Senior Trader

SANTA MONICA

LE TRAN
  Senior Trader

LONDON

MARK BUTTERWORTH
  Senior Trader

SYDNEY

Left to right:
- RICHARD MAR
  Senior Trader
- POLLY WEISS
  Senior Trader

CHARLOTTE

MARK BUTTERWORTH
  Senior Trader
The Value of CORPORATE GOVERNANCE

When you invest in a fund, you are exposed to the performance of the companies it holds.

Dimensional manages accounts that own more than 12,000 equity securities around the world. Management often comes with voting responsibilities—proxies range from who sits on the company’s board to how management is compensated to proposals for mergers and acquisitions.

Even though clients do not invest in our funds to be active owners of companies, Dimensional has an opportunity to consider corporate governance as a way to both protect and improve the value of our funds’ holdings. We approach corporate governance as another way to add value to the overall investment process.
Our philosophy is that stronger governance practices will be reflected in higher security prices through a combination of lower discount rates and higher cash flows.

JOSEPH CHI, CO-HEAD OF PORTFOLIO MANAGEMENT

Consistent with the view that market prices reflect all available information, Dimensional believes that governance is in the price.

For example, take two companies with the same expected cash flows and the same business model. One company, however, has a poor governance structure because its management is not aligned with its shareholders’ interests. Entrenchment devices and conflicts of interest, such as poison pills, staggered boards, and related-party transactions, could negatively impact a company’s valuation. The expectation is that the market will give a lower multiple to that company and a higher multiple to a company with better governance.

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THE COMMITTEE

Dimensional’s Corporate Governance Committee is composed of senior leadership and academics, including Professors Eugene Fama and Kenneth French. There is an enormous amount of academic research on effective corporate governance that asks, “What are the ways that management can add value? And what are the ways that management can destroy value?” Gene and Ken bring that research to Dimensional to inform the ways we vote proxies.

Corporate Governance Committee Members

David Booth
Founder and Executive Chairman

Valerie Brown
Deputy General Counsel (ex officio)

Joseph Chi
Co-Head of Portfolio Management

Christopher Crossan
Global Chief Compliance Officer

Eugene Fama
Nobel laureate, Director, and Consultant

Kenneth French
Director, Consultant, and Co-Chair of the Investment Research Committee

Gerard O’Reilly
Co-Chief Investment Officer and Head of Research

Joel Schneider
Senior Portfolio Manager
One topic that Professors Fama and French both feel strongly about is poison pills. A poison pill is an anti-takeover device that can be used to insulate management from takeover attempts. Dimensional feels that poison pills create an entrenchment device that gives management incentives to act in ways that may not be consistent with the creation of shareholder value.

Our policy is to typically vote against poison pills and those directors on the board when a company implements a poison pill without shareholder approval. If those same directors sit on another board, Dimensional may vote against them in a proxy for that company as well.
“Our role as asset managers is important from the governance standpoint, and that’s something we really believe in. If we can help improve governance, those companies should actually do better.”

JOSEPH CHI, CO-HEAD OF PORTFOLIO MANAGEMENT
“People at Dimensional care much more about getting the right answer than defending their answer.”

KENNETH FRENCH, DIRECTOR, CONSULTANT, AND CO-CHAIR OF THE INVESTMENT RESEARCH COMMITTEE
The Power of Great Advice

We share a common commitment with advisors to deliver the best client experience possible. That experience is shaped by Dimensional’s efforts to consistently and effectively deliver the benefits of capital markets while helping like-minded advisors build a successful practice. There is clarity in what we do and what advisors do, which enables them to structure a service-oriented business around the client experience.

In 2016, our group conducted an investor survey in the US to help advisors seek out their clients’ views on the advisory relationship, the value of advice, and other issues. It was a popular initiative, with more than 14,000 clients responding from more than 300 advisory firms. The survey was the largest of its kind in the industry.

One metric stood out to us: 96% of respondents said they would refer their advisor to a family member or friend. This rate is far above other referral rates of 35–40% recently cited in the industry, and it says a lot about the priorities of the firms that work with Dimensional.

We believe Dimensional can enhance the advisor-client relationship. Advisors trust our transparent, consistent investment approach, which frees them to focus on other value-driven areas, such as investment policies and wealth management.

In 2017, we are expanding the investor survey initiative globally and look forward to gaining new insights to help advisors better understand their clients and build their practices around great financial advice.

1. Based on Dimensional analysis of published and publicly available information from other known industry surveys in 2016.
Building Custom Solutions

Dimensional designs investment strategies to effectively meet client needs. Since our founding, we have worked closely with institutions to understand their priorities and respond with specialized solutions that manage tradeoffs for broad diversification and cost efficiency, as well as a focus on the dimensions of higher expected returns.

Institutional investors often have specific preferences that drive the desire for customization. In these cases, we have worked with clients to develop strategies that reflect their unique priorities without compromising the qualities of a well-designed portfolio.

In conjunction with our clients, we have developed a robust framework for delivering customized solutions, which incorporate client needs with what we know about securities pricing, expected returns, and implementation. In recent years, we have seen a significant uptick in requests to find “Dimensional consistent” answers to client preferences based on religious perspectives, industry framework, and social and sustainability views.

Technology and information efficiency, combined with our operational strength, also play an important role in our offering. Client needs change over time, and staying flexible is critical to meeting their expectations. By applying our systematic approach through advanced technology, we can create new solutions without having to sacrifice what has made Dimensional unique in a highly competitive marketplace.

We have always believed that Dimensional is in the business of delivering solutions, not products. That is true today, and will be true tomorrow.
“We take pride in what we do. The philosophy we have enables people to stick with it, and the returns we’ve been able to achieve have enabled people to live better.”

DAVID BOOTH, FOUNDER AND EXECUTIVE CHAIRMAN
Changing the Way People Think about Investing

We often hear from clients that our public presence reflects on their choice in us. In 2016, we launched a new public website. Our website gives us the chance to present the Dimensional story and the ideas behind it to a broader audience, including our clients’ investors and constituents. We’re not trying to persuade visitors to click to buy—we’re trying to help them change the way they think about investing. In other words, our new public website is not a product pitch, it is a step in someone’s journey.

To help visitors understand the ideas behind our investment approach, we paired a mix of narrative and interactive data visualizations with quotes and videos. Our goal is to showcase the people and stories behind the ideas to create an engaging, elegant, and accessible experience.

Bringing our global story to life across nine different sites, in five different languages, was no small feat—it took a true collaborative effort across departments all around the globe.

Now we have a website we can really be proud of. We hope it reflects well on our clients’ choice in us and compels more people to discover what Dimensional Investing is all about.
Building Charlotte from the Ground Up

When Dimensional began searching for an East Coast location, Charlotte was a top contender. The city has a great airport, a strong financial services community, a moderate climate, and a reasonable cost of living, and there are several top-notch universities in the region.

Once the firm decided on Charlotte, Corporate Services moved quickly to secure temporary office space in the city’s Uptown, create a workspace that would inspire the staff to relocate to Charlotte, and make a bold statement about Dimensional’s commitment to the city. Today, the two-floor office accommodates more than 100 employees and has the same vibe as any Dimensional office around the world.

We are now immersed in the planning and design of Dimensional’s 254,000-square-foot regional headquarters in Charlotte’s South End. Scheduled for completion in late 2018, the building is located a mile from Uptown and surrounded by retail and residential zones. The neighborhood has an urban buzz, with restaurants, specialty shops, and art galleries, and offers a different feel from Dimensional’s headquarters in suburban Austin.

This is an exciting project because we are teaming with the development partner, architect, and design firm from the Austin project and making improvements to the workspaces, common areas, and technology to create a new environment where employees can thrive and clients will get the most from their visit to Charlotte. We want to replicate the best aspects of our other signature facilities while making enhancements that reflect how people interact and work in the 21st century.

Clients expect that from us, and we expect it from ourselves.
Behind the Scenes at a
DIMENSIONAL CONFERENCE

When clients come to Dimensional for the first time, they are introduced to a new way of looking at markets.

The Dimensional approach is not something you pitch in an elevator—it takes time to digest and understand.

That’s why many clients' first deep exposure to the Dimensional philosophy often takes place at a conference. For two days, attendees are presented with a comprehensive overview of the science, ideas, applications, and people behind Dimensional—as well as some top-notch hospitality.
Eugene Fama, Kenneth French, Robert Merton, Robert Novy-Marx, and other leading academics frequently present at Dimensional conferences alongside the firm’s strong bench of senior-level investment professionals and researchers.  

Our client services and support staff take great care in preparing the content and presentations to help clients get the most from the conference experience.

1. Eugene Fama and Kenneth French are board members of and provide consulting services to Dimensional Fund Advisors LP. Robert Merton and Robert Novy-Marx provide consulting services to Dimensional Fund Advisors LP.

“When you attend a Dimensional conference, it’s a learning experience. You’re face-to-face with some of the greatest financial economists in the world.”

DAVE BUTLER, CO-CHIEF EXECUTIVE OFFICER AND HEAD OF GLOBAL FINANCIAL ADVISOR SERVICES
Dimensional is a sponsored provider of Continuing Education (CE) credits through NASBA, CFP, and IMCA, and issues CE credits to attendees for many of our conferences.

**PLANNING**

The Financial Advisor Services and Institutional teams start planning the event lineup for the upcoming year in the fall, drawing on requests, questions, and feedback from clients. A curriculum is put together, with topics ranging from investment concepts to implementation, business development, and communication.

**HOSPITALITY**

Once an event is on the books and invitations are sent out, the baton passes to the Corporate Services team, which comprises mostly veterans of the hospitality industry. From the moment clients arrive, there is someone greeting them, helping them with their luggage, escorting them to the conference center, and attending to their every need.

“**All of our conferences are guided by a high-level objective. And just like our approach to investing, every detail matters.**”

DAWN EICKS, SENIOR MANAGER, ADVISOR EVENTS

“What you see on the outside is not what’s happening on the inside. We seem calm even when we’re running a million miles an hour.”

LIZ ASHLEY, SENIOR EVENTS MANAGER
CATERING

For a typical conference in Austin, Executive Chef Jim Overby and his 40-person team prepare two breakfasts, two lunches, two morning snacks, two afternoon snacks, and a cocktail reception with passed hors d’oeuvres and charcuterie for between 100 and 200 people. That’s the equivalent of an upscale wedding weekend for every single conference.

“Great food starts with great ingredients. We source our seasonal fruits and vegetables locally and only use antibiotic- and hormone-free chicken and sustainable seafood. We keep the menu fresh and healthy.”

JIM OVERBY, EXECUTIVE CHEF

PRODUCTION

In addition to balancing catering and hospitality needs, the Corporate Services team handles all things audio/visual, including running slideshows, videos, Q&A sessions, satellite interviews, and even international simulcasts.

Coordinating the music, video rolls and playback, slide decks, and robotic cameras seamlessly requires a lot of technical savvy.

“It can be complicated. You’ve got to manage the problems and make it work no matter what. Thirty years of doing broadcast news taught me that.”

SCOTT HESS, BROADCAST SERVICES MANAGER
“Conferences reinforce our commitment to clients. When they come here, they see that they have our full attention.”

STEPHEN JONES, HEAD OF GLOBAL CORPORATE SERVICES
Lowering Operational Costs for Shareholders

Several years ago, the Investment Operations team began an initiative to consolidate Dimensional’s operational practices around the globe. The team oversees a wide range of operational functions, many of which are outsourced to large global service providers. Outsourcing enables us to run a large operation with a much smaller staff than what other firms of similar scale require.

Prior to this initiative, we performed a number of functions in-house for our US and global fund complexes. The operational hubs in North America, Europe, and Australia each had a distinct operating model. Our objective was to standardize operational practices across regions where it made sense for our business and our clients, and to partner with global service providers to become more efficient and scalable.

This is an ongoing project, but our efforts so far have increased economies of scale and pricing power. Global consolidation translates into lower costs for fund shareholders, and it increases our capabilities and flexibility through partnerships with market-leading service providers.

We work hard to ensure that our team members have the knowledge and tools to monitor service providers and hold them to a high standard. We regard each vendor as an extension of Dimensional, and we operate as one team with a single purpose—to give clients a consistent, high-quality experience, regardless of where they live or how they invest with us.
Keeping an Eye on Taxes

The Tax team supports the Portfolio Management and Client Services groups in their efforts to deliver strategies that earn the highest possible returns at the lowest tax cost to investors.

For example, we want portfolios to utilize any unused capital losses carried forward from previous years. Current tax law has increased the need to coordinate gains and losses and apply certain loss carryovers before they expire. Another priority is to influence how dividends are classified, specifically in our tax-efficient and tax-managed strategies. Qualified dividends are taxed at a lower rate than non-qualified dividends, and whenever possible, Dimensional’s portfolio management decisions should favor qualified dividends.

In Dimensional’s non-US strategies, our team aggressively pursues the most beneficial withholding tax rates on company dividends paid by other countries. We monitor each country’s statutes, treaties, and documentation requirements to obtain the most preferential rates available. Ongoing review is essential because each country has its own legal framework and process, and a rate change may require adjustments to portfolio weightings.

We also work with portfolio managers to evaluate tender offers, mergers, and other participation options. Our team confirms conversion rates and documentation requirements, and makes managers aware of the dividend withholding or capital gains tax rates the funds would incur based on the elections taken.

We want our strategies to benefit investors whenever possible, and taxes can make a big difference.
“Sooner or later the world is going to come around to seeing the validity of this form of investing.”

JOHN MCQUOWN, DIRECTOR
1.5 Billion Data Points a Day

Each day, Dimensional processes more than 40,000 automated tasks involving about 1.5 billion pieces of data. The data points reflect prices, trading positions, net asset values, and other real-time information on tens of thousands of securities around the globe. That’s roughly one routine processed every five seconds—every hour and every day, throughout the year.

This would be impossible without a data processing architecture designed around full automation, which is why we can receive, organize, move, store, calculate, analyze, and report so much data with a relatively small number of people. Everything we do—from research to portfolio management to trading—involves data. It is the lifeblood of our approach to money management. This is why we strive to have the best data processing capability in the industry.

Our automated processes have a greater than 99% success rate, with staff receiving alerts when a rare exception arises. We have also designed our systems for scalability because the number of automated tasks has been increasing at more than 15% a year and is expected to continue growing.

Automation built upon accuracy and reliability helps everyone do a better job. We get better insights from our Research group, and the speed of data frees up our Investment team to manage and trade portfolios more efficiently.
Advancing Financial Science: 
Profitability Research

At Dimensional, we develop robust investment solutions based on financial science to address clients’ needs. To do this well requires reliable historical data. We maintain a proprietary in-house database of global stock prices, dividends, balance sheets, and income statements. This data spans tens of thousands of stocks, more than 40 trading markets, and many decades. And we continue to enhance the data. In 2016, for example, we added an additional four years of history to the developed markets data we make available to clients.

Why does this data matter to clients? Dimensional uses the data to help them better understand the latest academic research and how that research might benefit them. For example, while discussing the academic research on profitability with clients in 2016, we used the data to illustrate how an investment approach that focuses on stocks with high profitability1 would have complemented an approach that focused on small cap and value stocks.

Another exciting development during 2016 that enhanced historical data was a project by Professor Sunil Wahal of Arizona State University.2 He hand-collected, cleaned, and validated income statements for US companies prior to 1963. Before this compilation effort, machine-readable income statement data were only available post-1963 for US firms, which is why research on profitability premiums by Professors Eugene Fama, Kenneth French, and Robert Novy-Marx focused on that period.3

Professor Wahal ran out-of-sample US profitability premium tests and found the profitability premiums from 1940 to 1963 to be reliable and economically significant over a previously untested period. He recently made his first draft of those results publicly available.

We are excited for opportunities to discuss the ongoing research on profitability with clients in 2017.

1. Profitability is a measure of current profitability based on information from individual companies’ income statements.
2. Sunil Wahal provides consulting services to Dimensional Fund Advisors LP.
3. Eugene Fama and Ken French are board members of and provide consulting services to Dimensional Fund Advisors LP. Robert Novy-Marx provides consulting services to Dimensional Fund Advisors LP.
MANAGING, MAKING SENSE OF, AND SAFEGUARDING IMMENSE AMOUNTS OF INFORMATION IS IN DIMENSIONAL’S DNA.

Dimensional’s history is rooted in academic research that began by using computers to conduct groundbreaking research in the 1960s. Today, Dimensional’s leadership team consists of self-professed “data dogs” who used computers to revolutionize the implementation of finance.

Every day, the Investment Analytics and Data (IAD) team—a diverse group of researchers, engineers, and programmers—deals with 21 million pieces of data from securities around the world.
GERARD O’REILLY, CO-CHIEF INVESTMENT OFFICER AND HEAD OF RESEARCH

"Financial data changes minute to minute, day to day, week to week. To process and use this data to benefit clients requires a deep understanding of finance, computing, and technology. At Dimensional, we have an expert team dedicated to doing just that."

GERARD O’REILLY, CO-CHIEF INVESTMENT OFFICER AND HEAD OF RESEARCH

CHIEF DATA OFFICER

Managing and analyzing data is the thread that runs through every facet of Dimensional’s business, warranting the creation of a unique role—Chief Data Officer—filled by Pete Dillard, who reports to the Co-Chief Investment Officer and Head of Research.

"We take compelling research—which may have involved very intensive empirical analysis—and say, 'OK, now we’re going to turn those concepts into live strategies for our clients and be ready operationally to run those portfolios every day.'"

PETE DILLARD, CHIEF DATA OFFICER
SPOTLIGHT: DATA MANAGEMENT

MARK KRASNIEWSKI,
PORTFOLIO ANALYTICS MANAGER

“Once Joe’s team has made sure we’ve got the cleanest data that we think we can have, my team takes all that data and the rules on how portfolios are structured and builds the systems that help our portfolio managers create the portfolios.”

THE DATA TEAM

The IAD team oversees two key processes: construction and running of portfolios, and reporting on and analysis of portfolios.

In just the equity space, Dimensional sources data on close to 50,000 firms. For each of these firms, there are roughly 1,500 distinct data items, including security name, book value, industry code, and a multitude of company financials. Joseph Ruzicka oversees the Data Management group that captures and validates those 75 million data points.
Many other groups within Dimensional both support the data management processes and rely on those processes to provide oversight for investors.

For example, Technology provides the back-end systems that store the data, loading approximately 1.5 billion data points every 24 hours. Compliance uses the data to review thousands of trades per day, checking against client guidelines and monitoring best execution.

“It takes choreography and scheduling to keep all these different feeds flowing so that when an investment decision needs to be made, it’s the right information at the right time.”

JOHN CURNUTTE, RESEARCH SYSTEMS MANAGER

“Clients want to know that we’re looking out to ensure that they’re getting the best execution they can on every trade we make.”

RANDY OLSON, COMPLIANCE OFFICER
One of the most rewarding client questions the IAD team tackled in 2016 was, “How do you manage data as successfully as you do?” Several clients have asked to shadow Dimensional’s team and learn about our process in order to implement best practices into their own businesses.

The team put together multiday training programs in Austin, and clients spoke with Investment Operations, Compliance, Portfolio Management, Trading, and of course IAD. When it comes to serving our clients, everyone at Dimensional works together as a team to make data management happen and to keep improving our processes.
“Investing is not about being a hero. It’s about managing risk and delivering good long-term performance to have happy clients.”

EDUARDO REPETTO, CO-CHIEF EXECUTIVE OFFICER AND CO-CHIEF INVESTMENT OFFICER
Meeting the Global Regulatory Challenge

In recent years, the financial services industry has seen many global regulatory reforms and increased compliance expectations. Regulators have focused on cybersecurity, improved governance, and oversight of third-party vendors, as well as on a number of global fund liquidity rules and proposals.

The Compliance team addresses these challenges by having a globalized compliance function and common processes and applications across Dimensional’s 12 locations in eight countries. Our integrated team manages regulatory regimes for Dimensional’s registered fund families in the US, Canada, Australia, the UK, and Ireland.

In 2016, we conducted a full-scale review of the Charles River Investment Management System (CRIMS), our trade order management system, to ensure that more than 5,000 rules and guidelines applicable to Dimensional’s more than 400 separately managed accounts and investment vehicles are working as intended. The review led us to adopt a consistent, straight-through processing (STP) approach in our global trade flow model, resulting in greater flexibility, improved efficiency, and consistent outcomes benefiting all investment vehicles and clients.
Our Summer Intern Program

Last year, Dimensional hosted 84 summer interns in the US—the largest class since we began our internship initiative four years ago. Our recruiting team reviewed close to 4,000 applications from 340 schools and interviewed more than 1,100 students.

The annual effort is an important aspect of our professional recruiting and development strategy. It helps us attract high-caliber, entry-level job candidates and assess their potential. We get to know each intern, and each intern develops a deeper perspective on a career at Dimensional. It’s like an extended interview that can render more informed decisions for both the firm and student.

During their 10-week term, interns perform meaningful work and follow a track similar to those of newly hired professionals, which includes onboarding, professional skills training, manager supervision and reporting, and interactions with Dimensional leaders. Interns are also assigned projects that may culminate in a presentation to peers and management at summer’s end.

Many interns accept full-time employment with Dimensional after graduation. For example, 80% of the 2016 summer interns who received a full-time offer will join the firm in August 2017. This summer, we expect to welcome almost 100 interns in the US—the largest class yet.

By offering students the opportunity to learn, grow, and contribute, we hope to build a professional connection that pays dividends far into the future.
Maintaining Dimensional’s Commingled Products

Most Dimensional clients get investment exposure to stocks, bonds, and other instruments around the globe by buying shares of a variety of commingled funds registered in the US, Canada, Ireland, the UK, and Australia, among others. Registered commingled products, often known as “pooled funds,” aggregate the investments from many different investors into a pool of assets that are managed together. This pooling can offer individual investors the benefits of economies of scale and a higher level of diversification than most investors can obtain individually in a separate account.

Our Legal team is involved in most aspects of creating and maintaining commingled products. Our role involves corporate organization and governance, including overseeing the relationships between the adviser and the funds’ governing boards. We manage the details of registering commingled funds and their securities with local regulators, and we assist in advising on compliance with local laws regarding fund activities.

The Legal team also maintains required fund literature and disclosure documents, supports the Investments and Portfolio Management teams with trading and investment issues related to approved investment countries and exchanges, and supports the negotiation of contracts with service providers for the funds, such as the fund custodians, fund accountants and transfer agents, and securities lending agents. Finally, the Legal team works with global regulators to fulfill requests for public comments on new rules and for other types of information.

As Dimensional grows and creates new products, our team will apply a diverse set of skills, advocacy, jurisdictional legal expertise, and experience to meet the challenges.
“Dimensional’s investment philosophy is about more than returns—it’s about a great client experience that can really help people relax.”

DAVID BOOTH, FOUNDER AND EXECUTIVE CHAIRMAN
New Horizons for Dimensional Australia

This year we have laid strong foundations for an exciting new chapter in helping pursue better financial outcomes for clients.

Dimensional’s 35th year in business (our 22nd in Australia) has been both eventful and productive. This year we welcomed 20 new faces to our business in Australia. In particular, we strengthened the Institutional team with a view to increase our engagement in the market and share great ideas with the nation’s large superannuation industry.

Case in point was the official opening of the Melbourne office in February 2016 by Dimensional’s Executive Chairman, David Booth. Our presence in Australia’s second-biggest city signaled our commitment to better serving our existing clients and building new relationships.

Highlighting Australian interest in the ideas underpinning our approach was the presence of more than 200 guests at our Investment Symposium in Sydney, which featured Nobel laureates Eugene Fama, Robert Merton, and Myron Scholes alongside members of our US Mutual Fund Board and senior executives.

Professor Merton also presented on the industry’s switching the focus of superannuation to retirement income—an idea that has now taken hold in Australia and led to our leading role with the Committee for Sustainable Retirement Incomes.

Growing client interest in environmental, social, and corporate governance (ESG) issues led to the launch of our new Global Sustainability Trust, and we introduced New Zealand dollar-hedged class products to support clients there who are finding increasing interest in our ideas.

Reinforcing that, New Zealand financial advisors turned out in large numbers in Auckland early in the year for our first Investment Symposium, which featured David Booth, Professor Kenneth French, and the mental skills coach of the world champion rugby team, the All Blacks.

Clients also responded enthusiastically to increasing video content that told our story in engaging ways. And the opening of a broadcast room in our Sydney office means we can reach clients in various locations in a timelier manner.

Alongside the improvements in digital communication, we extended our conference program in 2016 with seven Foundations events, including our first conference in the South Australian capital, Adelaide.

This year we have laid strong foundations for an exciting new chapter in helping pursue better financial outcomes for clients.

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1. Eugene Fama is a board member of and provides consulting services to Dimensional Fund Advisors LP. Robert Merton provides consulting services to Dimensional Fund Advisors LP. Myron Scholes is an independent director of the US Mutual Fund Board.

2. Ken French is a board member of and provides consulting services to Dimensional Fund Advisors LP.
Japan Embraces Dimensional’s Way

As Dimensional celebrated 35 years in business worldwide, Dimensional Japan enjoyed an impactful fourth year in operation that raised awareness of the firm and increased interest in our approach.

We began 2016 by hosting our Institutional Symposium in January. With more than 90 pension funds represented, we contrasted our focus on implementing financial science with conventional industry approaches that emphasize mispricing.

In a mid-June visit, Professor Robert Merton1 and Dimensional Co-CIO Gerard O’Reilly reached more than 350 investment professionals, including executives of Japan’s Government Pension Investment Fund (GPIF), the world’s largest pension fund, and Japan Post, the world’s largest deposit-taking bank.

During his trip, Professor Merton shed light on decades of financial innovation to an audience of more than 200 financial professionals at a symposium jointly hosted by Hitotsubashi Graduate School of Business and the CFA Institute.

In a major milestone for the financial services industry in Japan, the nation’s first fee-only investment advisory company launched in September 2016, inspired by interactions with Dimensional and its senior executives over several years.

In another trip in October 2016, Professor Merton visited Kyoto University, where the late Japanese mathematician Kiyoshi Ito developed the “Ito calculus” that Merton used to complete his Nobel Prize-winning work on options pricing.

The Kyoto event, attended by more than 350 finance professionals, was also significant as it marked the first public address by the GPIF’s chief investment officer, Hiromichi Mizuno, since his appointment a year ago.

All this occurred in a difficult year for markets. In February 2016, the Bank of Japan adopted a “zero/negative” interest rate policy, triggering a decline in stocks and a major appreciation in the yen.

When Brexit happened, the Nikkei plunged nearly 8% in its biggest one-day decline in five years—only to rebound in the following days.

Yet all this volatility merely strengthened our message. Dimensional’s philosophy and process are finding an increasingly receptive audience in Japan—a country that has a high regard for academia and science and which we believe needs this disciplined, evidence-based approach more than ever.

We can make a positive difference for investors. And it is only the beginning.

1. Robert Merton provides consulting services to Dimensional Fund Advisors LP.
Milestone Year for Asia ex Japan

Dimensional’s Asia ex Japan business reached a milestone in 2016 by achieving several key objectives that we established when opening the Singapore office in 2013.

First, we solidified the investment function for our local business. By year’s end, we were operating with three portfolio managers, two analysts, and two traders, each of whom is integral to the daily global team management of portfolios.

Another priority was to build the Institutional team. Dimensional’s investment philosophy and approach have resonated in the Asian market, helping us acquire mandates across our equity, fixed income, and real estate strategies. During the year, we nearly doubled the number of clients served by our Institutional team and generated great momentum going into 2017.

We also have been exploring the financial advisor services market. In 2016, we began working with financial advisors in the region. Eight UCITS (Undertakings for the Collective Investment of Transferable Securities) sub-funds were registered in Singapore, and six platform agreements have been negotiated.

For educational purposes, we hosted two Foundations Conferences for financial advisors in August, attracting about 90 attendees. At year’s end, we were servicing numerous accredited financial advisory firms and plan to expand our team in the coming years to continue helping advisors provide a better client experience.

Another priority has been to work with the global Research team on the development of new solutions. In 2016, we were able to provide subadvisory services to a Korean ETF for the first time.

In summary, our team has embraced Dimensional’s core values in helping clients and we are effectively working toward common goals. Looking forward, we see exciting opportunities to increase Dimensional’s presence in this dynamic region.
EMEA

Servicing the Vast and Diverse EMEA Region

From our offices in London, Berlin, and Amsterdam, Dimensional Fund Advisors Ltd. serves clients across an expansive EMEA region. In 2016, we strengthened our relationships with existing clients and forged relationships in new markets.

The Institutional business grew during the year, helped in part by strong positive flows from existing clients. A new Italian regional director established our presence in Italy, leading to a new mandate opportunity in global value equities. This was the catalyst for a new global value mutual fund that was registered concurrently with several other mutual funds in Italy, enabling us to serve clients in that country.

Dimensional’s advisor business also grew as we held dozens of events for financial advisors across the region, with many of the sessions presented in local languages and with local language materials. More than 1,600 financial advisors attended our events in 2016, which featured a new series of online events, broadcast live from our studio in London.

Although the surprise Brexit vote in June increased investor concern, the markets processed the information quickly and efficiently, remained liquid, and functioned normally.

EMEA is a vast and diverse region that presents many business challenges. But we have found that many investors in the region share our understanding of markets and wish to invest the Dimensional way. This presents the EMEA offices with an opportunity to provide millions of people in many countries with a successful investment experience. The work we do in 2017 will move us closer to that long-term goal.
Canada is at an inflection point as the industry follows other developed countries in the global transition to a new model of investment advice. We look forward to advancing this movement in 2017.

In 2016, the Canadian financial advice industry began feeling the effects of regulatory changes aimed at increasing disclosure around fees and performance. Financial advisors working with Dimensional Canada were well positioned due to their preexisting support for transparency and client-centric business practices.

Dimensional’s Canadian business reached the $10 billion milestone in assets under management by year end 2016 with Financial Advisor Services accounting for approximately $8.2 billion and Institutional sales reaching approximately $1.8 billion.

During the year, we continued to focus on educating advisors on capital market principles and our investment strategies. The annual Canadian Advanced Conference in October 2016 brought together top advisors and featured presentations by Professors Eugene Fama, Kenneth French, and Robert Novy-Marx. Interactions with leading academics continues to bolster financial advisor confidence in our market philosophy and research-based approach to investing.

Our emphasis on continuing education featured the addition of a five-part webcast series tailored to Canadian advisors and broadcast live from Dimensional’s studio in Austin. This initiative has expanded the reach of high-value content to financial advisors across Canada’s vast geographical area. We continue to build our public presence by conducting events across the country designed to help financial advisors introduce investors to Dimensional Canada. Around midyear, we held Science of Investing Symposiums in Vancouver, Calgary, Toronto, Ottawa, and Montreal.

Dimensional Canada continues to commit the resources required to support a growing and geographically diverse financial advisor base. In 2016, we expanded our Canadian team to 12 people between the Vancouver and Toronto offices. We built new office space in Vancouver and increased the number of client events in both offices, taking advantage of expanded meeting facilities and upgraded technology for video conferences between the two offices and our forums in Austin and Santa Monica.

Canada is at an inflection point as the industry follows other developed countries in the global transition to a new model of investment advice. We look forward to advancing this movement in 2017.

1. Eugene Fama and Kenneth French are board members of and provide consulting services to Dimensional Fund Advisors LP, an affiliate of Dimensional Fund Advisors Canada ULC. Robert Novy-Marx provides consulting services to Dimensional Fund Advisors LP.

Dimensional Fund Advisors Canada ULC offers investment advisory services exclusively to registered investment advisors and dealers in Canada.
## Relative Performance for Standardized Periods

as of March 31, 2017

<table>
<thead>
<tr>
<th>Ticker</th>
<th>DFALX</th>
<th>DFIVX</th>
<th>DTMIX</th>
<th>DFISX</th>
<th>DISVX</th>
<th>DFUSX</th>
<th>DFELX</th>
<th>DTMEX</th>
<th>DFLVX</th>
<th>DTMMX</th>
<th>DFSTX</th>
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<td>8,415</td>
<td>3,382</td>
<td>11,524</td>
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<td>250</td>
<td>2,996</td>
<td>20,701</td>
<td>4,507</td>
<td>15,475</td>
<td>5,777</td>
<td>2,651</td>
<td>14,210</td>
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<td>Prior Year Dimensional Placement Number of Funds Starting the Period</td>
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<td>26</td>
<td>31</td>
<td>28</td>
<td>10</td>
<td>475</td>
<td>452</td>
<td>269</td>
<td>119</td>
<td>201</td>
<td>347</td>
<td>246</td>
<td>316</td>
<td>175</td>
<td>266</td>
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<td>Prior Year Number of Surviving Funds Placing Ahead of Dimensional</td>
<td>735</td>
<td>128</td>
<td>128</td>
<td>180</td>
<td>65</td>
<td>1,406</td>
<td>1,454</td>
<td>1,104</td>
<td>1,208</td>
<td>1,258</td>
<td>797</td>
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<td>Prior 5 Years Number of Funds Starting the Period</td>
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<td>346</td>
<td>211</td>
<td>80</td>
<td>132</td>
<td>124</td>
<td>177</td>
<td>120</td>
<td>252</td>
<td>76</td>
<td>63</td>
<td>89</td>
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<td>223</td>
<td>246</td>
<td>68</td>
<td>1,155</td>
<td>1,213</td>
<td>1,113</td>
<td>1,156</td>
<td>1,258</td>
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<td>Prior 10 Years Number of Funds Starting the Period</td>
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<td>182</td>
<td>103</td>
<td>31</td>
<td>174</td>
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<td>Prior 10 Years Number of Surviving Funds Placing Ahead of Dimensional</td>
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<td>Prior 15 Years Number of Funds Starting the Period</td>
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DFALX is in the category US Fund Foreign Large Blend. DFIVX and DTMEX are in the category US Fund Foreign Large Value. DISVX is in the category US Fund Foreign Small/Mid Value. DFUSX, DFELX, and DTMIX are in the category US Fund Large Blend. DFLVX and DTMMX are in the category US Fund Large Value. DFSTX, DFSCX, and DFTSX are in the category US Fund Small Blend. DFSVX, DTMVX, and DFFVX are in the category US Fund Small Value.

Dimensional placement is the Morningstar 1-, 5-, 10-, or 15-Year Total Return Absolute Category Rank sourced from Morningstar. Number of funds starting the period is the number of share classes, within the respective Morningstar Category, with return histories as of the start of the 1-, 5-, 10-, or 15-year period ending in March 31, 2017. Funds that are renamed due to being changed Morningstar Category are excluded from the number of funds starting the period. Number of Surviving Funds Placing Ahead (Behind) of Dimensional is the count of ranked funds with a higher (lower) Morningstar 1-, 5-, 10-, or 15-Year Total Return Absolute Category Rank than the corresponding Dimensional fund. The table includes all Dimensional institutional equity funds available as of before 1, 5, 10, or 15 years prior to March 31, 2017. Dimensional feeder funds are excluded from the table because they ultimately invest in master-funder funds. Master-funder funds are included in the table. All funds are US domiciled. Bar heights are scaled to aid comparison across funds. Fund Assets are as of March 31, 2017. Funds may have experienced negative performance over the time period. Past performance is no guarantee of future results. Visit us.dimensional.com for standardized performance information for Dimensional’s funds.
To learn more about Dimensional Investing, please visit dimensional.com

"The money we manage is not our money—it’s our clients’ past and their future. We take that responsibility very seriously."

EDUARDO REPETTO, CO-CHIEF EXECUTIVE OFFICER AND CO-CHIEF INVESTMENT OFFICER
<table>
<thead>
<tr>
<th>AMERICAS</th>
<th>EUROPE</th>
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<td>Austin, Charlotte, Santa Monica, Toronto, Vancouver</td>
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<td>Sydney, Melbourne, Singapore, Tokyo</td>
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dimensional.com