

Pursuing a Better Investment Experience

1. Embrace Market Pricing

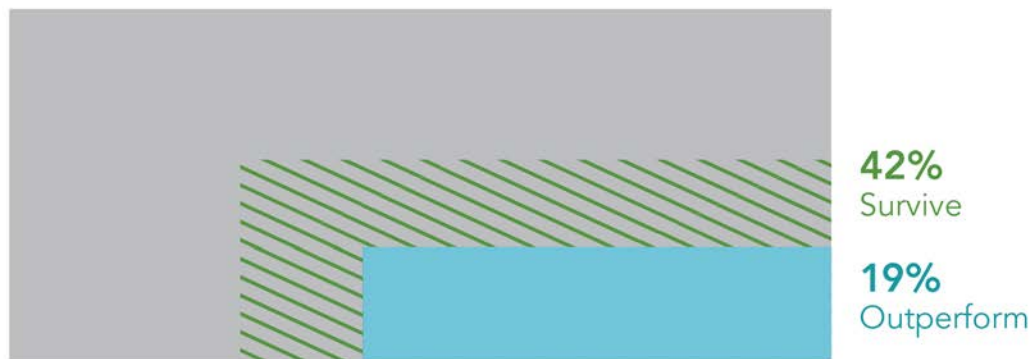
World Equity Trading in 2014

	Number of Trades	Dollar Volume
Daily Average	60 million	\$302 billion

The market is an effective, information-processing machine. Millions of participants buy and sell securities in the world markets every day, and the real-time information they bring helps set prices.

2. Don't Try to Outguess the Market

US Equity Mutual Fund Performance



15 Years
2,711 funds at beginning

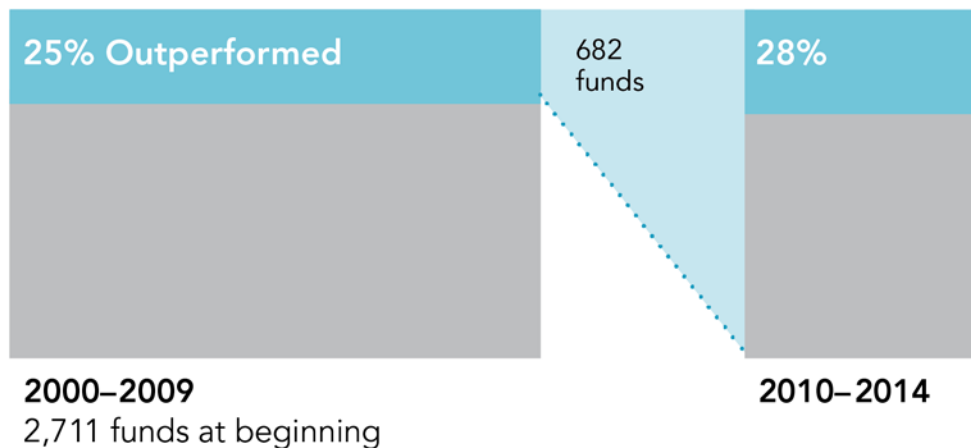
The market's pricing power works against mutual fund managers who try to outsmart other participants through stock picking or market timing.

As evidence, only 19% of US equity mutual funds have survived and outperformed their benchmarks over the past 15 years.

Beginning sample includes US equity mutual funds as of the beginning of the 15-year period ending December 31, 2014. Survivors are funds that were still in existence as of December 31, 2014. Non-survivors include funds that were either liquidated or merged. Outperformers are funds that survived and beat their respective benchmarks over the period. Past performance is no guarantee of future results. Data Source: The US Mutual Fund Landscape 2015, Dimensional Fund Advisors. US-domiciled mutual fund data is from the CRSP Survivor-Bias-Free US Mutual Fund Database, provided by the Center for Research in Security Prices, University of Chicago. Benchmark data provided by MSCI, Russell, and S&P. MSCI data © MSCI 2015, all rights reserved. Russell data © Russell Investment Group 1995-2015, all rights reserved. The S&P data are provided by Standard & Poor's Index Services Group. Benchmark indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Mutual fund investment values will fluctuate, and shares, when redeemed, may be worth more or less than their original cost. Diversification neither assures a profit nor guarantees against a loss in a declining market.

3. Resist Chasing Past Performance

Do Outperforming US Equity Mutual Funds persist?



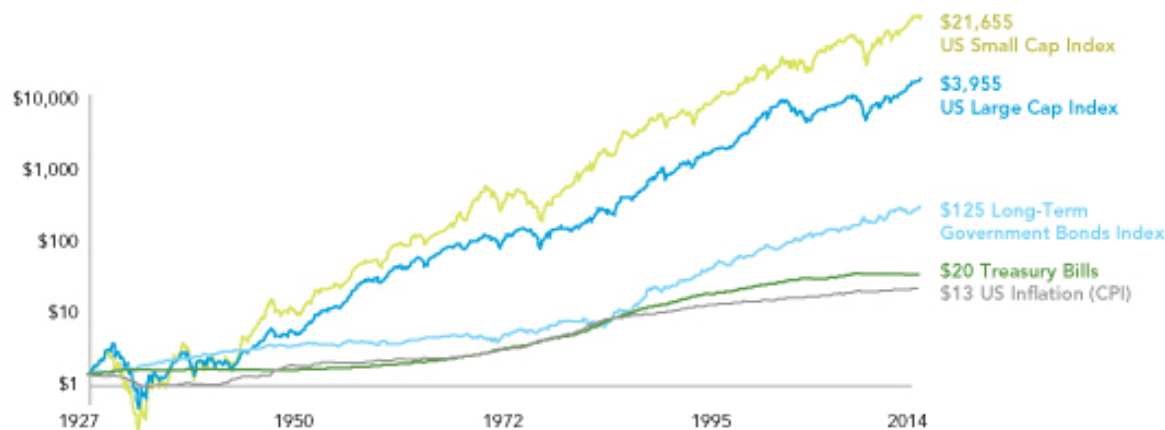
Some investors select mutual funds based on past returns. However, funds that have outperformed in the past do not always persist as winners.

Past performance alone provides little insight into a fund’s ability to outperform in the future.

The graph shows the proportion of US equity mutual funds that outperformed and underperformed their respective benchmarks (i.e., winners and losers) during the initial 10-year period ending December 31, 2009. Winning funds were re-evaluated in the subsequent five-year period from 2010 through 2014, with the graph showing winners (outperformers) and losers (underperformers). Fund count and percentages may not correspond due to rounding. Past performance is no guarantee of future results. Data Source: The US Mutual Fund Landscape 2015, Dimensional Fund Advisors. US-domiciled mutual fund data is from the CRSP Survivor-Bias-Free US Mutual Fund Database, provided by the Center for Research in Security Prices, University of Chicago. Benchmark data provided by MSCI, Russell, and S&P. MSCI data © MSCI 2015, all rights reserved. Russell data © Russell Investment Group 1995-2015, all rights reserved. The S&P data are provided by Standard & Poor’s Index Services Group. Benchmark indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Mutual fund investment values will fluctuate, and shares, when redeemed, may be worth more or less than their original cost. Diversification neither assures a profit nor guarantees against a loss in a declining market.

4. Let Markets Work for You

Growth of a Dollar, 1926–2014 (Compounded monthly)



The financial markets have rewarded long-term investors. People expect a positive return on the capital they supply, and, historically, the equity and bond markets have provided growth of wealth that has more than offset inflation.

In US dollars. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. US Small Cap Index is the Fama/French US Small Cap Index; US Large Cap Index is the Fama/French US Large Cap Index; Long-Term Government Bonds Index is 20-year US Government Bonds; Treasury Bills are One-Month US Treasury bills; Inflation is the Consumer Price Index. Fama/French Data provided by Fama/French. Eugene Fama and Ken French are members of the Board of Directors for and provide consulting services to Dimensional Fund Advisors LP. Bonds, T-bills, and inflation data © Stocks, Bonds, Bills, and Inflation Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld). Past performance is no guarantee of future results.

5. Consider the Drivers of Returns

Dimensions of Expected Returns

EQUITIES

Market

Equity premium—stocks vs. bonds

Company Size

Small cap premium—small vs. large companies

Relative Price

Value premium—value vs. growth companies

Profitability

Profitability premium—high vs. low profitability companies

FIXED INCOME

Term

Term premium—longer vs. shorter maturity bonds

Credit

Credit premium—lower vs. higher credit quality bonds

Academic research has identified these equity and fixed income dimensions, which point to differences in expected returns.

These dimensions are pervasive, persistent, and robust and can be pursued in cost-effective portfolios.

6. Practice Smart Diversification

Home Market Index Portfolio



S&P 500

1 country, 500 stocks

Global Market Index Portfolio



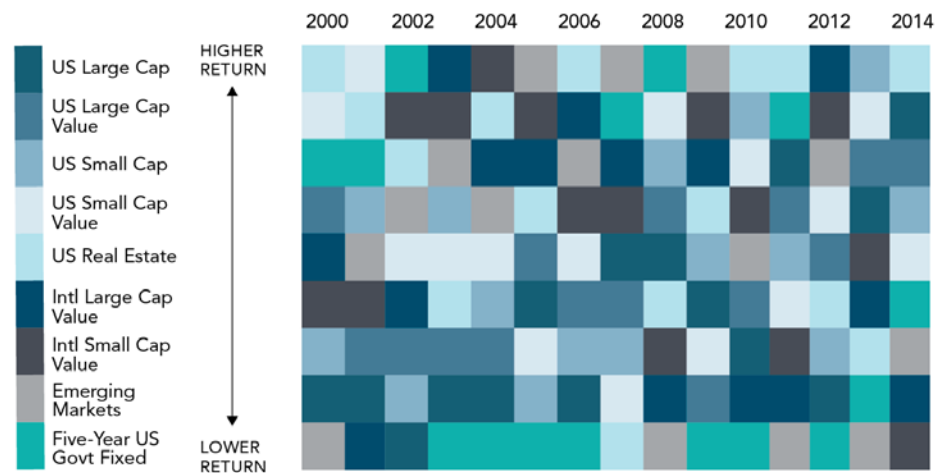
MSCI All Country
World Index (IMI)

46 countries, 8,603 stocks

Diversification helps reduce risks that have no expected return, but diversifying within your home market is not enough. Global diversification can broaden your investment universe.

7. Avoid Market Timing

Annual Returns by Market Index

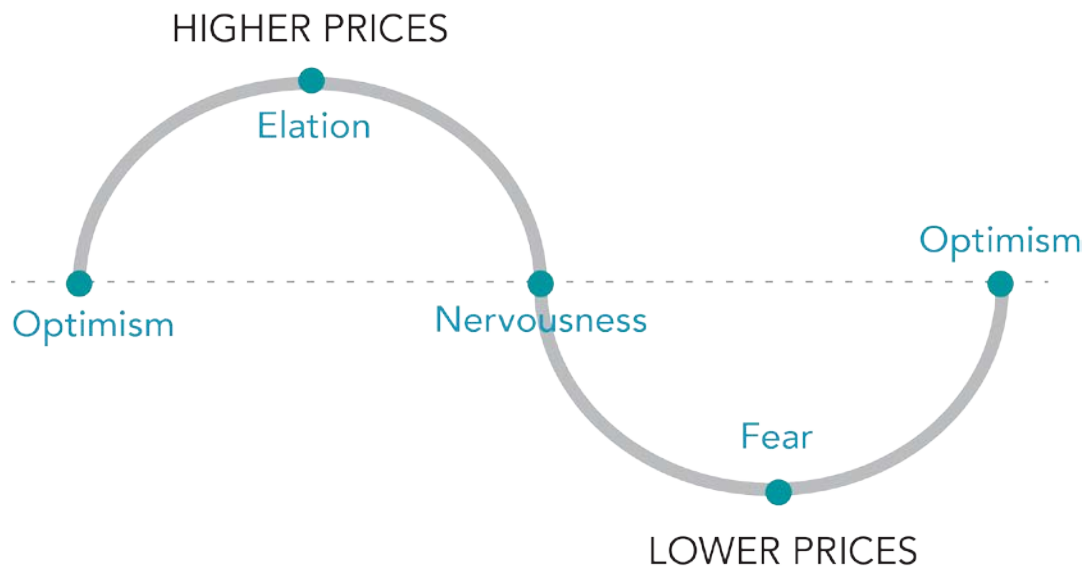


You never know which market segments will outperform from year to year. By holding a globally diversified portfolio, investors are well positioned to capture returns wherever they occur.

In US dollars. Chart is for illustrative purposes only. Index descriptions for asset groups: US Large Cap is the S&P 500 Index, provided by Standard & Poor's Index Services Group. US Large Cap Value is the Russell 1000 Value Index. US Small Cap is the Russell 2000 Index. US Small Cap Value is the Russell 2000 Value Index. Russell data © Russell Investment Group 1995–2015, all rights reserved. US Real Estate is the Dow Jones US Select REIT Index, provided by Dow Jones Indexes. International Large Cap Value data provided by Fama/French from Bloomberg and MSCI securities data. International Small Cap Value data compiled by Dimensional from Bloomberg and Style Research securities data. Emerging Markets is the MSCI Emerging Markets Index (gross dividends), © MSCI 2015, all rights reserved. Five-Year US Government Fixed is the Barclays Capital Treasury Bond Index 1–5 Years, formerly Lehman Brothers, provided by Barclays Bank PLC. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results.

8. Manage Your Emotions

Reactive Investing in a Market Cycle



Many people struggle to separate their emotions from investing. Markets go up and down. Reacting to current market conditions may lead to making poor investment decisions at the worst times.

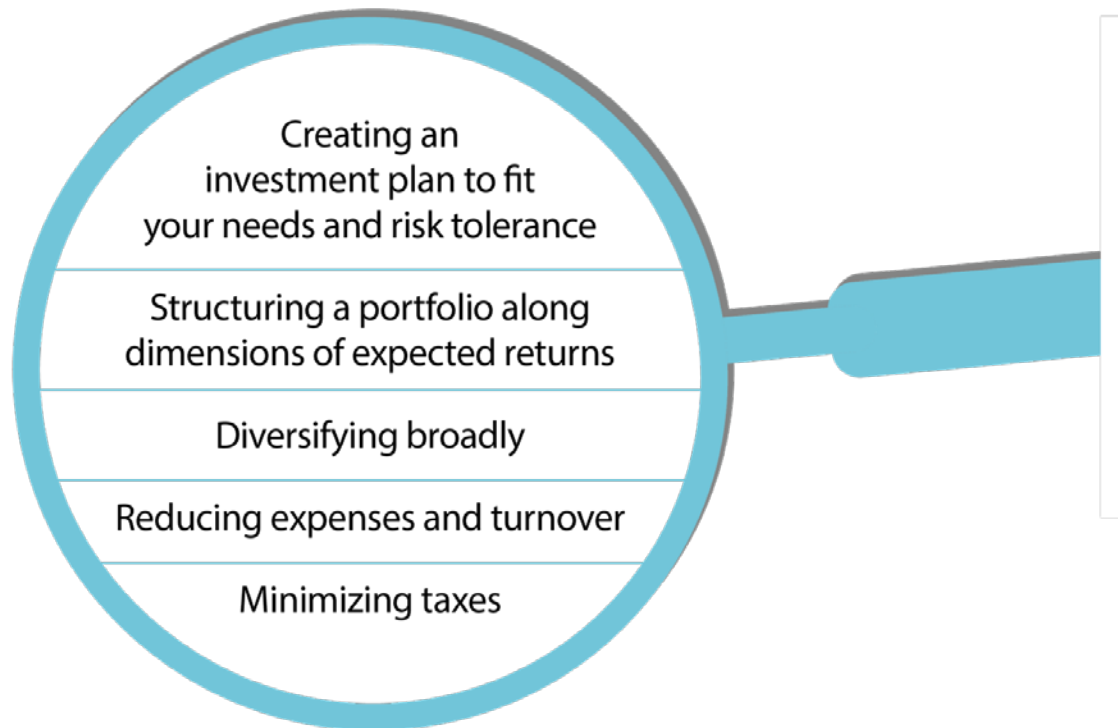
9. Look beyond the Headlines



Daily market news and commentary can challenge your investment discipline. Some messages stir anxiety about the future while others tempt you to chase the latest investment fad.

When tested, consider the source and maintain a long-term perspective.

10. Focus On What You Can Control



We can create a plan tailored to your personal financial needs while helping you focus on actions that add value.

This can lead to a better investment experience.