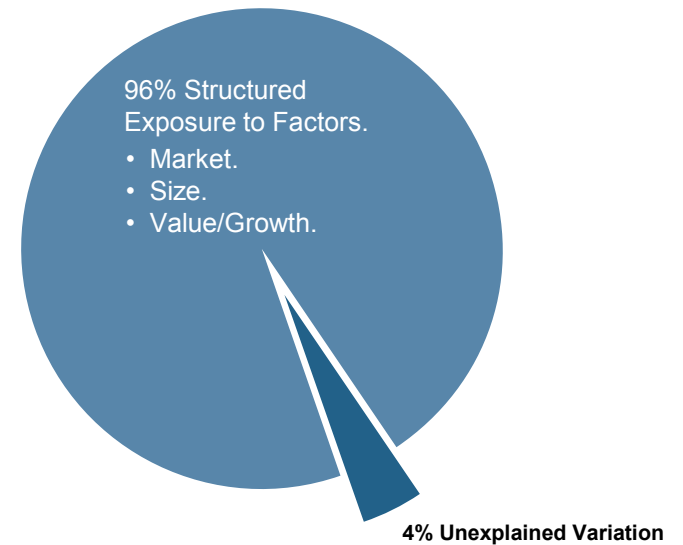
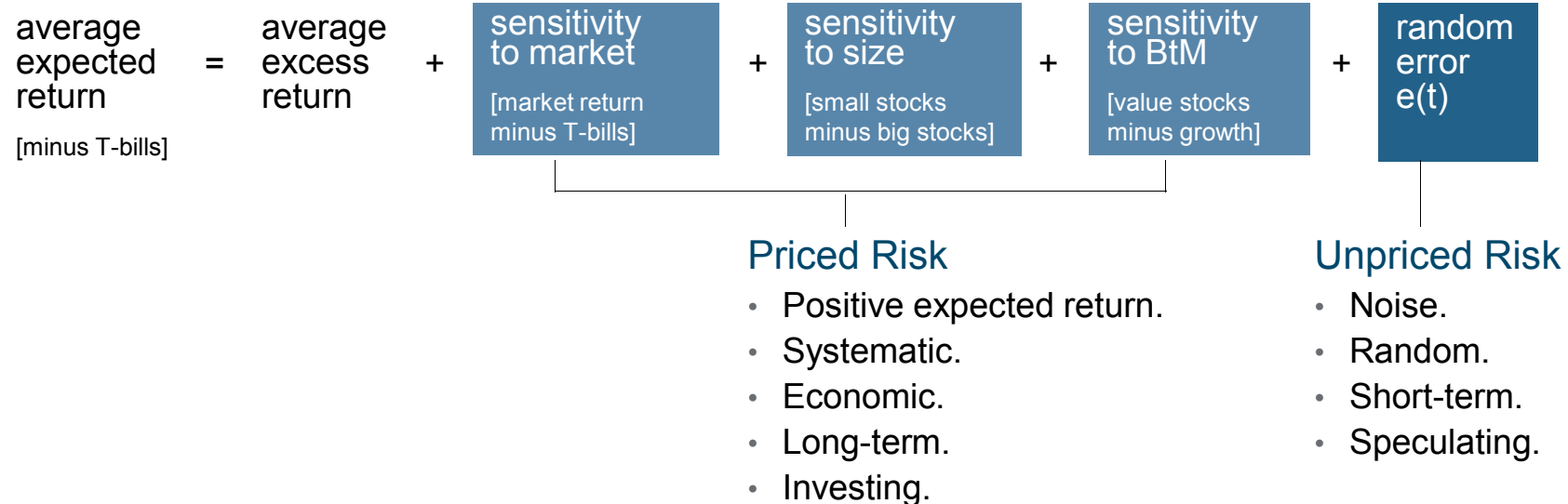


Structure Determines Performance

- Over 96% of the variation in returns is due to risk factor exposure.
- After fees, traditional management typically reduces returns.



THE MODEL TELLS THE DIFFERENCE BETWEEN INVESTING AND SPECULATING

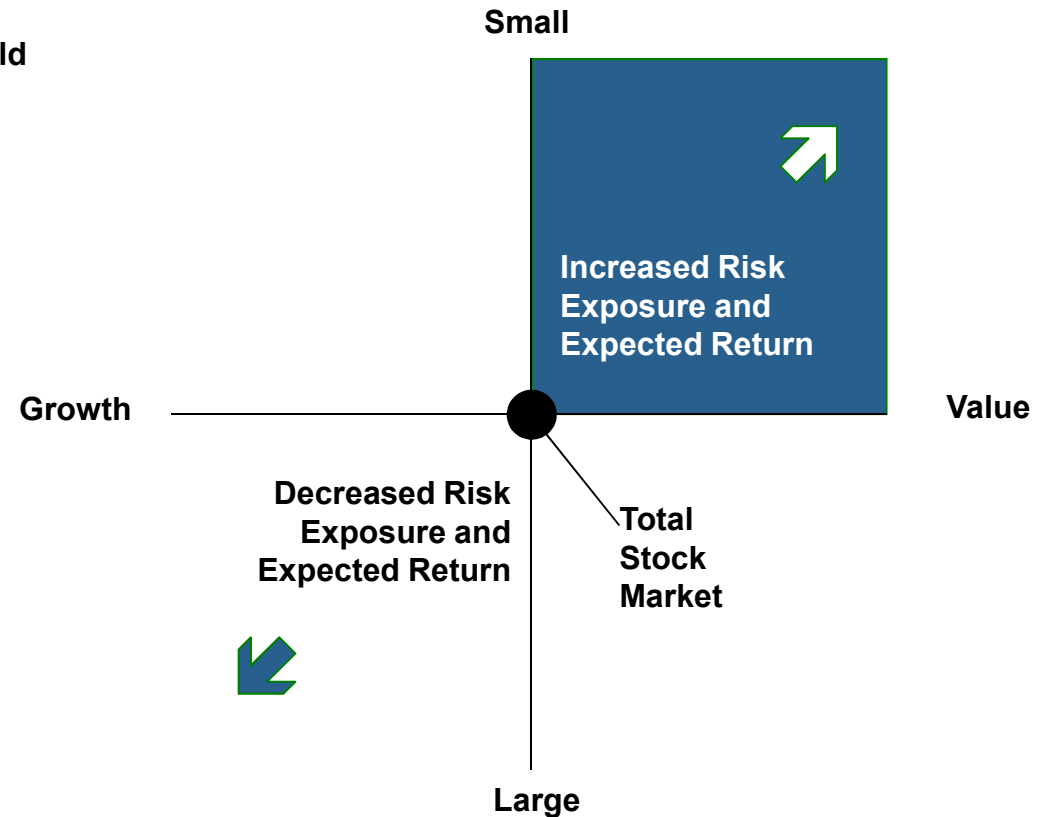


Source: Dimensional Fund Advisors study (2002) of 44 institutional equity pension plans with \$452 billion total assets. Factor analysis run over various time periods, averaging nine years. Total assets based on total plan dollar amounts as of year end 2001. Average explanatory power (R²) is for the Fama/French equity benchmark universe.

Risk and Return Are Related

Three Dimensions of Stock Returns around the World

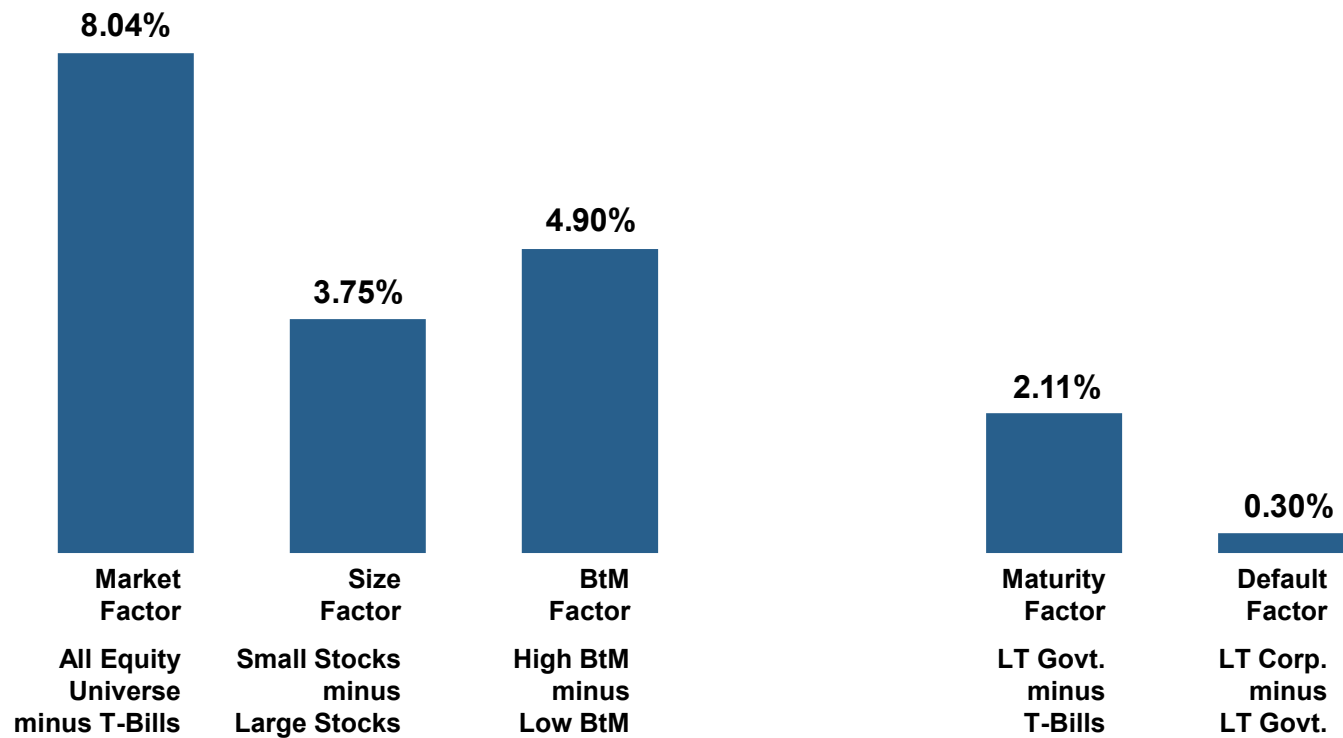
- **Equity Market**
(complete value-weighted universe of stocks)
Stocks tend to have higher expected returns than fixed income over time.
- **Company Size**
(measured by market capitalization)
Small company stocks tend to have higher expected returns than large company stocks over time.
- **Company Price**
(measured by ratio of company book value to market equity)
Lower-priced “value” stocks tend to have higher expected returns than higher-priced “growth” stocks over time.



Eugene F. Fama and Kenneth R. French, “The Cross-Section of Expected Stock Returns,” *Journal of Finance* 47, no. 2 (June 1992): 427-65.

Eugene F. Fama and Kenneth R. French are consultants for Dimensional Fund Advisors. This page contains the opinions of Eugene F. Fama and Kenneth R. French but not necessarily of Dimensional Fund Advisors or DFA Securities LLC, and does not represent a recommendation of any particular security, strategy, or investment product. The opinions expressed are subject to change without notice. This material is distributed for educational purposes only and should not be considered investment advice or an offer of any security for sale. Dimensional Fund Advisors (“Dimensional”) is an investment advisor registered with the Securities and Exchange Commission. All materials presented are compiled from sources believed to be reliable and current, but accuracy cannot be guaranteed. This article is distributed for educational purposes, and it is not to be construed as an offer, solicitation, recommendation, or endorsement of any particular security, products or services described. ©2011 by Dimensional Fund Advisors. All rights reserved.

Five Factors Help Determine Expected Return Annual Average Returns 1927–2010

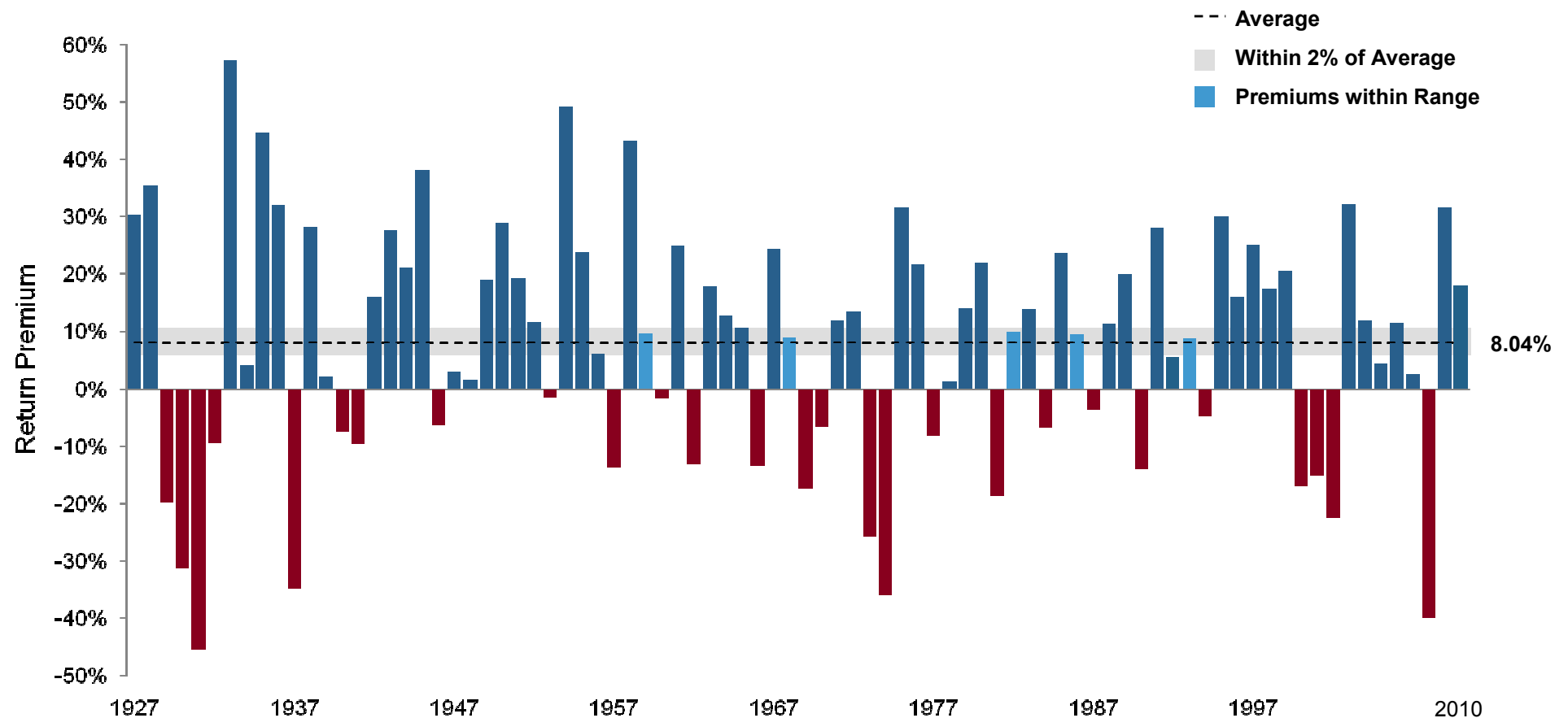


Equity factors provided by Fama/French. Fixed factors provided by Ibbotson Associates. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio.

Yearly Observations of the US Market Premium

Market minus One-Month Treasury Bills

1927-2010

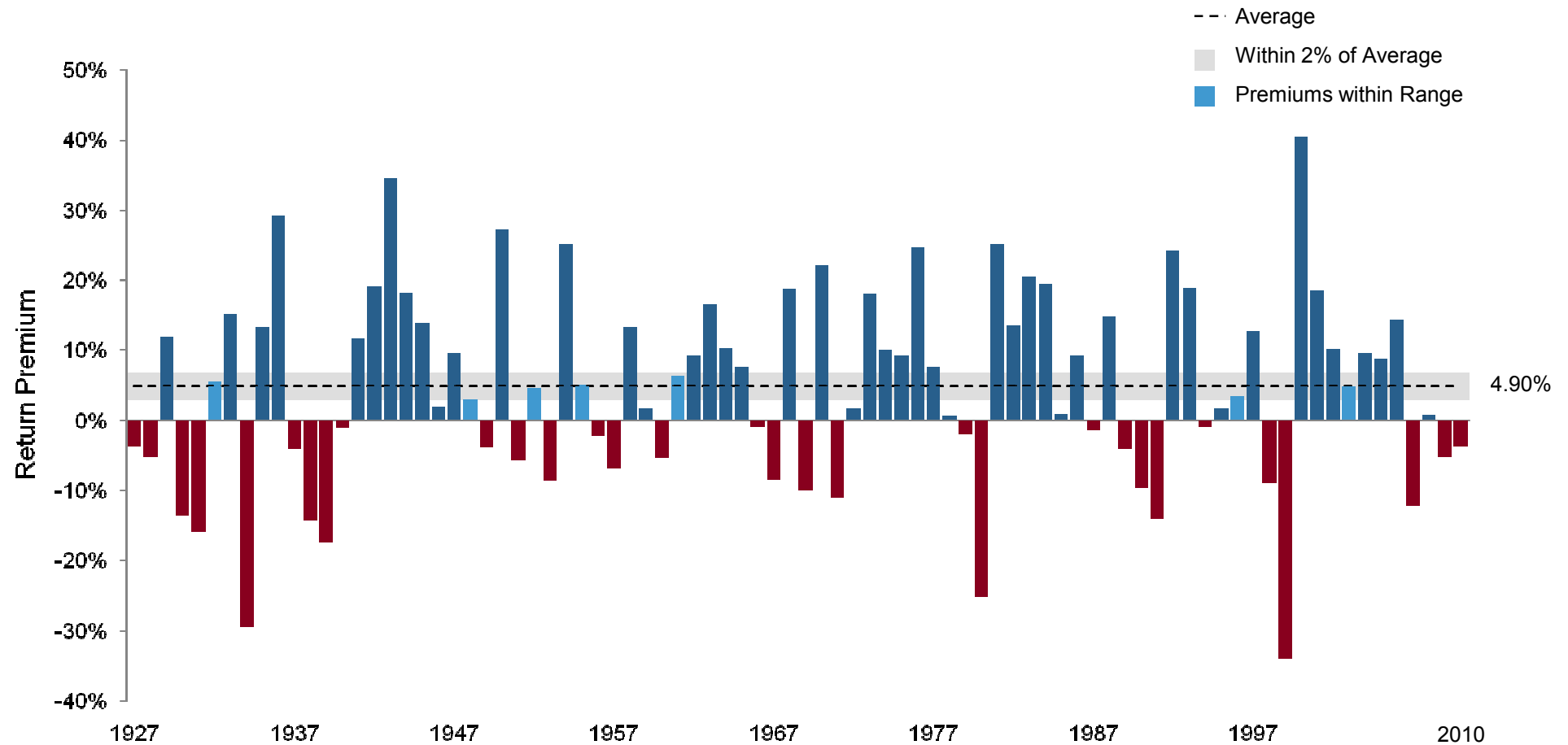


Data provided by Fama/French. Total US Market Research Factor (total market minus one-month Treasury bills). Past performance is not a guarantee of future results. Values change frequently and past performance may not be repeated. There is always the risk that an investor may lose money. Securities of small firms are often less liquid than those of large companies. As a result, small company stocks may fluctuate relatively more in price. Even a long-term investment approach cannot guarantee a profit. Economic, political, and issuer-specific events will cause the value of securities, and the funds that own them, to rise or fall. Because the value of investments will fluctuate, there is a risk that investors will lose money.

Yearly Observations of the US Value Premium

Value Stocks minus Growth Stocks

1927-2010



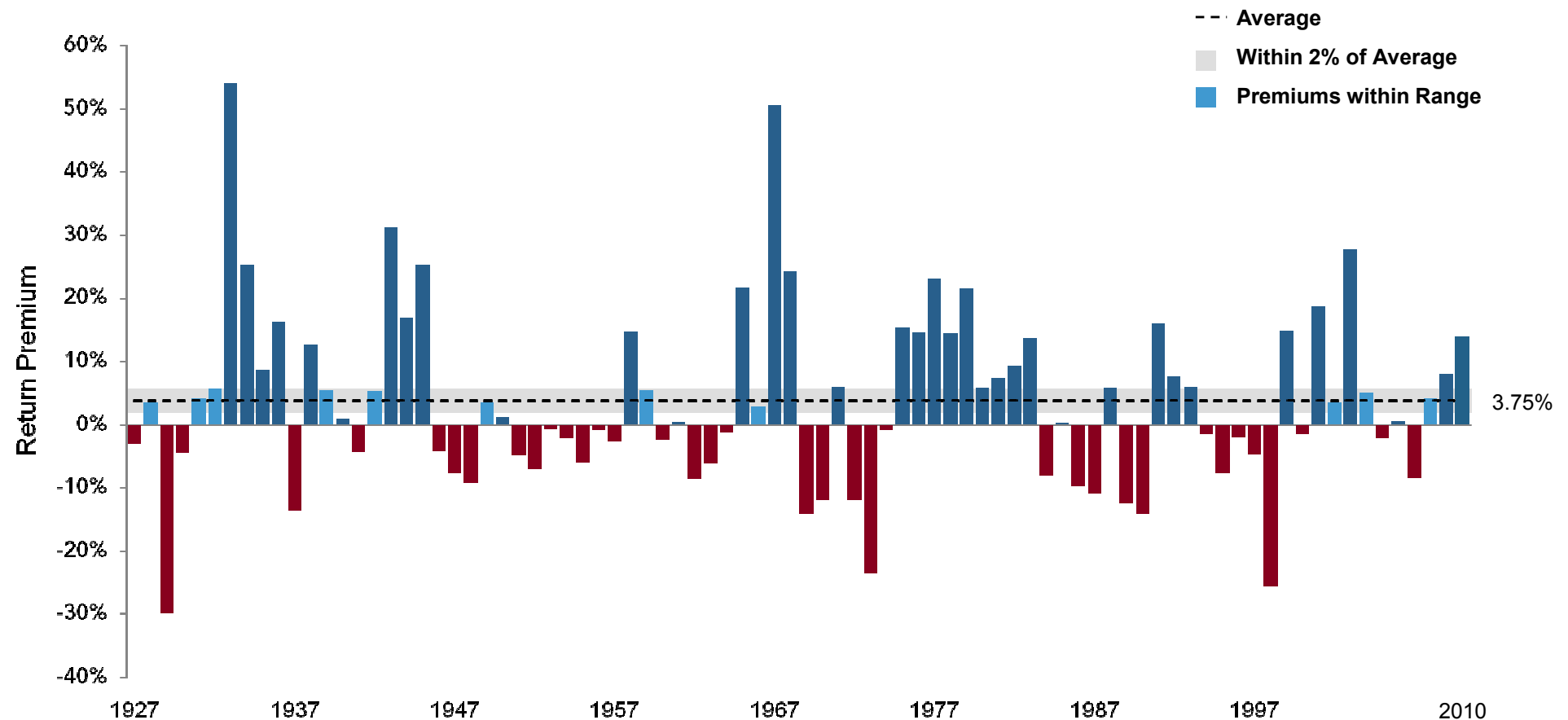
Multifactor data provided by Fama/French.

Past performance is not a guarantee of future results. Values change frequently and past performance may not be repeated. There is always the risk that an investor may lose money. Securities of small firms are often less liquid than those of large companies. As a result, small company stocks may fluctuate relatively more in price. Even a long-term investment approach cannot guarantee a profit. Economic, political, and issuer-specific events will cause the value of securities, and the funds that own them, to rise or fall. Because the value of investments will fluctuate, there is a risk that investors will lose money.

Yearly Observations of the US Size Premium

Small Stocks minus Big Stocks

1927-2010



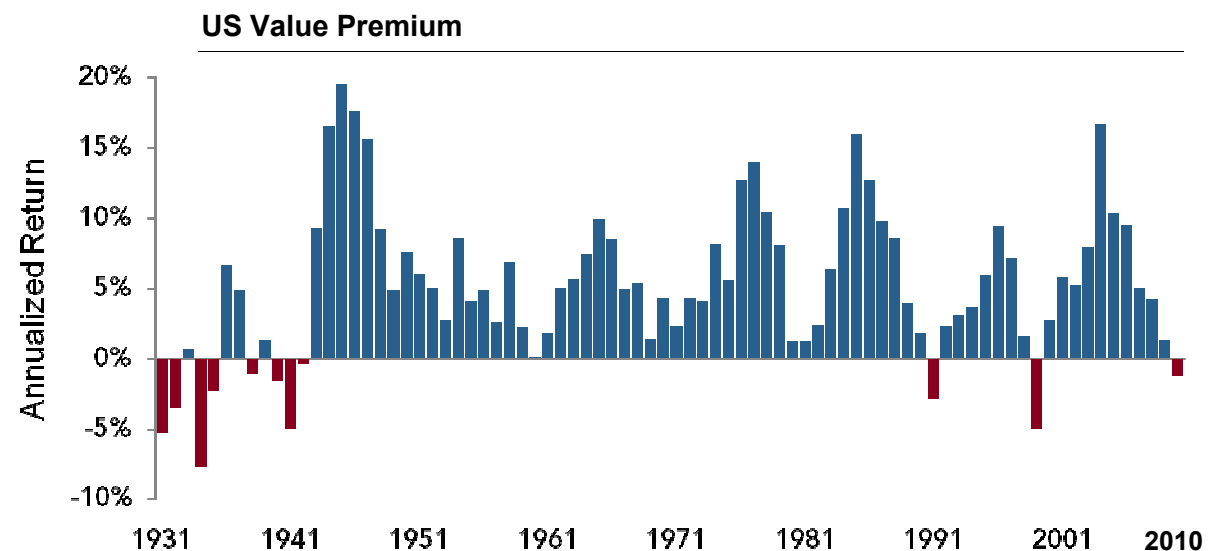
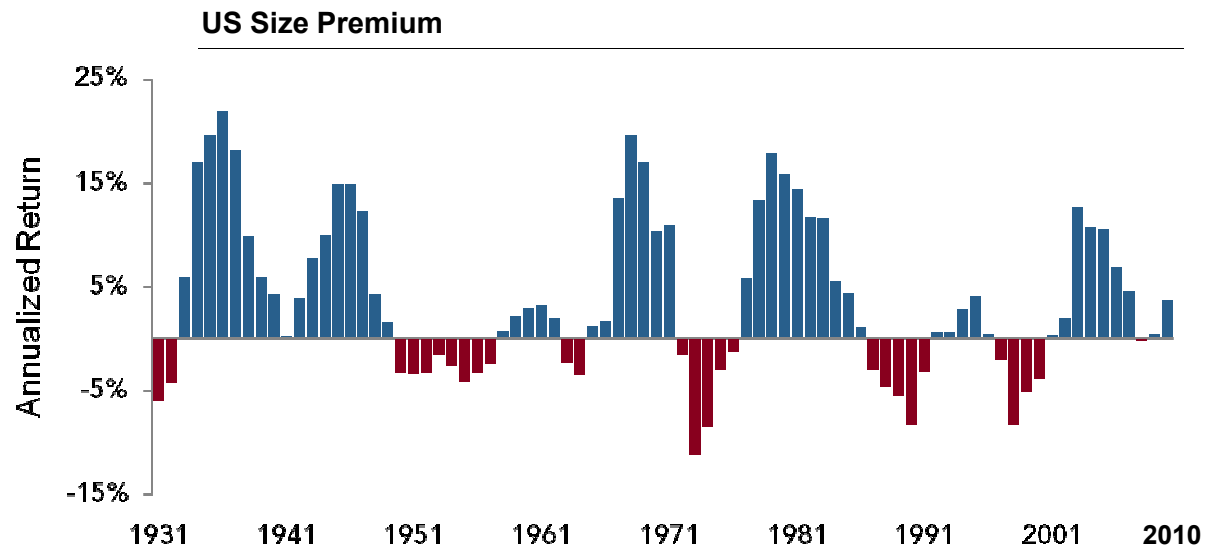
Multifactor data provided by Fama/French.

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Five-Year Moving Average of the US Size and Value Premiums

Annual: 1927–2010

- On an annualized basis, small cap and value stocks have had more positive than negative five-year periods relative to large cap and growth stocks.
- These periods typically offer stronger performance relative to large cap and growth.
- Small cap and value stocks are still subject to extended periods of underperformance.

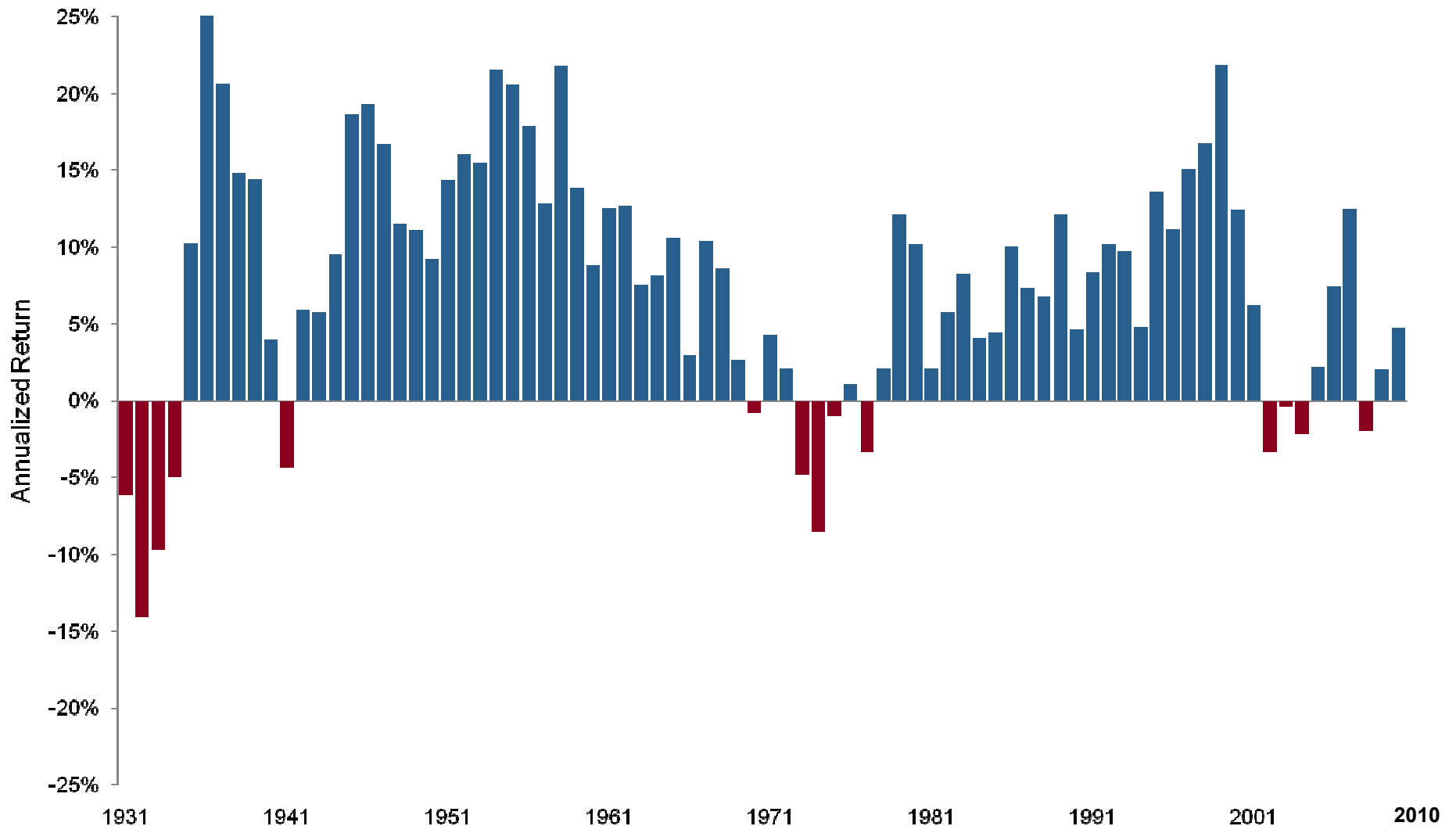


Multifactor data provided by Fama/French. SmB and HmL research factors.

Past performance is not a guarantee of future results. Values change frequently and past performance may not be repeated. There is always the risk that an investor may lose money. Securities of small firms are often less liquid than those of large companies. As a result, small company stocks may fluctuate relatively more in price. Even a long-term investment approach cannot guarantee a profit. Economic, political, and issuer-specific events will cause the value of securities, and the funds that own them, to rise or fall. Because the value of investments will fluctuate, there is a risk that investors will lose money.

Five-Year Moving Average of the US Market Premium

Annual: 1927–2010



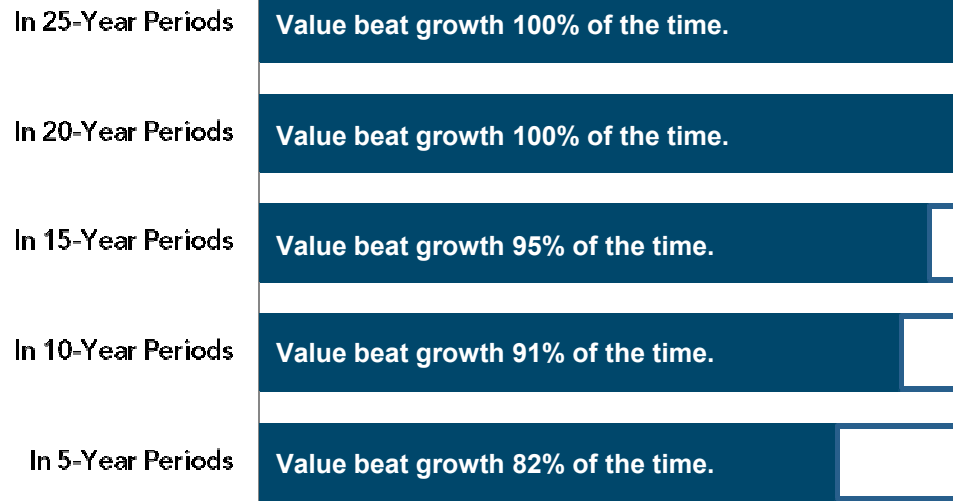
Data provided by Fama/French. Total US Market Research Factor (total market minus one-month Treasury bills). Past performance is not a guarantee of future results. Values change frequently and past performance may not be repeated. There is always the risk that an investor may lose money. Securities of small firms are often less liquid than those of large companies. As a result, small company stocks may fluctuate relatively more in price. Even a long-term investment approach cannot guarantee a profit. Economic, political, and issuer-specific events will cause the value of securities, and the funds that own them, to rise or fall. Because the value of investments will fluctuate, there is a risk that investors will lose money.

The Risk Dimensions Delivered

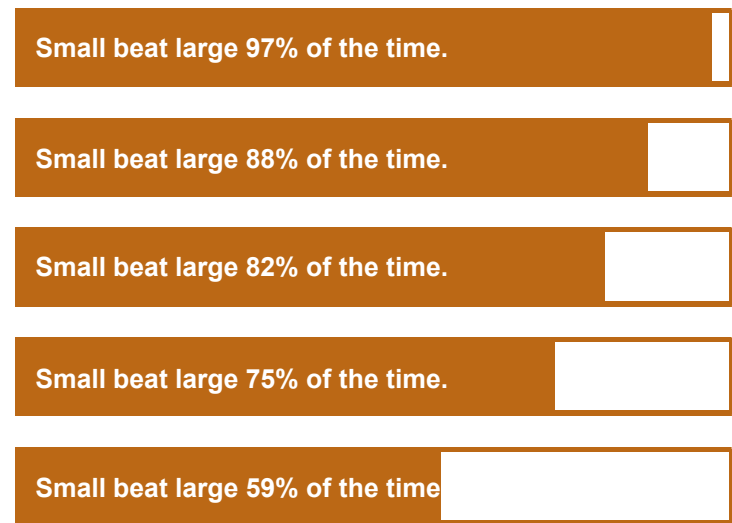
July 1926–December 2010

US Value vs. US Growth

OVERLAPPING PERIODS



US Small vs. US Large



Periods based on rolling annualized returns. 715 total 25-year periods. 775 total 20-year periods. 835 total 15-year periods. 895 total 10-year periods. 955 total 5-year periods.

Performance based on Fama/French Research Factors. Securities of small companies are often less liquid than those of large companies. As a result, small company stocks may fluctuate relatively more in price. Mutual funds distributed by DFA Securities LLC.

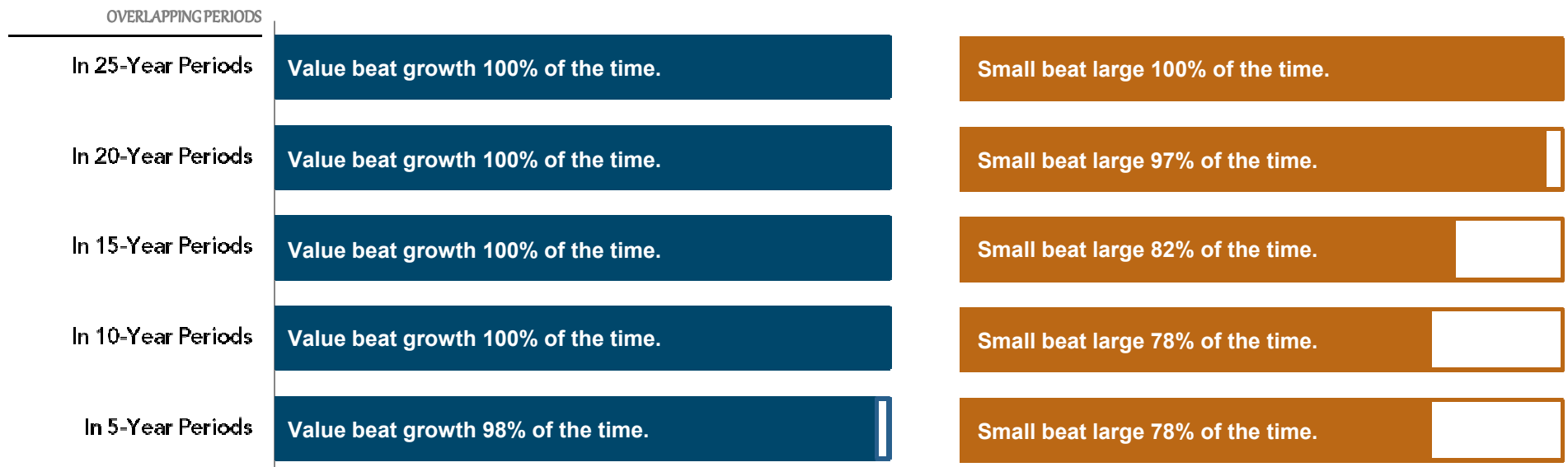
The Risk Dimensions Delivered

January 1975–December 2010

International Value vs. International Growth

January 1970–December 2010

International Small vs. International Large



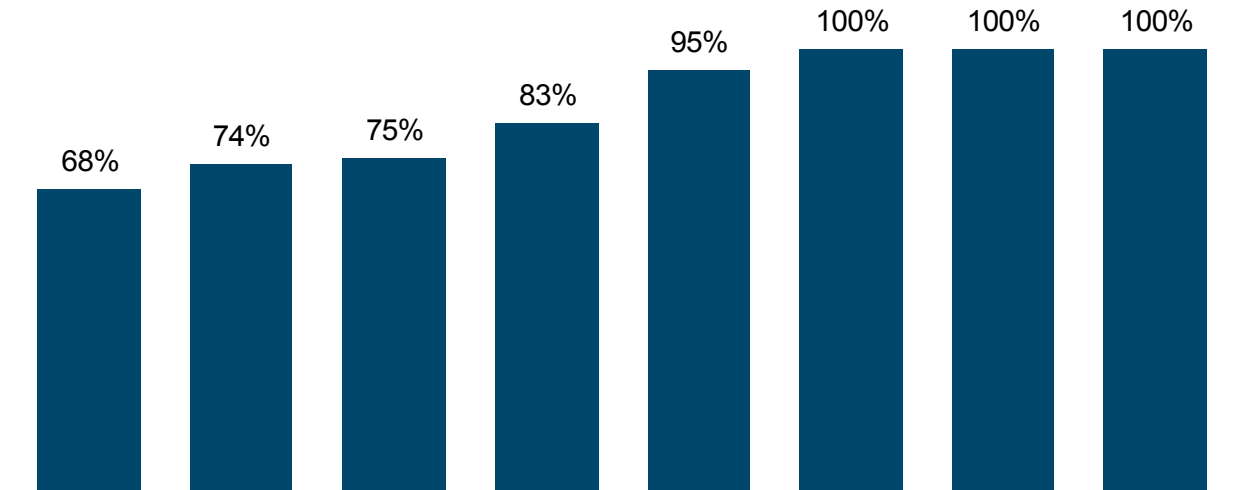
Based on rolling annualized returns. Rolling multi-year periods overlap and are not independent. This statistical dependence must be considered when assessing the reliability of long-horizon return differences.

International Value vs. International Growth data: 133 overlapping 25-year periods. 193 overlapping 20-year periods. 253 overlapping 15-year periods. 313 overlapping 10-year periods. 373 overlapping 5-year periods. International Small vs. International Large data: 193 overlapping 25-year periods. 253 overlapping 20-year periods. 313 overlapping 15-year periods. 373 overlapping 10-year periods. 433 overlapping 5-year periods. International Value and Growth data provided by Fama/French from Bloomberg and MSCI securities data. International Small data compiled by Dimensional from Bloomberg, StyleResearch, London Business School, and Nomura Securities data. International Large is MSCI World ex USA Index gross of foreign withholding taxes on dividends; copyright MSCI 2011, all rights reserved.

Large Stocks vs. Fixed Income

Monthly: January 1926-December 2010

Rolling Time Periods	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	30 Years	40 Years
Total Number of Periods	1009	985	961	901	841	781	661	541
Number of Periods S&P 500 Index Outperformed One-Month T-Bills	686	731	724	751	797	781	661	541



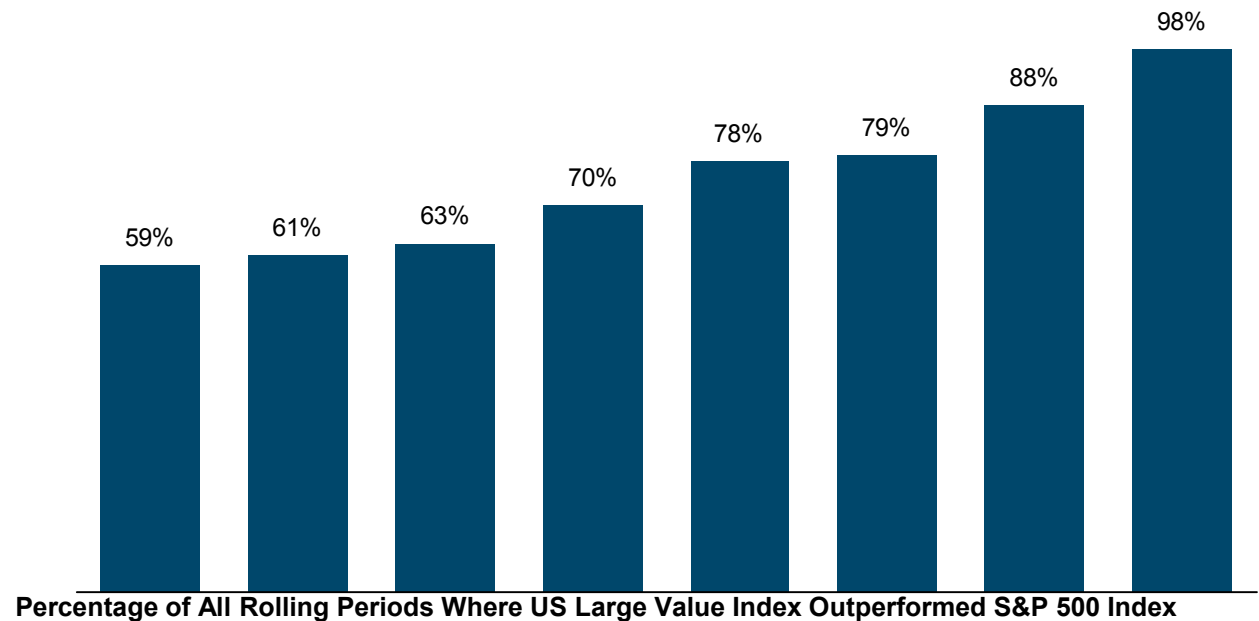
Percentage of All Rolling Periods Where S&P 500 Index Outperformed One-Month T-Bills

The S&P data are provided by Standard & Poor's Index Services Group. One-Month Treasury Bills © Stocks, Bonds, Bills, and Inflation Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld). Indexes are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results. Values change frequently and past performance may not be repeated. There is always the risk that an investor may lose money. Even a long-term investment approach cannot guarantee a profit. Economic, political, and issuer-specific events will cause the value of securities, and the portfolios that own them, to rise or fall. Because the value of your investment in a portfolio will fluctuate, there is a risk that you will lose money. Indexes are referred to for comparative purposes only and do not represent similar asset classes in terms of components or risk exposure; thus, their returns may vary significantly. The S&P 500 Index measures the performance of large cap US stocks. One-Month T-Bills measure the performance of US government-issued Treasury bills.

Value Stocks vs. Large Stocks

Monthly: July1926-December 2010

Rolling Time Periods	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	30 Years	40 Years
Total Number of Periods	1003	979	955	895	835	775	655	535
Number of Periods US Large Value Index Outperformed S&P 500 Index	589	599	601	627	655	609	579	523

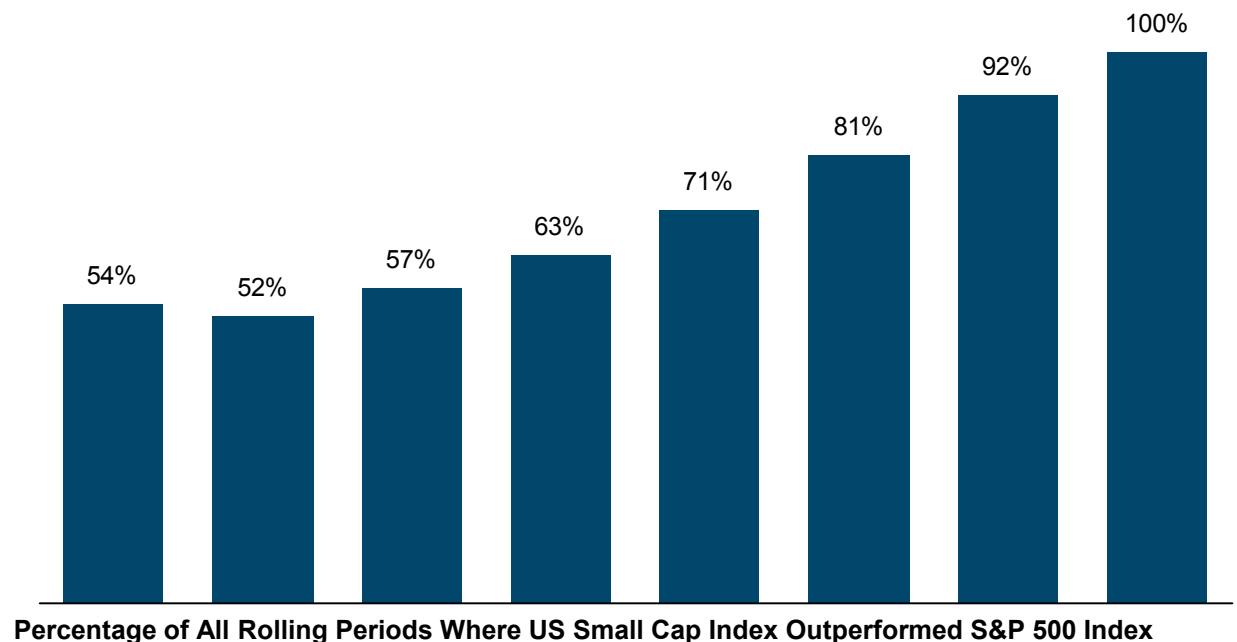


US Large Value Index is Fama/French US Large Value Index (ex utilities), provided by Fama/French. The S&P data are provided by Standard & Poor's Index Services Group. Indexes are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results. Values change frequently and past performance may not be repeated. There is always the risk that an investor may lose money. Even a long-term investment approach cannot guarantee a profit. Economic, political, and issuer-specific events will cause the value of securities, and the portfolios that own them, to rise or fall. Because the value of your investment in a portfolio will fluctuate, there is a risk that you will lose money. Indexes are referred to for comparative purposes only and do not represent similar asset classes in terms of components or risk exposure; thus, their returns may vary significantly. The S&P 500 Index measures the performance of large cap US stocks. US Large Value Index measures the performance of US stocks with lower price-to-book ratios.

Small Stocks vs. Large Stocks

Monthly: January 1926-December 2010

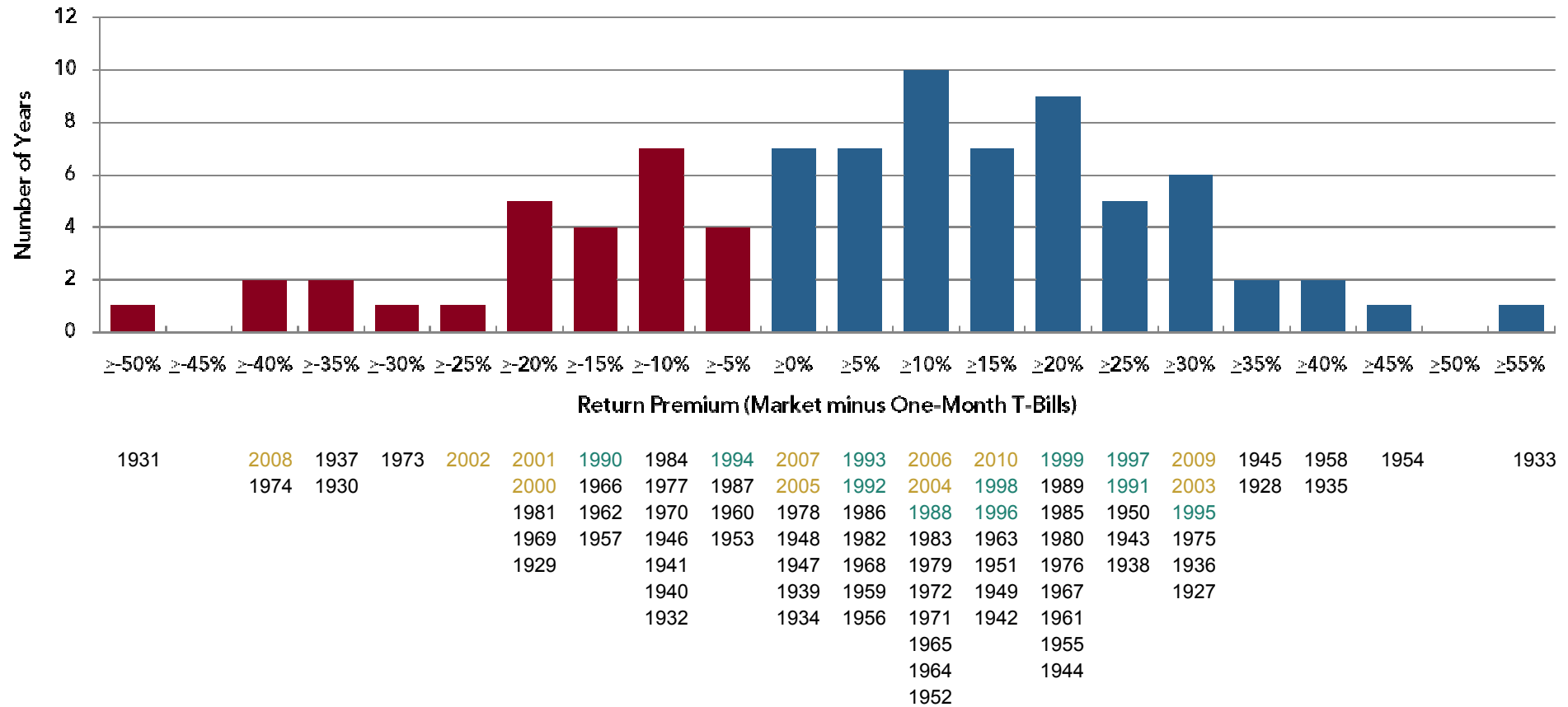
Rolling Time Periods	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	30 Years	40 Years
Total Number of Periods	1009	985	961	901	841	781	661	541
Number of Periods US Small Cap Index Outperformed S&P 500 Index	541	512	546	570	598	634	605	541



The S&P data are provided by Standard & Poor's Index Services Group. CRSP data provided by the Center for Research in Security Prices, University of Chicago. Indexes are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results. Values change frequently and past performance may not be repeated. There is always the risk that an investor may lose money. Even a long-term investment approach cannot guarantee a profit. Economic, political, and issuer-specific events will cause the value of securities, and the portfolios that own them, to rise or fall. Because the value of your investment in a portfolio will fluctuate, there is a risk that you will lose money. Securities of small companies are often less liquid than those of large companies. As a result, small company stocks may fluctuate relatively more in price. Indexes are referred to for comparative purposes only and do not represent similar asset classes in terms of components or risk exposure; thus, their returns may vary significantly. The S&P 500 Index measures the performance of large cap US stocks. The CRSP 6-10 Index measures the performance of US small cap stocks, those in the five smallest deciles of the US market.

Distribution of the US Market Premium

1927–2010

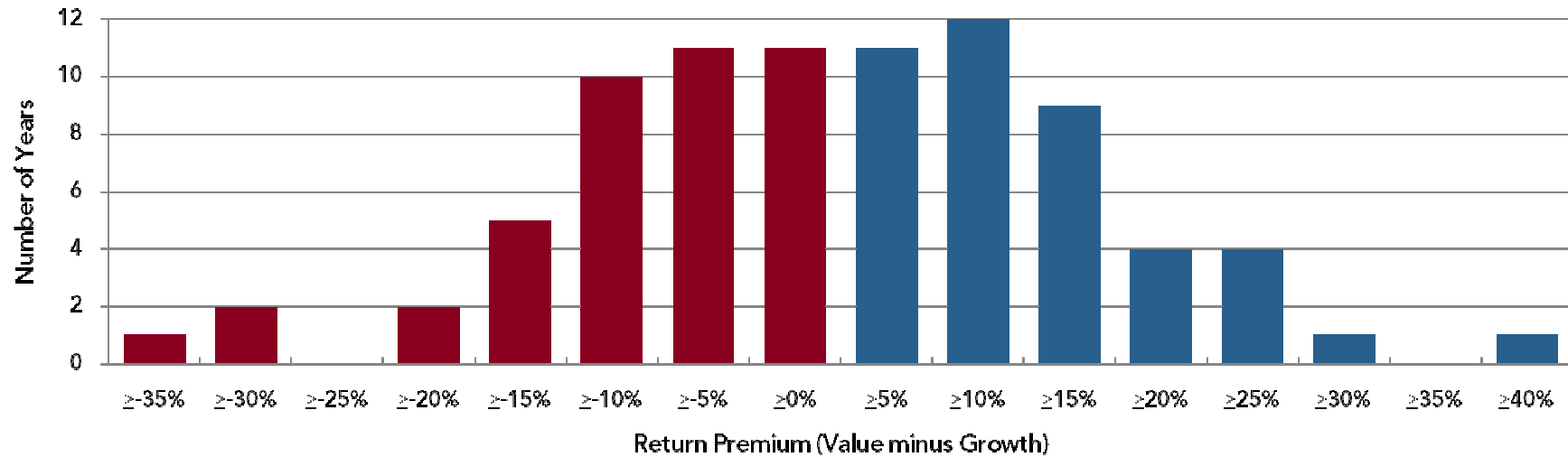


Average Annual Premium:
8.04%

Green and orange years indicate 1990s and 2000s respectively.
Data provided by Fama/French. Total US market research factor (total market minus one-month Treasury bills).

Distribution of the US Value Premium

1927–2010



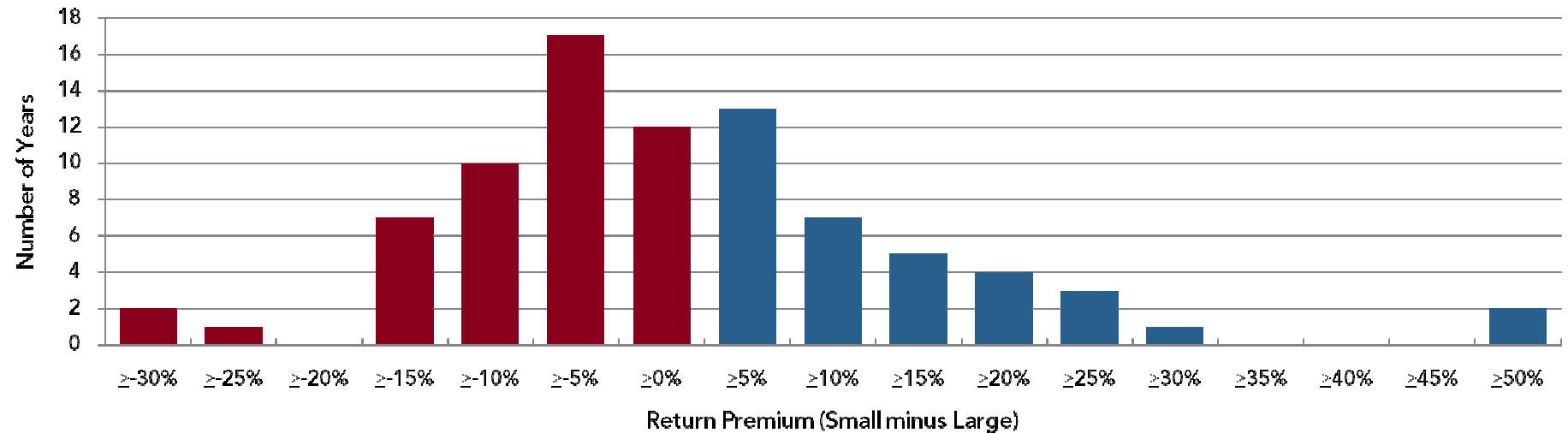
>= -35%	>= -30%	>= -25%	>= -20%	>= -15%	>= -10%	>= -5%	>= 0%	>= 5%	>= 10%	>= 15%	>= 20%	>= 25%	>= 30%	>= 35%	>= 40%
1999	1980	1939	2007	2009	2010	2008	2005	2006	2001	1992	1981	1943			2000
	1934	1931	1991	1998	1994	2003	2004	2002	1993	1983	1954				
			1971	1990	1989	1996	1986	1997	1984	1976	1950				
			1938	1969	1987	1995	1977	1988	1973	1970	1936				
			1930	1967	1979	1985	1975	1982	1968						
				1960	1966	1978	1965	1974	1963						
				1957	1956	1972	1962	1964	1944						
				1953	1949	1959	1961	1958	1942						
				1951	1940	1952	1955	1945	1933						
				1928	1937	1948	1947	1941							
					1927	1946	1932	1935							
								1929							

Average Annual Premium:
4.90%

Green and orange years indicate 1990s and 2000s respectively.
Data provided by Fama/French. HmL research factor.

Distribution of the US Size Premium

1927–2010



Return Premium (Small minus Large)	
1998	1973
1929	
1990	2007
1989	1995
1987	1986
1972	1984
1970	1963
1969	1962
1937	1955
	1952
	1948
	1947
	1956
	1954
	1953
	1951
	1946
	1941
	1930
	1927
2005	2000
2008	2006
2004	2002
1985	1986
1966	1961
1950	1950
1949	1949
1940	1940
1931	1931
1928	1928
2009	1993
2010	1999
2001	1991
1979	1977
1975	1968
1944	1965
1936	
1988	1988
1982	1982
1976	1976
1958	1958
1980	1980
1971	1971
1959	1959
1942	1942
1939	1939
1935	1935
1932	1932
1979	1979
2003	1945
1943	1934
1967	1933

Average Annual Premium:
3.75%

Green and orange years indicate 1990s and 2000s respectively.
Data provided by Fama/French. SmB research factor.

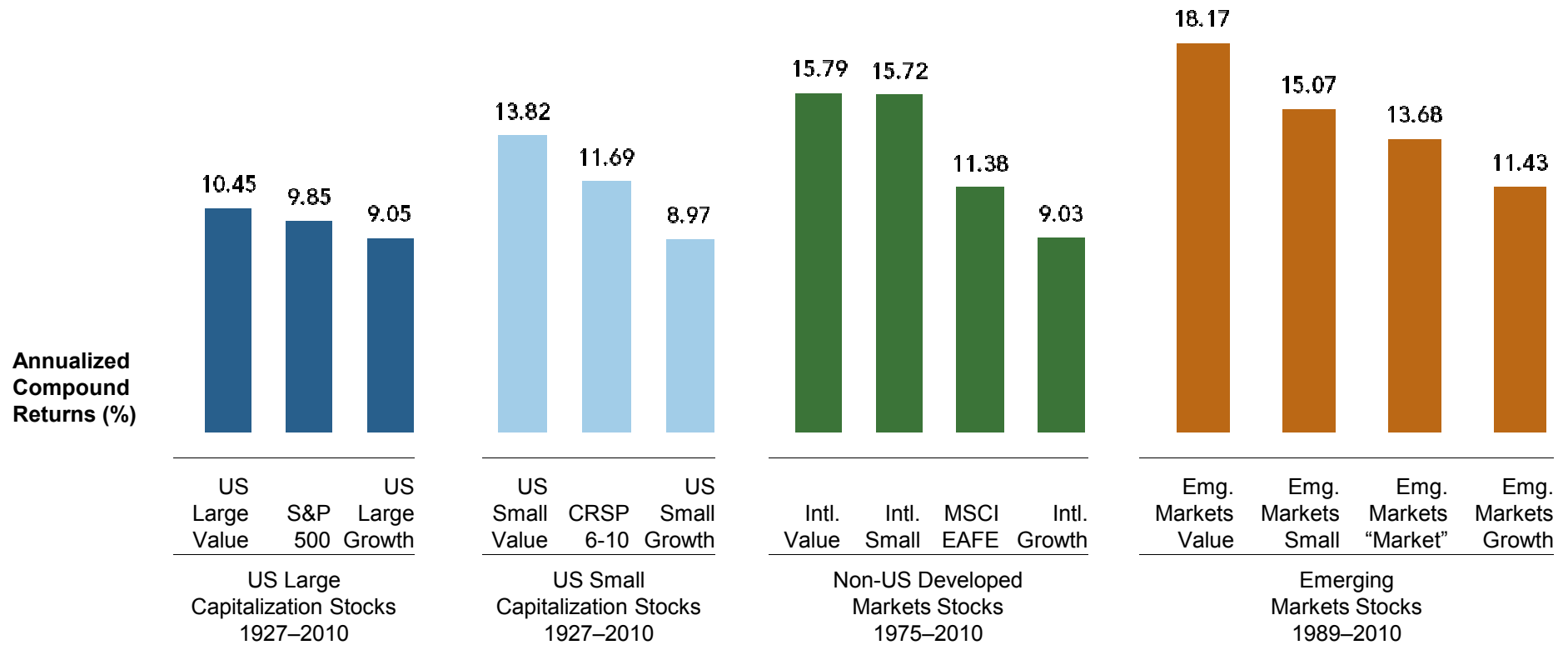
Historical US Value and Small Cap Premiums

Annual

	Value minus Growth Top 30% – Bottom 30%		Small minus Large Bottom 50% – Top 50%	
	Average Premium (%)	Standard Deviation (%)	Average Premium (%)	Standard Deviation (%)
July 1926–June 2010	6.44	27.84	5.45	23.84
July 1946–June 2010	4.53	13.97	2.88	13.18
July 1975–June 2010	3.97	15.22	3.53	13.57

Size and Value Effects Are Strong around the World

Annual Index Data



Average Return (%)	14.03	11.88	11.35	19.17	15.98	13.95	18.48	19.17	13.67	11.29	25.01	21.98	19.46	17.05
Standard Deviation (%)	27.01	20.51	21.93	35.13	30.94	34.05	24.56	28.13	22.29	22.21	42.01	40.67	36.40	34.89

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. Past performance is not a guarantee of future results. US value and growth index data (ex utilities) provided by Fama/French. The S&P data are provided by Standard & Poor's Index Services Group. CRSP data provided by the Center for Research in Security Prices, University of Chicago. International Value data provided by Fama/French from Bloomberg and MSCI securities data. International Small data compiled by Dimensional from Bloomberg, StyleResearch, London Business School, and Nomura Securities data. MSCI EAFE Index is net of foreign withholding taxes on dividends; copyright MSCI 2011, all rights reserved. Emerging markets index data simulated by Fama/French from countries in the IFC Investable Universe; simulations are free-float weighted both within each country and across all countries.

Indexes are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results. Values change frequently and past performance may not be repeated. There is always the risk that an investor may lose money. *Small company risk:* Securities of small firms are often less liquid than those of large companies. As a result, small company stocks may fluctuate relatively more in price. *Emerging markets risk:* Numerous emerging countries have experienced serious, and potentially continuing, economic and political problems. Stock markets in many emerging countries are relatively small, expensive, and risky. Foreigners are often limited in their ability to invest in, and withdraw assets from, these markets. Additional restrictions may be imposed under other conditions. *Foreign securities and currencies risk:* Foreign securities prices may decline or fluctuate because of: (a) economic or political actions of foreign governments, and/or (b) less regulated or liquid securities markets. Investors holding these securities are also exposed to foreign currency risk (the possibility that foreign currency will fluctuate in value against the US dollar).