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# Pursuing a Better Investment Experience

Dimensional Fund Advisors LP is an investment advisor registered with the Securities and Exchange Commission.

This information is not meant to constitute investment advice, a recommendation of any securities product or investment strategy (including account type), or an offer of any services or products for sale, nor is it intended to provide a sufficient basis on which to make an investment decision. Investors should consult with a financial professional regarding their individual circumstances before making investment decisions.

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# Embrace Market Pricing



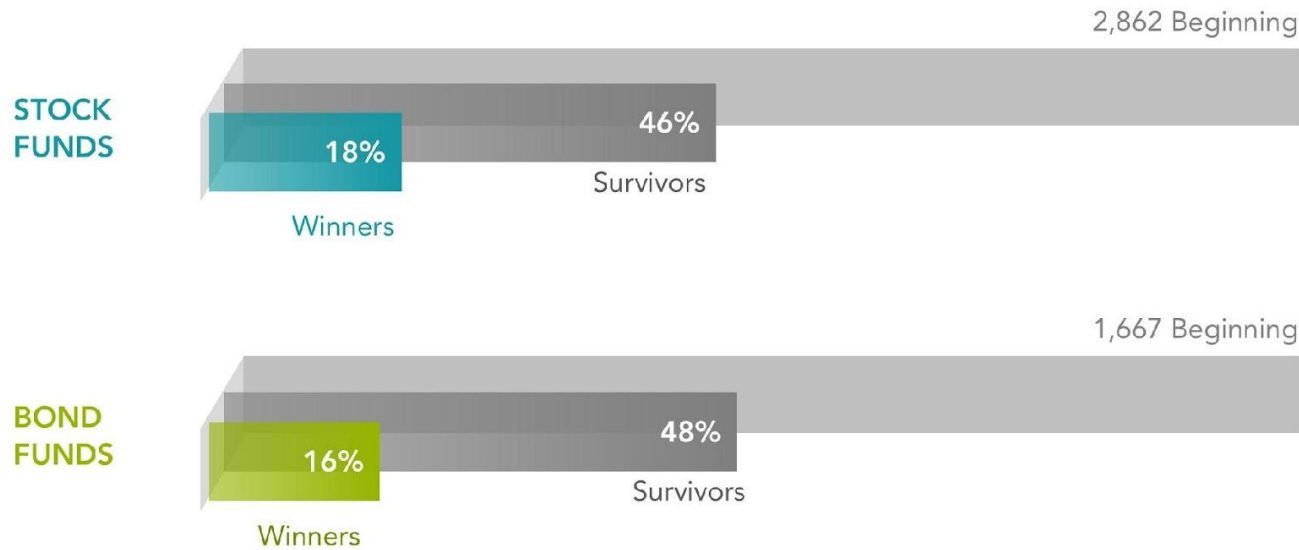
Financial science has taught us that the market is an effective information-processing machine. Each day, the world equity markets process billions of dollars in trades between buyers and sellers—and the real-time information they bring helps set prices.

In USD. Source: Dimensional, using data from Bloomberg LP. Includes primary and secondary exchange trading volume globally for equities. Funds are excluded. Daily averages were computed by calculating the trading volume of each stock daily as the closing price multiplied by shares traded that day. All such trading volume is summed up and divided by 252 as an approximate number of annual trading days.

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# Don't Try to Outguess the Market

US-domiciled stock and bond fund performance, 2005–2024



The market's pricing power works against fund managers who try to outperform through stock picking or market timing. As evidence, only 18% of US-domiciled stock funds and 16% of bond funds have survived and outperformed their benchmarks over the past 20 years.

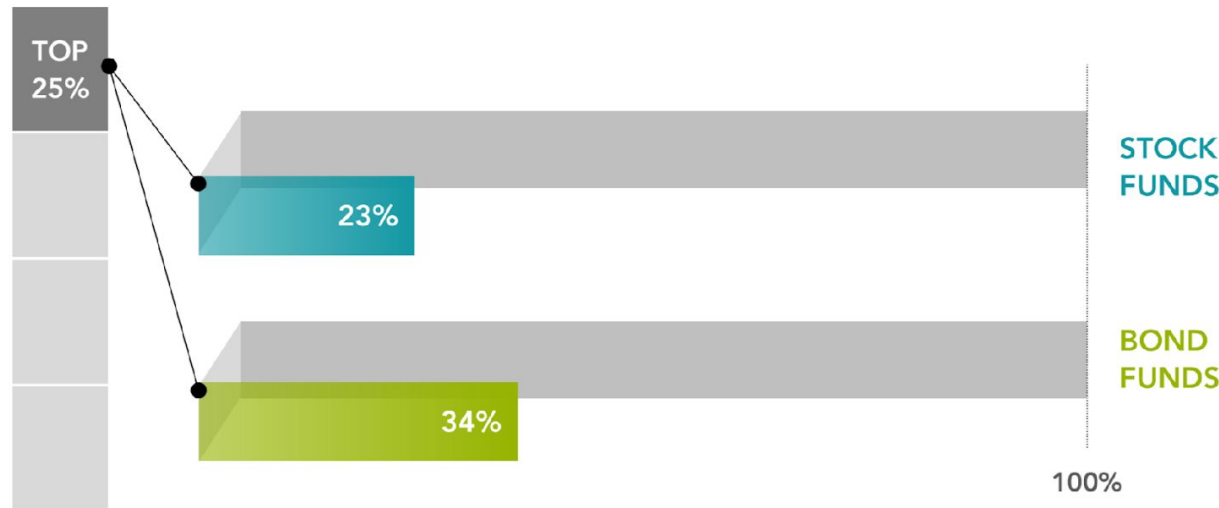
**Past performance is no guarantee of future results. US-domiciled mutual funds and US-domiciled ETFs are not generally available for distribution outside the US.**

The sample includes funds at the beginning of the 20-year period ending 31 December 2024. Each fund is evaluated relative to its primary prospectus benchmark. Survivors are funds that had returns for every month in the sample period. Winners are funds that survived and outperformed their benchmark over the period. Where the full series of primary prospectus benchmark returns is unavailable, non-Dimensional funds are instead evaluated relative to their Morningstar category index. **Data Sample:** The sample includes US-domiciled, USD-denominated open-end and exchange-traded funds (ETFs) in the following Morningstar categories. Non-Dimensional fund data is provided by Morningstar. Dimensional fund data is provided by the fund accountant. Dimensional funds or subadvised funds whose access is or previously was limited to certain investors are excluded. Index funds, load-waived funds, and funds of funds are excluded from the industry sample. **Morningstar Categories (Equity):** Equity fund sample includes the following Morningstar historical categories: Diversified Emerging Markets, Europe Stock, Foreign Large Blend, Foreign Large Growth, Foreign Large Value, Foreign Small/Mid Blend, Foreign Small/Mid Growth, Foreign Small/Mid Value, Global Real Estate, Japan Stock, Large Blend, Large Growth, Large Value, Mid-Cap Blend, Mid-Cap Growth, Mid-Cap Value, Miscellaneous Region, Pacific/Asia ex-Japan Stock, Real Estate, Small Blend, Small Growth, Small Value, Global Large-Stock Blend, Global Large-Stock Growth, Global Large-Stock Value, and Global Small/Mid Stock. **Morningstar Categories (Fixed Income):** Fixed income fund sample includes the following Morningstar historical categories: Corporate Bond, High-Yield Bond, Inflation-Protected Bond, Intermediate Core Bond, Intermediate Core-Plus Bond, Intermediate Government, Long Government, Muni California Intermediate, Muni California Long, Muni Massachusetts, Muni Minnesota, Muni National Intermediate, Muni National Long, Muni National Short, Muni New Jersey, Muni New York Intermediate, Muni New York Long, Muni Ohio, Muni Pennsylvania, Muni Single State Intermediate, Muni Single State Long, Muni Single State Short, Muni Target Maturity, Short Government, Short-Term Bond, Ultrashort Bond, Global Bond, and Global Bond-USD Hedged. **Index Data Sources:** Index data provided by Bloomberg, MSCI, Russell, FTSE Fixed Income LLC, and S&P Dow Jones Indices LLC. Indices are not available for direct investment. Their performance does not reflect the expenses associated with management of an actual portfolio.

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# Resist Chasing Past Performance

Percentage of top-ranked funds that stayed on top, 2005–2024



**PREVIOUS 5 YEARS** Funds remaining in top quartile of returns in the following five-year period

Some investors select funds based on their past returns. Yet, past performance offers little insight into a fund’s future returns. For example, most funds in the top 25% of previous five-year returns did not maintain a top-25% ranking in the following five years.

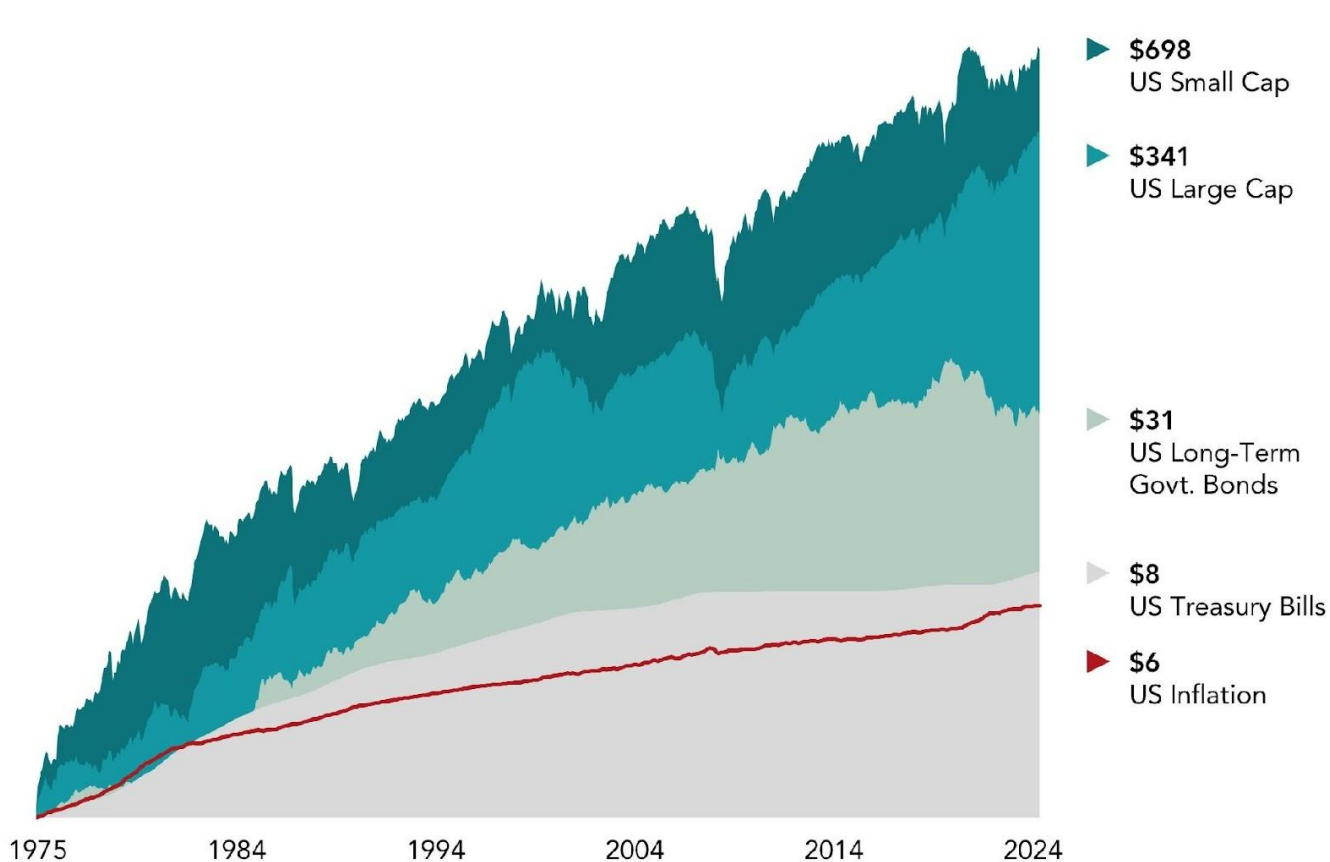
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This study evaluated fund performance over rolling periods from 2005 through 2024. Each year, funds are sorted within their category based on their previous five-year total return. Those ranked in the top quartile of returns are evaluated over the following five-year period. The chart shows the average percentage of top-ranked equity and fixed income funds that kept their top ranking in the subsequent period. **Data Sample:** The sample includes US-domiciled, USD-denominated open-end and exchange-traded funds (ETFs) in the following Morningstar categories. Non-Dimensional fund data is provided by Morningstar. Dimensional fund data is provided by the fund accountant. Dimensional funds or subadvised funds whose access is or previously was limited to certain investors are excluded. Index funds, load-waived funds, and funds of funds are excluded from the industry sample. **Morningstar Categories (Equity):** Equity fund sample includes the following Morningstar historical categories: Diversified Emerging Markets, Europe Stock, Foreign Large Blend, Foreign Large Growth, Foreign Large Value, Foreign Small/Mid Blend, Foreign Small/Mid Growth, Foreign Small/Mid Value, Global Real Estate, Japan Stock, Large Blend, Large Growth, Large Value, Mid-Cap Blend, Mid-Cap Growth, Mid-Cap Value, Miscellaneous Region, Pacific/Asia ex-Japan Stock, Real Estate, Small Blend, Small Growth, Small Value, Global Large-Stock Blend, Global Large-Stock Growth, Global Large-Stock Value, and Global Small/Mid Stock. **Morningstar Categories (Fixed Income):** Fixed income fund sample includes the following Morningstar historical categories: Corporate Bond, High-Yield Bond, Inflation-Protected Bond, Intermediate Core Bond, Intermediate Core-Plus Bond, Intermediate Government, Long Government, Muni California Intermediate, Muni California Long, Muni Massachusetts, Muni Minnesota, Muni National Intermediate, Muni National Long, Muni National Short, Muni New Jersey, Muni New York Intermediate, Muni New York Long, Muni Ohio, Muni Pennsylvania, Muni Single State Intermediate, Muni Single State Long, Muni Single State Short, Muni Target Maturity, Short Government, Short-Term Bond, Ultrashort Bond, Global Bond, and Global Bond-USD Hedged. **Index Data Sources:** Index data provided by Bloomberg, MSCI, Russell, FTSE Fixed Income LLC, and S&P Dow Jones Indices LLC. Indices are not available for direct investment. Their performance does not reflect the expenses associated with management of an actual portfolio.

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# Let Markets Work for You

Growth of a dollar, 1975–2024 (compounded monthly)



The financial markets have rewarded long-term investors. People expect a positive return on the capital they supply, and the stock and bond markets have provided growth of wealth that has more than offset inflation, as this chart of the past 50 years shows.

**Past performance is no guarantee of future results. Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio.** In USD. US Small Cap is the CRSP 6–10 Index. US Large Cap is the S&P 500 Index. US Long-Term Govt. Bonds is the Bloomberg US Government Bond Index Long. US Treasury Bills is the IA SBBI US 30 Day TBill TR USD. US Inflation is measured as changes in the US Consumer Price Index. CRSP data is provided by the Center for Research in Security Prices, University of Chicago. S&P data © 2025 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Bloomberg data provided by Bloomberg. Treasury bills data provided by Ibbotson Associates via Morningstar Direct. US Consumer Price Index data is provided by the US Department of Labor Bureau of Labor Statistics. Data presented in the Growth of a Dollar chart is hypothetical and assumes reinvestment of income and no transaction costs or taxes. The chart is for illustrative purposes only and is not indicative of any investment.

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# Target Higher Returns

Dimensions of expected returns

## STOCKS

### Small companies

outperform large companies over time

### Value stocks

outperform growth stocks over time

Companies with **high profitability** outperform those with low profitability over time

Academic research into decades of stock and bond returns has identified long-term drivers of outperformance. By investing systematically in the areas with higher expected returns, you can aim to beat the market.

## BONDS

### Wider term spreads

generally lead to higher term premiums

### Wider credit spreads

generally lead to higher credit premiums

### Global currencies

of issuance offer opportunities for higher expected returns and reduced volatility

Relative price is measured by the price-to-book ratio; value stocks are those with lower price-to-book ratios. Profitability is measured as operating income before depreciation and amortization minus interest expense scaled by book.

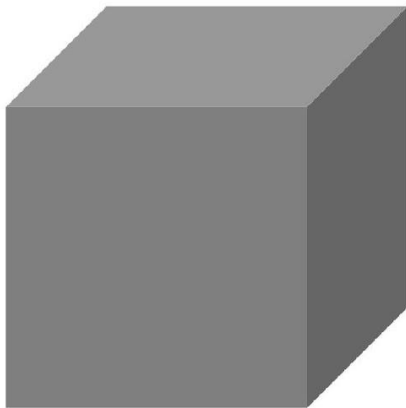
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# Diversify Internationally

## Home Market Index

### S&P 500 Index

1 country  
500 companies



## Global Market Index

### MSCI ACWI Investable Market Index (IMI)

47 countries  
8,545 companies



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Holding a globally diversified portfolio can broaden your opportunities beyond your home market—putting you in a better position to capture higher returns wherever they appear.

**International investing involves special risks, such as currency fluctuation and political instability. Investing in emerging markets may accentuate these risks. Diversification does not eliminate the risk of market loss.** Number of holdings and countries for the S&P 500 Index and MSCI ACWI IMI (All Country World IMI Index) as of December 31, 2024. S&P data © 2025 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. MSCI data © MSCI 2025, all rights reserved. International investing involves special risks, such as currency fluctuation and political instability. Investing in emerging markets may accentuate these risks.

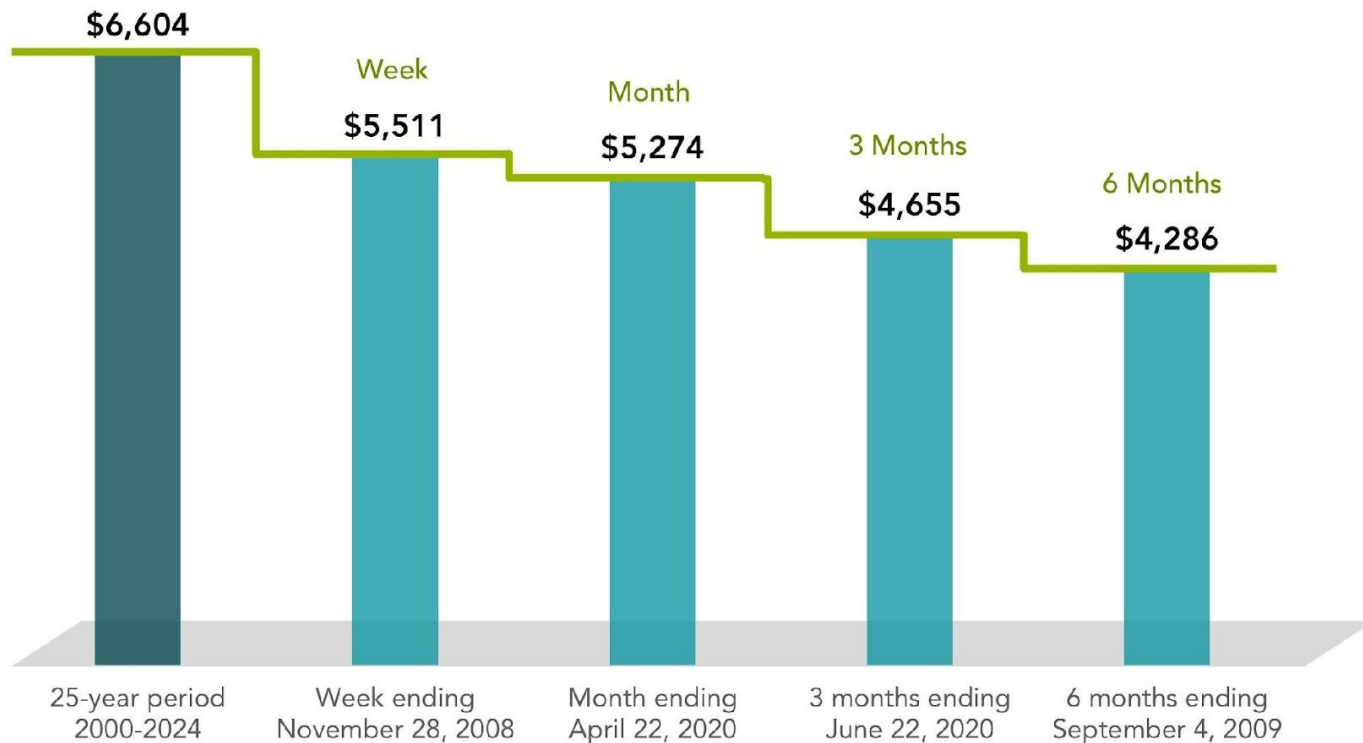
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# Avoid Market Timing

Russell 3000 Index total return, 2000–2024

Growth of \$1,000  
invested from  
Jan. 1, 2000

But if you missed the single best...



Research has shown there's no reliable way to time the market—targeting the best days to be invested or moving to the sidelines to avoid the worst days. It has also shown the impact of being out of the market even for a short time. Staying invested helps ensure you're in position to capture long-term gains.

**Past performance is no guarantee of future results. Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio.** In USD. Data presented in the Growth of \$1,000 chart is hypothetical and assumes reinvestment of income and no transaction costs or taxes. The chart is for illustrative purposes only and is not indicative of any investment. Best performance dates represent end of period (November 28, 2008, for best week; April 22, 2020, for best month; June 22, 2020, for best three months; and September 4, 2009, for best six months). The missed best consecutive days examples assume that the hypothetical portfolio fully divested its holdings at the end of the day before the missed best consecutive days, held cash for the missed best consecutive days, and reinvested the entire portfolio in the Russell 3000 Index at the end of the missed best consecutive days. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes.

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# Manage Your Emotions

Avoid reactive investing



When markets go up and down, many people struggle to separate their emotions from investing. Reacting to current market conditions may lead to making poor investment decisions.

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# Look Beyond the Headlines



*The Top 10 Funds to Own Now*

*Best Stocks for the Coming Recession*

*It's Time to Bet Against Oil*

*The Investment that's Safer than Cash*

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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 headlines unsettle you, consider the source—is it news or entertainment? Do yourself a favor and tune out the noise.

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# Control What You Can Control

Create an investment plan to fit your needs and risk tolerance.

Structure a portfolio along the dimensions of expected returns.

Diversify globally.

Manage expenses, turnover, and taxes.

Stay disciplined through the market's highs and lows.

Work with your financial advisor to stay focused on actions that add value. While you can't control which way the market will turn, following time-tested principles can lead to a better investment experience.

**Diversification does not eliminate the risk of market loss. There is no guarantee investment strategies will be successful.**

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