



Item 1 – Cover Page

## **Dimensional Fund Advisors LP**

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February 28, 2017

This Brochure provides information about the qualifications and business practices of Dimensional Fund Advisors LP (“Dimensional”). If you have any questions about the contents of this Brochure, please contact us at 512.306.7400 and/or <http://us.dimensional.com>. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Dimensional is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Additional information about Dimensional is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



## **Item 2 – Material Changes**

This Brochure dated February 28, 2017 reflects Dimensional’s interim amendment to Form ADV Part 2A since its last annual update dated March 29, 2016. The following summarizes some of the changes:

- Item 4 has been amended to update David G. Booth’s title and the amount of assets Dimensional manages on a discretionary basis.



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## **Item 4 – Advisory Business**

### General Description of Advisory Firm

Dimensional Fund Advisors LP (“Dimensional”) manages securities and other assets for institutional investors generally and clients of independent financial advisors. Dimensional is the investment adviser to four SEC-registered investment companies which represent approximately 121 separate funds in aggregate (“U.S. Dimensional Funds”). The firm (formerly, Dimensional Fund Advisors Inc.) has been in business since 1981.

As of December 31, 2016, Dimensional and its affiliates managed approximately \$477,799,383,571 on a discretionary basis.<sup>1</sup>

Dimensional is organized as a Delaware limited partnership. Its general partner is Dimensional Holdings Inc., which together with Dimensional Holdings LLC (a wholly-owned subsidiary of Dimensional Holdings Inc.) owns more than 98% of the partnership interest of Dimensional. David G. Booth, executive chairman of Dimensional, is a principal owner of Dimensional Holdings Inc. The other owners primarily include current and former Dimensional employees and directors.

### General Description of Advisory Services

Dimensional manages equity and fixed income securities based on fundamental analysis:

- Dimensional believes that equity investing should involve a long-term view and a systematic focus on sources of expected returns, not on stock picking or market timing. In constructing an equity investment portfolio, Dimensional generally identifies a broadly diversified universe of eligible securities with defined risk and return characteristics.
- Dimensional believes that fixed income investing should also involve a long-term view and a systematic focus on bond market risk and return, not on interest rate forecasting or market timing. In constructing a fixed-income investment portfolio, Dimensional generally identifies a broadly diversified universe of eligible securities with defined maturity ranges and credit quality characteristics.

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<sup>1</sup> Discretionary assets under management include assets that are attributable to: (i) funds-of-funds managed by Dimensional that invest in underlying funds that are also managed by Dimensional; (ii) investments by Dimensional-managed funds in the DFA Short Term Investment Fund, a money-market fund that is also managed by Dimensional; and (iii) institutions that invest in Dimensional-managed funds through a discretionary investment program that involves Dimensional periodically allocating or rebalancing the institutions’s investment amongst the Dimensional funds.



Dimensional manages investment funds, such as the U.S. Dimensional Funds, in accordance with each fund's investment objective. The firm also manages separate accounts tailored to the needs of individual clients, generally negotiated with each client and described in investment objectives and guidelines. A separate account client may impose restrictions on investing in certain securities or types of securities.

#### Other Business

Dimensional licenses software to intermediaries for use by defined contribution employee benefit plans. The license includes software for a computer-based assessment tool that the intermediary or the plan can use to sort participants into different groups based on certain attributes. The tool will allow the intermediary or the plan to map the groups to a model allocation selected by the intermediary or the plan. Dimensional provides related technical support and maintenance services for the licensed items as well as updates as agreed upon. Under this program, Dimensional does not act as an investment adviser to the plan or its participants.

Dimensional has also licensed a set of indexes to an unaffiliated adviser for that investment adviser's use in connection with the management of certain registered investment companies. Dimensional research personnel developed the index and maintain the methodology underlying the index. In addition, Dimensional has collaborated with an index provider on the development of retirement-focused indices. As part of this collaboration, Dimensional has licensed to the index provider certain intellectual property in order to develop the retirement-focused indices for license and use as a benchmark. Dimensional may also provide speakers at industry conferences and certain other marketing assistance related to the benchmarks.

### **Item 5 – Fees and Compensation**

#### Advisory Fees

*Separate Accounts.* For separate accounts, Dimensional's actual advisory fees, minimum fees and minimum account sizes may be negotiated and may vary from the schedules below due to a variety of factors, including the particular circumstances of the client, specific investment strategies mandated by the client, account size, and/or as otherwise may be agreed with specific clients. As a result, Dimensional may offer certain clients lower fees than other clients.

<u>General Investment Strategy Categories</u>	<u>Annual Advisory Fee Rates</u>
U.S. Equity	0.07% to 0.70%
Non-U.S. / Global Equity	0.10% to 0.75%



<u>General Investment Strategy Categories</u>	<u>Annual Advisory Fee Rates</u>
Fixed Income	0.05% to 0.30%
Real Estate Securities	0.15% to 0.40%

The specific fees that Dimensional charges a separate account client are set forth in the client's written investment management agreement with Dimensional. Dimensional generally bills its advisory fees on a quarterly basis in arrears unless otherwise stated in the written management agreement with a client. Clients also may be billed directly for fees or authorize Dimensional to directly debit fees from client accounts. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any earned, unpaid fees will be due and payable.

Dimensional may invest separate account client assets in investment funds, including mutual funds. Such clients may bear the costs and expenses charged by the fund to their shareholders, such as management and administrative fees, in addition to Dimensional's advisory fees for the separate account program. In such instances, the advisory fees payable for managing the separate account may be reduced by the fund's advisory fee applicable to the account, which is payable to Dimensional. See Items 11 and 14 of this Brochure for a discussion of compensation for solicitation activities and possible conflicts of interest with these arrangements.

*Investment Companies.* Dimensional is an investment adviser to the U.S. Dimensional Funds. Dimensional is a sub-adviser to certain Undertakings for Collective Investment in Transferable Securities ("UCITS funds"), and United Kingdom, Australian and Canadian mutual funds managed by Dimensional affiliated entities. The firm is also a sub-adviser to other mutual funds managed by unaffiliated entities. Dimensional's advisory fees charged to fund clients are set by a respective fund's boards of directors/trustees and in some cases, its shareholders. Fees vary by investment discipline, type of account, assets under management, and other competitive factors. Dimensional's advisory, sub-advisory, and administrative fees, if any, for fund clients are disclosed in the respective prospectuses, statements of additional information ("SAIs"), or other offering documents of the funds.

In certain instances Dimensional may charge a separate administrative fee to an investor who purchases a mutual fund for administrative services provided to such investors. Any such fee will be outlined in an administrative services agreement with the client.

*The DFA Group Trust.* Dimensional sponsors one collective trust fund with various subtrusts, the DFA Group Trust, in which assets of qualified defined benefit plans are invested. Fees charged by Dimensional for investments in the DFA Group Trust may range from 0.25% to 0.55% per year. However, as with separate accounts, Dimensional's actual advisory fees, minimum fees and minimum account sizes may be negotiated and may vary from client to client due to a variety of factors, including the particular subtrust selected by the client, the particular circumstances of the client, account size, or as otherwise may be agreed with specific clients.



Specific fees that Dimensional charges a client that invests in units of the DFA Group Trust are set forth in the client's written investment management agreement with Dimensional.

#### Brokerage, Custodial and Other Expenses

Dimensional's advisory fees for separate accounts, group trust and fund clients are in addition to brokerage commissions, custodial fees, proxy voting service fees, and other transaction costs and expenses which the client may incur. See Item 12 of this Brochure for a discussion of Dimensional's brokerage practices.

### **Item 6 – Performance-Based Fees and Side-By-Side Management**

In some cases, Dimensional has entered into performance fee arrangements with “qualified clients,” as defined under the Investment Advisers Act of 1940, as amended (“Advisers Act”). Such fees are subject to individualized negotiation with each such client. Dimensional will structure any performance or incentive fee arrangement in compliance with legal requirements. In measuring client assets for the calculation of performance-based fees, Dimensional will include realized and unrealized capital gains and losses.

Performance based fee arrangements may create an incentive for Dimensional to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. These fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. Dimensional has procedures which seek to treat all clients fairly and equally, and to prevent this type of conflict from influencing the allocation of investment opportunities among clients.

### **Item 7 – Types of Clients**

Dimensional's clients generally include institutional investors, high net worth individuals, and clients of registered financial advisors. The institutional investors are typically comprised of the U.S. Dimensional Funds, corporate pension and profit-sharing plans, Taft-Hartley plans, charitable institutions, foundations, endowments, municipalities, private investment funds, trust programs, sovereign funds, foreign funds such as UCITS, and other U.S. and international institutions.

### **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

The discussion in this Item applies to all Dimensional investment portfolios, including separate accounts and investment funds.



- For a separate account client, please also carefully review the account's investment management agreement for additional information on the account's investment strategies and risks.
- For an investment fund, including a U.S. Dimensional Fund, please also carefully review the fund's prospectus and other offering documents for additional information on the fund's investment strategies and risks.
- For a client investing in the DFA Group Trust, please also carefully review the DFA Group Trust Agreement and the account's investment management agreement for additional information on the account's investment strategies and risks.

Dimensional's portfolio managers use a team approach to manage client assets. Dimensional's sales staff and client service representatives may discuss Dimensional's investment philosophy, strategies, and performance, and review client reports, as well as discuss other client-related services offered by Dimensional. However, they do not formulate investment advice for potential or current clients.

Investing in securities involves risk of loss that clients should be prepared to bear.

### General Investments

*Method of Analysis and Investment Strategies.* Dimensional primarily utilizes fundamental analysis with limited technical analysis. Securities analysis will be used to eliminate securities from a portfolio rather than to decide which securities will be added. Dimensional also has consulting arrangements with several academics who provide expertise with respect to the investment strategies Dimensional implements.

*Market Risk:* Even a long-term investment approach cannot guarantee a profit. Economic, political, and issuer-specific events will cause the value of securities, and the portfolio that owns them, to rise or fall. Because the value of your investment in a portfolio will fluctuate, there is the risk that you will lose money.

*Fund of Funds Risk:* The investment performance of a portfolio that is a fund-of-funds is affected by the investment performance of the underlying funds in which the portfolio invests. The ability of the portfolio to achieve its investment objective depends on the ability of the underlying funds to meet their investment objectives and on Dimensional's decisions regarding the allocation of the portfolio's assets among the underlying funds. The portfolio may allocate assets to an underlying fund or asset class that underperforms other funds or asset classes. There can be no assurance that the investment objective of the portfolio or any underlying fund will be achieved. When the portfolio invests in underlying funds, investors are exposed to a proportionate share of the expenses of those underlying funds in addition to the expenses of the portfolio. Through its investments in underlying funds, the portfolio is subject to the risks of the underlying funds' investments.





*Securities Lending Risk:* Securities lending involves the risk that the borrower may fail to return the securities in a timely manner or at all. As a result, a portfolio may lose money and there may be a delay in recovering the loaned securities. The portfolio could also lose money if it does not recover the securities and/or the value of the collateral falls, including the value of investments made with cash collateral. Securities lending also may have certain potential adverse tax consequences.

*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 may also be exposed to foreign currency risk (the possibility that foreign currency will fluctuate in value against the U.S. dollar or that a foreign government will convert, or be forced to convert, its currency to another currency, changing its value against the U.S. dollar). A portfolio may seek to hedge foreign currency exposure.

*Cyber Security Risk:* A portfolio's and its service providers' use of internet, technology and information systems may expose the portfolio to potential risks linked to cyber security breaches of those technological or information systems. Cyber security breaches, amongst other things, could allow an unauthorized party to gain access to proprietary information, customer data, or fund assets, or cause the portfolio and/or its service providers to suffer data corruption or lose operational functionality. As a result of investment in a portfolio, investors may be impacted by such cyber security breaches.

*Tax-Management/Tax Advantage Strategy Risk:* Tax-management strategies and strategies that consider the tax implications of investment decisions may alter investment decisions and affect portfolio holdings, when compared to those of non-tax managed portfolios. Dimensional anticipates that performance of such portfolios may deviate from that of non-tax managed portfolios.

*Social Investment/Sustainability Impact Consideration Investment Risk:* Portfolios with social issue screens or sustainability impact considerations limit the number of investment opportunities available to such portfolios, and as a result, at times, a portfolio may produce different returns or more modest gains than funds that are not subject to such special investment conditions. For example, a portfolio may decline to purchase, or underweight its investment in, certain securities due to sustainability impact considerations when other investment considerations would suggest that a more significant investment in such securities would be advantageous, or the portfolio may sell certain securities for social reasons when it is otherwise disadvantageous to do so. Sustainability impact considerations may cause a portfolio's industry allocation to deviate from that of funds without these considerations and of conventional benchmarks.

### Equity Investments

*Method of Analysis and Investment Strategies.* Dimensional believes that equity investing should involve a long-term view and a systematic focus on sources of expected returns, not on



stock picking or market timing. In constructing an equity investment portfolio, Dimensional generally identifies a broadly diversified universe of eligible securities with defined risk and return characteristics. It then places priority on efficiently managing portfolio turnover and keeping trading costs low. Generally, Dimensional does not intend to purchase or sell securities for investment portfolios based on prospects for the economy, the securities markets, or the individual issuers whose shares are eligible for purchase.

*Small Company Risk:* Securities of small companies are often less liquid than those of large companies and this could make it difficult to sell a small company security at a desired time or price. As a result, small company stocks may fluctuate relatively more in price. In general, smaller capitalization companies are also more vulnerable than larger companies to adverse business or economic developments and they may have more limited resources.

*Value Investment Risk:* Value stocks may perform differently from the market as a whole and following a value-oriented investment strategy may cause a portfolio to at times underperform equity funds that use other investment strategies.

*Investment Strategy Risk (growth portfolios):* Securities that have high valuation ratios and high profitability may perform differently from the market as a whole and an investment strategy purchasing these securities may cause the portfolio to at times underperform equity funds that use other investment strategies.

*Emerging Markets Risk:* Numerous emerging market countries have a history of, and continue to experience serious, and potentially continuing, economic and political problems. Stock markets in many emerging market countries are relatively small, expensive to trade in and generally have higher risks than those in developed markets. Securities in emerging markets also may be less liquid than those in developed markets and foreigners are often limited in their ability to invest in, and withdraw assets from, these markets. Additional restrictions may be imposed under other conditions. Frontier market countries generally have smaller economies or less developed capital markets and, as a result, the risks of investing in emerging market countries are magnified in frontier market countries.

*Risks of Concentrating in the Real Estate Industry:* Portfolios that concentrate in the real estate industry will cause the portfolio to be exposed to the general risks of direct real estate ownership. The value of securities in the real estate industry can be affected by changes in real estate values and rental income, property taxes, and tax and regulatory requirements. In addition, the value of securities in the real estate industry may decline with changes in interest rates. Investing in REITs and REIT-like entities involves certain unique risks in addition to those risks associated with investing in the real estate industry in general. REITs and REIT-like entities are dependent upon management skill, may not be diversified, and are subject to heavy cash flow dependency and self-liquidation. REITs and REIT-like entities also are subject to the possibility of failing to qualify for tax free pass-through of income. Also, because REITs and REIT-like entities typically are invested in a limited number of projects or in a particular market segment, these entities are more susceptible to adverse developments affecting a single project or market



segment than more broadly diversified investments. The performance of the portfolio may be materially different from the broad equity market.

*Country/Region Market Risk:* The performance of portfolios that concentrate investments in a single country or region is expected to be closely tied to the social, political, and economic conditions within such country or region and may be more volatile than the performance of funds with more geographically diverse investments.

### *Fixed-Income Investments*

*Method of Analysis and Investment Strategies.* Dimensional believes that fixed income investing should involve a long-term view and a systematic focus on bond market risk and return, not on interest rate forecasting or market timing. In constructing a fixed-income investment portfolio, Dimensional generally identifies a broadly diversified universe of eligible securities with defined maturity ranges and credit quality characteristics. Dimensional will then seek to purchase a broad and diverse portfolio of securities meeting these credit quality standards.

*Foreign Government Debt Risk:* The risk that: (a) the governmental entity that controls the repayment of government debt may not be willing or able to repay the principal and/or to pay the interest when it becomes due, due to factors such as political considerations, the relative size of the governmental entity's debt position in relation to the economy, cash flow problems, insufficient foreign currency reserves, the failure to put in place economic reforms required by the International Monetary Fund or other multilateral agencies, and/or other national economic factors; (b) governments may default on their debt securities, which may require holders of such securities to participate in debt rescheduling; and (c) there is no legal or bankruptcy process by which defaulted government debt may be collected in whole or in part.

*Interest Rate Risk:* Fixed income securities are subject to interest rate risk because the prices of fixed income securities tend to move in the opposite direction of interest rates. When interest rates rise, fixed income security prices fall. When interest rates fall, fixed income security prices rise. In general, fixed income securities with longer maturities are more sensitive to changes in interest rates.

*Credit Risk:* Credit risk is the risk that the issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value, and thus, impact a portfolio's performance. Government agency obligations have different levels of credit support and therefore, different degrees of credit risk. For example, securities issued by agencies and instrumentalities of the U.S. Government that are supported by the full faith and credit of the United States, such as the Federal Housing Administration and Ginnie Mae, present little credit risk. Other securities issued by agencies and instrumentalities sponsored by the U.S. Government, that are supported only by the issuer's right to borrow from the U.S. Treasury, subject to certain limitations, and securities issued by agencies and instrumentalities sponsored by the U.S. Government that are sponsored by the credit of the issuing agencies such as Freddie



Mac and Fannie Mae, are subject to a greater degree of credit risk. U.S. government agency securities issued or guaranteed by the credit of the agency may still involve a risk of non-payment of principal and/or interest.

*Income Risk:* Income risk is the risk that falling interest rates will cause the portfolio's income to decline because, among other reasons, the proceeds from maturing short-term securities in its portfolio may be reinvested in lower-yielding securities.

*Liquidity Risk:* Liquidity risk exists when particular portfolio investments are difficult to purchase or sell. To the extent that the portfolio holds illiquid investments, the portfolio's performance may be reduced due to an inability to sell the investments at opportune prices or times. Liquid portfolio investments may become illiquid or less liquid after purchase by the portfolio due to low trading volume, adverse investor perceptions and/or other market developments. Liquidity risk includes the risk that the portfolio will experience significant net redemptions at a time when it cannot find willing buyers for its portfolio securities or can only sell its portfolio securities at a material loss. Liquidity risk can be more pronounced in periods of market turmoil.

*Risks of Banking Concentration:* Focus on the banking industry would link the performance of a portfolio to changes in the performance of the banking industry generally. Banks are very sensitive to changes in money market and general economic conditions. The profitability of the banking industry is dependent upon banks being able to obtain funds at reasonable costs and upon liquidity in the capital and credit markets to finance their lending operations. Adverse general economic conditions can cause financial difficulties for a bank's borrowers and the borrowers' failure to repay their loans can adversely affect the bank's financial situation. Banks are subject to extensive regulation and decisions by regulators may limit the loans banks make and the interest rates and fees they charge, which could reduce bank profitability.

*Call Risk:* Call risk is the risk that during periods of falling interest rates, a bond issuer will call or repay a higher-yielding bond before its maturity date, forcing the portfolio to reinvest in bonds with lower interest rates than the original obligations.

*High Yield Risk:* Fixed income securities rated below investment grade may be subject to greater interest rate, credit and liquidity risks than investment grade securities. Fixed income securities that are below investment grade involve high credit risk and are considered speculative. Below investment grade fixed income securities may also fluctuate in value more than higher quality fixed income securities and, during periods of market volatility, may be more difficult to sell at the time and price desired.

*Risks of Investing for Inflation Protection:* Because the interest and/or principal payments on an inflation protected security are adjusted periodically for changes in inflation, the income distributed by a portfolio may be irregular. Although the U.S. Treasury guarantees to pay at least the original face value of any inflation-protected securities the Treasury issues, other issuers may not offer the same guarantee. Also, inflation-protected securities, including those issued by the



U.S. Treasury, are not protected against deflation. As a result, in a period of deflation, the principal and income of inflation-protected securities held by a portfolio will decline and the portfolio may suffer a loss during such periods. While inflation-protected securities are expected to be protected from long-term inflationary trends, short-term increases in inflation may lead to a decline in a portfolio's value. For example, if interest rates rise due to reasons other than inflation, a portfolio's investment in these securities may not be protected to the extent that the increase is not reflected in the securities' inflation measures. In addition, positive adjustments to principal generally will result in taxable income to a portfolio at the time of such adjustments (which generally would be distributed by the portfolio as part of its taxable dividends), even though the principal amount is not paid until maturity. The current market value of inflation-protected securities is not guaranteed and will fluctuate.

*Inflation-Protected Securities Interest Rate Risk:* Inflation-protected securities may react differently from other fixed income securities to changes in interest rates. Because interest rates on inflation-protected securities are adjusted for inflation, the values of these securities are not materially affected by inflation expectations. Therefore, the value of inflation-protected securities are anticipated to change in response to changes in "real" interest rates, which represent nominal (stated) interest rates reduced by the expected impact of inflation. Generally, the value of an inflation-protected security will fall when real interest rates rise and will rise when real interest rates fall.

*Inflation-Protected Securities Interest Rate Tax Risk:* Any increase in the principal amount of an inflation-protected security may be included for tax purposes in a portfolio's gross income, even though no cash attributable to such gross income has been received by the portfolio. In such event, a portfolio may be required to make annual gross distributions to shareholders that exceed the cash it has otherwise received. In order to pay such distributions, a portfolio may be required to raise cash by selling its investments. The sale of such investments could result in capital gains to the portfolio and additional capital gain distributions to shareholders. In addition, adjustments during the taxable year for deflation to an inflation-indexed bond held by a portfolio may cause amounts previously distributed to shareholders in the taxable year as income to be characterized as a return of capital.

*Tax Liability Risk (municipal portfolios):* Tax liability risk is the risk that distributions become taxable to shareholders due to noncompliant conduct by a municipal bond issuer, unfavorable changes in federal or state tax laws, or adverse interpretations of tax laws by the Internal Revenue Service or state tax authorities or other factors. Such adverse interpretations or actions could cause interest from a security to become taxable, possibly retroactively, subjecting shareholders to increased tax liability. In addition, such adverse interpretations or actions could cause the value of a security, and therefore, the value of a portfolio's shares, to decline. Additionally, if a portfolio's use of derivative instruments for hedging and non-hedging purposes cause the portfolio to invest less than 50% of its assets in municipal securities in any quarter, which the portfolio does not anticipate, the portfolio may fail to qualify to pay exempt-interest dividends to its shareholders, resulting in the distributions by the portfolio becoming taxable to shareholders as ordinary income.





*State-Specific Risk (municipal portfolios):* The investments of portfolios that focus their investments primarily in a single state's municipal securities will be highly sensitive to events affecting the fiscal stability of such state and its agencies, municipalities, authorities and other instrumentalities that issue securities. Having a significant percentage of its assets invested in the securities of fewer issuers, particularly obligations of government issuers of a single state could result in greater credit risk exposure to a smaller number of issuers due to economic, regulatory or political problems in such state. Also, to the extent that a portfolio makes significant investments in securities issued to finance projects in a particular segment of the state's municipal securities market such focused investment may cause the value of the portfolio's shares to change more than the value of shares of funds that invest more broadly.

### Derivatives

*Method of Analysis and Investment Strategies.* Certain portfolios may use derivatives, such as futures contracts and options on futures contracts for securities and/or indices, to gain market exposure on their uninvested cash pending investment in securities or to maintain liquidity to pay redemptions. Certain portfolios may also use derivatives, such as swaps, futures and forwards to hedge against fluctuations in currency exchange rates; transfer balances from one currency to another; hedge credit exposure; seek inflation protection; gain market or issuer exposure without owning the underlying securities; or to increase the portfolios total return. These strategies are more fully described in the respective prospectuses, SAIs or other offering documents of the portfolios.

*Various Risks:* Derivatives are instruments, such as swaps, futures and foreign exchange forward contracts, whose value is derived from that of other assets, rates or indices. Derivatives can be used for hedging (attempting to reduce risk by offsetting one investment position with another) or non-hedging purposes. While hedging can reduce or eliminate losses, it also can reduce or eliminate gains. The use of derivatives for non-hedging purposes may be considered more speculative than other types of investments. When a portfolio uses derivatives, the account will be directly exposed to the risks of those derivatives. Derivative instruments are subject to a number of risks including counterparty liquidity, interest rate, market, credit and management risks, and the risk of improper valuation. Changes in the value of a derivative may not correlate perfectly with the underlying asset, rate, or index; and the portfolio could lose more than the principal amount invested. Additional risks are associated with the use of credit default swaps including counterparty and credit risk (the risk that the other party to a swap agreement will not fulfill its contractual obligations, whether because of bankruptcy or other default) and liquidity risk (the possible lack of a secondary market for the swap agreement). Credit risk increases when a portfolio is the seller of credit default swaps and counterparty risk increases when a portfolio is a buyer of credit default swaps. In addition, where a portfolio is the seller of credit default swaps, it may be required to liquidate portfolio securities at inopportune times in order to meet payment obligations or segregation requirements. Credit default swaps may be illiquid or difficult to value.



### Commodity Strategy Portfolio

Dimensional acts as an advisor to the DFA Commodity Strategy Portfolio of DFA Investment Dimensions Group Inc. (the “Commodity Portfolio”). The Commodity Portfolio invests in commodity-linked derivative instruments and fixed income investments. The Commodity Portfolio may invest up to 25% of its total assets in Dimensional Cayman Commodity Fund I Ltd. (the “Subsidiary”), a wholly-owned subsidiary of the Commodity Portfolio formed in the Cayman Islands, which has the same investment objective as the Commodity Portfolio and has a strategy of investing in derivative instruments, such as commodity-linked swap agreements and other commodity-linked instruments, futures contracts on individual commodities or commodity indices, and options on these instruments.

*Method of Analysis and Investment Strategies.* Dimensional believes that commodity investing should involve a long-term view and a systemic focus on risk and return, instead of focusing on forecasting or market timing.

*Commodity Risk:* The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs, and international economic, political, and regulatory developments.

Use of leveraged commodity-linked derivatives creates an opportunity for increased return but, at the same time, creates the possibility for greater loss (including the likelihood of greater volatility of the Commodity Portfolio’s net asset value), and there can be no assurance that the Commodity Portfolio’s use of leverage will be successful.

*Derivatives Risk:* Derivatives can be used for hedging (attempting to reduce risk by offsetting one investment position with another) or non-hedging purposes. While hedging can reduce or eliminate losses, it also can reduce or eliminate gains. The use of derivatives for non-hedging purposes may be considered more speculative than other types of investments. When the Commodity Portfolio uses derivatives, it will be directly exposed to the risks of those derivatives. Derivative instruments are subject to a number of risks, including commodity, correlation, interest rate, liquidity, market, credit and management risks, and the risk of improper valuation. The Commodity Portfolio also may use derivatives for leverage. The Commodity Portfolio’s use of derivatives, particularly commodity-linked derivatives, involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Changes in the value of a derivative may not correlate perfectly with the underlying asset, rate, or index, and the Commodity Portfolio could lose more than the principal amount invested. For example, potential losses from commodity-linked notes or swap agreements can be unlimited. Additional risks are associated with the use of credit default swaps, including counterparty and credit risk (the risk that the other party to a swap agreement will not fulfill its contractual obligations, whether because of bankruptcy or other default) and liquidity risk (the possible lack of a secondary market for the swap agreement). Also, suitable derivative transactions may not be available in all circumstances and there can be no assurance



that the Commodity Portfolio will engage in these transactions to reduce exposure to other risks when that would be beneficial.

*Focus Risk:* The Commodity Portfolio may be exposed, from time to time, to the performance of a small number of commodity sectors (e.g., energy, metals or agricultural), which may represent a large portion of the Commodity Portfolio. As a result, the Commodity Portfolio may be subject to greater volatility than if it were more broadly diversified among commodity sectors.

*Non-Diversification Risk:* The risk that the Commodity Portfolio may be more volatile than a diversified fund because it invests its assets in a smaller number of issuers. The gains or losses on a single security, therefore, may have a greater impact on the value of a portfolio using the Commodity Portfolio.

*Leveraging Risk:* Certain transactions that the Commodity Portfolio may enter into may give rise to a form of leverage. Such transactions may include, among others, structured notes, swap agreements, futures contracts, and loans of portfolio securities. The use of leverage may cause the Commodity Portfolio to liquidate portfolio positions when it may not be advantageous to do so to satisfy its obligations or to meet segregation requirements. Leverage may cause the Commodity Portfolio to be more volatile than if it had not been leveraged. This is because leverage tends to exaggerate the effect of any increase or decrease in the value of the securities utilized in the Commodity Portfolio.

*Regulatory Risk:* Governments, agencies, or other regulatory bodies may adopt or change laws or regulations that could adversely affect the issuer, the market value of the security, or the Commodity Portfolio's performance.

*Valuation Risk:* The lack of an active trading market may make it difficult to obtain an accurate price for a security utilized in the Commodity Portfolio. Many commodity-linked derivative instruments are not actively traded.

*Subsidiary Risk:* By investing in the Subsidiary, the Commodity Portfolio is indirectly exposed to the risks associated with the Subsidiary's investments. The derivatives and other investments held by the Subsidiary are generally similar to those that are permitted to be held by the Commodity Portfolio and are subject to the same risks that apply to similar investments if held directly by the Commodity Portfolio. There can be no assurance that the investment objective of the Subsidiary will be achieved. The Subsidiary is not registered under the Investment Company Act of 1940, as amended (the "1940 Act"), and, unless otherwise noted in the Commodity Portfolio's prospectus, is not subject to all of the investor protections of the 1940 Act. Subsidiary Risk is more fully described in the prospectus, SAI or other offering documents of the Commodity Portfolio.

*Tax Risk:* The tax treatment of commodity-linked derivative instruments may be adversely affected by changes in legislation, regulations or other legally binding authority. If, as a result of any such adverse action, the income of the portfolio from certain commodity-linked derivatives was treated as non-qualifying income, the portfolio might fail to qualify as a regulated





investment company and be subject to federal income tax at the portfolio level. Tax Risk is more fully described in the prospectus, SAI or other offering documents of the Commodity Portfolio.

#### Securities Class Actions and Similar Proceedings

From time to time, clients of Dimensional own or have owned securities that are the subject of class action lawsuits. Generally, in U.S. courts, holders of securities within a specified class period are entitled to participate in the recovery or settlement in a class action lawsuit by filing proofs of claim. All class members normally are bound by a court approved settlement or judgment in a class action unless they have filed a timely opt out notice with the court's claim administrator. The filing of proofs of claim or an opt out notice in class actions is an action that should be undertaken by the custodian for the client, and Dimensional shall not perform such action unless Dimensional has, in a particular case, expressly agreed in writing to accept such an obligation and is provided by the custodian and client with all necessary information and appropriate authorization to permit Dimensional to represent the account in such class action(s). Dimensional does not actively seek out information concerning pending class actions.

With respect to securities class actions in U.S. courts, each U.S. Dimensional Fund and the DFA Group Trust has arrangements with a service provider to provide class action filing services to the U.S. Dimensional Funds and the DFA Group Trust. These services include the responsibility generally to file class action claims for all monies or other property associated with U.S. portfolio securities held by a U.S. Dimensional Fund or a subtrust of the DFA Group Trust, including coordinating with the custodian with respect to the collection process to the extent a U.S. Dimensional Fund and/or a subtrust appears to be eligible. Such duties include monitoring for information regarding pending class action lawsuits, making a determination of a U.S. Dimensional Fund's or subtrust's eligibility to participate in a class, filing proofs of claim, and coordinating with the custodian with respect to collecting class action lawsuit settlement proceeds. A U.S. Dimensional Fund may choose to opt-out of a securities class action in a U.S. court and file a direct action against the defendants. In such instances, the U.S. Dimensional Fund may request Dimensional's assistance in evaluating the prospective litigation and litigation counsel.

In the event a non-U.S. security held by a U.S. Dimensional Fund is subject of a class action or similar proceeding filed in a non-U.S. judicial system, and that fact has come to the attention of a U.S. Dimensional Fund's service provider or Dimensional, and the proceeding in the non-U.S. jurisdiction is comparable to the U.S. system in that it is unlikely to result in liability to a passive participant, Dimensional may perform a cost/benefit analysis on behalf of the affected U.S. Dimensional Fund, to determine whether or not it is in the best interest of the U.S. Dimensional Fund to participate.

With respect to separate account and sub-advised fund clients, Dimensional does not agree to act with respect to legal proceedings involving securities held by the account including, but not limited to, class actions or bankruptcies, except in any particular case where Dimensional has expressly agreed in writing to undertake such an obligation and is provided by the custodian and



client with all necessary information and appropriate authorization to permit Dimensional to represent the account in such proceeding(s). In addition, Dimensional will only be obligated to assist with notifying a client of or monitoring for class actions or assisting with the filings of proofs of claim to the extent Dimensional has expressly agreed in writing to assume these responsibilities, even if another account that Dimensional manages may be participating in the class action or legal proceeding.

Typically, the custodian for the account is the party that receives legal notices for the account and be responsible for notifying the client directly of the action, pursuant to its custodial agreement with the client. If the client has an arrangement for its custodian to notify it of class actions, the client may then evaluate its individual facts and ownership circumstances including the client's overall holdings of that security to determine if participation is in the best interests of the client.

#### **Item 9 – Disciplinary Information**

A registered investment adviser is required to disclose in this Item all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of the adviser or the integrity of the adviser's management. Dimensional has no disciplinary information to report under this Item.

#### **Item 10 – Other Financial Industry Activities and Affiliations**

Dimensional has several affiliated businesses that are material to its advisory business.

##### *Affiliated Broker-Dealer*

Dimensional has a wholly owned limited-purpose broker-dealer subsidiary, DFA Securities LLC ("DFA Securities"), which supervises Dimensional's distribution of the shares of the U.S. Dimensional Funds.

##### *Affiliated Investment Advisers*

Dimensional is affiliated with several other investment advisers, and in providing services to an account, Dimensional may use personnel or services of one or more of its investment advisory affiliates. Services provided by these affiliates or their personnel may include investment advice, portfolio execution and trading, back office processing, accounting, reporting and client servicing. These services may be provided through arrangements that take a variety of forms, including dual employee, participating affiliate, delegation arrangement, sub-advisory, consulting, or other servicing agreements. In these cases, Dimensional remains responsible for the account from a legal and contractual perspective. Clients are not charged any fees other than those specified in the investment management agreement for such services.



The investment advisers affiliated with Dimensional are:

- DFA Australia Limited (“DFA Australia”), a wholly-owned subsidiary of Dimensional. Dimensional is a sub-adviser to certain Australian mutual funds and separate accounts managed by DFA Australia.
- Dimensional Fund Advisors Ltd. (“DFA Ltd.”), a wholly-owned subsidiary of Dimensional. Dimensional is a sub-adviser to certain Irish UCITS funds and United Kingdom mutual funds and separate accounts managed by DFA Ltd.
- Dimensional Fund Advisors Canada ULC (“DFA Canada”), a wholly-owned indirect subsidiary of Dimensional. Dimensional is a sub-adviser to certain Canadian mutual funds and separate accounts managed by DFA Canada.
- Dimensional Japan Ltd. (“DFA Japan”), a wholly-owned subsidiary of Dimensional, subject to minority profits interest held by certain employees of DFA Japan.
- Dimensional Fund Advisors Pte. Ltd. (“DFA Singapore”), a wholly-owned indirect subsidiary subject to a minority profits interest in its direct parent held by certain officers of such entity.

DFA Australia and DFA Ltd. provide trading and other investment advisory services to Dimensional in connection with Dimensional’s management of certain U.S. Dimensional Funds, as disclosed in their respective prospectuses and SAIs and also to certain of Dimensional’s separate account clients. DFA Australia and DFA Ltd. may also provide investment, trade execution and related services to Dimensional in connection with Dimensional’s management of its other mutual fund clients, separate account clients and other clients investing in non-U.S. securities. For such services, DFA Australia and DFA Ltd. each receive a fee equivalent to certain of their expenses plus a percentage, payable by Dimensional. Clients of Dimensional will not be required to pay additional fees to DFA Australia or DFA Ltd. for such services.

DFA Canada acts as an exempt market dealer to certain Canadian investors purchasing US Dimensional Funds on a private placement basis for which it receives a fee equivalent to DFA Canada’s expenses, plus a percentage, payable by Dimensional.

#### Participating Affiliates and Related Arrangements

In reliance on a series of SEC no-action letters, Dimensional and DFA Australia have entered into arrangements with certain of their Affiliated Investment Advisers (the “Participating Affiliates”) whereby Dimensional or DFA Australia use the investment management capabilities and related services, including certain personnel, of these Participating Affiliates in providing investment advice to Dimensional’s clients. The Participating Affiliates are not registered with



the SEC as investment advisers. However, employees of the Participating Affiliates that assist in providing investment advice to Dimensional or DFA Australia are subject to the oversight of Dimensional or DFA Australia including that such employees must comply with Dimensional's and DFA Australia's Global Code of Ethics and Standard of Conduct and other compliance policies and procedures adopted by Dimensional and DFA Australia pursuant to the requirements of the Advisers Act.

As of the date of this brochure, the Participating Affiliates include: DFA Singapore and DFA Japan.

Dimensional has also entered into arrangements with DFA Ltd. and DFA Australia, which are registered with the SEC as investment advisers, pursuant to which Dimensional uses the investment management capabilities and related services, including personnel, of DFA Ltd. and DFA Australia, that are generally subject to the same oversight and other requirements that apply to the Participating Affiliate arrangements described above.

#### *Affiliated Collective Investment Trust*

Dimensional sponsors one collective trust fund, the DFA Group Trust, which consists of various subtrusts in which assets of qualified defined benefit plans are invested.

#### *Affiliated Recordkeeper*

Dimensional may recommend to its clients the use of an affiliated entity, Dimensional Retirement Plan Services LLC, which provides recordkeeping services to retirement plans.

### **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Dimensional has adopted a Global Code of Ethics and Standard of Conduct (the "Code") to maintain the appropriate standard of professional conduct at Dimensional and otherwise meet the requirements of Rule 17j-1 of the 1940 Act as well as Rule 204A-1 of the Advisers Act. The Code applies to officers, partners, directors/trustees and certain employees of Dimensional and its investment advisory affiliates, in addition to other persons as required (collectively, "Access Persons"). Dimensional will provide a copy of its Code to any client or prospective client upon request.

The Code is designed to ensure that Access Persons act in the interest of clients with respect to any personal trading of securities. The Code contains (i) certain reporting requirements applying to purchases of funds advised by Dimensional and its advisory affiliates as well as investment accounts in which Access Persons have beneficial ownership and (ii) securities trading clearance procedures applying to the purchase of portfolio securities. The Code also requires all Access Persons to pre-clear with a compliance officer trades in certain securities, including all trades in



stocks, bonds, derivatives, initial public offerings, and private investments. Subject to the terms of the Code, employees of Dimensional may purchase for their own accounts shares of the funds advised by Dimensional and its advisory affiliates or securities recommended for purchase by those funds or any of Dimensional's other clients.

Dimensional, DFA Ltd., DFA Australia and related persons of those advisers may recommend to clients that they buy or sell shares or units of investment funds advised or administered by any of those investment advisers. Additionally, at certain times, related persons of Dimensional, DFA Ltd., or DFA Australia may have a greater than 25% interest in one or more of these funds. Dimensional may serve as investment adviser under arrangements where a client's assets are managed in a separate account but, at the discretion of Dimensional, some or all of the account assets may be invested in one or more U.S. Dimensional Funds that meet the account's investment objectives. In such instances, the advisory fees payable for managing the separate account may be reduced by the U.S. Dimensional Fund's advisory fees applicable to the account, but under certain circumstances, such fund fees could exceed the fees otherwise payable to Dimensional for managing the account when the fund fees are higher than the separate account advisory fees.

In deciding to invest a client's assets in a U.S. Dimensional Fund under such an arrangement, Dimensional may have a conflict of interest since managing a client's assets through a pooled arrangement offers certain efficiencies and economies to Dimensional that may result in the fund fees being more profitable than identical fees received from managing a separate account. Additionally, in the circumstances outlined above, Dimensional may receive higher fees by investing account assets in U.S. Dimensional Funds than it would for managing the separate account. Although economies of scale resulting from investing in the U.S. Dimensional Funds may result in relatively smaller administrative, custodial, and/or transactional expenses than would be the case if the client's assets were to be managed in a separate account, the U.S. Dimensional Funds incur certain regulatory, governance, distribution, and other expenses that are apportioned among their investors, which a separate account would not have. Additionally, in favorable markets, the need for the U.S. Dimensional Funds to retain cash or to liquidate securities to meet redemption requests may cause their performance to fall below that of a private account, which does not have similar cash or liquidity needs, and thus can remain fully invested.

Dimensional's subsidiary, DFA Securities, a limited purpose broker-dealer, provides investment advice to certain personal brokerage accounts solely with regard to the U.S. Dimensional Funds (for which Dimensional serves as investment adviser, administrator, or both, and receives compensation for the services provided to the U.S. Dimensional Funds) and such advice is solely incidental to the brokerage services DFA Securities provides. Personal brokerage accounts are established and maintained with a third-party custodian and broker-dealer as an accommodation by DFA Securities to certain individuals seeking to invest in U.S. Dimensional Funds and obtain certain communication and reporting services from the third-party custodian and broker-dealer not generally provided by Dimensional. Transactions to buy and sell shares of the funds are placed through the third-party custodian and broker-dealer.



See Item 12 relating to brokerage, trade allocation, and cross transaction practices.

In certain limited circumstances, an employee of Dimensional may serve on the board of directors of a public company and may receive directors' fees in connection with that service, which may give rise to certain conflicts of interest. Under Dimensional's Code any such positions are generally not authorized but in the event such a position were to be approved it would be after thorough consideration of the role of the employee with Dimensional, the period the employee would serve on the board of a public company, whether the company is one whose securities are held by the U.S. Dimensional Funds or separate accounts (a "Portfolio Company"), and after consideration of what measures would be appropriate to take to seek to mitigate the potential for a conflict of interest (which would generally, in the case of a directorship involving a Portfolio Company, involve some restrictions on trading of the Portfolio Company or the implementation of information barrier procedures). A directorship of a Portfolio Company will receive additional scrutiny as serving in such capacity may give rise to conflicts of interest to the extent that an employee's fiduciary duties to the Portfolio Company as a director may conflict with the interests of the U.S. Dimensional Funds or separate accounts. Because the U.S. Dimensional Funds or separate accounts will be investors in the Portfolio Companies, it is expected that such interests will generally be aligned. However, if such interests are not aligned, the employees will have a duty to act in the best interests of the Portfolio Company. An appointment as a director of a public company will necessitate receiving prior approval from Dimensional's Board as well as the Chief Compliance Officer and the Co-Chief Executive Officers of Dimensional. Dimensional has adopted inside information barrier policies and procedures to provide for the proper handling of any confidential information (i.e., non-public information received by Dimensional in connection with its activities) to prevent violations of laws and regulations prohibiting the misuse of such information and to avoid situations that might create an appearance of such misuse. Dimensional's Compliance Department is responsible for monitoring the information barriers established by Dimensional, administering the information sharing policies and procedures and overseeing potential conflicts of interest. Directors' fees and compensation received by employees are not shared with the U.S. Dimensional Funds or separate account clients.

## **Item 12 – Brokerage Practices**

### *Selection of Broker-Dealers*

Dimensional's overriding objective in selecting brokers and dealers to effect transactions in securities and futures for clients is to seek the best net result in terms of price and execution so a client's total cost or proceeds are the most favorable under the circumstances. Cost includes the "all in" costs of the trade or proceeds, not necessarily the lowest commission rate, nor the most expeditious execution. The best net price, giving effect to brokerage commission, if any, is an important factor in this decision; however, in selecting brokers and dealers for any transaction, a number of judgmental factors also may enter into the decision. These factors may include one or





more of the following: Dimensional's knowledge of negotiated commission rates currently available and other transaction costs; the nature of the security being purchased or sold; the size of the transaction; the desired timing of the transaction; the activity existing and expected in the market for the particular security; confidentiality; the execution, clearance, and settlement capabilities of the broker or dealer selected; Dimensional's knowledge of actual or apparent operational problems of any broker-dealer; and the broker's use of electronic communication networks. Dimensional may also execute client transactions with brokers and dealers that provide ancillary services such as customized technology to facilitate the trading process. These services are made available to Dimensional without regard to the rates of commissions charged or paid by clients or the volume of business directed to such brokers and dealers. However, these services may give Dimensional an incentive to execute through such brokers and dealers in order to realize operational efficiencies.

Orders to buy or sell fixed income securities are typically placed on a competitive basis when available with a reasonable attempt made to obtain multiple competitive bids or offers from dealers consistent with the advisor's needs in terms of speed, availability, and reliability. Generally, there is no stated commission in the case of fixed income securities which are traded in the over-the-counter markets. The price paid by the client often includes an undisclosed dealer mark-up.

Dimensional may also make use of direct market access and algorithmic, program or electronic trading methods. Dimensional may extensively use electronic trading systems as such systems can provide the ability to customize the orders placed and can assist in Dimensional's execution strategies.

#### "Soft Dollars" Practices

Prior to December 31, 2013, Dimensional accrued soft dollar credits to purchase brokerage and research services to be used by Dimensional for the benefit of its clients. As of December 31, 2013, Dimensional discontinued this practice and no longer intends to use client brokerage commissions to generate credits to purchase brokerage and research services ("Soft Dollar Practices"). If at any time Dimensional determines to use soft dollars, it would do so in a manner consistent with Section 28(e) of the Securities Exchange Act and as further described below.

Research or brokerage services obtained through soft dollars would be supplemental to Dimensional's own efforts. Dimensional would expect to receive a benefit because it does not have to produce or pay for the research, products, or services. Accordingly, any future soft dollar arrangements may create a conflict of interest between Dimensional and its clients.

Should Dimensional use soft dollars, it would receive a wide range of brokerage and research services provided by brokers and dealers. Brokerage and research services acquired with soft dollar credits may include: general economic or industry reports or research data compilations; compilations of securities prices, earnings, dividends, and similar data; computerized databases; quotation services; and services of economic or other consultants. Research services may be



received in the form of written reports, computer generated reports or databases, or telephone contacts.

Brokerage services may also include services provided by Dimensional's mid-office service provider, including post-trade matching; electronic communication of allocation instructions and other messages related to trade processing communication, confirmation and settlement among broker-dealers, custodians, and institutions; and portfolio accounting, reporting and reconciliation.

If a product or service obtained by Dimensional has both eligible research and brokerage and non-eligible research and brokerage benefits, based on a good faith showing Dimensional would treat the product as a "mixed use" item and would pay for the non-eligible portion with cash rather than soft dollars. Any future soft dollar process would be overseen and monitored by the Investment Committee, with the support of the Compliance Department.

In some cases, research obtained with soft dollars would not be used for the specific account that generated the soft dollars. Dimensional would not attempt to allocate the relative costs of research among specific client accounts because Dimensional believes that, in the aggregate, any research Dimensional receives would assist Dimensional in fulfilling its overall responsibilities to clients.

Should Dimensional use soft dollars and if a subsidiary of Dimensional acts as a sub-adviser to a U.S. Dimensional Fund or other U.S. mutual funds or accounts, the subsidiary may engage in Soft Dollar Practices in compliance with an approved policy on soft dollars. If Dimensional acts as a sub-adviser to non-U.S. funds or accounts, Dimensional may engage in Soft Dollar Practices in compliance with an approved policy on soft dollars and the laws of the jurisdiction of the fund or account. Research products or services provided by brokers may be used by Dimensional for the benefit of clients other than the client(s) that paid commissions to the broker providing such products or services.

#### Settlement Failures

If any securities transaction fails to settle or otherwise be completed when and as contractually required because of an error by a broker or dealer, Dimensional will not be responsible for the actions or failures to act of any such broker or dealer. Notwithstanding the above, Dimensional's obligations with respect to any settlement failures for a particular client or account are controlled by the undertakings Dimensional has agreed to in writing for that particular client or account. Similarly, where Dimensional has agreed in writing to certain undertakings when a settlement failure occurs as a result from Dimensional's actions or failures to act, any responsibility or undertakings would only apply in situations where the settlement failure was directly caused by Dimensional's actions or inactions and would not have otherwise occurred.





### Directed Brokerage

Because of the efficiencies that Dimensional seeks through its trading practices, Dimensional does not recommend and currently does not permit any one client invested in any mutual fund or other commingled client account to direct portfolio transactions to a specified broker or dealer (i.e., “directed brokerage”). A separate account client may negotiate a directed brokerage arrangement pursuant to which some or all of the client’s securities transactions are executed only with the broker or dealer with which the client has established an account. In this case, the client should recognize that for those transactions in which Dimensional is directed to use certain brokers, brokerage commissions for the execution of transactions in the client’s account are not negotiated by Dimensional. In addition, Dimensional may not be free to seek best price and execution for securities and futures transactions by placing transactions with other brokers or dealers. The client assumes that risk.

Certain separate account clients may establish an account with a custodian that imposes additional fees or transaction costs for using brokers or dealers not affiliated with the custodian. In such cases, the imposition of the additional fee adversely impacts Dimensional’s ability to seek best price and execution for securities and futures transactions by placing transactions with other brokers or dealers. Again, the client assumes that risk.

Notwithstanding the foregoing, the client may give Dimensional the authority to execute transactions on a “step-out” or “trade away” basis to the extent necessary to achieve best execution. In this situation, any brokerage commissions charged in connection with a step-out transaction are not covered by the client’s brokerage arrangements and the client shall bear such costs. Clients may wish to satisfy themselves in a directed brokerage arrangement that the broker or dealer participating in the arrangement can provide adequate price and execution of most or all transactions. A client should also consider that, depending upon the fee the client negotiates with the broker, the amount of portfolio activity in the client’s account, the value of custodial services which are provided under the arrangement and other factors, the fee the client pays may exceed the amount the client would pay if Dimensional were free to negotiate commissions and seek best price and execution of transactions for the client’s account. Additionally, a client who directs trades to particular brokers may not be able to participate in block trades. Dimensional reserves the right to execute trades for directed accounts only after it has executed trades for its other accounts.

### Foreign Currency Exchange Transactions

If a written agreement between the client and Dimensional expressly provides that Dimensional may select currency dealers to effect the client’s currency exchange transactions or gives Dimensional the authority and discretion to execute currency exchange transactions on a “trade-away” basis (i.e., transactions not executed with the account’s custodian), Dimensional’s objective is to seek an improved execution result in terms of net price for currency exchange transactions in light of all applicable fees and charges. For currencies that are tradable by Dimensional, Dimensional generally attempts to meet its objective by competing currency



exchange transactions among multiple currency dealers and transacting at the best quoted rate for the client, net of any applicable trade-away charges (charges for trades not executed with the custodian).

In certain cases, Dimensional may not compete currency exchange transactions for a variety of reasons, including but not limited to, an opportunity to receive a potentially better rate by netting against other trades with a single currency dealer, lack of certain risk control measures between the client and a currency dealer, lack of trading agreements with additional counterparties, or because of restrictions imposed by local rules or practices. Dimensional may not be able to compete transactions and may therefore be required to trade such currencies through either the client's custodian or, in certain cases, a single currency dealer. In such cases, Dimensional's ability to reduce trading costs is limited. If a client has designated its custodians or currency dealers to execute currency exchange transactions on behalf of the client's account, the client is responsible for ensuring that its arrangements will provide the client with acceptable rates.

Dimensional determines all currency exchange transaction policies on behalf of any commingled account it manages, except with respect to sub-advised commingled accounts. For sub-advised commingled accounts, the account's primary adviser or board may require Dimensional to use its designated custodians or currency dealers. However, no individual investor in the commingled account will be permitted to determine currency exchange transaction policies for a commingled fund.

Dimensional seeks to collect data about trades in both restricted and unrestricted currencies to evaluate the execution prices obtained. However, for restricted currencies where custodians or other third parties execute currency exchange transactions and Dimensional is not directly involved with the execution process, Dimensional is not able to perform such analysis with precision and is limited by the information available to it.

### Trade Allocations

The general principles on which Dimensional's trade allocation procedures are based are: (a) fairness to advisory clients, both in priority of order execution and in the allocation of aggregated orders or trades; (b) timeliness and efficiency in the execution of orders; and (c) accuracy of the investment adviser's records both as to trade orders and maintenance of client account positions.

It is Dimensional's policy to inform all its clients that it performs investment advisory and investment management services for various clients and may give advice and take action with respect to one client that differs from advice given or the timing or nature of action taken with respect to another client. However, it is Dimensional's policy not to favor or disfavor consistently or consciously any clients or class of clients in the allocation of investment opportunities, with the result that, to the extent practical, all investment opportunities will be allocated among clients over a period of time on a fair and equitable basis.



Specifically, Dimensional allocates trades in a company or security based on capacity across all portfolios that it manages and for which such company or security is an eligible investment. Calculation of capacity is based on:

- a. incremental contribution of the security to the desired characteristics of the overall portfolio;
- b. demand relative to target weight of the security within the portfolio compared to that of other portfolios;
- c. anticipated liquidity of the security;
- d. cash position of the portfolio;
- e. anticipated client cash flows in or out of the portfolio; and
- f. anticipated expenses associated with transacting in the security.

#### Aggregation of Trade Orders

No order may be aggregated unless an authorized trader has determined that such aggregation is in the best interest of the participating accounts or clients and is consistent with the duty to seek best execution. Dimensional may aggregate brokerage orders for clients to obtain lower average commission costs. When Dimensional gives the brokers instructions to execute orders representing multiple portfolios, orders that are fully executed will be allocated according to the current trade order instructions. Aggregated orders that remain only partially filled at the end of the trading day shall generally be allocated pro rata based on the size of the current order, subject to some minimum ticket or minimum trade sizes and adjustments for partially filled orders as described below. In addition, when executing sell orders, Dimensional will seek to avoid leaving small positions in a client account. Therefore, Dimensional may allocate a greater than pro rata share of a sell order for a security to an account if Dimensional intends to sell the account's entire position in such security.

It is Dimensional's policy to treat all accounts fairly over time and not to favor or disfavor any clients or class of clients. However, allocations of orders may differ across accounts or clients within a given day, according to the relevant factors affecting each account (or client). An authorized trader may determine whether to aggregate, delay, alternate or rotate orders, or to effect execution of orders according to other criteria, provided that such execution supports the fair and equitable treatment of clients over time.

Dimensional's general policy of allocating partially filled orders is pro rata, based on the size of the current order, but adjusted for, among other things, (a) available cash, (b) round lots, minimum trade size or certain minimum basis points holding as determined by an authorized



trader, (c) the size of the account, or (d) the necessity to obtain a certain level of holdings according to the specific benchmark of the client.

### Cross-Transactions

Dimensional may conclude that it is appropriate to cause one of its advisory clients to sell a security and another of its advisory clients to purchase the same security at or about the same time. Consistent with its fiduciary obligations to each client and the requirements of best price and execution, Dimensional may, under such circumstances, arrange to have the purchase and sale transactions effected directly between its clients (“cross transactions”). A cross transaction would be effected on the basis of the current market price of the security or at a price reasonably determined to reflect the fair value of the security, which may be based on independent dealer quotes or information obtained from recognized pricing services. Cross transactions may also be executed through third-party brokers.

Dimensional will not receive compensation (other than its advisory fee), directly or indirectly, for effecting a cross transaction between advisory clients, and accordingly will not be deemed to have acted as a “broker” with respect to the transaction. Since, in such transactions, Dimensional will represent both client-seller and client-buyer, it may have a conflict of interest given the obligation to obtain the best price and most favorable execution. Clients, therefore, should consider the possible costs or disadvantages of this potential conflict versus the potential benefit of obtaining reduced transaction or execution costs that may be obtained from such cross trades. When one of Dimensional’s advisory clients which is a party to a cross transaction is an investment company, the transaction will be effected pursuant to procedures adopted in compliance with the 1940 Act. Generally, cross transactions may not be effected with any client account that is subject to ERISA unless the provisions of a specific ERISA statutory exemption allowing cross trading have been complied with.

### **Item 13 – Review of Accounts**

Dimensional reviews client accounts on a periodic basis. Reviewers include members of the portfolio management team, authorized persons, the Investment Committee, and/or the compliance department.

Reviews of an account occur at differing frequencies and for differing purposes depending on the type of account. For example, separate account investment guidelines are reviewed, at least annually and upon client request, by the Investment Committee to monitor consistency with the client’s investment objectives and limitations. Fund portfolio reviews are carried out regularly by portfolio managers to ensure that parameters and characteristics are within acceptable limits. Cash balances for all accounts are reviewed on a daily basis by authorized persons in portfolio management to ensure sufficient funds are available in local or base currency, and that overall balances meet internal guidelines.



As an additional tool in portfolio compliance monitoring, Dimensional maintains a portfolio compliance monitoring system that is used in conjunction with its proprietary investment management system. This portfolio compliance monitoring system assesses the underlying positions for accounts after the day's trading system processing is completed and provides independent post-facto daily review of positions against various rules-based compliance tests, covering client-specific guidelines and restrictions, as well as product and regulatory requirements.

All direct accountholders of the U.S. Dimensional Funds receive reports on investment results monthly. Investors in the collective trusts receive reports on investment results at least quarterly. All separate account clients receive monthly and/or quarterly reports unless their custodians cannot produce the requisite data with that frequency, in which case Dimensional produces reports with the same frequency as the custodians produce the required asset and transaction data. These periodic reports typically contain the total return for each account held by a client which is calculated on the basis of net asset value plus dividend and interest income, and in cases where required by the clients, compared to an appropriate benchmark index.

In addition, clients of the U.S. Dimensional Funds, the collective trusts and separate account clients may receive additional reports pursuant to the negotiated terms of investment management agreements or as mutually agreed upon. These additional reports include, but are not limited to: portfolio characteristics, assets listings, discussions of the investment entity's general strategy, and reports containing results of proxy voting.

All clients invested in the U.S. Dimensional Funds receive semi-annual and annual financial reports. In the case of the DFA Group Trust, clients receive an annual financial report. Dimensional may provide additional reports to clients to the extent required by a client's written investment management agreement with Dimensional or as mutually agreed upon.

#### **Item 14 – Client Referrals and Other Compensation**

Consultants of Dimensional and/or DFA Ltd. may be paid a commission for client referrals. Such commission may be based on a percentage of total fees received by Dimensional and/or DFA Ltd. as a result of such referrals. Additionally, with respect to DFA Ltd.'s management of UCITS funds, DFA Ltd. or any of its sub-advisers, may, at its discretion, rebate part or all of the management fees charged to the UCITS funds to any UCITS funds' shareholder or use part of such management fees to remunerate certain financial intermediaries of such UCITS funds.

From time to time, Dimensional or its affiliates provide certain non-advisory services to financial intermediaries ("Intermediaries") with business relationships with clients. Intermediaries may include, without limitation, independent financial advisors ("FAs"), broker-dealers, institutional investment consultants, and plan service providers (such as recordkeepers). These Intermediaries may be involved in the distribution of mutual funds advised by Dimensional, and may recommend Dimensional's strategies or the purchase of Dimensional funds for their clients.



Services provided to Intermediaries may include: (i) providing personnel and outside consultants to Intermediaries for purposes of continuing education, internal strategic planning and, for FAs, practice management; (ii) data collection and analysis, including historical market analysis and risk/return analysis; and (iii) other services.

Dimensional regularly provides educational speakers and facilities for conferences or events for Intermediaries, customers or clients of the Intermediaries, or such customers' or clients' service providers. For its sponsored events, Dimensional typically pays any associated food, beverage, and facilities related expenses. Dimensional or its affiliates sometimes pay a fee to attend, speak at or assist in sponsoring conferences or events organized by others and may pay travel accommodations of certain participants attending such conferences or events. Dimensional's sponsorship of conferences or events organized by others may include direct payments to vendors and/or reimbursement of expenses incurred by the organizers of such events. Also, Dimensional may make direct payments to vendors and/or reimbursement of expenses incurred by Intermediaries in connection with the Intermediaries hosting educational training, customer appreciation or other events for such Intermediaries and/or their customers. Dimensional personnel may or may not be present at any of the events hosted by third parties as described herein, and Dimensional may promote its participation in or sponsorship of such conferences or events in marketing or advertising materials. At the request of a client or potential client, Dimensional may also refer such client to one or more Intermediaries.

The services and arrangements described above may give Intermediaries, customers or clients of Intermediaries, or such customers' or clients' service providers an incentive to recommend Dimensional's strategies or Dimensional funds to their clients in order to receive or continue to receive these services and arrangements from Dimensional or its affiliates. However, the provision of these services by Dimensional is not dependent on the amount of Dimensional funds or strategies sold or recommended by such Intermediaries, customers or clients of Intermediaries, or such customers' or clients' service providers.

Dimensional purchases certain data services, such as products to gather analytic data used by Dimensional's research department. In limited circumstances, a data vendor or its affiliate also provides investment consulting services, and such vendor or affiliated entity may serve as a consultant to an advisory client or refer one of its consulting clients to Dimensional or funds managed by Dimensional. Any investment consulting services and referrals are unrelated to Dimensional's process for the review and purchase of certain data services.

#### **Item 15 – Custody**

Each separate account client should receive at least quarterly statements from the broker-dealer, bank, or other qualified custodian that holds and maintains the client's investment assets. Dimensional may also send a client a separate account statement or invoice if Dimensional manages a separate account for the client. If this is the case, then Dimensional urges the client to carefully review such statements and compare such official custodial records to the account





statements that we may provide. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

The cash and securities of Dimensional's U.S. clients are held by third party custodians. Except as otherwise required by law, Dimensional will not be liable for any act or failure to act of the client's custodian.

Pursuant to certain contractual arrangements, Dimensional has the right to have the client's custodian automatically deduct Dimensional's fees from certain clients' accounts. Thus, under Rule 206(4)-2 of the Advisers Act, Dimensional may be deemed to have custody of client assets for this limited purpose.

Certain of Dimensional's foreign affiliates manage non-U.S. funds that are structured as trusts or fund companies, and the Dimensional affiliate is the trustee of the trust or an "authorised corporate director" of the fund company. This arrangement technically results in Dimensional being considered to have custody of client assets for purposes of the U.S. Custody rules as amended by the SEC in 2010. The assets of these non-U.S. funds are also held by third party custodians and the funds are audited by independent public accountants and the audited financial statements are distributed to investors as required per local law.

#### **Item 16 – Investment Discretion**

Dimensional usually receives discretionary authority from the client pursuant to an investment management agreement at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. Except as otherwise required by law, Dimensional will not be liable for any action or instruction of the client or the client's custodian.

When selecting securities and determining amounts, Dimensional observes the investment policies, limitations, and restrictions of the clients for which it advises. For SEC-registered investment companies, Dimensional's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to Dimensional in writing.

#### **Item 17 – Voting Client Securities**

Dimensional, DFA Ltd., DFA Japan, DFA Singapore, and DFA Australia (collectively, the "Advisors") have jointly adopted proxy voting policies and procedures (the "Voting Procedures") for voting proxies on behalf of clients to the extent that: (i) relationships with such



clients are subject to the Advisers Act or ERISA or (ii) the clients are registered investment companies under the 1940 Act. The following is a summary of the Voting Procedures:

The Investment Committee at Dimensional is generally responsible for overseeing the Advisors' proxy voting process. The Investment Committee has formed a Corporate Governance Committee composed of certain officers, directors, and other personnel of the Advisors and has delegated to its members authority to (i) oversee the voting of proxies and third-party proxy service providers (discussed further below), (ii) make determinations as to how to vote certain specific proxies, (iii) verify the on-going compliance with the Voting Procedures, and (iv) review the Voting Procedures from time to time and recommend changes to the Investment Committee. The Corporate Governance Committee may designate one or more of its members to oversee specific, ongoing compliance with respect to the Voting Procedures and may designate other personnel of the Advisors to vote proxies on behalf of clients, including all authorized traders of the Advisors.

Generally, the Advisors will vote proxies or refrain from voting proxies in accordance with the guidelines set forth in the Voting Procedures unless a client has expressly directed the relevant Advisor to vote differently for such client's account or an Advisor has contractually agreed to follow a client's individualized proxy voting guidelines.

The guidelines provide a framework for analysis and decision making. However, the guidelines do not address all potential issues. An Advisor may vote counter to the guidelines if, after a review of the matter, the Advisor believes that the best interests of the client would be served by such a vote. Each Advisor may, but will not ordinarily, take social concerns into account in voting proxies with respect to securities held by clients, including those held by socially screened portfolios or accounts. The Advisors will ordinarily take environmental concerns into account in voting proxies with respect to securities held by certain sustainability screened accounts, to the extent permitted by applicable law and guidance.

An Advisor may determine that voting is not in the best interest of a client and refrain from voting if the costs, including the opportunity costs, of voting would, in the view of the Advisor, exceed the expected benefits of voting. For securities on loan, each Advisor will balance the revenue-producing value of loans against the difficult-to-assess value of casting votes. It is the Advisors' belief that the expected value of casting a vote generally will be less than the securities lending income, either because the votes will not have significant economic consequences or because the outcome of the vote would not be affected by the relevant Advisor recalling loaned securities in order to ensure they are voted. The Advisors do intend to recall securities on loan if, based upon information in an Advisor's possession, the relevant Advisor determines that voting the securities is likely to materially affect the value of the client's investment and it is in the client's best interests to do so.

For proxies of non-U.S. companies, it is typically both difficult and costly to vote proxies. An Advisor will not vote proxies of non-U.S. companies if it determines the costs associated with voting outweigh any anticipated economic benefit of voting. In the event the Advisor is made





aware of and believes an issue to be voted is likely to materially affect the economic value of a client account, that its vote is reasonably likely to influence the ultimate outcome of the contest, and the expected benefits of voting the proxies exceed the costs, the Advisor will make every reasonable effort to vote such proxies.

Most proxies that the Advisors receive on behalf of their clients will be voted in accordance with predetermined procedures and guidelines. Therefore, conflicts of interest should not impact the proxy votes. In the limited instances where (i) an authorized person of an Advisor is considering voting a proxy contrary to the guidelines set forth in the Voting Procedures (or in the case where the guidelines do not prescribe a particular vote and the proposed vote is contrary to the recommendation of Institutional Shareholder Services, Inc. (“ISS”), the proxy service provider discussed below) and (ii) the authorized person believes a potential conflict of interest exists, the authorized person will disclose the potential conflict to a member of the Committee. If the Committee member has actual knowledge of a conflict of interest and recommends a vote contrary to the guidelines (or in cases where the guidelines do not prescribe a particular vote and the vote is contrary to the recommendation of ISS, the proxy service provider as discussed below), the Committee member will bring the vote to the Committee. The Committee then will determine (a) how the vote should be cast keeping in mind the principle of preserving shareholder value or (b) to abstain from voting, unless abstaining would be materially adverse to the client’s interest. To the extent the Committee makes a determination regarding how to vote or to abstain from a proxy on behalf of a U.S. Dimensional Fund in the circumstances described in this paragraph, the Advisor will report annually on such determinations to the relevant Board of Directors/Trustees of the affected U.S. Dimensional Fund.

The Advisors and the U.S. Dimensional Funds have retained ISS to provide certain services with respect to proxy voting. ISS will provide information on shareholder meeting dates and proxy materials; translate proxy materials printed in a foreign language; provide research on proxy proposals and voting recommendations in accordance with the guidelines; effect votes on behalf of clients; and provide reports concerning the proxies voted (“Proxy Voting Services”). In addition, each Advisor may obtain the services of supplemental third-party proxy service providers to provide research on proxy proposals and voting recommendations for certain shareholder meetings, as identified in the guidelines. Although each Advisor may consider the recommendations of third-party proxy service providers on proxy issues, each Advisor remains ultimately responsible for all of its proxy voting decisions. In this regard, the Advisors use commercially reasonable efforts to oversee the directed delegation to third-party proxy voting service providers, upon which the Advisors rely to carry out the Proxy Voting Services. Prior to the selection of a new third-party proxy service provider and annually thereafter or more frequently if deemed necessary by Dimensional, the Corporate Governance Committee will consider whether the proxy service provider (i) has the capacity and competency to adequately analyze proxy issues and (ii) can make its recommendation in an impartial manner and in the best interests of the Advisors’ clients. In the event that the guidelines are not implemented precisely as Advisors’ intend because of the actions or omissions of any third party service providers, custodians or sub-custodians or other agents, or any such persons experience any



irregularities (e.g., misvotes or missed votes), then such instances will not necessarily be deemed by the Advisors as a breach of the Voting Procedures.

Clients of each Advisor may obtain a complete copy of the Voting Procedures including a summary of the guidelines and records of how their securities were voted by writing to their customer service representative at Dimensional Fund Advisors, 6300 Bee Cave Road, Building One, Austin, Texas 78746.

To the extent that a separate account or a sub-advised fund client has not authorized Dimensional or Dimensional has not agreed to vote proxies for securities in the client's account, the client will be responsible for receiving and voting proxies for any and all securities maintained in client portfolios, and Dimensional is not responsible for forwarding proxies to the client. Depending on the circumstances and the terms of the client's agreement, Dimensional may provide advice about a proxy from time to time.

#### **Item 18 – Financial Information**

A registered investment adviser is required to provide certain financial information or disclosures about the adviser's financial condition. Dimensional believes that it has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

#### **Item 19 – Requirements for State-Registered Advisers**

Not applicable

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