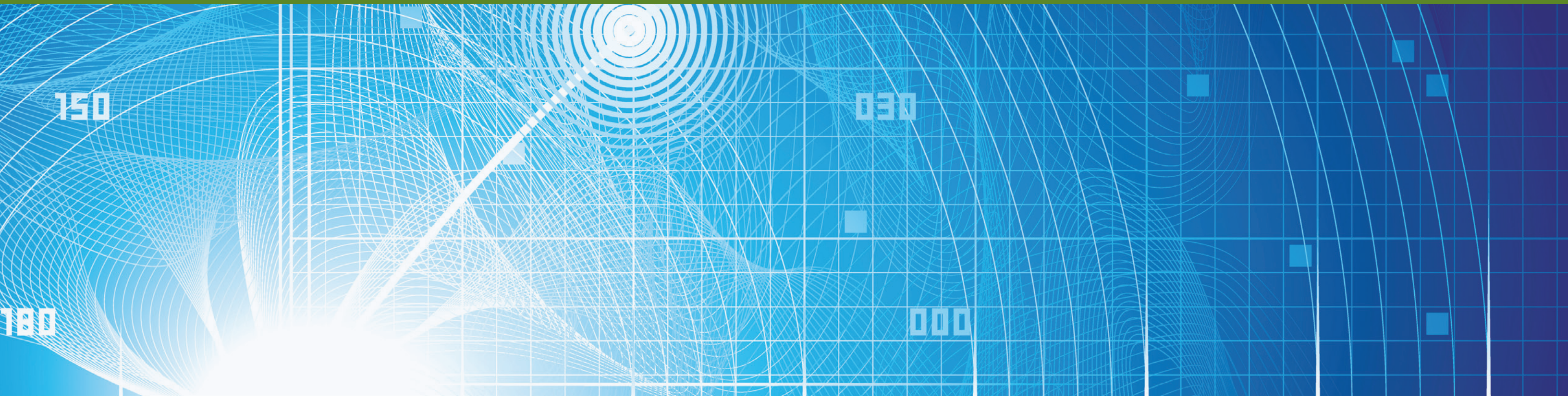
ADVISORY CONSULTING SERVICES

discover new dimensions in investment advice

Dimensional Fund Advisors



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intellectually sound investment strategy

A disciplined approach to wealth management is critical to achieving financial independence. Your dreams and your legacy depend on the investment strategies you employ today and should never be relegated to chasing the latest investment trends or other futile attempts to beat the market. You need an effective, intellectually sound strategy aligned with your long-term financial objectives and personal tolerance for risk.

Dimensional Fund Advisors have built unique investment strategies rooted in academic research. This extensive body of research has been tested by leading academics and portfolio theorists, including Nobel Prize-winning economists. The result is an intelligent approach to managing risk that leads to the confidence and clarity you seek in the pursuit of your investment goals.

Understanding the role of efficiency in investment performance

We've all experienced the impatient driver who insists on putting himself and others at risk by repeatedly cutting across lanes of heavy traffic to beat the rush while others patiently remain in their lanes. Suddenly, that driver is found several cars behind yours at the next red light. That is because the natural flow of traffic does not favor any particular driver. Traffic creates its own efficiencies and momentum as speed, reaction times and circumstances differ from one driver to the next. As a result, it is impossible to consistently pick the fastest lane.

A similar premise applies with investing. By their very nature, the investment markets are efficient. When one asset class or sector is performing well, another is lagging. A "hot" stock or sector may take the lead for awhile, but will inevitably be eclipsed by a sudden turn in market sentiment. That is why it is impossible for any single investor or investment manager to consistently outperform the market over time.

Instead, a buy and hold strategy, based on disciplined and broad market diversification, takes advantage of the markets' built-in efficiencies, embracing the momentum that drives growth, instead of working against it.

Why active fund management lags "buy and hold" strategies over the long-term

Findings from a 2010 study conducted by DALBAR, an independent financial services industry firm that provides research, ratings and rankings, appear to support the efficient market theory. According to the DALBAR study, the average 20-year returns experienced by mutual fund investors continue to lag the buy-and-hold data cited by most investment companies. DALBAR's 2011 annual *Quantitative Analysis of Investor Behavior (QAIB)* study determined that equity fund investors averaged 3.27% compared to 9.14% for buy-and-hold stock investors (S&P 500).*

Why? Because fund managers focused solely on near-term performance gains are not effectively leveraging the market's built-in efficiencies. Instead, they may be compelled to speculate on and chase the latest market trends. As a result, some decisions result in losses, while a percentage of gains may be swallowed by high transaction costs associated with frequent trading.

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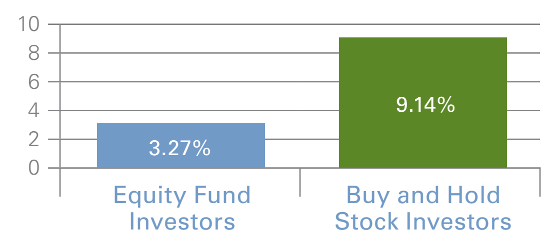
Mutual Fund Investors: 20-year Returns*



*Source: DALBAR, Inc.; DALBAR develops standards for, and provides research, ratings and rankings of, factors that influence the overall customer relationship experience, including print and web communications, call center and financial advisor services, and product evaluation and due diligence. http://www.dalbar.com/Portals/dalbar/cache/News/PressReleases/pressrelease20100331.pdf

the dimensional difference

Dimensional Fund Advisors has long been recognized as a leader in applying financial science to the practical world of investing. In 1981, Dimensional introduced innovative strategies that set a new standard for portfolio design. Dimensional's revolutionary approach is steeped in extensive academic research on the efficiency of capital markets and the range of forces driving financial outcomes. Dimensional believes:

- The markets are inherently efficient, and when left to a scientific approach, the total long-term returns tend to reward investors.
- Financial markets act as an ally when investors understand that investing is not about finding a loophole for a quick gain, but commit to a long-term strategy with diversification and risk/reward balance at its core.

By following a scientific approach to investing, Dimensional Funds incorporate sound strategies designed to minimize costs and conflicts of interest and maintain a strict diversification discipline.

Financial science identifies the sources of investment returns. Dimensional provides the tools and experience to help achieve them.

Dimensional strategies are fundamentally different than traditional mutual fund portfolios. By following a scientific approach to investing, Dimensional Funds incorporate sound strategies designed to minimize costs and conflicts of interest and maintain a strict diversification discipline.

Market fluctuation has its advantages – Market fluctuations can lead to losses if investors move out of positions at the wrong time. However, that's not the only way investors experience market losses. When investment managers are chasing a trend and their predictions go wrong, they run the risk of missing strong returns by holding the wrong stocks at the wrong time. Remaining invested allows for the capture of long-term returns in an efficient market environment.

Total return encompasses more than initially meets the eye – A portfolio's total return relies on far more than how investments are performing at any given time. Factors including taxable gains and transaction fees resulting from active management can significantly affect your portfolio returns. For this reason, the Dimensional strategies are focused on minimizing internal costs by applying a passive investment style. Instead of chasing short term gains, the funds retain a long-term focus.

Diversification creates balance – Dimensional investment decisions are driven by maintaining the balance of risk and return. Unlike many portfolio managers, Dimensional strategies do not chase returns in a single sector or asset class to try and manufacture growth. They rely on deep diversification across thousands—not simply hundreds—of securities within multiple asset classes to provide downside protection and minimize risk.

Academic excellence drives independent thought – Dimensional portfolio construction is carefully designed and monitored based on the findings of some of the most respected academics in modern history, including Nobel Prize winning economists. As a pioneer in academic research, Dimensional delivers investment decisions that are not influenced by institutional relationships, corporate politics or revenue agreements that could affect investment decisions.

Continuous research is a critical component – Dimensional engages in a continuous process designed to increase understanding and relevance of the science of investing. Academic leaders in the field of asset pricing find new sources of risk and return in advance of the industry. Through this circular process, Dimensional engineers strategies and brings client feedback to financial economists and researchers for further testing and enhancements. Research becomes more relevant to practical investing, ensuring practical investing is backed by solid theory and economic knowledge.

Continuous Research is a Critical Component

Academic Leadership

Dimensional advisors, board members and affiliates are considered among the most respected academic leaders in the field of finance today.

Professor	Affiliation	Expertise
George M. Constantinides, University of Chicago	Board Member of Dimensional's U.S. Mutual Funds	Asset Pricing, Capital Markets Research
Eugene F. Fama, University of Chicago	Board Member of Dimensional Fund Advisors, Consultant for Dimensional's Fixed Income and Value Strategies	Efficient Markets Hypothesis, Random Walk Hypothesis, Capital Markets Research, Multifactor Model, Definitive Finance Text, Tax Research
Kenneth R. French, Dartmouth College	Board Member of Dimensional Fund Advisors, Consultant and Head of Investment Policy	Capital Markets Research, Multifactor Model, Tax Research
John P. Gould, University of Chicago	Board Member of Dimensional's U.S. Mutual Funds	Applied Price Theory, Former Dean of University of Chicago Graduate School of Business
Roger G. Ibbotson, Yale University	Board Member of Dimensional's U.S. Mutual Funds	Capital Markets Research, Comprehensive "SBBI" Database (with Sinquefield), Data Consultant Firm
Donald B. Keim, University of Pennsylvania	Consultant for Dimensional's Trading Cost Studies	Capital Markets Research, Real Estate Securities, Small Stock "January Effect"
Robert C. Merton, Massachusetts Institute of Technology	Resident Scientist	Optimal Lifetime Consumption and Portfolio Allocation Theory, Asset Pricing Theory, Valuation of Derivative Securities
Myron S. Scholes, Stanford University	Board Member of Dimensional's U.S. Mutual Funds	Capital Markets Research, Options Pricing Model
Abbie J. Smith, University of Chicago	Board Member of Dimensional's U.S. Mutual Funds	Capital Markets Research, Financial Accounting Information, Corporate Restructuring, Corporate Governance

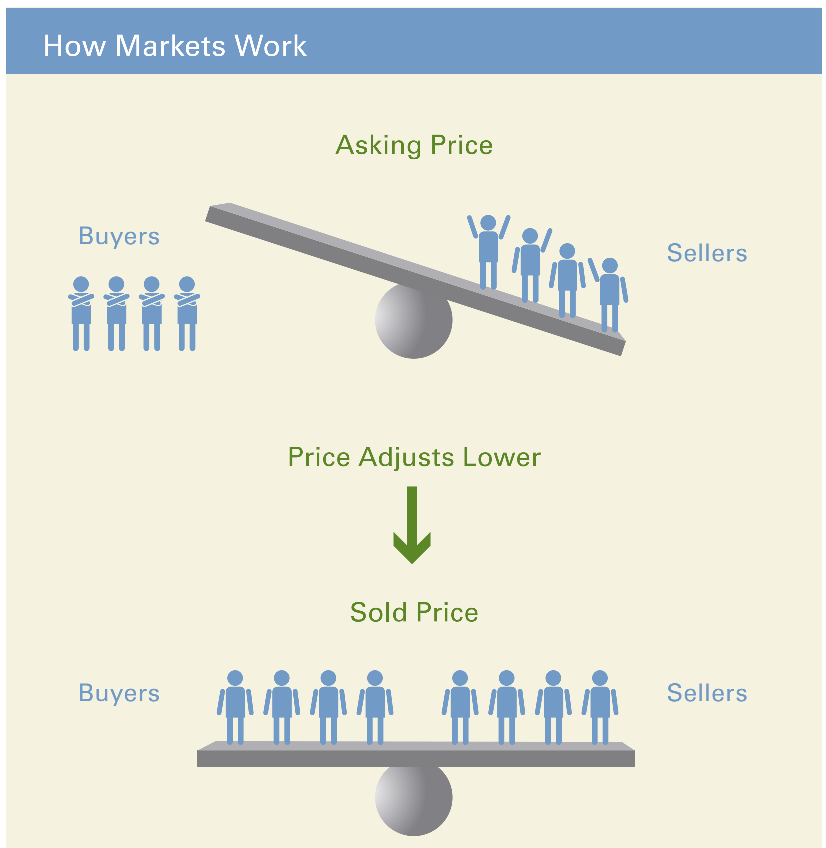
key principles behind the academics of investing

Markets work

Capital markets build wealth. Markets throughout the world have a history of rewarding investors for the capital they supply. Companies compete with each other for investment capital, and millions of investors compete with each other to find the most attractive returns. This competition quickly drives prices to fair value, ensuring that no investor can expect greater returns without bearing greater risk.

Traditional investment managers strive to beat the market by taking advantage of pricing "mistakes" and attempting to predict the future. When you reject costly speculation and guesswork, investing becomes a matter of identifying the risks most likely to produce rewards in line with your personal tolerance for risk.

Where others feel compelled to buy and sell, Dimensional can take its time.



Not all risk is worth taking

Returns are the result of assuming risk. Gain is rarely accomplished without taking a chance, but not all risks carry a reliable reward. Over the last 50 years, financial science has brought us to a powerful understanding of the risks that are worth taking and the risks that are not.

Everything we have learned about expected returns in the equity markets can be summarized in three dimensions:

- **Market** – Stocks have higher expected returns than fixed income.
- **Size** – Small company stocks have higher expected returns than large company stocks.
- **Price** – Lower-priced "value" stocks have higher expected returns than higher-priced "growth" stocks.

Relative performance in fixed income is largely driven by two dimensions: bond maturity and credit quality. Bonds that mature farther in the future are subject to the risk of unexpected changes in interest rates. Bonds with lower credit quality are subject to the risk of default. Extending bond maturities and reducing credit quality increases potential returns, while increasing risk.

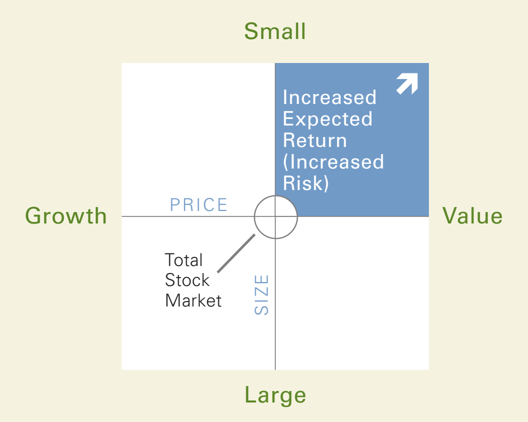
Diversification is key

Through the proper use of asset allocation, volatility can be reduced to a level that is appropriate for you, while still empowering you to reach your long-term goals.

Smart trading increases returns

For nearly three decades, Dimensional has been focused on trading. It's refusal to forecast or follow indexes gives it negotiating strength. Where others feel compelled to buy and sell, Dimensional can take its time. Dimensional trades more than 12,000 equity securities per year in its funds. It keeps costs low—patiently and expertly. Its state-of-the-art desks around the world ensure a formidable presence in financial markets. Such a large scale brings opportunity for cost-effective trades. The result: performance driven by a potent combination of investment philosophy and trading power.

Not All Risk Is Worth Taking



Diversification Is Key

Personalize Your Investment Strategy

Charles Zhang is the managing partner of Zhang Financial, one of the nation's top-ranked independent wealth advisory firms. He has received many honors and recognitions throughout his career including consistent rankings as one of America's Top 100 Financial Advisors by *Barron's, Worth,* and *Research Magazine*. Mr. Zhang has also received an extensive education in finance, obtaining his MBA from Kellogg School of Management, Northwestern University and attending Executive Education at Harvard Business School. Charles holds many professional designations including Certified Financial Planner and Chartered Financial Consultant. He has a strong presence in the finance industry and is frequently quoted by many national media sources and publications including CNBC, *Forbes, Wall Street Journal, Barron's,* and *Smart Money.*

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