

## Dimensional Fund Advisors LP

### Client Relationship Summary, March 31, 2025

Dimensional Fund Advisors LP (“we”, “us”, or “our firm”) is registered with the U.S. Securities and Exchange Commission (“SEC”) as an investment adviser. Brokerage and investment advisory services and fees differ, and it is important for you to understand these differences. You can find free and simple tools to research firms and financial professionals at [Investor.gov/CRS](https://investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

<p><b>What investment services and advice can you provide me?</b></p>	<p>We offer investment advisory services to certain retail investors that generally meet certain minimum account sizes. These services include sub-advisory services, separate account management, and allocating or rebalancing investments among the funds we advise. We typically accept discretionary investment authority, including any agreed-upon account monitoring, according to a management agreement with you or your financial advisor. Such discretion is to be exercised consistent with the investment objectives for your account and the agreement. Your financial advisor may select us to manage your account under your financial advisor’s bundled “wrap fee” program. For certain sub-advised accounts, including those in a “wrap fee” program, we will be responsible for managing each account following the selected investment strategy and any customizations from you or your financial advisor. We do not make available or limit our advice only to proprietary products, or a limited menu of products or types of investments, except where we are engaged to manage a client’s allocation of investments among funds we manage. <b>For additional information, please see our <a href="#">Form ADV, Part 2A</a> brochure (Items 4, 5, 7, 8, and 12).</b></p> <p><i><b>Conversation Starters – You may want to ask your financial professional:</b></i></p> <ul style="list-style-type: none"> <li>• Given my financial situation, should I choose an investment advisory service? Why or why not?</li> <li>• How will you choose investments to recommend to me?</li> <li>• What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?</li> </ul>
<p><b>What fees will I pay?</b></p>	<p>The specific fees that we will charge you for your account will be set forth in the agreement with us for your account. Certain clients may pay lower fees than other clients, and a client may pay more or less than other clients with accounts invested in similar strategies. We charge retail investors an asset-based advisory fee, which can be up to 0.29% per year, subject to a variety of factors, including the applicable investment strategy, aggregate amount of assets (in the account or invested by clients’ financial advisors’ in our funds, strategies or separate accounts), and minimum account size. Where agreed, you may be subject to a higher effective fee rate if assets in the account decrease below the minimum. We may also charge an additional 0.10% fee on securities of third-party managers held in an account. Before April 1, 2025, we charged certain clients a fee for rebalancing and tax management services. We typically bill our advisory fees at the end of each quarter unless otherwise agreed and charge a prorated fee to accounts initiated or terminated during a billing period. Asset-based advisory fees create a conflict of interest because we earn more fees if there are more assets in your account and, as a result, we have an incentive to encourage you to increase your account’s assets. Upon an account’s termination, any earned, unpaid fees will be due and payable. Your account may also be subject to brokerage commissions, custodial fees, proxy voting service fees, and other transaction costs and expenses. If we are selected by your financial advisor to manage your account under your financial advisor’s bundled “wrap fee” program, you should consider whether the advisory fee we charge is in addition to the wrap fee for your account.</p> <p><b>You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. For additional information, please see our <a href="#">Form ADV, Part 2A</a> brochure (Item 5) and other information we have provided to you.</b></p> <p><i><b>Conversation Starters – You may want to ask your financial professional:</b></i></p>

	<ul style="list-style-type: none"> <li>Help me understand how these fees and costs might affect my investments. If I give you \$10,000, how much will go to fees and costs, and how much will be invested for me?</li> </ul>
<b>What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?</b>	<p><i><b>When we act as your investment adviser</b></i>, we must act in your best interest and not put our interest ahead of yours. But the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect our investment advice. Here are some examples to help you understand what this means. We serve as the investment adviser to SEC-registered investment companies and as the sub-adviser to certain non-U.S. investment funds managed by our affiliates. We may invest your assets in these funds, even though there may be a similar unaffiliated fund with a higher rating, lower fees and expenses, or better performance. Investors in a fund generally bear costs and expenses charged by the fund to its shareholders, such as management and administrative fees, which could be in addition to advisory fees we charge. These advisory fees may be reduced by the amount of the advisory fee charged by the fund, which is payable to us. Under certain circumstances, such fund fees could exceed the advisory fees otherwise payable to us. Here, we have a conflict of interest because we would receive higher advisory fees by investing your assets in a fund than we would receive for managing your account. Fund investments may be subject to expenses that a separate account would not have. And, in favorable markets, a fund's need to retain cash or to liquidate securities to meet redemption requests may cause its performance to fall below that of a separate account that does not have similar needs and can remain fully invested.</p> <p><i><b>Conversation Starters – You may want to ask your financial professional:</b></i></p> <ul style="list-style-type: none"> <li>How might your conflicts of interest affect me, and how will you address them?</li> </ul> <p><b>For additional information, please see our <a href="#">Form ADV, Part 2A</a> brochure (including Items 5, 11, 12, and 14) and other information we have provided to you.</b></p>
<b>How do your financial professionals make money?</b>	<p>Our financial professionals generally receive a base salary and a discretionary semiannual bonus and participate in benefit and retirement plans. We determine salary and bonus based on criteria such as experience, responsibilities, quality of work, and other subjective and, for certain professionals, quantitative factors. Our financial professionals do not receive commissions for obtaining clients or recommending funds that we manage. For certain financial professionals, clients obtained for our firm and increases in assets managed by the firm will be considered as substantial factors when evaluating employee performance and any discretionary bonus compensation. Certain financial professionals participate in our firm's long-term incentive plan and/or may be able to purchase the firm's restricted shares.</p>
<b>Do you or your financial professionals have legal or disciplinary history?</b>	<p>Yes, certain of our financial professionals have a legal or disciplinary history, and we are required to report a disciplinary matter related to our Australia-based affiliate, DFA Australia Limited. Visit <a href="http://Investor.gov/CRS">Investor.gov/CRS</a> for a free and simple search tool to research us and our financial professionals.</p> <p><i><b>Conversation Starters – You may want to ask your financial professional:</b></i></p> <ul style="list-style-type: none"> <li>As a financial professional, do you have any disciplinary history? For what type of conduct?</li> </ul>
<b>Additional Information</b>	<p><b>For additional information about our services, please review our <a href="#">Form ADV</a> and other information we have provided to you. If you would like additional, up-to-date information or a copy of this relationship summary, please call (512) 306-4308.</b></p> <p><i><b>Conversation Starters – You may want to ask your financial professional:</b></i></p> <ul style="list-style-type: none"> <li>Who is my primary contact person? Are they a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?</li> </ul>



Item 1 – Cover Page

## **Dimensional Fund Advisors LP**

6300 Bee Cave Road, Building One  
Austin, Texas 78746  
512.306.7400

<https://www.dimensional.com/us-en/financial-professionals>

<https://www.dimensional.com/us-en/individual>

March 31, 2025

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. 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 March 31, 2025 is an annual update to Dimensional’s last annual update to Form ADV Part 2A dated March 28, 2024.

In this annual amendment, the following material changes were made:

- *Item 5 (Fees and Compensation)*

This item was updated to reflect that certain separate account clients, including Independent Financial Advisor Facilitated Separate Accounts, in addition to investing in US Dimensional Funds, may also invest in exchange-traded funds (“ETFs”) and/or mutual funds managed by third-party investment managers unaffiliated with Dimensional. Additionally, this item describes changes to the fees assessed for management of the Independent Financial Advisor Facilitated Separated Accounts that will take effect on or around April 1, 2025.

- *Item 8 (Methods of Analysis, Investment Strategies and Risk of Loss)*

This item was updated to add or refine descriptions of investment- and business-related risks observed since Dimensional’s last Form ADV filing, including risks related to investments in China, as well as new disclosures regarding risks related to regulatory oversight, variable rate demand obligations, and the financial services sector.

- *Item 14 (Client Referrals and Other Compensation)*

This item has been revised to reflect that certain Dimensional’s clients may also elect, at their sole discretion, to receive certain services from third party financial intermediaries with which Dimensional may have independent business relationships.



### Item 3 – Table of Contents

Item 1 – Cover Page.....	i
Item 2 – Material Changes.....	ii
Item 3 – Table of Contents.....	iii
Item 4 – Advisory Business .....	1
Item 5 – Fees and Compensation .....	5
Item 6 – Performance-Based Fees and Side-By-Side Management .....	9
Item 7 – Types of Clients.....	11
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	12
Item 9 – Disciplinary Information .....	38
Item 10 – Other Financial Industry Activities and Affiliations .....	38
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	41
Item 12 – Brokerage Practices .....	44
Item 13 – Review of Accounts.....	53
Item 14 – Client Referrals and Other Compensation.....	54
Item 15 – Custody.....	57
Item 16 – Investment Discretion.....	58
Item 17 – Voting Client Securities.....	59
Item 18 – Financial Information .....	63
Item 19 – Requirements for State-Registered Advisers.....	63



## Item 4 – Advisory Business

### General Description of Advisory Firm

Dimensional Fund Advisors LP (“Dimensional”) primarily manages securities and other assets for institutional investors. Dimensional also manages securities and other assets for high-net-worth individuals and clients of independent financial advisors. Dimensional is the investment adviser to five SEC-registered investment companies which represent 166 separate funds in aggregate, including mutual funds and exchange-traded funds (together, “US Dimensional Funds”). The firm (formerly, Dimensional Fund Advisors Inc.) has been in business since 1981.

As of December 31, 2024, Dimensional and its affiliates managed approximately \$821,577,351,537 on a discretionary basis.<sup>1</sup>

Dimensional is organized as a Delaware limited partnership. Its general partner is Dimensional Holdings Inc. Dimensional Holdings LLC (a wholly-owned subsidiary of Dimensional Holdings Inc.) owns approximately 96% 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 designing an equity investment portfolio, Dimensional generally emphasizes the long-term drivers of expected returns identified in its research, while balancing risk through broad diversification across companies and sectors.
- 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 seeks higher returns by systematically adjusting duration, credit quality, and currency of issuance.

---

<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 short-term fixed income fund that is also managed by Dimensional; and (iii) investors that invest in US Dimensional Funds through a discretionary investment program, including programs that involve Dimensional periodically allocating or rebalancing an investment amongst the underlying US Dimensional Funds. In these circumstances the dollar amount of assets managed includes both the management of the investing fund or account and the management of the underlying fund.



Dimensional manages investment funds, such as the US Dimensional Funds, in accordance with each fund's investment objective. Dimensional may also sponsor one or more pooled investment vehicles offered to certain eligible investors and managed in accordance with each such pooled investment vehicle's investment objectives and strategies. Such pooled investment vehicles are deemed to be "private funds" and are not subject to registration under the US Investment Company Act of 1940, as amended, and interests would be offered in private placements in accordance with an exemption from registration under the US Securities Act of 1933, as amended. The firm also manages separate accounts and trust vehicles in accordance with investment objectives and guidelines. The investment objectives and guidelines of a separate account can be negotiated with clients, and a client may impose restrictions on investing in certain securities, sectors, categories or types of securities, or securities with certain characteristics. Requested restrictions can result in performance that will differ from, and may be worse than, the performance of accounts with a similar strategy that lack such restrictions. Any securities or other assets held in a separate account at any time, may be sold or disposed of at the direction of Dimensional considering such account's investment objectives and guidelines.

An independent financial advisor may select Dimensional to manage a separate account for the financial advisor's clients and enter into an investment management agreement with Dimensional for a client's account with Dimensional on the client's behalf (an "Independent Financial Advisor Facilitated Separate Account"). In such cases, the financial advisor selects an initial investment strategy on behalf of the client, and the financial advisor enters into an agreement with Dimensional for Dimensional to provide sub-advisory services to the client's account. The independent financial advisor may request certain customizations to the selected investment strategy, such as selecting commingled funds to invest in or restricting the account from holding securities from an issuer or group of issuers. Dimensional reserves the right to not accept certain restrictions in its discretion. Clients participating in an Independent Financial Advisor Facilitated Separate Account should carefully review the investment management agreement and investment guidelines selected for their account by their financial advisor. Any securities or other assets used to establish an Independent Financial Advisor Facilitated Separate Account, or held in such an account at any time, may be sold or disposed of at the direction of Dimensional considering the account's investment strategy selected by the client's financial advisor.

Dimensional may be directed to manage separate accounts in a predetermined tax sensitive manner by utilizing measures including, but not limited to, tax loss harvesting, seeking to minimize short-term capital gains and maximizing the qualified portion of dividend income, considering tradeoffs among premiums, costs, diversification, and capital gains in portfolio management. Notwithstanding the foregoing, the client will be responsible for any tax consequences of such transactions. Dimensional does not provide tax advice, and each client should consult their own tax adviser or accountant.

Dimensional generally allocates investment opportunities as described under Item 6 and follows the trade aggregation and allocation practices, and other brokerage practices, as set out in Item 12. As further explained under Item 12, brokerage commissions or other costs for the execution of





transactions in certain client accounts may not be negotiated by Dimensional, such as where the client participates in an independent financial advisor's wrap fee program (see below for further information on such programs).

#### *Independent Financial Advisor Wrap Fee Programs*

An independent financial advisor that selects Dimensional to provide sub-advisory services may be doing so as part of that financial advisor's "wrap fee" program. Under a typical "wrap fee" program, a financial advisor offers bundled investment management, custody, brokerage and other services to investors for a single fee. Dimensional does not provide general investment supervisory services to clients participating in a financial advisor's wrap fee program. For such clients, Dimensional would receive an investment management fee for providing sub-advisory services in connection with implementing a specific strategy only. Dimensional is not positioned to and is not responsible for determining the overall suitability of any independent financial advisor's wrap fee program or the investment options available under the program. The independent financial advisor would determine the fees and services offered under the financial advisor's wrap fee program. Clients participating in a wrap fee program should carefully review the sponsor's wrap fee program brochure as well as any agreement with or other disclosure from the program sponsor.

Each client of independent financial advisors participating in a wrap fee program should consider the services that are covered by the wrap fee, such as whether Dimensional's sub-advisory services are covered, and what charges the client's account may incur in addition to the wrap fee for the management of the account. Depending upon the wrap fee charged, the amount and type of account activity, the value of custodial and other services provided and other factors, the wrap fee may exceed the aggregate fees that the client might pay other parties for these services if they were obtained separately outside of a wrap fee program.

#### *Other Business*

Dimensional also licenses certain indexes to unaffiliated advisors for their use in connection with fund advice and management, and/or to insurance companies for use in connection with their annuity products. Dimensional developed these indexes and Dimensional's Index Committee oversees the maintenance of the methodology underlying the indexes.

Dimensional also provides limited review and reporting services to certain separate accounts or sub-advised accounts with respect to such account's securities lending activities conducted by the account's securities lending agent. Dimensional does not act as a securities lending agent for clients.

#### *Model Portfolios*

Dimensional makes available to financial intermediaries, institutional investors and third-party platforms certain strategic asset allocation models that offer a research-based framework to seek





to achieve long-term investment goals. Dimensional's models are composed of Dimensional funds (advised by Dimensional or one of its affiliates) and constructed based on theoretical and empirical research. Depending on the applicable investment objective, investment goal, investment strategy and other, relevant considerations, Dimensional will apply a weighting schema to applicable US Dimensional Funds to generate a model portfolio. These models are generally provided on an "as is" basis and are solely for informational purposes. Dimensional may update a model periodically but generally does not have any obligation to implement, update or take any other action to the model and may stop providing any update of a model portfolio at any time in its sole and absolute discretion. Dimensional may update a model and publish the update on a Dimensional password-protected site or, if separately agreed in writing, deliver the updated model to a third party directly, and the third party may also publish that update on the third party's website or platform.

Dimensional generally does not, and unless Dimensional has agreed expressly in writing will not, act as a fiduciary to licensees of any model portfolio. And, except where agreed, making available a model portfolio, including a custom portfolio, to a third-party recipient is neither investment advice nor a recommendation of a security or investment strategy to a financial intermediary or investor. Dimensional is not responsible for implementing the asset allocation found in a model portfolio (e.g., selecting broker-dealers, executing trades or seeking best execution). Dimensional does, however, provide investment advisory services to other persons and may make investment decisions for the same or similar securities or instruments as those that are referred to in or comprise a model portfolio.

Where Dimensional provides investment advice, Dimensional's investment decisions are not necessarily incorporated (periodically or otherwise) into a model portfolio. Accordingly, a person implementing the asset allocation within a model portfolio may experience results that are different from or less favorable than those experienced by Dimensional investment management clients.

#### *Custom Model Portfolios*

Subject to a separate written agreement, Dimensional may also make available or license custom model portfolios that contain unique characteristics or weighting as agreed with the recipient. Updates of the custom model portfolios occurs as agreed with the applicable recipient. To the extent Dimensional has agreed to distribute the custom model portfolio to multiple recipients with the same or varying periodic updating requirements, Dimensional will seek to pursue fair and equitable treatment in the delivery of the updated custom models.

#### *Model Portfolios and Fees*

Use of the model portfolios may generate fees for Dimensional or one of its Affiliated Investment Advisors. Since the model portfolios are composed of Dimensional funds, any person implementing all or part of a model portfolio will be investing in a fund that pays management fees to Dimensional (or an Affiliated Investment Advisor, as applicable), and those fees may be higher than fees charged by other funds.



Dimensional or its affiliates may also be entitled to receive a fee from a third-party platform on which a model portfolio may be published. Such fees may be in the form of an asset-based fee paid by the third-party platform to Dimensional for licensing the model portfolios and/or a strategist fee. In such circumstances, Dimensional is not compensated for the model portfolios directly by any financial intermediary or client of a financial intermediary that accesses a model portfolio through the third-party platform. In such circumstances, the financial intermediaries have a client relationship with the third-party platform rather than Dimensional. Financial intermediaries should review their agreements with the applicable third-party platform regarding fees charged.

In certain situations, Dimensional pays installation, maintenance, technology, or other fees to a third-party platform to support publishing a model portfolio on that platform.

## **Item 5 – Fees and Compensation**

Dimensional's advisory fees charged vary due to a number of factors, including the particular circumstances of the client, specific investment strategies or restrictions for the client, account size, client location, scope of the overall client relationship, scope of the overall relationship with the client's financial advisor or service providers to the client's financial advisor, legal and regulatory considerations applicable to a client, customization of investment guidelines, discretionary character of the account, additional or differing levels of client servicing, and/or as otherwise may be agreed with specific clients. As a result, Dimensional offers certain clients lower fees than other clients, and certain clients will pay more or less than other clients invested in similar strategies. The table below reflects approximate ranges for the clients and portfolios advised by Dimensional.

<u>General Investment Strategy Categories</u>	<u>Annual Advisory Fee Rates</u>
US Equity	0.06% to 0.38%
Non-US / Global Equity	0.13% to 0.52%
Fixed Income	0.05% to 0.25%
Real Estate Securities	0.15% to 0.24%

*Separate Accounts.* A range reflecting typical advisory fees for separate account clients is set forth in the table above. In addition, the specific fees that Dimensional charges a separate account client are set forth in the written investment management agreement with Dimensional. Dimensional's actual advisory fees, minimum fees and minimum account sizes may be negotiated and vary from client to client due to a number of factors, including those noted above. When waiving, reducing or varying fees or modifying other contractual terms with any other separate account client, Dimensional is generally not required to provide notice to, or obtain the consent of, any other separate account client.



*Independent Financial Advisor Facilitated Separate Accounts.* Actual investment advisory fees, minimum fees and minimum account sizes may be negotiated and vary due to a variety of factors, including the particular investment strategy, the particular circumstances of the investor, account size, or as otherwise may be agreed (as described in further detail below). Additionally, the advisory fees payable for an Independent Financial Advisor Facilitated Separate account may be adjusted based on certain factors, including the consideration of (i) the aggregate amount of assets in client accounts that belong to the same household and (ii) the aggregate amount of assets that clients of the client's financial advisor have invested in Dimensional funds, strategies, or the Independent Financial Advisor Facilitated Separate Accounts. When waiving, reducing or varying fees or modifying other contractual terms with any Independent Financial Advisor Facilitated Separate Account client, Dimensional is generally not required to provide notice to, or obtain the consent of, any other Independent Financial Advisor Facilitated Separate Account client.

Dimensional negotiates the advisory fee payable with respect to each Independent Financial Advisor Facilitated Separate Account with the client's financial advisor. As stated above, for those accounts, an independent financial advisor selects an investment strategy on behalf of a client, and the financial advisor enters into an agreement with Dimensional for Dimensional to provide sub-advisory services to the client's account. The minimum opening account size for an Independent Financial Advisor Facilitated Separate Account is generally \$500,000, and the advisory fee for such account (the "Advisory Fee") has generally been set at a maximum of 0.29% per year of the securities held in that account. In addition to the Advisory Fee, Dimensional may charge to Independent Financial Advisor Facilitated Separate Accounts a fee of 0.10% if Dimensional has agreed to perform certain rebalancing and tax management services across asset types, including US Dimensional Funds and other ETFs held in that account (the "Overlay Fee"). The Overlay Fee will no longer be assessed beginning on or around April 1, 2025. After such date, the Advisory Fee for Independent Financial Advisor Facilitated Separate Accounts will be calculated quarterly, on the basis of the assets held in such account, and will be the sum of: (i) 0.29% of the value of any equity or fixed income securities held directly in the account plus (ii) 0.10% of the value of any ETFs and/or mutual funds managed by investment managers unaffiliated with Dimensional ("Third-Party Funds"). Actual fees charged to an Independent Financial Advisor Facilitated Separate Account will be assessed or adjusted for in the circumstances set forth in the applicable investment management agreements, including that a minimum fee may apply and be assessed by applying the Advisory Fee applicable to the relevant account's holdings to the general minimum account size, even when assets are below such minimum. This may result in such fee rate being higher than the rate stated above. Additionally, as Independent Financial Advisor Facilitated Separate Accounts that invest in US Dimensional Funds and Third-Party Funds will pay the fees and expenses charged by the fund to their shareholders as described further below, this may result in the fees paid being higher than described above. Independent Financial Advisor Facilitated Separate Accounts, at their sole discretion, may contract with third-party insurance firms for additional insurance services, with which Dimensional may have separate business relationships. Dimensional is not compensated directly if an Independent Financial Advisor Facilitated Account elects to contract for such third-party insurance services, but Dimensional may benefit indirectly from assets referred to Dimensional by such third-party insurance firms.



*Most Favored Nation Clauses.* Certain clients from time to time seek to include most favored nation (“MFN” and each, an “MFN client”) clauses in their investment management agreements with Dimensional. Dimensional considers agreeing to an MFN clause in view of a number of factors, which may include the client’s overall relationship with Dimensional. These clauses require Dimensional to notify the MFN client if Dimensional has entered into, or subsequently enters into, a more favorable fee arrangement with a comparable client and offer the MFN client the same fee arrangement or notify the MFN client of such fee arrangement. Whether an account will be considered comparable will depend upon the language of the client’s agreement with Dimensional. The agreement may provide for consideration of factors including, but not limited to, the size of the account, scope and type of relationships with Dimensional, restrictions on the account, level of services required for the account, investment strategy, investment objectives, and discretionary character of the account. Dimensional does not under normal circumstances apply an MFN clause negotiated with its own clients to investment management agreements between a Dimensional affiliate and the Dimensional affiliate’s clients. Dimensional does not agree to MFN clauses in all circumstances and has sole discretion over whether to grant an MFN clause.

*Billing Practices.* Dimensional generally bills its advisory fees for separate accounts on a quarterly basis in arrears unless otherwise stated in the written management agreement for the client’s account. Certain clients, in accordance with the applicable management agreement, will be billed directly for fees or will authorize Dimensional to directly debit fees from client accounts. Accounts initiated or terminated during a billing period will generally be charged a prorated fee. Upon termination of any account, any earned, unpaid fees will be due and payable. In instances where Dimensional provides sub-advisory services to a Dimensional affiliated entity in connection with that entity’s management of a separate account, Dimensional generally receives a fee payable by the respective Dimensional affiliated entity that serves as the primary investment manager, and such fee is typically settled on a quarterly basis.

*Separate Account Investments in Investment Funds.* Dimensional invests certain separate account client assets, including certain Independent Financial Advisor Facilitated Separate Accounts assets, in investment funds, such as US Dimensional Funds or Third-Party Funds. Such clients generally 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 US Dimensional Fund’s advisory fee applicable to the account, which is payable to Dimensional (though the Overlay Fee, or other fee charged with respect to holdings of Third-Party Funds, if applicable to an Independent Financial Advisor Facilitated Separate Account, will be charged which may result in the fees paid being higher). Additionally, Dimensional and its affiliates will indirectly benefit from investments made in US Dimensional Funds through fees paid by the US Dimensional Funds to Dimensional and its affiliates for advisory, administrative, and other services. 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 US Dimensional Funds. Dimensional is a sub-advisor to certain Undertakings for Collective Investment in Transferable Securities (“UCITS funds”), and United Kingdom, Australian and Canadian mutual funds managed by Dimensional affiliated entities. Dimensional’s advisory fees charged to fund clients are approved by a respective fund’s boards of directors/trustees or trustee and in some cases, its shareholders. Fees vary by investment strategy, type of account, assets under management, and other competitive factors and are within the ranges of the advisory fee table set out above. 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.

Dimensional’s investment advisory fees for the US Dimensional Funds are typically paid monthly. For sub-advisory services provided to UCITS funds as well as the United Kingdom, Australian and Canadian mutual funds, Dimensional receives a fee payable by the respective Dimensional affiliated entity that serves as primary investment manager to the mutual fund, and such fee is typically settled on a quarterly basis.

In certain instances, Dimensional charges 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. Dimensional is a sub-advisor to certain third-party mutual funds and exchange-traded funds principally advised by unaffiliated entities. For these sub-advisory services, Dimensional typically receives a fee payable directly by the third-party fund’s primary investment adviser, and such fee is usually settled on a monthly basis.

*Trust Vehicles.* Dimensional serves as the investment manager to a 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 range from 0.13% to 0.38% per year. However, as with separate accounts, Dimensional’s actual advisory fees, minimum fees and minimum account sizes may be negotiated and 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 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. Dimensional generally bills its advisory fees to DFA Group Trust unitholders on a quarterly basis in arrears, unless otherwise stated in the unitholder’s agreement with Dimensional.

In addition, Dimensional has been retained by a third-party trustee to serve as investment adviser of the Dimensional Collective Investment Trust. The Dimensional Collective Investment Trust is a collective investment vehicle established for investment by qualified defined benefit and defined contribution plans, and certain trusts, entities or accounts that invest the assets of such plans. Investors in the Dimensional Collective Investment Trust will be charged an annual fee based on



the specific fee class designated in the investor's participation agreement. In some instances, a different fee will be negotiated with an investor, which will be reflected in the fee schedule for the investor's participation agreement. The third-party trustee of the Dimensional Collective Investment Trust retains a portion of the fee, and additional information about fees and expenses are disclosed in the documentation of the Dimensional Collective Investment Trust, including the Confidential Offering Memorandum. The base investment fee charged for investment in the funds of the Dimensional Collective Investment Trust generally range from 0.10% to 0.55% per year. Actual investment management fees, minimum fees and minimum account sizes may be negotiated and vary due to a variety of factors, including the particular fund strategy, the particular circumstances of the investor, account size, or as otherwise may be agreed. Unless otherwise agreed with the investor, the Dimensional Collective Investment Trust's investment management fee is calculated based upon the average class level daily net asset value of the investment in a fund of the Dimensional Collective Investment Trust, accrues daily within the fund, and will be paid monthly in arrears from the assets invested in the fund, including accrued interest and dividends.

*Other Private Funds.* Dimensional may also sponsor one or more other private funds. Fees and expenses for these vehicles can vary and will be disclosed within the applicable private fund's offering documents.

#### Brokerage, Custodial and Other Expenses

Dimensional's advisory fees for separate accounts, group trust and fund clients are generally in addition to brokerage commissions, custodial fees, proxy voting service fees, and other transaction costs and expenses which the client incurs. For certain US Dimensional Funds that are exchange-traded funds ("ETFs"), Dimensional is responsible for substantially all ordinary fund operating expenses, including custodial fees, except for certain expenses, such as brokerage expenses, identified in the ETFs' offering documents.

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-based 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 that may be riskier or more speculative than those that would be recommended under a different fee arrangement, such as one based on amount of assets managed. In addition,





performance-based fee arrangements create incentives to favor accounts with such arrangements in the allocation of investment opportunities. To address such conflicts, Dimensional designs procedures that seek to treat all clients fairly and equally, including with regard to allocating investment opportunities among clients. For further information about relevant Dimensional procedures, see “Allocation of Investment Opportunities” below and Item 12 of this Brochure.

### *Allocation of Investment Opportunities*

Dimensional provides investment advisory and investment management services for many 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. It is Dimensional’s policy not to favor or disfavor any client or class of clients in the allocation of investment opportunities. To the extent practicable, Dimensional will seek to allocate all investment opportunities among clients over time on a fair and equitable basis.

Dimensional allocates eligible investment opportunities across portfolios that it manages based on the following factors:

- a. incremental contribution 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.

The availability or allocation of certain investment opportunities is limited under various circumstances, including in certain local and emerging markets, and with respect to regulated industries. Additionally, in certain circumstances, Dimensional restricts, limits or reduces the amount of a portfolio’s investment in a security where holdings in such a security by a portfolio, or across portfolios in the aggregate, exceeds or would exceed regulatory or issuer ownership thresholds or would otherwise result in significant costs to, or administrative burdens on, portfolios, a client or Dimensional. For example, limitations exist if a position or transaction could require a regulatory filing or a license or other regulatory or corporate consent, which could, among other things, result in additional cost and disclosure obligations for, or impose regulatory restrictions on, portfolios, a client or Dimensional, or where exceeding a threshold is prohibited or may result in regulatory or other restrictions.

Dimensional may also elect not to participate on behalf of certain clients in a particular investment opportunity if participation is subject to certain requirements, including legal or contractual provisions, obligations, terms, limitations, restrictions or consequences (including, without





limitation, requirements under applicable US federal securities laws, the laws of other jurisdictions or any related rules, orders, guidance or other authority applicable to Dimensional or its clients).

Dimensional's ability to invest in securities or portfolio companies on behalf of clients is impacted by US and foreign government orders or similar actions, which include sanctions or other measures (e.g., embargoes) taken by one or more countries, their respective government agencies or by an international organization. These measures can be aimed at restricting dealings of any kind with or involving another country, specific persons or securities such as those related to national security, legal entities, organizations or goods and may restrict future purchases of securities or require rapid divestment of securities. These measures can negatively impact the value of affected securities and portfolio companies as well as make it more difficult to divest affected securities. A government or one of its agencies can limit the amount of investment that is permitted to be made that is considered by that government to be made by a foreign investor. Restrictions on foreign investment can depend on the type of investor, such as whether the investor is considered a governmental entity or agency.

Dimensional, in allocating investment opportunities, can consider a portfolio's sensitivity to tracking error, and the availability of other appropriate or substantially similar investment opportunities for its portfolios. For example, a portfolio that is sensitive to tracking error may receive a greater allocation of a security that is in the index that is tracked by such portfolio as compared to a portfolio that is not sensitive to tracking error.

When Dimensional allocates investment opportunities, it considers the factors described above, as applicable, and in certain circumstances some or all eligible portfolios will not receive a pro rata allocation, or any allocation.

Dimensional may manage related accounts (including accounts of Dimensional, its affiliates, or its directors, officers or employees). Generally, it is Dimensional's policy that related accounts will be treated the same as all other accounts. However, when investment opportunities are limited, such as due to the liquidity of a security, allocation decisions can create conflicts of interest between related accounts and accounts of other clients. In such situations, Dimensional's authorized persons have the discretion to lower the allocation to, or completely exclude, the related accounts from an investment allocation. In addition, it is Dimensional's policy that no authorized person will have discretion to allocate investment opportunities to a separate account for which the authorized person or their immediate family member has a beneficial ownership or interest.

See also Item 12 relating to trade aggregation and allocation practices.

## **Item 7 – Types of Clients**

Dimensional's clients generally include institutional investors, high-net-worth individuals, and clients of registered financial advisors who may be considered retail investors. The institutional investors are typically composed of the US Dimensional Funds, corporate and governmental



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 funds and other US and international institutions. Where Dimensional sub-advises accounts for clients of independent financial advisors, the minimum account size is generally \$500,000. Dimensional may waive this minimum in certain circumstances.

## **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, investment funds and trust vehicles.

- 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 US Dimensional Fund or a fund of the Dimensional Collective Investment Trust, please also carefully review the fund's applicable prospectus, statement of additional information, declarations or other offering documents related to such fund 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 and adoption 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 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.

Because the value of a client's investment will fluctuate, there is the risk that a client will lose money. Clients should carefully review the risks of investing and be prepared to bear those risks, including the possible loss of the principal amount invested.

### *General Investments*

*Method of Analysis and Investment Strategies.* Dimensional implements an integrated investment approach that combines research, portfolio design, portfolio management, and trading functions. Certain of Dimensional's investment strategies are designed to emphasize long-term drivers of expected returns identified by Dimensional's research, while balancing risk through broad diversification across companies and sectors. Dimensional's portfolio management and trading



processes further balance those long-term drivers of expected returns with shorter-term drivers of expected returns and trading costs.

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 that a strategy will not lose money. Economic, market, political, and issuer-specific conditions and events will cause the value of securities, and the portfolio that owns them, to rise or fall. Markets are volatile, with periods of rising prices and periods of falling prices. Economies and financial markets throughout the world have become increasingly interconnected, which increases the likelihood that certain events or conditions in one region or country will adversely affect markets or issuers in other regions or countries. Strained relations between countries, including between the US and traditional allies and/or adversaries, could adversely affect US issuers as well as non-US issuers that rely on the United States for trade. Portfolio securities may be negatively impacted by inflation (or expectations for inflation), interest rates, global demand for particular products/services or resources, natural disasters, pandemics, epidemics, terrorism, war, military confrontations, cyber attacks, changes in trade regulations, elevated levels of government debt, internal unrest and discord, economic sanctions, regulatory events and governmental or quasi-governmental actions, among others.

*General Market and Geopolitical Risk:* The value of a portfolio's securities can change daily due to economic and other events that affect market prices generally, as well as those that affect particular regions, countries, industries, markets or issuers. Natural and environmental disasters, including weather-related phenomena, also can adversely affect individual issuers, sectors, industries, markets, currencies, countries, or regions. The occurrence of US and global events (e.g., natural disasters, virus epidemics, social and political discord, and terrorist attacks) may result in market volatility and have long-term effects on both the US and global economies and financial markets. Such events could occur in any jurisdiction in which a portfolio invests, leading to changes in regional and global economic conditions and cycles that may have a negative impact on a portfolio's investments. The risks associated with such events may be greater in developing or emerging market countries, many of which have less developed political, financial, healthcare, and/or emergency management systems.

In addition, a widespread health crisis, such as an epidemic or global pandemic (such as COVID-19) can result, at times, in market closures, market volatility, liquidity constraints and increased trading costs. Efforts to contain the spread of a global pandemic (such as COVID-19) can result in global travel restrictions and disruptions of healthcare systems, business operations and supply chains, layoffs, reduced consumer demand, defaults and credit rating downgrades, and other significant economic impacts. The effects of global pandemics (such as COVID-19) can impact global economic activity and may heighten pre-existing political, social and economic risks, domestically or globally. Deteriorating economic fundamentals may in turn increase the risk of default or insolvency of particular companies, negatively impact market value, increase market



volatility, cause credit spreads to widen, and reduce liquidity. The full impact and duration of future epidemics and global pandemics (such as COVID-19) is unpredictable and could adversely affect a portfolio's performance and Dimensional's management of a client's account.

*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 adverse tax consequences.

*Non-US Issuers and Currencies Risk:* Portfolios may acquire and sell securities issued by non-US governments and companies organized in non-US countries. There are substantial risks associated with investing in the securities issued by governments and companies located in, or having substantial operations in, foreign countries, which are in addition to the risks inherent in US investments. In many foreign countries there is less government supervision and regulation of stock exchanges, brokers, and listed companies than in the US, which may result in greater potential for fraud or market manipulation. There is also the risk of substantially more government involvement in the economy in foreign countries as well as the possible arbitrary and unpredictable enforcement of securities regulations and other laws, which may limit the ability of a portfolio to invest in foreign issuers.

Dimensional determines markets authorized for investment ("approved markets") and then, in its discretion, whether and when to invest an account's assets in an approved market. In making these determinations, Dimensional has discretion to take into account a number of factors, including, among other things: the classification of a market by recognized global index providers; market liquidity; relative availability of information to investors; government regulation, including fiscal and foreign exchange repatriation rules; the availability of other access to these markets; clearing and settlement processes; taxes, fees, duties, and other costs of transacting in the market; and observance of property rights. Dimensional may have clients based in an approved market, including for example a country's sovereign wealth fund, which could incentivize Dimensional to approve a market for investment; however, in making approved market determinations, Dimensional will seek to base its decision on Dimensional's then-current understanding of the



types of market related information outlined above, and whether Dimensional considers the market appropriate for investment considering its duties.

Significantly, there is the possibility of cessation of trading on foreign exchanges, expropriation, nationalization of assets, confiscatory or punitive taxation, withholding and other foreign taxes on income or other amounts, foreign exchange controls (which may include suspension of the ability to transfer currency from a given country), restrictions on removal of assets, political or social instability, military action or unrest, or diplomatic developments. There is no assurance that Dimensional will be able to anticipate these potential events.

In addition, if the base currency of a portfolio is the US dollar, the value of securities denominated in foreign currencies and of dividends and interest paid with respect to such securities will fluctuate based on the relative strength of the US dollar. Foreign currency risk includes the possibility that a foreign government will convert, or be forced to convert, its currency to another currency, changing its value against the US dollar. A portfolio may seek to hedge foreign currency risk.

Depository receipts, such as ADRs, GDRs and EDRs, and other interests that represent shares of foreign securities are generally subject to the same risks as the foreign securities that they evidence or into which they may be converted. For some depository receipts, the custodian or similar financial institution that holds the issuer's shares in a trust account is located in the issuer's home country. In these cases if the issuer's home country does not have developed financial markets, a portfolio could be exposed to the credit risk of the custodian or financial institution and greater market risk. In addition, the depository institution may not have physical custody of the underlying securities at all times and may charge fees for various services. A portfolio may experience delays in receiving its dividend and interest payments or exercising rights as a shareholder. There may be an increased possibility of untimely responses to certain corporate actions of the issuer in an unsponsored depository receipt program. The underlying issuers of certain depository receipts, particularly unsponsored or unregistered depository receipts, are also under no obligation to distribute shareholder communications to the holders of such receipts, or to pass through to them any voting rights with respect to the deposited securities. Accordingly, depository receipts that are not sponsored by the issuer may be less liquid, there may be less public information available about the issuer and there may not be a correlation between this information and the market value of the depository receipts.

The continuing military conflict between Ukraine and the Russian Federation has resulted in the imposition of economic sanctions and tariffs (or the threat thereof), and in significant volatility and uncertainty in financial markets and other industries. The military conflict also increases the risk that the conflict may broaden to other countries and severely impact the global markets.

Foreign issuers may not be subject to uniform accounting, auditing and financial reporting standards and there may be less publicly available, reliable and current financial and other information about such issuers, as compared to US issuers. Certain countries' legal institutions, financial markets, and services are less developed than those in the US or other major economies.



A portfolio may have greater difficulty voting proxies, exercising shareholder rights, securing dividends and/or interest and obtaining information regarding corporate actions on a timely basis, pursuing legal remedies, and obtaining judgments with respect to foreign investments in foreign courts than with respect to domestic issuers in US courts. The costs associated with foreign investments, including withholding taxes, brokerage commissions, and custodial costs, are generally higher than with US investments. To the extent that a portfolio invests a significant portion of its assets in a specific geographic region or country, the portfolio will have more exposure to economic risks related to such region or country than a portfolio with investments that are more geographically diversified. In addition, economies of some emerging market countries may be based on only a few industries and may be highly vulnerable to changes in local or global trade conditions. Foreign markets also can have substantially less trading volume than the US markets and securities of some foreign issuers are less liquid and more volatile than securities of comparable US issuers. A portfolio, therefore, may encounter difficulty in obtaining market quotations for purposes of valuing its portfolio assets or calculating its net asset value, as applicable.

The imposition of sanctions, exchange controls (including repatriation restrictions), confiscations, trade restrictions (including tariffs) and other government restrictions by the US, other nations or other governmental entities (including supranational entities) with respect to certain countries or issuers in various sectors of certain foreign countries could limit a portfolio's investment opportunities, impairing the portfolio's ability to invest in accordance with its investment strategy and/or to meet its investment objective, as well as adversely impacting the value of the impacted investments. The type and severity of sanctions and other similar measures, including counter sanctions and other retaliatory actions, which may be imposed could vary broadly in scope, and their impact is impossible for Dimensional to predict. Such developments could contribute to the devaluation of a country's currency, a downgrade in the credit ratings of issuers in such country, or a decline in the value and liquidity of securities of issuers in that country. An imposition of sanctions upon, or other government actions impacting, certain countries or issuers could result in: (i) an immediate freeze on certain securities, impairing the ability of a portfolio to buy, sell, receive or deliver those securities; (ii) other limitations on a portfolio's ability to invest or hold such securities; or (iii) with respect to depositary receipts, if the sponsor or depositary bank is required to terminate a depositary receipt program, a portfolio holding only a right to a pro rata share of the proceeds from the future sale of the underlying securities held by the depositary bank.

*Emerging Markets Risk:* Securities of issuers associated with emerging market countries, including, but not limited to, issuers that are organized under the laws of, maintain a principal place of business in, derive significant revenues from, or issue securities backed by the government (or, its agencies or instrumentalities) of emerging market countries are subject to all of the risks of foreign investing generally, and have additional heightened risks due to a lack of established legal, political, business and social frameworks to support securities markets. These risks include, but are not limited to (i) social, political and economic instability; (ii) government intervention, including in securities or currency, and government policies or regulations that may restrict a portfolio's investment opportunities, including restrictions on investment in issuers or industries





deemed sensitive to an emerging market country's national interests; (iii) less transparent and established taxation policies; (iv) less developed legal systems which may limit the rights and remedies available to a portfolio against an issuer and with respect to the enforcement of private property rights and/or redress for injuries to private property; (v) the lack of a capital market structure or market-oriented economy which could limit reliable access to capital; (vi) higher degree of corruption and fraud and potential for market manipulation; (vii) counterparties and financial institutions with less financial sophistication, creditworthiness and/or resources as those in developed foreign markets; (viii) the possibility that the process of easing restrictions on foreign investment occurring in some emerging market countries may be slowed or reversed by unanticipated economic, political or social events in such countries, or the countries that exercise a significant influence over those countries; and (ix) differences in regulatory, accounting, auditing, and financial reporting and recordkeeping standards that could impede Dimensional's ability to evaluate issuers.

In addition, many emerging market countries have experienced substantial, and during some periods, extremely high rates of inflation, for many years. Inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economies and securities markets of these countries. Moreover, the economies of some emerging market countries may differ unfavorably from the US economy in such respects as growth of gross domestic product, currency depreciation, debt burden, capital reinvestment, resource self-sufficiency and balance of payments position.

A portfolio may have limited access to, or there may be a limited number of, potential counterparties that trade in the securities of emerging market issuers. Potential counterparties may not possess, adopt or implement creditworthiness standards, financial reporting standards or legal and contractual protections similar to those in developed foreign markets. Currency and other hedging techniques may not be available or may be limited. The local taxation of income and capital gains accruing to nonresidents varies among emerging market countries and may be comparatively high. Emerging market countries typically have less well-defined tax laws and procedures and such laws may permit retroactive taxation so that a portfolio could in the future become subject to local tax liabilities that had not been anticipated in conducting its investment activities or valuing its assets. Custodial services and other investment-related costs in emerging market countries are often more expensive, compared to developed foreign markets and the US, which can reduce a portfolio's income from investments in securities or debt instruments of emerging market country issuers.

Some emerging market currencies may not be internationally traded or may be subject to strict controls on foreign investment by local governments as well as restrictions on currency conversions and limits on repatriation of invested capital. The result can be undervalued or overvalued currencies and associated difficulties with the valuation of assets, including a portfolio's securities, denominated in that currency. Future restrictive exchange controls could prevent or restrict a company's ability to make dividend or interest payments in the original currency of the obligation (usually US dollars). In addition, even though the currencies of some





emerging market countries may be convertible into US dollars, the conversion rates may be different than the actual market values and may be adverse to a portfolio's shareholders.

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.

*China Investments Risk:* Investments in China-based issuers or those associated with the country, such as those with operations there or deriving revenue from local operations, can be subject to considerable degrees of economic, political and social instability. The Chinese government can significantly influence China's economy through government industrial policies, monetary policy, management of currency exchange rates, and management of the payment of foreign currency-denominated obligations. Despite prior economic and trade reforms and the expansion of private ownership of companies in certain sectors, the Chinese government still exercises substantial influence over many aspects of the private sector and may own or control many companies, including by embedding Chinese Communist Party ("CCP") or People's Armed Forces Department personnel in Chinese companies. In addition, the Chinese government continues to maintain a major role in economic policy making and may alter or discontinue economic or trade reforms at any time. Investing in China involves risks of losses due to expropriation, nationalization, confiscation of assets and property, confiscatory or punitive taxation, withholding and other foreign taxes on income or other amounts, and the imposition of restrictions on foreign investments and on repatriation of capital invested. Changes or uncertainty in government policies or direction can adversely impact industries or companies in China.

A reduction in spending on Chinese products and services, supply chain diversification or the institution of additional tariffs or other trade barriers, including as a result of heightened trade tensions between China and the United States, may also have an adverse impact on the Chinese economy. In addition, the United States or other governments may from time to time impose restrictions on investments in certain Chinese companies or industries, or impose commercial or trade restrictions (but not restrict investments by investors) on certain Chinese companies, each of which may negatively impact the Chinese economy generally or the specific Chinese companies or industries. China has experienced controversies in human rights abuses related to religious and nationalist groups. In 2021, the US passed the Uyghur Forced Labor Prevention Act responding to information concerning the People's Republic of China's ("PRC") treatment of the Uyghurs and other ethnic minorities in the Xinjiang Uyghur Autonomous Region. These situations may cause uncertainty in the Chinese market and may adversely affect the Chinese economy and result in sudden and significant investment losses.

There are special risks associated with investments in China, Hong Kong and Taiwan. China, Hong Kong and Taiwan are highly interconnected and interdependent, with relationships built on trade, finance, culture and politics.



In addition, investments in China and Taiwan could be adversely affected by Taiwan's political and economic relationship with China. China's relations with Taiwan are severely strained and subject to the risk of rapid deterioration due to territorial disputes and defense and other security concerns. Taiwan's political stability and ability to sustain its economic growth could be significantly affected by its political and economic relationship with China. Taiwan remains vulnerable to both China's territorial ambitions and economic downturns. The value of investments in China and Taiwan, including derivative positions, may be adversely affected by territorial disputes between China and Taiwan. The Chinese and Hong Kong economies are also vulnerable to disagreements between China and Hong Kong related to integration, which may result in economic disruption.

Investments in China, Hong Kong, and Taiwan are also subject to the risk of escalating tensions and deteriorating relations with the US as economic and strategic competition between the US and China intensifies, which could result in further tariffs, trade restrictions, sanctions, or other actions that adversely impact the value of such investments. Pursuant to Executive Order 13873, "Executive Order on Securing the Information and Communications Technology and Services Supply Chain" (May 15, 2019), the US Department of Commerce promulgated an interim rule designating, solely for the purposes of Executive Order 13873, the PRC, including Hong Kong, as a foreign adversary of the United States. The US Department of Commerce subsequently issued a final rule effective July 18, 2024, designating the PRC, including Hong Kong, as a foreign adversary. The regulations established procedures for the review of certain transactions involving information and communications technology and services designed, developed, manufactured, or supplied by persons owned by, controlled by, or subject to the jurisdiction or direction of a foreign adversary and which pose or may pose undue or unacceptable risks to the United States or US persons.

A portfolio investing in China A-shares through the Shanghai-Hong Kong Stock Connect program or the Shenzhen-Hong Kong Stock Connect program (together, "Stock Connect") is subject to trading, clearance, settlement, and other procedures, which could pose risks to the portfolio. Trading through the Stock Connect program is subject to daily quotas that limit the maximum daily net purchases on any particular day, each of which may restrict or preclude a portfolio's ability to invest in China A-shares through the Stock Connect program. Trading through Stock Connect may require pre-validation of cash or securities prior to acceptance of orders. This requirement may limit a portfolio's ability to dispose of its A-shares purchased through Stock Connect in a timely manner. Certain China A-Share securities may only be available to investors meeting certain qualifications, such as being an institutional professional investor under Hong Kong law. On December 31, 2024, through early January 2025, the China Securities Regulatory Commission ("CSRC") and the Shanghai and Shenzhen stock exchanges barred several major mutual fund companies from selling shares on a net basis on any day in response to CCP leadership calls to stabilize the Chinese equity market. Although the CSRC has since lifted the restriction, there can be no guarantee that trading in Chinese securities will be free from CCP interference or manipulation in the future.



A primary feature of the Stock Connect program is the application of the home market's laws and rules applicable to investors in China A-shares. Therefore, a portfolio's investments in Stock Connect China A-shares are generally subject to the securities regulations and listing rules of the PRC, among other restrictions. Stock Connect can only operate when both PRC and Hong Kong markets are open for trading and when banking services are available in both markets on the corresponding settlement days. As such, the Shanghai and Shenzhen markets may be open at a time when Stock Connect is not trading, with the result that prices of China A-shares may fluctuate at times when a portfolio is unable to add to or exit its position, which could adversely affect the portfolio's performance.

Changes in the operation of the Stock Connect program may restrict or otherwise affect a portfolio's investments or returns. Furthermore, any changes in laws, regulations and policies of the China A-shares market or rules in relation to Stock Connect may affect China A-share prices. These risks are heightened generally by the developing state of the PRC's investment and banking systems and the uncertainty about the precise nature of the rights of equity owners and their ability to enforce such rights under Chinese law. Abuses in accounting, auditing, and financial reporting of China-based firms and companies has resulted in disciplinary actions and sanctions by regulatory bodies such as the Public Company Accounting Oversight Board ("PCAOB"). An investment in China A-Shares is also generally subject to the risks identified under "Emerging Markets Risk," and foreign investment risks such as price controls, expropriation of assets, confiscatory taxation, and nationalization may be heightened when investing in China.

Certain investments in Chinese companies may be made through a special structure known as a variable interest entity ("VIE"). In a VIE structure, foreign investors will only own stock in a shell company rather than directly in the VIE, which must be owned by Chinese nationals (and/or Chinese companies) to obtain the licenses and/or assets required to operate in certain restricted or prohibited sectors in China. The value of the shell company is derived from its ability to consolidate the VIE into its financials pursuant to contractual arrangements that allow the shell company to exert a degree of control over, and obtain economic benefits arising from, the VIE without formal legal ownership. While VIEs are a longstanding industry practice and are well known by Chinese officials and regulators, historically the structure has not been formally recognized under Chinese law and Chinese regulations regarding the structure are evolving. Effective March 31, 2023, the CSRC released new rules that permit the use of VIE structures, provided they abide by Chinese laws and register with the CSRC. The rules, however, may cause Chinese companies to undergo greater scrutiny and may make the process to create and/or operate VIEs more difficult and costly. Further, while the rules and implementing guidelines do not prohibit the use of VIE structures, this does not serve as a formal endorsement either.

It is uncertain whether Chinese officials or regulators will withdraw their acceptance of the structure generally, or with respect to certain industries. It is also uncertain whether the contractual arrangements, which may be subject to conflicts of interest between the legal owners of the VIE and foreign investors, would be enforced by Chinese courts or arbitration bodies. Prohibitions of these structures by the Chinese government, or the inability to enforce such contracts, from which



the shell company derives its value, would likely cause the VIE-structured holding(s) to suffer significant, detrimental, and possibly permanent losses, and in turn, adversely affect an investor's returns. In addition, foreign companies with securities listed on US securities exchanges, including those that utilize VIE structures, may be delisted if they do not meet the requirements of the listing exchange, the PCAOB or the US government, which could significantly decrease the liquidity and value of such investments.

*Political, United Kingdom and European Market Related Risks:* Portfolios that have significant exposure to certain countries can be expected to be impacted by the political and economic conditions within such countries, including the ramifications of the United Kingdom's (UK) vote to exit the European Union (EU) in June 2016 ("Brexit"). On January 31, 2020, the UK officially withdrew from the EU, subject to a transitional period that ended December 31, 2020. On May 1, 2021, the UK and EU formally entered into the EU-UK Trade and Cooperation Agreement (Agreement). The Agreement principally relates to the trading of goods, aspects of the future of the UK's relationship with the EU, as well as with other countries and regions, and many aspects remain subject to nascent memorandums of understanding, agreements and/or further negotiation, resulting in uncertainties relating to the UK's future economic, trading and legal relationships.

In addition, on June 27, 2023, the UK and EU signed a memorandum of understanding ("MoU") establishing a framework for financial services regulatory cooperation. The MoU is based on a shared objective of preserving financial stability, market integrity, and the protection of investors and consumers. Under the MoU, it is intended that the parties will endeavor to share information on regulatory developments to allow for timely identification of cross-border implementation issues.

As the outcomes of such agreements and future negotiations remain unclear, the effects on the UK, EU and the broader global economy are difficult to determine at this time. While the full impact of Brexit is unknown, Brexit has already resulted in volatility in European and global markets, disruptions in supply chains and declines in UK imports and exports with EU countries.

Brexit may continue to cause greater market volatility and illiquidity, currency fluctuations and impacts, on arrangements for trading and on other existing cross-border cooperation arrangements (whether economic, tax, fiscal, legal, regulatory or otherwise), and in potentially lower growth for companies in the UK, the EU and globally, which could adversely affect the value and liquidity of a portfolio's investments.

In addition, if one or more other countries were to exit the EU or abandon the use of the euro as a currency, the value of investments tied to those countries or the euro could decline significantly and unpredictably. Other economic challenges facing the region include high levels of public debt, significant rates of unemployment, aging populations, and heavy regulation in certain economic sectors. European policy makers have taken unprecedented steps to respond to the economic crisis and to boost growth in the region. While certain measures have been proposed and/or implemented within the UK and EU which are designed to minimize disruption in the financial markets, it is not



currently possible to determine whether such measures will achieve their intended effects, which could negatively affect the value of a portfolio's investments.

*Cybersecurity Risk:* The use of the internet, technology and information systems by a portfolio as well as its service providers expose the portfolio to potential risks linked to cybersecurity breaches of those technological or information systems. Cybersecurity breaches, amongst other things, could allow an unauthorized party to gain access to proprietary information, customer data, or portfolio assets, or cause the portfolio, its service providers and/or counterparties to suffer data corruption, data inaccessibility, data loss or to lose operational functionality. Dimensional's operations are subject to similar risks, including because of incidents that may occur at Dimensional's business service providers and counterparties. Cybersecurity risks can result in financial losses to Dimensional and its clients. Additionally, cybersecurity risks may be correlated with other risks such as political risk, geopolitical risk, and sanctions risk, which can increase the likelihood and/or severity of cyber attacks. A cybersecurity incident, either at Dimensional or a third or fourth party, could limit Dimensional's ability to manage portfolios or transact on their behalf. Incidents could also result in delays to or mistakes in materials provided to clients. Dimensional has measures designed to measure, detect, and defend against risks associated with cybersecurity, but there is no guarantee that those measures will be effective. Such limitations include because Dimensional cannot directly control the rate of occurrence, or severity of, external threats, or the design or effectiveness of cybersecurity defenses or plans of its service/software providers, counterparties, financial intermediaries and companies in which Dimensional invests on behalf of clients. A cybersecurity incident can result in compliance, legal and remediation costs and could also result in financial and reputational harm.

*Operational Risk:* Dimensional and the portfolios are exposed to operational risks such as the risk of human error or failures in systems, technology or processes, either internally or at third parties. Dimensional's business operations can be impacted, in part, by software or hardware malfunctions, viruses, cyber attacks, ransomware, glitches, process errors, connectivity loss, system failures, or the misuse of artificial intelligence tools such as large language generative models. Various operational events or circumstances are beyond Dimensional's control, including instances at third parties, and can include human errors or events in part caused by changes in personnel, system changes, or faults in communication or technology failures. These circumstances, including systems failures and malfunctions, could cause disruptions and negatively impact a portfolio's service providers and a portfolio's operations, potentially including impediments to trading portfolio securities. Increased use of and reliance on systems, technology or processes, both internally and at third or fourth parties, can cause portfolios and Dimensional to be more susceptible to operational and system risks, including the cybersecurity risk addressed above. To the extent a trading counterparty uses algorithms to implement orders from Dimensional, and such algorithms are incorrect, incomplete or corrupted, any decisions or investments made in reliance thereon expose portfolios to additional risks, including losses.

Dimensional seeks to minimize operational risks and related risks through controls and oversight, but there is no guarantee that those measures will be effective, including because Dimensional





does not control operational risk management at third parties. There are inherent limitations in such controls (including the possibility that contingencies have not been anticipated and procedures do not work as intended) and under some circumstances, Dimensional and any third-party service providers could be prevented or hindered from providing services to a portfolio for extended periods of time. There may also be failures or instances that cause losses to a portfolio or impact Dimensional's or a third party's functions. Unless otherwise agreed in writing with a client, Dimensional typically will not be responsible for errors caused by Dimensional's reasonable reliance on third parties, such as brokers, custodians, agents, administrators, technology providers, data sources and other providers, and data or information such third parties provide or fail to provide.

Negative global events can disrupt the operations and processes of any of the service providers for a fund or account. Such events could cause uncertainty in business and market operations, potentially impacting the ability to trade securities and clear and settle transactions as well as causing business uncertainty and closures, supply chain and travel interruptions, the need for personnel and vendors to work at external locations, and extensive medical absences. Not all events that could affect business operations and/or the markets can be determined and addressed in advance. Negative global events, in some cases, could constitute a force majeure event under contracts with service providers or contracts entered into with counterparties for certain transactions.

*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 or at increased costs. Liquidity risk can be more pronounced in periods of market turmoil or in situations where ownership of shares of the portfolio are concentrated in one or a few investors.

*Tax-Management:* Tax-management strategies may alter investment decisions and affect portfolio holdings, when compared to those of non-tax managed portfolios. Tax managed strategies may experience style-drift given the extent of permitted gains allowed in a portfolio, or the amount of tax loss harvesting. Dimensional anticipates that performance of such portfolios may deviate from that of non-tax managed portfolios. Although Dimensional intends to manage tax-managed portfolios in a manner that considers the effects of the realization of capital gains and taxable dividend income each year, such portfolios may nonetheless distribute taxable gains and dividends to their shareholders.

*Social Investment/Sustainability Consideration Investment and Environmental, Social and Governance Risk:* Clients may elect to invest in portfolios with social issue screens or sustainability considerations. These portfolios with social issue screens or sustainability



considerations may limit the number of investment opportunities available to such portfolios, reduce a portfolio's exposure to particular securities and/or overweight particular securities. As a result, at times, such a portfolio may produce lower returns than portfolios that are not subject to special investment conditions. The social issue screen and sustainability considerations may also cause a portfolio's industry allocations to deviate from those of funds without these screens or considerations and of conventional benchmarks. For example, a social issue screened portfolio may decline to purchase securities when it is otherwise advantageous to do so, or the portfolio may sell certain securities for social reasons when it is disadvantageous to do so. Similarly, a portfolio with sustainability considerations may decline to purchase, or underweight its investment in, certain securities due to sustainability considerations when other investment considerations would suggest that a more significant investment in such securities would be advantageous. Such portfolios may also overweight their investment in certain securities due to sustainability considerations when other investment considerations would suggest that a lesser investment in such securities would be advantageous. In addition, such portfolios may sell or retain certain securities due to sustainability considerations when it is otherwise disadvantageous to do so.

Dimensional generates its own proprietary data and also engages third-party service providers to monitor and/or provide data with respect to social issue screens, and to provide research, ratings and other information relating to sustainability considerations of securities in a portfolio. Dimensional may not be able to assess the sustainability of each company with securities eligible for purchase. For example, Dimensional may not be able to assess all of the sustainability considerations for each company because the third party service providers may not have data on the entire universe of companies with securities considered by Dimensional for a portfolio, or may not have information with respect to each factor considered as a sustainability consideration.

"Sustainability" is not uniformly defined, and there are significant differences in interpretations of what it means for a company to meet sustainability criteria. A portfolio's exposure to companies, industries and sectors of the market may be affected by sustainability data obtained that may be inaccurate and Dimensional's assessment of a company's sustainability may differ from assessments made by other funds, managers, or investors. As a result, there is no guarantee that a portfolio's investments will reflect the sustainability considerations of any particular investor. Similarly, there is no guarantee that investments of a portfolio that applies social issue screens will reflect the social considerations of any particular investor.

Furthermore, as part of Dimensional's risk management process, Dimensional monitors securities in its eligible equity universe for reports of potential involvement in significant controversies, including ESG-related controversies. If Dimensional believes that a controversy may have a material impact on a portfolio company's financials, Dimensional may temporarily exclude securities issued by that company from further purchase in both Dimensional's equity and fixed income strategies. Dimensional may also refer the portfolio company to its Investment Stewardship Group for engagement where appropriate for a particular investment strategy. Dimensional may use third party tools to assist in filtering news focused on environmental, social and governance issues. Portfolio companies that are identified through this process are escalated





to the members of Dimensional's portfolio management team for further evaluation. After review, if the portfolio management team determines that an issuer's future financial data is likely to be significantly impacted, the issuer may be underweighted, temporarily excluded from further investment, or divested from a portfolio. As a result, a portfolio's exposure to particular securities may be impacted and the portfolio may produce lower returns than portfolios that do not undertake this monitoring for significant controversies and the returns of such portfolios may deviate from the returns of a conventional benchmark. Additionally, portfolios that incorporate sustainability or social considerations in their design may apply additional, strategy-specific considerations.

*Data Source Risk:* Dimensional uses a variety of data in connection with managing portfolios and evaluating securities, and the quality of the resulting analysis or implementation depends on a number of factors, including the accuracy and timeliness of data inputs. When such data is incorrect or incomplete, a portfolio can be negatively impacted, such as when incorrect data is entered into an otherwise accurate investment process or system, or when Dimensional's securities analysis is affected by incorrect information. Dimensional cannot guarantee that third-party data is accurate and, unless otherwise agreed in writing with a client, is typically not responsible for errors caused by reasonable reliance on third-party data sources.

*Corporate Actions Risk:* Dimensional generally determines whether a portfolio should elect on or otherwise attempt to participate in a corporate action based on a variety of factors, including the stated or expected value of the corporate action and restrictions placed on participation by the subject company or its agents or intermediaries (e.g., restrictions regarding shareholders in certain jurisdictions). In its determination, Dimensional will consider the uncertainty of successful participation or other risks, such as the lack of timely notice or reliable information for the corporate action or risks in connection with the procedure, certifications, documentation or warranties that may be required. Where relevant, Dimensional can review risks presented by a corporate action against the other options available to a portfolio (e.g., selling rights or exiting the position in the subject company). Dimensional cannot ensure that a portfolio will participate in each corporate action for which a portfolio is eligible, for reasons such as lack of timely notice or reliable information. The ability for Dimensional to elect on corporate actions is subject to operational limitations and risks, such as the risk of human error or failures in systems, technology or processes, either internally or at third parties.

*Non-Diversification Risk:* To the extent a portfolio invests its assets in a smaller number of issuers than a more diversified portfolio, gains or losses on a single security may have a greater impact on the portfolio's value and the portfolio may be subject to greater volatility.

*Regulatory Oversight Risk:* A "private fund" is not registered as an "investment company" under the US Investment Company Act of 1940, as amended. Registered investment companies are generally required, among other things, to have a majority of disinterested directors, their securities must be held in custody in segregated accounts, and their investment advisors are subject to additional obligations. Therefore, investors in a private fund do not have the benefit of the



protections afforded by, and the private funds are not subject to the restrictions contained in, such registration and regulation.

### 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.

*Equity Market Risk:* Even a long-term investment approach cannot guarantee a profit. Economic, market, political, and issuer-specific conditions and events will cause the value of equity securities, and a portfolio that owns them, to rise or fall. Stock markets are volatile, with periods of rising prices and periods of falling prices. In addition, economies and financial markets throughout the world have become increasingly interconnected, which increases the likelihood that events or conditions in one region or country will adversely affect markets or issuers in other regions or countries. Strained relations between countries, including between the US and traditional allies and/or adversaries, could adversely affect US issuers as well as non-US issuers that rely on the United States for trade. Portfolio securities may be negatively impacted by inflation (or expectations for inflation), interest rates, global demand for particular products/services or resources, supply chain disruptions, natural disasters, pandemics, epidemics, terrorism, war, military confrontations, changes in trade regulations, elevated levels of government debt, internal unrest and discord, economic sanctions and tariffs, regulatory events and governmental or quasi-governmental actions, among others.

*Small and Mid-Cap Company Risk:* Securities of small and mid-cap companies are often less liquid than those of large companies and this could make it difficult to sell a small or mid-cap company security at a desired time or price. As a result, small and mid-cap company stocks may fluctuate relatively more in price. In general, small- and mid-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 an investment strategy purchasing these securities may cause a portfolio to at times underperform equity funds that use other investment strategies. Value stocks can react differently to political, economic, and industry developments than the market as a whole and other types of stocks. Value stocks also may underperform the market for long periods of time.



*Profitability Investment Risk:* High relative profitability stocks may perform differently from the market as a whole and an investment strategy purchasing these securities may cause a portfolio to at times underperform equity funds that use other investment strategies.

*Growth Investment Risk:* Growth stocks may perform differently from the market as a whole and an investment strategy purchasing these securities may cause a portfolio to at times underperform equity funds that use other investment strategies.

*Risks of Concentrating in the Real Estate Industry:* Portfolios that concentrate in the real estate industry will 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 real estate investment trusts (“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. Many foreign REIT-like entities are deemed for tax purposes to be passive foreign investment companies (PFICs), which could result in the receipt of taxable dividends to shareholders at an unfavorable tax rate. Also, because REITs and REIT-like entities typically are invested in a limited number of properties or in a particular market segment, these entities are more susceptible to adverse developments affecting a single property or market segment than more broadly diversified investments. The performance of a portfolio concentrated in the real estate industry 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, regulatory, economic, business, and environmental conditions within such country or region and may be more volatile than the performance of portfolios 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.

*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. During periods of very low or negative interest rates, a portfolio may be subject to a greater risk of rising interest rates. 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 the performance of a portfolio holding such securities. Government agency obligations have different levels of credit support and, therefore, different degrees of credit risk. Securities issued by agencies and instrumentalities of the US 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 US Government that are supported only by the issuer's right to borrow from the US Treasury, subject to certain limitations, and securities issued by agencies and instrumentalities sponsored by the US Government that are backed by the credit of the issuing agencies, such as Freddie Mac and Fannie Mae, are subject to a greater degree of credit risk. US 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. Credit risk is greater for fixed income securities with ratings below investment grade (e.g., BB+ or below by S&P or Fitch, or Ba1 or below by Moody's). 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 the portfolio desires.

*Income Risk:* Income risk is the risk that falling interest rates will cause a 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.

*Foreign Government Debt Risk:* Foreign government debt risk is 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.

*Call Risk:* Call risk is the risk that during periods of falling interest rates, a bond issuer will call or repay a higher-yielding fixed income security 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 investing in such securities may be irregular. Although the US Treasury guarantees to pay at maturity at least the original face value of any inflation-protected securities the Treasury issues, other issuers may not offer the same guarantee. Inflation-protected securities are not protected against deflation. As a result, in a period of deflation, the principal and income of inflation-protected securities held by the 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 the value of a portfolio holding such securities. 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 is 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 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, which could increase or decrease a fund's ordinary income distributions to shareholders, and may cause some of a fund's distributed income to be classified as a return of capital.

*Tax Liability Risk (municipal portfolios):* Tax liability risk is the risk that distributions by a portfolio 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.

*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. These events may include economic or political policy changes, tax base erosion, unfunded pension and healthcare liabilities, state limits on tax increases, natural disasters or environmental issues (including drought and wildfires), budget deficits and other financial difficulties, and changes in the credit ratings assigned to the state's municipal issuers. A negative change in any one of these or other areas could affect the ability of the state's municipal issuers to meet their obligations. If a portfolio invests in obligations of government issuers of a single state, there will be greater credit risk exposure to a smaller number of issuers due to economic, regulatory or political problems in the state. It is important to remember that economic, budget and other conditions within a particular state can be unpredictable and can change at any time. For these reasons, an investment in a municipal portfolio that focuses its investments primarily in municipal securities of a single state involves more risk than an investment in a fund that does not focus on municipal securities of a single state.

*Project-Specific Risk (municipal portfolios):* The investments of portfolios may be more sensitive to adverse economic, business or political developments if they invest a substantial portion of their assets in municipal securities that finance similar types of projects in a segment of the municipal bond market (such as education, health care, housing, education, utilities or transportation) or industrial development bonds. A change that affects one project in a particular segment of the market, such as proposed legislation on the financing of the project, a shortage of the materials needed for the project, or a declining need for the project, would likely affect all similar projects, thereby increasing market risk.

*Variable Rate Demand Obligations Risk (municipal portfolios):* Certain variable rate demand obligations ("VRDOs") may not have an active secondary market. These VRDOs could be difficult to dispose of if the remarketing agent defaults on its payment obligation and/or if the portfolio is not entitled to exercise its demand rights, which could cause a loss with respect to such VRDOs.

*Financial Services Sector Risk:* If a portfolio invests a significant portion of its assets in the financial services sector, the portfolio will be more susceptible to any economic, business, political



or other developments which generally affect this industry sector. Financial services companies are subject to extensive governmental regulation and intervention, which may impact and/or limit the scope of their activities, the amounts and types of loans and other financial commitments they can make, the interest rates and fees they can charge, the amount of capital and liquid assets they must maintain and their size, among other things. Profitability is also dependent on the availability and cost of capital funds and can fluctuate significantly in response to changes in interest rates or monetary policy, or due to increased competition. Financial services companies may also be adversely affected by a deterioration of the credit markets, credit losses resulting from financial difficulties of borrowers, particularly issuers with concentrated loan portfolios, and the risk that a market shock or other unexpected market, economic, political, regulatory, or other event might lead to a sudden decline in the values of most or all companies in the financial services sector, among other things.

*TBA Securities Risk:* If a portfolio invests in “to be announced” or “TBA” securities, it is subject to similar risks to those with when-issued or forward commitment transactions. TBA securities represent an agreement to buy or sell mortgage-backed securities with agreed-upon characteristics for an approximate principal amount, with settlement on a scheduled future date beyond the typical settlement period for most other securities. A portfolio may use TBA securities for investment purposes to gain exposure to certain securities, or for hedging purposes. A TBA transaction typically does not designate the actual security to be delivered. For a TBA transaction, it is possible that the securities will never be issued and the commitment cancelled. The value of the security to be purchased or sold is subject to market fluctuations and may be worth more or less on the settlement date than the amount committed to pay or receive for the security.

*Covered Bonds Risk:* Certain portfolios could invest in covered bonds, which are debt securities issued by banks or other financial institutions that provide recourse to both the issuing financial institution and a segregated pool of financial assets (a “cover pool”). The cover pool, which is intended to pay covered bond holders principal and interest when due, typically comprises mortgage loans or loans to public sector institutions. In the event of a default, if the cover pool assets are insufficient to satisfy the amounts owed in respect of the bonds, bondholders also have a senior, unsecured claim against the issuer of the covered bond. Market practices surrounding the maintenance of a cover pool, including custody arrangements, vary based on the jurisdiction in which the covered bonds are issued. Certain jurisdictions may provide fewer protections regarding the amount cover pools are required to maintain or the manner in which such assets are held. The value of a covered bond is affected by similar factors as other types of mortgage-backed securities, and a covered bond may lose value if the credit rating of the issuer is downgraded or the quality of the assets in the cover pool declines. The assets that comprise a cover pool are not subject to the sustainability considerations / social issue screens applicable to a social or sustainability strategy.

### Derivatives

*Method of Analysis and Investment Strategies.* Certain portfolios may purchase or sell futures contracts and options on futures contracts to adjust market exposure based on actual or expected





cash inflows to or outflows from a portfolio. 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 seek to increase the portfolio's total return.

*Various Risks:* Derivatives are instruments, such as swaps, futures contracts, and options thereon, as well as 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. Hedging with derivatives may increase expenses, and there is no guarantee that a hedging strategy will work. While hedging can reduce or eliminate losses, it also can reduce or eliminate gains or cause losses if the market moves in a manner different from that anticipated by the portfolio or if the cost of the derivative outweighs the benefit of the hedge. In regard to currency hedging, it is generally not possible to precisely match the foreign currency exposure of such foreign currency forward contracts to the value of the securities involved due to fluctuations in the market values of such securities and cash flows into and out of a portfolio between the date a foreign currency forward contract is entered into and the date it expires. The use of derivatives for non-hedging purposes may be considered to carry more risk than other types of investments. When a portfolio uses derivatives, the portfolio will be directly exposed to the risks of those derivatives. Derivatives expose a portfolio to counterparty risk (the risk that the derivative counterparty will not fulfill its contractual obligations), including credit risk of the derivative counterparty, and settlement risk (the risk faced when one party to a transaction has performed its obligations under a contract but has not yet received value from its counterparty). The possible lack of a liquid secondary market for derivatives and the resulting inability of a portfolio to sell or otherwise close a derivatives position could expose the portfolio to losses and could make derivatives more difficult for the portfolio to value accurately. Some derivatives are more sensitive to interest rate changes and market price fluctuations than other securities. A portfolio could also suffer losses related to its derivatives positions as a result of unanticipated market movements, which losses are potentially unlimited. Dimensional may not be able to predict correctly the direction of securities prices, interest rates, currency exchange rates, and other economic factors, which could cause a portfolio's derivatives positions to lose value. Valuation of derivatives may also be more difficult in times of market turmoil since many investors and market makers may be reluctant to purchase derivatives or quote prices for them. 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.

*Currency Hedging Risk:* Certain portfolios may enter into foreign currency forward contracts to seek to protect against uncertainty in the level of future foreign currency rates, to hedge against fluctuations in currency exchange rates or to transfer balances from one currency to another. With currency hedging, it is generally not possible to precisely match the foreign currency exposure of such foreign currency forward contracts to the value of the securities involved due to factors including fluctuations in the market values of such securities and cash flows into and out of a portfolio between the date a foreign currency forward contract is entered into and the date it



expires. The decision to hedge a portfolio's currency exposure with respect to a foreign market will be based on, among other things, a comparison of the respective, relevant interest rates and the portfolio's existing exposure to a given foreign currency.

### Exchange-Traded Funds

*Market Trading Risk:* Although shares of a portfolio are listed for trading on one or more stock exchanges, there can be no assurance that an active trading market for such shares will develop or be maintained. There are no obligations of market makers to make a market in a portfolio's shares or of an authorized participant to submit purchase or redemption orders for creation units, which may widen bid-ask spreads. Decisions by market makers or authorized participants to reduce their role or step away from these activities in times of market stress could inhibit the effectiveness of the arbitrage process in maintaining the relationship between the underlying value of a portfolio's portfolio securities and such portfolio's market price. This reduced effectiveness could result in a portfolio shares trading at a premium or discount to its NAV and also greater than normal intraday bid/ask spreads. Additionally, in stressed market conditions, the market for a portfolio's shares may become less liquid in response to deteriorating liquidity in the markets for a portfolio's portfolio holdings, which may cause a significant variance in the market price of a portfolio's shares and their underlying value as well as an increase in a portfolio's bid-ask spread. There can be no assurance that a portfolio's shares will continue to trade on a stock exchange or in any market or that a portfolio's shares will continue to meet the requirements for listing or trading on any exchange or in any market, or that such requirements will remain unchanged. Secondary market trading in a portfolio's shares may be halted by a stock exchange because of market conditions or other reasons. In addition, trading in a portfolio's shares on a stock exchange or in any market may be subject to trading halts caused by extraordinary market volatility pursuant to "circuit breaker" rules on the stock exchange or market. During a "flash crash," the market prices of a portfolio's shares may decline suddenly and significantly. Such a decline may not reflect the performance of the portfolio securities held by such portfolio. Flash crashes may cause authorized participants and other market makers to limit or cease trading in a portfolio's shares for temporary or longer periods. Shareholders could suffer significant losses to the extent that they sell shares at these temporarily low market prices. Shares of a portfolio, similar to shares of other issuers listed on a stock exchange, may be sold short and are therefore subject to the risk of increased volatility associated with short selling.

*International Closed Market Trading Risk:* To the extent that the underlying securities held by a portfolio trade on an exchange that is closed when the securities exchange on which the portfolio shares list and trade is open, there may be market uncertainty about the stale security pricing (i.e., the last quote from its closed foreign market) resulting in premiums or discounts to NAV that may be greater than those experienced by other ETFs.

*Premium/Discount Risk:* The net asset value ("NAV") of a US Dimensional Fund ETF and the value of any investment in a US Dimensional Fund ETF may fluctuate. Disruptions to creations and redemptions or the market price of the ETF holdings, the existence of extreme market volatility



or potential lack of an active trading market for shares may widen bid-ask spreads and result in shares trading at a significant premium or discount to NAV. If a shareholder purchases shares at a time when the market price is at a premium to the NAV or sells shares at a time when the market price is at a discount to the NAV, the shareholder may sustain losses.

*Small Fund Risk:* When a US Dimensional Fund ETF's portfolio is small, the ETF may experience low trading volume and wide bid/ask spreads. In addition, the fund may face the risk of being delisted if it does not meet certain conditions of the listing exchange.

*Large Shareholder Risk:* Certain shareholders, including other funds or accounts advised by Dimensional, may from time to time own a substantial amount of a US Dimensional Fund ETF's shares. In addition, a third party investor, Dimensional, an authorized participant, a lead market maker, or another entity may invest in a US Dimensional Fund ETF and hold its investment for a limited period of time solely to facilitate commencement of the US Dimensional Fund ETF or to facilitate the US Dimensional Fund ETF achieving a specified size or scale. There can be no assurance that any large shareholder would not redeem its investment, that the size of a US Dimensional Fund ETF would be maintained at such levels or that a US Dimensional Fund ETF would continue to meet applicable listing requirements. Redemptions by large shareholders could have a significant negative impact on a US Dimensional Fund ETF. In addition, transactions by large shareholders may account for a large percentage of the trading volume on the listing exchange and may, therefore, have a material upward or downward effect on the market price of the shares.

### Commodity Strategy Portfolio

Dimensional acts as an adviser 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 or cause losses if the market moves in a manner different from that anticipated by the portfolio or if the cost of the derivative outweighs the benefit of the hedge. The use of derivatives for non-hedging purposes may be considered to carry more risk 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, counterparty, correlation, interest rate, liquidity, market, credit and management risks, as well as 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). Credit risk would increase if the Commodity Portfolio is the seller of credit default swaps and counterparty risk would increase if the Commodity Portfolio is a buyer of credit default swaps. In addition, the Commodity Portfolio may be required to liquidate portfolio securities at inopportune times in order to meet payment obligations. Swaps may be illiquid or difficult to value. 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.

*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 Commodity Portfolio from certain commodity-linked derivatives was treated as non-qualifying income, the Commodity 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 or engaged in transactions that are the subject of class action lawsuits or similar proceedings. Generally, in US courts, persons or entities that have held or transacted in the subject securities or transactions 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 client, custodian, or other service provider for the client, and Dimensional will 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 and certain other types of class actions in US or Canadian courts, each US Dimensional Fund and the DFA Group Trust has arrangements with a service provider to provide class action claims filing services. These services include the responsibility generally to file class action claims for all monies or other property associated with US or Canadian portfolio securities held, or transactions engaged in, by a US 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 US Dimensional Fund and/or a subtrust appears to be eligible. A US Dimensional Fund and/or a subtrust of the DFA Group Trust may choose to opt-out of a securities class action in a US court and file a direct action against the defendants. In such instances, Dimensional may assist the US Dimensional Fund or subtrust of the DFA Group Trust by working with the Fund's or subtrust's independent counsel to evaluate the prospective litigation and proposed litigation counsel. Dimensional does not consider the interests of other accounts that it manages when it assists eligible US Dimensional Funds or subtrust of the DFA Group Trust in evaluating prospective opt-out litigation.

With respect to a non-US security held by a US Dimensional Fund or DFA Group Trust that is subject of a class action or similar proceeding filed in a judicial system in certain jurisdictions outside the United States or Canada, each US Dimensional Fund and the DFA Group Trust has arrangements with service providers to provide claims filing services. These services include the responsibility generally, at the direction of Dimensional, to file claims for all monies or other property associated with the portfolio securities held, or transactions engaged in, by a US 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 US Dimensional Fund and/or a subtrust appears to be eligible. Such duties include monitoring for information regarding pending class action lawsuits or similar proceedings, making a determination of a US Dimensional Fund's or subtrust's eligibility to participate in the litigation, and providing information regarding eligibility to participate and related information to Dimensional. When the proceeding in the non-US jurisdiction is comparable to the US 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 US Dimensional Fund or subtrust of the DFA Group Trust, to determine whether or not it is in the best interest of the affected US Dimensional Fund or subtrust to participate, without regard to the interests of other accounts Dimensional manages. To the extent that Dimensional determines it is beneficial for the affected US Dimensional Funds or subtrusts of the DFA Group Trust to participate in a non-US class action or similar proceeding, the service provider will typically file class action or similar claims for all monies or other property associated with the affected security, including coordinating with the custodian with respect to the collection process, filing proofs of claim, and coordinating with the custodian with respect to collecting class action lawsuit or similar proceedings settlement proceeds.





With respect to separate account clients, sub-advised fund clients, and the Dimensional Collective Investment Trust, Dimensional does not typically agree to act with respect to legal proceedings involving securities held or transactions entered 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 is 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 or prospective 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 entities engaged in other financial industry activities.

##### *Affiliated Broker-Dealer*

Dimensional has a wholly owned limited-purpose broker-dealer subsidiary, DFA Securities LLC ("DFA Securities"), which acts as distributor of shares of the US Dimensional Funds and may in the future act as the placement agent for certain private funds managed by Dimensional or its affiliates. Certain of Dimensional's personnel, including management personnel, are registered representatives of DFA Securities.

Dimensional Hong Kong Limited, an indirect subsidiary of Dimensional, holds a Type 1 dealing in securities license in Hong Kong to market collective investment schemes managed by its affiliates to professional investors.



Dimensional Canada (defined below) is licensed as an exempt market dealer in certain Canadian provinces. Dimensional Canada may act as dealer to Canadian investors purchasing Canadian funds managed by Dimensional Canada or purchasing certain US Dimensional Funds or UCITS funds on a private placement basis. For such services Dimensional Canada receives a fee equivalent to Dimensional Canada's expenses plus a percentage, payable by Dimensional.

#### *Affiliated Investment Advisors*

Dimensional is affiliated with several other investment advisers. The investment advisers affiliated with Dimensional are its direct and indirect subsidiaries:

- DFA Australia Limited ("Dimensional Australia"). Dimensional is a sub-advisor to certain Australian mutual funds and other client accounts managed by Dimensional Australia.
- Dimensional Fund Advisors Ltd. ("Dimensional UK"). Dimensional is a sub-advisor to certain United Kingdom mutual funds and other client accounts managed by Dimensional UK.
- Dimensional Fund Advisors Canada ULC ("Dimensional Canada"). Dimensional is a sub-advisor to certain Canadian mutual funds and other client accounts managed by Dimensional Canada.
- Dimensional Fund Advisors Pte. Ltd. ("Dimensional Singapore"). Dimensional is a sub-advisor to client accounts managed by Dimensional Singapore.
- Dimensional Ireland Limited ("Dimensional Ireland"). Dimensional is a sub-advisor to certain Irish UCITS funds for which Dimensional Ireland is the management company and other client accounts managed by Dimensional Ireland.
- Dimensional Japan Ltd. ("Dimensional Japan").

In providing services to a client, Dimensional may use personnel or services of one or more of its Affiliated Investment Advisors. Services provided by these affiliates or their personnel include investment advice, portfolio execution and trading, back office processing, accounting, reporting and client servicing. These services are provided through arrangements that take a variety of forms, including dual employee, participating affiliate, delegation arrangement, sub-advisory, consulting, or other servicing agreements. When using such arrangements, Dimensional remains responsible for the account from a legal and contractual perspective. Clients are not charged any fees other than those specified in the client's agreement with Dimensional. These arrangements can create a conflict of interest because the time and attention of such personnel will not be devoted exclusively to the business of Dimensional's clients, but will be allocated between Dimensional's clients and the business needs and/or clients of such affiliates. Dimensional seeks to minimize these conflicts by subjecting such personnel to policies and procedures with respect to the services provided to Dimensional's clients.



Dimensional Australia and Dimensional UK provide trading and other investment advisory services to Dimensional in connection with Dimensional's management of certain US Dimensional Funds, as disclosed in their respective prospectuses and SAIs, and also to certain of Dimensional's separate account and other clients. Dimensional Australia and Dimensional UK 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-US securities. For such services, Dimensional Australia and Dimensional UK 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 Dimensional Australia or Dimensional UK for such services.

#### Participating Affiliates and Related Arrangements

In reliance on a series of SEC no-action letters, Dimensional and Dimensional Australia have entered into arrangements with certain of their Affiliated Investment Advisors (the "Participating Affiliates") whereby Dimensional or Dimensional Australia use the investment management capabilities and related services of 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, personnel of the Participating Affiliates that assist in providing investment advice to the US clients of Dimensional or Dimensional Australia through Dimensional or Dimensional Australia, or who have access to information concerning securities recommendations made to the US clients of Dimensional or Dimensional Australia prior to the effective dissemination of such recommendations, are subject to the oversight of Dimensional or Dimensional Australia, including that such personnel must comply with Dimensional's Global Code of Ethics and Standard of Conduct and other compliance policies and procedures adopted by Dimensional and Dimensional Australia pursuant to the requirements of the Advisers Act.

As of the date of this brochure, the Participating Affiliates include: Dimensional Singapore and Dimensional Japan. Clients of Dimensional and Dimensional Australia will not be required to pay additional fees to the Participating Affiliates for any services provided.

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

#### Trust Vehicles

Dimensional serves as investment manager to a collective trust fund, the DFA Group Trust, which consists of various subtrusts in which assets of qualified defined benefit plans are invested. Dimensional also serves as investment adviser to the investment funds of the Dimensional



Collective Investment Trust, which are available for the benefit of certain qualified defined benefit and defined contribution plans, and certain trusts, entities or accounts that invest the assets of such plans.

#### Commodity-Related Registrations

Dimensional is registered as a commodity pool operator and is a member of the National Futures Association. Certain of Dimensional's personnel, including management personnel, are registered with the NFA as principals and/or associated persons.

#### Payments to Non-Affiliates

Dimensional and its Affiliated Investment Advisors have entered into arrangements with certain unaffiliated third parties pursuant to which Dimensional or its Affiliated Investment Advisors make payments from their own assets or provide services to such unaffiliated third parties as further described in Item 14 below. Certain of the unaffiliated third parties who have entered into such arrangements with Dimensional or its Affiliated Investment Advisors are affiliated with independent financial advisors whose clients may invest in the Dimensional funds. Generally, Dimensional does not consider the existence of such arrangements with an affiliate by itself to be determinative in assessing whether a financial advisor is independent.

### **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 to maintain the appropriate standard of professional conduct at Dimensional and otherwise aid in meeting 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, general partners, directors/trustees and employees of Dimensional and its Affiliated Investment Advisors, in addition to other persons as required (collectively, "Access Persons"). Dimensional will provide a copy of its Code and Standard of Conduct to any client or prospective client upon request.

The Code seeks 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 Affiliated Investment Advisors as well as investment accounts in which Access Persons have beneficial ownership and (ii) pre-clearance procedures for personal securities transactions. The Code requires all Access Persons to pre-clear with a compliance officer trades in certain securities, such as stocks, bonds, and derivatives. Access Persons are also prohibited from participating in certain transactions, such as initial public offerings and initial coin offerings. Subject to the terms of the Code, employees of Dimensional may purchase for their own accounts shares of the funds advised by Dimensional and/or its Affiliated Investment Advisors or securities that Dimensional and/or its Affiliated Investment Advisors recommend that their clients (including the funds they advise) purchase.



Dimensional, Dimensional UK, or Dimensional Australia, or a related person, when appropriate and in accordance with applicable laws, investment objectives and guidelines, may recommend to clients that they buy or sell shares or units of investment funds advised or administered by any of those investment advisers. In making such recommendations, Dimensional intends to primarily use US Dimensional Funds unless there is no US Dimensional Fund that is consistent with the desired asset allocation. As a result, in some cases a US Dimensional Fund may be recommended notwithstanding the fact that there may be a similar fund with a higher rating, lower fees and expenses, or better performance. Additionally, Dimensional and its affiliates will indirectly benefit from investments made in US Dimensional Funds through fees paid by the US Dimensional Fund to Dimensional and its affiliates for advisory, administrative and other services.

Dimensional or its affiliates may purchase shares of a US Dimensional Fund ETF through a broker-dealer to “seed” the ETF as it is launched, or may purchase shares of an ETF from other broker-dealers that have previously provided “seed” capital for the ETF when it was launched, or otherwise in secondary market transactions. When providing initial investment capital for a fund launch, Dimensional, Dimensional UK, or Dimensional Australia, or a related person, may have a greater than 25% interest in one or more of those advised funds. The sale or other exit of the initial investment capital from the fund could disadvantage other investors in the applicable fund, such as by impacting the price or liquidity of the fund shares. Moreover, the sale of or exit from an initial investment in a fund may enable Dimensional or an affiliate to reduce its costs associated with providing the initial investment and/or use the proceeds to provide initial investment capital for other funds and products that it manages or is developing or realize other benefits. Dimensional has implemented policies and procedures designed to prevent Dimensional or its affiliates from improperly benefitting from the management of those funds where it has provided initial investment capital. To address conflicts of interest, decisions to sell or otherwise exit the initial “seed” investment are made by an identified internal group and without considering pending investment management decisions for the funds.

Dimensional may manage separate accounts for itself, its affiliates, or its directors, officers or employees. Dimensional’s management of such accounts gives rise to certain conflicts of interest. From time to time, Dimensional may buy or sell the same securities for these accounts that Dimensional also buys or sells for other clients. Without certain policies and procedures Dimensional has implemented, Dimensional may have an incentive to favor these accounts over other client accounts. To address such conflicts, Dimensional has designed portfolio management and trading policies, including trade aggregation and allocation policies, to treat all accounts fairly and equitably over time and not to favor or disfavor any clients or class of clients. For further information, see Item 12 of this Brochure for a discussion of Dimensional’s brokerage practices and Item 6 for a discussion of Dimensional’s practices with respect to “Allocation of Investment Opportunities.”

Dimensional serves 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 are



invested in one or more US 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 US Dimensional Fund's advisory fees that otherwise would be applicable to the account's investment or assets invested in one or more US Dimensional Funds may be excluded for purposes of calculating Dimensional's management fee (though for Independent Financial Advisor Facilitated Separate Accounts, such accounts may still be subject to certain minimum fees). 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 US Dimensional Fund under such an arrangement, Dimensional has a conflict of interest if managing a client's assets through a pooled arrangement offers higher fees or certain efficiencies and economies to Dimensional that would 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 advisory fees by investing account assets in US Dimensional Funds than it receives for managing a separate account. However, although economies of scale in connection with investing in the US Dimensional Funds generally 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 US 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 a US Dimensional Fund to retain cash or to liquidate securities to meet redemption requests may cause its performance to fall below that of a separate account that 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 services to certain personal brokerage accounts established and maintained with third-party custodians or broker-dealers as an accommodation by DFA Securities to certain individuals seeking to invest in US Dimensional Fund mutual funds and obtain communication and reporting services from the third party not generally provided by Dimensional. DFA Securities does not receive any compensation for such services. Transactions to buy and sell shares of the US Dimensional Fund mutual funds are placed through the third party and neither Dimensional nor DFA Securities provides advice or recommendations in connection with such transactions.

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

In certain limited circumstances, an employee of Dimensional or its affiliates 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. Fees and compensation received by the employees of Dimensional or its affiliates that serve on public company or other boards of directors are not shared with the US Dimensional Funds or other clients. Under Dimensional's Standard of Conduct any position on the board of directors of a public company is 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 or the applicable affiliate, the period





the employee would serve on the board of a public company, whether that company is one whose securities are held by the US Dimensional Funds or other clients (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 gives rise to conflicts of interest to the extent that an employee’s fiduciary duties to the Portfolio Company as a director conflict with the interests of the US Dimensional Funds or other clients. However, because the US Dimensional Funds or other clients will be investors in the Portfolio Companies, it is expected that such interests will generally be aligned. If such interests are not aligned, the employees of Dimensional or its affiliates will have a duty to act in the best interests of the Portfolio Company. A Dimensional employee’s appointment as a director of a public company will necessitate receiving prior approval from the board of directors of Dimensional’s parent company as well as from Dimensional’s Compliance department and other approvals as required by the Standard of Conduct. In addition, a board of Dimensional or its affiliate can have policies or practices with respect to independent board members’ positions with other corporate entities.

The Code and Standard of Conduct also includes provisions designed to prohibit Dimensional’s employees from accepting or providing gifts or entertainment that may create (or appear to create) a conflict of interest and place Dimensional or a client in a difficult or embarrassing position. Procedures include quarterly reporting of gifts or entertainment received or extended, a dollar limit on gifts that can be accepted from any one source during a calendar year and pre-clearance of entertainment beyond a certain dollar limit.

Dimensional has adopted an insider trading and information barrier policy 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.

## **Item 12 – Brokerage Practices**

### *Selection of Broker-Dealers*

Dimensional’s overriding objective in selecting brokers and dealers to effect transactions in securities and derivatives (with respect to foreign currency transactions, subject to the limitations described below) 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; local market compliance or restrictions; and whether the legal agreements and operational systems considered to be necessary or desirable by Dimensional to use a broker or dealer, or a counterparty, are in place. Dimensional may also execute client transactions with brokers and dealers that have customized their technology to facilitate Dimensional's trading process. This gives 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 adviser's needs in terms of speed, availability, and reliability. Generally, there is no stated commission in the case of fixed income securities that are traded in the over-the-counter markets. The price paid by the client often includes an undisclosed dealer mark-up.

Equity commissions vary by stock price, country, type of brokerage and execution style, or portfolio. Futures commissions vary by contract type, broker, or portfolio. Some foreign exchange transactions have commissions or discretionary spreads that vary by currency, execution style, counterparty, custodian, or client.

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

To minimize the potential impact of conflicts of interest when executing trades, it is Dimensional's policy to not accrue soft dollar credits to purchase third party research, as further discussed below. Dimensional does not reward authorized traders based on the volume or size of trades. Authorized traders are not permitted to consider sales of Dimensional funds or investment advisory business when allocating trades to broker-dealers.

#### *"Soft Dollars" Practices*

Dimensional does not presently use client brokerage commissions to generate credits to purchase brokerage or research services. Certain broker-dealers with whom Dimensional executes trades in pursuit of best execution may share unsolicited proprietary research (research created or developed by the broker-dealer), but Dimensional does not take such research into account when selecting broker-dealers to execute transactions.



Dimensional receives certain brokerage services from executing broker-dealers related to the execution of trades for client accounts. This can include, for example, electronic communication services that provide connectivity between Dimensional and broker-dealers, including order routing and transmission; post-trade matching, confirmation and settlement; and other trading systems or software such as those that provide algorithmic trading strategies. Dimensional directs client transactions to broker-dealers that provide brokerage services in pursuit of best execution. Brokerage services 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.

Under current US regulations, Dimensional may pay a broker-dealer who executes a portfolio transaction on behalf of a client a commission or similar fee that is a higher commission than another broker-dealer would have charged for effecting the same transaction, provided that Dimensional determines in good faith that such commission was reasonable in relation to the value of the brokerage and research services provided, determined on the basis of either that particular transaction or Dimensional's overall responsibility for accounts over which it exercises investment discretion. If Dimensional determines in the future to resume soft dollar crediting arrangements or otherwise to obtain research services, it will do so in a manner consistent with Section 28(e) of the Securities Exchange Act of 1934, as amended, and SEC interpretations thereunder.

#### 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.

#### Trade Errors

Trade errors ("Trade Errors") occur from time to time in connection with Dimensional's management of client accounts. Dimensional has policies and procedures that address identification and handling of Trade Errors, consistent with applicable standards of care and any relevant offering documents or client agreements. Dimensional generally makes its determinations regarding Trade Errors pursuant to its policies and procedures.

The assessment of compensation for Trade Errors is performed on a case-by-case basis under the appropriate facts, per Dimensional's policy. Trades not in accordance with one or more internal guidelines or procedures that Dimensional may establish from time to time will not be considered Trade Errors if they do not also breach guidelines in a prospectus, statement of additional



information, or those agreed with a client, or violate applicable law. Unless otherwise agreed in writing with a client, Dimensional typically will not be responsible for errors caused by Dimensional's reasonable reliance on certain third parties (such as brokers, data providers, and custodians) and data or information such third parties provide or fail to provide. Dimensional generally notifies clients of any identified and corrected Trade Error, but the form and timing of this notification may differ based on the particular account and the facts and circumstances.

Dimensional may correct Trade Errors through a number of mechanisms, including canceling the trade, correcting an allocation, or trading in a client account. Subject to legal requirements and account terms and conditions, Dimensional may correct a Trade Error through an error account held in a third party's name ("Third Party Error Account") or, in certain circumstances, correct a Trade Error through an error account held in Dimensional's name ("Dimensional Error Account", together with Third Party Error Account, "Error Accounts").

Dimensional may correct a Trade Error that affects multiple client accounts through different mechanisms depending on the correction mechanisms available in relation to the accounts affected by the Trade Error. Accordingly, a client affected by the same Trade Error may end up positioned differently relative to other clients affected by the same Trade Error after Dimensional has corrected the Trade Error.

As a general policy, Dimensional will make clients whole for losses Dimensional caused due to a Trade Error. Resolution of Trade Errors may include, but is not limited to, permitting client accounts to retain gains or reimbursing client accounts for losses resulting from the Trade Error. The calculation of the amount of any gain or loss will depend on the particular facts surrounding the Trade Error, and the methodology used by Dimensional to calculate gain or loss may vary. Compensation is generally expected to be limited to direct and actual out-of-pocket monetary losses (in certain circumstances, net of any associated gains). Subject to applicable law, contractual obligations and account terms and conditions, Dimensional may use an Error Account to correct a Trade Error. The affected client will not retain any gain resulting from the Trade Error. The treatment of any gain in such instances will be governed by the terms and conditions for the error accounts. Under certain circumstances, Dimensional may be able to net gains and losses in a Dimensional Error Account. For Dimensional Error Accounts, gains will, from time to time, be donated to a charity, typically of Dimensional's choosing. Gains in Third Party Error Accounts will be treated according to policies, practices, terms and conditions applicable to those accounts, and in some instances, the third party will keep or donate to charity any gains associated with the Third Party Error Account. The policy of making clients whole for realized or unrealized losses does not apply to negative investment performance returns resulting from the good faith implementation of an investment strategy.

#### *Directed Brokerage; Brokerage for Certain Separate Account Clients*

Dimensional currently does not permit any one client invested in a commingled fund, including a US Dimensional Fund, 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 transactions are executed 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 or dealers, brokerage commissions (or other costs) for the execution of transactions in the client’s account may not be 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.

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.

Separate account clients independently select their custodians for their account, and Dimensional does not make recommendations as to the use of any particular custodian. A separate account client, its investment adviser, or another agent of the client may enter into arrangements for custody of the client’s account (which may be as part of an overall arrangement with a custodian’s affiliated financial advisor such as in a wrap fee program) pursuant to which the costs of custodial services as well as advisory and/or brokerage services using affiliates of the custodian for some or all of the client’s investment management and transactions have been set. Dimensional is not a party to such arrangements and generally does not know the terms of such arrangements. Sometimes in connection with these arrangements, brokerage rates offered by affiliates of the custodian to such clients may have already been agreed to by the client, and Dimensional is informed of the agreed upon rate. Where those rates are unfavorable given market rates, Dimensional will not select such brokerage unless directed by the client. Where not directed by the client, Dimensional may take that rate into account in selecting the broker for the account. In such case, the client should recognize that Dimensional’s ability to seek best price and execution for transactions in the account will be limited to a review of the pricing information available to it and an evaluation of the execution received from the custodian’s affiliated broker-dealer. In such circumstances Dimensional may not be aware of other pricing or costs to the client as a result of the totality of the arrangements (with a client’s custodian, its affiliated broker-dealer or its affiliated financial advisor) or all of the financial or other benefits to such parties. As a result, Dimensional cannot evaluate such costs and the client should independently satisfy itself with the totality of the fees and expenses of the arrangement and that the broker or dealer participating in the arrangement can provide adequate price and execution of most or all transactions. Accordingly, these arrangements could have a negative impact on the overall performance of a client’s account that would not occur if such arrangements agreed to by the client did not exist.

These custodial arrangements may also establish that Dimensional has the authority to execute transactions on a “step-out” or “trade-away” basis and may impose additional fees or transactions costs for using brokers or dealers not affiliated with or preferred by the custodian. In this situation, the client has independently negotiated what the costs are of “trading away” and using another broker-dealer that is not affiliated with or preferred by the custodian for the account. Accordingly,



any brokerage commissions charged in connection with a step-out transaction are not covered by the client's brokerage arrangements, and the client will bear such costs. These additional costs, expenses or additional operational difficulties imposed by the custodian may impact Dimensional's ability to select such other unaffiliated broker-dealers as the costs will impact the price received and operational difficulties may impact execution. Dimensional may therefore not be free to seek best price and execution for securities, futures and foreign exchange transactions by placing transactions with other unaffiliated brokers or dealers as it otherwise would if such pricing arrangements agreed to by the client did not exist. The client assumes the risk of these arrangements.

A client should also consider that, depending upon the fee the client negotiates in these arrangements, 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 has these arrangements may not be able to participate in block trades. Dimensional reserves the right to execute trades for directed accounts or accounts that have custodial arrangements of the type described in this section only after it has executed trades for its other accounts.

For the Independent Financial Advisor Facilitated Separate Accounts, which are opened by a client's independent financial advisor on the client's behalf, Dimensional delivers required trade information related to desired purchases and sales of securities and other assets to the custodian of the account for execution by the custodian's affiliated broker. Generally, the affiliated broker of the applicable custodian will then execute trades on behalf of the account. For servicing such accounts, Dimensional has entered into an agreement with Vestmark Outsourcing Solutions, Inc. ("Vestmark") under which Vestmark performs certain administrative and operational functions as provided below.

#### Use of Service Providers

For the Independent Financial Advisor Facilitated Separate Accounts, Dimensional uses Vestmark for account administration, reconciliation, fee calculation (subject to rates provided by Dimensional), recordkeeping, order processing (including generation and transmission based on Dimensional's instruction), and other similar administrative services. Dimensional delivers trade information to an account's custodian through Vestmark. Vestmark's services are paid for by Dimensional and not by clients.

For other separate accounts and funds managed by Dimensional, Citibank, N.A. ("Citibank") has been engaged as Dimensional's middle office service provider. Citibank provides administrative services such as trade confirmation and settlement, cash reporting, processing of corporate actions, broker and custody relationship management, investor reporting, and performance measurement. Citibank's middle office services are paid for by Dimensional and not by Dimensional's clients,





though certain Dimensional funds may be allocated a portion of such costs as disclosed in such funds' disclosure documents.

#### 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 Dimensional considers to be freely deliverable, 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 as described above for a variety of reasons, including, but not limited to: counterparty or operational risk reduction considerations; 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's list of restricted markets may change over time and may differ depending on the type of transaction. Dimensional may consult with third parties, including brokers or dealers and custodians, and rely upon the information provided by such third parties in making a good faith determination on whether a market is considered restricted. Dimensional may therefore be required or determine 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 and Dimensional assumes no responsibility for the oversight of currency exchange transactions in such situations.

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 account.

A currency can be considered restricted based on a variety of factors, including regulatory or governmental restrictions. Dimensional may receive information from third parties, such as broker-dealers or custodians, to determine whether a currency should be considered restricted. 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 available information. In such cases, Dimensional's ability to reduce trading costs may be limited.

#### Aggregation and Allocation of Trade Orders

It is Dimensional's policy to treat all accounts fairly and equitably over time and not to favor or disfavor any clients or class of clients. 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. However, allocations of orders may differ across accounts or clients within a given day, according to the relevant factors affecting each account (or client).

When making a determination to aggregate an order, an authorized trader must determine that such aggregation is in the best interest of the participating accounts or clients and is consistent with the duty to seek best execution. An authorized trader may determine whether to aggregate, delay, alternate or rotate orders, or to effect execution of orders according to certain criteria, provided that such execution supports the fair and equitable treatment of clients over time. Dimensional may aggregate brokerage orders for clients to obtain lower average commission costs. Dimensional's policy is that an authorized trader should not aggregate orders of an account with the orders of other accounts if the authorized trader believes that such aggregation may not be in the best interest of all accounts involved.

Reasons for not aggregating orders include: aggregation is not appropriate because of market conditions affecting the security to be purchased or sold; orders are placed for the same security according to different parameters (e.g., different prices), so that aggregation of orders may not be feasible or desirable; differences in an account's investment needs, cash positions, or investment objectives, policies or restrictions; the custodian for an account imposes additional costs, expenses or operational difficulties, in connection with executing orders through broker-dealers other than an affiliate of the custodian; a client has designated particular brokers to be used, in which case the order may be separately executed; or market rules do not allow aggregation.

Clients may negotiate a brokerage arrangement pursuant to which some or all of the client's transactions are executed with the broker or dealer with which the client has established an account, or a client has entered into a custody arrangement (such as part of a wrap fee program) where additional costs, expenses or additional operational difficulties are imposed by the custodian for trades on a "step-out" or "trade-away" basis, which may impact Dimensional's ability to select such other broker-dealers as the costs will impact the price received and operational difficulties may impact execution.



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 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.

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 holding weights as determined by an authorized trader, (c) the size of the account, (d) the necessity to obtain a certain level of holdings according to the specific benchmark of the client, (e) an authorized trader determines that a pro rata allocation to an account would not be fair and equitable to other participating accounts or (f) compliance with the laws of a foreign jurisdiction.

For the Independent Financial Advisor Facilitated Separate Accounts, an authorized trader will not make aggregation determinations for orders. Instead, Vestmark, the third-party service provider referenced above under "Use of Service Providers," may aggregate orders when delivering orders for execution by an account's custodian or the custodian's affiliated broker-dealer. Vestmark also may determine not to aggregate orders for a variety of reasons, including the timing of receipt of an order, processing delays due to trade validation, or for any of the reasons described above. Orders aggregated by Vestmark are not aggregated with orders for other accounts that are not serviced by Vestmark.

Dimensional also manages related accounts (including accounts of Dimensional, its affiliates, or its directors, officers or employees). In most instances, for the related accounts, an authorized trader will not be making aggregation determinations for orders. Most related accounts are serviced by Vestmark, which makes the determination of whether to aggregate orders. In the limited instances where a Dimensional authorized trader is making an aggregation determination for a related account, it is Dimensional's policy that related accounts will be treated the same as all other accounts. Aggregation can create conflicts of interest between related accounts and accounts of other clients. In considering whether to aggregate orders for related accounts with orders of other accounts, Dimensional will consider the potential conflicts with related accounts and proceed with aggregation if Dimensional determines that the aggregation is in the best interest of all accounts involved.

### 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 has a conflict of interest given Dimensional’s obligation to seek to obtain the best price and most favorable execution for its clients. Clients, therefore, should consider the possible costs or disadvantages of cross transactions 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. Dimensional typically does not engage in cross transactions on behalf of US institutional investor clients or US third-party funds that are sub-advised by Dimensional. Dimensional’s policy is to avoid cross transactions between client accounts and those accounts held by Dimensional, its affiliates or Dimensional’s directors, officers or employees.

### **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, institutional separate account investment guidelines are typically reviewed at least annually, and upon client request, by the Investment Committee to monitor consistency with the client’s investment objectives and limitations. Portfolio reviews are carried out regularly by portfolio managers to monitor that parameters and characteristics are within acceptable limits. Portfolio managers conduct monthly reviews of portfolio characteristics for Independent Financial Advisor Facilitated Separate Accounts, those accounts which are opened by a client’s independent financial advisor on the client’s behalf. Cash balances for all accounts are reviewed on a daily basis by authorized persons in portfolio management so that 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 US Dimensional Fund mutual funds receive reports on investment results monthly. Investors in the DFA Group Trust receive reports on investment results monthly. Typically, institutional 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.

Independent Financial Advisor Facilitated Separate Accounts, including those participating in a wrap fee program, may instead receive reports from their financial advisor. For those clients, Dimensional provides reporting that is available to their financial advisors, which includes account summary information, account values, portfolio characteristics, and performance.

In addition, investors in the US Dimensional Funds and the DFA Group Trust, 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. The trustee for the Dimensional Collective Investment Trust provides reporting for investors in the funds of the Dimensional Collective Investment Trust.

All clients invested in the US 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**

### **Training and Education Related Services**

From time to time and consistent with Dimensional's policies and applicable regulation, Dimensional or its Affiliated Investment Advisors provide certain non-advisory services (such as data collection and analysis or other consulting services) to financial intermediaries ("Intermediaries") with business relationships with clients or with investors in Dimensional funds. Intermediaries include, without limitation, independent financial advisors (some of whom may be dual registered investment advisers/broker-dealers, collectively "FAs"), broker-dealers, institutional investment consultants, and plan service providers (such as recordkeepers). These Intermediaries from time to time are involved in the distribution of US Dimensional Funds and



recommend Dimensional's strategies or the purchase of Dimensional funds for their clients. Services provided to Intermediaries include: (i) providing personnel and outside consultants to Intermediaries for purposes of continuing education, strategic planning and, for FAs, practice management and succession planning; (ii) data collection and analysis, including industry trends and practices, historical market analysis and risk/return analysis; (iii) continuing education; and (iv) other related or similar 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, and from time to time also sponsors such events. For its sponsored events, Dimensional typically pays any associated food, beverage, and facilities related expenses, and speakers' fees. Dimensional also has consulting arrangements with certain speakers, who in certain cases are affiliated with a Dimensional client. Dimensional or its Affiliated Investment Advisors sometimes pay a fee to attend, speak at or assist in sponsoring conferences or events organized by others, and on occasion, pay travel accommodations of certain participants attending such conferences or events. Dimensional's sponsorship of conferences or events organized by others from time to time includes direct payments to vendors on behalf of, and/or reimbursement of expenses incurred by, the organizers of such events. Also, from time to time Dimensional makes direct payments to vendors and speakers on behalf of, and/or reimburses expenses incurred by, Intermediaries in connection with the Intermediaries hosting educational training or other events for such Intermediaries and/or their customers. Dimensional's personnel may or may not be present at any of the conferences or events hosted by third parties described above. Dimensional generally will promote its participation in or sponsorship of such conferences or events in marketing or advertising materials.

#### Academic Board Membership

Certain Dimensional investment personnel serve as members of academic advisory boards of Intermediaries and in such capacity participate in events hosted by the Intermediary and produce written materials or participate in other activities with the Intermediary. It is Dimensional's policy that such personnel (i) do not accept compensation from the Intermediary for serving in this capacity and (ii) do not provide investment advice or other regulated services while serving on such boards.

#### Referrals to Intermediaries

At the request of an investor or potential investor in a US Dimensional Fund, Dimensional from time to time makes referrals of such investors to one or more Intermediaries.

#### Payments to Intermediaries

Additionally, Dimensional or its Affiliated Investment Advisors, from time to time, enters into arrangements with, and/or make payments from their own assets to, certain Intermediaries to





enable access to Dimensional funds on platforms and through programs or products made available by such Intermediaries. Such payments may be for preferable placement or inclusion on an Intermediary's platforms or with the Intermediary's programs or products. Payments may also be made to assist such Intermediaries to upgrade existing technology systems or implement new technology systems or platforms, programs or products in order to improve the methods through which the Intermediary provides services to Dimensional and its Affiliated Investment Advisors, and/or their clients. Such arrangements or payments generally establish contractual obligations on the part of such Intermediary to provide Dimensional and/or its clients with services, and Dimensional fund clients with exclusive or preferred access to the use of the subject technology. Services provided in return for these arrangements or payments include, among other things, providing access to and reporting with respect to provision of US Dimensional Fund information to Dimensional clients, provision of sales related data to Dimensional, responding to due diligence requests from Dimensional, and database maintenance of historical trading and operational activities relating to the US Dimensional Funds. Dimensional or its Affiliated Investment Advisors also in certain circumstances make payments to Intermediaries related to marketing activities and presentations, continuing education, conferences, data provision services, or making shares of the US Dimensional Funds available to their customers generally and in certain investment programs. In certain circumstances, Dimensional makes payments to Intermediaries and other financial service providers for data regarding US Dimensional Funds, such as statistical information regarding sales of shares of US Dimensional Funds through Intermediaries.

#### *Conflicts of Interest*

Certain of the services, arrangements and payments described in this Item 14 may sometimes be referred to in the industry as revenue sharing arrangements. The services, arrangements and payments described in this Item 14, which may be significant to the Intermediaries, present conflicts of interest because they provide incentives for Intermediaries, customers or clients of Intermediaries, or such customers' or clients' service providers to recommend, or otherwise make available, Dimensional's strategies or Dimensional funds to their clients in order to receive or continue to benefit from these arrangements from Dimensional or its Affiliated Investment Advisors. Any payments made pursuant to such arrangements may vary in any year and may be different for different Intermediaries. In certain cases, these payments may be subject to certain minimum payment levels, be a fixed amount or rate, and/or depend on assets invested in a particular Dimensional fund through such Intermediary.

Dimensional's clients may also elect, at their sole discretion, to receive certain services from Intermediaries, and those Intermediaries' may, accordingly, be incentivized to recommend, or otherwise make available, to their clients Dimensional's strategies or Dimensional funds. Dimensional does not receive any compensation for such activities by these Intermediaries.



### Consultation Referral Fees and Other

From time to time, consultants of Dimensional are paid a commission for client referrals. Such commissions typically are calculated based on a flat fee, percentage of total fees received by Dimensional as a result of such referrals, or other means agreed to between Dimensional and the consultant.

With respect to Dimensional UK's management of UCITS funds, Dimensional UK or any of its sub-advisors, is permitted, at its discretion, to 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 for services provided to fund shareholders. Dimensional Ireland may exercise the same discretion as the management company to the UCITS funds.

Additionally, certain international service providers retained by Dimensional Australia are paid a fee based on a percentage of investment advisory fees received by Dimensional Australia. This fee is payment for services provided to Dimensional Australia to assist Dimensional Australia in servicing certain international clients in accordance with the requirements of applicable international laws.

### Charitable Contributions

From time to time, Dimensional chooses to donate to charitable organizations that are clients or are supported by clients, prospects, or their employees. In general, Dimensional makes those donations in response to requests from one of those parties. Dimensional takes into account the nature of the business relationship as one factor in determining whether to approve a charitable contribution.

### Data Services

Dimensional purchases certain data services and products used by Dimensional for sales, distribution and research purposes. 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 any account statements that Dimensional provides. Dimensional's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. However, for separate accounts for individuals serviced by financial advisors, the client's financial advisor, rather than Dimensional, may provide the client quarterly statements.

The cash and securities of Dimensional's US 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 or an affiliate of Dimensional has the right to have a client's custodian automatically deduct Dimensional's or the affiliate's advisory fees from the client's account. Thus, under Rule 206(4)-2 under the Advisers Act, Dimensional or the affiliate may be deemed to have custody of client assets for this limited purpose and Dimensional has a policy regarding steps to take with respect to such deduction arrangements.

Certain of Dimensional's Affiliated Investment Advisors act as trustee to, or in another capacity, to non-US funds for which Dimensional provides investment sub-advisory services. Because such Affiliated Investment Advisors legal ownership of or access to the assets of these non-US funds, such arrangements may technically result in Dimensional being considered to have custody of the relevant non-US fund assets for purposes of Rule 206(4)-2 under the Advisers Act. The assets of these non-US 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.

In the future, one or more affiliates of Dimensional may act as general partner or managing member for one or more private funds. To the extent that Dimensional has "custody" for purposes of Rule 206(4)-2 under the Advisers Act, Dimensional or its affiliates, as applicable, will cause the private fund to be audited in accordance with such rule.

## **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, Dimensional UK, Dimensional Japan, Dimensional Singapore, Dimensional Australia, and Dimensional Ireland (each, an “Advisor,” and 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 each Advisor’s proxy voting process. The Investment Committee has formed the Investment Stewardship Committee, which is 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 instruct the vote on certain specific proxies, (iii) verify ongoing compliance with the Voting Procedures, (iv) receive reports on the review of the business practices of the third-party proxy service providers, and (v) review the Voting Procedures at least annually and recommend changes to the Investment Committee. The Investment Stewardship Committee may designate one or more of its members to oversee specific, ongoing compliance with respect to the Voting Procedures and may designate personnel of each Advisor to instruct the vote on proxies on behalf of an Advisor’s clients, such as authorized traders of the Advisors.

Generally, Dimensional, along with the other Advisors, will seek to instruct the vote for proxies, or refrain from voting proxies, in accordance with the Voting Procedures. A client may direct an Advisor to vote for such client’s account differently than what would occur in applying the Voting Procedures. An Advisor may also agree to follow a client’s individualized proxy voting guidelines or otherwise agree with a client on particular voting considerations. Absent information from a client regarding the cost of voting proxies, the Advisor will assess whether to vote such proxies considering the information on difficulties and costs the Advisor has available. The scope and any limitations of an Advisor’s proxy voting authority generally will be described in the written contract between the Advisor and its client or with respect to an Advisor-sponsored fund, the offering documents of the fund. For Independent Financial Advisor Facilitated Separate Accounts, Dimensional typically will vote proxies for such accounts unless the client or their independent financial advisor retains proxy voting authority.

The guidelines set forth in the Voting Procedures provide three frameworks for analysis and decision making, one standard implementation, one for the portfolios and accounts that incorporate social considerations in their investment guidelines, and one for the portfolios and accounts that



incorporate sustainability considerations in their investment guidelines. A separate account client may select one of the three implementations to be used for their account or, in certain circumstances, individualize their proxy voting guidelines. However, those guidelines do not address all potential issues. Dimensional may vote in a manner that deviates from the guidelines if, after a review of the matter, Dimensional believes that the best interests of the client would be served by, or legal and fiduciary standards applicable to an Advisor or the client require, such a vote (subject to any particular investment or voting guidelines of specific funds or accounts). A client's investment strategy or instructions can impact voting determinations and/or engagement efforts. For example, the Advisors consider social issues when voting proxies for portfolios and accounts that incorporate social considerations in their design and consider sustainability issues when voting proxies for portfolios and accounts that incorporate sustainability considerations in their design.

The Advisors may also take social or sustainability issues into account when voting proxies for portfolios and accounts that do not incorporate social or sustainability considerations in their design if the Advisors believe that doing so is in the best interest of the relevant client(s) and otherwise consistent with applicable laws and the Advisors' duties, such as where material environmental or social risks may have economic ramifications for shareholders. The foregoing differences may result in voting differently for some clients than others.

Dimensional from time to time discusses governance matters with portfolio companies to represent client interests. Similarly, the Advisors may engage with a portfolio company differently depending on the relevant client(s)' investment strategy and the subject(s) of the relevant engagement. However, regardless of such conversations, Dimensional acquires securities on behalf of its clients solely for the purpose of investment and not with the purpose or intended effect of changing or influencing the control of any portfolio company. Dimensional does not intend to engage in shareholder activism with respect to a pending vote or matter that Dimensional reasonably expects to be the subject of a shareholder vote in the foreseeable future.

In certain cases, Dimensional determines that voting is not in the best interests of a client and refrains from voting, such as if the costs, including the opportunity costs, of voting to the client would, in Dimensional's view, exceed the expected benefits of voting to the client. For securities on loan and when Dimensional, or an affiliate of Dimensional, has agreed to monitor the securities lending program of the client account, Dimensional will balance the revenue-producing value of loans against the difficult-to-assess value of casting votes. It is generally Dimensional's 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 Dimensional recalling loaned securities for voting. In certain countries, such as the US, the specific terms of the proposals to be voted on by shareholders will generally not be known until after the record date, which determines the shares eligible to be voted. In this situation, the Advisor may not be aware of the subject of a proxy in time to make a decision as to whether the materiality of the voting proposals warrants recalling a security on loan to vote. In addition, because specific record dates may not be known, if the Advisor were to seek to recall



securities on loan, the Advisor would need to estimate the record date which would result in the securities being recalled for a longer period of time than otherwise required and may create a greater potential loss of income. Dimensional does intend to recall securities on loan if, based upon information in Dimensional's possession, Dimensional determines that voting the securities is likely to materially affect the value of a client's investment and it is in the client's best interests to do so.

For proxies of non-US companies, it can be both difficult and costly to vote proxies. Dimensional does not intend to vote proxies of non-US companies if it determines the expected costs of voting outweigh any anticipated economic benefit to the client of voting. In the event Dimensional is made aware of and believes an issue to be voted is likely to materially affect the economic value of a portfolio, that its client's vote is reasonably likely to be determinative of the outcome of the contest, and the expected benefits to the client of voting the proxies exceed the expected costs, Dimensional will seek to make reasonable efforts to vote such proxies.

Holders of fixed income securities are generally not entitled to an annual vote and therefore do not have such a mechanism to influence an issuer's governance. From time-to-time holders of fixed income securities can receive proxy ballots or corporate action-consents at the discretion of the issuer/custodian. In such circumstances the Advisor's fixed income portfolio management team is generally responsible for providing recommendations on how to vote proxy ballots and corporation action-consents and they may consult with members of the Stewardship Committee, with the aim of applying the same general principles as are set out in the guidelines.

Proxies that Dimensional receives on behalf of its clients will generally be voted in accordance with predetermined guidelines or procedures, and when proxies are voted consistently with such predetermined guidelines or procedures, Dimensional considers such votes not to be affected by any conflicts of interest. In the limited instances where (i) an authorized person is considering voting a proxy contrary to predetermined guidelines or procedures (or in cases where the guidelines or procedures do not prescribe a particular vote and the proposed vote is contrary to the recommendation of the proxy advisory firm primarily used by Dimensional to provide voting recommendations) and (ii) the authorized person or any member of the Investment Stewardship Committee believes a potential conflict of interest exists, the authorized person will disclose the potential conflict to a member of the Investment Stewardship Committee or, in the case of a member of the Investment Stewardship Committee who believes a potential conflict of interest exists, the member will disclose the conflict to the Investment Stewardship Committee. If the Investment Stewardship Committee member has actual knowledge of a conflict of interest and recommends a vote contrary to predetermined guidelines or procedures (or in cases where the guidelines or procedures do not prescribe a particular vote and the proposed vote is contrary to the recommendation of the proxy advisory firm), the Investment Stewardship Committee member will bring the vote to the Investment Stewardship Committee, which 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 a conflict arises in connection with a proposed engagement with a portfolio company, the proposed





engagement will be brought to the Investment Stewardship Committee for consideration of how to proceed. To the extent the Investment Stewardship Committee makes a determination regarding how to vote or to abstain from a proxy on behalf of a US Dimensional Fund in the circumstances described in this paragraph, Dimensional will report annually on such determinations to the relevant Board of Directors/Trustees of the affected US Dimensional Fund. Dimensional will also consider, where appropriate, other disclosure to clients regarding potential conflicts of interest, dependent upon the agreement with the client. Special voting procedures apply in the case of voting on behalf of US Dimensional Funds invested in other US Dimensional Funds.

The Advisors and the US Dimensional Funds have retained certain third-party proxy service providers (“Proxy Advisory Firms”) to provide certain services with respect to proxy voting. These Proxy Advisory Firms will provide information on shareholder meeting dates and proxy materials; translate proxy materials printed in a foreign language; provide research on proxy proposals; operationally process votes in accordance with predetermined voting guidelines on behalf of clients for whom the Advisors have voting responsibility; and provide reports concerning the proxies voted (“Proxy Voting Services”). Although Dimensional retains the Proxy Advisory Firms for Proxy Voting Services, Dimensional remains ultimately responsible for its proxy voting decisions and making such decisions in accordance with its fiduciary duties. The Advisors have designed policies and procedures to prudently select, oversee and evaluate the Proxy Advisory Firms consistent with their fiduciary duties. Prior to the selection of a new Proxy Advisory Firm and annually thereafter or more frequently if deemed necessary by Dimensional, the Investment Stewardship Committee will consider, among other things, whether the Proxy Advisory Firm: (a) has the capacity and competency to timely and adequately analyze proxy issues and provide the Proxy Voting Services the Proxy Advisory Firm has been engaged to provide; (b) acts in a manner consistent with the Advisor’s fiduciary duties and its ERISA obligations; (c) the manner and promptness with which it provides to the Advisor information on how a matter is voted; and (d) can make its recommendations in an impartial manner, in consideration of the best interests of the Advisors’ clients, and consistent with the Advisors’ voting policies.

In the event that voting guidelines are not implemented precisely as Dimensional intends because of the actions or omissions of any Proxy Advisory Firm, 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 Dimensional as a breach of the Voting Procedures. In certain instances, Dimensional may not be able to exercise voting rights because proxies or other documentation for a vote are not received in a timely fashion.

As part of the vote execution services provided to the Advisors, a Proxy Advisory Firm pre-populates votes in accordance with the Voting Procedures. Such votes are automatically submitted unless modified by an authorized person prior to submission. The Advisors conduct sampling of select pre-populated votes prior to the final vote submission. For votes on certain issues, the Advisors conduct additional reviews as part of the voting process. If an Advisor becomes aware that a portfolio company or shareholder proponent of a proposal has filed or intends to file additional soliciting material after a Proxy Advisory Firm has pre-populated votes, and the



company or proponent makes this material available within a sufficient time (as reasonably determined by the Advisor) prior to the proxy-voting deadline, the Advisor will assess, in determining whether to further review, if the material would impact the Advisor's voting decision.

Clients 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 its portfolio, 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.