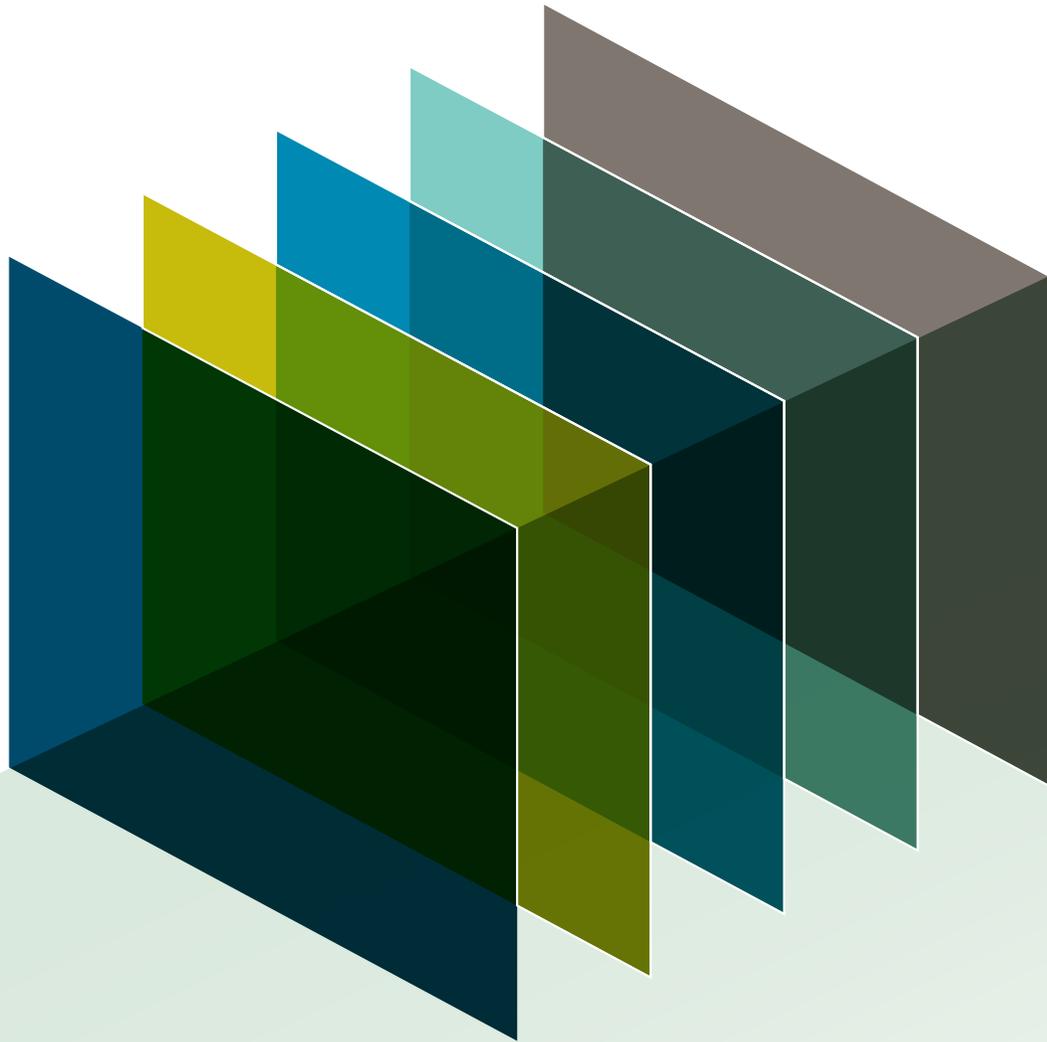


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SOCIAL INVESTMENT  
FUNDS



## SOCIAL INVESTMENT FUNDS

# Socially Aware, Systematically Invested

Dimensional's social investment funds enable investors to pursue higher expected returns across stock and bond markets while maintaining alignment with social priorities and philosophies.

For nearly two decades, Dimensional has applied a transparent, research-based approach to help investors unite their values with sound investment strategies. Our social funds seek to exclude individual securities issued by companies that are involved in controversial activities while preserving investors' ability to pursue higher expected returns across stocks and bonds.

Historically, the screens established for Dimensional's social funds have taken into account the United States Conference of Catholic Bishops (USCCB) Socially Responsible Investment Guidelines, among other factors.<sup>1</sup> In line with these standards, we have engaged leading third-party firms that provide detailed screening criteria. Where appropriate, we may use multiple vendors to ensure depth and transparency in our social screening.

We are able to apply screens across both equity and fixed income strategies. We generally evaluate companies holistically; if any subsidiary fails one of our screens, that subsidiary and all other subsidiaries and the parent entity are excluded.

### SOCIAL SCREENS INCLUDE:

- Abortions, Abortive Agents, and Contraceptives
- Adult Entertainment
- Child Labor
- Gambling
- Landmines and Cluster Bombs
- Republic of the Sudan
- Stem Cell Research
- Tobacco or Alcohol
- Weapons

## Alignment with Personal Values

Dimensional's socially screened funds enable investors to align investment decisions with their social values and philosophies. Generally, the funds will seek to exclude securities of firms engaged in contentious activities relating to health care matters, alcohol and tobacco, gambling, adult entertainment, indiscriminate antipersonnel weapons, and human and/or labor rights.

## Designed to Pursue Higher Expected Returns

Whether in equity or fixed income, our approach centers on effectively using information in market prices to increase expected returns and manage risk. We have almost four decades of experience researching what drives expected returns and implementing investment strategies that systematically target higher expected returns in a broadly diversified<sup>4</sup> and cost-effective manner.

Some conventional strategies that employ a screening methodology can mean highly concentrated portfolios—holding only a small number of securities. Our approach is to apply screens to a broad universe and further consider differences in expected returns as we decide which securities to hold and in what quantities. The desired outcomes are broad market coverage and higher expected returns within the screened universe.

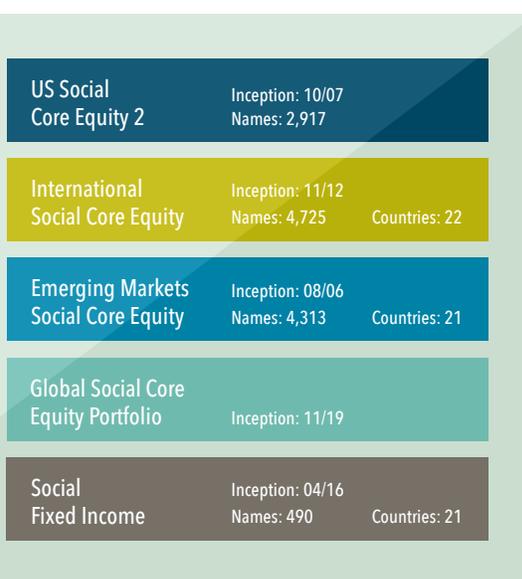
## A Dynamic Investment Process

Our integrated approach to pursuing premiums extends from research and portfolio design to portfolio management and trading. Our process is designed to consider information about expected returns over the short, medium, and long term, providing a unified framework for portfolio managers to assess buy and sell decisions. Our aim is to incur meaningful turnover—to trade only when the expected benefit outweighs the incurred cost.

### SOCIALLY ALIGNED SOLUTIONS ACROSS ASSET CLASSES

With a collective eligible universe spanning thousands of securities across stock and bond markets around the globe, Dimensional's five social investment funds enable investors to construct a well-diversified,<sup>4</sup> balanced, and socially aligned portfolio.

Social Screen



<sup>4</sup>The number of names held in each portfolio and the number of eligible countries are as of December 31, 2018.

## DIMENSIONAL AT A GLANCE<sup>2</sup>

1981

YEAR  
FOUNDED

\$579B

ASSETS UNDER  
MANAGEMENT

1,400+

EMPLOYEES IN  
13 GLOBAL OFFICES

One

INVESTMENT  
PHILOSOPHY

**Dimensional<sup>3</sup> is a global investment manager dedicated to implementing the great ideas in finance.** We have a long history of applying academic research to practical investing. Today, we offer a full suite of equity and fixed income strategies designed to target higher expected returns.

Dimensional's investment approach is grounded in economic theory and backed by decades of research. By integrating our investment process with a flexible trading strategy, we work to manage the tradeoffs that arise when implementing portfolios. We consistently apply this process in all of our global and regional equity and fixed income strategies, with an aim to add value beyond what traditional managers and benchmarks can achieve.

We regard the assets we manage as more than just shares in a portfolio. The money represents the savings, sacrifice, and dreams that investors have entrusted to us. We take this responsibility seriously.

Dimensional is headquartered in Austin, Texas, and has trading offices across North America, Europe, and Asia, which enables us to cover global markets and manage strategies continuously.

## Applying the Principles of Dimensional Investing

Decades of academic research inform Dimensional's investment philosophy and approach. Like all of our strategies, the social funds reflect core principles that define Dimensional's way of investing. These include:

### Harnessing the Power of Market Prices

The market is an effective pricing machine. Millions of participants buy and sell securities in the world markets each day, and their collective knowledge helps set prices. Rather than trying to outguess market prices, Dimensional embraces market pricing and implements strategies to capture what the capital markets offer.



### Targeting Higher Expected Returns

Expected returns depend on current market prices and expected future cash flows. Dimensional uses information in current prices and other data to pursue higher expected returns.

#### EQUITIES

- COMPANY SIZE  
Market Capitalization
- RELATIVE PRICE<sup>7</sup>  
Price/Book Equity
- PROFITABILITY<sup>8</sup>  
Operating Profits/  
Book Equity

#### FIXED INCOME

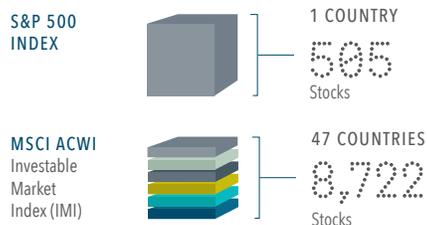
- TERM  
Sensitivity to Interest Rates
- CREDIT  
Credit Quality of Issuer
- CURRENCY  
Currency of Issuance

### Diversifying Broadly

Diversification involves spreading investments across many securities and asset groups to help manage overall risk in a fund. By diversifying broadly, Dimensional can structure a fund to pursue a more consistent outcome by increasing the investment universe and reducing risks not associated with higher expected returns.

#### HOME AND GLOBAL MARKET INDICES<sup>6</sup>

As of December 31, 2018



### Focusing on Efficient Execution

Costs can detract from investment returns. Some costs, like expense ratios, are easily observed, while others, like trading costs, are more difficult to assess. Dimensional carefully manages these and other costs to help minimize their impact on investor returns.

#### COST MANAGEMENT



Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Diversification does not eliminate the risk of market loss. There is no guarantee investment strategies will be successful. This information is for illustrative purposes only. See back page for additional exhibit information and important disclosures.

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1. The United States Conference of Catholic Bishops (USCCB) Socially Responsible Investment Guidelines were taken into consideration when Dimensional established the social screen criteria for its social funds; however, the social funds are governed by their prospectus and are not intended to be managed in precise conformity with the USCCB investment guidelines and principles.
  2. Assets under management as of September 30, 2019, in US dollars (billions). Number of employees and offices as of September 30, 2019.
  3. References to "Dimensional" in the material include the Dimensional separate but affiliated entities generally, rather than one particular entity. These entities are Dimensional Fund Advisors LP, Dimensional Fund Advisors Ltd., DFA Australia Limited, Dimensional Fund Advisors Canada ULC, Dimensional Fund Advisors Pte. Ltd., Dimensional Ireland Limited, Dimensional Japan Ltd., and Dimensional Hong Kong Limited. Dimensional Hong Kong Limited is licensed by the Securities and Futures Commission to conduct Type 1 (dealing in securities) regulated activities only and does not provide asset management services.
  4. Diversification does not assure a profit or protect against loss.
  5. In USD. Source: Dimensional, using data from Bloomberg LP. Includes primary and secondary exchange trading volume globally for equities. ETFs and funds are excluded. Daily averages were computed by calculating the trading volume of each stock daily as the closing price multiplied by shares traded that day. All such trading volume is summed up and divided by 252 as an approximate number of annual trading days.
  6. Number of holdings and countries for the S&P 500 Index and MSCI ACWI (All Country World Index) Investable Market Index (IMI) as of December 31, 2018. S&P data © 2019 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. MSCI data © MSCI 2019, all rights reserved. International investing involves special risks, such as currency fluctuation and political instability. Investing in emerging markets may accentuate these risks.
  7. Relative price is measured by the price-to-book ratio; value stocks are those with lower price-to-book ratios.
  8. Profitability is a measure of current profitability, based on information from individual companies' income statements.

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### Risk Considerations

Risks include loss of principal and fluctuating value. Small cap securities are subject to greater volatility than those in other asset categories. International investing involves special risks, such as currency fluctuation and political instability. Investing in emerging markets may accentuate these risks. Sector-specific investments can also increase investment risks. Environmental and social screens may limit investment opportunities for the funds. Fixed income securities are subject to increased loss of principal during periods of rising interest rates. Fixed income investments are subject to various other risks, including changes in credit quality, liquidity, prepayments, call risk, and other factors. Municipal securities are subject to the risks of adverse economic and regulatory changes in their issuing states. These risks are described in the principal risks section of the prospectus for specific funds. Past performance is no guarantee of future success. There is no guarantee the strategies will be successful.

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

Consider the investment objectives, risks, and charges and expenses of the Dimensional funds carefully before investing. For this and other information about the Dimensional funds, please read the prospectus carefully before investing. Prospectuses are available by calling Dimensional Fund Advisors collect at (512) 306-7400 or at [us.dimensional.com](http://us.dimensional.com).

Dimensional funds are distributed by DFA Securities LLC.

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