

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
11	12/13/17	Retirement	Information	11/13/17

Subject: Investment Performance Review by Dimensional Fund Advisors (DFA) for the ATU, IBEW and Salaried Retirement Funds for the International Emerging Markets Asset Class for the Quarter Ended September 30, 2017 (ALL). (Adelman)

## ISSUE

Investment Performance Review by Dimensional Fund Advisors (DFA) for the ATU, IBEW and Salaried Retirement Funds for the International Emerging Markets Asset Class for the Quarter Ended September 30, 2017 (ALL). (Adelman)

## RECOMMENDED ACTION

Information Only

## FISCAL IMPACT

None

## DISCUSSION

Retirement funds are invested consistent with the Statement of Investment Objectives and Policy Guidelines (Policy) adopted by each Retirement Board (Board). The Board shall meet at least every eighteen (18) months with each investment manager to review the performance of its investment, the adherence to the Policy, and any material changes to its organization. The Policy also establishes the Retirement Funds' asset allocation policy and the asset classes in which the Plans funds are invested. The asset classes established by the Policy are (1) Domestic Large Capitalization Equity, (2) Domestic Small Capitalization Equity, (3) International Large Capitalization Equity, (4) International Small Capitalization Equity, (5) International Emerging Markets, and (6) Domestic Fixed-Income.

DFA is the Retirement Boards' International Emerging Markets fund manager. DFA will be presenting performance results for the quarter ended September 30, 2017, shown in Attachment 1, and answering any questions.

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Approved:

Presented:

FINAL

VP Finance, CFO

Treasury Controller



# Sacramento Regional Transit District Pension Funds

December 13, 2017

Ted Simpson, CFA, Vice President

This information is provided for registered investment advisors and institutional investors and is not intended for public use.

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/prospectus](http://us.dimensional.com/prospectus).**

Dimensional funds are distributed by DFA Securities LLC.

# Relationship Summary: Sacramento Regional Transit District

## Investment Summary

As of October 31, 2017

	Market Value
<b>EMERGING MARKETS CORE EQUITY PORTFOLIO</b>	<b>\$16,982,339</b>

## Statement of Asset Changes

The following changes took place in the Retirement Plan for Sacramento Regional Transit District Employees account for the period of November 1, 2016 to October 31, 2017:

	Starting Balance 11/01/2016	Contributions	Withdrawals	Appreciation/ (Depreciation)	Ending Balance 10/31/2017
<b>EMERGING MARKETS CORE EQUITY PORTFOLIO</b>	<b>\$13,693,635</b>	<b>—</b>	<b>—</b>	<b>\$3,288,704</b>	<b>\$16,982,339</b>

Performance for the portfolio is reported net of all advisory fees and includes reinvestment of dividends and other earnings.

Performance data shown represents past performance and is no guarantee of future results. Current performance may be higher or lower than the performance shown. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. To obtain the most current month-end performance data, visit [us.dimensionalfunds.com](http://us.dimensionalfunds.com).

See "Appendix: Standardized Performance Data & Disclosures" to learn how to obtain complete information on performance, investment objectives, risks, advisory fees, and expenses of Dimensional's funds.

# Agenda

1. Dimensional
2. Investment Philosophy
3. Emerging Markets Core Equity Portfolio
4. Appendix

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Dimensional

# Firm Update

As of September 30, 2017

## Organizational Updates

- More than 1,100 employees globally; \$548 billion in assets under management.
- Gerard O'Reilly became Co-CEO on September 25 alongside Dave Butler. Gerard is also Chief Investment Officer, having previously served as Co-CIO since 2014. He joined Dimensional in 2004.
- Dimensional ranks as the 23rd largest manager of defined contribution assets, according to *Pensions & Investments*, moving up from 28th place in 2015. The firm manages \$47.27 billion in DC assets.<sup>1</sup>

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## Upcoming Events

- Annual Institutional Symposium: April 23-25 (Austin)
- Institutional Luncheon: Spring 2018 (San Francisco)
- Investment Forum: Summer 2018 (Santa Monica)

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## Recently Published Articles

- *Breaking the Link: Correlation is not Diversification*—Many investors lean on correlations when assessing an asset's diversification potential. Although this is one measure of diversification, correlations should be one of many considerations when constructing an asset allocation.
- *Interest Rates and the Dimensions of Expected Returns*—Do interest rate changes have an impact on the size, value, and profitability premiums? The results from both a theoretical and an empirical perspective suggest the answer is no.
- *Pursuing Premiums Globally*—The performance of countries and asset classes varies over time, and when the size, value, or profitability premiums will appear is unpredictable. Global diversification, however, can be an effective tool to improve the reliability of capturing the premiums.
- *Are Smart Beta Funds Targeting Size and Value*—What does the recent growth in smart beta approaches mean for the size and value premiums? While individual smart beta strategies might be targeting size or value premiums, evidence suggests the offsetting styles included in the smart beta category add up to a portfolio that resembles the overall market.

1. Ranking and assets as of December 31, 2016. Survey conducted by *Pensions & Investments* includes 245 managers in total.

# Dimensional Fund Advisors

Putting financial science to work for clients

We use information in market prices throughout our investment process to build solutions that pursue higher expected returns.

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We add value by identifying relevant dimensions of expected returns and continually balancing the tradeoffs among competing premiums, diversification, and costs.

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We work with clients to understand their long-term needs and to add to their success.

# Leading Financial Economists and Researchers

## Academics Who Serve as Dimensional Directors<sup>1</sup>

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<b>Eugene Fama<sup>2</sup>, PhD, Nobel laureate</b>	University of Chicago
<b>Kenneth French<sup>2</sup>, PhD</b>	Dartmouth College

## Academics Who Serve as Independent Directors on Dimensional's US Mutual Fund Board<sup>3</sup>

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<b>George Constantinides, PhD</b>	University of Chicago
<b>Douglas Diamond, PhD</b>	University of Chicago
<b>John Gould, PhD</b>	University of Chicago
<b>Edward Lazear, PhD</b>	Stanford University
<b>Roger Ibbotson, PhD</b>	Yale University
<b>Myron Scholes, PhD, Nobel laureate</b>	Stanford University
<b>Abbie Smith, PhD</b>	University of Chicago

## Academics Providing Ongoing Consulting Services to Dimensional

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<b>Robert Merton, PhD, Nobel laureate</b>	Massachusetts Institute of Technology
<b>Robert Novy-Marx, PhD</b>	University of Rochester
<b>Sunil Wahal, PhD</b>	Arizona State University

## Leaders of Dimensional's Internal Research Staff

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**Gerard O'Reilly, PhD**  
Co-Chief Executive Officer,  
Chief Investment Officer, and  
Dimensional Director

**Marlena Lee, PhD**  
Head of Investment Research

**Savina Rizova, PhD**  
Head of Strategy Research

**Stanley Black, PhD**  
Vice President

**Wes Crill, PhD**  
Vice President

**James Davis, PhD**  
Vice President

**Massi De Santis, PhD**  
Vice President

**Dave Twardowski, PhD**  
Vice President

As of September 25, 2017.

1. "Dimensional Directors" refers to the Board of Directors of the general partner of Dimensional Fund Advisors LP.

2. Provide consulting services to Dimensional Fund Advisors LP.

3. "Dimensional's US Mutual Fund Board" refers to The DFA Investment Trust Company, DFA Investment Dimensions Group Inc., Dimensional Investment Group Inc. and Dimensional Emerging Markets Value Fund Inc.

"Dimensional" refers to the Dimensional separate but affiliated entities generally, rather than to 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., and Dimensional Japan Ltd.



# Experienced Teams Help Ensure Consistency

High degree of practitioners' knowledge and experience across market cycles

## Investment Committee<sup>1</sup>

Average 22 Years of Industry Experience

**David Booth**, Founder and Executive Chairman

**David Butler**, Co-Chief Executive Officer, Head of Global Financial Advisor Services, and Dimensional Director

**Gerard O'Reilly**, Co-Chief Executive Officer, Chief Investment Officer, and Dimensional Director

**Joseph Chi**, Investment Committee Chairman and Co-Head of Portfolio Management

**Robert Deere**, Investment Director and Senior Portfolio Manager

**Jed Fogdall**, Co-Head of Portfolio Management

**Joseph Kolerich**, Senior Portfolio Manager

**Mary Phillips**, Senior Portfolio Manager

**David Plecha**, Global Head of Fixed Income

**Savina Rizova**, Head of Strategy Research

**Karen Umland**, Senior Portfolio Manager

**Ryan Wiley**, Co-Head of Global Equity Trading

## Portfolio Management

Average 14 Years of Industry Experience

### Austin

**Jed Fogdall**, Co-Head of Portfolio Management

**Senior Portfolio Managers:**  
Arun Keswani, Joseph Kolerich, Joel Schneider, Lukas Smart

**Portfolio Managers:**  
Ashish Bhagwanjee, William Collins-Dean, Gavin Crabb, Damian Dormer, Joseph Hohn, Alan Hutchison, Marc Corona Leblond, John Morrison, Pamela Noble, Matthew Zenz

### Charlotte

Mary Phillips, Senior Portfolio Manager

**Portfolio Managers:**  
Marcus Axthelm, David Kershner, Travis Meldau

### Santa Monica

**Joseph Chi**, Co-Head of Portfolio Management

**Robert Deere**, Investment Director and Senior Portfolio Manager

**David Plecha**, Global Head of Fixed Income

**Senior Portfolio Managers:**  
Daniel Ong, Allen Pu, Grady Smith, Karen Umland

**Portfolio Managers:**  
Mitch Firestein, John Hertzner, David Shao, Brian Walsh

### London

**Arthur Barlow**, Chairman, Managing Director, and Senior Portfolio Manager

**Senior Portfolio Managers:**  
Joel Kim, Nathan Lacaze

**Portfolio Managers:**  
Paul Foley, Alexander Fridman, Didier Haenecour, Althea Trevor, Adam Ward, Jim Whittington

### Sydney

**Bhanu Singh**, Head of Asia Pacific Portfolio Management and Senior Portfolio Manager

Robert Ness, Senior Portfolio Manager

**Portfolio Managers:**  
Murray Cockerell, Stephen Garth, Slava Platkov, Gillian Wilson, Craig Wright

### Tokyo

Kotaro Hama, Portfolio Manager

### Singapore

Emily Cornell, Portfolio Manager

## Trading

Average 13 Years of Industry Experience

### Austin

**Senior Traders:** David LaRusso, Christian Gunther, Christopher Rink, Scott Van Pelt

**Traders:** Joel Mitter, Robert Richardson, Elizabeth Van Pelt

### Charlotte

**Senior Traders:** Richard Mar, Polly Weiss

### Santa Monica

**Ryan Wiley**, Co-Head of Global Equity Trading  
Le Tran, Senior Trader

**Traders:** Claudette Higdon, Erhan Oktay

### London

**John Romiza**, Co-Head of Global Equity Trading  
Mark Butterworth, Senior Trader

**Traders:** William Letheren, Frances Ritter, Mathieu Roland, James Simpson, Archit Soni

### Sydney

**Jason Lapping**, Head of Asia Pacific Trading  
Sam Willis, Senior Trader

**Traders:** Jian Du, David Vrolyk

### Singapore

**Traders:** Jonathan Smith, Hayato Yonemori

As of October 31, 2017.

1. Dimensional Fund Advisors LP Investment Committee.

Locations with offices operated by Dimensional. "Dimensional" refers to the Dimensional entities generally, rather than to 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., and Dimensional Japan Ltd.

# Global Investment Team, One Dynamic Process

- Investment Personnel
- Client Service

Founded in 1981



\$548B in global AUM

More than 1,100 employees globally

In USD. Dimensional Fund Advisors LP founded in 1981. Global AUM and number of employees as of September 30, 2017.

Locations with offices operated by Dimensional. "Dimensional" refers to the Dimensional separate but affiliated entities generally, rather than to 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., and Dimensional Japan Ltd.

# Dimensional Global Investment Solutions

\$548 billion in global AUM as of September 30, 2017

(in billions)

US	\$186.2
All Cap Core	\$59.8
All Cap Value	\$6.6
Growth	\$2.1
Large Cap	\$18.3
Large Cap Value	\$29.4
SMID Cap Value	\$18.2
Small Cap	\$24.8
Small Cap Value	\$18.9
Micro Cap	\$8.0

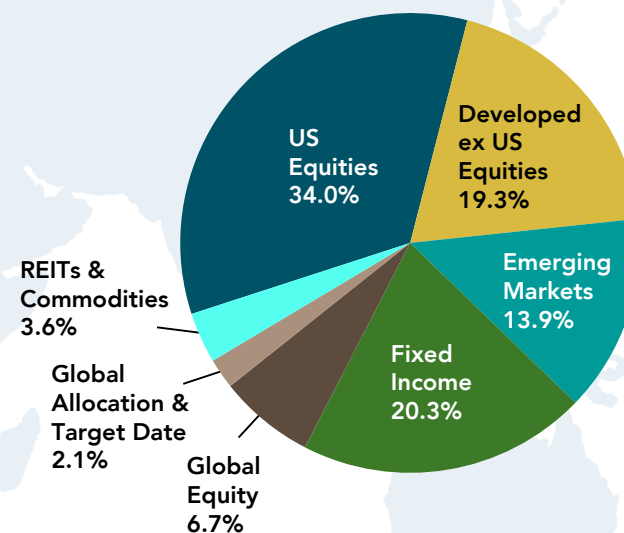
Global Equity	\$36.9
All Cap/Large Cap	\$24.8
Value	\$8.4
Small/SMID Cap	\$3.7

Fixed Income	\$111.3
US	\$60.2
US Tax-Exempt	\$7.0
Non-US & Global	\$38.6
Inflation-Protected	\$5.5

Emerging Markets	\$76.2
All Cap Core	\$31.3
Value	\$29.8
Large Cap	\$7.9
Small Cap	\$7.2

Developed ex US	\$105.8
All Cap Core	\$33.9
All Cap Value	\$3.5
Growth	\$0.5
Large Cap	\$7.7
Large Cap Value	\$20.5
Small Cap	\$21.1
Small Cap Value	\$18.7

Other	\$31.2
Real Estate	\$17.8
Commodities	\$1.7
Global Balanced	\$11.1
Target Date	\$0.6



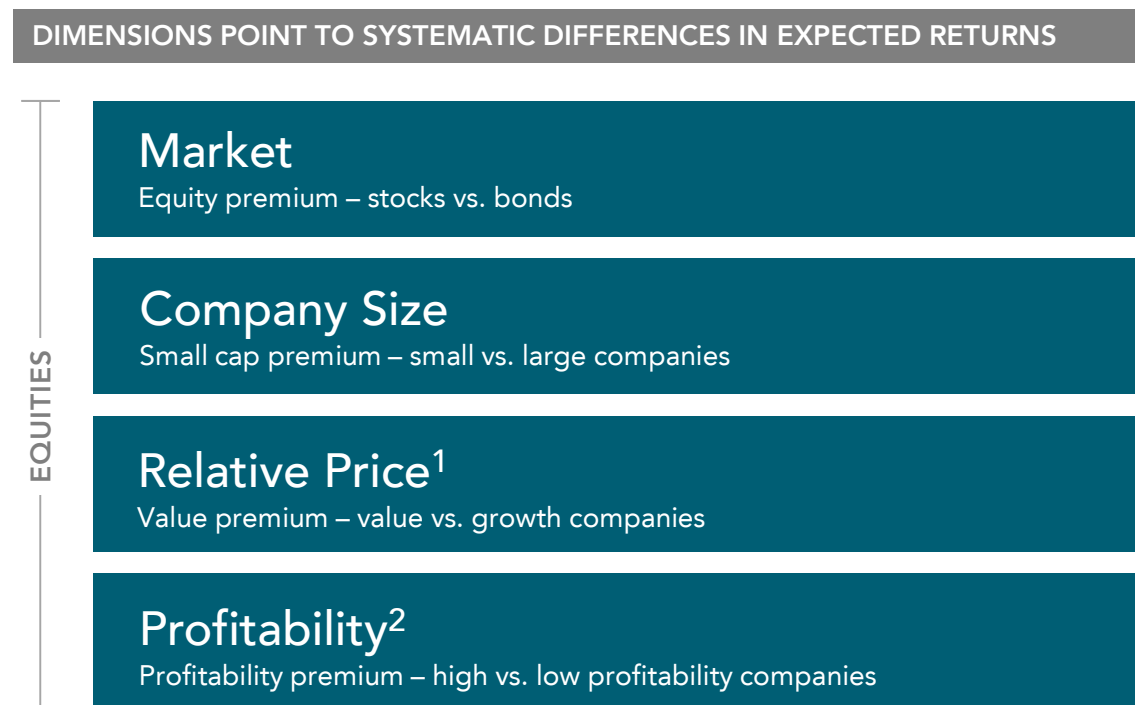
"Dimensional" refers to the Dimensional separate but affiliated entities generally, rather than to one particular entity. These entities are Dimensional Fund Advisors LP, Dimensional Fund Advisors Ltd., DFA Australia Limited, Dimensional Fund Advisors Canada ULC, Dimensional Fund Advisors Pte. Ltd., and Dimensional Japan Ltd. All assets in US dollars. Numbers may not total 100% due to rounding.

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# Investment Philosophy

# Dimensions of Expected Returns

Expected returns are driven by prices investors pay and cash flows they expect to receive



To be considered a dimension of expected return, a premium must be:

- Sensible
- Persistent
- Pervasive
- Robust
- Cost-effective

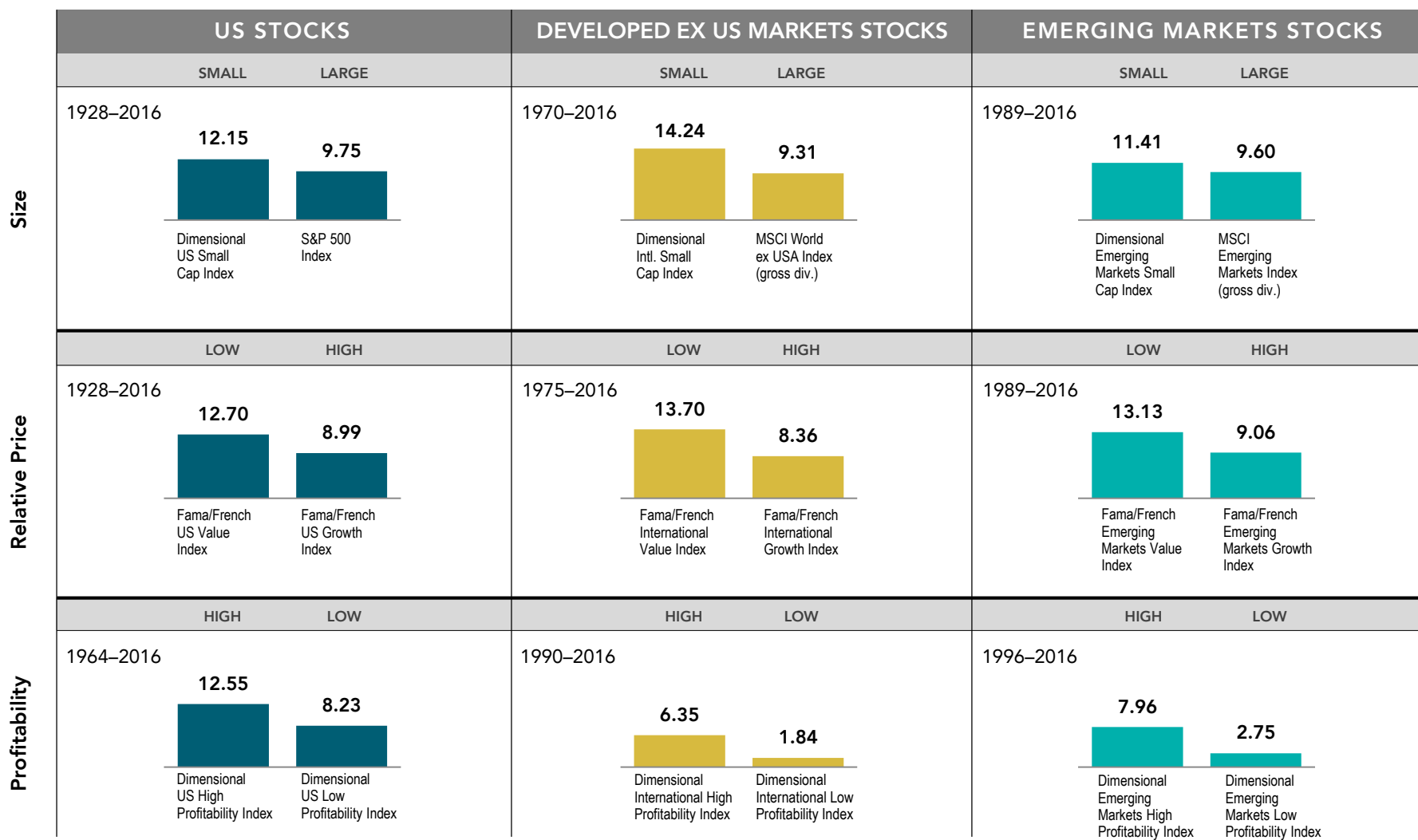
Diversification does not eliminate the risk of market loss.

1. Relative price as measured by the price-to-book ratio; value stocks are those with lower price-to-book ratios.

2. Profitability is a measure of current profitability, based on information from individual companies' income statements.

# Dimensions of Expected Returns

Illustrative index performance: Annualized compound returns (%) in US dollars

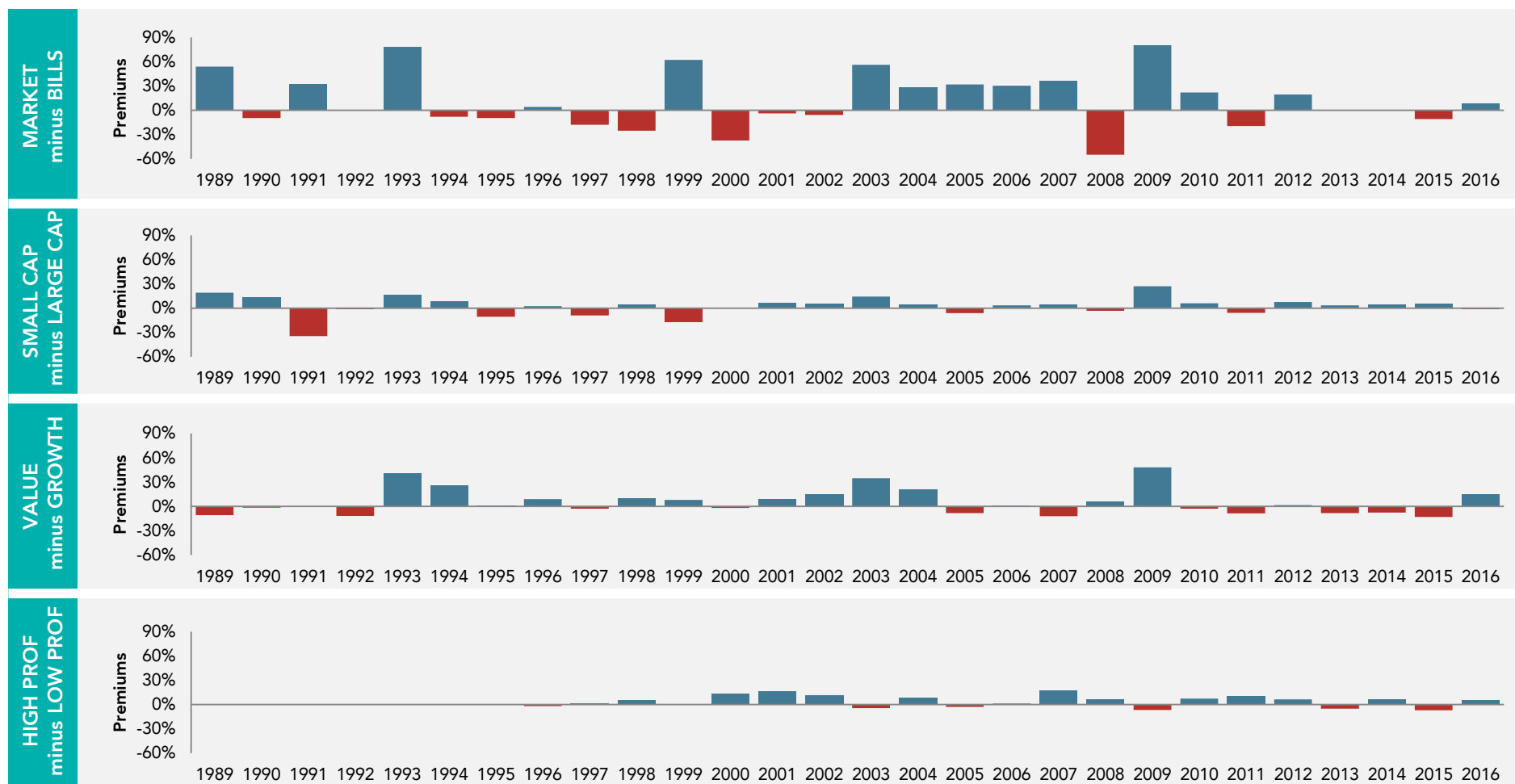


Profitability is measured as operating income before depreciation and amortization minus interest expense scaled by book.

Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results. Index returns are not representative of actual portfolios and do not reflect costs and fees associated with an actual investment. Actual returns may be lower. See “Index Descriptions” in the appendix for descriptions of Dimensional and Fama/French index data. Eugene Fama and Ken French are members of the Board of Directors of the general partner of, and provide consulting services to, Dimensional Fund Advisors LP. The S&P data are provided by Standard & Poor’s Index Services Group. MSCI data © MSCI 2017, all rights reserved.

# Yearly Observations of Premiums

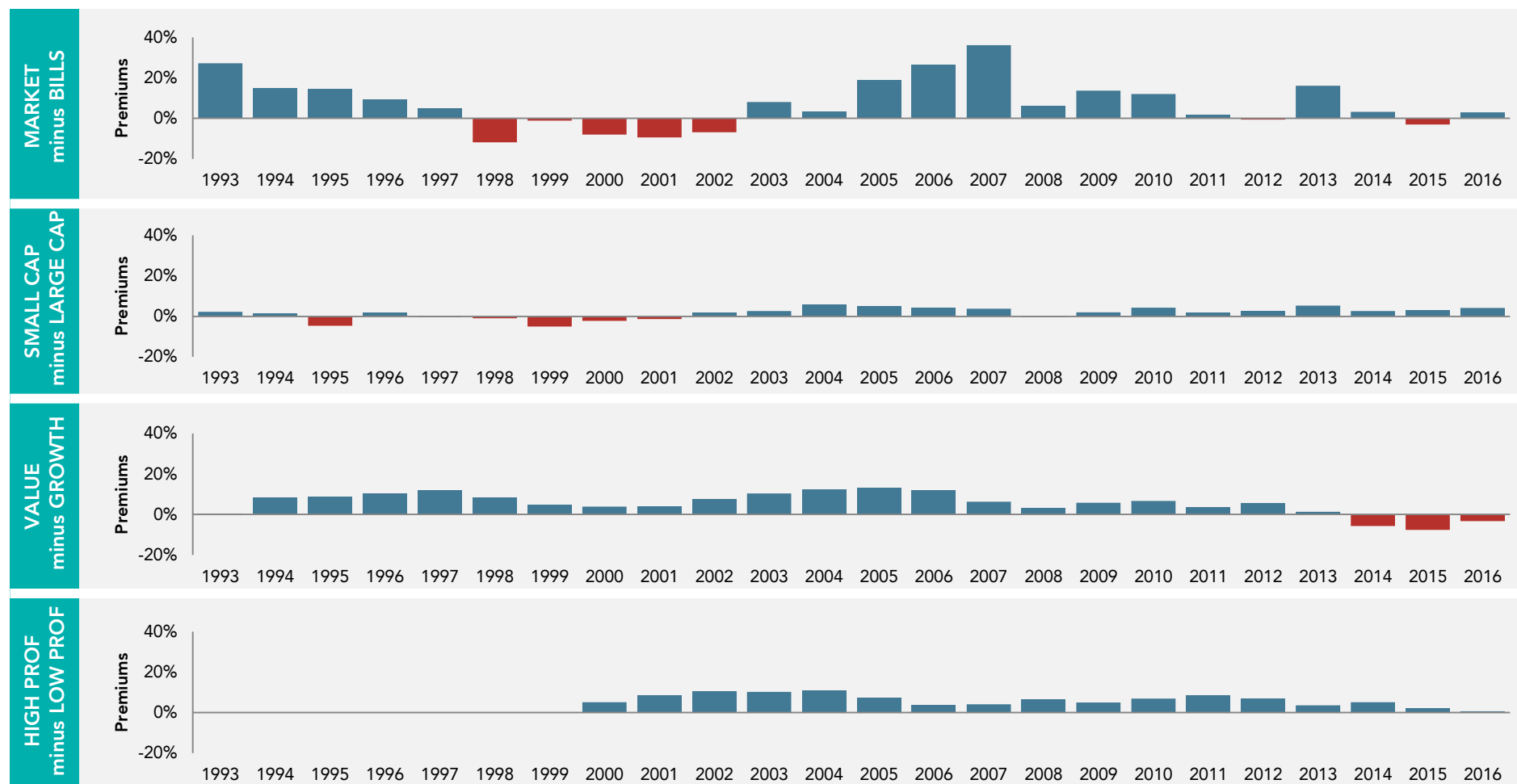
Equity, size, relative price, and profitability: Emerging Markets



Equity premium: Fama/French Emerging Markets Index minus one-month US Treasury Bills. Size premium: Dimensional Emerging Markets Small Cap Index minus MSCI Emerging Markets Index (gross dividends). Relative price premium: Fama/French Emerging Markets Value Index minus Fama/French Emerging Markets Growth Index. Profitability premium: Dimensional Emerging Markets High Profitability Index minus the Dimensional Emerging Markets Low Profitability Index. Profitability is measured as operating income before depreciation and amortization minus interest expense, scaled by book. One-Month Treasury Bills is the IA SBBI US 30 Day TBILL TR USD, provided by Ibbotson Associates via Morningstar Direct. Dimensional indices use Bloomberg data. Fama/French indices provided by Ken French. MSCI data copyright MSCI 2017, all rights reserved. Index descriptions available upon request. Eugene Fama and Ken French are members of the Board of Directors of the general partner of, and provide consulting services to, Dimensional Fund Advisors LP. **Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is no guarantee of future results.**

# Historical Observations of Five-Year Premiums

Equity, size, relative price, and profitability: Emerging Markets



Five-year rolling equity premium is computed as the five-year annualized compound return on the Fama/French Emerging Markets Index minus the five-year annualized compound return of one-month US Treasury Bills. Five-year rolling size premium is computed as the five-year annualized compound return on the Dimensional Emerging Markets Small Cap Index minus the five-year annualized compound return on the MSCI Emerging Markets Index (gross dividends). Five-year rolling relative price premium is computed as the five-year annualized compound return on the Fama/French Emerging Markets Value Index minus the five-year annualized compound return on the Fama/French Emerging Markets Growth Index. The five-year rolling profitability premium is computed as the five-year annualized compound return on the Dimensional Emerging Markets High Profitability Index minus the five-year annualized compound return on the Dimensional Emerging Markets Low Profitability Index. Profitability is measured as operating income before depreciation and amortization minus interest expense, scaled by book. One-Month Treasury Bills is the IA SBBI US 30 Day TBill TR USD, provided by Ibbotson Associates via Morningstar Direct. Dimensional indices use Bloomberg data. Fama/French indices provided by Ken French. MSCI data copyright MSCI 2017, all rights reserved. Index descriptions available upon request. Eugene Fama and Ken French are members of the Board of Directors of the general partner of, and provide consulting services to, Dimensional Fund Advisors LP. **Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is no guarantee of future results.**



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# Emerging Markets Core Equity Portfolio

# Emerging Markets Core Equity Portfolio

Using an integrated approach to add value across all aspects of the investment process



- Structured based on systematic expected premiums:
  - Market
  - Company size
  - Relative price (value)
  - Profitability
- Offers broad sector and security diversification
- Balances competing premiums and manages implementation costs by using a disciplined and patient trading strategy

Number of names shown are as of September 30, 2017. Holdings are subject to change.

Number of countries shown include approved markets for investment as of the most recent published prospectus, February 28, 2017. Additional countries may be designated as approved markets for future investment.

# Country Weight Targets

As of September 30, 2017

## EMERGING MARKETS CORE EQUITY PORTFOLIO

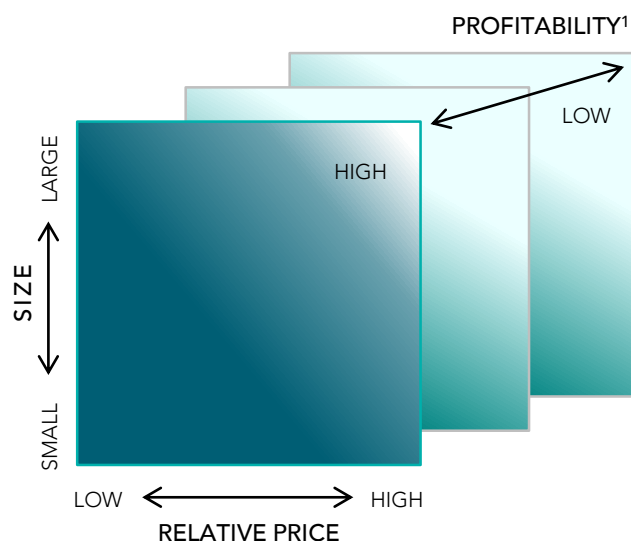
	Dimensional Targets (buys capped at 17.5%)
China (Hong Kong)	17.5%
South Korea	16.4%
Taiwan	15.5%
India	12.5%
Brazil	8.7%
South Africa	7.2%
Mexico	3.9%
Thailand	3.0%
Malaysia	3.0%
Indonesia	2.8%
Chile	1.7%
Poland	1.7%
Philippines	1.4%
Turkey	1.4%
Russia	1.2%
Colombia	0.7%
Greece	0.5%
Hungary	0.4%
Peru	0.3%
Czech Republic	0.2%
Egypt	0.1%

Dimensional's capped free-float adjusted market cap targets:

- Maintain limits on single-country exposure.
- Mitigate single-country risk. An event in one country can have a negative impact on the whole portfolio.
- Provide broad country diversification.

# Portfolio Construction: Security Selection and Weighting

## Emerging Markets Core Equity Portfolio



- A total market solution focused on the dimensions of expected returns in a cost-effective way
- Increased emphasis on higher expected return securities:
  - Lower relative price
  - Higher profitability
  - Lower market cap

As of 9/30/2017	Weighted Average Market Cap (millions)	Aggregate Price-to-Book	Weighted Average Profitability
Emerging Markets Core Equity Portfolio	\$45,551	1.63	0.28
MSCI Emerging Markets Index	\$90,927	1.77	0.28

1. Profitability is measured as operating income before depreciation and amortization minus interest expense scaled by book. Holdings are subject to change. MSCI data copyright MSCI 2017, all rights reserved.

# Refining the Universe

## Considerations and potential exclusions

### Structural

- REITs<sup>1</sup>
- Highly regulated utilities<sup>1</sup>

### Event Driven

- Merger or target of acquisition
- Upcoming announcements
- Share classes with foreign restrictions and with significant premiums
- Recent IPO
- Bankruptcy
- Extraordinary events

### Ongoing

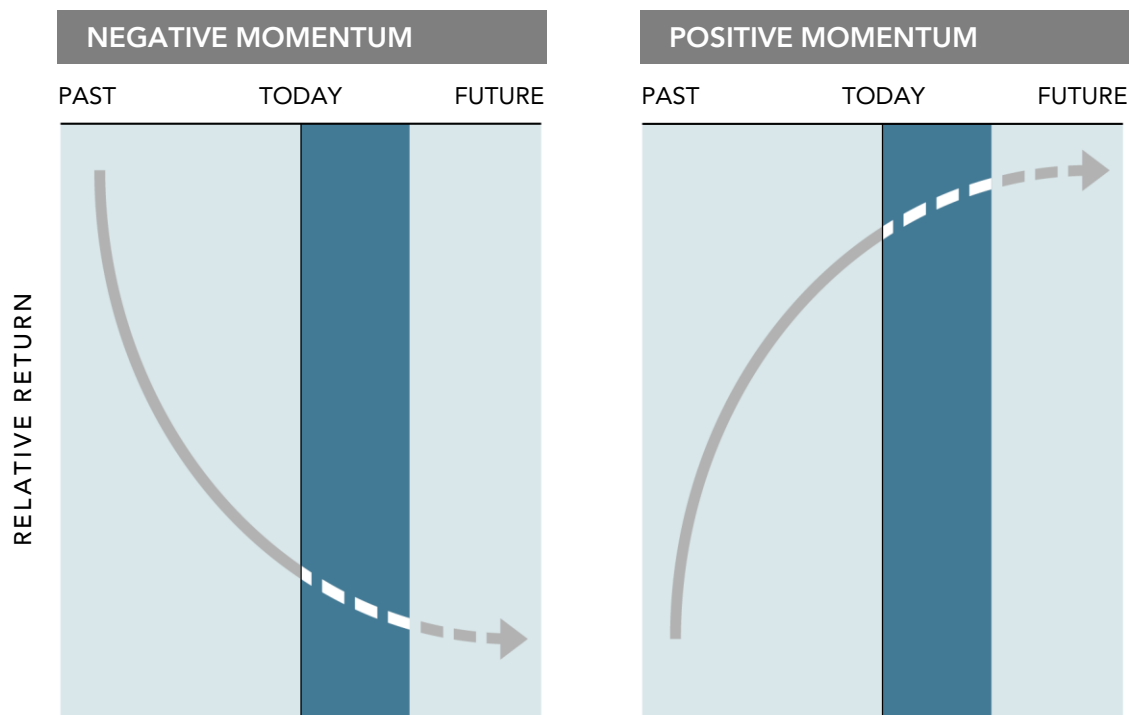
- Listing requirements
- Limited operating history
- Insufficient data
- Insufficient float or liquidity

Considerations and potential exclusions apply to securities Dimensional determines to fall within these categories at the time of potential purchase. This is not a complete list of all possible considerations and potential exclusions and is subject to change in all respects.

1. Not applicable to all strategies; also may not apply to certain companies organized as REITs.

# Managing Momentum

We incorporate momentum when making buy and sell decisions



**Delay buys** of securities otherwise eligible for purchase.

**Delay sells** of securities otherwise eligible for sale.

Stock returns may exhibit momentum:

- Stocks with large relative underperformance tend to have negative excess returns in the next period.
- Stocks with large relative outperformance tend to have positive excess returns in the next period.

# Trading Costs Matter

Our approach helps minimize the total costs of trading



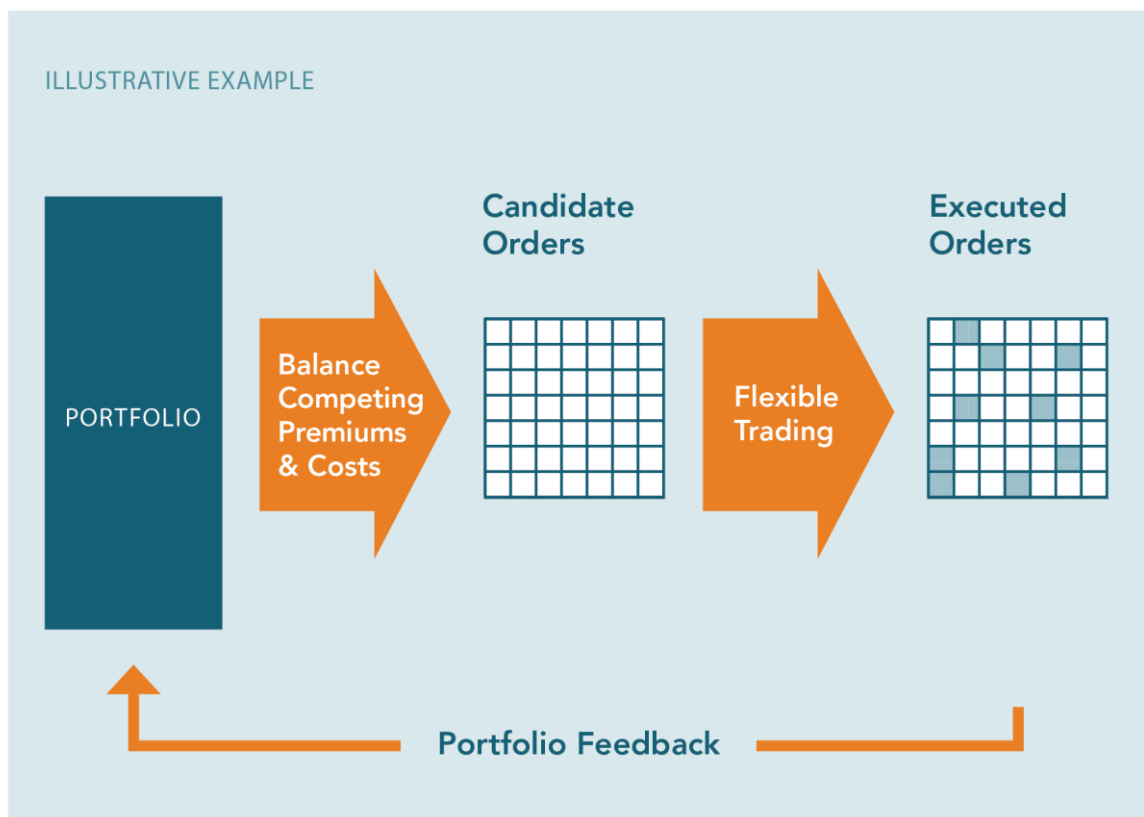
Low turnover by design keeps overall **trading costs** down.

We deal with **explicit costs** by keeping commissions as low as possible without sacrificing overall execution.

**Implicit costs** are more challenging to measure and must be estimated. They can potentially be large. We apply a trading philosophy that emphasizes patience and flexibility.

# Integrated Portfolio Implementation

Efficiently balancing expected premiums with the costs of turnover on a daily basis



- We continuously evaluate the portfolio:
  - Buy/sell decisions consider expected daily premiums vs. transactions costs.
  - Spread trading over time to minimize market impact.
- Our process is built to focus on higher expected returns every day while considering costs.



# Characteristics

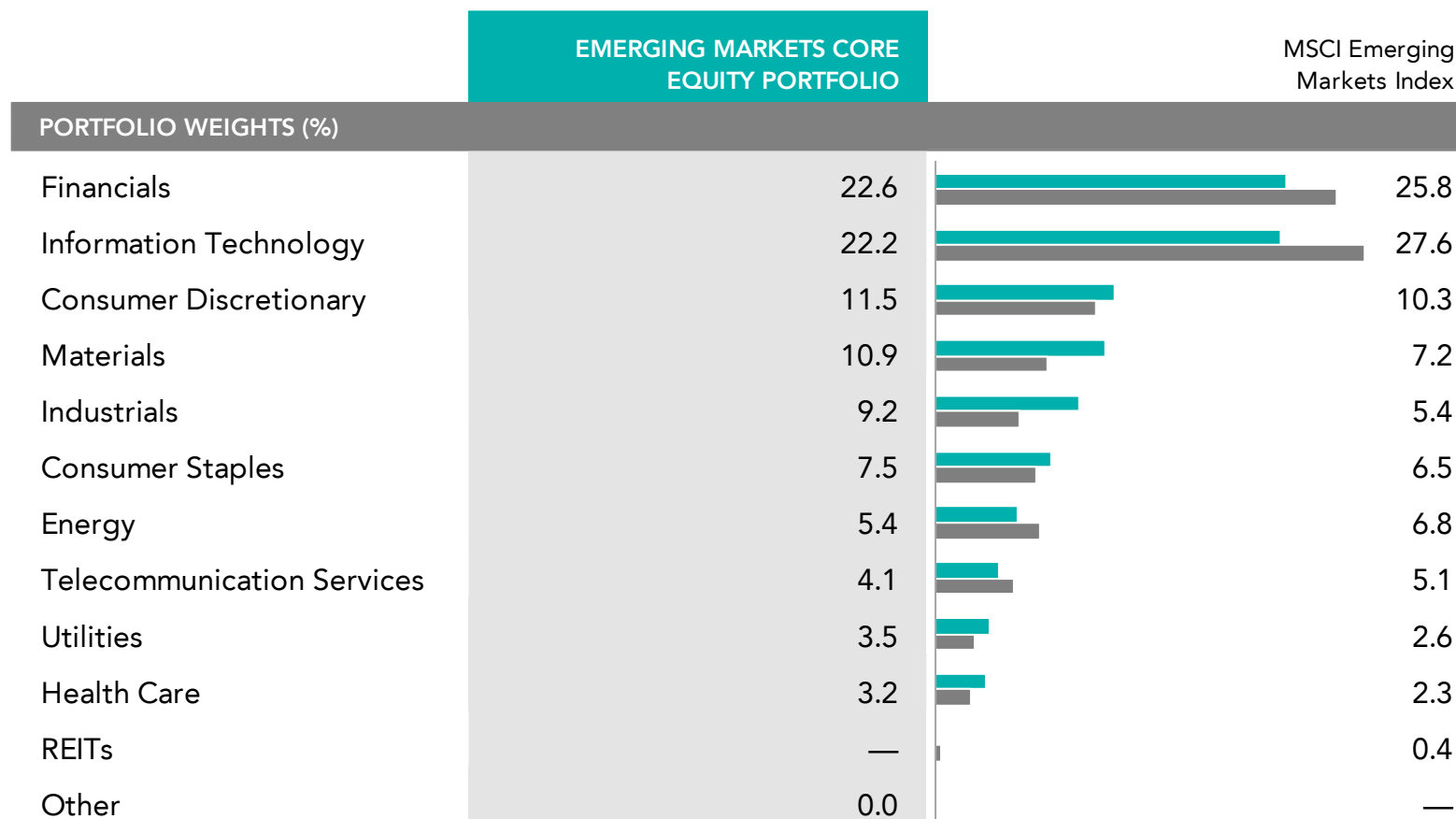
As of September 30, 2017

	EMERGING MARKETS CORE EQUITY PORTFOLIO	MSCI Emerging Markets Index
<b>MARKET CHARACTERISTICS</b>		
Total Value of Eligible Universe (millions)	\$5,332,451	\$5,010,565
Number of Holdings	4,751	839
<b>SIZE CHARACTERISTICS</b>		
Wtd. Average Market Cap (millions)	\$45,551	\$90,927
Median Market Cap (millions)	\$474	\$6,713
<b>VALUATION CHARACTERISTICS</b>		
Aggregate Price-to-Book	1.63	1.77
Wtd. Average Dividend-to-Price	2.12%	2.08%
<b>PROFITABILITY CHARACTERISTICS</b>		
Wtd. Average Profitability <sup>1</sup>	0.28	0.28

1. Operating income before depreciation and amortization minus interest expense scaled by book. Holdings are subject to change. MSCI data copyright MSCI 2017, all rights reserved.

# Sector Allocations

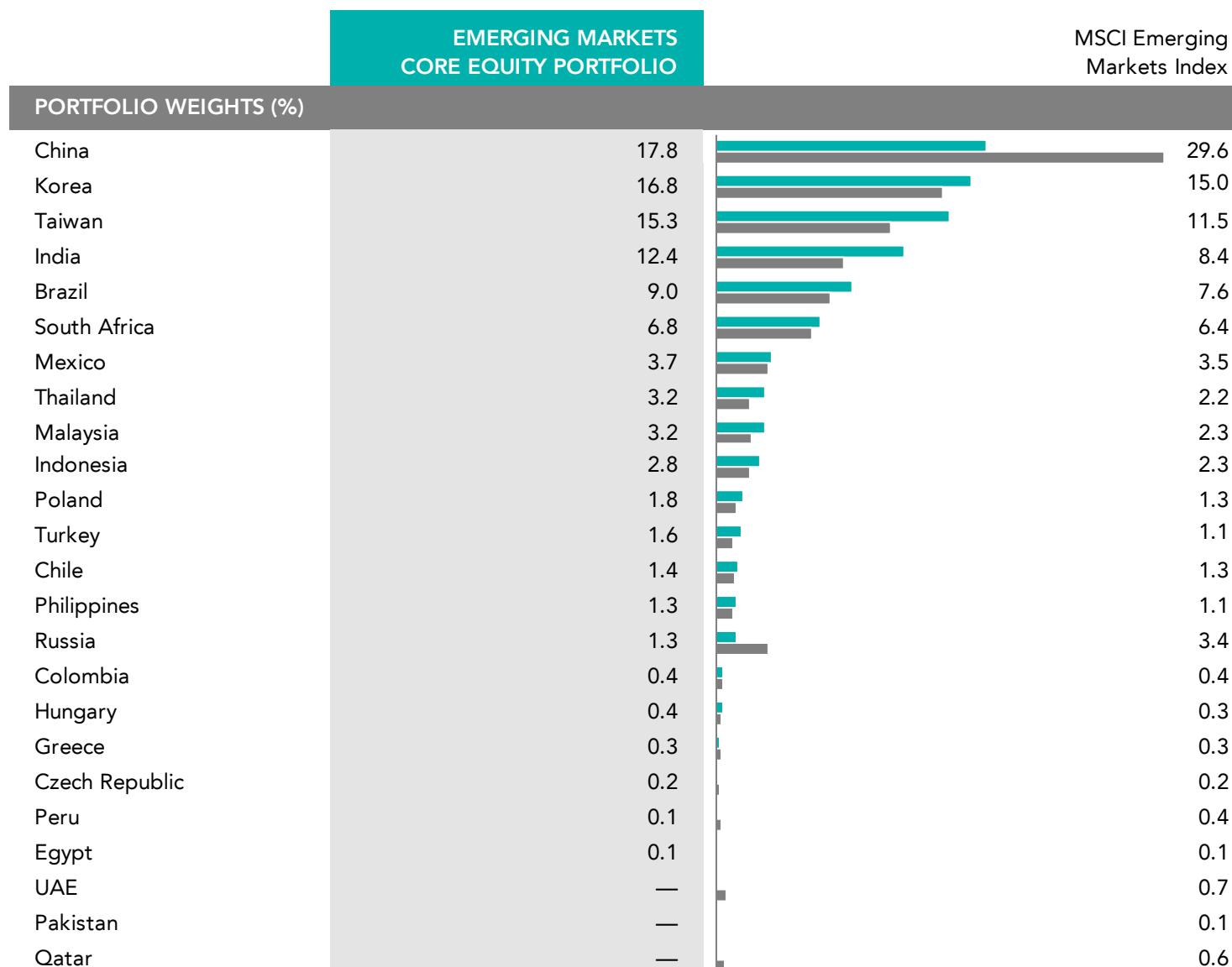
As of September 30, 2017



Numbers may not total 100% due to rounding. MSCI data copyright MSCI 2017, all rights reserved. Real Estate Investment Trusts (REITs) are shown as a separate category to illustrate their exclusion from certain funds. REITs are classified according to GICS Industry code. GICS was developed by and is the exclusive property of MSCI and S&P Dow Jones Indices.

# Country Allocations

As of September 30, 2017



Holdings are subject to change. Numbers may not total 100% due to rounding. MSCI data copyright MSCI 2017, all rights reserved.

# Top 10 Holdings

As of October 31, 2017

## EMERGING MARKETS CORE EQUITY PORTFOLIO

Security	Weight %
Samsung Electronics Co Ltd	4.3
Taiwan Semiconductor Manufacturing Co Ltd	2.5
Tencent Holdings Ltd	1.7
Itau Unibanco Holding SA	0.9
SK Hynix Inc	0.9
China Construction Bank Corp	0.8
Hon Hai Precision Industry Co Ltd	0.8
China Mobile Ltd	0.8
Banco Bradesco SA	0.7
Alibaba Group Holding Ltd	0.7
<b>Total</b>	<b>14.1</b>

## MSCI EMERGING MARKETS INDEX

Security	Weight %
Samsung Electronics Co Ltd	5.3
Tencent Holdings Ltd	4.9
Alibaba Group Holding Ltd	4.1
Taiwan Semiconductor Manufacturing Co Ltd	3.8
Naspers Ltd	2.1
China Construction Bank Corp	1.4
Baidu Inc	1.3
China Mobile Ltd	1.2
Industrial & Commercial Bank of China Ltd	1.1
Hon Hai Precision Industry Co Ltd	1.1
<b>Total</b>	<b>26.4</b>

# Emerging Markets Environment

MSCI Emerging Markets IMI (net dividends)

YEAR TO DATE AS OF OCTOBER 31, 2017			
	Value	Neutral	Growth
Large	21.22%	31.20%	47.92%
Mid	27.22%	29.72%	33.13%
Small	28.66%	25.34%	23.70%
1 YEAR AS OF OCTOBER 31, 2017			
	Value	Neutral	Growth
Large	20.40%	25.64%	36.30%
Mid	20.01%	24.92%	19.44%
Small	26.31%	18.68%	15.67%
CUMULATIVE RETURNS SINCE ACCOUNT 1ST FULL MONTH: JUNE 1, 2013—OCTOBER 31, 2017			
	Value	Neutral	Growth
Large	14.65%	16.03%	53.92%
Mid	14.65%	11.74%	16.85%
Small	25.99%	13.95%	13.15%

Companies are classified as small, mid, and large by computing breakpoints based on total market capitalization in each country or region. Within the US, large is defined as the largest 70% of market cap, mid is the next 20%, and small is the smallest 10%. Within the non-US developed markets, large is the largest 70% of market cap, mid is the next 17.5%, and small is the smallest 12.5%. Within emerging markets, large is the largest 70% of market cap, mid is the next 15%, and small is the smallest 15%. Designations between value, neutral, and growth are constructed in each country or region based on price to book ratios. Value is defined as the 30% of market cap with the lowest price to book ratios, neutral is the next 40%, and growth is the highest 30%. Return is the compounded monthly group return for the specified time periods. MSCI data copyright MSCI 2017, all rights reserved. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio.

# Performance

As of October 31, 2017

Annualized Returns <sup>1</sup> (%)	Year to Date	1 Year	3 Years	5 Years	10 Years	Since 6/13 Account 1st Full Month	Since 5/05 Portfolio 1st Full Month
<b>EMERGING MARKETS CORE EQUITY PORTFOLIO</b>	30.82	24.02	5.86	5.43	1.80	4.95	9.15
MSCI Emerging Markets Index (net dividends)	32.26	26.45	5.70	4.83	0.60	4.88	8.70

Calendar Year Returns (%)	<b>EMERGING MARKETS CORE EQUITY PORTFOLIO</b>	MSCI Emerging Markets Index (net dividends)	Account Value
2007	37.49	39.42	<b>SACRAMENTO REGIONAL TRANSIT DISTRICT</b> \$16,982,339
2008	-50.66	-53.33	
2009	83.58	78.51	
2010	23.62	18.88	
2011	-20.65	-18.42	
2012	20.49	18.22	
2013	-2.64	-2.60	
2014	-0.91	-2.19	
2015	-14.86	-14.92	
2016	12.35	11.19	

Performance for the portfolio is reported net of all advisory fees and includes reinvestment of dividends and other earnings.

Performance data shown represents past performance and is no guarantee of future results. Current performance may be higher or lower than the performance shown. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. To obtain the most current month-end performance data, visit [us.dimensional.com](http://us.dimensional.com).

1. Returns for periods shorter than one year are not annualized.

MSCI data copyright MSCI 2017, all rights reserved. Indices are not available for direct investment. See "Appendix: Standardized Performance Data & Disclosures" to learn how to obtain complete information on performance, investment objectives, risks, advisory fees, and expenses of Dimensional's funds.



# Appendix

# Fees

	Net Expense Ratio <sup>1</sup> (%)	Total (Gross) Expense Ratio <sup>1</sup> (%)	Management Fee <sup>1</sup> (%)
Emerging Markets Core Equity Portfolio	0.53	0.53	0.47

1. Fee and expense information as of the prospectus date 2/28/17.

Under certain circumstances, the Advisor has contractually agreed to waive certain fees and/or assume certain expenses of the Portfolio. Unless otherwise stated in the prospectus, the Advisor may amend or discontinue the waivers at any time, one year from the date of the prospectus. The net expense ratio reflects the total annual fund operating expenses of the Portfolio after taking into account any such fee waiver and/or expense reimbursement arrangements. Please read the Portfolio's prospectus for details and more information.



# Summary of Portfolio Risk Management

Provides diversification and broad oversight with minimal style drift

## Emerging Markets Strategies

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### Concentration Risk

- Highly diversified across countries
- Country diversification leads to diversification across multiple currencies
- Sector target weights typically capped at their approximate weight in a broadly diversified, sector-neutral universe plus an additional 10%
- Industry groups generally capped at 25%
- Guidelines target a maximum 5% per issue at time of purchase

### Implementation Risk

- Team managed
- Approved exchanges only; ongoing evaluation of listing requirements, liquidity, and settlement mechanism

### Operational Risk

- Charles River customized Order Management System
- Comprehensive pre- and post-trade compliance
- Independent accountant, custodian bank, and auditors
- Independent SSAE 16 audit performed annually

### Style Risk

- Monitor characteristics of individual securities and overall strategy to prevent style drift
-

# Client Service Team

## Sacramento Regional Transit District Pension Funds

### **Stephen A. Clark**

Head of Global Institutional, North America,  
and Vice President

18 Years Investment Experience  
15<sup>th</sup> Year with Firm

Previous Employment: US Bancorp Piper Jaffray

Education: MBA, University of Chicago Booth  
School of Business; BS, Bradley University

### **Ted Simpson, CFA**

Vice President

15 Years Investment Experience  
14<sup>th</sup> Year with Firm

Previous Employment: Mattel, Salomon Brothers

Education: MBA, Northwestern University;  
AB, Princeton University

### **Weideng He**

Senior Associate

6 Years Investment Experience  
3<sup>rd</sup> Year with Firm

Previous Employment: Barclays Capital

Education: MS, University of Southern California;  
BA, Waseda University

### **Lauren Peiffer**

Associate

3 Years Investment Experience  
1<sup>st</sup> Year with Firm

Previous Employment: Cambridge Associates

Education: BS, Washington & Lee University

# Presenter's Biography



## **Ted Simpson, CFA**

Vice President

Ted Simpson, a Vice President on the Institutional Services team, is responsible for developing and maintaining relationships with public pension funds, foundations, endowments, Taft-Hartley plan sponsors, and corporate pension and defined contribution plans.

Since joining Dimensional in 2002, Ted has held a number of positions within the firm. He began as a marketing consultant before taking a leadership role in the firm's defined contribution market initiative. Later, Ted got involved with Dimensional's consultant relations effort and eventually helped manage the group. Most recently, he has shifted his attention to working directly with clients.

Prior to joining Dimensional, Ted worked for Salomon Brothers, Legal & General, Mattel, Lion Nathan, and a fee-only RIA. He earned an MBA in marketing, strategy, and organizational behavior from the Kellogg School of Management at Northwestern University and a BA in politics and economics from Princeton University. Ted is a CFA® charterholder and holds FINRA licenses 24, 7, and 63.

# Standardized Performance Data & Disclosures

**Performance data shown represents past performance. Past performance is no guarantee of future results, and current performance may be higher or lower than the performance shown. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. To obtain performance data for Dimensional portfolios current to the most recent month end, access our website at [us.dimensional.com](http://us.dimensional.com).**

**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/prospectus](http://us.dimensional.com/prospectus). Dimensional funds are distributed by DFA Securities LLC.**

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

***For investors subject to the Department of Labor Fiduciary Rule:***

These materials are directed at independent fiduciaries of the retirement plan or IRA. Dimensional has undertaken to confirm that such fiduciary of the plan or IRA is: (A) a bank; (B) an insurance carrier; (C) a registered investment adviser; (D) a registered broker-dealer; or (E) any independent fiduciary that holds, or has under management or control, total assets of at least \$50 million. Additionally, Dimensional understands such fiduciary is capable of evaluating investment risks independently, both in general and with regard to particular transactions and investment strategies. **These materials are not intended, and shall not be used, by individuals without the assistance of such investment professional.**

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**Risks** include loss of principal and fluctuating value. Investment value will fluctuate, and shares, when redeemed, may be worth more or less than original cost.

**Small and micro cap** securities are subject to greater volatility than those in other asset categories.

**International and emerging markets** investing involves special risks such as currency fluctuation and political instability. Investing in emerging markets may accentuate these risks.

**Sector-specific investments** focus on a specific segment of the market, which can increase investment risks.

**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.

**Real estate investment** risks include changes in real estate values and property taxes, interest rates, cash flow of underlying real estate assets, supply and demand, and the management skill and creditworthiness of the issuer.

**Sustainability funds** use environmental and social screens that may limit investment opportunities for the fund.

**Commodities** include increased risks, such as political, economic, and currency instability, and may not be suitable for all investors. The Portfolio may be more volatile than a diversified fund because the Portfolio invests in a smaller number of issuers and commodity sectors.

**The fund prospectuses contain more information about investment risks.**

# Standardized Performance Data & Disclosures

	Symbol	AVERAGE ANNUAL TOTAL RETURNS <sup>1</sup> (%)					FEES AND EXPENSES <sup>2</sup> (%)			
		1 Year	5 Years	10 Years	Since Inception	Inception Date	Net Expense Ratio	Total (Gross) Expense Ratio	Management Fee	Management Fee after Fee Waiver
<b>US Equity Portfolios</b>										
Enhanced US Large Company Portfolio <sup>3</sup>	DFELX	18.49	14.23	7.74	8.63	7/2/1996	0.15	0.23	0.20	0.20
US Core Equity 1 Portfolio	DFEOX	19.54	14.40	7.84	8.61	9/15/2005	0.19	0.19	0.17	0.17
US Core Equity 2 Portfolio	DFQTX	19.32	14.18	7.48	8.35	9/15/2005	0.22	0.22	0.20	0.20
US High Relative Profitability Portfolio <sup>4</sup>	DURPX	—	—	—	7.03	5/16/2017	0.25	0.29	0.20	0.20
US Large Cap Equity Portfolio	DUSQX	18.97	—	—	12.90	6/25/2013	0.18	0.17	0.15	0.15
US Large Cap Growth Portfolio	DUSLX	17.98	—	—	14.78	12/20/2012	0.20	0.20	0.17	0.17
US Large Cap Value Portfolio	DFLVX	20.26	15.23	7.35	10.34	2/19/1993	0.27	0.37	0.35	0.25
US Large Company Portfolio	DFUSX	18.51	14.15	7.44	5.81	9/23/1999	0.08	0.08	0.06	0.06
US Micro Cap Portfolio	DFSCX	23.00	14.97	8.29	12.13	12/23/1981	0.52	0.52	0.50	0.50
US Small Cap Growth Portfolio	DSCGX	18.98	—	—	14.42	12/20/2012	0.40	0.39	0.35	0.35
US Small Cap Portfolio	DFSTX	19.77	14.48	8.91	10.74	3/19/1992	0.37	0.37	0.35	0.35
US Small Cap Value Portfolio	DFSVX	19.62	13.67	7.47	11.92	3/2/1993	0.52	0.52	0.50	0.50
US Targeted Value Portfolio	DFFVX	19.00	14.08	7.90	11.75	2/23/2000	0.37	0.37	0.35	0.35
US Vector Equity Portfolio	DFVEX	20.08	14.10	7.20	8.12	12/30/2005	0.32	0.32	0.30	0.30

1. Performance information as of 9/30/17.

2. Fee and expense information as of the prospectus dated 02/28/17 unless otherwise stated.

3. Fee and expense information as of the prospectus date 2/28/17 (amended 4/3/17).

4. Fee and expense information as of the prospectus dated 05/16/17.

Under certain circumstances, the Advisor has contractually agreed to waive certain fees and/or assume certain expenses of the Portfolio. Unless otherwise stated in the prospectus, the Advisor may amend or discontinue the waivers at any time, one year from the date of the prospectus. The net expense ratio reflects the total annual fund operating expenses of the Portfolio after taking into account any such fee waiver and/or expense reimbursement arrangements. Please read the Portfolio's prospectus for details and more information.

# Standardized Performance Data & Disclosures

	Symbol	AVERAGE ANNUAL TOTAL RETURNS <sup>1</sup> (%)					FEES AND EXPENSES <sup>2</sup> (%)			
		1 Year	5 Years	10 Years	Since Inception	Inception Date	Net Expense Ratio	Total (Gross) Expense Ratio	Management Fee	Management Fee after Fee Waiver
<b>Non-US Equity Portfolios</b>										
Emerging Markets Core Equity Portfolio	DFCEX	20.32	4.63	2.49	8.51	4/5/2005	0.53	0.53	0.47	0.47
Emerging Markets Portfolio	DFEMX	20.98	4.06	2.14	7.21	4/25/1994	0.48	0.58	0.52	0.42
Emerging Markets Small Cap Portfolio	DEMSX	17.19	6.63	3.85	11.84	3/5/1998	0.72	0.92	0.85	0.65
Emerging Markets Value Portfolio	DFEVX	22.76	3.51	0.90	10.52	4/1/1998	0.56	0.66	0.60	0.50
International Core Equity Portfolio	DFIEX	21.86	9.92	2.56	5.73	9/15/2005	0.30	0.30	0.27	0.27
International High Relative Profitability Portfolio <sup>3</sup>	DIHRX	—	—	—	5.77	5/16/2017	0.35	0.39	0.25	0.25
International Large Cap Growth Portfolio	DILRX	16.86	—	—	7.86	12/20/2012	0.30	0.33	0.25	0.25
International Small Cap Growth Portfolio	DISMX	21.51	—	—	12.44	12/20/2012	0.55	0.65	0.50	0.50
International Small Cap Value Portfolio	DISVX	25.37	13.61	4.56	8.17	12/29/1994	0.68	0.68	0.65	0.65
International Small Company Portfolio	DFISX	21.96	12.15	4.57	7.57	9/30/1996	0.53	0.53	0.40	0.40
International Value Portfolio	DFIVX	25.68	8.46	0.73	6.61	2/15/1994	0.43	0.63	0.60	0.40
International Vector Equity Portfolio	DFVQX	23.31	10.55	—	6.14	8/14/2008	0.49	0.49	0.45	0.45
Large Cap International Portfolio	DFALX	19.45	8.08	1.60	5.89	7/17/1991	0.23	0.23	0.20	0.20
World ex US Core Equity Portfolio	DFWIX	21.35	—	—	6.65	4/9/2013	0.39	0.39	0.32	0.32
World ex US Targeted Value Portfolio	DWUSX	24.83	—	—	10.88	11/1/2012	0.76	0.76	0.58	0.58
World ex US Value Portfolio	DFWVX	24.87	7.75	—	6.08	8/23/2010	0.53	0.76	0.47	0.47

1. Performance information as of 9/30/17.

2. Fee and expense information as of the prospectus dated 02/28/17.

3. Fee and expense information as of the prospectus dated 05/16/17.

Under certain circumstances, the Advisor has contractually agreed to waive certain fees and/or assume certain expenses of the Portfolio. Unless otherwise stated in the prospectus, the Advisor may amend or discontinue the waivers at any time, one year from the date of the prospectus. The net expense ratio reflects the total annual fund operating expenses of the Portfolio after taking into account any such fee waiver and/or expense reimbursement arrangements. Please read the Portfolio's prospectus for details and more information.

# Standardized Performance Data & Disclosures

	Symbol	AVERAGE ANNUAL TOTAL RETURNS <sup>1</sup> (%)					FEES AND EXPENSES <sup>2</sup> (%)			
		1 Year	5 Years	10 Years	Since Inception	Inception Date	Net Expense Ratio	Total (Gross) Expense Ratio	Management Fee	Management Fee after Fee Waiver
<b>Tax Managed Portfolios</b>										
TA US Core Equity 2 Portfolio	DFTCX	19.45	14.27	—	7.53	10/4/2007	0.24	0.24	0.22	0.22
After Taxes on Distributions		18.75	13.66	—	7.13					
After Taxes on Distributions & Sale of Fund Shares		11.09	11.33	—	6.03					
TA World ex US Core Equity Portfolio	DFTWX	21.66	8.60	—	3.84	3/6/2008	0.37	0.37	0.32	0.32
After Taxes on Distributions		20.57	7.99	—	3.40					
After Taxes on Distributions & Sale of Fund Shares		12.34	6.73	—	3.06					
Tax-Managed International Value Portfolio	DTMIX	25.47	8.14	0.83	6.14	4/16/1999	0.53	0.53	0.50	0.50
After Taxes on Distributions		24.11	7.41	0.24	5.57					
After Taxes on Distributions & Sale of Fund Shares		14.50	6.39	0.81	5.22					
Tax-Managed US Equity Portfolio	DTMEX	19.10	14.17	7.47	8.15	9/25/2001	0.22	0.22	0.20	0.20
After Taxes on Distributions		18.33	13.64	7.07	7.82					
After Taxes on Distributions & Sale of Fund Shares		10.89	11.26	5.97	6.79					
Tax-Managed US Marketwide Value Portfolio	DTMMX	19.32	14.91	7.16	7.75	12/14/1998	0.37	0.57	0.55	0.35
After Taxes on Distributions		17.86	14.27	6.69	7.37					
After Taxes on Distributions & Sale of Fund Shares		11.48	11.87	5.69	6.47					
Tax-Managed US Small Cap Portfolio	DFTSX	20.83	14.61	7.58	9.83	12/15/1998	0.52	0.52	0.50	0.50
After Taxes on Distributions		19.87	13.88	7.03	9.50					
After Taxes on Distributions & Sale of Fund Shares		12.27	11.62	6.05	8.46					
Tax-Managed US Targeted Value Portfolio	DTMVX	20.67	15.03	7.59	10.53	12/11/1998	0.44	0.44	0.42	0.42
After Taxes on Distributions		19.39	13.94	6.91	9.92					
After Taxes on Distributions & Sale of Fund Shares		12.37	11.92	6.04	9.05					

1. Performance information as of 9/30/17. Assumed highest marginal tax rate in effect for capital gains and ordinary income. Income from funds managed for tax efficiency may be subject to an alternative minimum tax and/or any applicable state and local taxes.

2. Fee and expense information as of the prospectus dated 02/28/17.

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# Standardized Performance Data & Disclosures

	Symbol	AVERAGE ANNUAL TOTAL RETURNS <sup>1</sup> (%)					FEES AND EXPENSES <sup>2</sup> (%)		
		1 Year	5 Years	10 Years	Since Inception	Inception Date	Net Expense Ratio	Total (Gross) Expense Ratio	Management Fee
<b>Fixed Income Portfolios</b>									
California Intermediate-Term Municipal Bond Portfolio	DCIBX	0.58	2.07	—	2.49	11/29/2011	0.23	0.23	0.20
California Short-Term Municipal Bond Portfolio	DFCMX	0.58	0.82	1.69	1.75	4/2/2007	0.22	0.22	0.20
Five-Year Global Fixed Income Portfolio	DFGBX	0.40	1.64	3.18	5.30	11/6/1990	0.27	0.27	0.25
Inflation-Protected Securities Portfolio	DIPSX	-1.01	-0.09	4.13	4.25	9/18/2006	0.12	0.12	0.10
Intermediate Government Fixed Income Portfolio	DFIGX	-1.84	1.39	4.28	6.17	10/19/1990	0.12	0.12	0.10
Intermediate-Term Extended Quality Portfolio	DFTEX	0.57	2.96	—	4.31	7/20/2010	0.22	0.22	0.20
Intermediate-Term Municipal Bond Portfolio	DFTIX	0.46	1.72	—	1.73	3/1/2012	0.23	0.22	0.20
Investment Grade Portfolio	DFAPX	-0.05	2.20	—	3.68	3/7/2011	0.22	0.22	0.20
LTIP Portfolio	DRXIX	-5.74	-1.48	—	0.52	3/7/2012	0.15	0.21	0.10
MN Municipal Bond Portfolio <sup>3</sup>	DMNBX	—	—	—	-0.37	7/25/2017	0.31	0.31	0.25
Municipal Bond Portfolio	DFMPX	0.55	—	—	1.92	3/10/2015	0.23	0.25	0.20
Municipal Real Return Portfolio	DMREX	1.20	—	—	0.88	11/4/2014	0.27	0.25	0.20
NY Municipal Bond Portfolio	DNYMX	0.74	—	—	2.18	6/16/2015	0.25	0.34	0.20
One-Year Fixed Income Portfolio	DFIHX	0.93	0.55	1.25	4.65	7/25/1983	0.17	0.17	0.15
Selectively Hedged Global Fixed Income Portfolio	DFSHX	1.11	0.19	—	1.07	1/9/2008	0.17	0.17	0.15
Short-Duration Real Return Portfolio	DFAIX	1.42	—	—	0.95	11/5/2013	0.24	0.23	0.20
Short-Term Extended Quality Portfolio	DFEQX	0.96	1.51	—	3.11	3/4/2009	0.22	0.22	0.20
Short-Term Government Portfolio	DFFGX	-0.10	0.78	2.40	5.01	6/1/1987	0.19	0.19	0.17
Short-Term Municipal Bond Portfolio	DFSMX	0.66	0.75	1.55	1.77	8/20/2002	0.22	0.22	0.20
Targeted Credit Portfolio	DTCPX	1.49	—	—	2.23	5/20/2015	0.20	0.24	0.19
Two-Year Fixed Income Portfolio <sup>4</sup>	DFCFX	0.92	0.56	1.36	2.99	6/6/1996	0.21	0.21	0.15
Two-Year Global Fixed Income Portfolio	DFGFY	0.95	0.65	1.42	3.13	2/9/1996	0.17	0.17	0.15
Two-Year Government Portfolio <sup>5</sup>	DFYGY	0.29	0.38	1.30	2.99	6/6/1996	0.20	0.20	0.15
World ex US Government Fixed Income Portfolio	DWFIY	-1.77	3.71	—	4.31	12/6/2011	0.20	0.22	0.18
<b>Commodities Portfolio</b>									
Commodity Strategy Portfolio	DCMSY	0.74	-8.91	—	-6.77	11/9/2010	0.33	0.33	0.30

1. Performance information as of 9/30/17.

2. Fee and expense information as of the prospectus dated 02/28/17.

3. Fee and expense information as of the prospectus dated 07/16/17.

4. Prior to 07/31/17, the Portfolio's name was LWAS/DFA Two-Year Fixed Income Portfolio. Fee and expense information as of the supplement to the summary prospectus dated 07/31/17.

5. Prior to 07/31/17, the Portfolio's name was LWAS/DFA Two-Year Government Portfolio. Fee and expense information as of the supplement to the summary prospectus dated 07/31/17.

Under certain circumstances, the Advisor has contractually agreed to waive certain fees and/or assume certain expenses of the Portfolio. Unless otherwise stated in the prospectus, the Advisor may amend or discontinue the waivers at any time, one year from the date of the prospectus. The net expense ratio reflects the total annual fund operating expenses of the Portfolio after taking into account any such fee waiver and/or expense reimbursement arrangements. Please read the Portfolio's prospectus for details and more information.



# Standardized Performance Data & Disclosures

	Symbol	AVERAGE ANNUAL TOTAL RETURNS <sup>1</sup> (%)					FEES AND EXPENSES <sup>2</sup> (%)		
		1 Year	5 Years	10 Years	Since Inception	Inception Date	Net Expense Ratio	Total (Gross) Expense Ratio	Management Fee
<b>Global Portfolios</b>									
Global Allocation 25/75 Portfolio	DGTSX	4.90	3.79	3.82	4.46	12/24/2003	0.25	0.42	0.20
Global Allocation 60/40 Portfolio	DGSIX	11.32	7.73	4.98	6.52	12/24/2003	0.28	0.50	0.25
Global Equity Portfolio	DGEIX	19.00	12.08	5.55	8.39	12/24/2003	0.30	0.58	0.30
Global Small Company Portfolio	DGLIX	—	—	—	13.80	1/18/2017	0.49	0.75	0.45
Selectively Hedged Global Equity Portfolio	DSHGX	20.03	11.45	—	11.66	11/14/2011	0.35	0.64	0.30
World Core Equity Portfolio	DREIX	19.83	11.32	—	11.01	3/7/2012	0.35	0.64	0.30
<b>Real Estate Portfolios</b>									
Global Real Estate Securities Portfolio	DFGEX	-0.23	8.05	—	5.43	6/4/2008	0.24	0.38	0.20
International Real Estate Securities Portfolio	DFITX	-0.73	5.64	0.43	0.52	3/1/2007	0.28	0.28	0.25
Real Estate Securities Portfolio	DFREX	0.24	9.57	5.71	10.09	1/5/1993	0.18	0.19	0.17
<b>Social and Sustainability Portfolios</b>									
Emerging Markets Social Core Equity Portfolio	DFESX	21.62	4.65	2.11	6.40	8/31/2006	0.56	0.56	0.47
International Social Core Equity Portfolio	DSCLX	22.37	—	—	9.26	11/1/2012	0.37	0.37	0.29
International Sustainability Core 1 Portfolio	DFSPX	21.18	9.29	—	3.34	3/12/2008	0.38	0.38	0.30
Social Fixed Income Portfolio	DSFIX	-0.18	—	—	0.94	4/5/2016	0.26	0.56	0.20
US Social Core Equity 2 Portfolio	DFUEX	19.86	13.68	—	6.74	10/1/2007	0.28	0.28	0.25
US Sustainability Core 1 Portfolio	DFSIX	19.63	14.32	—	9.74	3/12/2008	0.25	0.26	0.23

1. Performance information as of 9/30/17.

2. Fee and expense information as of the prospectus dated 02/28/17.

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# Index Descriptions

**Dimensional US Small Cap Index** was created by Dimensional in March 2007 and is compiled by Dimensional. It represents a market-capitalization-weighted index of securities of the smallest US companies whose market capitalization falls in the lowest 8% of the total market capitalization of the Eligible Market. The Eligible Market is composed of securities of US companies traded on the NYSE, NYSE MKT (formerly AMEX), and Nasdaq Global Market. Exclusions: Non-US companies, REITs, UITs, and investment companies. From January 1975 to the present, the index also excludes companies with the lowest profitability and highest relative price within the small cap universe. Profitability is measured as operating income before depreciation and amortization minus interest expense scaled by book. Source: CRSP and Compustat. The index monthly returns are computed as the simple average of the monthly returns of 12 sub-indices, each one reconstituted once a year at the end of a different month of the year. The calculation methodology for the Dimensional US Small Cap Index was amended on January 1, 2014, to include profitability as a factor in selecting securities for inclusion in the index.

**Dimensional US High Profitability Index** was created by Dimensional in January 2014 and represents an index consisting of US companies. It is compiled by Dimensional. Dimensional sorts stocks into three profitability groups from high to low. Each group represents one-third of the market capitalization. Similarly, stocks are sorted into three relative price groups. The intersections of the three profitability groups and the three relative price groups yield nine subgroups formed on profitability and relative price. The index represents the average return of the three high-profitability subgroups. It is rebalanced twice per year. Profitability is measured as operating income before depreciation and amortization minus interest expense scaled by book. Source: CRSP and Compustat.

**Dimensional US Low Profitability Index** was created by Dimensional in January 2014 and represents an index consisting of US companies. It is compiled by Dimensional. Dimensional sorts stocks into three profitability groups from high to low. Each group represents one-third of the market capitalization. Similarly, stocks are sorted into three relative price groups. The intersections of the three profitability groups and the three relative price groups yield nine subgroups formed on profitability and relative price. The index represents the average return of the three low-profitability subgroups. It is rebalanced twice per year. Profitability is measured as operating income before depreciation and amortization minus interest expense scaled by book. Source: CRSP and Compustat.

**Dimensional International Small Cap Index** was created by Dimensional in April 2008 and is compiled by Dimensional. July 1981–December 1993: It Includes non-US developed securities in the bottom 10% of market capitalization in each eligible country. All securities are market capitalization weighted. Each country is capped at 50%. Rebalanced semiannually. January 1994–Present: Market-capitalization-weighted index of small company securities in the eligible markets excluding those with the lowest profitability and highest relative price within the small cap universe. Profitability is measured as operating income before depreciation and amortization minus interest expense scaled by book. The index monthly returns are computed as the simple average of the monthly returns of four sub-indices, each one reconstituted once a year at the end of a different quarter of the year. Prior to July 1981, the index is 50% UK and 50% Japan. The calculation methodology for the Dimensional International Small Cap Index was amended on January 1, 2014, to include profitability as a factor in selecting securities for inclusion in the index.

# Index Descriptions

**Dimensional International Low Profitability Index** was created by Dimensional in January 2013 and represents an index consisting of non-US developed companies. It is compiled by Dimensional. Dimensional sorts stocks into three profitability groups from high to low. Each group represents one-third of the market capitalization of each eligible country. Similarly, stocks are sorted into three relative price groups. The intersections of the three profitability groups and the three relative price groups yield nine subgroups formed on profitability and relative price. The index represents the average return of the three low-profitability subgroups. The index is rebalanced twice per year. Profitability is measured as operating income before depreciation and amortization minus interest expense scaled by book. Source: Bloomberg.

**Dimensional International High Profitability Index** was created by Dimensional in January 2013 and represents an index consisting of non-US developed companies. It is compiled by Dimensional. Dimensional sorts stocks into three profitability groups from high to low. Each group represents one-third of the market capitalization of each eligible country. Similarly, stocks are sorted into three relative price groups. The intersections of the three profitability groups and the three relative price groups yield nine subgroups formed on profitability and relative price. The index represents the average return of the three high-profitability subgroups. The index is rebalanced twice per year. Profitability is measured as operating income before depreciation and amortization minus interest expense scaled by book. Source: Bloomberg.

**Dimensional Emerging Markets Low Profitability Index** was created by Dimensional in April 2013 and represents an index consisting of emerging markets companies and is compiled by Dimensional. Dimensional sorts stocks into three profitability groups from high to low. Each group represents one-third of the market capitalization of each eligible country. Similarly, stocks are sorted into three relative price groups. The intersections of the three profitability groups and the three relative price groups yield nine subgroups formed on profitability and relative price. The index represents the average return of the three low-profitability subgroups. The index is rebalanced twice per year. Profitability is measured as operating income before depreciation and amortization minus interest expense scaled by book. Source: Bloomberg.

**Dimensional Emerging Markets High Profitability Index** was created by Dimensional in April 2013 and represents an index consisting of emerging markets companies and is compiled by Dimensional. Dimensional sorts stocks into three profitability groups from high to low. Each group represents one-third of the market capitalization of each eligible country. Similarly, stocks are sorted into three relative price groups. The intersections of the three profitability groups and the three relative price groups yield nine subgroups formed on profitability and relative price. The index represents the average return of the three high-profitability subgroups. The index is rebalanced twice per year. Profitability is measured as operating income before depreciation and amortization minus interest expense scaled by book. Source: Bloomberg.

**Dimensional Emerging Markets Small Cap Index** was created by Dimensional in April 2008 and is compiled by Dimensional. January 1989–December 1993: Fama/French Emerging Markets Small Cap Index. January 1994–Present: Dimensional Emerging Markets Small Index Composition: Market-capitalization-weighted index of small company securities in the eligible markets excluding those with the lowest profitability and highest relative price within the small cap universe. Profitability is measured as operating income before depreciation and amortization minus interest expense scaled by book. The index monthly returns are computed as the simple average of the monthly returns of four sub-indices, each one reconstituted once a year at the end of a different quarter of the year. Source: Bloomberg. The calculation methodology for the Dimensional Emerging Markets Small Cap Index was amended on January 1, 2014, to include profitability as a factor in selecting securities for inclusion in the index.

The Dimensional Indices have been retrospectively calculated by Dimensional Fund Advisors LP and did not exist prior to their index inception dates. Accordingly, results shown during the periods prior to each Index's index inception date do not represent actual returns of the Index. Other periods selected may have different results, including losses. Backtested index performance is hypothetical and is provided for informational purposes only to indicate historical performance had the index been calculated over the relevant time periods. Backtested performance results assume the reinvestment of dividends and capital gains. Eugene Fama and Ken French are members of the Board of Directors of the general partner of, and provide consulting services to, Dimensional Fund Advisors LP.

# Index Descriptions

**Fama/French US Value Index:** Provided by Fama/French from CRSP securities data. Includes the lower 30% in price-to-book of NYSE securities (plus NYSE Amex equivalents since July 1962 and Nasdaq equivalents since 1973).

**Fama/French US Growth Index:** Provided by Fama/French from CRSP securities data. Includes the higher 30% in price-to-book of NYSE securities (plus NYSE Amex equivalents since July 1962 and Nasdaq equivalents since 1973).

**Fama/French Total US Market Index:** Provided by Fama/French from CRSP securities data. Includes all US operating companies trading on the NYSE, AMEX or Nasdaq NMS. Excludes ADRs, Investment Companies, Tracking Stocks, non-US incorporated companies, Closed-end funds, Certificates, Shares of Beneficial Interests and Berkshire Hathaway Inc (Permco 540).

**Fama/French International Value Index:** 2008–present: Provided by Fama/French from Bloomberg securities data. Simulated strategy of MSCI EAFE + Canada countries in the lower 30% price-to-book range. 1975–2007: Provided by Fama/French from MSCI securities data.

**Fama/French International Growth Index:** 2008–present: Provided by Fama/French from Bloomberg securities data. Simulated strategy of MSCI EAFE + Canada countries in the higher 30% price-to-book range. 1975–2007: Provided by Fama/French from MSCI securities data.

**Fama/French Emerging Markets Value Index:** 2009–present: Provided by Fama/French from Bloomberg securities data. Simulated strategy using IFC investable universe countries. Companies in the lower 30% price-to-book range; companies weighted by float-adjusted market cap; countries weighted by country float-adjusted market cap; rebalanced monthly. 1989–2008: Provided by Fama/French from IFC securities data. IFC data provided by International Finance Corporation.

**Fama/French Emerging Markets Growth Index:** 2009–present: Provided by Fama/French from Bloomberg securities data. Simulated strategy using IFC investable universe countries. Companies in the higher 30% price-to-book range; companies weighted by float-adjusted market cap; countries weighted by country float-adjusted market cap; rebalanced monthly. 1989–2008: Provided by Fama/French from IFC securities data. IFC data provided by International Finance Corporation.