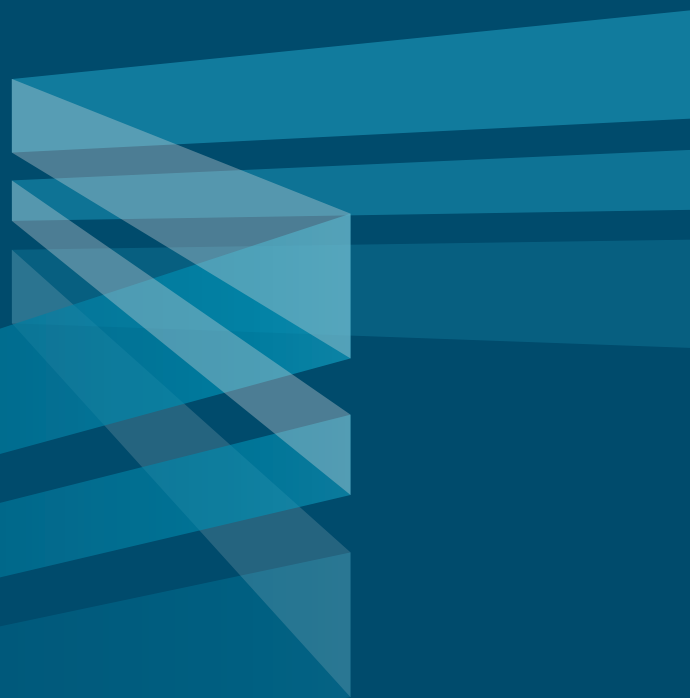


Pursuing a Better Investment Experience



1 Embrace market pricing

The market is an effective information-processing machine. Millions of participants buy and sell securities in the world markets every day, and the real-time information they bring helps set prices.

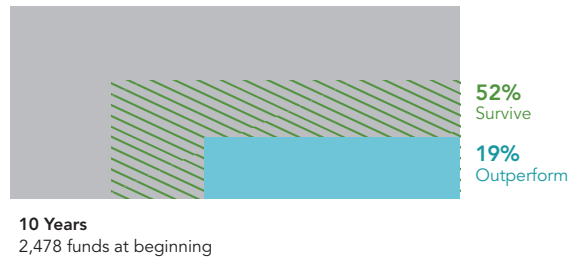
World Equity Trading in 2013

	Number of Trades	Dollar Volume
Daily Average	42 million	\$212 billion

2 Don't try to outguess the market

The market's pricing power works against mutual fund managers who try to outsmart other participants through stock picking or market timing. As evidence, only 19% of US equity mutual funds have survived and outperformed their benchmarks over the past 10 years.

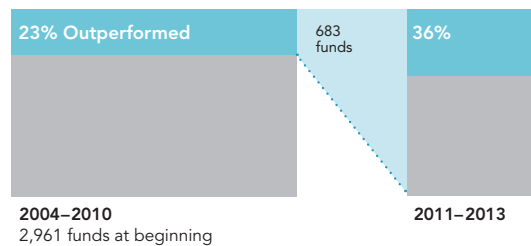
US Equity Mutual Fund Performance



3 Resist chasing past performance

Some investors select mutual funds based on past returns. However, funds that have outperformed in the past do not always persist as winners. Past performance alone provides little insight into a fund's ability to outperform in the future.

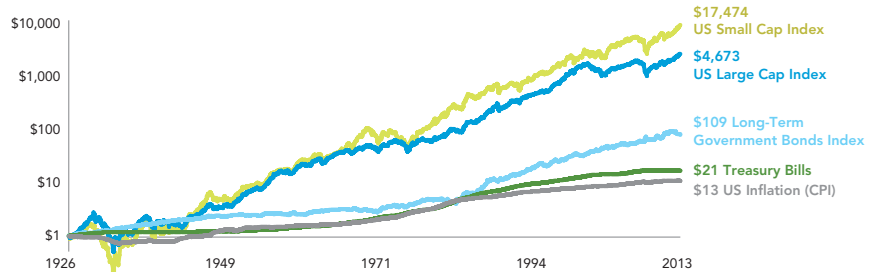
Do Outperforming US Equity Mutual Funds Persist?



4 Let markets work for you

The financial markets have rewarded long-term investors. People expect a positive return on the capital they supply, and historically, the equity and bond markets have provided growth of wealth that has more than offset inflation.

Growth of a Dollar, 1926–2013 (Compounded monthly)



5 Consider the drivers of returns

Academic research has identified these equity and fixed income dimensions, which point to differences in expected returns. These dimensions are pervasive, persistent, and robust and can be pursued in cost-effective portfolios.

Dimensions of Expected Returns

EQUITIES

Market Equity premium — stocks vs bonds
Company Size Small cap premium — small vs large companies
Relative Price Value premium — value vs growth companies
Profitability Profitability premium — high vs low profitability companies

FIXED INCOME

Term Term premium — longer vs shorter maturity bonds
Credit Credit premium — lower vs higher credit quality bonds

Past performance is no guarantee of future results. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio.

6 Practice smart diversification

Diversification helps reduce risks that have no expected return, but diversifying within your home market is not enough. You should also use diversification to broaden your investment universe.

S&P/TSX Composite (1991–2013)
Canadian Model Equity Index Portfolio



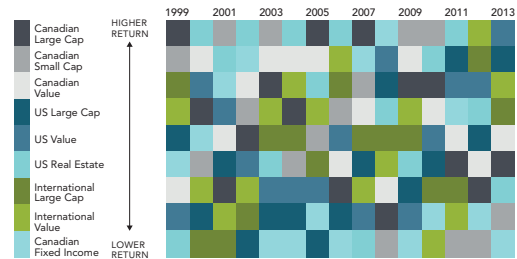
Globally Diversified Portfolio (1991–2013)
Global Model Diversified Equity Index Portfolio



7 Avoid market timing in your portfolio

You never know which market segments will outperform from year to year. By holding a globally diversified portfolio, investors are well positioned to seek returns wherever they occur.

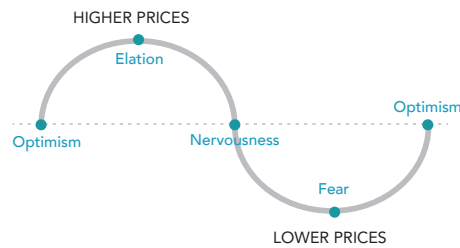
Annual Returns by Market Index



8 Manage your emotions

Many people struggle to separate their emotions from investing. Markets go up and down. Reacting to current market conditions may lead to making poor investment decisions at the worst times.

Reactive Investing in a Market Cycle



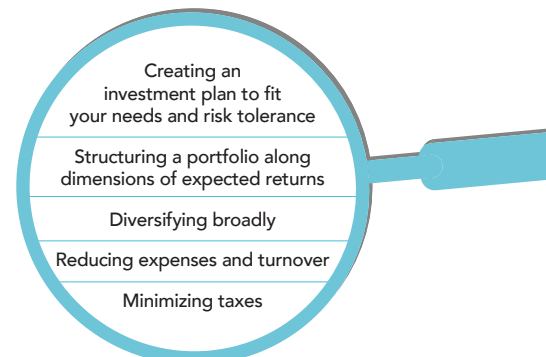
9 Don't confuse entertainment with advice

Daily market news and "expert" commentary will test your investment discipline. Some messages prey on your anxiety about the future, while others promise a path to quick, easy wealth. If you are tempted to act, consider the source and know the difference between entertainment and real advice.



10 Focus on what you can control

A financial advisor can create a plan tailored to your personal financial needs while helping you focus on actions that add value. This can lead to a better investment experience.



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 information.

Disclosures:

Exhibit 1: In US dollars. Global electronic order book (largest 50 exchanges) Source: World Federation of Exchanges.

Exhibit 2: Beginning sample includes US equity mutual funds as of the beginning of the 10-year period ending in 2013. Survivors are funds that were still in existence as of December 2013. Non-survivors include funds that were either liquidated or merged. Outperformers are funds that survived and beat their respective benchmarks over the period.

Exhibit 3: The graph shows the proportion of US equity mutual funds that outperformed and underperformed their respective benchmarks (i.e., winners and losers) during the initial seven-year period ending in 2010. Winning funds were re-evaluated in the subsequent three-year period from 2011 to 2013, with the graph showing winners (outperformers) and losers (underperformers). Fund count and percentages may not correspond due to rounding.

Data Source (Exhibits 2 and 3): The Mutual Fund Landscape 2014, Dimensional Fund Advisors. US-domiciled mutual fund data is from the CRSP Survivor-Bias-Free US Mutual Fund Database, provided by the Center for Research in Security Prices, University of Chicago. Benchmark data provided by Barclays, MSCI, and Russell. Barclays data provided by Barclays Bank PLC. MSCI data © MSCI 2014, all rights reserved. Russell data © Russell Investment Group 1995–2014, all rights reserved. Benchmark indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Mutual fund investment values will fluctuate, and shares, when redeemed, may be worth more or less than original cost. Diversification neither assures a profit nor guarantees against a loss in a declining market.

Exhibit 4: In US dollars. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. US Small Cap Index is the CRSP 6–10 Index; US Large Cap Index is the S&P 500 Index; Long-Term Government Bonds Index is 20-year US government bonds; Treasury Bills are One-Month US Treasury bills; Inflation is the Consumer Price Index. CRSP data provided by the Center for Research in Security Prices, University of Chicago. S&P data provided by Standard & Poor's Index Services Group. Bonds, T-bills, and inflation data © Stocks, Bonds, Bills, and Inflation Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld). Past performance is no guarantee of future results.

Exhibit 5: Relative price is measured by the price-to-book ratio; value stocks are those with lower price-to-book ratios. Profitability is a measure of current profitability, based on information from individual companies' income statements.

Exhibit 6: In Canadian dollars. Diversification neither ensures a profit nor guarantees against loss in a declining market. Portfolios are for illustrative purposes only. Globally Diversified Portfolio is equally weighted with the following asset groups: Canadian (Large, Small, and Value); US (Large, Small and Value); International (Large, Small, and Value); US Real Estate. See index descriptions below Exhibit 7 disclosure. Standard deviation is a statistical measure of risk. Generally speaking, the higher the standard deviation, the greater the risk. Date range selected for the model portfolios is the longest common time series of whole years of data available. Rebalanced quarterly. Not to be construed as investment advice. Returns of model portfolios are based on back-tested model allocation mixes designed with the benefit of hindsight and do not represent actual investment performance.

Exhibit 7: In Canadian dollars. Chart is for illustrative purposes only.

Index descriptions (Exhibits 6 and 7): Canadian Large Cap is the S&P/TSX Composite Index; Canadian Small Cap is the MSCI Canada Small Cap Index (gross dividends), January 1999–present, and Barra Canada Small Cap Index for December 1998 and before; Canadian Value is the MSCI Canada IMI Value Index (gross dividends) for June 1998–present, and Barra Canada Value Index for May 1998 and before; US Large Cap is the S&P 500 Index; US Small Cap is the CRSP 6–10 Index; US Value is the Russell 3000 Value Index; International Large Cap is the MSCI EAFE Index (net dividends); International Small is: 1970–June 1981, 50% UK small cap stocks provided by the London Business School and 50% Japan small cap stocks provided by Nomura Securities; July 1981–present, compiled by Dimensional from StyleResearch securities data; includes securities of MSCI EAFE Index countries, market-capitalization weighted, each country capped at 50%; International Value is the MSCI EAFE Value Index (net dividends); US Real Estate is the Dow Jones US Select REIT Index; Canadian Fixed Income is Canadian One-Month Treasury Bills. S&P/TSX data provided by S&P/TSX. Barra data provided by MSCI Barra. MSCI data © MSCI 2014, all rights reserved. S&P data provided by Standard & Poor's Index Services Group. Canadian Barra data provided by MSCI Barra. Russell data © Russell Investment Group 1995–2014, all rights reserved. CRSP data provided by the Center for Research in Security Prices, University of Chicago. Dow Jones US Select data provided by Dow Jones Indexes. 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.

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