
INVESTOR EXPERIENCE

A Look at 2022 Financial News Headlines

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Investments involve risks. The investment return and principal value of an investment may fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original value. Past performance is not a guarantee of future results. There is no guarantee strategies will be successful.

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Agenda

Geopolitical Events

Market Volatility

Inflation

Going Forward

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David Booth

Executive Chairman
and Founder

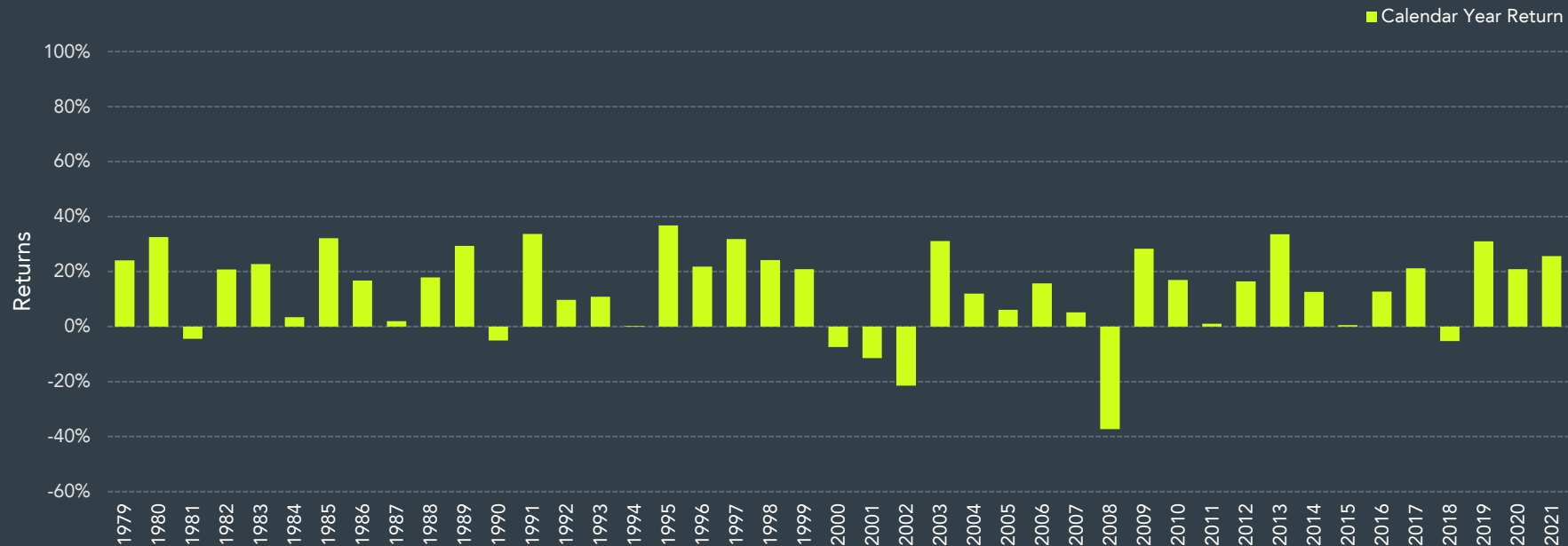
“In times of instability, it is essential to assess whether markets are functioning properly. Right now, markets are behaving as we would expect them to – they are open, trades are executing, buyers and sellers are coming together and setting prices.

The world has seen many crises during my more than 50 years studying markets, which has taught me that uncertainty and volatility are a part of investing. Time and again, markets have rewarded investors willing to focus on their goals and stick to their long-term plan.”

US Market Intra-year Gains and Declines vs. Calendar Year Returns



1979–2021

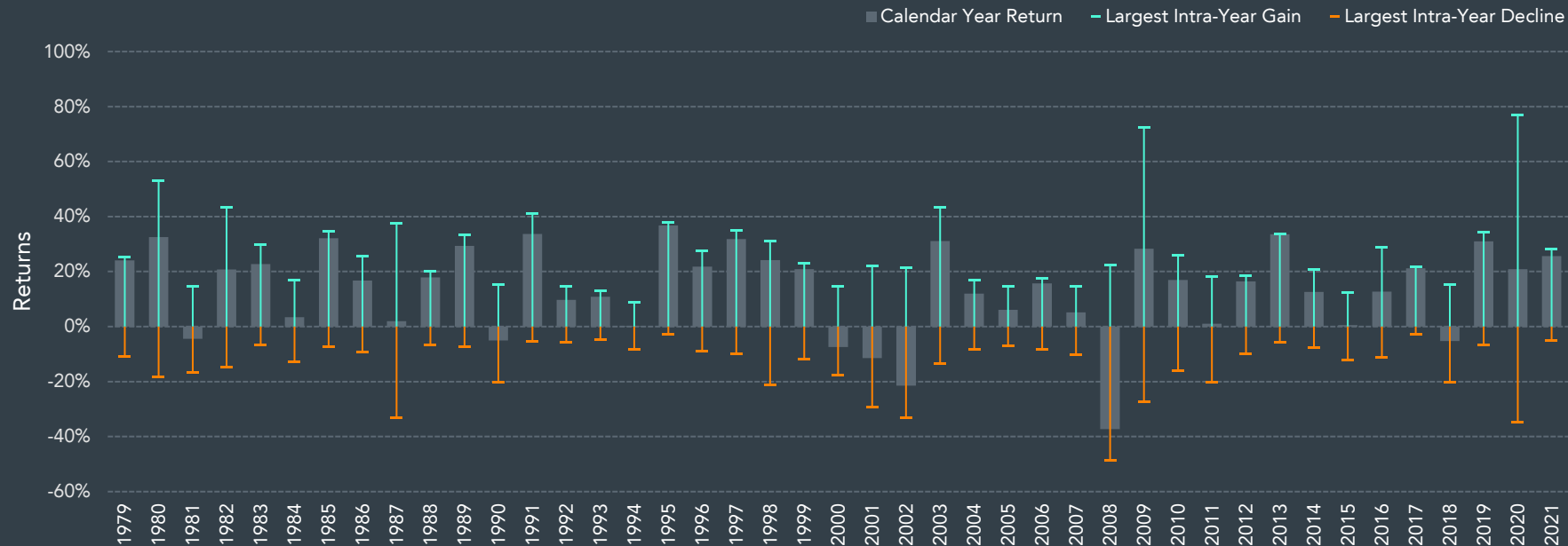


In US dollars. Data is calculated off rounded daily returns. US Market is the Russell 3000 Index. Largest Intra-Year Gain refers to the largest market increase from trough to peak during the year. Largest Intra-Year Decline refers to the largest market decrease from peak to trough during the year. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. Past performance is not a guarantee of future results. Values change frequently and past performance may not be repeated. There is always the risk that an investor may lose money. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Even a long-term investment approach cannot guarantee a profit.

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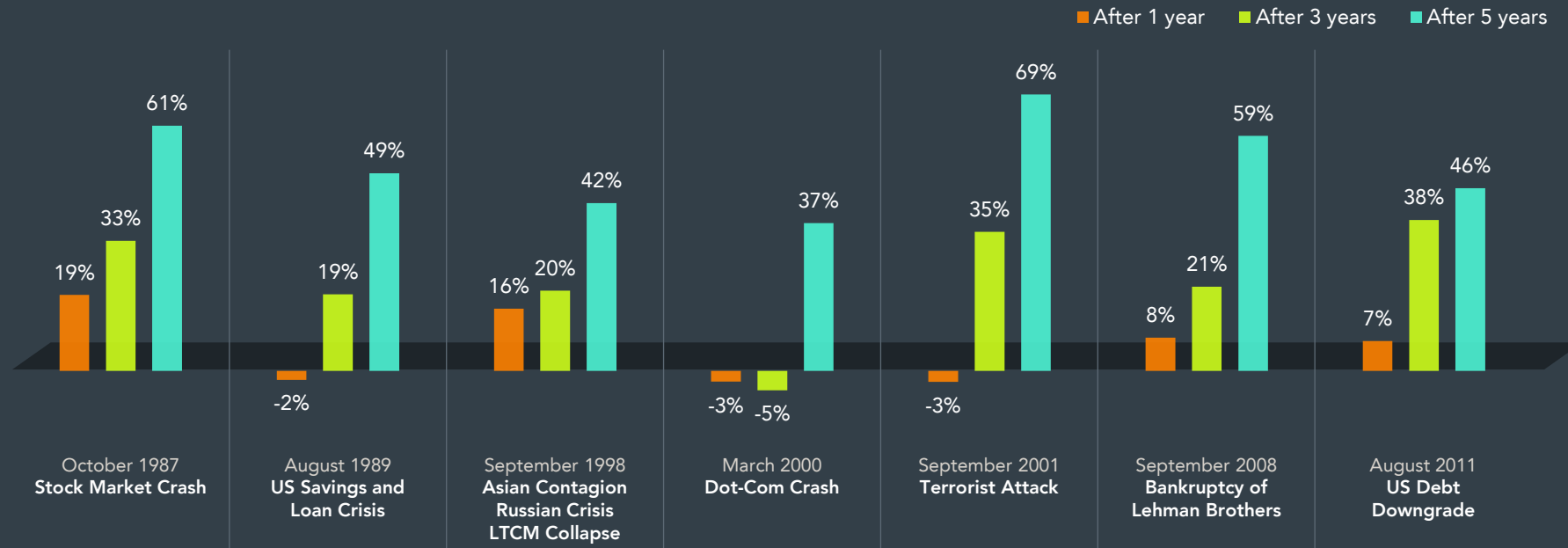
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Inflation

Going Forward

The Market's Response to Crisis

Performance of a balanced strategy: 60% stocks, 40% bonds
Cumulative total return



In US dollars.

Represents cumulative total returns of a Wealth Index Model invested on the first day of the following calendar month of the event noted. Assumes all strategies have been rebalanced monthly.

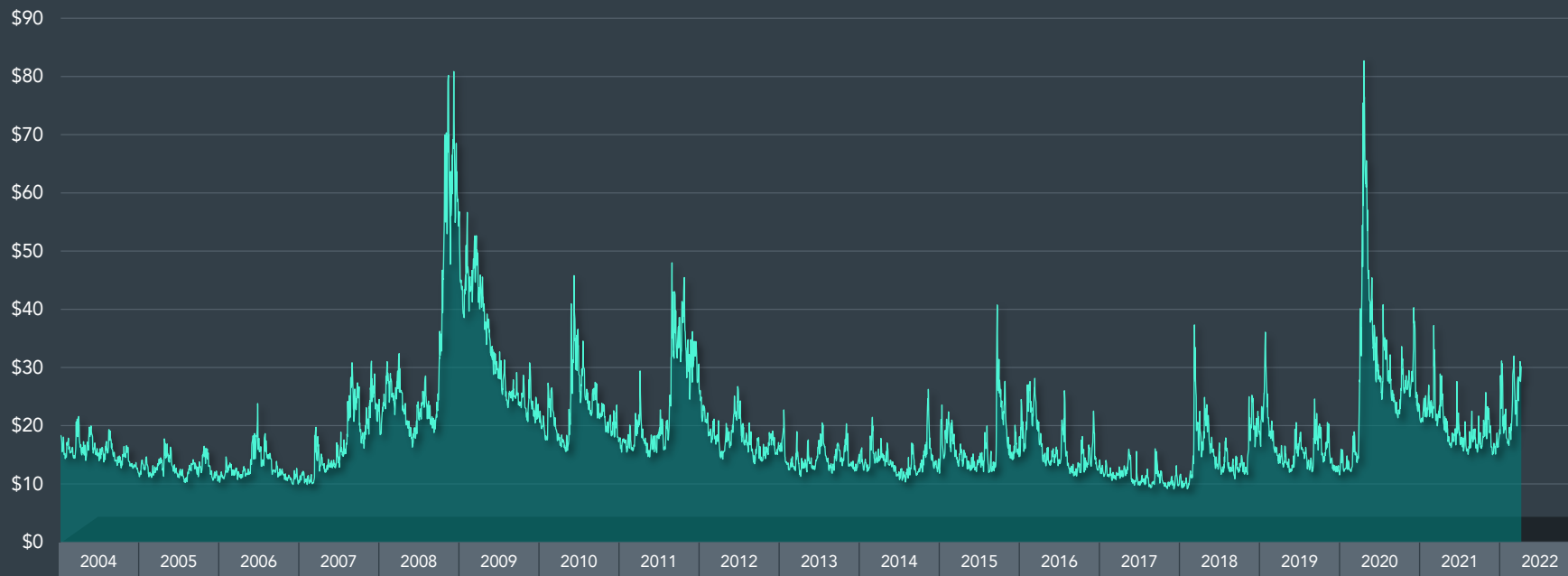
All performance results of the Wealth Index Models are based on performance of indices with model/backtested asset allocations; the performance was achieved with the benefit of hindsight; it does not represent actual investment strategies. The model's performance does not reflect advisory fees or other expenses associated with the management of an actual portfolio. There are limitations inherent in model allocations. In particular, model performance may not reflect the impact that economic and market factors may have had on the advisor's decision making if the advisor were actually managing client money. Past performance is no guarantee of future results.

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See Core 60/40 Wealth Index Model and Index Descriptions pages in the Appendix for additional information.

Historical Levels of Volatility

VIX adjusted closing price, January 1, 2004–February 28, 2022

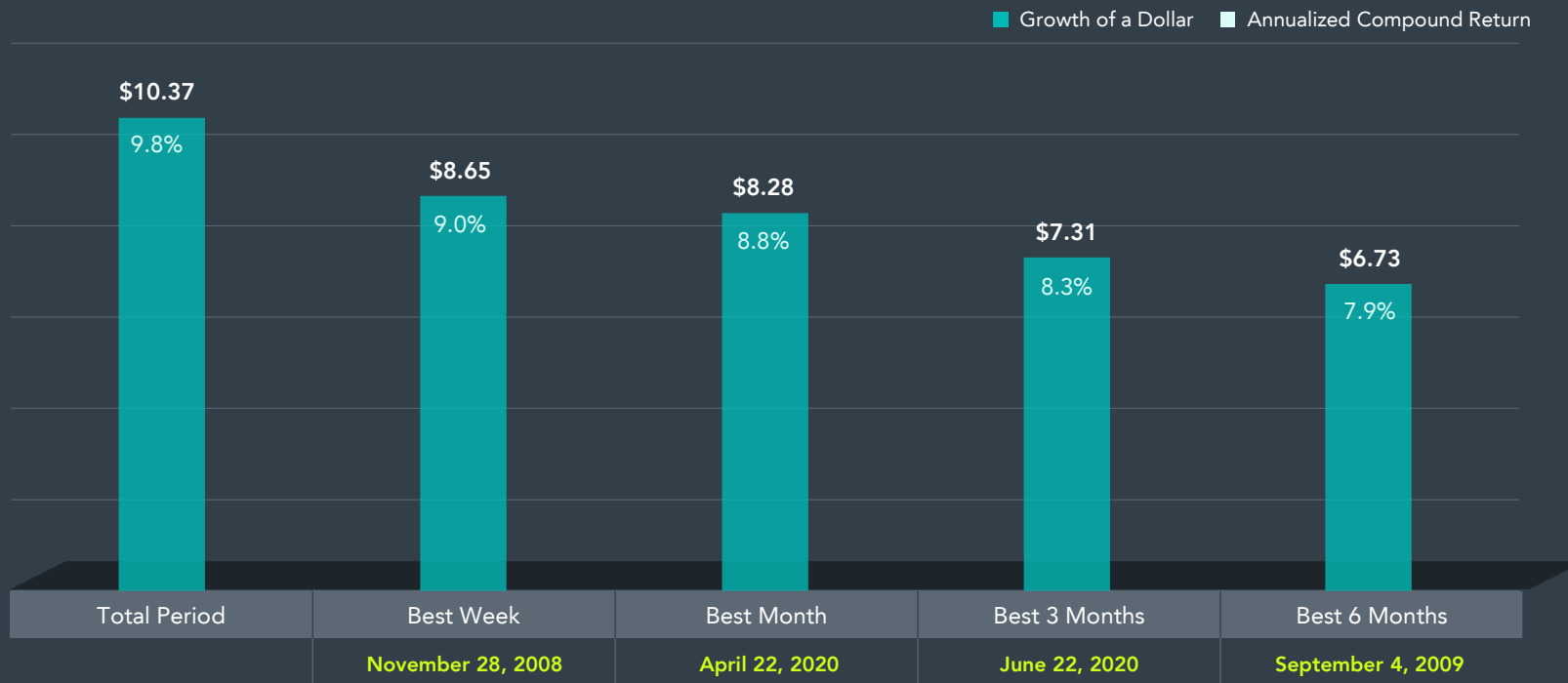


Past performance is not a guarantee of future results.

The VIX Index is based on the S&P 500® Index (SPX®), and estimates expected volatility by aggregating the weighted prices of SPX puts and calls over a wide range of strike prices. Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio. © 2022 Cboe Exchange, Inc. All rights reserved. S&P data © 2022 S&P Dow Jones Indices LLC, a division of S&P Global.

Missing the Best Consecutive Days

Russell 3000 Index, January 1996–December 2021



Best performance dates represent end of period.

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. In US dollars. For illustrative purposes. The missed best consecutive days examples assume that the hypothetical portfolio fully divested its holdings at the end of the day before the missed best consecutive days, held cash for the missed best consecutive days, and reinvested the entire portfolio in the Russell 3000 Index at the end of the missed best consecutive days. Annualized returns for the missed best consecutive days examples were calculated by substituting actual returns for the missed best consecutive days with zero. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes.

Agenda

Geopolitical Events

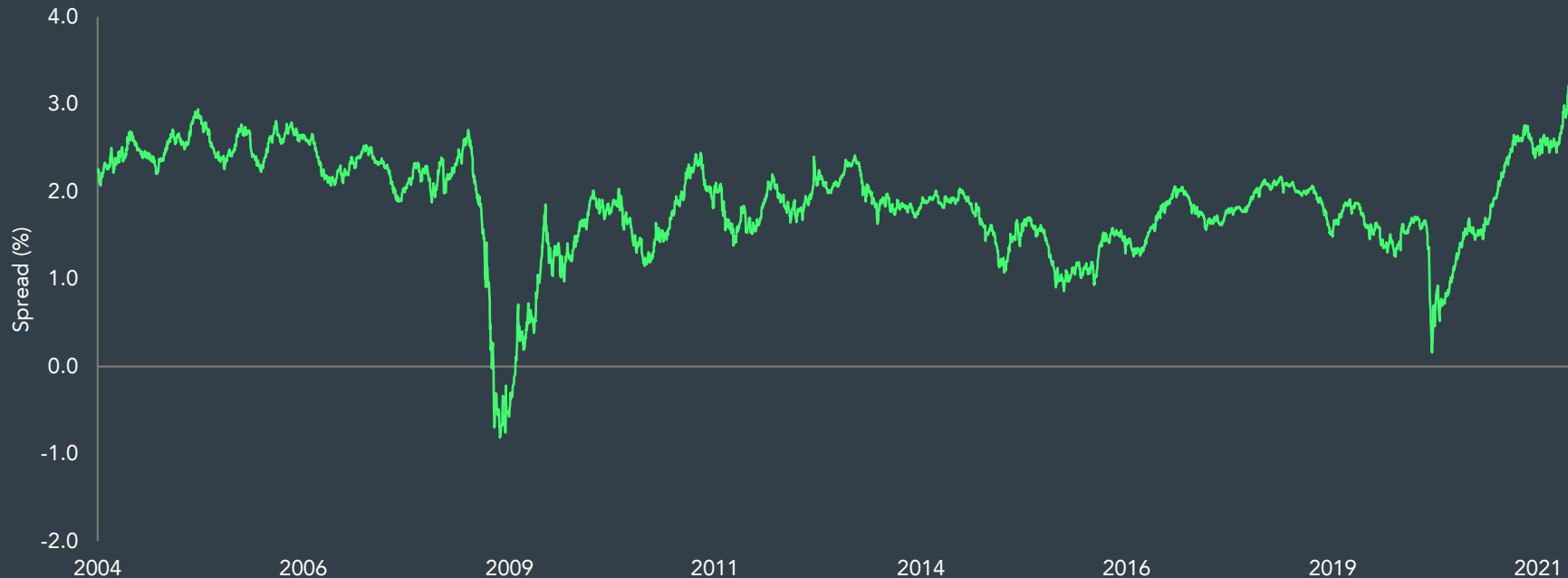
Market Volatility

Inflation

Going Forward

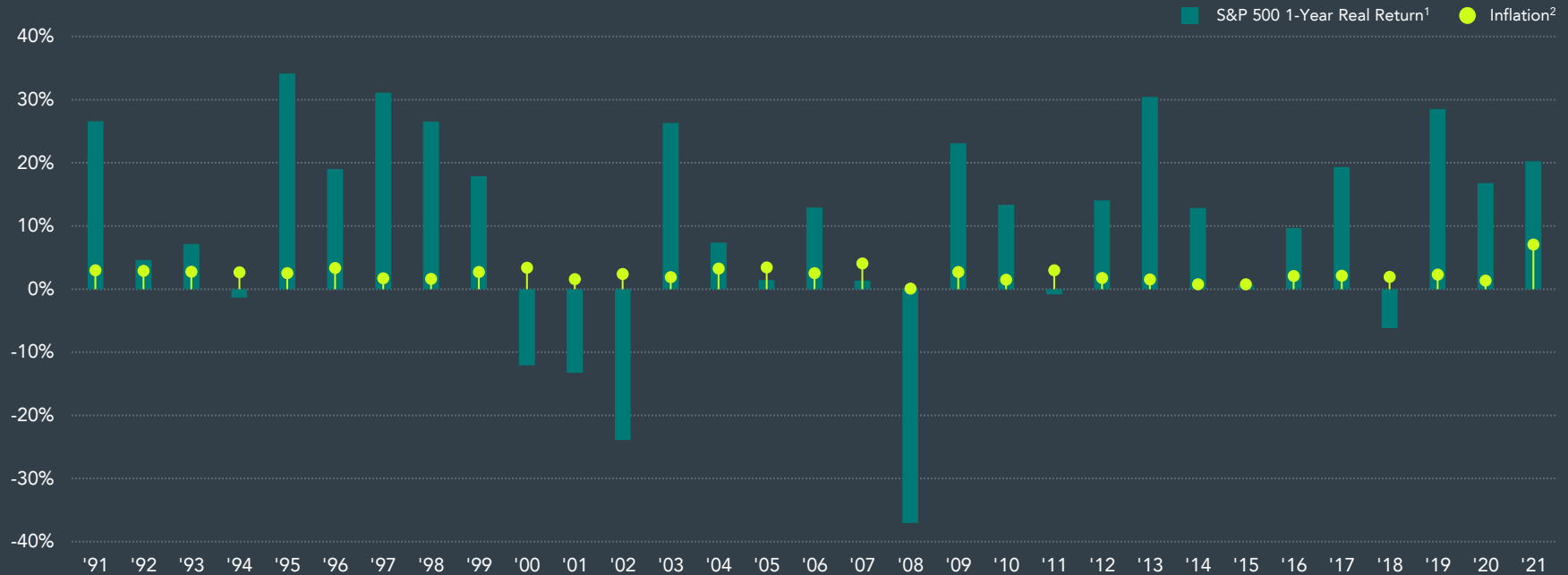
US Five-Year Breakeven

5-Year Nominal US Treasury minus 5-Year US TIPS as of December 31, 2021



Will Inflation Hurt Stock Returns? Not Necessarily.

Percent Change of Stocks vs. Inflation, 1991–2021



In USD.

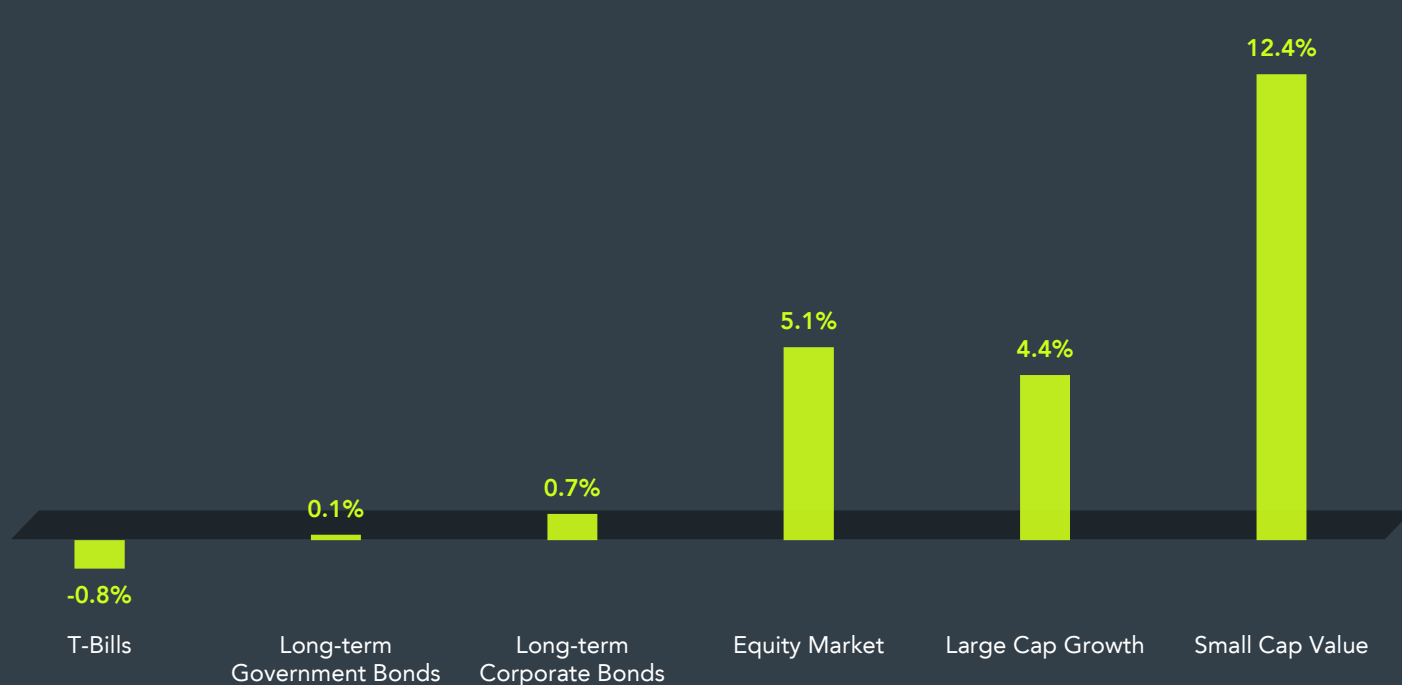
Past performance is no guarantee of future results. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio.

1. Real returns illustrate the effect of inflation on an investment return and are calculated using the following method: $[(1 + \text{nominal return of index over time period}) / (1 + \text{inflation rate})] - 1$. S&P data © 2022 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

2. Based on non-seasonally adjusted 12-month percentage change in Consumer Price Index for All Urban Consumers (CPI-U). Source: US Bureau of Labor Statistics.

Keeping it Real

Average annual real returns in years with above-median US inflation, 1927–2021



Simply staying invested helps outpace inflation over the long term for a wide range of asset classes.

Past performance is no guarantee of future results. Indices are not available for direct investment. US inflation is the annual rate of change in the Consumer Price Index for All Urban Consumers (CPI-U, not seasonally adjusted) from the Bureau of Labor Statistics. Returns are in US dollars. See Dai and Medhat (2021), available on SSRN: <https://ssrn.com/abstract=3882899>. There are 48 years with above-median inflation over the period 1927-2021. See "Data Appendix" for additional information.

Agenda

Geopolitical Events

Market Volatility

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Going Forward

Market Outlook

Concerning News

Geopolitical Concerns

Inflation

National Debt

Potential Tax Increases

Positive News

Unemployment at 4.0%¹

Record Corporate Earnings

Strong GDP Growth

Declining Covid Cases

1. Data as of January 31, 2022.

Appendix

Data Appendix



US inflation

The annual rate of change in the Consumer Price Index for All Urban Consumers (CPI-U, not seasonally adjusted) from the Bureau of Labor Statistics.

US government securities and long-term corporate bonds

The returns to US government securities (one-month T-bills, five-year notes, and long-term bonds) and long-term corporate bonds are from Morningstar (previously from Ibbotson Associates).

Commodities

Commodities are proxied by the Bloomberg Commodity Total Return Index, which is available starting from February 1991, so its annual return for 1991 is based on the available 11 months.

US equity portfolios and factors

The US equity market is proxied by the Fama/French Total US market research index. The US industry portfolios are the 12 Fama/French industry portfolios. The US style portfolios (small-cap value and growth and large-cap value and growth) are from the Fama/French 6 portfolios sorted on size (market cap) and book-to-market equity. The US size and value premiums are proxied by the Fama/French size and value factors. The returns to all the above are from Ken French's data library: https://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data_library.html.

Core 60/40 Wealth Index Model



Dimensional Core 60/40 Wealth Index Model

January 1985–present: Dimensional Wealth Index Model data compiled by Dimensional. 60% of the weight is allocated to the Dimensional Core 100/0 Wealth Index Model, and 40% of the weight is allocated to the Dimensional US Adjusted Investment Grade Index. The Wealth Index Model returns are calculated monthly as a weighted average of the returns of the underlying indices. The Dimensional US Adjusted Investment Grade Index is represented by Bloomberg US Aggregate Bond Index from January 1985 to January 1989. The Dimensional Core 60/40 Wealth Index Model has been retrospectively calculated by Dimensional and did not exist prior to March 2020.

Index Descriptions



DIMENSIONAL CORE 100/0 WEALTH INDEX MODEL

January 1985–present: Dimensional Wealth Index Model data compiled by Dimensional. The Dimensional Core 100/0 Wealth Index Model combines the following indices: Dimensional US Adjusted Market 1 Index, Dimensional US Adjusted Market 2 Index, Dimensional International Adjusted Market Index, Dimensional Emerging Markets Adjusted Market Index, and the S&P Global REIT Index (gross dividends). The weight of the REIT index is based on the market capitalization weight of equity REITs within the global universe of eligible stocks and equity REITs, rounded to the nearest 1%. Within the remaining non-REIT allocation, US equities are overweight relative to their market capitalization weight. The weights of the US, developed ex US, and emerging markets equities are then rescaled to sum to the total non-REIT weight of the Wealth Index Model and are all rounded to the nearest 1%. Regional weights are determined at each quarter-end and are held constant for the next three months. Within the US allocation, the weight each month is split equally between the Dimensional US Adjusted Market 1 Index and the Dimensional US Adjusted Market 2 Index. The Wealth Index Model returns are calculated monthly as a weighted average of the returns of the underlying indices. The Dimensional Core 100/0 Wealth Index Model has been retrospectively calculated by Dimensional and did not exist prior to March 2020.

DIMENSIONAL US ADJUSTED MARKET 1 INDEX

January 1975–present: Compiled by Dimensional from CRSP and Compustat data. Targets all securities of US companies traded on the NYSE, NYSE MKT (formerly AMEX), and Nasdaq Global Market with an emphasis on companies with smaller capitalization, lower relative price, and higher profitability, excluding those with the lowest profitability and highest relative price within the small cap universe. The index also excludes those companies with the highest asset growth within the small cap universe. Profitability is defined as operating income before depreciation and amortization minus interest expense divided by book equity. Asset growth is defined as change in total assets from the prior fiscal year to current fiscal year. Exclusions: non-US companies, REITs, UITs, and investment companies. The index has been retroactively calculated by Dimensional and did not exist prior to March 2007. The calculation methodology was amended in January 2014 to

include profitability as a factor in selecting securities for inclusion in the index. The calculation methodology was amended in December 2019 to include asset growth as a factor in selecting securities for inclusion in the index.

Prior to January 1975: Targets all securities of US companies traded on the NYSE, NYSE MKT (formerly AMEX), and Nasdaq Global Market with an emphasis on companies with smaller capitalization and lower relative price.

DIMENSIONAL US ADJUSTED MARKET 2 INDEX

January 1975–present: Compiled by Dimensional from CRSP and Compustat data. Targets all securities of US companies traded on the NYSE, NYSE MKT (formerly AMEX), and Nasdaq Global Market with an emphasis on companies with smaller capitalization, lower relative price, and higher profitability, excluding those with the lowest profitability and highest relative price within the small cap universe. The index also excludes those companies with the highest asset growth within the small cap universe. Profitability is defined as operating income before depreciation and amortization minus interest expense divided by book equity. Asset growth is defined as change in total assets from the prior fiscal year to current fiscal year. The index overweights securities of companies with smaller capitalization and lower relative price to a greater degree than the Dimensional US Adjusted Market 1 Index. Exclusions: non-US companies, REITs, UITs, and investment companies. The index has been retroactively calculated by Dimensional and did not exist prior to March 2007. The calculation methodology was amended in January 2014 to include profitability as a factor in selecting securities for inclusion in the index. The calculation methodology was amended in December 2019 to include asset growth as a factor in selecting securities for inclusion in the index.

Prior to January 1975: Targets all securities of US companies traded on the NYSE, NYSE MKT (formerly AMEX), and Nasdaq Global Market with an emphasis on companies with smaller capitalization and lower relative price.

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.

Index Descriptions



DIMENSIONAL US ADJUSTED INVESTMENT GRADE INDEX

Compiled by Dimensional using data provided by Bloomberg. Includes securities in Bloomberg US 3–10 Year Government, Credit Aaa, Aa, A, Baa indices; and Bloomberg US 1–3 Year Government, Credit Aaa, Aa, A, Baa indices. Securities can be over- or underweighted based on government/credit spreads. When the difference in yields between credit and government bonds is narrow, government bonds may be held above 50%. When the difference in yields between credit and government bonds is wide, government bonds may be held below 50%. Securities can be over- or underweighted with respect to their market cap weight based on credit spreads. When the difference in yields between AAA+AA and A+BBB is narrow, AAA+AA bonds may be held above market cap weight. When the difference in yields between AAA+AA and A+BBB is wide, AAA+AA bonds may be held below market cap weight. When the difference in yields between AAA+AA and BBB is narrow, BBB bonds may be held below market cap weight. When the difference in yields between AAA+AA and BBB is wide, BBB bonds may be held above market cap weight. The duration of the index is based on the term spread between 5–10 year government/credit bonds and 1–3 year government/credit bonds. When the term spread is wide, the duration of the index can be longer than the duration of Bloomberg US Aggregate Index. When the term spread is narrow, the duration of the index can be shorter than the duration of Bloomberg US Aggregate Index. The duration of the government component is based on the term spread between 5–10 year government bonds and 1–3 year government bonds. When the term spread is wide, the duration of the government component can be longer than the duration of Bloomberg US Government Index. When the term spread is narrow, the duration of the index can be shorter than the duration of Bloomberg US Government Index.

DIMENSIONAL INTERNATIONAL ADJUSTED MARKET INDEX

Compiled by Dimensional from Bloomberg securities data. Targets all the securities in the eligible markets with an emphasis on companies with smaller market capitalization, lower relative price, and higher profitability, excluding those with the lowest profitability and highest relative price within their country's small cap universe. The index also excludes those companies with the highest asset growth within their country's small cap universe. Profitability is defined as operating income before depreciation and amortization minus interest expense divided by book equity. Asset growth is defined as change in total assets from the prior fiscal year to current fiscal year. Exclusions: REITs and investment companies. The index has been retroactively calculated by Dimensional and did not exist prior to April 2008. The calculation methodology was amended in January 2014 to include profitability as a factor in selecting securities for inclusion in the index. The calculation methodology was amended in November 2019 to include asset growth as a factor in selecting securities for inclusion in the index.

DIMENSIONAL EMERGING MARKETS ADJUSTED MARKET INDEX

Compiled by Dimensional from Bloomberg securities data. Targets all securities in the eligible markets with an emphasis on companies with smaller market capitalization, lower relative price, and higher profitability, excluding those with the lowest profitability and highest relative price within their country's small cap universe. The index also excludes those companies with the highest asset growth within their country's small cap universe. Profitability is defined as operating income before depreciation and amortization minus interest expense divided by book equity. Asset growth is defined as change in total assets from the prior fiscal year to current fiscal year. Exclusions: REITs and investment companies. The index has been retroactively calculated by Dimensional and did not exist prior to April 2008. The calculation methodology was amended in January 2014 to include profitability as a factor in selecting securities for inclusion in the index. The calculation methodology was amended in November 2019 to include asset growth as a factor in selecting securities for inclusion in the index.

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