

Market Equilibrium

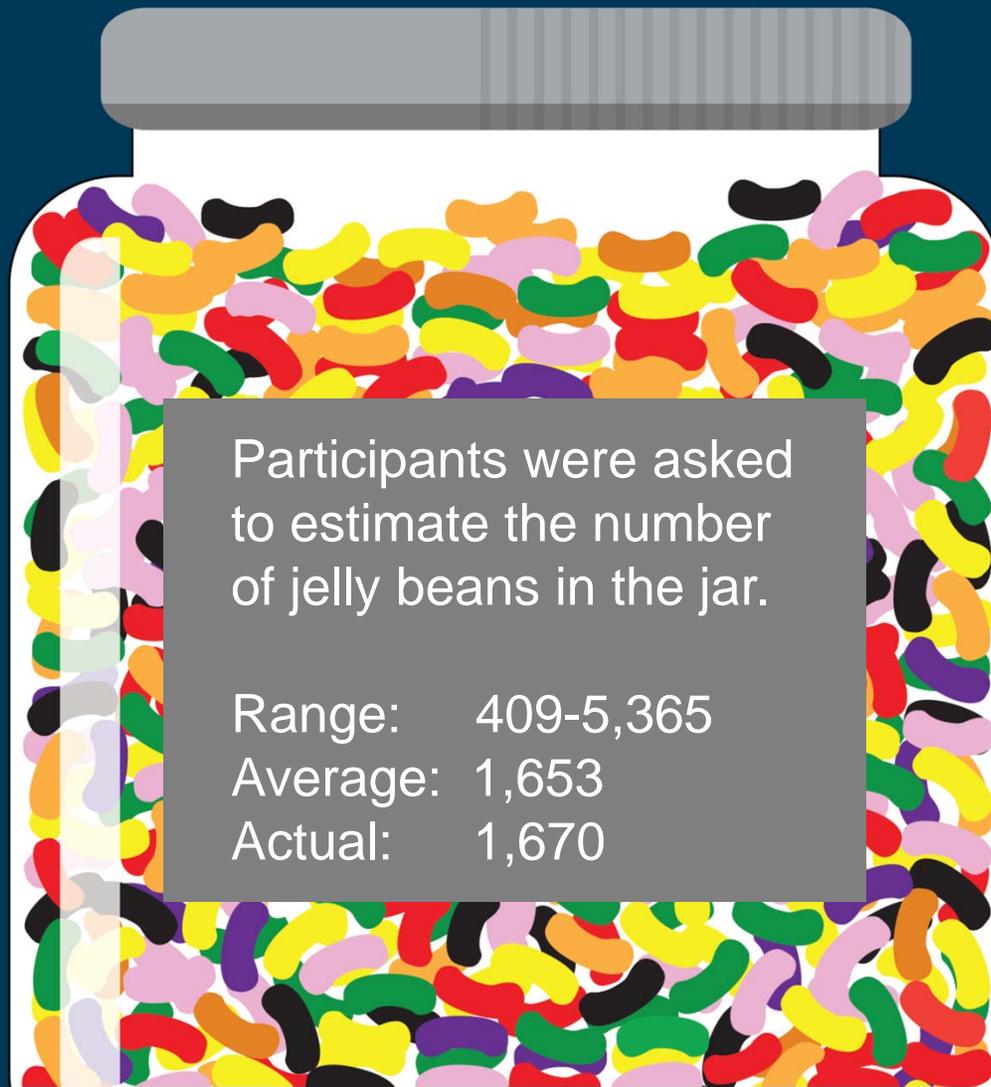
- The market is an information-processing machine
- Prices reflect all available information
- Outsmarting other investors is tough
- Let the market work for you

“In an efficient market, prices fully reflect available information.”

—Eugene Fama

Professor of Finance,
University of Chicago Booth School of Business
Nobel laureate, 2013

What Is Your Guess?



The average estimate of all participants was very close to the actual count.

Together, we know more than we do alone.

Markets Integrate the Combined Knowledge of All Participants

World Equity Trading in 2016

	Number of Trades	Dollar Volume
Daily Average	82.7 million	\$346.4 billion

The market effectively enables competition among many market participants who voluntarily agree to transact.

This trading aggregates a vast amount of dispersed information and drives it into security prices.

In US dollars.

Source: World Federation of Exchanges members, affiliates, correspondents and non-members. Trade data from the global electronic order book. Daily averages were computed using year-to-date totals as of December 31, 2016, divided by 250 as an approximate number of annual trading days.

People Trust Market Pricing Every Day



The daily price of fish may vary based on buyer and seller expectations of market forces. We accept the price as an accurate estimate of current value and make decisions accordingly.

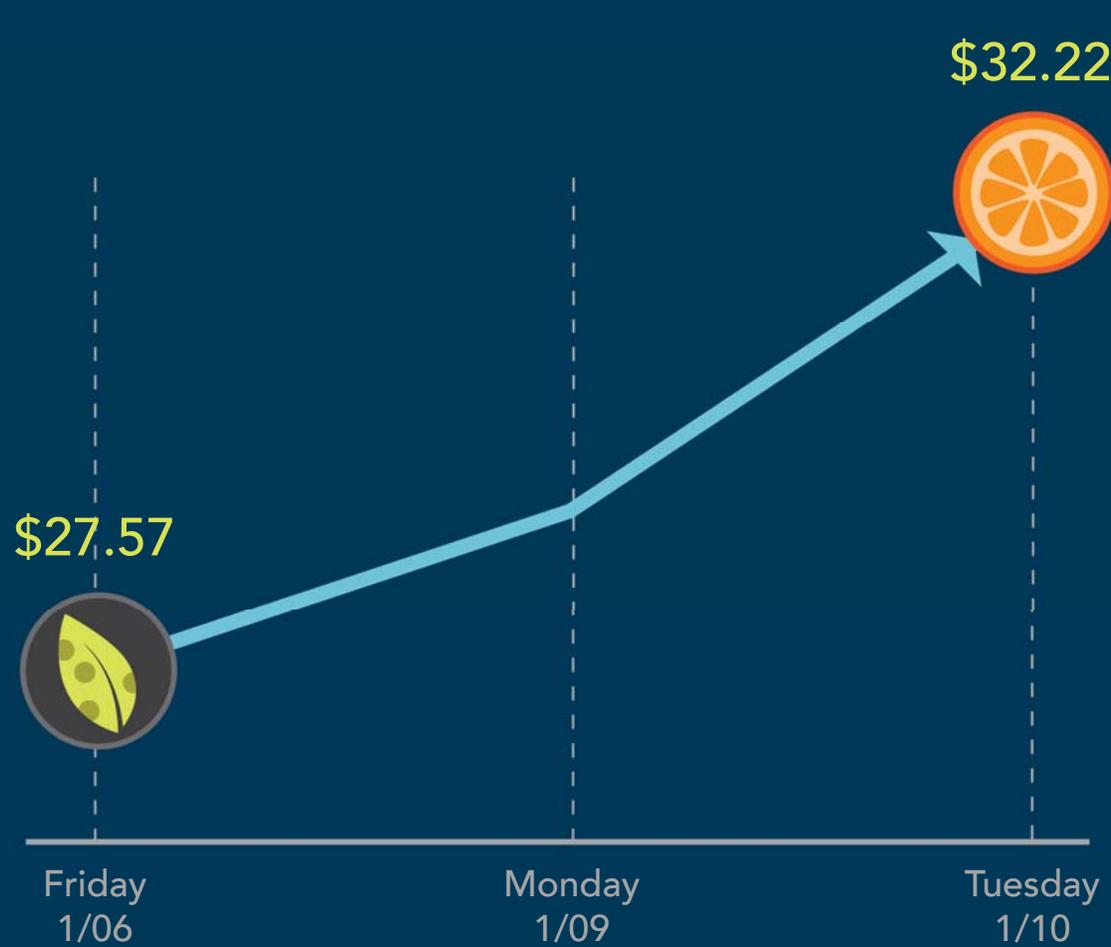
The same is true of a stock price, which reflects all known information about a company.

What Affects a Stock's Current Price?



Given all information, a stock's current price offers the best approximation of actual value.

Markets React to Events



“Orange juice futures surge to record on fungicide fears”

–Reuters, January 10, 2012

Prices adjust when unexpected events alter the market’s view of the future.

In US dollars.

Source: Dow Jones-UBS Orange Juice Subindex. Dow Jones data provided by Dow Jones indices.

Stock Prices Adjust Quickly

Heinz, 2/14/2013

CLOSING PRICE

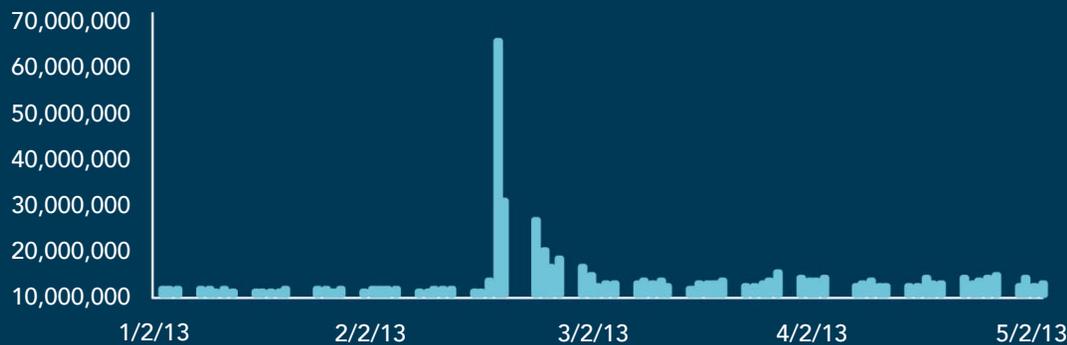


“Heinz agrees to buyout by Berkshire Hathaway, 3G”

–USA Today, February 14, 2013

News travels quickly, and prices can adjust in an instant.

TRADE VOLUME



In US dollars.

Source: Bloomberg.

The security identified is shown for illustrative purposes only to demonstrate the investment philosophy described herein. These materials are not, and should not be construed as, a recommendation to purchase or sell the security identified or any other securities. Actual holdings will vary for each client, and there is no guarantee that any client will hold the security identified.

Picking the Fastest Lane Is a Stressful Guessing Game

Likewise, trying to anticipate the movement of the market adds anxiety and undue risk.



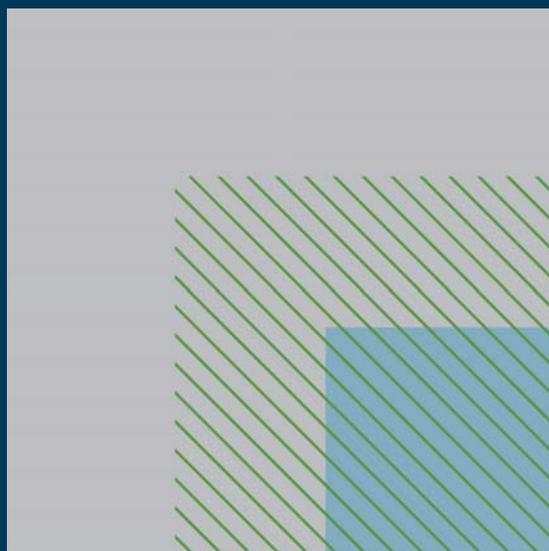
Outsmarting Other Investors Is Tough

Few mutual funds survive and beat their benchmarks,
15-year performance period ending December 31, 2016

EQUITY FUNDS

Beginners
 Survivors
 Outperformers

2,587 funds at beginning

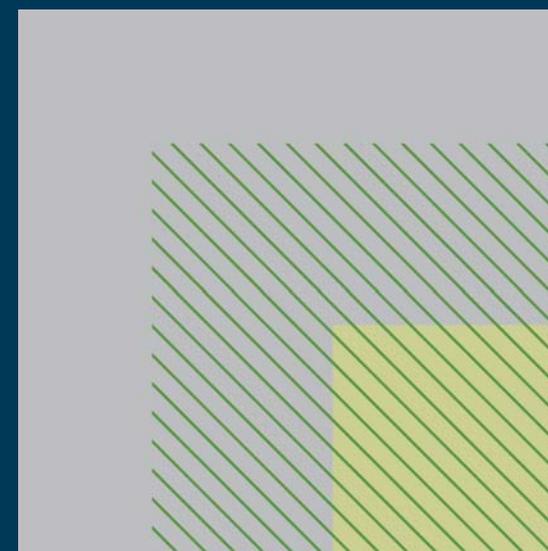


48% Survive
17% Outperform

FIXED INCOME FUNDS

Beginners
 Survivors
 Outperformers

958 funds at beginning

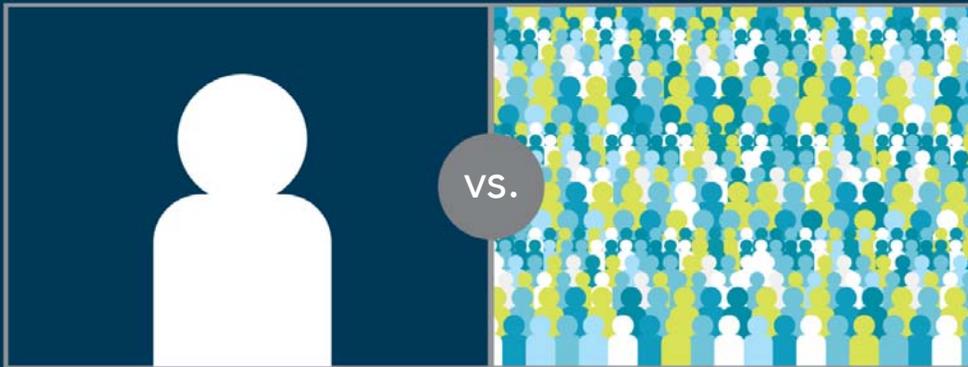


57% Survive
18% Outperform

Past performance is no guarantee of future results.

In US dollars. The sample includes funds at the beginning of the five-, 10-, and 15-year periods ending December 31, 2016. Survivors are funds that had returns for every month in the sample period. Winners are funds that survived and outperformed their respective Morningstar category benchmark over the period. US-domiciled open-end mutual fund data is from Morningstar and Center for Research in Security Prices (CRSP) from the University of Chicago. See Disclosures for more information.

Let the Market Work for You



When you try to outwit the market, you compete with the collective knowledge of all investors.



By harnessing the market's power, you put their knowledge to work in your portfolio.

Disclosures

November 11, 2015

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

US-domiciled open-end mutual fund data is from Morningstar and Center for Research in Security Prices (CRSP) from the University of Chicago.

Equity fund sample includes the Morningstar historical categories: Diversified Emerging Markets, Europe Stock, Foreign Large Blend, Foreign Large Growth, Foreign Large Value, Foreign Small/Mid Blend, Foreign Small/Mid Growth, Foreign Small/Mid Value, Japan Stock, Large Blend, Large Growth, Large Value, Mid-Cap Blend, Mid-Cap Value, Miscellaneous Region, Pacific/Asia ex-Japan Stock, Small Blend, Small Growth, Small Value, and World Stock. For additional information regarding the Morningstar historical categories, please see "The Morningstar Category Classifications" at morningstardirect.morningstar.com/clientcomm/Morningstar_Categories_US_April_2016.pdf.

Fixed income fund sample includes the Morningstar historical categories: Corporate Bond, Inflation-Protected Bond, Intermediate Government, Intermediate-Term Bond, Muni California Intermediate, Muni National Intermediate, Muni National Short, Muni New York Intermediate, Muni Single State Short, Short Government, Short-Term Bond, Ultrashort Bond, and World Bond. For additional information regarding the Morningstar historical categories, please see "The Morningstar Category Classifications" at morningstardirect.morningstar.com/clientcomm/Morningstar_Categories_US_April_2016.pdf.

Index funds and fund-of-funds are excluded from the sample. Net assets for funds with multiple share classes or feeder funds are a sum of the individual share class total net assets. The return, expense ratio, and turnover for funds with multiple share classes are taken as the asset-weighted average of the individual share class observations. Fund share classes are aggregated at the strategy level using Morningstar FundID and CRSP portfolio number.

Each fund is evaluated relative to the Morningstar benchmark assigned to the fund's category at the start of the evaluation period. Surviving funds are those with return observations for every month of the sample period. Winner funds are those that survived and whose cumulative net return over the period exceeded that of their respective Morningstar category benchmark. Loser funds are funds that did not survive the period or whose cumulative net return did not exceed their respective Morningstar category benchmark.

Benchmark data provided by Bloomberg Barclays, MSCI, Russell, Citigroup, and S&P. Bloomberg Barclays data provided by Bloomberg. MSCI data © MSCI 2017, all rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. Citi fixed income indices © 2017 by Citigroup. The S&P data is provided by Standard & Poor's Index Services Group.

Benchmark indices are not available for direct investment. Their performance does not reflect the expenses associated with management of an actual portfolio.

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

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. There is no guarantee investment strategies will be successful. Past performance is no guarantee of future results.