



LETTER FROM THE CHAIRMAN, 2017

After more than 35 years in the financial services industry, I have found that having an investment philosophy—one that is robust and that you can stick with—cannot be overstated.

Just like a personal philosophy can act as a moral compass, an investment philosophy can guide your decisions on how to invest. While this may sound simple, the implications can be significant. People who put their savings to work in capital markets do so with the expectation of earning a return on their investment, and there is ample evidence to support that long-term investors have been rewarded with such returns. But we also know that investors will encounter times when the results are disappointing. It is in these times that your philosophy will be tested, and being able to stay the course requires trust. The alternative approach likely consists of moving between different strategies based on past results, which is unlikely to lead to a good outcome.

At Dimensional, our investment philosophy is based on the power of market prices and guided by theoretical and empirical

research. What does that mean? Markets do an incredible job of incorporating information and aggregate expectations into security prices, so it does not make sense to form an investment strategy that attempts to outguess the market. Our approach focuses on using information contained in prices to identify differences in expected returns. We conduct research to help us organize our thinking, improve our understanding of what drives returns, and gain insights on how to build sensible portfolios. One such insight is looking beyond average returns. By considering the entire distribution of outcomes, we can better understand what investors should be aware of to help them stay invested when results aren't what they expect.

As an example, the S&P 500 Index has returned about 10% annualized since 1926. But over that time period, there have only been six calendar years when

the S&P's return was within two percentage points of 10%.¹ If investors were to adopt a strategy that tracks the S&P 500 Index expecting 10% each year, they need to understand that returns over any given period can look different.

At Dimensional, we've sought to improve upon indexing, taking the best of what it offers and adding the ability to make judgments. Our experience has been that by incorporating a little bit of judgment, you can add a lot of value.

So what does it take to stay the course? Our view is that while there is no silver bullet, there are some basic tenets that can help. Developing an understanding of how markets work and trusting markets is a good starting point. Having an asset allocation that aligns with your risk tolerance and investment goals is also valuable. We believe financial advisors can play a critical role in this determination. Finally, it's important that the investment manager can be trusted to execute the desired strategy.

Dimensional began back in 1981 with a new idea: small cap investing. The premise was that many investors didn't invest in small cap stocks, and that small caps behaved differently than large cap stocks and could offer diversification benefits to investors concentrating in large caps. We found clients who agreed the idea was sensible. Over the next nine years, the performance of small cap stocks was disappointing relative to large caps (at one point the S&P 500 outpaced our portfolio by about 10% annually), so on the surface it may have appeared that both we and our clients had a reason to be nervous. But clients were willing to stick with us because we were clear about our objective—providing a diversified portfolio of small cap stocks—and we delivered on it.² Having compelling ideas is important, but the implementation of those ideas is what really counts. From the beginning, we focused on developing protocols about how to design and manage portfolios, and 35 years later we have amassed a track record of results that we believe stands out in the industry.

In this regard, an index-like approach is useful because of how transparent it is. It is easy for an investor to examine whether the returns achieved by the manager matched those of the index. This is part of the reason indexing has been a positive development for investors, offering a transparent, low-cost way to access markets. However, index funds prioritize matching an index over potentially achieving higher returns—so we believe they are too mechanical.

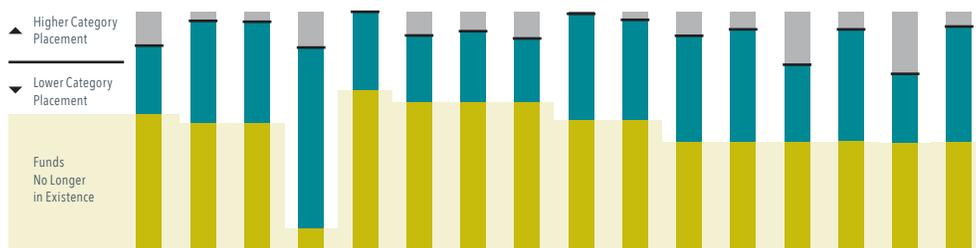
1. Past performance is not a guarantee of future results. Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio. The S&P data is provided by Standard & Poor's Index Services Group.

2. Diversification does not eliminate the risk of market loss. Investing risks include loss of principal and fluctuating value. Small cap securities are subject to greater volatility than those in other asset categories. There is no guarantee an investing strategy will be successful.

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. Dimensional funds are distributed by DFA Securities LLC.

RELATIVE PERFORMANCE OF EQUITY FUNDS WITH MORE THAN 15 YEARS OF HISTORY

as of March 31, 2017



Ticker	DFALX	DFIVX	DTMIX	DFISX	DISVX	DFUSX	DFELX	DTMEX	DFLVX	DTMMX	DFSTX	DFSCX	DFTSX	DFSVX	DTMVX	DFFVX
Fund Assets in \$MM	4,030	8,415	3,382	11,524	14,151	7,384	250	2,996	20,701	4,507	15,475	5,777	2,651	14,210	4,316	9,391
Dimensional Placement/ Number of Funds Starting the Period	67/ 444	7/ 165	9/ 165	4/ 21	1/ 35	125/ 1,327	99/ 1,327	153/ 1,327	10/ 859	30/ 859	43/ 395	35/ 395	89/ 395	18/ 208	54/ 208	15/ 208

■ Funds No Longer in Existence
 ■ Proportion of Surviving Funds Placing Behind Dimensional
 ■ Dimensional Placement
 ■ Proportion of Surviving Funds Placing Ahead of Dimensional

Dimensional placement is the Morningstar 15-Year Total Return Absolute Category Rank sourced from Morningstar. Number of funds starting the period is the number of share classes, within the respective Morningstar Category, with return histories as of the start of the 15-year period ending in March 31, 2017. Funds that are unranked due to having changed Morningstar Category are excluded from the number of funds starting the period. Number of Surviving Funds Placing Ahead (Behind) of Dimensional is the count of ranked funds with a higher (lower) Morningstar 15-Year Total Return Absolute Category Rank than the corresponding Dimensional fund. The table includes all Dimensional institutional equity funds available on or before April 1, 2002. Dimensional feeder funds are excluded from the table because they ultimately invest in master-feeder funds. Master-feeder funds are included in the table. All funds are US-domiciled. Bar heights are scaled to aid comparison across funds. Fund Assets are as of March 31, 2017. Funds may have experienced negative performance over the time period. Past performance is no guarantee of future results. Visit us.dimensionalfund.com for standardized performance information for Dimensional's funds. See table on next page for standardized time periods.

While our long-term results show an ability to add value over benchmarks, we still place tremendous value on helping our clients understand why we do what we do. Just like those first years, we have lived through other times when the results have looked disappointing. This is one reason our approach combines our ability to make judgments with the transparency we believe is necessary for clients to understand what they can expect from us. The solutions we provide are meant to help clients achieve their financial goals. We know that a big part of enjoying the expected benefit of long-term returns relies on the ability to stay invested. By clearly articulating what we promise to provide, and delivering on those promises with robust portfolios, our

hope is that we can help increase clients' confidence in their decision to invest with us and provide them with a more successful investment experience.

On behalf of all of us at Dimensional, we want to thank our clients for the trust you have placed in us. We will continue working hard to reinforce the decision you have made. For those of you who may not yet work with us, we look forward to the prospect of serving you in the future.

DAVID BOOTH
Founder and Executive Chairman

APPENDIX

RELATIVE PERFORMANCE FOR STANDARDIZED PERIODS

as of March 31, 2017

Ticker	DFALX	DFIVX	DTMIX	DFISX	DISVX	DFUSX	DFELX	DTMEX	DFLVX	DTMMX	DFSTX	DFSCX	DFTSX	DFSVX	DTMVX	DFVX	
Fund Assets in \$MM	4,030	8,415	3,382	11,524	14,151	7,384	250	2,996	20,701	4,507	15,475	5,777	2,651	14,210	4,316	9,391	
Prior Year	Dimensional Placement/	175/	26/	31/	28/	10/	475/	452/	269/	119/	201/	347/	246/	316/	175/	266/	162/
	Number of Funds Starting the Period	776	371	371	111	67	1,492	1,492	1,492	1,328	1,328	794	794	794	438	438	438
	Number of Ranked Funds Ending the Period	735	328	328	108	65	1,404	1,404	1,404	1,258	1,258	757	757	757	412	412	412
Prior 5 Years	Dimensional Placement/	194/	85/	114/	21/	8/	132/	86/	177/	15/	25/	78/	63/	69/	67/	16/	36/
	Number of Funds Starting the Period	679	330	330	75	43	1,494	1,494	1,494	1,202	1,202	645	645	645	373	373	373
	Number of Ranked Funds Ending the Period	525	223	223	65	40	1,113	1,113	1,113	936	936	537	537	537	309	309	309
Prior 10 Years	Dimensional Placement/	101/	65/	60/	7/	2/	149/	86/	167/	150/	148/	50/	120/	138/	104/	94/	64/
	Number of Funds Starting the Period	589	272	272	33	55	1,705	1,705	1,705	1,260	1,260	617	617	617	365	365	365
	Number of Ranked Funds Ending the Period	327	136	136	28	19	822	822	822	679	679	377	377	377	199	199	199
Prior 15 Years	Dimensional Placement/	67/	7/	9/	4/	1/	125/	99/	153/	10/	30/	43/	35/	89/	18/	54/	15/
	Number of Funds Starting the Period	444	165	165	21	35	1,327	1,327	1,327	859	859	395	395	395	208	208	208
	Number of Ranked Funds Ending the Period	189	78	78	19	12	508	508	508	391	391	216	216	216	113	113	113

DFALX is in the category US Fund Foreign Large Blend. DFIVX and DTMIX are in the category US Fund Foreign Large Value. DFISX is in the category US Fund Foreign Small/Mid Blend. DISVX is in the category US Fund Foreign Small/Mid Value. DFUSX, DFELX, and DTMEX are in the category US Fund Large Blend. DFLVX and DTMMX are in the category US Fund Large Value. DFSTX, DFSCX, and DFTSX are in the category US Fund Small Blend. DFSVX, DTMVX, and DFFVX are in the category US Fund Small Value.

Dimensional placement is the Morningstar 1-, 5-, 10-, or 15-Year Total Return Absolute Category Rank sourced from Morningstar. Number of funds starting the period is the number of share classes, within the respective Morningstar Category, with return histories as of the start of the 1-, 5-, 10-, or 15-year period ending in March 31, 2017. Funds that are unranked due to having changed Morningstar Category are excluded from the number of funds starting the period. Number of Surviving Funds Placing Ahead (Behind) of Dimensional is the count of ranked funds with a higher (lower) Morningstar 1-, 5-, 10-, or 15-Year Total Return Absolute Category Rank than the corresponding Dimensional fund. The table includes all Dimensional institutional equity funds available on or before 1, 5, 10, or 15 years prior to March 31, 2017. Dimensional feeder funds are excluded from the table because they ultimately invest in master-feeder funds. Master-feeder funds are included in the table. All funds are US-domiciled. Bar heights are scaled to aid comparison across funds. Fund Assets are as of March 31, 2017. Funds may have experienced negative performance over the time period. Past performance is no guarantee of future results. Visit us.dimensional.com for standardized performance information for Dimensional's funds.

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. Dimensional funds are distributed by DFA Securities LLC.

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