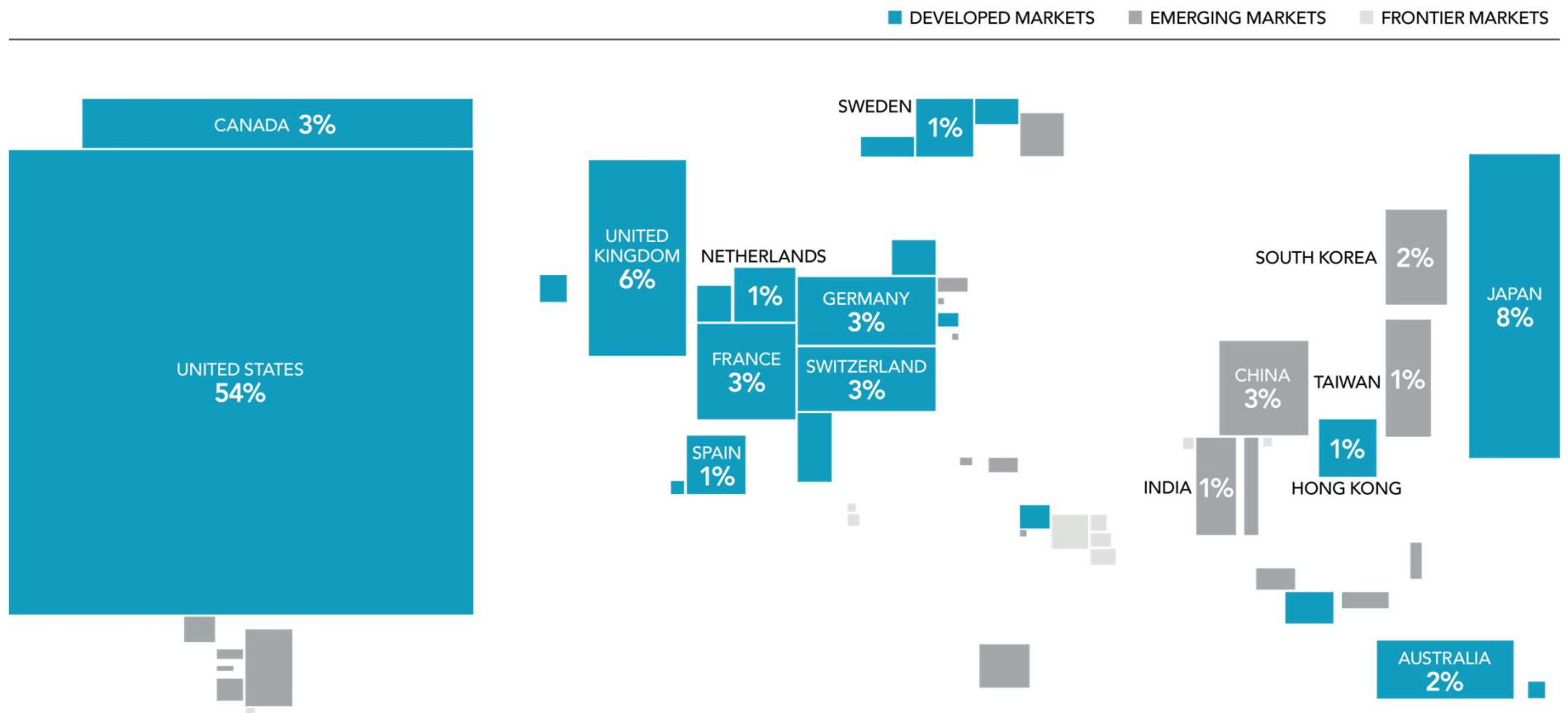


# The Case for Global Diversification

# There's a World of Opportunity in Equities

Percent of world market capitalization as of December 31, 2016

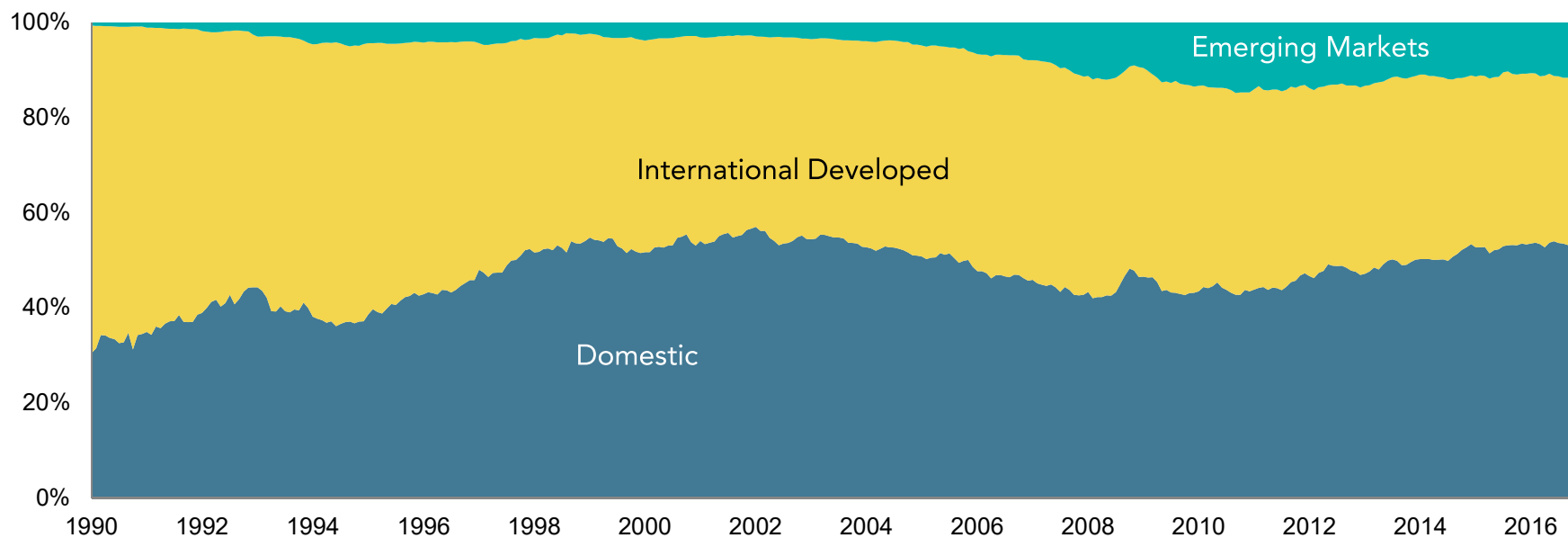


Data provided by Bloomberg. Market cap data is free-float adjusted and meets minimum liquidity and listing requirements. Many nations not displayed. Totals may not equal 100% due to rounding. For educational purposes; should not be used as investment advice. China market capitalization excludes A-shares, which are generally only available to mainland China investors.

# Market Capitalization of Global Stock Markets

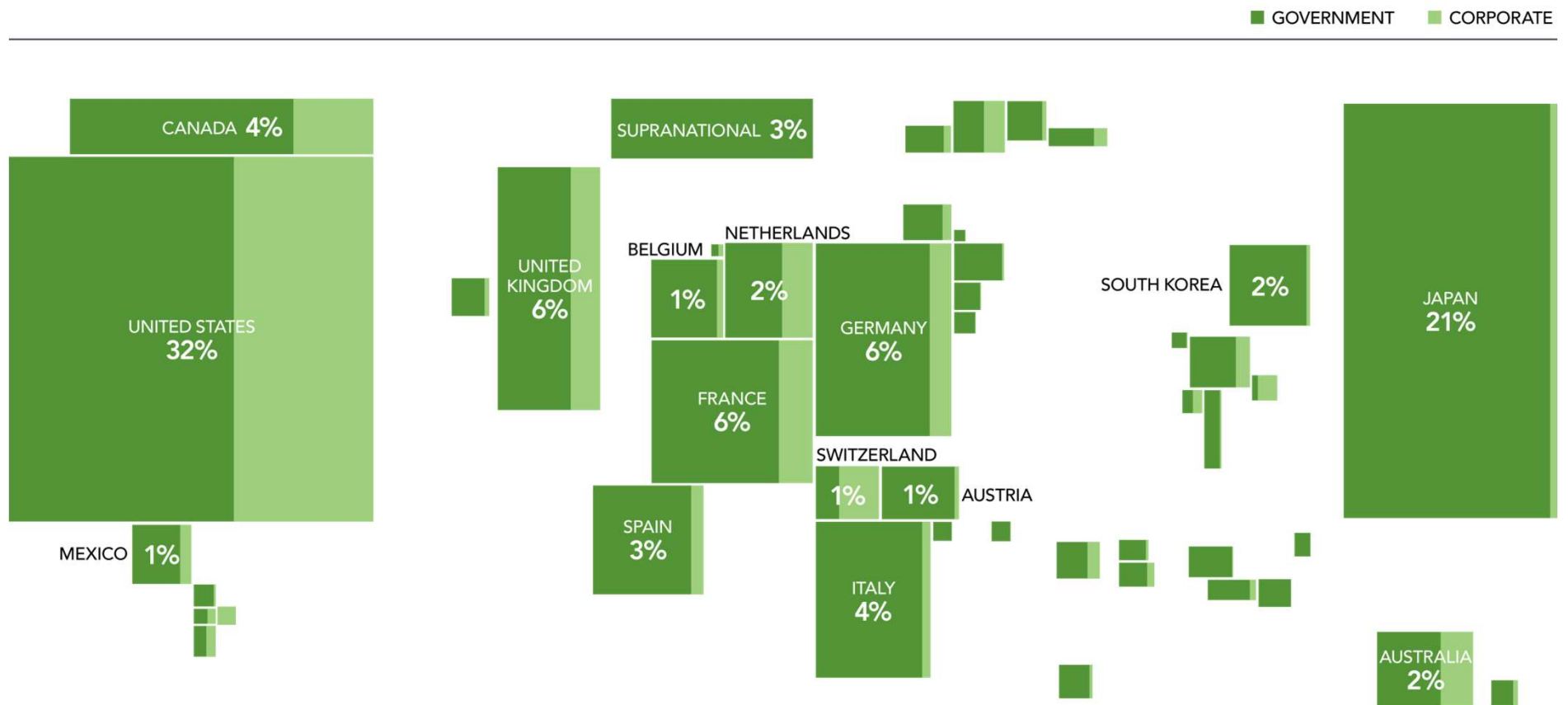
January 1990–December 2016

	Number of Countries	Number of Stocks	Total Value	December 31, 2016	Weights	
					Change from Previous Year	01/90–12/16 Average
US	1	3,311	25.35 Trillion	54.20%	▲ 0.90%	47.07%
Developed Markets ex US	22	6,315	16.26 Trillion	34.76%	▼ -1.16%	46.27%
Emerging Markets	23	5,619	5.16 Trillion	11.04%	▲ 0.25%	6.65%
Total	46	15,245	46.78 Trillion	100.00%		



# There's a World of Opportunity in Fixed Income

Percent of global investment grade bond market as of December 31, 2016



Data is from Bloomberg Barclays Global Aggregate Ex-Securitized Bond Index. Index excludes non-investment grade securities, bonds with less than one year to maturity, tax-exempt municipal securities, inflation-linked bonds, floating rate issues, and securitized bonds. Many nations not displayed. Totals may not equal 100% due to rounding. For educational purposes; should not be used as investment advice. Data provided by Bloomberg.

# The Randomness of Returns

Annual Return (%)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Highest Return	7.6	62.6	34.2	34.0	36.0	39.4	8.8	78.5	28.1	9.4	20.1	38.8	32.0	5.8	31.7
	5.1	60.2	33.2	25.5	32.1	8.2	6.6	53.3	26.9	3.4	18.2	34.5	13.7	4.5	21.3
	3.6	55.8	29.9	21.1	30.0	7.5	4.7	51.4	24.9	2.3	18.1	32.5	13.5	1.5	17.3
	3.4	47.3	25.6	15.1	27.9	6.3	-28.9	37.6	24.5	2.1	18.1	32.4	4.9	1.4	12.0
	2.2	46.6	25.0	13.8	23.5	5.9	-33.8	28.5	21.2	0.6	17.9	28.3	4.2	1.0	11.2
	-6.2	46.0	22.2	7.0	22.2	5.5	-36.8	27.2	18.9	0.4	17.5	26.0	1.9	0.9	8.4
	-7.1	36.2	18.3	4.9	19.8	3.6	-37.0	26.5	15.5	-4.2	17.1	22.2	1.2	0.2	8.1
	-11.4	30.0	16.5	4.7	18.4	2.5	-39.2	20.6	15.1	-5.5	16.3	1.2	0.2	-3.8	6.7
	-15.5	28.7	10.9	4.6	15.8	-0.2	-43.9	19.7	5.4	-11.1	16.0	0.6	-2.2	-4.4	4.7
	-15.6	2.0	2.7	3.1	4.3	-1.6	-45.6	2.3	3.7	-15.5	2.1	0.3	-4.9	-7.2	1.5
	-20.5	1.9	1.3	2.4	4.1	-9.8	-47.8	0.8	2.0	-16.4	0.9	-0.1	-5.0	-7.5	1.0
Lowest Return	-22.1	1.5	0.8	1.3	3.8	-17.6	-53.3	0.2	0.8	-18.4	0.2	-2.6	-5.4	-14.9	0.8

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
US Large Cap	-22.1	28.7	10.9	4.9	15.8	5.5	-37.0	26.5	15.1	2.1	16.0	32.4	13.7	1.4	12.0
US Large Cap Value	-15.5	30.0	16.5	7.0	22.2	-0.2	-36.8	19.7	15.5	0.4	17.5	32.5	13.5	-3.8	17.3
US Small Cap	-20.5	47.3	18.3	4.6	18.4	-1.6	-33.8	27.2	26.9	-4.2	16.3	38.8	4.9	-4.4	21.3
US Small Cap Value	-11.4	46.0	22.2	4.7	23.5	-9.8	-28.9	20.6	24.5	-5.5	18.1	34.5	4.2	-7.5	31.7
US Real Estate	3.6	36.2	33.2	13.8	36.0	-17.6	-39.2	28.5	28.1	9.4	17.1	1.2	32.0	4.5	6.7
International Large Cap Value	-15.6	46.6	25.0	15.1	30.0	7.5	-43.9	37.6	5.4	-11.1	18.1	22.2	-4.9	-7.2	8.1
International Small Cap	-7.1	62.6	29.9	25.5	19.8	3.6	-47.8	51.4	24.9	-15.5	17.9	26.0	-5.0	5.8	4.7
International Small Cap Value	2.2	60.2	34.2	21.1	27.9	2.5	-45.6	53.3	21.2	-16.4	20.1	28.3	-5.4	1.5	8.4
Emerging Markets	-6.2	55.8	25.6	34.0	32.1	39.4	-53.3	78.5	18.9	-18.4	18.2	-2.6	-2.2	-14.9	11.2
One-Year US Fixed	3.4	1.5	0.8	2.4	4.3	5.9	4.7	0.8	0.8	0.6	0.2	0.3	0.2	0.2	0.8
Five-Year US Government Fixed	7.6	2.0	1.3	1.3	3.8	8.2	8.8	0.2	3.7	3.4	0.9	-0.1	1.2	0.9	1.0
Five-Year Global Fixed	5.1	1.9	2.7	3.1	4.1	6.3	6.6	2.3	2.0	2.3	2.1	0.6	1.9	1.0	1.5

In US dollars. US Large Cap is the S&P 500 Index, provided by Standard & Poor's Index Services Group. US Large Cap Value is the Russell 1000 Value Index. US Small Cap is the Russell 2000 Index. US Small Cap Value is the Russell 2000 Value Index. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. US Real Estate is the Dow Jones US Select REIT Index, provided by Dow Jones indices. International Large Cap Value is the MSCI World ex USA Value Index (gross dividends). International Small Cap is the MSCI World ex USA Small Cap Index (gross dividends). International Small Cap Value is the MSCI World ex USA Small Cap Value Index (gross dividends). Emerging Markets is the MSCI Emerging Markets Index (gross dividends). MSCI data copyright MSCI 2017, all rights reserved. One-Year US Fixed is the BofA Merrill Lynch One-Year US Treasury Note Index, used with permission; copyright 2017 Merrill Lynch, Pierce, Fenner & Smith Incorporated; all rights reserved. Merrill Lynch, Pierce, Fenner & Smith Incorporated is a wholly owned subsidiary of Bank of America Corporation. Five-Year US Government Fixed is the Bloomberg Barclays Treasury Bond Index 1-5 Years. Bloomberg Barclays data provided by Bloomberg. Five-Year Global Fixed is the Citi World Government Bond Index 1-5 Years (hedged), copyright 2017 by Citigroup. **Indexes are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results.**

# Equity Returns of Developed Markets

Annual Return (%)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Highest Return	Switz. 44.25	Finland 121.64	Finland 152.60	Switz. 5.85	NZ 8.42	NZ 24.24	Sweden 64.53	Austria 71.52	Canada 28.31	Spain 49.36	Finland 48.65	Japan -29.21	Norway 87.07	Sweden 33.75	Ireland 13.71	Belgium 39.55	Finland 46.04	US 12.69	Denmark 23.43	Canada 24.56
	Italy 35.48	Belgium 67.75	Singapore 99.40	Canada 5.34	Australia 1.68	Austria 16.55	Germany 63.80	Norway 53.27	Japan 25.52	Ireland 46.81	HK 41.20	Switz. -30.49	Australia 76.43	Denmark 30.73	NZ 5.54	Denmark 31.27	Ireland 41.15	NZ 7.34	Ireland 16.49	NZ 18.37
	Denmark 34.52	Italy 52.52	Sweden 79.74	Denmark 3.44	Ireland -2.80	Australia -1.34	Spain 58.46	Belgium 43.53	Austria 24.64	Singapore 46.71	Germany 35.21	US -37.57	Singapore 73.96	HK 23.23	US 1.36	Singapore 30.96	US 31.79	Denmark 6.18	Belgium 12.10	Norway 13.31
	US 33.38	Spain 49.90	Japan 61.53	Norway -0.89	Austria -5.65	Norway -7.26	Austria 56.96	Ireland 43.07	Denmark 24.50	Norway 45.12	Spain 31.43	Switz. -40.60	Sweden 64.16	Singapore 22.14	UK -2.56	Germany 30.90	Germany 31.37	HK 5.07	Japan 9.57	Australia 11.45
	Spain 25.41	France 41.54	HK 59.52	Italy -1.33	Belgium -10.89	Italy -7.33	NZ 55.43	Sweden 36.28	Norway 24.26	Sweden 43.39	Canada 29.57	France -43.27	HK 60.15	Canada 20.45	Switz. -6.77	NZ 29.26	Spain 31.32	Belgium 4.12	Austria 3.46	Austria 11.26
	Germany 24.57	Ireland 35.33	Canada 53.74	Nether. -4.09	Spain -11.36	Japan -10.28	Canada 54.60	NZ 35.17	Finland 16.69	Denmark 38.77	Singapore 28.35	Canada -45.51	Belgium 57.49	Japan 15.44	Norway -10.01	HK 28.27	Nether. 31.30	Singapore 3.03	Italy 2.30	US 10.89
	Nether. 23.77	US 30.14	Norway 31.70	France -4.31	Norway -12.22	Switz. -10.31	Australia 49.46	Italy 32.49	Switz. 16.33	Belgium 36.66	Australia 28.34	Germany -45.87	Canada 56.18	US 14.77	Belgium -10.62	Austria 25.90	Belgium 27.61	Ireland 2.29	Finland 2.02	France 4.88
	UK 22.62	Germany 29.43	France 29.27	Australia -9.95	US -12.39	Singapore -11.05	Denmark 49.25	Denmark 30.82	Australia 16.02	Austria 36.54	Denmark 25.59	Singapore -47.35	NZ 50.40	Australia 14.52	Australia -10.95	Australia 22.07	Japan 27.16	Canada 1.50	Nether. 1.34	Nether. 4.82
	Finland 17.28	Switz. 23.53	US 21.92	UK -11.53	UK -14.05	Canada -13.19	Norway 48.11	Australia 30.34	Singapore 14.37	Germany 35.99	Spain 23.95	Denmark -47.56	Spain 43.48	Switz. 11.79	Nether. -12.12	Sweden 21.97	Switz. 26.61	Switz. -0.09	US 0.69	Germany 2.75
	Ireland 15.84	Nether. 23.23	Germany 20.04	Austria -11.96	Denmark -14.81	Belgium -14.97	Ireland 43.83	Spain 28.93	Nether. 13.85	France 34.48	Nether. 20.59	Nether. -48.22	UK 43.30	Norway 10.95	Spain -12.28	France 21.29	France 26.33	Finland -0.71	Switz. 0.44	Japan 2.38
	Belgium 13.55	UK 17.80	Australia 17.62	Ireland -12.73	HK -18.61	UK -15.23	France 40.22	HK 24.98	Sweden 10.31	Italy 32.49	France 13.24	UK -48.34	Austria 43.20	Finland 10.28	Canada -12.71	Nether. 20.59	Denmark 25.25	Australia -3.41	France -0.11	HK 2.27
	Sweden 12.92	Sweden 13.96	NZ 12.90	US -12.84	Canada -20.43	Spain -15.29	HK 38.10	Singapore 22.27	Germany 9.92	Nether. 31.38	NZ 8.90	Sweden -49.86	Nether. 42.25	Austria 9.88	Japan -14.33	Switz. 20.35	Sweden 24.50	Nether. -3.46	HK -0.54	Singapore 1.42
	Canada 12.80	Denmark 8.99	UK 12.45	Finland -14.21	Switz. -21.38	Denmark -16.03	Italy 37.83	Canada 22.20	France 9.88	Australia 30.86	UK 8.36	Italy -49.98	Denmark 36.57	UK 8.76	Sweden -15.98	Norway 18.65	UK 20.67	Japan -4.02	Germany -1.89	Sweden 0.62
	France 11.94	Australia 6.07	Denmark 12.06	HK -14.74	Nether. -22.10	HK -17.79	Singapore 37.60	UK 19.57	Belgium 9.05	UK 30.61	Italy 6.06	Australia -50.67	France 31.83	Germany 8.44	Denmark -16.02	US 15.33	Italy 20.43	Spain -4.65	Sweden -5.02	UK -0.10
	Norway 6.24	Japan 5.05	Nether. 6.88	Germany -15.59	France -22.36	Nether. -20.83	Japan 35.91	France 18.48	HK 8.40	HK 30.35	US 5.44	HK -51.21	Italy 26.57	NZ 8.32	HK -16.02	UK 15.25	Austria 13.42	UK -5.39	NZ -6.26	Spain -1.02
	Austria 1.57	Austria 0.35	Spain 4.83	Spain -15.86	Germany -22.39	France -21.18	Belgium 35.33	Germany 16.17	UK 7.35	Finland 29.94	Switz. 5.29	NZ -53.79	US 26.25	Nether. 1.74	France -16.87	Finland 14.57	NZ 11.27	Sweden -7.55	UK -7.56	Finland -4.70
	Australia -10.44	HK -2.92	Italy -0.26	Belgium -16.85	Singapore -23.42	US -23.09	Switz. 34.08	Japan 15.86	US 5.14	Switz. 27.40	Austria 2.17	Finland -55.17	Switz. 25.31	Belgium -0.42	Singapore -17.92	Italy 12.48	HK 11.09	Italy -9.53	Australia -9.95	Switz. -4.87
	NZ -14.15	Canada -6.14	Switz. -7.02	Sweden -21.29	Italy -26.59	Ireland -26.24	UK 32.06	Switz. 14.96	Spain 4.41	Canada 17.80	Sweden 0.62	Norway -64.24	Germany 25.15	France -4.11	Germany -18.08	Canada 9.09	Norway 9.40	France -9.92	Norway -14.99	Ireland -7.07
	HK -23.29	Singapore -12.88	Austria -9.11	Singapore -27.72	Sweden -27.18	Finland -30.31	US 28.41	Nether. 12.24	Italy 1.90	NZ 16.56	Belgium -2.73	Belgium -66.48	Ireland 12.28	Italy -15.01	Italy -23.18	Japan 8.18	Canada 5.63	Germany -10.36	Spain -15.64	Belgium -7.57
	Japan -23.67	NZ -22.62	Ireland -12.63	Japan -28.16	Japan -29.40	Sweden -30.49	Nether. 28.09	US 10.14	NZ 1.74	US 14.67	Japan -4.23	Austria -68.41	Finland 11.14	Ireland -18.12	Finland -31.90	Ireland 5.74	Australia 4.16	Norway -22.04	Singapore -17.71	Italy -10.45
Lowest Return	Singapore -30.05	Norway -30.06	Belgium -14.26	Finland -33.55	Finland -38.18	Germany -33.18	Finland 19.40	Finland 6.14	Ireland -2.29	Japan 6.24	Ireland -20.09	Ireland -71.92	Japan 6.25	Spain -21.95	Austria -36.43	Spain 3.00	Singapore 1.70	Canada -29.77	Canada -24.16	Denmark -15.77

In US dollars.

Source: MSCI developed markets country indices (netdividends). MSCI data © MSCI 2017, all rights reserved.

Indices are not available for direct investment. Index performance does not reflect expenses associated with the management of an actual portfolio.

Past performance is not a guarantee of future results.

# Equity Returns of Developed Markets

Annual Return (%)

Boxed Return is highest return for the year.

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Australia	-10.4	6.1	17.6	-10.0	1.7	-1.3	49.5	30.3	16.0	30.9	28.3	-50.7	76.4	14.5	-11.0	22.1	4.2	-3.4	-10.0	11.4
Austria	1.6	0.4	-9.1	-12.0	-5.6	16.5	57.0	71.5	24.6	36.5	2.2	-68.4	43.2	9.9	-36.4	25.9	13.4	-29.8	3.5	11.3
Belgium	13.6	67.7	-14.3	-16.8	-10.9	-15.0	35.3	43.5	9.0	36.7	-2.7	-66.5	57.5	-0.4	-10.6	39.6	27.6	4.1	12.1	-7.6
Canada	12.8	-6.1	53.7	5.3	-20.4	-13.2	54.6	22.2	28.3	17.8	29.6	-45.5	56.2	20.5	-12.7	9.1	5.6	1.5	-24.2	24.6
Denmark	34.5	9.0	12.1	3.4	-14.8	-16.0	49.3	30.8	24.5	38.8	25.6	-47.6	36.6	30.7	-16.0	31.3	25.2	6.2	23.4	-15.8
Finland	17.3	121.6	152.6	-14.2	-38.2	-30.3	19.4	6.1	16.7	29.9	48.7	-55.2	11.1	10.3	-31.9	14.6	46.0	-0.7	2.0	-4.7
France	11.9	41.5	29.3	-4.3	-22.4	-21.2	40.2	18.5	9.9	34.5	13.2	-43.3	31.8	-4.1	-16.9	21.3	26.3	-9.9	-0.1	4.9
Germany	24.6	29.4	20.0	-15.6	-22.4	-33.2	63.8	16.2	9.9	36.0	35.2	-45.9	25.2	8.4	-18.1	30.9	31.4	-10.4	-1.9	2.8
Hong Kong	-23.3	-2.9	59.5	-14.7	-18.6	-17.8	38.1	25.0	8.4	30.4	41.2	-51.2	60.2	23.2	-16.0	28.3	11.1	5.1	-0.5	2.3
Ireland	15.8	35.3	-12.6	-12.7	-2.8	-26.2	43.8	43.1	-2.3	46.8	-20.1	-71.9	12.3	-18.1	13.7	5.7	41.2	2.3	16.5	-7.1
Italy	35.5	52.5	-0.3	-1.3	-26.6	-7.3	37.8	32.5	1.9	32.5	6.1	-50.0	26.6	-15.0	-23.2	12.5	20.4	-9.5	2.3	-10.5
Japan	-23.7	5.1	61.5	-28.2	-29.4	-10.3	35.9	15.9	25.5	6.2	-4.2	-29.2	6.3	15.4	-14.3	8.2	27.2	-4.0	9.6	2.4
Netherlands	23.8	23.2	6.9	-4.1	-22.1	-20.8	28.1	12.2	13.9	31.4	20.6	-48.2	42.3	1.7	-12.1	20.6	31.3	-3.5	1.3	4.8
New Zealand	-14.1	-22.6	12.9	-33.5	8.4	24.2	55.4	35.2	1.7	16.6	8.9	-53.8	50.4	8.3	5.5	29.3	11.3	7.3	-6.3	18.4
Norway	6.2	-30.1	31.7	-0.9	-12.2	-7.3	48.1	53.3	24.3	45.1	31.4	-64.2	87.1	10.9	-10.0	18.7	9.4	-22.0	-15.0	13.3
Singapore	-30.0	-12.9	99.4	-27.7	-23.4	-11.0	37.6	22.3	14.4	46.7	28.4	-47.4	74.0	22.1	-17.9	31.0	1.7	3.0	-17.7	1.4
Spain	25.4	49.9	4.8	-15.9	-11.4	-15.3	58.5	28.9	4.4	49.4	24.0	-40.6	43.5	-22.0	-12.3	3.0	31.3	-4.7	-15.6	-1.0
Sweden	12.9	14.0	79.7	-21.3	-27.2	-30.5	64.5	36.3	10.3	43.4	0.6	-49.9	64.2	33.8	-16.0	22.0	24.5	-7.5	-5.0	0.6
Switzerland	44.2	23.5	-7.0	5.9	-21.4	-10.3	34.1	15.0	16.3	27.4	5.3	-30.5	25.3	11.8	-6.8	20.4	26.6	-0.1	0.4	-4.9
UK	22.6	17.8	12.5	-11.5	-14.0	-15.2	32.1	19.6	7.4	30.6	8.4	-48.3	43.3	8.8	-2.6	15.3	20.7	-5.4	-7.6	-0.1
US	33.4	30.1	21.9	-12.8	-12.4	-23.1	28.4	10.1	5.1	14.7	5.4	-37.6	26.3	14.8	1.4	15.3	31.8	12.7	0.7	10.9

In US dollars.

Source: MSCI developed markets country indices (net dividends). MSCI data © MSCI 2017, all rights reserved.

Indices are not available for direct investment. Index performance does not reflect expenses associated with the management of an actual portfolio.

Past performance is not a guarantee of future results.

# Equity Returns of Emerging Markets

Annual Return (%)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Highest Return	Turkey 118.05	Korea 141.15	Turkey 252.41	Czech Rep. 1.62	Russia 55.85	Czech Rep. 44.16	Thailand 144.56	Colombia 132.95	Egypt 161.59	China 82.87	Peru 94.74	Colombia -25.10	Brazil 128.62	Thailand 56.27	Indonesia 6.50	Turkey 64.87	Taiwan 9.77	Egypt 29.35	Hungary 36.31	Brazil 66.75
	Russia 112.12	Philippines 13.45	Russia 247.06	Poland -4.04	Korea 48.71	Indonesia 42.83	Turkey 125.88	Egypt 126.23	Colombia 107.52	Indonesia 74.83	Brazil 79.99	Chile -35.37	Indonesia 127.63	Peru 53.35	Malaysia 0.12	Philippines 47.56	Egypt 8.18	Indonesia 27.21	Russia 5.00	Russia 55.93
	Hungary 95.21	Thailand 11.56	Malaysia 114.33	Brazil -11.37	Colombia 45.77	Hungary 30.69	Brazil 115.01	Brazil 92.49	Russia 73.77	Peru 62.55	Turkey 74.81	S. Africa -37.89	Russia 104.91	Chile 44.81	Philippines 0.10	Egypt 47.10	Malaysia 7.68	Philippines 26.40	India -6.12	Peru 55.61
	Mexico 53.92	Czech Rep. 0.54	Indonesia 93.46	Chile -15.14	Peru 19.92	Peru 30.50	Peru 94.32	Czech Rep. 87.25	Korea 58.00	Philippines 59.65	India 73.11	Peru -40.11	India 102.81	Colombia 43.41	Thailand -2.40	Poland 40.97	Korea 4.18	India 23.87	Philippines -6.25	Hungary 35.37
	Colombia 41.76	Poland -6.69	Korea 92.42	Malaysia -15.95	Mexico 18.55	S. Africa 27.99	Egypt 91.84	Poland 61.52	Brazil 57.05	Russia 55.93	China 66.24	Turkey -41.21	Turkey 98.49	Malaysia 37.01	Czech Rep. -5.02	Colombia 35.89	China 3.96	Turkey 19.07	Korea -6.30	Thailand 27.01
	Egypt 31.23	Hungary -8.16	Egypt 88.40	S. Africa -17.19	Taiwan 10.47	Thailand 27.59	China 87.57	Indonesia 52.21	Turkey 56.94	India 51.00	Egypt 58.43	Czech Rep. -42.75	Chile 86.73	Philippines 35.49	Colombia -5.02	Thailand 34.94	Poland 3.62	Thailand 16.84	China -7.62	Colombia 26.48
	Brazil 27.34	Taiwan -20.64	India 87.35	India -20.49	Thailand 5.25	Colombia 25.36	Chile 84.41	Mexico 48.32	Mexico 49.11	Brazil 45.80	Czech Rep. 55.93	Mexico -42.94	Colombia 84.35	Indonesia 34.62	Korea -11.76	Mexico 29.06	Russia 1.35	Peru 10.51	Taiwan -10.97	Taiwan 19.59
	Peru 20.50	India -21.24	Mexico 80.07	India -21.74	Malaysia 4.56	Russia 15.71	India 78.36	S. Africa 44.91	Czech Rep. 46.20	Poland 41.93	Indonesia 55.03	Taiwan -45.88	Taiwan 80.25	S. Africa 34.21	Mexico -12.11	India 25.97	Mexico 0.21	Taiwan 10.05	Mexico -14.24	S. Africa 18.41
	India 11.27	Egypt -27.00	Brazil 67.23	Peru -23.82	Czech Rep. -2.01	Korea 8.62	Indonesia 78.20	Turkey 42.03	India 37.57	Mexico 41.44	Thailand 46.63	Thailand -48.27	Hungary 77.61	Mexico 27.61	S. Africa -14.36	China 23.10	Philippines -2.01	China 8.26	Czech Rep. -16.55	Indonesia 17.52
	Chile 5.52	S. Africa -27.56	S. Africa 57.20	Hungary -26.80	Chile -2.83	India 8.37	Russia 75.94	Brazil 36.47	Peru 35.00	Malaysia 37.14	Malaysia 46.07	China -50.83	Thailand 77.31	Korea 27.15	China -18.24	Hungary 22.79	India -3.83	S. Africa 5.69	Chile -16.85	Chile 16.81
	Taiwan -6.29	Chile -28.50	Taiwan 52.71	Russia -30.03	Indonesia -8.49	Egypt 1.59	Colombia 66.93	Chile 29.01	S. Africa 28.34	Czech Rep. 34.68	Philippines 41.68	Philippines -51.87	Korea 72.06	Taiwan 22.73	Russia -19.30	Korea 21.48	S. Africa -5.78	Czech Rep. -2.42	Indonesia -19.08	Korea 9.25
	S. Africa -8.18	Malaysia -30.81	Thailand 47.16	China -30.54	Hungary -9.16	Poland 1.26	Czech Rep. 66.20	Philippines 26.58	Poland 24.96	Hungary 33.70	Korea 32.58	Egypt -52.35	Peru 72.06	Turkey 21.24	Chile -20.00	Peru 20.24	Hungary -5.82	Mexico -9.23	Malaysia -20.06	China 1.11
	Poland -22.39	Indonesia -31.53	Chile 39.01	Colombia -38.85	Brazil -16.99	Malaysia -0.66	S. Africa 45.86	22.86	Philippines 23.92	Chile 29.33	Poland 25.79	-54.49	Philippines 67.98	India 20.95	Taiwan -20.15	S. Africa 19.01	Czech Rep. -8.10	Malaysia -10.66	Thailand -23.32	Poland 0.69
	Czech Rep. -22.69	Mexico -33.53	Poland 31.50	Egypt -43.71	S. Africa -17.21	Mexico -13.31	Philippines 42.76	India 19.11	Chile 21.62	Taiwan 20.90	Russia 24.79	Korea -55.07	China 62.63	Russia 19.40	Peru -21.37	Taiwan 17.66	Thailand -14.34	Korea -10.70	Egypt -23.52	India -1.43
	China -25.25	Brazil -39.62	Peru 18.86	Taiwan -44.90	Philippines -19.29	China -14.05	Taiwan 42.55	Malaysia 15.17	China 19.77	S. Africa 20.53	Chile 23.68	Brazil -56.06	S. Africa 57.82	Poland 15.86	Brazil -21.59	Russia 14.39	Brazil -15.79	Chile -12.20	Poland -24.91	Czech Rep. -2.45
	Philippines -62.59	Peru -40.22	China 13.33	Philippines -45.01	India -19.45	Chile -19.81	Korea 35.94	Taiwan 9.83	Hungary 18.50	Egypt 17.08	S. Africa 18.14	Indonesia -56.20	Mexico 56.63	Egypt 12.42	Poland -29.52	Malaysia 14.27	Colombia -21.14	Poland -13.60	S. Africa -25.13	Malaysia -3.89
	Korea -66.67	Colombia -41.71	Hungary 11.66	Turkey -45.65	China -24.70	Taiwan -24.45	Poland 35.48	Russia 5.69	Indonesia 15.76	Colombia 13.76	Hungary 16.80	Hungary -61.53	Malaysia 52.06	Brazil 6.81	Hungary -33.65	Chile 8.34	Chile -21.41	Brazil -13.74	Turkey -31.55	Philippines -6.10
	Malaysia -67.98	China -42.37	Czech Rep. 5.35	Korea -49.62	Poland -27.44	Philippines -28.98	Mexico 32.81	Peru 3.16	Thailand 9.16	Korea 13.19	Colombia 15.00	Turkey -62.10	Poland 42.51	China 4.83	Turkey -35.16	Indonesia 5.22	Indonesia -23.10	Colombia -19.80	Peru -31.66	Turkey -8.12
	Thailand -73.43	Turkey -52.51	Philippines 3.32	Thailand -56.27	Turkey -32.66	Brazil -30.65	Brazil 32.31	China 1.89	Taiwan 7.25	Thailand 11.61	Mexico 12.15	India -64.63	Egypt 39.74	Czech Rep. -1.66	India -37.17	Czech Rep. 3.48	Turkey -26.52	Hungary -27.44	Brazil -41.18	Mexico -8.98
Lowest Return	Indonesia -74.06	Russia -82.99	Colombia -14.38	Indonesia -61.90	Egypt -41.30	Turkey -35.70	Malaysia 26.61	Thailand -0.92	Malaysia 2.29	Turkey -6.97	Taiwan 9.13	Russia -73.83	Czech Rep. 27.77	Hungary -9.58	Egypt -46.86	Brazil 0.34	Peru -29.84	Russia -45.86	Colombia -41.80	Egypt -11.39

In US dollars.

Source: MSCI emerging markets country indices (gross dividends). MSCI data © MSCI 2017, all rights reserved.

Indices are not available for direct investment. Index performance does not reflect expenses associated with the management of an actual portfolio.

Past performance is not a guarantee of future results.



# Equity Returns of Emerging Markets

Annual Return (%)

Boxed Return is highest return for the year.

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Brazil	27.3	-39.6	67.2	-11.4	-17.0	-30.7	115.0	36.5	57.0	45.8	80.0	-56.1	128.6	6.8	-21.6	0.3	-15.8	-13.7	-41.2	66.7
Chile	5.5	-28.5	39.0	-15.1	-2.8	-19.8	84.4	29.0	21.6	29.3	23.7	-35.4	86.7	44.8	-20.0	8.3	-21.4	-12.2	-16.8	16.8
China	-25.3	-42.4	13.3	-30.5	-24.7	-14.0	87.6	1.9	19.8	82.9	66.2	-50.8	62.6	4.8	-18.2	23.1	4.0	8.3	-7.6	1.1
Colombia	41.8	-41.7	-14.4	-38.9	45.8	25.4	66.9	133.0	107.5	13.8	15.0	-25.1	84.3	43.4	-5.0	35.9	-21.1	-19.8	-41.8	26.5
Czech Rep.	-22.7	0.5	5.3	1.6	-2.0	44.2	66.2	87.3	46.2	34.7	55.9	-42.7	27.8	-1.7	-5.0	3.5	-8.1	-2.4	-16.5	-2.5
Egypt	31.2	-27.0	88.4	-43.7	-41.3	1.6	91.8	126.2	161.6	17.1	58.4	-52.4	39.7	12.4	-46.9	47.1	8.2	29.3	-23.5	-11.4
Hungary	95.2	-8.2	11.7	-26.8	-9.2	30.7	32.3	92.5	18.5	33.7	16.8	-61.5	77.6	-9.6	-33.6	22.8	-5.8	-27.4	36.3	35.4
India	11.3	-21.2	87.3	-21.7	-19.5	8.4	78.4	19.1	37.6	51.0	73.1	-64.6	102.8	20.9	-37.2	26.0	-3.8	23.9	-6.1	-1.4
Indonesia	-74.1	-31.5	93.5	-61.9	-8.5	42.8	78.2	52.2	15.8	74.8	55.0	-56.2	127.6	34.6	6.5	5.2	-23.1	27.2	-19.1	17.5
Korea	-66.7	141.1	92.4	-49.6	48.7	8.6	35.9	22.9	58.0	13.2	32.6	-55.1	72.1	27.2	-11.8	21.5	4.2	-10.7	-6.3	9.2
Malaysia	-68.0	-30.8	114.3	-16.0	4.6	-0.7	26.6	15.2	2.3	37.1	46.1	-41.2	52.1	37.0	0.1	14.3	7.7	-10.7	-20.1	-3.9
Mexico	53.9	-33.5	80.1	-20.5	18.5	-13.3	32.8	48.3	49.1	41.4	12.2	-42.9	56.6	27.6	-12.1	29.1	0.2	-9.2	-14.2	-9.0
Peru	20.5	-40.2	18.9	-23.8	19.9	30.5	94.3	3.2	35.0	62.6	94.7	-40.1	72.1	53.3	-21.4	20.2	-29.8	10.5	-31.7	55.6
Philippines	-62.6	13.5	3.3	-45.0	-19.3	-29.0	42.8	26.6	23.9	59.7	41.7	-51.9	68.0	35.5	0.1	47.6	-2.0	26.4	-6.3	-6.1
Poland	-22.4	-6.7	31.5	-4.0	-27.4	1.3	35.5	61.5	25.0	41.9	25.8	-54.5	42.5	15.9	-29.5	41.0	3.6	-13.6	-24.9	0.7
Russia	112.1	-83.0	247.1	-30.0	55.9	15.7	75.9	5.7	73.8	55.9	24.8	-73.8	104.9	19.4	-19.3	14.4	1.4	-45.9	5.0	55.9
South Africa	-8.2	-27.6	57.2	-17.2	-17.2	28.0	45.9	44.9	28.3	20.5	18.1	-37.9	57.8	34.2	-14.4	19.0	-5.8	5.7	-25.1	18.4
Taiwan	-6.3	-20.6	52.7	-44.9	10.5	-24.5	42.5	9.8	7.3	20.9	9.1	-45.9	80.2	22.7	-20.2	17.7	9.8	10.1	-11.0	19.6
Thailand	-73.4	11.6	47.2	-56.3	5.3	27.6	144.6	-0.9	9.2	11.6	46.6	-48.3	77.3	56.3	-2.4	34.9	-14.3	16.8	-23.3	27.0
Turkey	118.1	-52.5	252.4	-45.6	-32.7	-35.7	125.9	42.0	56.9	-7.0	74.8	-62.1	98.5	21.2	-35.2	64.9	-26.5	19.1	-31.6	-8.1

In US dollars.

Source: MSCI emerging markets country indices (gross dividends). MSCI data © MSCI 2017, all rights reserved.

Indices are not available for direct investment. Index performance does not reflect expenses associated with the management of an actual portfolio.

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# Best minus Worst Performing Developed Markets

Year	Worst Performer (%)		Best Performer (%)		Best – Worst Return Difference (%)	Year	Worst Performer (%)		Best Performer (%)		Best – Worst Return Difference (%)
1988	New Zealand	-13.8	Belgium	53.6	67.4	2003	Finland	19.4	Sweden	64.5	45.1
1989	Finland	-9.6	Austria	103.9	113.5	2004	Finland	6.1	Austria	71.5	65.4
1990	New Zealand	-37.7	UK	10.3	48.0	2005	Ireland	-2.3	Canada	28.3	30.6
1991	Finland	-18.1	Hong Kong	49.5	67.6	2006	Japan	6.2	Spain	49.4	43.1
1992	Denmark	-28.2	Hong Kong	32.3	60.5	2007	Ireland	-20.1	Finland	48.7	68.7
1993	USA	9.1	Hong Kong	116.7	107.6	2008	Ireland	-71.9	Japan	-29.2	42.7
1994	Hong Kong	-28.9	Finland	52.2	81.1	2009	Japan	6.3	Norway	87.1	80.8
1995	Austria	-4.7	Switzerland	44.1	48.8	2010	Spain	-22.0	Sweden	33.8	55.7
1996	Japan	-15.5	Spain	40.1	55.6	2011	Austria	-36.4	Ireland	13.7	50.1
1997	Singapore	-30.0	Switzerland	44.2	74.3	2012	Spain	3.0	Belgium	39.6	36.5
1998	Norway	-30.1	Finland	121.6	151.7	2013	Singapore	1.7	Finland	46.0	44.3
1999	Belgium	-14.3	Finland	152.6	166.9	2014	Austria	-29.8	USA	12.7	42.5
2000	New Zealand	-33.5	Switzerland	5.9	39.4	2015	Canada	-24.2	Denmark	23.4	47.6
2001	Finland	-38.2	New Zealand	8.4	46.6	2016	Denmark	-15.8	Canada	24.6	40.3
2002	Germany	-33.2	New Zealand	24.2	57.4						

Average of Worst Performers (%)

-17.5%

Average of Best Performers (%)

47.4%

Average Best – Worst Return Difference (%)

64.8%

In US dollars.

MSCI Country Indices (net dividends). MSCI data © 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. Past performance is not a guarantee of future results.

# Best minus Worst Performing Emerging Markets

Year	Worst Performer (%)		Best Performer (%)		Best – Worst Return Difference (%)	Year	Worst Performer (%)		Best Performer (%)		Best – Worst Return Difference (%)
1995	India	-30.9	Peru	23.3	54.2	2006	Turkey	-7.0	China	82.9	89.8
1996	Korea	-38.1	Russia	152.9	191.1	2007	Taiwan	9.1	Peru	94.7	85.6
1997	Indonesia	-74.1	Turkey	118.1	192.1	2008	Russia	-73.8	Colombia	-25.1	48.7
1998	Russia	-83.0	Korea	141.1	224.1	2009	Czech Republic	27.8	Brazil	128.6	100.8
1999	Colombia	-14.4	Turkey	252.4	266.8	2010	Hungary	-9.6	Thailand	56.3	65.8
2000	Indonesia	-61.9	Czech Republic	1.6	63.5	2011	Egypt	-46.9	Indonesia	6.5	53.4
2001	Egypt	-41.3	Russia	55.9	97.2	2012	Brazil	0.3	Turkey	64.9	64.5
2002	Turkey	-35.7	Czech Republic	44.2	79.9	2013	Peru	-29.8	Taiwan	9.8	39.6
2003	Malaysia	26.6	Thailand	144.6	117.9	2014	Russia	-45.9	Egypt	29.3	75.2
2004	Thailand	-0.9	Colombia	133.0	133.9	2015	Colombia	-41.8	Hungary	36.3	78.1
2005	Malaysia	2.3	Egypt	161.6	159.3	2016	Egypt	-11.4	Brazil	66.7	78.1

Average of Worst Performers (%)

-26.4%

Average of Best Performers (%)

80.9%

Average Best – Worst Return Difference (%)

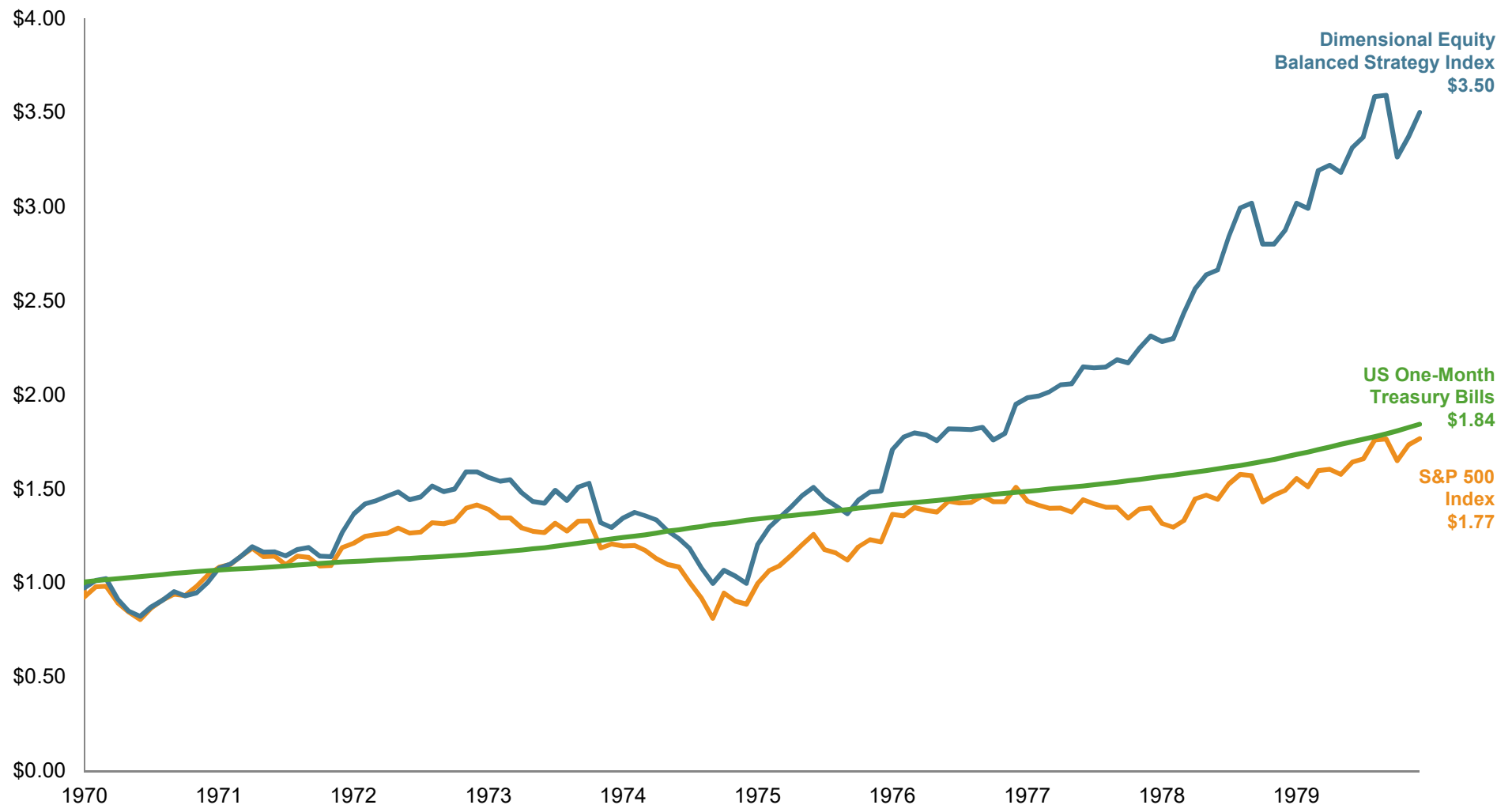
107.3%

In US dollars.

MSCI Emerging Markets Country Indices (gross dividends). MSCI data © 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. Past performance is not a guarantee of future results.

# Global Balanced Equity Strategy Index vs. S&P 500 vs. T-Bills

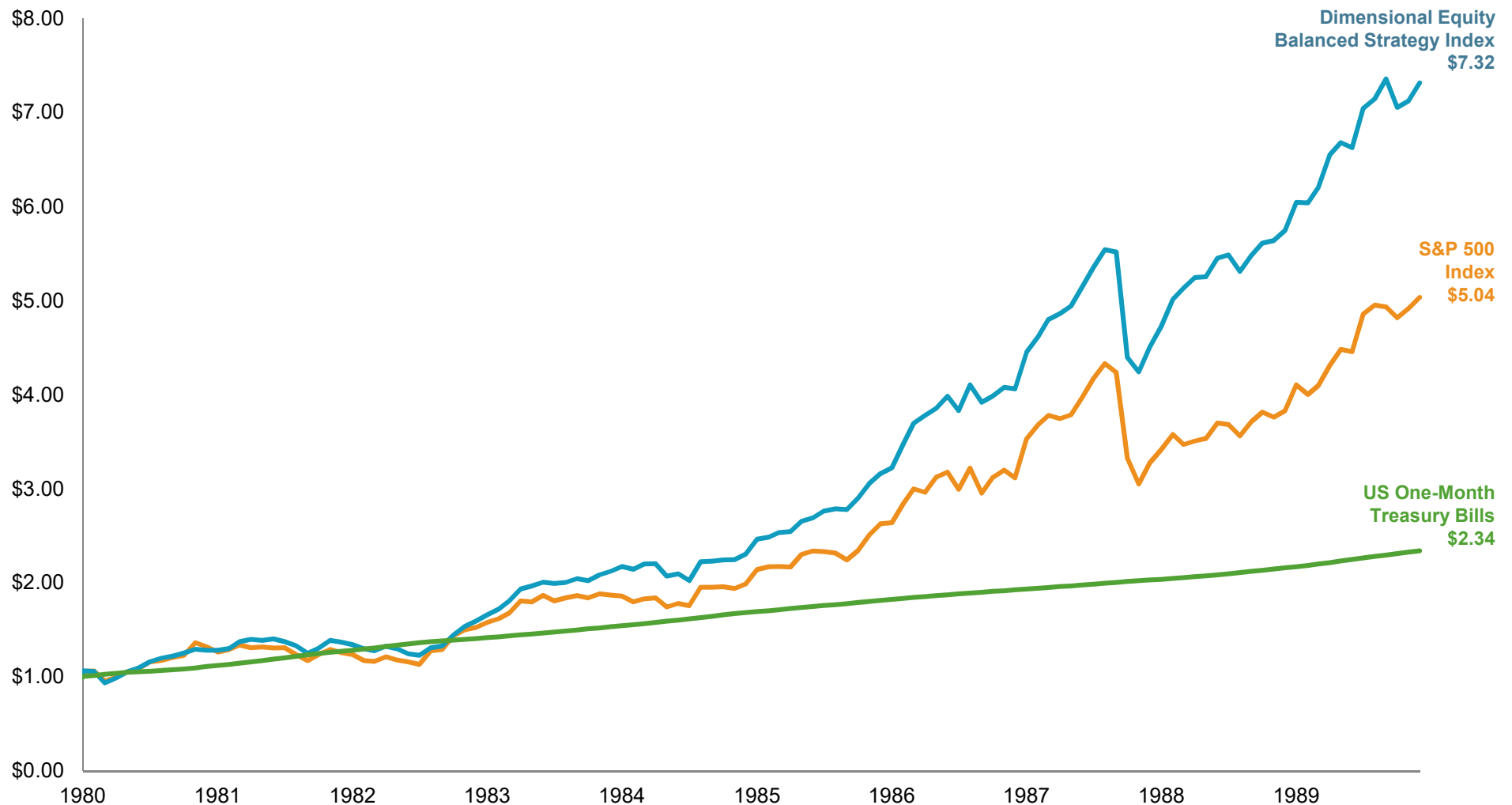
Performance: January 1970–December 1979



In US dollars. Sources: Dimensional for Dimensional Index data. See "Dimensional Equity Balanced Strategy Index Description" slide in the Appendix for more information. Indices are not available for direct investment and performance does not reflect expenses of an actual portfolio. Past performance is not a guarantee of future results. The S&P data is provided by Standard & Poor's Index Services Group.

# Global Balanced Equity Strategy Index vs. S&P 500 vs. T-Bills

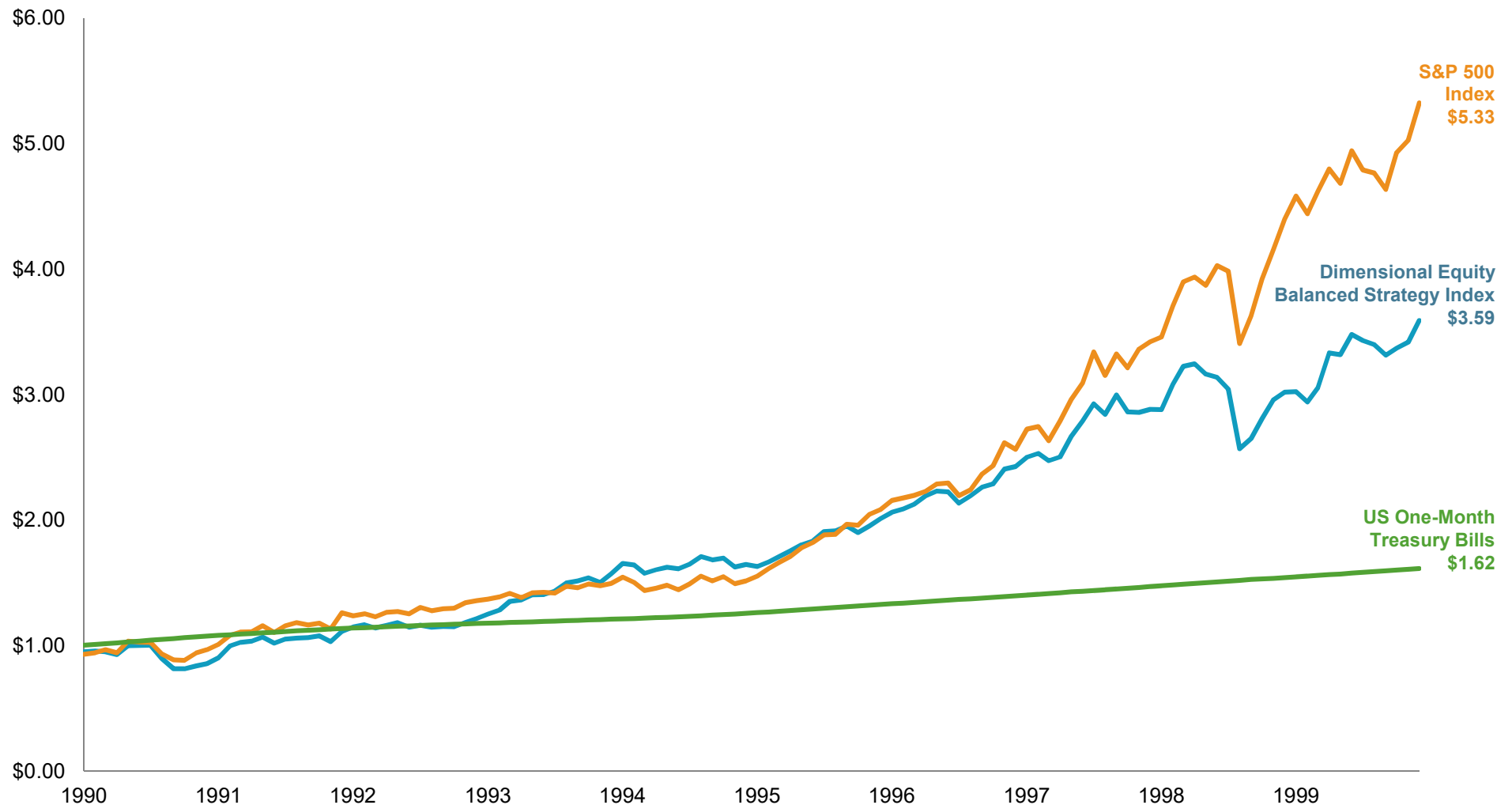
Performance: January 1980–December 1989



In US dollars. Sources: Dimensional for Dimensional Index data. See "Dimensional Equity Balanced Strategy Index Description" slide in the Appendix for more information. Indices are not available for direct investment and performance does not reflect expenses of an actual portfolio. Past performance is not a guarantee of future results. The S&P data is provided by Standard & Poor's Index Services Group.

# Global Balanced Equity Strategy Index vs. S&P 500 vs. T-Bills

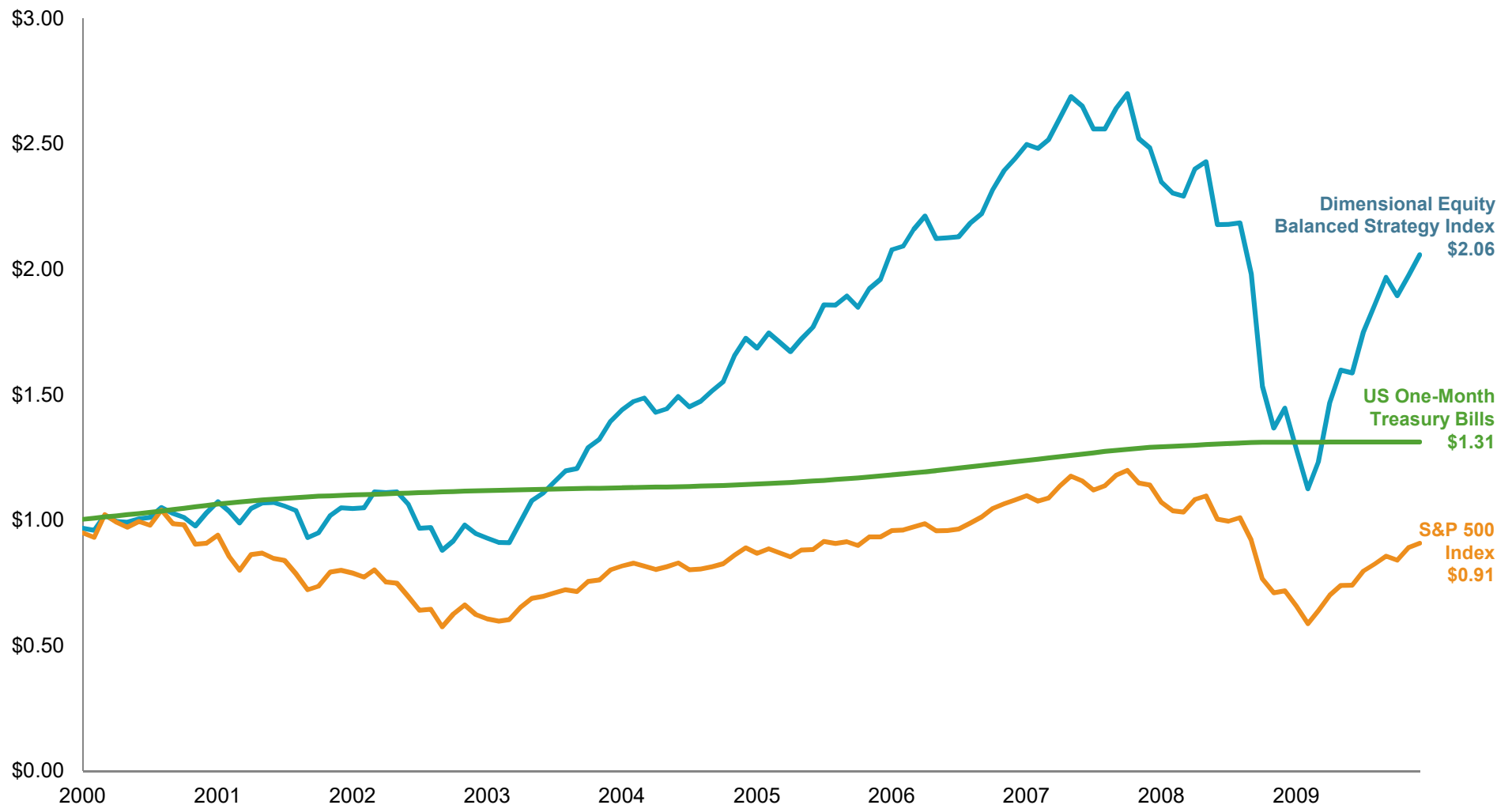
Performance: January 1990–December 1999



In US dollars. Sources: Dimensional for Dimensional Index data. See "Dimensional Equity Balanced Strategy Index Description" slide in the Appendix for more information. Indices are not available for direct investment and performance does not reflect expenses of an actual portfolio. Past performance is not a guarantee of future results. The S&P data is provided by Standard & Poor's Index Services Group.

# Global Balanced Equity Strategy Index vs. S&P 500 vs. T-Bills

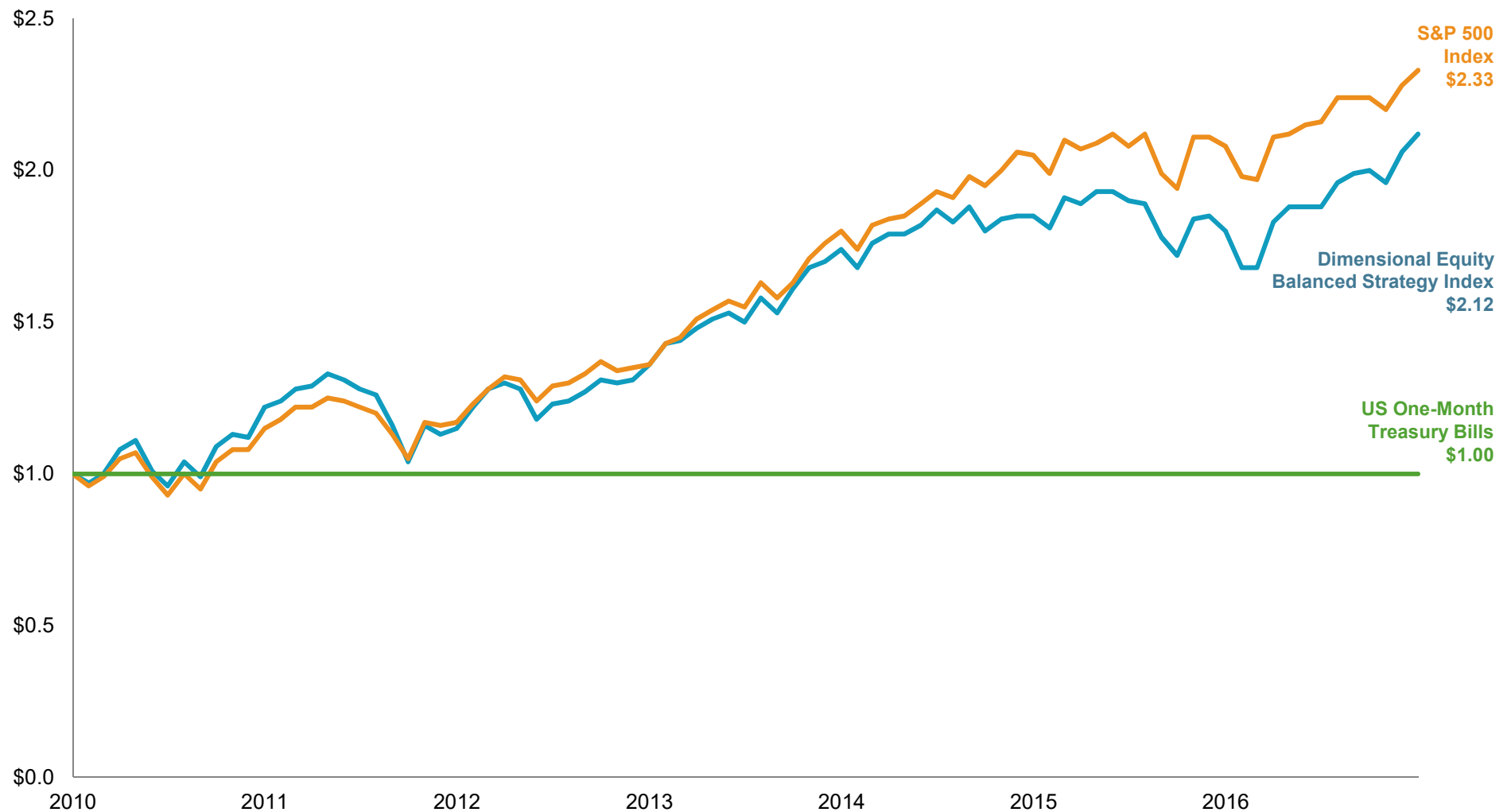
Performance: January 2000–December 2009



In US dollars. Sources: Dimensional for Dimensional Index data. See "Dimensional Equity Balanced Strategy Index Description" slide in the Appendix for more information. Indices are not available for direct investment and performance does not reflect expenses of an actual portfolio. Past performance is not a guarantee of future results. The S&P data is provided by Standard & Poor's Index Services Group.

# Global Balanced Equity Strategy Index vs. S&P 500 vs. T-Bills

Performance: January 2010–December 2016

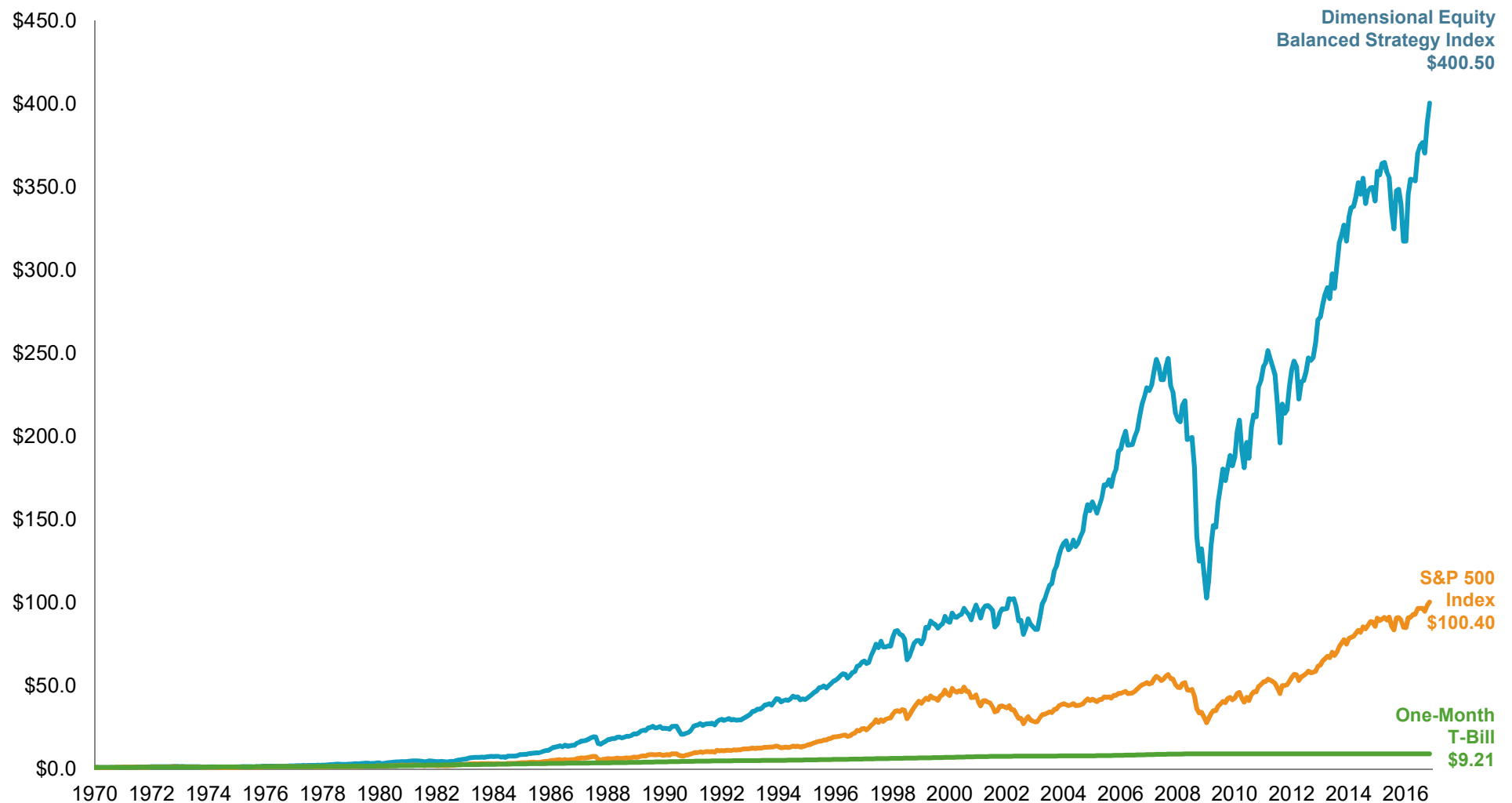


In US dollars. Sources: Dimensional for Dimensional Index data. See "Dimensional Equity Balanced Strategy Index Description" slide in the Appendix for more information. Indices are not available for direct investment and performance does not reflect expenses of an actual portfolio. Past performance is not a guarantee of future results. The S&P data is provided by Standard & Poor's Index Services Group.



# Global Balanced Equity Strategy Index vs. S&P 500 vs. T-Bills

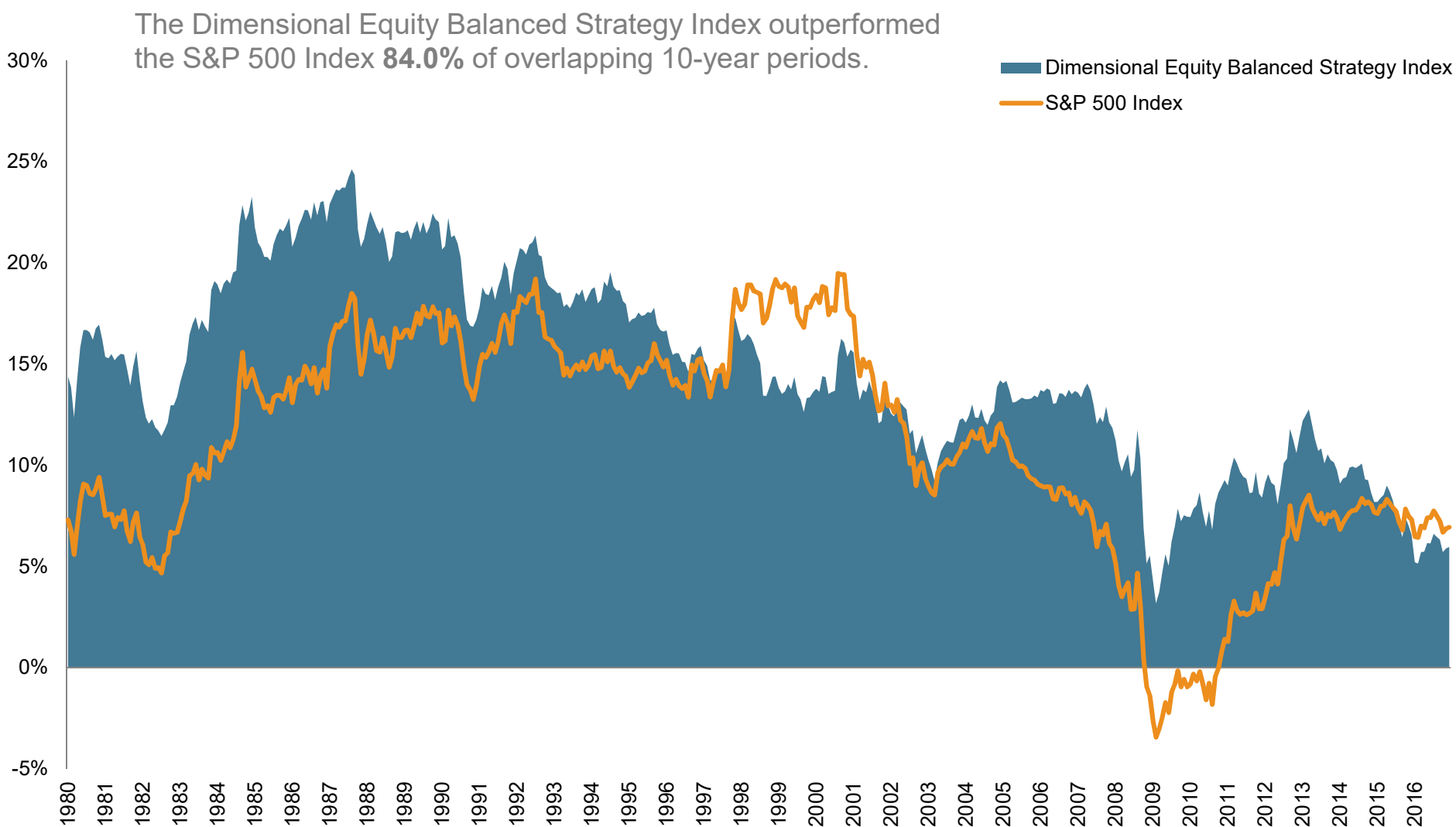
Performance: January 1970–December 2016



In US dollars. Sources: Dimensional for Dimensional Index data. See "Dimensional Equity Balanced Strategy Index Description" slide in the Appendix for more information. Indices are not available for direct investment and performance does not reflect expenses of an actual portfolio. Past performance is not a guarantee of future results. The S&P data is provided by Standard & Poor's Index Services Group.

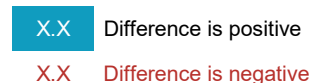
# Global Exposure to Higher Expected Returns

10-Year Rolling Returns: January 1980–December 2016



In US dollars. Sources: Dimensional for Dimensional Index data. Dimensional Equity Balanced Strategy Index vs. S&P 500: There are 444 overlapping 10-year periods. See "Dimensional Equity Balanced Strategy Index Description" slide in the Appendix for more information. Indices are not available for direct investment and performance does not reflect expenses of an actual portfolio. Past performance is not a guarantee of future results. The S&P data is provided by Standard & Poor's Index Services Group.

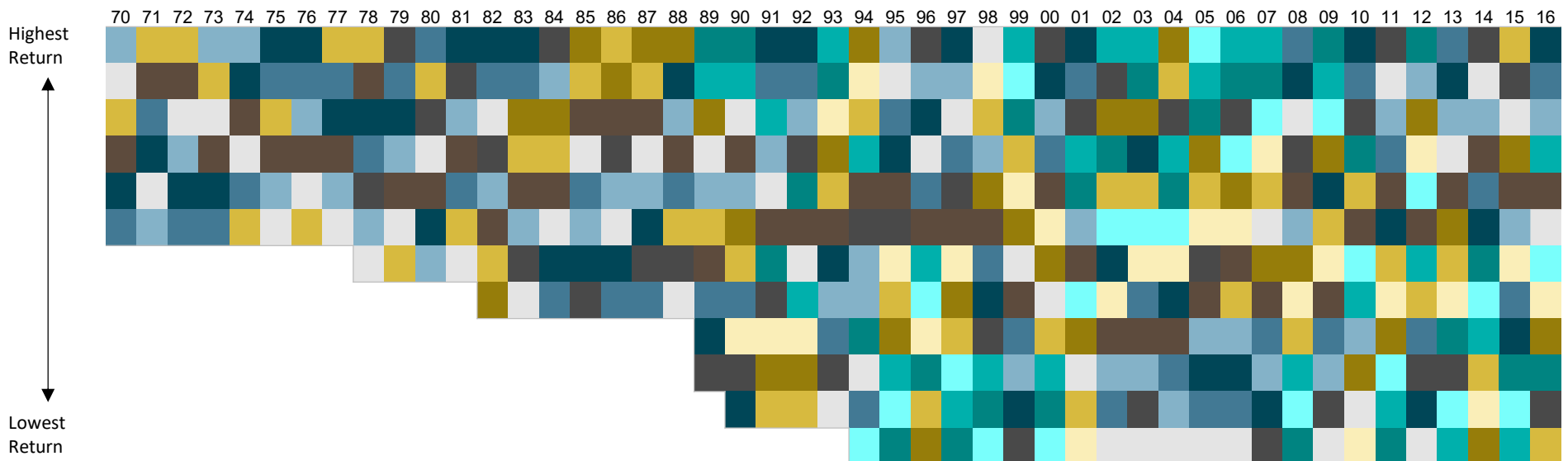
## Annual: January 1970–December 2016



19

# Global Diversification: Managing Client Expectations

Annual returns rankings of the Dimensional Equity Balanced Strategy Index and its component indices, 1970–2016

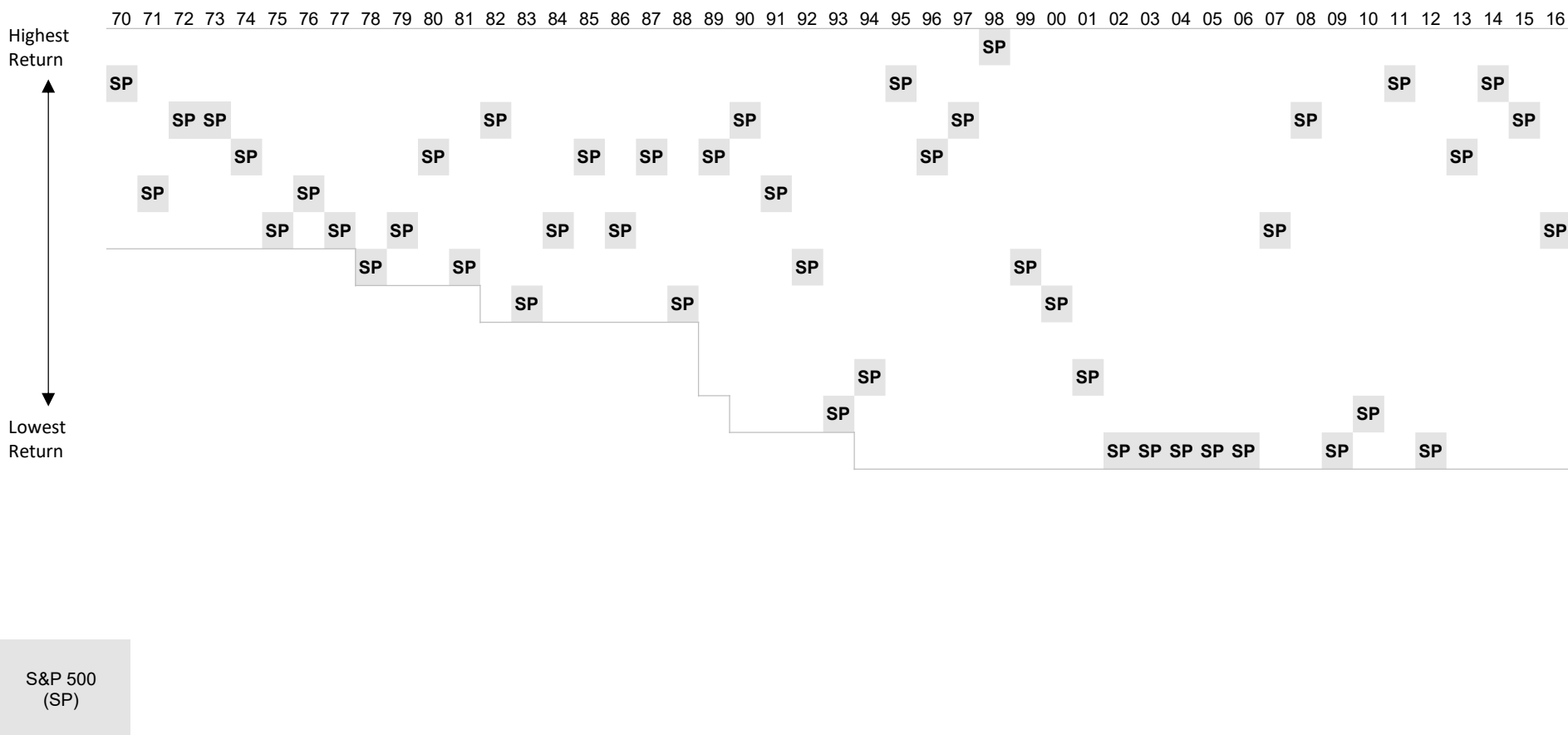


Dimensional Equity Balanced Strategy	Dimensional US Small Cap	Dimensional International Marketwide Value	Dimensional Emerging Markets
S&P 500	Dimensional US Small Cap Value	Dimensional International Small Cap	Dimensional Emerging Markets Value
Dimensional US Large Cap Value	Dow Jones US Select REIT Index	Dimensional International Small Cap Value	Dimensional Emerging Markets Small Cap

In US dollars. These indices are the current components of the Dimensional Equity Balanced Strategy Index as of 1994 –present. Indices are not available for direct investment and performance does not reflect expenses of an actual portfolio. Sources: Dimensional for Dimensional Index data. Indices are not available for direct investment and performance does not reflect expenses of an actual portfolio. Past performance is not a guarantee of future results. The S&P data is provided by Standard & Poor's Index Services Group. See Appendix for Descriptions of Dimensional Indices.

# Global Diversification: Managing Client Expectations

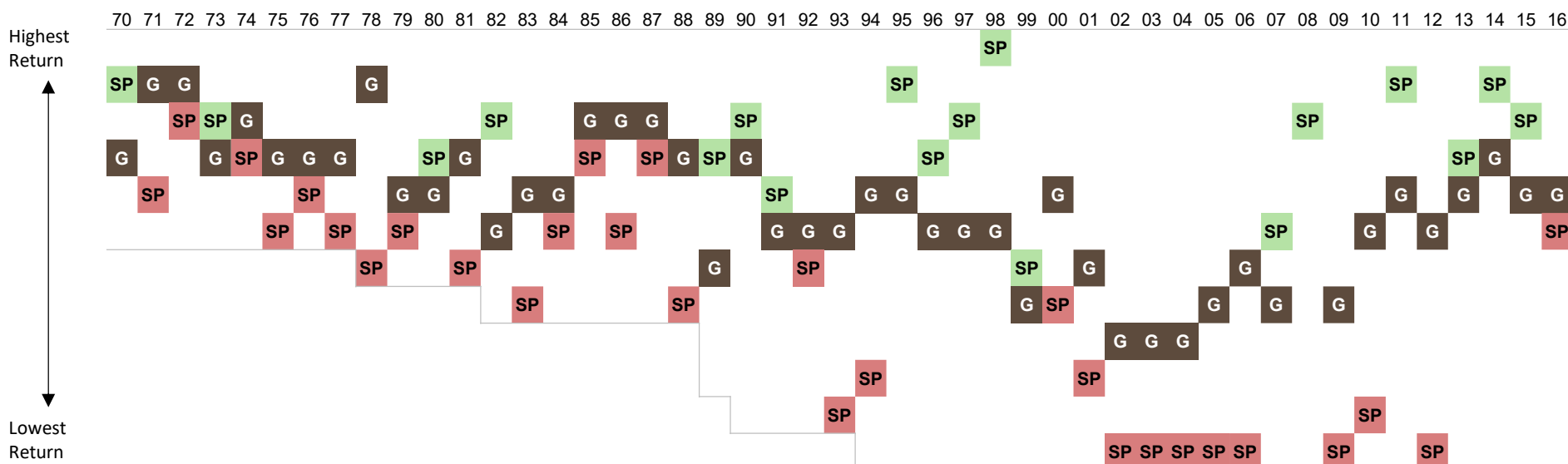
Annual returns rankings of the Dimensional Equity Balanced Strategy Index and its component indices, 1970–2016



In US dollars. These indices are the current components of the Dimensional Equity Balanced Strategy Index as of 1994 –present. Indices are not available for direct investment and performance does not reflect expenses of an actual portfolio. Sources: Dimensional for Dimensional Index data. Indices are not available for direct investment and performance does not reflect expenses of an actual portfolio. Past performance is not a guarantee of future results. The S&P data is provided by Standard & Poor's Index Services Group. See Appendix for Descriptions of Dimensional Indices.

# Global Diversification: Managing Client Expectations

Annual returns rankings of the Dimensional Equity Balanced Strategy Index and its component indices, 1970–2016



Dimensional  
Equity Balanced  
Strategy  
(G)

Portfolio Returns

S&P 500  
(SP)

S&P returns below  
Portfolio Returns

S&P 500  
(SP)

S&P returns above  
Portfolio Returns

Did diversification work?

- The S&P 500 did better than the globally diversified index 18 times.
- It did worse 29 times.

In US dollars. These indices are the current components of the Dimensional Equity Balanced Strategy Index as of 1994 –present. Indices are not available for direct investment and performance does not reflect expenses of an actual portfolio. Sources: Dimensional for Dimensional Index data. Indices are not available for direct investment and performance does not reflect expenses of an actual portfolio. Past performance is not a guarantee of future results. The S&P data is provided by Standard & Poor's Index Services Group. See Appendix for Descriptions of Dimensional Indices.

# Appendix

# Dimensional Equity Balanced Strategy Index Description

Rebalanced monthly. The Dimensional Equity Balanced Strategy Index is comprised of commercial and Dimensional indices, 70% US equity indices, and 30% non-US indices. US: S&P 500, large cap value, small cap, small cap value, Dow Jones REIT; non-US: international value, international small cap and small cap value, emerging markets, and emerging markets value and small cap. Additional index information is available upon request.

Real Estate Strategy weighting allocated evenly between US Small Cap and US Small Cap Value prior to January 1978 data inception.

International Value weighting allocated to Fama/French International Value Index prior to January 1994 data inception, and evenly between International Small Cap and MSCI EAFE Index (net dividends) prior to January 1975 data inception. International Small Cap Value weighting allocated to International Small Cap prior to July 1981 data inception.

Emerging Markets weighting allocated to MSCI Emerging Markets Index (gross dividends) prior to January 1994 data inception, and evenly between International Small Cap and International Value prior to January 1988 data inception.

Emerging Markets Value and Small Cap weighting allocated evenly between International Small Cap and International Value prior to January 1989 data inception. Two-Year Global weighting allocated to One-Year prior to January 1985 data inception.

For illustrative purposes only. The balanced strategies are not recommendations for an actual allocation.

Indices are not available for direct investment; their performance does not reflect the expenses associated with the management of an actual portfolio.

Rebalanced monthly. All performance results of the balanced strategies are based on performance of indices with model/back-tested 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.



# Descriptions of Dimensional Indices

**Dimensional US Large Cap Value Index** is compiled by Dimensional from CRSP and Compustat data. Targets securities of US companies traded on the NYSE, NYSE MKT (formerly AMEX), and Nasdaq Global Market with market capitalizations above the 1,000th-largest company whose relative price is in the bottom 30% of the Dimensional US Large Cap Index after the exclusion of utilities, companies lacking financial data, and companies with negative relative price. The index emphasizes securities with higher profitability, lower relative price, and lower market capitalization. Profitability is measured as operating income before depreciation and amortization minus interest expense scaled by book. 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 for the Dimensional US Large Cap Value Index was amended in January 2014 to include direct profitability as a factor in selecting securities for inclusion in the index. Prior to January 1975: Targets securities of US companies traded on the NYSE, NYSE MKT (formerly AMEX), and Nasdaq Global Market with market capitalizations above the 1,000th-largest company whose relative price is in the bottom 20% of the Dimensional US Large Cap Index after the exclusion of utilities, companies lacking financial data, and companies with negative relative price.

**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 Small Cap Value Index** is compiled by Dimensional from CRSP and Compustat data. Targets securities of US companies traded on the NYSE, NYSE MKT (formerly AMEX), and Nasdaq Global Market whose relative price is in the bottom 35% of the Dimensional US Small Cap Index after the exclusion of utilities, companies lacking financial data, and companies with negative relative price. The index emphasizes securities with higher profitability, lower relative price, and lower market capitalization. Profitability is measured as operating income before depreciation and amortization minus interest expense scaled by book. 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 for the Dimensional US Small Cap Value Index was amended in January 2014 to include direct profitability as a factor in selecting securities for inclusion in the index. Prior to January 1975: Targets securities of US companies traded on the NYSE, NYSE MKT (formerly AMEX), and Nasdaq Global Market whose relative price is in the bottom 25% of the Dimensional US Small Cap Index after the exclusion of utilities, companies lacking financial data, and companies with negative relative price.

**Dimensional International Marketwide Value Index** is compiled by Dimensional from Bloomberg securities data. The index consists of companies whose relative price is in the bottom 33% of their country's companies after the exclusion of utilities and companies with either negative or missing relative price data. The index emphasizes companies with smaller capitalization, lower relative price, and higher profitability. The index also excludes those companies with the lowest profitability and highest relative price within their country's value universe. Profitability is measured as operating income before depreciation and amortization minus interest expense scaled by book. Exclusions: REITs and investment companies. The index has been retroactively calculated by Dimensional and did not exist prior to April 2008. The calculation methodology for the Dimensional International Marketwide Value Index was amended in January 2014 to include direct profitability as a factor in selecting securities for inclusion in the index.

# Descriptions of Dimensional Indices

**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.

**Dimensional International Small Cap Value Index** is defined as companies whose relative price is in the bottom 35% of their country's respective constituents in the Dimensional International Small Cap Index after the exclusion of utilities and companies with either negative or missing relative price data. The index also excludes those companies with the lowest profitability within their country's small value universe. Profitability is measured as operating income before depreciation and amortization minus interest expense scaled by book. Exclusions: REITs and investment companies. The index has been retroactively calculated by Dimensional and did not exist prior to April 2008. The calculation methodology for the Dimensional International Small Cap Value Index was amended in January 2014 to include direct profitability as a factor in selecting securities for inclusion in the index. Prior to January 1994: Created by Dimensional; includes securities of MSCI EAFE countries in the top 30% of book-to-market by market capitalization conditional on the securities being in the bottom 10% of market capitalization, excluding the bottom 1%. All securities are market-capitalization weighted. Each country is capped at 50%; rebalanced semiannually.

**Dimensional Emerging Markets Index** is compiled by Dimensional from Bloomberg securities data. Market-capitalization-weighted index of all securities in the eligible markets. The index has been retroactively calculated by Dimensional and did not exist prior to April 2008.

**Dimensional Emerging Markets Value Index** is compiled by Dimensional from Bloomberg securities data. The index consists of companies whose relative price is in the bottom 33% of their country's companies after the exclusion of utilities and companies with either negative or missing relative price data. The index emphasizes companies with smaller capitalization, lower relative price, and higher profitability. The index also excludes those companies with the lowest profitability and highest relative price within their country's value universe. Profitability is measured as operating income before depreciation and amortization minus interest expense scaled by book. Exclusions: REITs and investment companies. The index has been retroactively calculated by Dimensional and did not exist prior to April 2008. The calculation methodology for the Dimensional Emerging Markets Value Index was amended in January 2014 to include profitability as a factor in selecting securities for inclusion in the index. Prior to January 1994: Fama/French Emerging Markets Value Index.

**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.