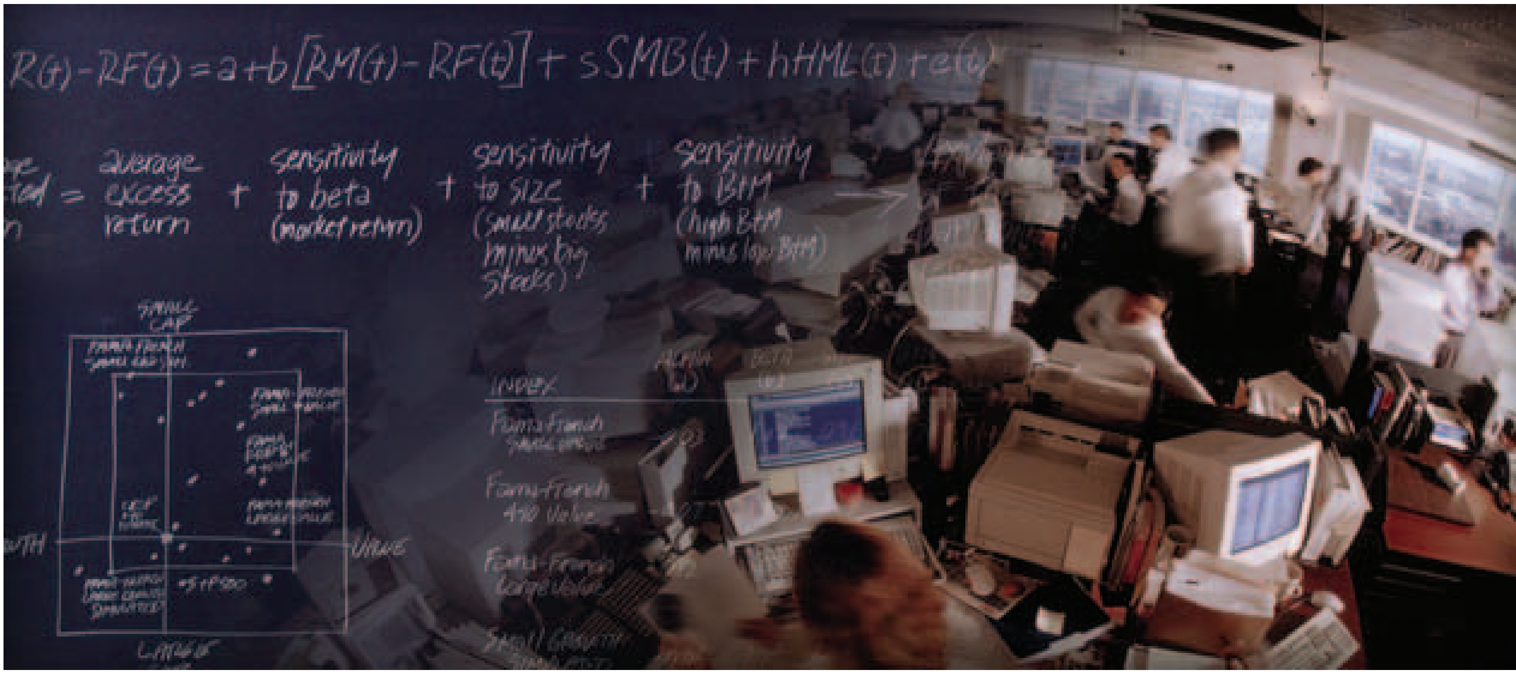


Global Investment Solutions

Dimensional Fund Advisors®

Dimensional Fund Advisors applies academic research to the practical world of investing. Our objective is to help clients structure globally diversified portfolios consistent with a “no forecasting” investment philosophy. We add value through unique portfolio engineering and trading.

Co-chairmen David Booth and Rex Sinquefield were pioneers in introducing broad asset class strategies to institutional investors in the 1970s. Since Dimensional’s inception in 1981, they have led the firm amid growing worldwide interest in this approach. Dimensional is owned primarily by employees and directors and manages assets for both institutional investors and the clients of registered financial advisors. From offices in Los Angeles, London, and Sydney, our professional staff supervises portfolios 24 hours a day.

Dimensional’s product line has grown from the U.S. Micro Cap Portfolio to more than 30 equity and fixed income strategies invested throughout the world. Most are designed to add 100-200 basis points a year over conventional benchmarks while tracking similarly to index funds. As research and financial innovation increase our knowledge of capital markets we incorporate the findings.

Principles and Beliefs

Markets Are Efficient

Markets work and, for investment purposes, assets are fairly priced.

Risk and Return Are Related

Priced risk factors determine expected return.

Diversification Is Key

Diversification is the antidote to uncertainty. Concentrated investments add risk with no additional expected return.

Structure Explains Performance

Asset allocation principally determines results in a broadly diversified portfolio.

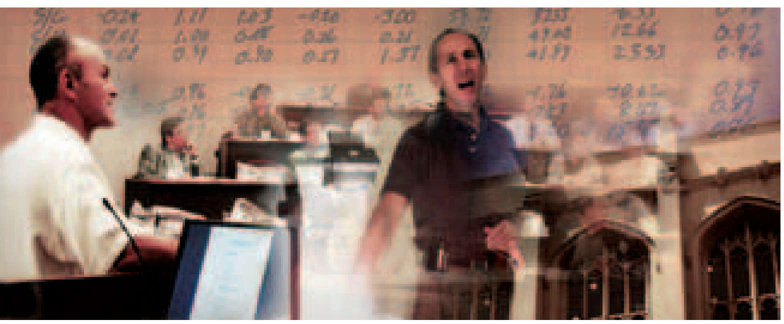
Founded in a Brooklyn brownstone, Dimensional is led by Co-chairmen David Booth and Rex Sinquefield from its Santa Monica headquarters.

Investment Philosophy

Academic Contributions

Financial economists have led the way in understanding risk and return in securities markets. Working with many of the industry's most respected financial economists, Dimensional brings the best academic research to practicing investors in the form of unique empirical strategies.

This is an ongoing process to which we commit substantial resources. Academics share in the revenue, ensuring that they maintain the data and research. Clients benefit from strategies that have higher expected returns and more focused implementation.



Dimensional's researchers include Professors Eugene Fama of the University of Chicago and Kenneth French of Dartmouth College. Leading academics interact with Dimensional's clients at educational conferences throughout the year.

Markets Work

Our core belief is that markets are "efficient," meaning prices reflect the knowledge and expectations of all investors. Though prices are not always correct, markets are so competitive that it is unlikely any single investor can routinely profit at the expense of all other investors. Dimensional is unique in applying this philosophy to its entire range of products.

Investment managers generally either believe they can actively exploit "mispricings" so they engage in traditional active management, or they believe they can do nothing to add value over benchmarks so they engage in traditional index management. Dimensional takes a different approach. Our strategies combine the broad diversification, low cost, and reliable asset class exposure of passive strategies, but add value through engineering and trading.

There can be no assurance that any DFA Funds will achieve its investment objective. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Data reported in this brochure represents past data.

Dimensional Compared to Traditional Portfolio Management

Dimensional's Structured Approach

- Grounded in the efficiency of capital markets.
- Captures specific dimensions of risk identified by academic research.
- Minimizes transaction costs and enhances returns through innovative trading and engineering.

Active Management

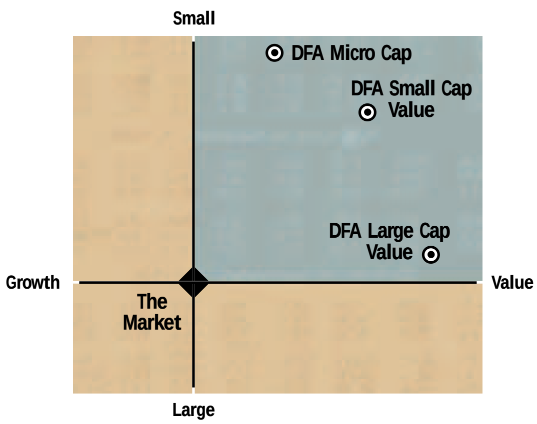
- Attempts to beat the market through security selection and market timing.
- Undermines asset class exposure to keep up with the most "promising" securities.
- Generates higher fees, trading costs, and tax consequences due to increased turnover.

Passive/Index Management

- Accepts asset class returns.
- Allows commercial benchmarks to define strategy.
- Sacrifices transactions costs and turnover in favor of tracking.

Portfolio Engineering

Dimensional's portfolio structure is based on leading research by two members of its investment management team, Eugene Fama of the University of Chicago and Kenneth French of Dartmouth College. Their analysis of the sources of investment returns has reshaped portfolio theory and greatly improved understanding of the factors that drive equity performance.



Dimensional's portfolios allow investors to structure plans with greater precision and focus.

Three Factors

Equity Market (complete value-weighted universe of stocks)
Stocks have higher expected returns than fixed income.

Company Size (measured by market capitalization)
Small company stocks have higher expected returns than large company stocks.

Value (measured by ratio of company book value to market equity)
Relatively distressed "value" company stocks have higher expected returns than healthy "growth" company stocks.

The notion that equities behave differently from fixed income is widely accepted. Within equities, Fama and French find that differences in stock returns are best explained by company size and value characteristics. Taken together, the three factors on average explain more than 90% of the performance of diversified stock portfolios.

The Dimensions of Stock Returns

Dimensional believes that financially distressed companies have higher costs of capital than financially healthy companies because they carry more economic risk. When they borrow from a bank, they pay higher interest rates; when they issue stock, they receive lower prices. A firm's cost of capital is the investor's expected return. Because they are riskier, small distressed companies have higher expected returns than large healthy companies. Long-term increases in expected return can only be achieved by accepting greater size and/or value risk.

The three-factor model defines risk with great precision and has become the modern research standard. Size and value characteristics, along with broad stock market exposure, provide our richest explanation of equity returns.

The Dimensions of Fixed Income Returns

In fixed income, low-grade obligations have higher expected returns than high-grade obligations and long-term bonds have higher expected returns than short-term bonds. Dimensional believes, however, that these premiums are historically not large enough to reward the additional risk.

The primary role of fixed income is diversification and to dampen portfolio volatility. By keeping maturities short and credit quality high, Dimensional minimizes portfolio risk from fixed income so investors can focus on the much higher returns of stock factors. Within our fixed income maturity and credit range, we strive to maximize returns and outperform conventional benchmarks through innovative engineering.

Performance Advantage

Dimensional's strategies have added returns over comparable indexes for more than 20 years. Academic studies have documented these results. Our premium returns come from structure and execution.

Focused and Flexible

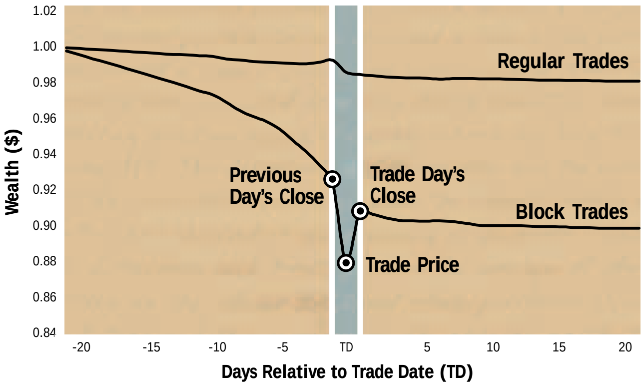
Dimensional's strategies are designed to capture stronger exposure to the factors that drive returns. Our portfolios are broadly diversified to eliminate excess risk, but several conditions must be met before we include instruments. We require financial viability for every stock we purchase. Portfolio eligibility rules are detailed and based only on reliable financial data from stable investment markets. Rather than replicate an index in mechanical fashion, we allow slight variations from precise market weighting. This flexibility allows us to take advantage of favorable trading costs.

Dimensional's trading operation employs extensive professional staff and sophisticated information systems in three offices around the world.

Better Returns Through Execution

Dimensional uses its size, reputation, and trading expertise to take advantage of the lower liquidity of the small company marketplace. Whenever possible, we provide a fair price to sellers who are willing to accept a discount for faster execution on large blocks of stocks. Historically, our average block purchase price is 3% below the next day's closing price, which directly results in higher investment returns for clients.

Small Cap Stock Trades (Buys Only) July 1985-December 2000



Dimensional continually monitors its trading advantage. On a quarterly basis, Professor Donald Keim of the University of Pennsylvania's Wharton School of Business measures the value added from trading small cap stocks at a discount.

Pinpointing the Best Maturity

Fixed income strategies use a "variable maturity" approach to high-grade corporate debt that involves no interest rate forecasting. Dimensional shifts the maturity structure in response to changes in the yield curve. We identify the points on the curve offering the highest expected return per unit of volatility. Global strategies diversify across international markets and hedge exchange rate risk.

Tax Management

Recognizing that some clients are tax-sensitive while others are tax-exempt, we offer several equity strategies designed to maximize after-tax returns. Our unique portfolio construction process minimizes the impact of dividends and realized capital gains while maintaining asset class exposure. For high net worth investors we offer separate accounts based on the same engineered approach to tax management.

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Dimensional Fund Advisors®

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