

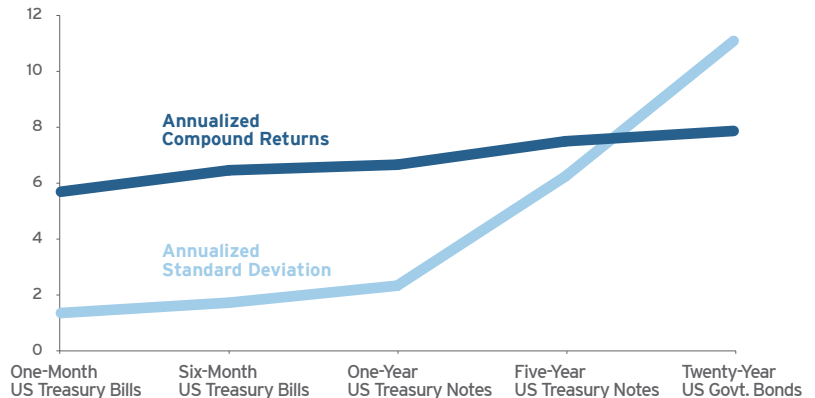
DIMENSIONAL FUND ADVISORS CANADA

DFA FIVE-YEAR GLOBAL FIXED INCOME FUND**DEFINING FIXED INCOME**

In the realm of fixed income, two factors—maturity and credit quality—drive returns. Bonds that mature farther in the future are subject to the risk of unexpected changes in interest rates while those with lower credit quality are subject to the risk of default. Extending bond maturities and reducing credit quality increases potential returns. Dimensional Fund Advisors (“Dimensional”), the sub-advisor of the DFA Five Year Global Fixed Income Fund, believes that it is impossible to predict interest rates and as a result, seeks broad diversification across the fixed income market.

DOES IT PAY TO EXTEND MATURITIES?

Quarterly: 1964-2008. In US Dollars.
For illustrative purposes only.



One-Month Treasury Bills, Five-Year Treasury Notes, and Twenty-Year Government Bonds courtesy of Ibbotson Associates, Six-Month Treasury Bills courtesy of CRSP (1964-1977) and Merrill Lynch (1978-present), One-Year Treasury Notes courtesy of CRSP (1964-May 1991) and Merrill Lynch (June 1991-present). Average annual total returns.

INVESTMENT PHILOSOPHY

Dimensional employs a “no interest rate forecasting” approach. This philosophy is based on original research by University of Chicago Professor Eugene F. Fama, which concluded that fixed income markets efficiently price securities and that the best estimate of future yield curves is today’s yield curve. This does not mean the current curve will not change but that the changes are unpredictable.

Dimensional’s management approach does not anticipate changes in the yield curve; rather, it seeks to maximize the risk-adjusted returns present in the current curve. In broad terms, this means shortening maturities in inverted curves, and extending in upwardly sloped curves.

Eligible Markets

Australia
Canada
Denmark
EMU
Japan
Sweden
Switzerland
United Kingdom
United States

CONSTRUCTING THE FUND

The DFA Five-Year Global Fixed Income Fund will generally invest in high-quality fixed income securities issued or guaranteed by Canadian issuers but denominated in Canadian or foreign currencies. Only high-quality issuers are considered, as liquidity is a necessity. Before purchase, every issue is evaluated for credit and trading quality. All currency exposures are hedged to Canadian dollars, and country allocations are constrained by policy rather than by benchmark weights.

**FUND FACTS
(Class F)**

AVERAGE MATURITY
2.81 Years

AVERAGE DURATION
2.57 Years

SECTORS
Corporate
Foreign Corporate
Foreign Government
Government
Supranational

**BOND MARKETS
(AS CURRENTLY INVESTED)**
Canada
Japan
Sweden
Switzerland
US

RATINGS
AA Rated or Better

**MANAGEMENT
EXPENSE RATIO**
(as of December 31, 2008)
0.40%

The fund’s prospectus contains more complete information on risks, advisory fees, distribution charges and other expenses.

FOCUSING ON THE ASSET CLASS

Of the foreign property investments held by the fund, Dimensional Fund Advisors Inc. may invest in foreign governments, their agencies and instrumentalities, other foreign issuers, and supranational organizations such as the European Investment Bank, the European Economic Community, and the European Coal and Steel Community. Currently, Dimensional expects that most of the foreign property investments will be made in the obligations of issuers that are located in developed countries, such as those countries that are members of the Organization for Economic Co-Operation and Development.

With international bonds, however, there is the additional concern of foreign currency exposure. Efficient-market research conducted on exchange rates found the same random walk phenomenon as in equities. Exchange rates move unpredictably. Currency exposure tends to increase the volatility of an international fixed income portfolio, while there is no reliable evidence to suggest that the expected return of exchange rates is anything other than zero. Our belief is that currency exposure should be hedged in global bond portfolios. Generally, investors pursue global portfolios in order to diversify. Statistically, diversification should result in lower portfolio volatility due to the combination of uncorrelated assets. If currency exposure increases volatility with the addition of global assets, the whole purpose of international diversification is defeated.

CURRENCY HEDGING REDUCES VOLATILITY

January 1985-March 2009

	Global Hedged Bonds	Global Unhedged Bonds
Annualized Standard Deviation	3.53%	7.20%
Approximate Duration (years)	6.24	6.24

In USD. Global Hedged and Global Unhedged are equal-weighted portfolios of Australia, Canada, Germany, Japan, Switzerland, UK, and US country carve-outs of Citigroup World Government Bond Index 1-30+ Years. Citigroup bond indices copyright 2009 by Citigroup.

THE RESULT: DIVERSIFICATION AND HIGHER EXPECTED RETURNS

With currency exposures hedged away, the goal of diversification is attained. Introducing hedged foreign bonds into a domestic portfolio reduces the volatility of the portfolio. Portfolios of hedged global bonds take advantage of imperfect correlations among developed bond markets and enjoy the classic benefits of diversification. Further, given the global availability of highly rated debt issuers, this international diversification can be reached without sacrificing the credit standards maintained in domestic portfolios.

In terms of returns, just as investors are no longer subject to the risk of one bond market, they are no longer subject to the expected returns of just one yield curve. Expected returns across hedged bonds differ as the shape of each yield curve is different. Portfolios can be formed with a tilt toward the higher expected return countries.

CORRELATIONS OF HEDGED COUNTRY BOND INDEXES (Hedged into US Dollars)

Monthly: February 1991-March 2009

	Australia	Canada	Denmark	Germany	Japan	Sweden	Switzerland	UK
Australia	1.000							
Canada	0.704	1.000						
Denmark	0.462	0.516	1.000					
Germany	0.529	0.525	0.812	1.000				
Japan	0.311	0.278	0.135	0.315	1.000			
Sweden	0.523	0.493	0.734	0.693	0.194	1.000		
Switzerland	0.437	0.358	0.599	0.722	0.256	0.528	1.000	
UK	0.510	0.600	0.729	0.754	0.188	0.618	0.534	1.000
US	0.655	0.725	0.574	0.687	0.279	0.488	0.493	0.622

Source: Citigroup Government Bond Indexes 1-30+ Years. Due to the lack of data, Germany serves as a proxy for the EMU in this example.

Read more about Dimensional in the publication *What Makes Dimensional Different*.

DIMENSIONAL WORLDWIDE:

VANCOUVER

SANTA MONICA

AUSTIN

CHICAGO

LONDON

SYDNEY

www.dfacanada.com



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