

# Pursuing a Better Investment Experience

Commissions, trailing commissions, management fees, and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Unless otherwise noted, any indicated total rates of return reflect the historical annual compounded total returns, including changes in share or unit value and reinvestment of all dividends or other distributions, and do not take into account sales, redemption, distribution, or optional charges or income taxes payable by any security holder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently, and past performance may not be repeated.

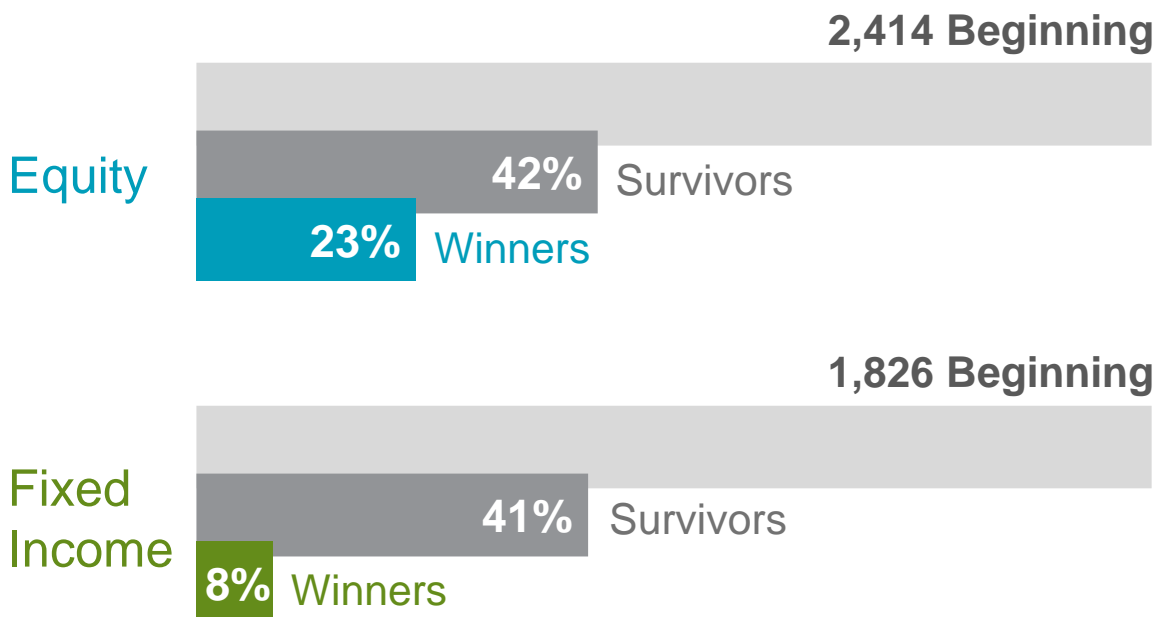
# 1. Embrace Market Pricing



The market is an effective information-processing machine. Each day, the world equity markets process billions of dollars in trades between buyers and sellers—and the real-time information they bring helps set prices.

## 2. Don't Try to Outguess the Market

### US-Based Mutual Fund Performance, 1999–2018

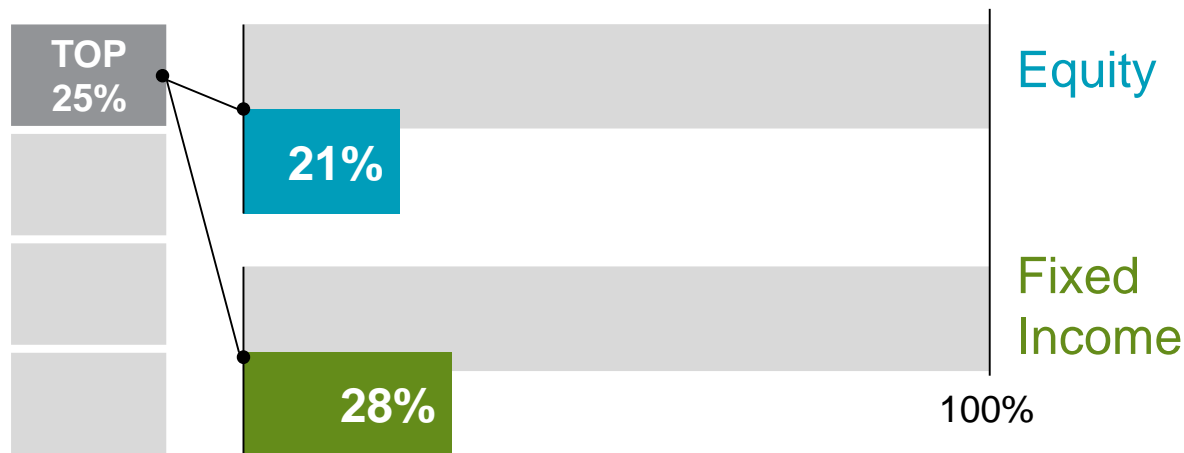


The market's pricing power works against mutual fund managers who try to outperform through stock picking or market timing. As evidence, only 23% of US-based equity mutual funds and 8% of fixed income funds have survived and outperformed their benchmarks over the past 20 years.

The sample includes funds at the beginning of the 20-year period ending December 31, 2018. Each fund is evaluated relative to its respective primary prospectus benchmark as of the end 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 primary prospectus benchmark. Loser funds are funds that did not survive the period or whose cumulative net return did not exceed that of their respective primary prospectus benchmark. Where the full series of primary prospectus benchmark returns is unavailable, funds are instead evaluated relative to the Morningstar category index assigned to the fund's category at the start of the evaluation period. US-domiciled open-end mutual fund data is from Morningstar. 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, Global Real Estate, Japan Stock, Large Blend, Large Growth, Large Value, Mid-Cap Blend, Mid-Cap Growth, Mid-Cap Value, Miscellaneous Region, Pacific/Asia ex-Japan Stock, Real Estate, Small Blend, Small Growth, Small Value, World Large Stock, and World Small/Mid Stock. Fixed income fund sample includes the Morningstar historical categories: Corporate Bond, High Yield Bond, Inflation-Protected Bond, Intermediate Government, Intermediate-Term Bond, Long Government, Muni California Intermediate, Muni California Long, Muni Massachusetts, Muni Minnesota, Muni National Intermediate, Muni National Long, Muni National Short, Muni New Jersey, Muni New York Intermediate, Muni New York Long, Muni Ohio, Muni Pennsylvania, Muni Single State Intermediate, Muni Single State Long, Muni Single State Short, Short Government, Short-Term Bond, Ultrashort Bond, and World Bond. See Dimensional's *Mutual Fund Landscape 2019* for more detail. Index data provided by Bloomberg Barclays, MSCI, Russell, FTSE Fixed Income LLC, and S&P Dow Jones Indices LLC. Bloomberg Barclays data provided by Bloomberg. MSCI data © MSCI 2019, all rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. FTSE fixed income indices © 2019 FTSE Fixed Income LLC. All rights reserved. S&P data © 2019 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. **Indices are not available for direct investment. Their performance does not reflect the expenses associated with management of an actual portfolio. There is no guarantee investment strategies will be successful. Past performance is no guarantee of future results.**

### 3. Resist Chasing Past Performance

Percentage of Top-Ranked Funds That Stayed on Top



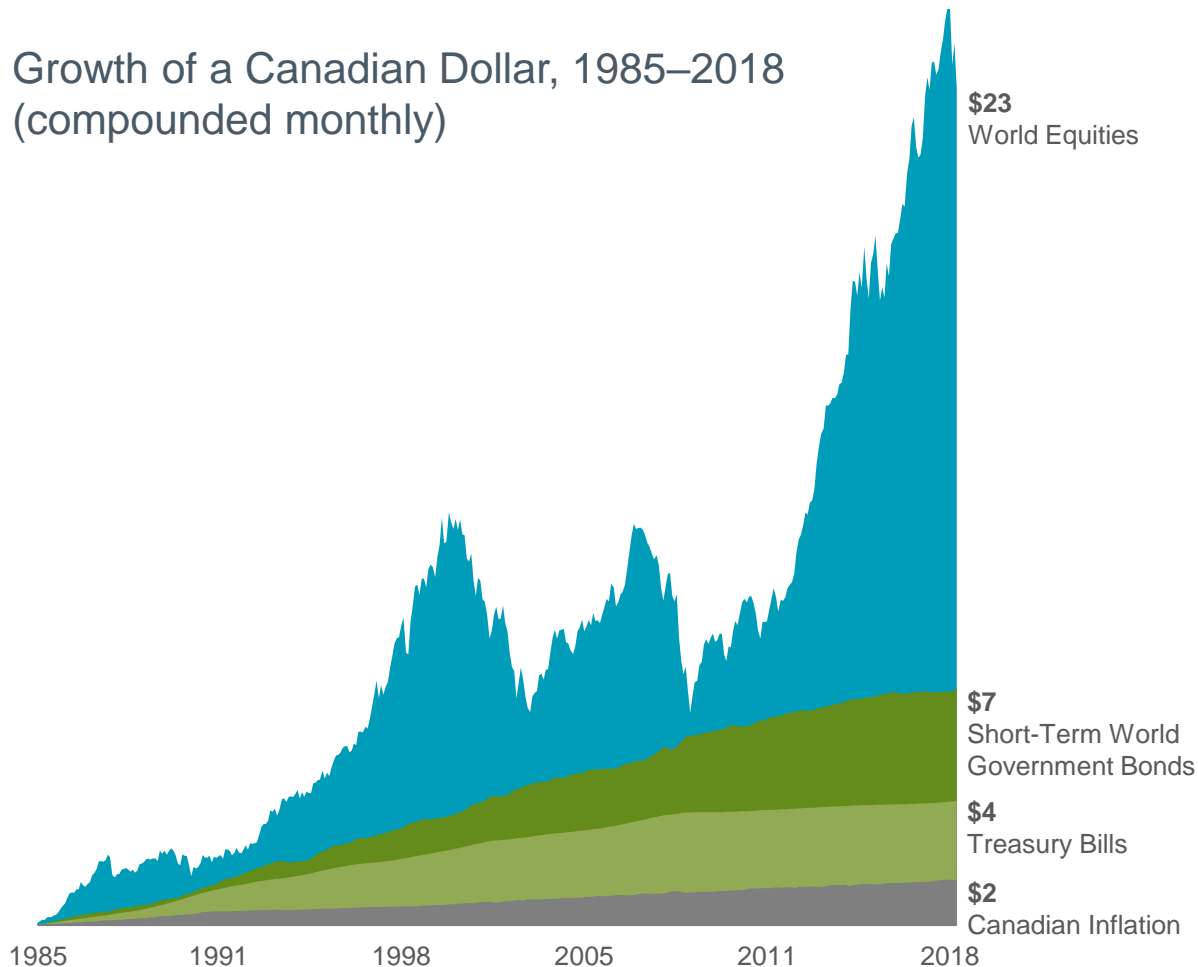
Previous 5 Years      Funds Remaining in Top Quartile of Returns in the Following 5-Year Period (2008–2018 average)

Some investors select mutual funds based on their past returns. Yet, past performance offers little insight into a fund’s future returns. For example, most funds in the top quartile (25%) of previous five-year returns did not maintain a top-quartile ranking in the following five years.

This study evaluated fund performance persistence over rolling periods from 1999 through 2018. Each year, funds are sorted within their category based on their previous five-year total return. Those ranked in the top quartile (25%) of returns are evaluated over the following five-year period. The chart shows the average percentage of top-ranked equity and fixed income funds that kept their top ranking in the subsequent period. US-domiciled open-end mutual fund data is from Morningstar. 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, Global Real Estate, Japan Stock, Large Blend, Large Growth, Large Value, Mid-Cap Blend, Mid-Cap Growth, Mid-Cap Value, Miscellaneous Region, Pacific/Asia ex-Japan Stock, Real Estate, Small Blend, Small Growth, Small Value, World Large Stock, and World Small/Mid Stock. Fixed income fund sample includes the Morningstar historical categories: Corporate Bond, High Yield Bond, Inflation-Protected Bond, Intermediate Government, Intermediate-Term Bond, Long Government, Muni California Intermediate, Muni California Long, Muni Massachusetts, Muni Minnesota, Muni National Intermediate, Muni National Long, Muni National Short, Muni New Jersey, Muni New York Intermediate, Muni New York Long, Muni Ohio, Muni Pennsylvania, Muni Single State Intermediate, Muni Single State Long, Muni Single State Short, Short Government, Short-Term Bond, Ultrashort Bond, and World Bond. See Dimensional’s *Mutual Fund Landscape 2019* for more detail. Index data provided by Bloomberg Barclays, MSCI, Russell, FTSE Fixed Income LLC, and S&P Dow Jones Indices LLC. Bloomberg Barclays data provided by Bloomberg. MSCI data © MSCI 2019, all rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. FTSE fixed income indices © 2019 FTSE Fixed Income LLC. All rights reserved. S&P data © 2019 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. **Indices are not available for direct investment. Their performance does not reflect the expenses associated with management of an actual portfolio. There is no guarantee investment strategies will be successful. Past performance is no guarantee of future results.**

## 4. Let Markets Work for You

Growth of a Canadian Dollar, 1985–2018  
(compounded monthly)



The financial markets have rewarded long-term investors. People expect a positive return on the capital they supply, and historically, the equity and bond markets have provided growth of wealth that has more than offset inflation.

In CAD. World Equities is the MSCI World Index (gross dividends). Short-Term World Government Bonds is the FTSE World Government Bond Index 1–5 Years (hedged to CAD). Treasury Bills is the FTSE Canada 30-Day Treasury Bill Index. Canadian Inflation is measured as changes in the Canadian Consumer Price Index. MSCI data © MSCI 2019, all rights reserved. FTSE fixed income indices © 2019 by FTSE Fixed Income LLC. All rights reserved. Treasury Bills data provided by PC-Bond, a business unit of FTSE Global Debt Capital Markets Inc. All rights reserved. Inflation data is provided by the Bank of Canada.

# 5. Consider the Drivers of Returns

## Dimensions of Expected Returns

### EQUITIES

Company Size (Market Capitalization)

Relative Price (Price/Book Equity)

Profitability (Operating Profits/Book Equity)

### FIXED INCOME

Term (Sensitivity to Interest Rates)

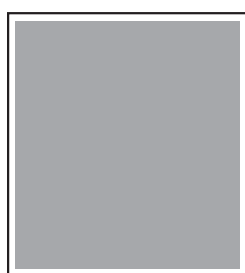
Credit (Credit Quality of Issuer)

Currency (Currency of Issuance)

There is a wealth of academic research into what drives returns. Expected returns depend on current market prices and expected future cash flows. Investors can use this information to pursue higher expected returns in their portfolios.

## 6. Practice Smart Diversification

### Model Canadian Equity Index Portfolio



**S&P/TSX  
Composite  
Index,  
1991–2018**

Annualized Return (%) 8.06

Annualized Standard  
Deviation (%) 13.78

### Model Global Diversified Equity Index Portfolio



**Globally  
Diversified  
Portfolio,  
1991–2018**

Annualized Return (%) 9.46

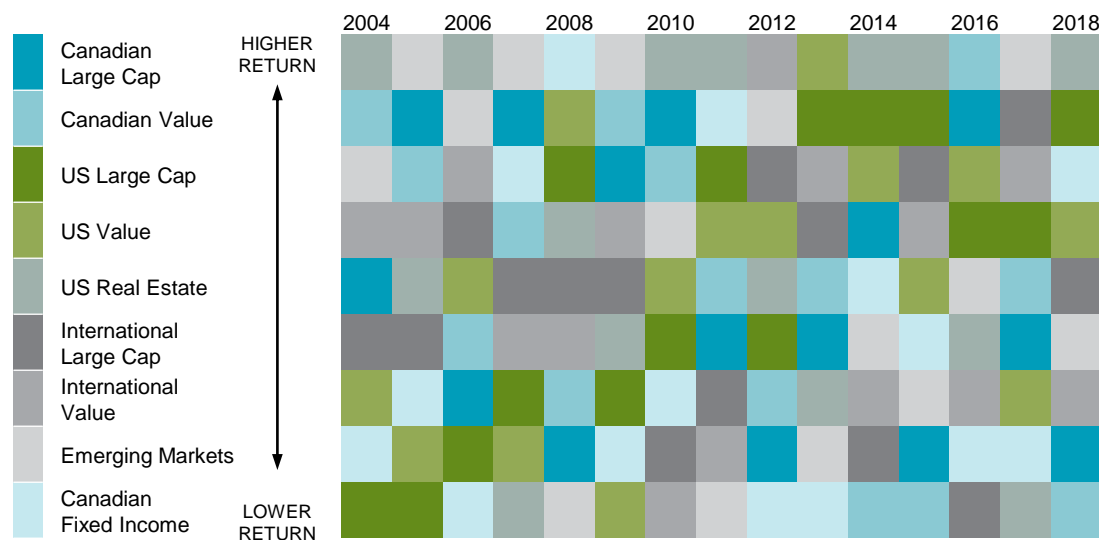
Annualized Standard  
Deviation (%) 11.19

Holding securities across many market segments can help manage overall risk. But diversifying within your home market may not be enough. Global diversification can broaden your investment universe.

In CAD. Globally Diversified Portfolio is equally weighted with the following asset groups: Canadian (Large, Small, and Value); US (Large, Small, and Value); US Real Estate; International (Large and Mid, Small, and Value). Annualized Standard Deviation is calculated by multiplying the standard deviation of monthly returns by the square root of 12. Date range selected for the model portfolios is the longest common time series of whole years of data available. Rebalanced quarterly. Index descriptions: Canadian Large Cap is the S&P/TSX Composite Index. Canadian Small Cap is the MSCI Canada Small Cap Index (MSCI/Barra, gross dividends), January 1999–present, and Barra Canada Small Cap Index, December 1998 and before. Canadian Value is the MSCI Canada Value Index (gross dividends). US Large Cap is the S&P 500 Index. US Small Cap is the CRSP 6–10 Index. US Value is the Russell 3000 Value Index. US Real Estate is the Dow Jones US Select REIT Index. International Large and Mid Cap is the MSCI EAFE Index (net dividends). International Small Cap is Dimensional International Small Cap Index. International Value is the MSCI EAFE Value Index (net dividends). S&P/TSX data © 2019 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. MSCI data © MSCI 2019, all rights reserved. Canadian Barra data provided by MSCI Barra. S&P data © 2019 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. CRSP data provided by the Center for Research in Security Prices, University of Chicago. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. Dow Jones US Select data provided by Dow Jones Indices. **Not to be construed as investment advice. Returns of model portfolios are based on backtested model allocation mixes designed with the benefit of hindsight and do not represent actual investment performance. International investing involves special risks, such as currency fluctuation and political instability. Investing in emerging markets may accentuate these risks.**

# 7. Avoid Market Timing

## Annual Returns by Market Index



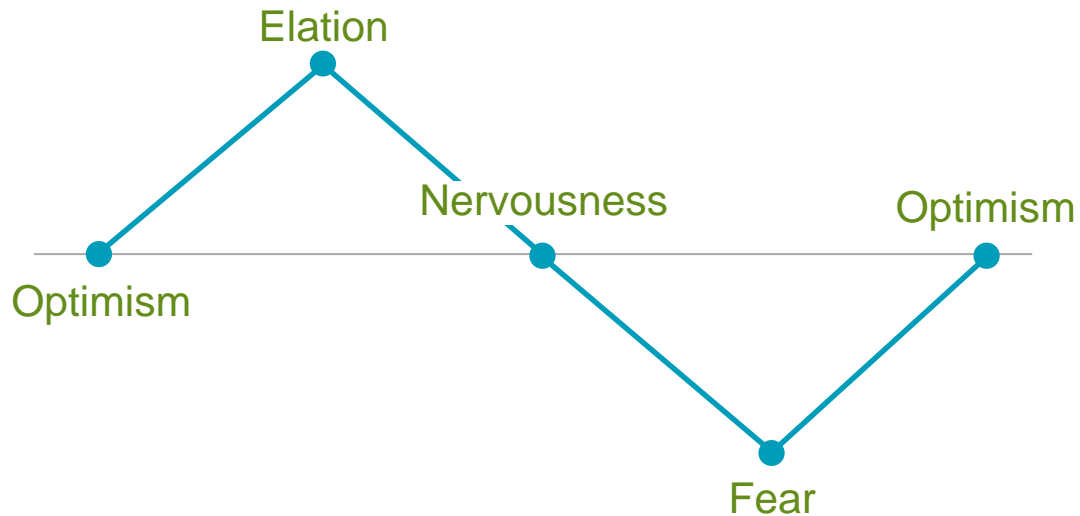
You never know which market segments will outperform from year to year. By holding a globally diversified portfolio, investors are well positioned to seek returns wherever they occur.

In CAD. Canadian Large Cap is the S&P/TSX Composite Index. Canadian Value is the MSCI Canada IMI Value Index (gross dividends). US Large Cap is the S&P 500 Index. US Value is the Russell 3000 Value Index. US Real Estate is the Dow Jones US Select REIT Index. International Large Cap is the MSCI EAFE Large Cap Index (gross dividends). International Value is the MSCI EAFE IMI Value Index (gross dividends). Emerging Markets is the MSCI Emerging Markets Index (gross dividends). Canadian Fixed Income is the FTSE Canada Universe Bond Index. S&P/TSX data © 2019 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. MSCI data © MSCI 2019, all rights reserved. S&P data © 2019 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. Dow Jones US Select data provided by Dow Jones indices. FTSE data published with the permission of FTSE. Chart is for illustrative purposes only.



## 8. Manage Your Emotions

### Avoid Reactive Investing



Many people struggle to separate their emotions from investing. Markets go up and down. Reacting to current market conditions may lead to making poor investment decisions.

## 9. Look beyond the Headlines

RETIRE RICH

SELL STOCKS NOW

THE LOOMING RECESSION

THE TOP 10 FUNDS TO OWN

MARKET HITS RECORD HIGH

HOUSING MARKET BOOM

Daily market news and commentary can challenge your investment discipline. Some messages stir anxiety about the future while others tempt you to chase the latest investment fad.

When headlines unsettle you, consider the source and maintain a long-term perspective.

# 10. Focus on What You Can Control

- Create an investment plan to fit your needs and risk tolerance.
- Structure a portfolio along the dimensions of expected returns.
- Diversify globally.
- Manage expenses, turnover, and taxes.
- Stay disciplined through market dips and swings.

A financial advisor can offer expertise and guidance to help you focus on actions that add value. This can lead to a better investment experience.