

## INVESTMENT STRATEGY

The Tax-Managed US Marketwide Value Portfolio II is a no-load mutual fund designed to capture the returns and diversification benefits of a broad cross-section of US value companies, on a market-cap weighted basis. The Portfolio invests in securities of US companies whose size (based primarily on market capitalization) falls within the range of total market capitalization. The market universe is comprised primarily of companies listed on the New York Stock Exchange, American Stock Exchange, and Nasdaq Global Market. Securities are considered value stocks primarily because a company's shares have a high book value in relation to their market value (BtM). This BtM sort excludes firms with negative or zero book values. In assessing value, additional factors such as price-to-cash-flow or price-to-earnings ratios may be considered. The criteria for assessing value are subject to change from time to time. The Portfolio seeks to maximize the after tax value of an investment by managing its portfolio in a manner that will defer the realization of net capital gains where possible and may attempt to reduce dividend income.

## PRINCIPAL RISKS

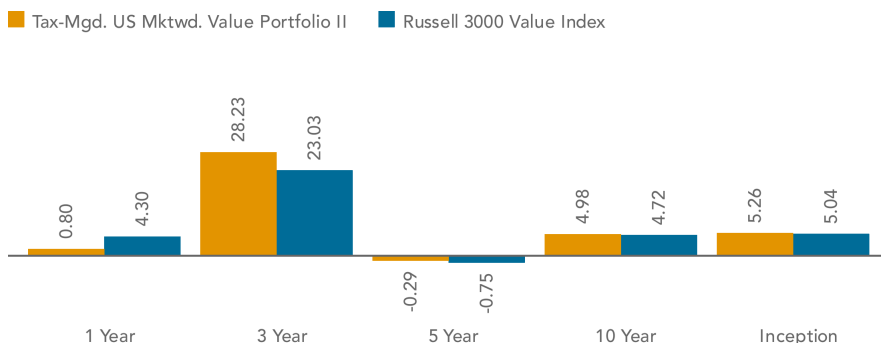
The principal risks associated with this investment are market risk, small company risk, and tax-management strategy risk. Small companies are often less liquid than large companies, and thus their value may fluctuate more. These risks are described in the Principal Risks section of the prospectus, available at [dimensional.com](http://dimensional.com).

## FUND COSTS

Management Fee	0.20%
Total Operating Expense Ratio	0.23%
Net Expense Ratio (to investor)	0.23%

Annual expense ratio as of 10/31/2011. The fund's prospectus contains more complete information on risks, advisory fees, expense reimbursements, and other expenses.

## AVERAGE ANNUAL TOTAL RETURNS (%)



Performance data represents past performance and is no guarantee of future results. Current performance may be higher or lower than the performance displayed. The investment return and principal value will fluctuate so that an investment's shares, when redeemed, may be worth more or less than their original cost. Visit [Dimensional.com](http://Dimensional.com) for month-end performance information.

## GROWTH OF \$100,000



## BEST/WORST RETURNS

Since Fund Inception	Best	Worst
Three-Month Total Return	39.39% (3/09-5/09)	-36.00% (9/08-11/08)
One-Year Total Return	77.25% (3/09-2/10)	-52.43% (3/08-2/09)
Three-Year Annualized Average Return	31.68% (3/09-2/12)	-21.10% (3/06-2/09)
Five-Year Annualized Average Return	19.50% (10/02-9/07)	-7.88% (3/04-2/09)

## AFTER-TAX RETURNS

Average Annual Total Returns	One Year	Five Years	Since Inception 12/16/1998
After Taxes on Distributions	0.47%	-0.74%	4.87%
After Taxes on Distributions and Sale of Fund Shares	0.77%	-0.33%	4.48%

# Tax-Mgd. US Mktwd. Value Portfolio II

## ABOUT DIMENSIONAL

In 1981, Dimensional launched its first strategy based on research documenting the stronger performance of US small cap stocks. Our second strategy, a short-term fixed income portfolio launched in 1983, applies Eugene Fama's term structure research. Later, a comprehensive analysis of prices and other research deepened our strategy repertoire and set a new standard for portfolio design.

## PHILOSOPHY

At Dimensional, we see markets as an ally, not an adversary. We believe competition quickly drives stock prices to fair value and that persistent differences in average portfolio returns are explained by differences in average risk. Rather than trying to take advantage of the ways markets are mistaken, we take advantage of the ways markets are right—the ways they compensate investors. Our mission is to deliver the performance of capital markets and increase returns through state-of-the-art portfolio design and trading.

## PORTFOLIO CONSTRUCTION

The goal of the Tax-Managed US Marketwide Value Portfolio II is to provide broadly diversified exposure to companies with value characteristics while minimizing tax liabilities. The portfolio invests in the total US market universe. A value screen is then applied to this universe. For inclusion in the portfolio, value stocks must have book-to-market (BtM) ratios in the upper 20% of the value-weighted universe ranked by BtM.

The portfolio is monitored for cumulative gains and losses. To minimize the realization of capital gains when selling securities, those shares of the specific security with the highest cost are selected. If the highest-cost shares produce short-term capital gains, the highest-cost shares with a long-term holding period are selected instead. Also, securities with capital losses are identified and sold to offset realized capital gains. Additional quantitative screens are applied to minimize the effect of dividend distributions on after-tax returns.

## CHARACTERISTICS

	Tax-Mgd. US Mktwd. Value Portfolio II	Russell 3000 Value Index
Number of Securities	1,283	1,993
Weighted Average Total Market Cap (millions)	\$52,722	\$72,988
Median Total Market Cap (millions)	\$421	\$893
Weighted Average Book-to-Market	0.90	0.73
Median Book-to-Market	0.91	0.71
Price/Earnings (excluding negatives)	12.28	12.84
Annual Turnover (as of 10/31/2011)	20%	—

## ASSETS UNDER MANAGEMENT

All Strategies	\$245.1 Billion
Portfolio II	\$928.4 Million

AMSTERDAM  
AUSTIN  
BERLIN  
LONDON  
SANTA MONICA  
SYDNEY  
VANCOUVER

[www.dimensionalfundadvisors.com](http://www.dimensionalfundadvisors.com)

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