
Diversification and the Randomness of Returns

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Investments involve risks including potential loss of principal and fluctuating value. Diversification neither assures a profit nor guarantees against loss in a declining market.

Investment products: • Not FDIC Insured • Not Bank Guaranteed • May Lose Value

Dimensional Fund Advisors does not have any bank affiliates.

Small and micro cap securities are subject to greater volatility than those in other asset categories.

International and emerging markets investing involves special risks such as currency fluctuation and political instability. Investing in emerging markets may accentuate these risks.

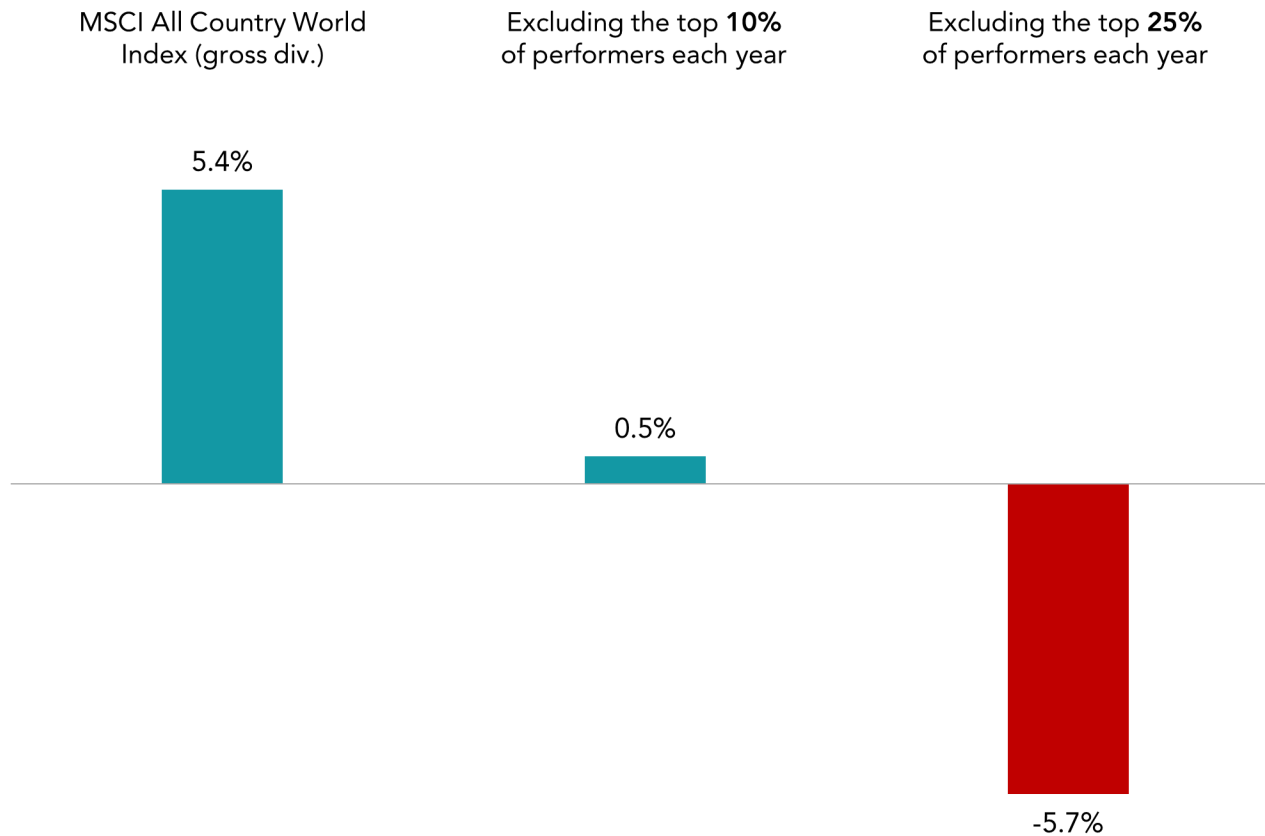
Fixed income securities are subject to increased loss of principal during periods of rising interest rates. Fixed income investments are subject to various other risks, including changes in credit quality, liquidity, prepayments, call risk, and other factors. Municipal securities are subject to the risks of adverse economic and regulatory changes in their issuing states.

Real estate investment risks include changes in real estate values and property taxes, interest rates, cash flow of underlying real estate assets, supply and demand, and the management skill and creditworthiness of the issuer.

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Benefits of Diversification

Compound average annual returns: 2008–2022



Research shows there is no reliable way to predict top performers.

Broad diversification helps reduce unnecessary idiosyncratic risk.¹

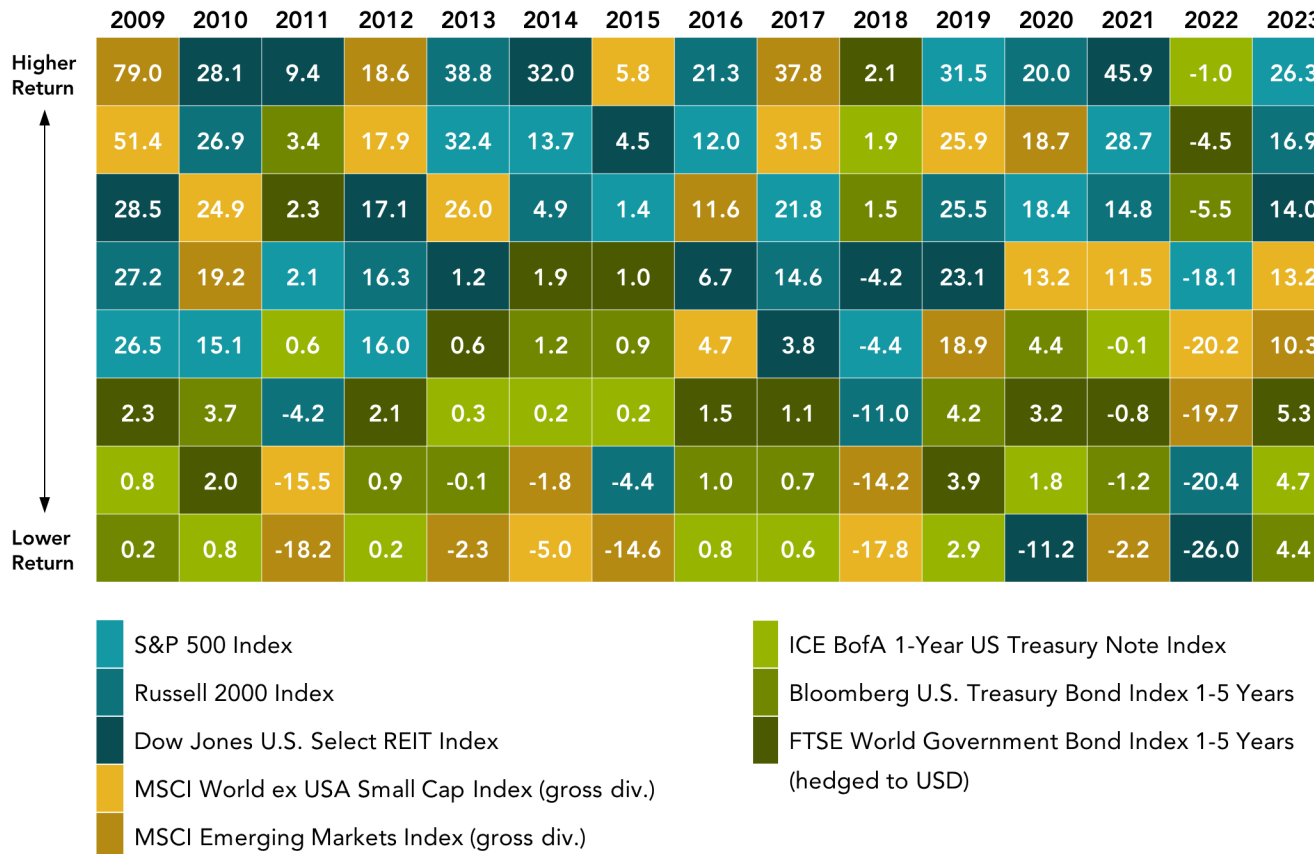
1. Idiosyncratic risk is unsystematic (diversifiable) risk associated with exposure to a single stock, sector, or country.

Past performance is no guarantee of future results. Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio. Diversification does not eliminate the risk of market loss.

In USD. "Excluding the top 10%" and "Excluding the top 25%" exclude the respective percentages of stocks in the MSCI All Country World Index (gross div.) with the highest annual returns by security count each year. Source: Dimensional, using data from Bloomberg LP. MSCI data © MSCI 2024, all rights reserved.

Diversification Helps Take the Guesswork Out of Investing

Annual returns (%): 2009–2023



You never know which markets will outperform from year to year.

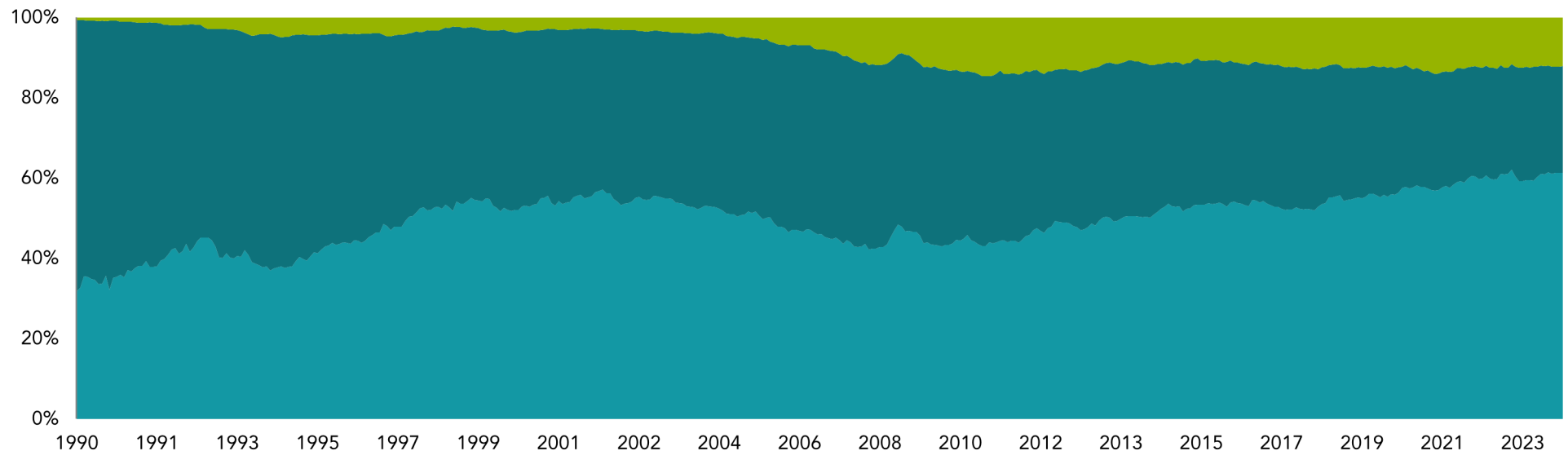
By holding a globally diversified portfolio, investors are positioned to capture returns wherever they occur.

Past performance is not a guarantee of future results. Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio. In USD. Source: S&P and Dow Jones data © 2024 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. MSCI data © MSCI 2024, all rights reserved. ICE BofA index data © 2024 ICE Data Indices, LLC. Bloomberg data provided by Bloomberg. FTSE fixed income indices © 2024 FTSE Fixed Income LLC. All rights reserved. Diversification does not eliminate the risk of market loss.

Market Capitalization of Global Stock Markets

January 1990–December 2023

	Number of Countries	Number of Stocks	Total Value	Weights		
				December 31, 2023	Change from Previous Year	01/90–12/23 Average
US	1	3,480	49.98 Trillion	61.27%	▲ 2.01%	49.39%
Developed Markets ex US	22	6,517	21.72 Trillion	26.63%	▼ -1.50%	42.80%
Emerging Markets	24	10,598	9.87 Trillion	12.10%	▼ -0.51%	7.81%
Total	47	20,595	81.58 Trillion	100.00%		

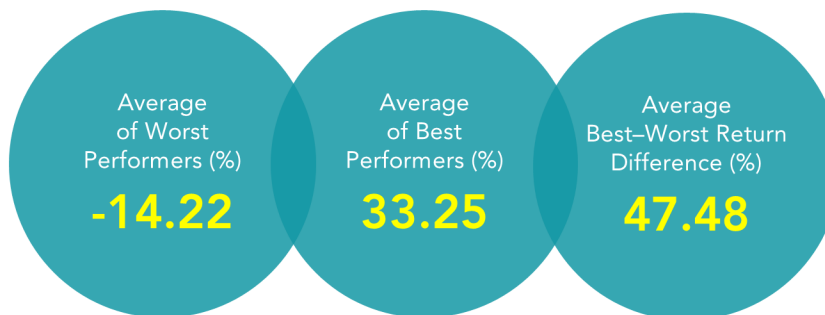


In USD. Market cap data is free-float adjusted. 30% foreign ownership limit and 25% inclusion factor are applied to China A-shares. Eligible stocks are required to meet a minimum market capitalization requirement of 50,000,000 USD and liquidity screen of 50,000 USD in median trading volume amount. Data provided by Bloomberg. Developed markets ex US (as of December 31, 2023): Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and United Kingdom. Emerging markets (as of December 31, 2023): Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Kuwait, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Saudi Arabia, South Africa, South Korea, Taiwan, Thailand, Turkey and United Arab Emirates.

Free float: In general, describes the number of publicly traded shares of a company.

Best Minus Worst Performing Developed Markets

	Worst Performer (%)		Best Performer (%)		Best–Worst Return Difference (%)		Worst Performer (%)		Best Performer (%)		Best–Worst Return Difference (%)
2004	Finland	6.14	Austria	71.52	65.37	2014	Portugal	-38.24	USA	12.69	50.93
2005	Ireland	-2.29	Canada	28.31	30.60	2015	Canada	-24.16	Denmark	23.43	47.59
2006	Japan	6.24	Spain	49.36	43.11	2016	Denmark	-15.77	Canada	24.56	40.33
2007	Ireland	-20.09	Finland	48.65	68.74	2017	New Zealand	11.69	Austria	58.31	46.62
2008	Ireland	-71.92	Japan	-29.21	42.71	2018	Austria	-27.44	Finland	-3.43	24.01
2009	Japan	6.25	Norway	87.07	80.82	2019	Finland	9.48	New Zealand	38.20	28.72
2010	Spain	-21.95	Sweden	33.75	55.70	2020	United Kingdom	-10.47	Denmark	43.73	54.20
2011	Austria	-36.43	Ireland	13.71	50.14	2021	New Zealand	-17.08	Austria	41.51	58.58
2012	Spain	3.00	Belgium	39.55	36.55	2022	Sweden	-28.41	Portugal	0.20	28.61
2013	Singapore	1.70	Finland	46.04	44.35	2023	Hong Kong	-14.77	Italy	37.10	51.86



Past performance is no guarantee of future results. Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio. Diversification neither assures a profit nor guarantees against loss in a declining market. In USD. MSCI country indices (net dividends) for each country listed. Does not include Israel, which MSCI classified as an emerging market prior to May 2010. MSCI data © MSCI 2024, all rights reserved.

Best Minus Worst Performing Emerging Markets

	Worst Performer (%)		Best Performer (%)		Best–Worst Return Difference (%)		Worst Performer (%)		Best Performer (%)		Best–Worst Return Difference (%)
2004	Thailand	-1.24	Colombia	132.44	133.67	2014	Hungary	-27.44	Egypt	29.33	56.77
2005	Malaysia	2.29	Egypt	161.59	159.29	2015	Colombia	-41.80	Hungary	36.31	78.10
2006	Turkey	-7.21	China	82.87	90.08	2016	Egypt	-11.53	Brazil	66.24	77.77
2007	Taiwan	8.38	Peru	94.37	85.99	2017	Egypt	5.13	Poland	54.72	49.59
2008	India	-64.63	Colombia	-25.10	39.53	2018	Turkey	-41.40	Peru	1.56	42.96
2009	Czech Republic	26.52	Brazil	128.06	101.54	2019	Chile	-16.94	Egypt	41.75	58.69
2010	Hungary	-9.58	Thailand	55.71	65.29	2020	Egypt	-22.47	Korea	44.64	67.11
2011	Egypt	-46.86	Indonesia	6.00	52.86	2021	Turkey	-28.35	Czech Republic	55.02	83.37
2012	Brazil	0.05	Turkey	64.21	64.16	2022	Hungary	-31.08	Turkey	90.42	121.49
2013	Peru	-29.85	Taiwan	9.06	38.91	2023	China	-11.20	Hungary	50.89	62.09



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Equity Returns of Developed Markets

Annual return (%)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Highest Return	Austria 71.5	Canada 28.3	Spain 49.4	Finland 48.7	Japan -29.2	Norway 87.1	Sweden 33.8	Ireland 13.7	Belgium 39.6	Finland 46.0	US 12.7	Denmark 23.4	Canada 24.6	Austria 58.3	Finland -3.4	NZ 38.2	Denmark 43.7	Austria 41.5	Portugal 0.2	Italy 37.1
	Norway 53.3	Japan 25.5	Portugal 47.4	HK 41.2	Switz. -30.5	Australia 76.4	Denmark 30.7	NZ 5.5	Denmark 31.3	Ireland 41.2	NZ 7.3	Ireland 16.5	NZ 18.4	HK 36.2	NZ -4.0	Ireland 37.5	Nether. 24.1	Nether. 27.6	HK -4.7	Spain 31.9
	Belgium 43.5	Austria 24.6	Ireland 46.8	Germany 35.2	US -37.6	Singapore 74.0	HK 23.2	US 1.4	Singapore 31.0	US 31.8	Denmark 6.2	Belgium 12.1	Norway 13.3	Singapore 35.6	US -5.0	Switz. 32.3	Sweden 23.9	US 26.5	Denmark -4.8	Denmark 31.2
	Ireland 43.1	Denmark 24.5	Singapore 46.7	Norway 31.4	Spain -40.6	Sweden 64.2	Singapore 22.1	UK -2.6	Germany 30.9	Germany 31.4	HK 5.1	Japan 9.6	Australia 11.4	Denmark 34.7	HK -7.8	Nether. 32.1	US 20.7	Canada 26.0	UK -4.8	US 26.5
	Sweden 36.3	Norway 24.3	Norway 45.1	Canada 29.6	France -43.3	HK 60.2	Canada 20.5	Switz. -6.8	NZ 29.3	Spain 31.3	Belgium 4.1	Austria 3.5	Austria 11.3	Nether. 32.2	Norway -8.6	US 30.9	Finland 20.4	Norway 22.0	Australia -5.3	Nether. 25.8
	NZ 35.2	Finland 16.7	Sweden 43.4	Singapore 28.4	Canada -45.5	Belgium 57.5	Japan 15.4	Norway -10.0	HK 28.3	Nether. 31.3	Singapore 3.0	Italy 2.3	US 10.9	France 28.7	Switz. -9.1	Denmark 28.2	NZ 19.9	Sweden 21.9	Norway -7.0	Ireland 24.4
	Italy 32.5	Switz. 16.3	Denmark 38.8	Australia 28.3	Germany -45.9	Canada 56.2	US 14.8	Belgium -10.6	Austria 25.9	Belgium 27.6	Ireland 2.3	Finland 2.0	France 4.9	Italy 28.4	Singapore -9.4	Canada 27.5	Ireland 15.1	France 19.5	Spain -7.3	Sweden 23.9
	Denmark 30.8	Australia 16.0	Belgium 36.7	Denmark 25.6	Singapore -47.4	NZ 50.4	Australia 14.5	Australia -11.0	Australia 22.1	Japan 27.2	Canada 1.5	Nether. 1.3	Nether. 4.8	Norway 28.3	Portugal -11.1	Italy 27.3	Japan 14.5	Switz. 19.3	Singapore -11.0	Germany 23.0
	Australia 30.3	Singapore 14.4	Austria 36.5	Portugal 24.0	Denmark -47.6	Spain 43.5	Switz. 11.8	Nether. -12.1	Sweden 22.0	Switz. 26.6	Switz. -0.1	Portugal 0.9	Portugal 3.6	Germany 27.7	Australia -12.0	France 25.7	Portugal 14.4	Denmark 19.0	Belgium -12.5	France 21.4
	Spain 28.9	Nether. 13.9	Germany 36.0	Spain 24.0	Nether. -48.2	UK 43.3	Norway 10.9	Spain -12.3	France 21.3	France 26.3	Finland -0.7	US 0.7	Germany 2.8	Spain 27.0	France -12.8	Portugal 23.7	Switz. 11.6	UK 18.5	Canada -12.9	Japan 20.3
	HK 25.0	Sweden 10.3	France 34.5	Nether. 20.6	UK -48.3	Austria 43.2	Finland 10.3	Canada -12.7	Nether. 20.6	Denmark 25.2	Australia -3.4	Switz. 0.4	Japan 2.4	Japan 24.0	Japan -12.9	Australia 22.9	Germany 11.5	Italy 15.0	France -13.3	Austria 17.2
	Portugal 24.7	Germany 9.9	Italy 32.5	France 13.2	Sweden -49.9	Nether. 42.3	Austria 9.9	Japan -14.3	Switz. 20.4	Sweden 24.5	Nether. -3.5	France -0.1	HK 2.3	Portugal 23.8	Nether. -13.1	Sweden 21.2	Australia 8.7	Australia 9.4	NZ -13.6	Switz. 15.7
	Singapore 22.3	France 9.9	Nether. 31.4	NZ 8.9	Italy -50.0	Portugal 40.4	UK 8.8	Sweden -16.0	Norway 18.7	UK 20.7	Japan -4.0	HK -0.5	Singapore 1.4	Switz. 22.5	Sweden -13.7	UK 21.0	HK 5.8	Finland 9.0	Italy -14.4	Canada 15.4
	Canada 22.2	Belgium 9.0	Australia 30.9	UK 8.4	Australia -50.7	Denmark 36.6	Germany 8.4	Denmark -16.0	US 15.3	Italy 20.4	Spain -4.7	Germany -1.9	Sweden 0.6	Finland 22.5	UK -14.2	Germany 20.8	Canada 5.3	Ireland 8.5	Finland -15.3	Australia 14.8
	UK 19.6	HK 8.4	UK 30.6	Italy 6.1	HK -51.2	France 31.8	NZ 8.3	HK -16.0	UK 15.3	Austria 13.4	UK -5.4	Sweden -5.0	UK -0.1	UK 22.3	Denmark -15.4	Belgium 20.3	France 4.1	Singapore 5.7	Japan -16.6	UK 14.1
	France 18.5	UK 7.4	HK 30.4	US 5.4	Portugal -52.2	Italy 26.6	Nether. 1.7	France -16.9	Finland 14.6	NZ 11.3	Sweden -7.5	NZ -6.3	Spain -1.0	US 21.2	Spain -16.2	Japan 19.6	Italy 1.8	Germany 5.3	Switz. -18.3	Portugal 7.5
	Germany 16.2	US 5.1	Finland 29.9	Switz. 5.3	NZ -53.8	US 26.3	Belgium -0.4	Singapore -17.9	Italy 12.5	HK 11.1	Italy -9.5	UK -7.6	Finland -4.7	Sweden 20.6	Canada -17.2	Singapore 15.0	Norway -1.8	Belgium 2.2	US -19.8	NZ 6.1
	Japan 15.9	Spain 4.4	Switz. 27.4	Austria 2.2	Finland -55.2	Switz. 25.3	France -4.1	Germany -18.1	Canada 9.1	Portugal 11.0	France -9.9	Australia -10.0	Switz. -4.9	Australia 19.9	Italy -17.8	Austria 14.5	Austria -3.3	Japan 1.7	Germany -22.3	Belgium 5.9
	Switz. 15.0	Italy 1.9	Canada 17.8	Sweden 0.6	Norway -64.2	Germany 25.2	Portugal -11.3	Portugal -23.1	Japan 8.2	Norway 9.4	Germany -10.4	Norway -15.0	Ireland -7.1	Belgium 18.6	Germany -22.2	Spain 12.0	Spain -4.8	Spain 1.4	Ireland -26.2	Norway 5.9
	Nether. 12.2	NZ 1.7	NZ 16.6	Belgium -2.7	Belgium -66.5	Ireland 12.3	Italy -15.0	Italy -23.2	Ireland 5.7	Canada 5.6	Norway -22.0	Spain -15.6	Belgium -7.6	Ireland 18.1	Ireland -25.3	Norway 10.4	Singapore -7.5	Portugal 0.2	Austria -26.4	Singapore 5.3
	US 10.1	Portugal -1.9	US 14.7	Japan -4.2	Austria -68.4	Finland 11.1	Ireland -18.1	Finland -31.9	Portugal 3.5	Australia 4.2	Austria -29.8	Singapore -17.7	Italy -10.5	Canada 16.1	Belgium -26.9	HK 10.3	Belgium -8.1	HK -3.9	Nether. -27.7	Finland -5.6
Lowest Return	Finland 6.1	Ireland -2.3	Japan 6.2	Ireland -20.1	Ireland -71.9	Japan 6.3	Spain -22.0	Austria -36.4	Spain 3.0	Singapore 1.7	Portugal -38.2	Canada -24.2	Denmark -15.8	NZ 11.7	Austria -27.4	Finland 9.5	UK -10.5	NZ -17.1	Sweden -28.4	HK -14.8

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Equity Returns of Emerging Markets

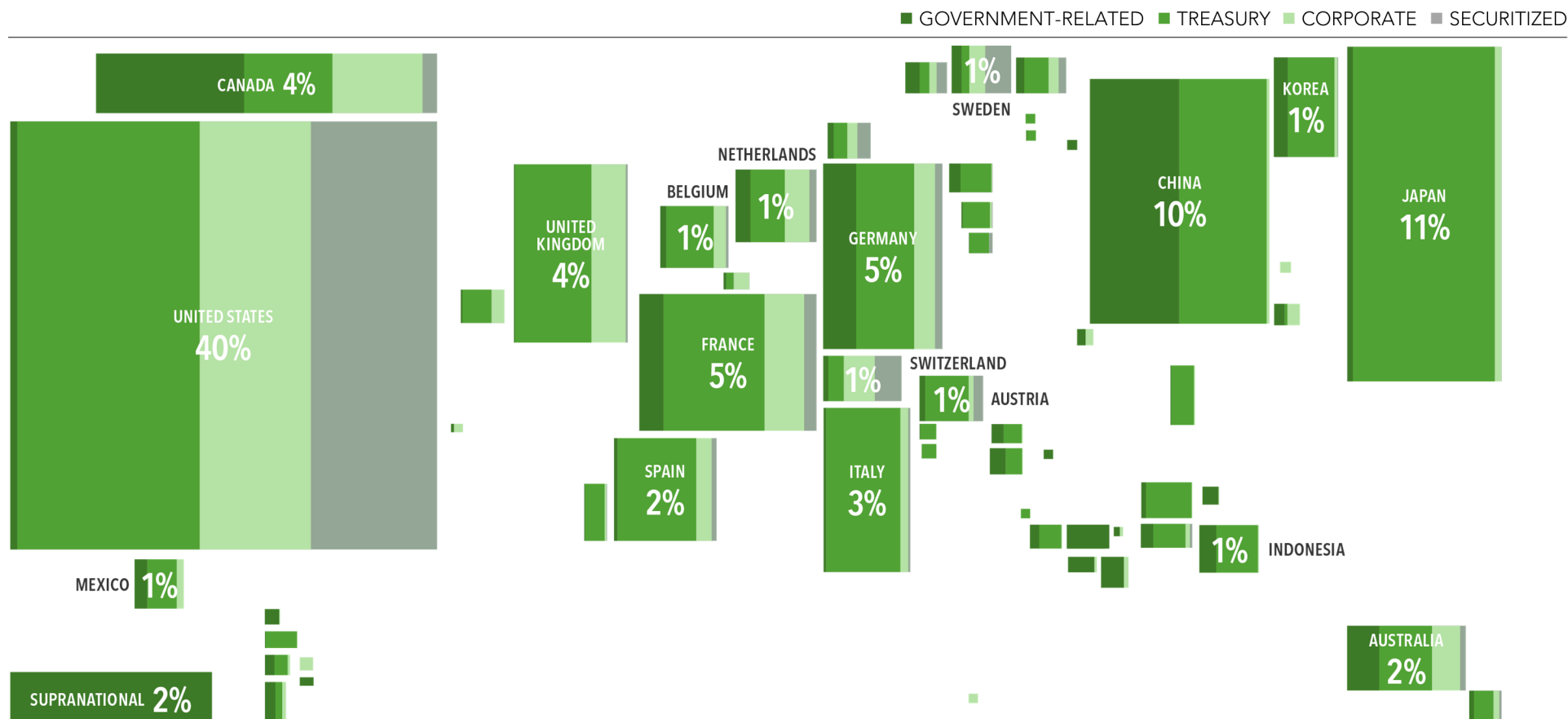
Annual return (%)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Highest Return	Colombia 132.4	Egypt 161.6	China 82.9	Peru 94.4	Colombia -25.1	Brazil 128.1	Thailand 55.7	Indonesia 6.0	Turkey 64.2	Taiwan 9.1	Egypt 29.3	Hungary 36.3	Brazil 66.2	Poland 54.7	Peru 1.6	Egypt 41.8	Korea 44.6	Czech Rep. 55.0	Turkey 90.4	Hungary 50.9
	Egypt 126.2	Colombia 107.2	Indonesia 73.8	Brazil 79.6	Chile -35.8	Indonesia 126.2	Peru 53.3	Malaysia 0.1	Egypt 47.1	Egypt 8.2	Indonesia 26.6	India -6.1	Peru 55.6	China 54.1	Brazil -0.5	Taiwan 36.4	Taiwan 41.0	India 26.2	Chile 19.4	Poland 48.6
	Hungary 91.5	Korea 57.0	Peru 62.1	Turkey 74.1	S. Africa -37.9	India 102.8	Chile 44.2	Philippines -0.9	Philippines 46.4	Malaysia 7.7	Philippines 25.6	Korea -6.7	Hungary 35.4	Korea 47.3	Czech Rep. -4.4	Colombia 30.8	China 29.5	Taiwan 26.1	Brazil 14.2	Egypt 41.6
	Czech Rep. 85.6	Brazil 56.4	Philippines 58.2	India 73.1	Peru -40.2	Turkey 97.5	Colombia 43.4	Thailand -2.7	Poland 39.2	Korea 3.9	India 23.9	Philippines -6.8	Thailand 26.6	Chile 42.2	Thailand -5.5	Brazil 26.3	India 15.6	Mexico 22.5	Peru 9.4	Mexico 40.9
	Poland 61.1	Turkey 56.1	India 51.0	China 66.2	Malaysia -41.2	Chile 85.6	Malaysia 37.0	Colombia -5.0	Colombia 35.9	China 3.6	Turkey 18.7	China -7.8	Colombia 26.5	Hungary 39.9	Malaysia -6.0	China 23.5	Malaysia 3.7	Hungary 12.1	Thailand 5.0	Peru 36.6
	Indonesia 50.6	Mexico 49.1	Brazil 45.3	Egypt 58.4	Mexico -42.9	Colombia 84.3	S. Africa 34.2	Czech Rep. -6.0	Thailand 34.5	Poland 2.6	Thailand 16.5	Taiwan -11.7	Taiwan 18.5	India 38.8	Hungary -6.1	Hungary 19.4	Mexico -1.9	Poland 8.5	Indonesia 3.6	Czech Rep. 33.2
	Mexico 48.3	Czech Rep. 45.8	Mexico 41.4	Czech Rep. 55.3	Czech Rep. -43.1	Taiwan 79.2	Indonesia 33.9	Korea -12.0	Mexico 29.1	Mexico 0.2	Peru 10.5	Mexico -14.4	S. Africa 17.9	Peru 38.4	India -7.3	Korea 12.5	Philippines -3.4	Egypt 7.5	Mexico -2.0	Brazil 32.7
	S. Africa 44.9	India 37.6	Poland 40.7	Indonesia 54.2	Taiwan -46.5	Hungary 77.6	Philippines 33.9	Mexico -12.1	India 26.0	Philippines -2.7	Taiwan 9.4	Chile -17.7	Indonesia 17.0	Turkey 38.4	Taiwan -8.9	Mexico 11.4	S. Africa -4.0	S. Africa 3.6	S. Africa -3.9	Taiwan 30.4
	Turkey 41.4	Peru 34.7	Malaysia 37.1	Malaysia 46.1	Thailand -48.5	Thailand 76.6	Mexico 27.6	S. Africa -14.4	Hungary 22.8	India -3.8	China 8.0	Czech Rep. -18.4	Chile 15.6	S. Africa 36.1	Indonesia -9.2	Turkey 11.1	Czech Rep. -4.0	Indonesia 2.1	Malaysia -5.8	Korea 23.2
	Brazil 35.9	S. Africa 28.3	Czech Rep. 33.9	Thailand 46.0	China -50.8	Peru 71.9	Korea 26.7	China -18.4	China 22.7	Hungary -5.8	S. Africa 5.2	Indonesia -19.5	Korea 8.7	Czech Rep. 35.5	Colombia -11.5	Philippines 10.5	Peru -4.7	Thailand -1.4	Colombia -6.0	India 20.8
	Chile 28.0	Poland 24.2	Hungary 33.7	Philippines 40.4	Egypt -52.4	Korea 71.3	Taiwan 21.8	Chile -20.4	Korea 21.2	S. Africa -6.2	Czech Rep. -4.4	Malaysia -20.1	China 0.9	Thailand 34.5	Poland -12.9	S. Africa 10.0	Chile -5.6	Philippines -3.9	India -8.0	Colombia 12.4
	Philippines 25.8	Philippines 22.6	Chile 28.7	Korea 31.9	Philippines -52.6	Philippines 65.6	India 20.9	Taiwan -20.9	Peru 20.2	Czech Rep. -10.5	Mexico -9.3	Thailand -23.5	Poland 0.1	Taiwan 27.5	Egypt -14.0	Thailand 9.5	Indonesia -8.1	Malaysia -6.2	Philippines -13.9	Indonesia 7.3
	Korea 22.1	Chile 20.9	S. Africa 20.5	Poland 25.2	Poland -54.8	China 62.3	Turkey 20.8	Peru -21.4	S. Africa 18.7	Thailand -14.6	Malaysia -10.7	Egypt -23.7	India -1.4	Malaysia 25.1	Mexico -15.5	Indonesia 9.1	Turkey -8.8	Korea -8.4	Czech Rep. -14.4	Chile 3.7
	India 19.1	China 19.8	Taiwan 20.0	Chile 23.0	Korea -55.3	S. Africa 57.8	Poland 15.2	Brazil -21.8	Taiwan 16.7	Brazil -16.0	Korea -11.1	Poland -25.4	Malaysia -3.9	Philippines 24.6	Philippines -16.5	India 7.6	Poland -11.4	Colombia -13.8	China -21.9	Philippines 3.5
	Malaysia 15.2	Hungary 17.9	Egypt 17.1	S. Africa 18.1	Brazil -56.2	Mexico 56.6	Egypt 12.4	Poland -30.1	Malaysia 14.3	Colombia -21.1	Chile -13.0	S. Africa -25.5	Czech Rep. -5.0	Indonesia 24.2	China -18.9	Peru 4.8	Hungary -11.7	Chile -17.3	Egypt -22.6	S. Africa 1.5
	Taiwan 9.0	Indonesia 15.1	Colombia 13.6	Hungary 16.8	Indonesia -56.5	Malaysia 52.1	Brazil 6.5	Hungary -33.6	Chile 7.8	Chile -22.0	Brazil -14.0	Peru -31.7	Philippines -6.6	Brazil 24.1	Chile -19.7	Czech Rep. 4.2	Thailand -11.7	Brazil -17.4	Poland -27.2	Malaysia -3.5
	Peru 3.0	Thailand 8.7	Korea 12.6	Colombia 15.0	Hungary -61.5	Poland 41.5	China 4.6	Turkey -35.4	Indonesia 4.6	Indonesia -23.5	Poland -14.2	Turkey -31.9	Turkey -8.5	Colombia 16.3	Korea -20.9	Malaysia -2.0	Colombia -19.0	Peru -19.9	Korea -29.4	Turkey -5.7
	China 1.9	Taiwan 6.4	Thailand 11.1	Mexico 12.2	Turkey -62.3	Egypt 39.7	Czech Rep. -2.5	India -37.2	Czech Rep. 2.5	Turkey -26.8	Colombia -19.8	Brazil -41.4	Mexico -9.2	Mexico 16.0	S. Africa -24.8	Poland -5.9	Brazil -19.0	China -21.7	Taiwan -29.8	Thailand -10.5
Lowest Return	Thailand -1.2	Malaysia 2.3	Turkey -7.2	Taiwan 8.4	India -64.6	Czech Rep. 26.5	Hungary -9.6	Egypt -46.9	Brazil 0.0	Peru -29.8	Hungary -27.4	Colombia -41.8	Egypt -11.5	Egypt 5.1	Turkey -41.4	Chile -16.9	Egypt -22.5	Turkey -28.4	Hungary -31.1	China -11.2

Past performance is no guarantee of future results. Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio. In USD. MSCI country indices (net dividends) for each country listed. Does not include Greece, which MSCI classified as a developed market prior to November 2013, or Russia, which MSCI classifies as a standalone market as of March 2022. Additional countries excluded due to data availability or due to downgrades by MSCI from emerging to frontier market. MSCI data © MSCI 2024, all rights reserved.

There's a World of Opportunity in Fixed Income

Percent of global investment grade bond market as of December 31, 2023



Diversification neither assures a profit nor guarantees against loss in a declining market. In USD. Data is from Bloomberg Global Aggregate Bond Index. Index excludes noninvestment grade securities, bonds with less than one year to maturity, tax-exempt municipal securities, linked bonds, and floating rate issues. Treasury sector includes both nominal and inflation-linked native currency debt issued by central governments, which are backed by full faith and credit of a central government. Government-related sector groups are issuers with government affiliations, including agencies, sovereigns, supranationals, and local authorities. Corporate sector categorizes issuers based on primary lines of business, revenue streams, and operations used to service debt, including industrials, financial institutions, and utilities. Securitized sector is designed to capture fixed income instruments whose payments are backed or directly derived from a pool of assets protected or ring-fenced from the credit of particular issuer (either by a bankruptcy remote special purpose vehicle or bond covenant). Underlying collateral for securitized bonds can include residential mortgages, commercial mortgages, public-sector loans, auto loans, or credit card payments. Many nations are not displayed. Totals may not equal 100% due to rounding. For educational purposes; should not be used as investment advice. Bloomberg data provided by Bloomberg.

Global Bonds Can Enhance Diversification

Uncorrelated changes in term structures across countries can reduce volatility

CHANGES IN SHORT-TERM YIELDS: CORRELATIONS WITH THE US

	Australia	Canada	Switzerland	Germany/EMU	UK	Japan
1985–2022	0.31	0.64	0.31	0.47	0.39	0.24
2000–2022	0.54	0.75	0.53	0.64	0.64	0.22

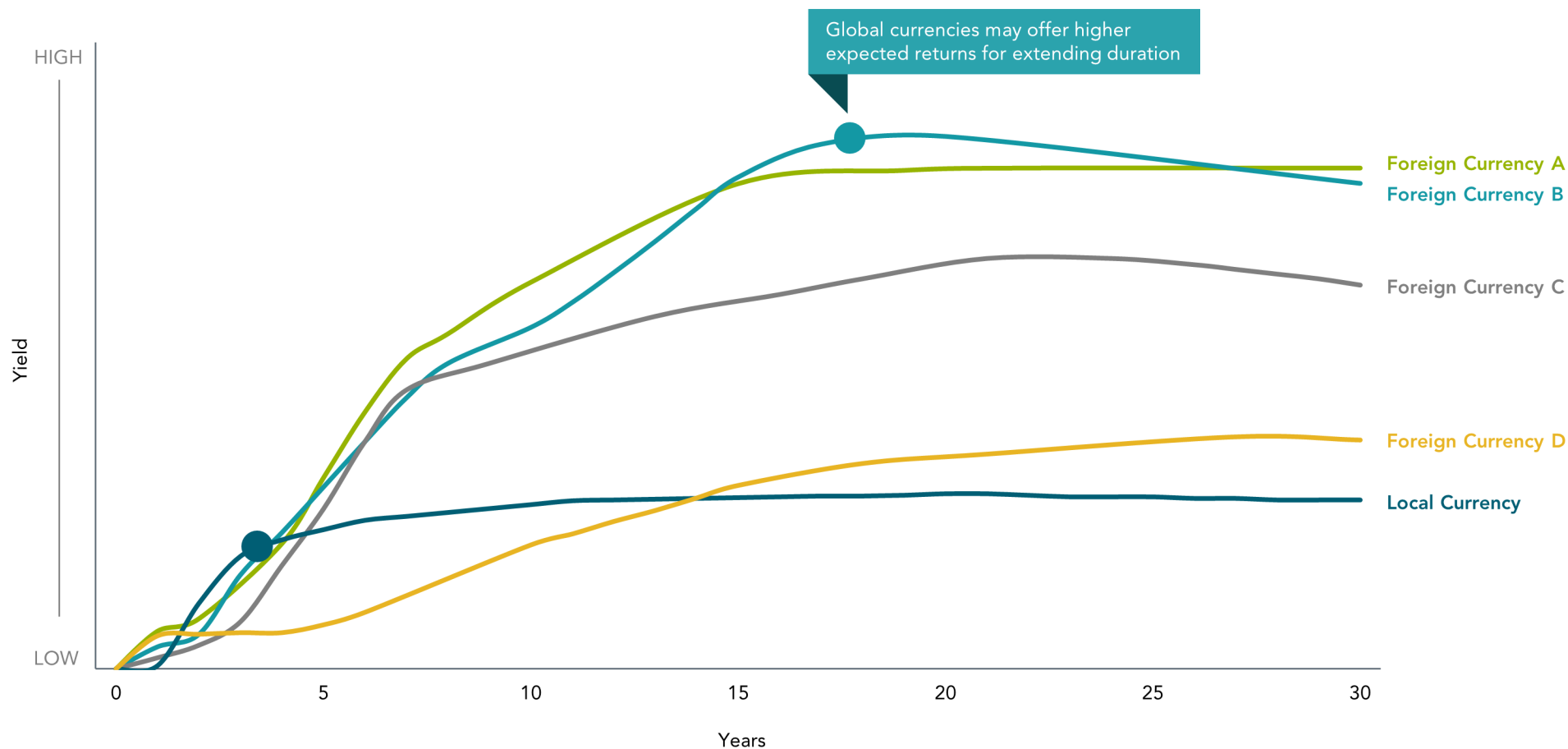
1–3 YEAR INDICES: 1985–2022

	US	WGBI (hedged)
Average Returns (monthly)	0.36	0.36
Standard Deviation (monthly)	0.53	0.41
Reduction in Volatility	—	21%

Past performance is no guarantee of future results. Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio. In USD, 1985–2022, FTSE World Government Bond Index (WGBI) Indices (1–3 years). Countries: Australia, Austria, Belgium, Canada, France, Germany, Japan, Netherlands, New Zealand, Norway, Spain, Sweden, Switzerland, UK, and the US as data becomes available. Correlations of short-term yield changes are based on unhedged yields. US average monthly return based on Dimensional calculation of FTSE WGBI US 1-3 year index data. WGBI (hedged) average monthly return based on WGBI 1-3 year index (hedged to USD). FTSE fixed income indices © 2023 FTSE Fixed Income LLC. All rights reserved. Standard deviation: A measure of the variation or dispersion of a set of data points. Standard deviations are often used to quantify the historical return volatility of a security or portfolio

A Global Opportunity for Higher Expected Returns

Currency-Hedged Expected Return



Hypothetical example for illustrative purposes only. By hedging a bond's local currency, an investor can target the highest-expected-return segment of a bond's yield curve while managing currency risk.

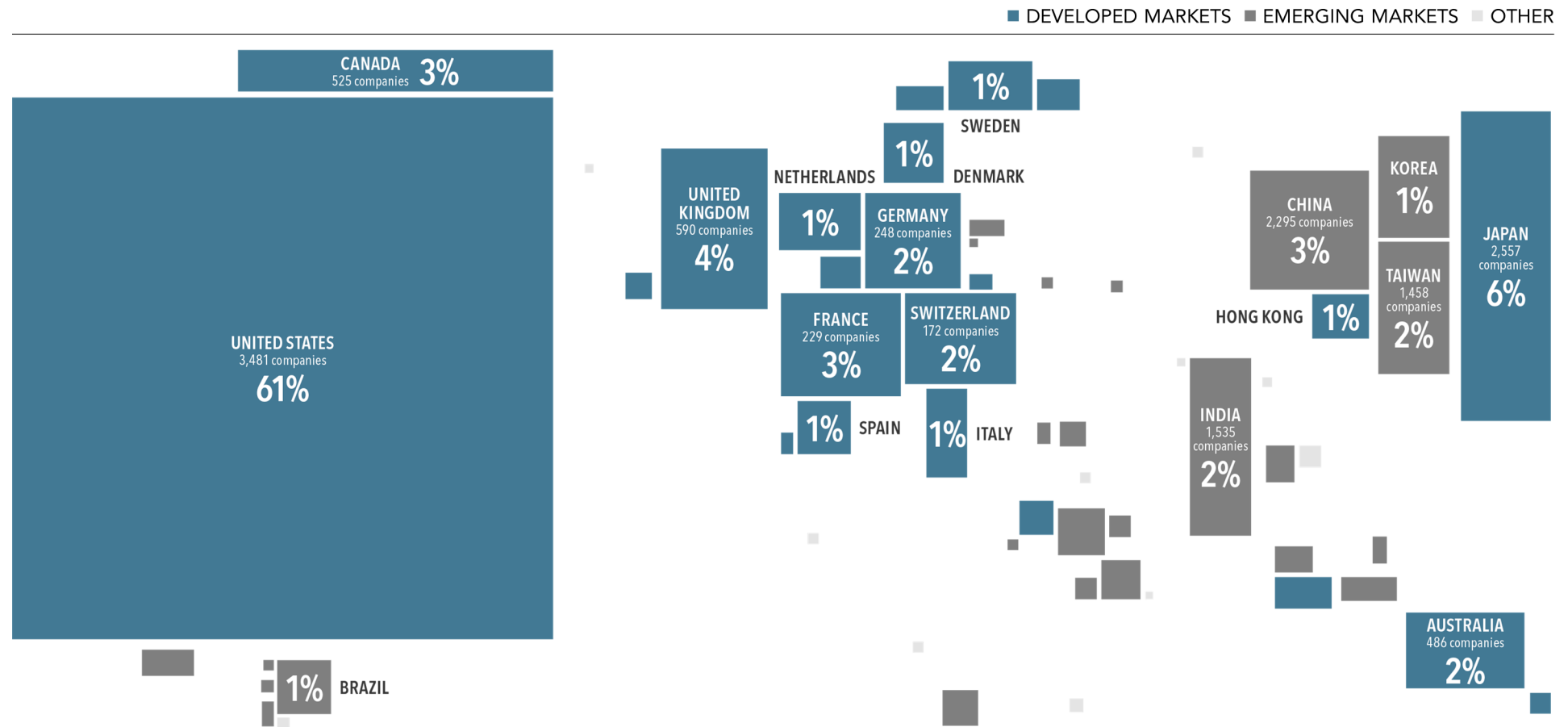
International and emerging markets investing involves special risks, such as currency fluctuation and political instability. Investing in emerging markets may accentuate these risks.

Expected return: A forward-looking estimate of returns informed by historical or observable data.

Appendix

There's a World of Opportunity in Equities

Percent of world market capitalization as of December 31, 2023



Diversification neither assures a profit nor guarantees against loss in a declining market. In USD. Market cap data is free-float adjusted and meets minimum liquidity and listing requirements. Dimensional makes case-by-case determinations about the suitability of investing in each emerging market, making considerations that include local market accessibility, government stability, and property rights before making investments. China A-shares that are available for foreign investors through the Hong Kong Stock Connect program are included in China. 30% foreign ownership limit and 25% inclusion factor are applied to China A-shares. Many nations not displayed. Totals may not equal 100% due to rounding. For educational purposes; should not be used as investment advice. Bloomberg data provided by Bloomberg.

Free float: In general, describes the number of publicly traded shares of a company.