

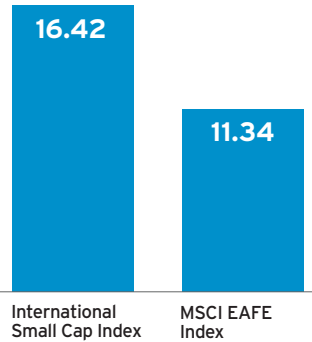
# DFA INTERNATIONAL SMALL CAP FUND

## DEFINING SMALL CAP

Dimensional Fund Advisors (“Dimensional”), the sub-advisor of the DFA International Small Cap Fund, determines a company’s size by measuring its market capitalization. Market cap is calculated by multiplying a stock’s price by the number of shares outstanding. Extensive research has found that small cap stocks have higher expected returns than large cap stocks over long periods. Small cap stocks generally have a higher level of risk than large cap stocks. Because risk and return are directly related, this higher risk provides small cap stocks with higher expected returns.

## HISTORICAL SIZE EFFECT

Index Returns  
Annualized Compound Returns (%): 1970-2007

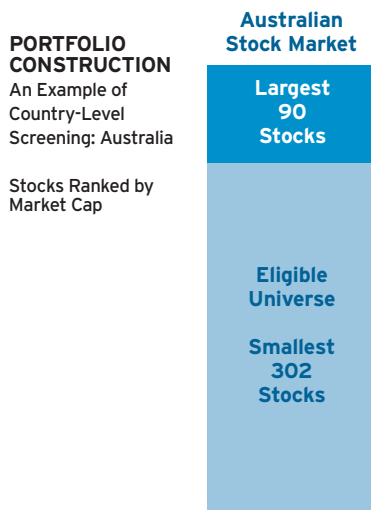


1970-June 1981: 50% UK Small Cap Stocks and 50% Japan Small Cap Stocks. July 1981-present: Simulated by Dimensional from StyleResearch securities data; includes securities of MSCI EAFE countries, market capitalization weighted, each country capped at 50%. MSCI data courtesy of Morgan Stanley Capital International. Indexes are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio.

## CONSTRUCTING THE FUND

Size definitions are specific to each country. Stocks are ranked by market cap. Stocks smaller than the country range of the largest stocks comprise the eligible universe.

The DFA International Small Cap Fund’s eligible countries are Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom. The list of eligible countries may change at any time.



## FUND FACTS (Class F)

NUMBER OF HOLDINGS  
**2,308**

WEIGHTED AVERAGE MARKET CAP (MILLIONS)  
**\$1,206**

WEIGHTED AVERAGE BOOK-TO-MARKET RATIO  
**0.84**

PRICE/EARNINGS (EXCLUDING NEGATIVES)  
**10.1**

WEIGHTED AVERAGE DIVIDEND-TO-PRICE  
**3.74%**

MANAGEMENT EXPENSE RATIO  
(as of June 30, 2008)  
**0.80%**

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

## FOCUSING ON THE ASSET CLASS

To further refine the eligible universe of stocks and achieve focused exposure to the international small cap asset class, exclusion screens are applied. The DFA International Small Cap Fund's first screen eliminates from consideration stocks that are not part of the asset class (such as holding companies). As of September 30, 2008, this eliminated 532 of the 5,620 stocks in the initial universe. Additional screens for pricing concerns (such as delisted stocks) and trading concerns (such as insufficient float) excluded another 2,188 stocks from consideration. The outcome was an eligible buy list of 2,900 stocks that Dimensional believes keeps the strategy precisely focused on the international small cap asset class.

ELIGIBLE UNIVERSE: 5,088 STOCKS

### ASSET CLASS CONCERNS:

Investment Funds, Government-Controlled Entities, Holding Companies

### PRICING CONCERNS:

Foreign Restrictions or Premiums, Distressed/In Bankruptcy, Suspended, Delisted, Merger/Target of Acquisition or Acquired

### TRADING CONCERNS:

Exchange Consideration, Insufficient Liquidity, Newly Listed or Short Trading History, Insufficient Float

### ADDITIONAL CONCERNS:

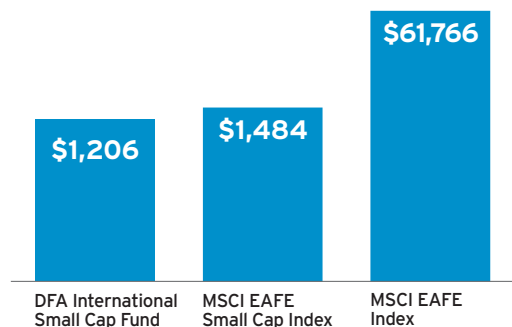
Under Consideration, PFIC Tax Implications

BUY LIST: 2,900 STOCKS

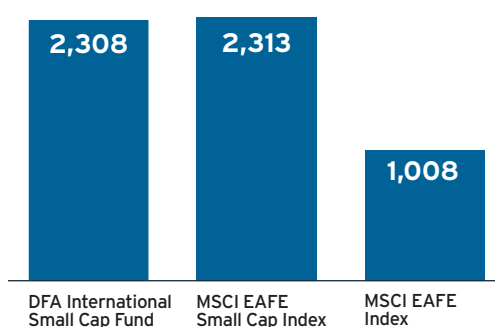
## THE RESULT: STRONGER ASSET CLASS DELIVERY

Dimensional's strategies are engineered to capture the factors that drive returns. Intelligent engineering and trading expertise result in the DFA International Small Cap Fund's broader diversification and stronger exposure to the higher expected returns of its asset class.

### WEIGHTED AVERAGE MARKET CAP In Millions



### NUMBER OF STOCKS



Logarithmic scale. MSCI data courtesy of Morgan Stanley Capital International.

## EFFECTIVE TRADING PRACTICES

Trading costs matter. Dimensional is one of the world's largest traders of small cap stocks, which increases our negotiating power. When investing internationally, Dimensional also strives to minimize high agency costs by keeping turnover low. Because Dimensional does not index, we practice patient trading focusing on price rather than time of execution. We can design our strategies to mitigate the effects of momentum. As a whole, this disciplined trading approach means lower trading costs that can directly benefit our clients.

Read more about Dimensional and our trading advantage in the publication *What Makes Dimensional Different*.

### DIMENSIONAL WORLDWIDE:

VANCOUVER

SANTA MONICA

AUSTIN

CHICAGO

LONDON

SYDNEY

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



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