

WHY DIMENSIONAL FUNDS?

All data as of 03/31/2010



The most important decision investors can make is to invest in the right kinds of assets, or asset classes. Examples of asset classes are stocks and bonds. More specific examples are U.S. large-cap value stocks, emerging markets stocks, high-yield bonds, and short-term corporate bonds.

Numerous studies have concluded that more than 90 percent of the variation in returns could be attributed to the kinds of asset classes are in the portfolio. Most of the remaining 10 percent is attributable to stock picking and the timing of purchases and sales.

Ironically, most investors spend most of their time on the decisions that make just 10 percent of the difference and very little time on decisions that make 90 percent of the difference.

That is not to say that the 10 percent is inconsequential. The opposite is true and the following information is about that 10 percent. We will illustrate why Dimensional funds are the most efficient, lowest cost, most productive mutual funds for the money.

EXPENSES

After asset allocation, the most reliable predictor of investment success is reducing expenses. Savvy investors know that every dollar they pay in expenses is a dollar they won't ever see again, a dollar that will never earn more money for them. But if that dollar remains in the portfolio, it's working for you.

Obviously, expenses are inevitable in investing. No company will create and manage portfolios for you, keep records of your account, provide statements, and customer service for free, but some companies charge much less than others.

The following table shows the annual expense ratios for the Dimensional funds Beacon recommends and the Morningstar category averages. You'll see that Dimensional's expenses are far below the Morningstar category averages.

DIMENSIONAL FUNDS	EXPENSE RATIO	CATEGORY AVERAGE
DFA U.S. Large Company Portfolio (DFLCX)	0.15%	1.11%
DFA U.S. Large Cap Value Portfolio (DFLVX)	0.30%	1.29%
DFA U.S. Small Cap Portfolio (DFSTX)	0.40%	1.42%
DFA U.S. Targeted Value Portfolio (DFFVX)	0.41%	1.50%
DFA Large Cap International Portfolio (DFALX)	0.32%	1.41%
DFA International Value Portfolio (DFIVX)	0.46%	1.43%
DFA International Small Company Portfolio (DFISX)	0.57%	1.51%
DFA International Small Cap Value Portfolio (DISVX)	0.71%	1.51%
DFA Emerging Markets Portfolio (DFEMX)	0.62%	1.77%
DFA Emerging Markets Value Portfolio (DFEVX)	0.62%	1.77%
DFA Real Estate Securities Portfolio (DFREX)	0.36%	1.52%
AVERAGE	0.45%	1.48%

PORTFOLIO TURNOVER

You may be a buy-and-hold investor, but your fund manager could be a trader, driving up transaction costs that eat away at returns in addition to the expense ratios discussed earlier. For taxable accounts, high turnover can create large taxable gains that further erode after-tax performance.

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The following table shows the annual percentage turnover of the Dimensional funds Beacon recommends and the Morningstar category averages. Note that Dimensional's turnover is much lower than the Morningstar category averages.

DIMENSIONAL FUNDS	TURNOVER RATIO	CATEGORY AVERAGE
DFA U.S. Large Company Portfolio (DFLCX)	13.00%	79.53%
DFA U.S. Large Cap Value Portfolio (DFLVX)	9.00%	71.26%
DFA U.S. Small Cap Portfolio (DFSTX)	17.00%	94.79%
DFA U.S. Targeted Value Portfolio (DFFVX)	17.00%	81.70%
DFA Large Cap International Portfolio (DFALX)	12.00%	105.06%
DFA International Value Portfolio (DFIVX)	16.00%	62.26%
DFA International Small Company Portfolio (DFISX)	0.00%	61.18%
DFA International Small Cap Value Portfolio (DISVX)	22.00%	61.18%
DFA Emerging Markets Portfolio (DFEMX)	9.76%	95.05%
DFA Emerging Markets Value Portfolio (DFEVX)	9.00%	95.05%
DFA Real Estate Securities Portfolio (DFREX)	2.00%	118.80%
AVERAGE	11.52%	84.17%

RESULTS

The proof, of course, is in the results. The following table shows returns of the Dimensional funds Beacon recommends and the Category averages for the 5 years ending March 31, 2010.

DIMENSIONAL FUNDS	ANNUAL RETURNS	CATEGORY AVERAGE
DFA U.S. Large Company Portfolio (DFLCX)	1.97%	1.82%
DFA U.S. Large Cap Value Portfolio (DFLVX)	1.71%	1.21%
DFA U.S. Small Cap Portfolio (DFSTX)	3.93%	2.78%
DFA U.S. Targeted Value Portfolio (DFFVX)	3.52%	2.93%
DFA Large Cap International Portfolio (DFALX)	4.42%	3.92%
DFA International Value Portfolio (DFIVX)	5.35%	3.24%
DFA International Small Company Portfolio (DFISX)	5.16%	4.67%
DFA International Small Cap Value Portfolio (DISVX)	5.47%	4.67%
DFA Emerging Markets Portfolio (DFEMX)	15.39%	13.51%
DFA Emerging Markets Value Portfolio (DFEVX)	18.54%	13.51%
DFA Real Estate Securities Portfolio (DFREX)	3.42%	2.47%
AVERAGE	6.26%	4.98%