



Why DFA?

As an independent advisory firm, Windham Brannon Financial Group (WBFG) has access to thousands of investment choices without restriction or financial incentive. It's natural to assume our clients would see the "best of the best" fund managers managing each asset class of their portfolio. WBFG like many other advisors attempted exactly that many years ago, but over time, we have found that one manager - Dimensional Fund Advisors (DFA) - offers the best solution in almost all categories. How could that be? Here's why -

Philosophy

The concept that one investment manager or group of managers can out-smart the collective wisdom of all market participants has been de-bunked over and over again. The list of publicly available studies illustrating the futility of "beating the market" is a long one.

Consequently, indexing is a great place to start for most investors, but there are some important drawbacks to index funds. Some indexes don't get adequate exposure to the market factors that produce returns. Others are poorly constructed. Trading costs and management fees are other problems that can reduce index fund performance.

By reducing many of the negatives of index funds and avoiding the pitfalls of traditional investment approaches, DFA has produced a line-up of funds that are focused on market factors that produce returns, avoid risks that don't add value, and reduce trading costs that can rob investors of returns. The result is a group of institutional class funds that are efficient and powerful components in building our clients' portfolios.

People

The founders of DFA, the DFA Board of Directors, and the people who work there are among the brightest in the industry. The Nobel Laureates, the esteemed professors and the researchers in investments and economics are a "who's who" in modern finance and portfolio theory. Beyond that, our experience is that DFA simply does the right thing. Whether it's having some of the lowest fees in the industry, passing on 100% of securities lending revenue to their investors, or providing the latest market research, DFA is focused on providing a positive investment experience for its clients.

Execution

The best strategy is meaningless if poorly executed. DFA's strength is in engineering well-executed portfolios around fundamentally sound portfolio theory. In addition to DFA's focus on market factors that produce returns, they add value through flexible portfolios designed to reduce trading costs. Some of these strategies include -

- "Soft trading bands" that reduce trading frequency while retaining portfolio integrity.
- Momentum algorithms that help avoid buying declining securities or selling rising ones.
- Patient trading approaches that reduce the bid-ask costs of trading.
- Securities lending programs that generate additional income and increase returns.

Performance

Sound investment philosophies that are well executed by great people should produce good results over time. The following table shows the performance of DFA's primary funds compared to appropriate benchmarks and Morningstar fund categories.

DFA Equity Fund Performance

<u>Asset Class Category</u>	<u>Fund Name (Inception Date)</u> <u>Since Inception Annualized Return</u>	<u>Benchmark Index</u> <u>Annualized Return</u>	<u>Morningstar Category</u> <u>Annualized Return</u>
U.S. Large Cap	DFA U.S. Large Cap Value (3/1/1993) 8.58%	S&P 500 7.69%	U.S. Large Value Funds 7.05%
U.S. Small Cap	DFA U.S. Small Cap Value (4/1/1993) 11.31%	Russell 2000 7.62%	U.S. Small Value Funds 6.13%
International Large Cap	DFA International Value (3/1/1994) 7.20%	MSCI EAFE 4.63%	Foreign Large Value Funds 5.58%
International Small Cap	DFA International Small Cap Value (1/1/1995) 7.30%	MSCI EAFE 4.92%	Foreign Small/Mid Funds 7.55%
Emerging Markets	DFA Emerging Markets Value (1/1/1999) 19.02%	MSCI Emerging Markets 14.02%	Emerging Markets Funds 13.28%
Real Estate	DFA Real Estate (2/1/1993) 8.70%	Dow Jones Real Estate 8.59%	Real Estate Funds 9.96%
Average annualized outperformance of all DFA funds		2.44%	2.09%

Source: Morningstar as of 12/31/2009. Morningstar Category returns are not adjusted for survivorship bias. All returns assume reinvestment of dividends.

Indexes are not available for investment. Returns are not estimates or guarantees of future results.

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