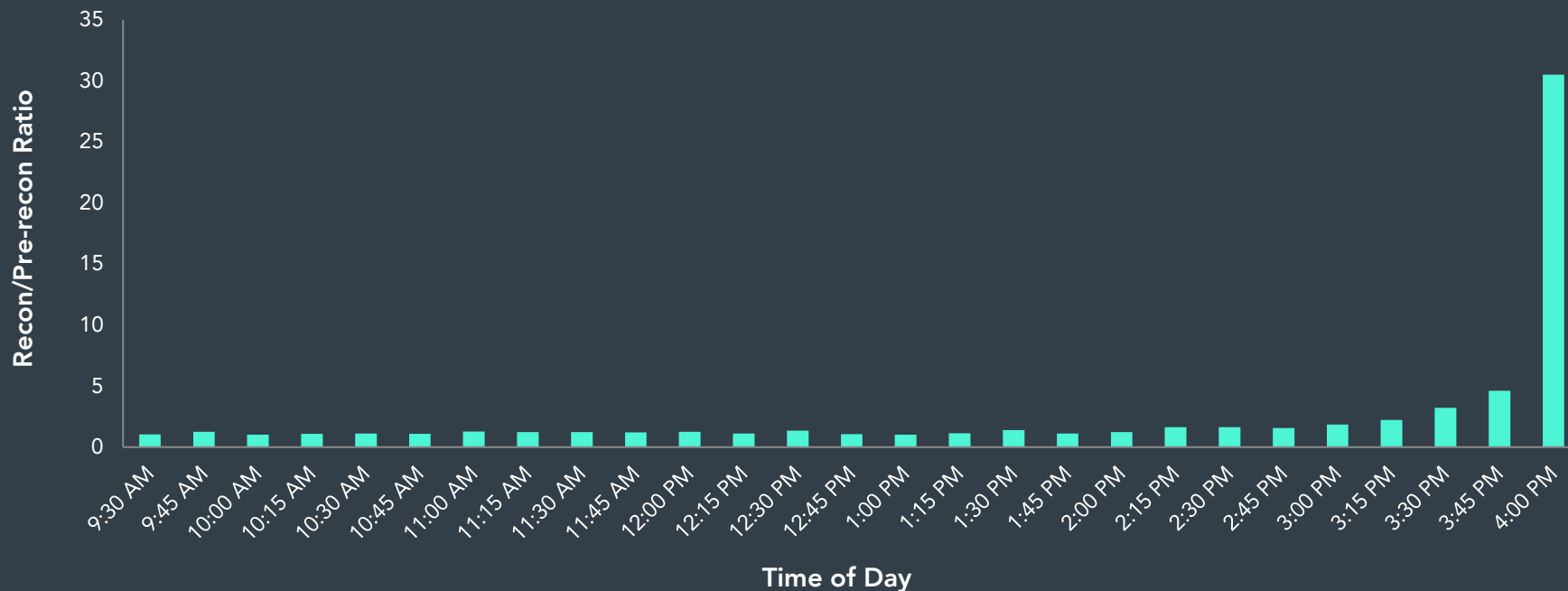


Intraday Volume Effects of Reconstitution: Russell 2000

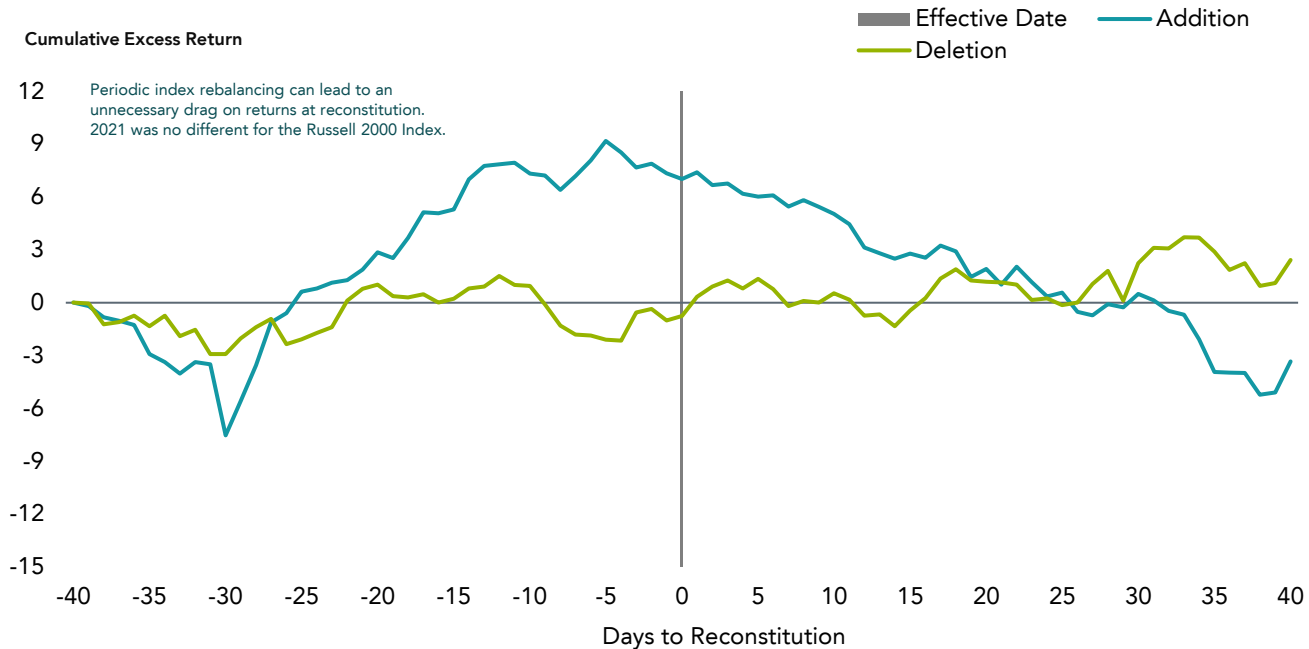
Demands for liquidity can increase considerably in the close



Sample includes all additions and deletions to the Russell 2000 Index in 2018. Chart shows average intraday volume on reconstitution day divided by average volume over the 30 days prior to reconstitution. Indices change their reconstitution dates and methodologies from time to time. The data depicted during the relevant period may reflect a number of different reconstitution practices. This data does not suggest that past performance will re-occur in future periods, as index reconstitution may be different in the future. Other simultaneous events, such as triple-witching dates, could lead to spikes in volume, in addition to reconstitution dates and fund trades which follow them.

Price Pressure: Russell 2000 Index Reconstitution

Value-weighted return of 2021 additions and deletions vs. non-migrating index constituents



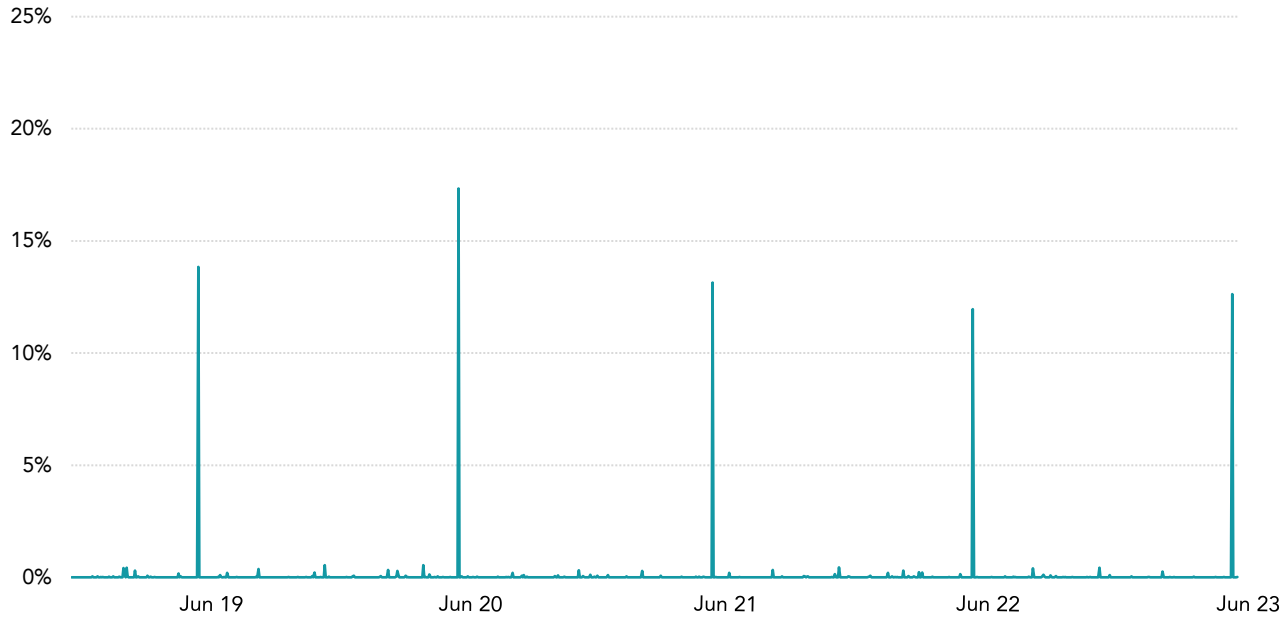
Source: Dimensional. Value-weighted return for securities added and removed from the Russell 2000 Index during its annual reconstitution in 2021 between 40 days prior and after the reconstitution date. Past performance is not a guarantee of future results. Frank Russell Company is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Indices are not available for direct investment.

Concentrated Turnover

Infrequent rebalance activity can lead to style drift and increased trading costs.

Russell 1000 Value Index daily turnover

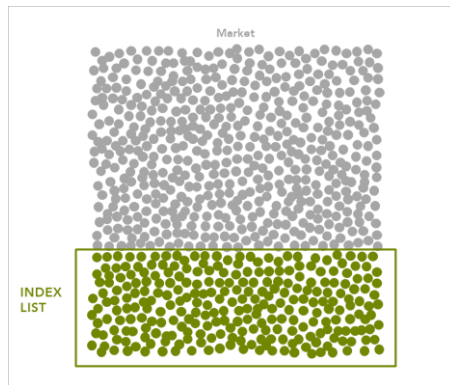
January 2019–June 2023



Turnover figures calculated by Dimensional using daily index holdings data. For each trading day, Dimensional calculates the difference in the weight of each holding at the market close of that day and on market open of the following day. In addition to reconstitution events, index holdings are impacted by corporate actions (dividends, mergers/acquisitions, spin-offs, etc.) and IPOs. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. Indices are not available for direct investment.

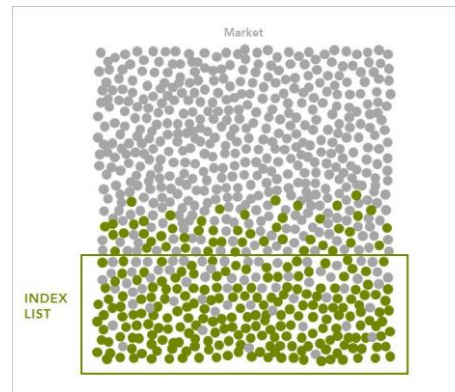
Style Drift with Commercial Benchmarks

Is zero tracking error the right mandate?



Holds a basket of securities represented in the index.

Buys and sells the same securities at the same time as all other funds tracking the index.



Six months later:

Securities have moved in and out of the index's targeted range

As a result, your investment may have drifted from what you intended.

Mitigating the Costs of Index Management

Applying techniques designed to improve portfolio results

Flexibility around the roll period.

- Index rolls typically occur between sixth and tenth business day, resulting in mass activity
-

Flexibility around the index's annual reconstitution.

- Index reconstitution occurs only once per year
-

Customization of exposures to index commodities.

- Avoid absorption of liquidity costs of tracking the index