



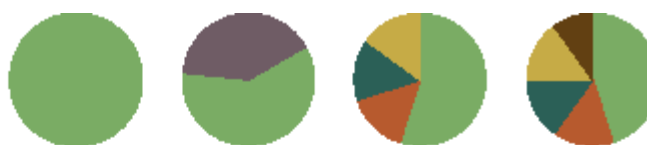
Structure

Capital markets are composed of many classes of securities, including stocks and bonds, both domestic and international. A group of securities with shared economic traits is commonly referred to as an asset class. There are several asset classes, all with average price movements that are distinct from one another. Investors can benefit by combining the different asset classes in a structured portfolio. Dimensional has engineered a range of core and asset class strategies expressly for this purpose, each sorted along researched factors in performance, and each broadly diversified within its asset class.

Many of our clients diversify across asset classes by investing in a combination of Dimensional's core and asset class strategies. Our full range of strategies offers access to small and large stocks, domestic and international, value and growth, "emerging countries," global bonds, real estate, and even municipal bonds. Because the asset classes play different roles in a portfolio, the whole is often greater than the sum of its parts. Investors have the ability to achieve greater expected returns with lower standard deviations than they would in a less comprehensive approach.

However, because no two investors are alike, there is no single "optimal" asset allocation. Each investor has his or her own risk tolerances, goals, and life circumstances that dictate the weightings of core and asset class portfolios. You should consult your financial advisor and/or plan administrator to help you determine an appropriate mix. In general, the greater the proportion of stocks a portfolio holds, especially small cap and value stocks, the more "aggressive" a taker of risk it is and the greater its long-term expected return.

Assembling Asset Classes in a Structured Approach **Hypothetical Portfolio Annualized Returns**



	Portfolio 1	Portfolio 2	Portfolio 3	Portfolio 4
Wilshire 5000 Index	100%	60%	55%	45%
Lehman Aggregate Index		40%		
Russell 1000 Value Index			15%	15%
CRSP 9-10 Index			15%	15%
Russell 2000 Value Index			15%	15%
MSCI EAFE Small Cap Index				10%
Total	100%	100%	100%	100%
Portfolio Return	10.77%	9.47%	12.36%	11.65%
Standard Deviation	15.46%	9.43%	14.85%	14.41%

January 1994-December 2004, monthly data rebalanced monthly.

Wilshire data courtesy of Wilshire Associates Incorporated.

Lehman data courtesy of Lehman Brothers, Inc.

Russell data courtesy of Russell Analytic Services.

CRSP data courtesy of the Center for Research in Security Prices, University of Chicago.

MSCI data courtesy of Morgan Stanley Capital International.

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