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# Sticking Up for Small Cap Value

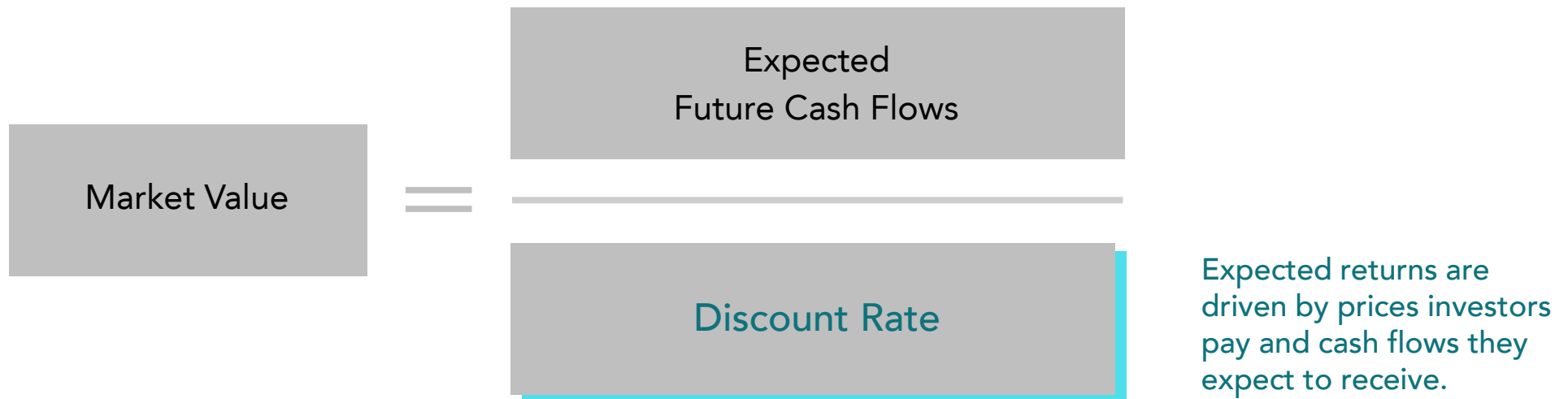
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## Why Small Value?

# Valuation Equation: A Framework to Understand Returns

Not all securities have the same expected return



# Dimensions of Expected Returns

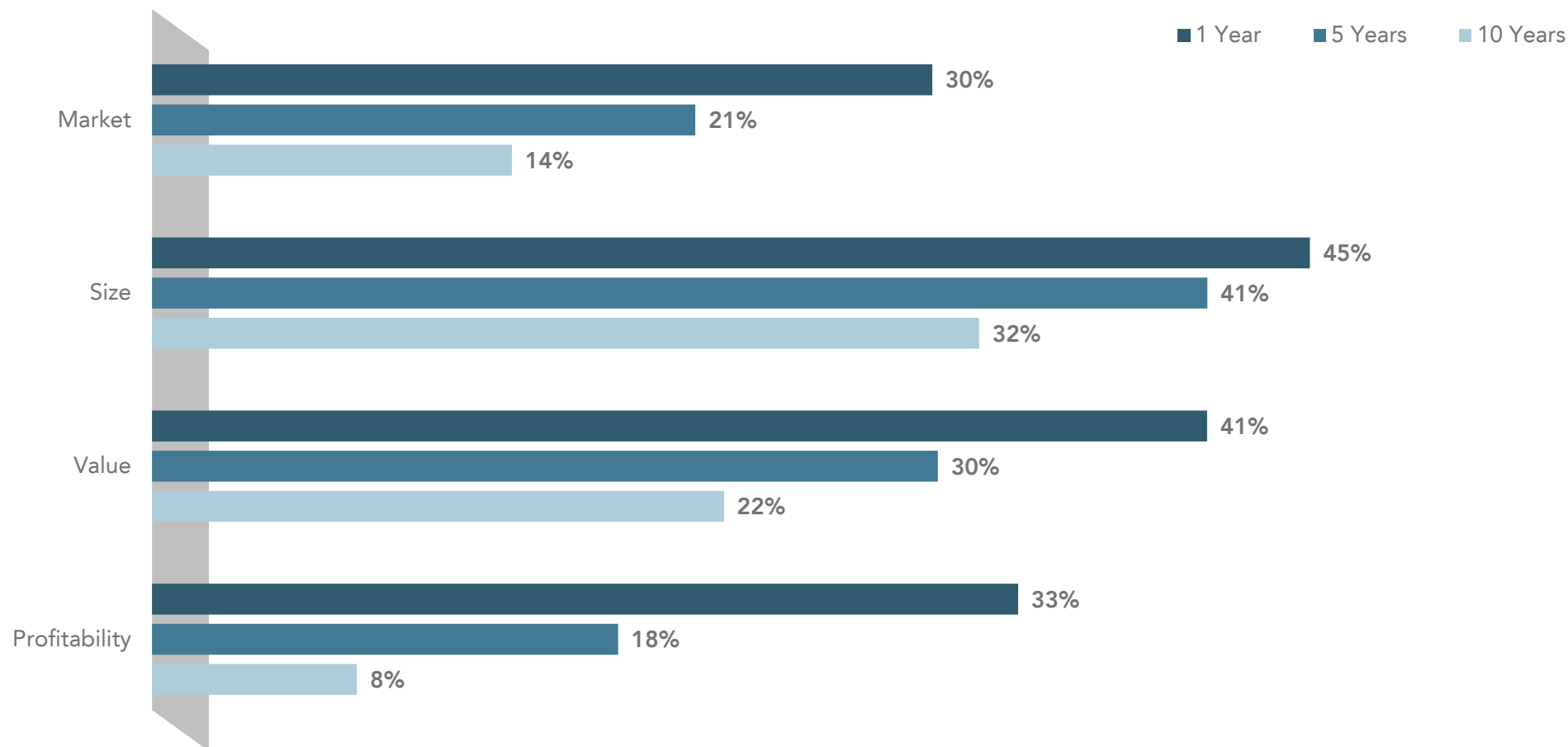
Illustrative index performance: annualized compound returns (%) in US dollars



**Past performance is no guarantee of future results. Actual returns may be lower. Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio.** In USD. Bars are represented by the following indices, in order: Dimensional US Small Cap Index, S&P 500 Index, Dimensional International Small Cap Index, MSCI World ex USA Index (gross div.), Dimensional Emerging Markets Small Index, MSCI Emerging Markets Index (gross div.), Fama/French US Value Research Index, Fama/French US Growth Research Index, Fama/French International Value Index, Fama/French International Growth Index, Fama/French Emerging Markets Value Index, Fama/French Emerging Markets Growth Index, Fama/French US High Profitability Index, Fama/French US Low Profitability Index, Fama/French International High Profitability Index, Fama/French International Low Profitability Index, Fama/French Emerging Markets High Profitability Index, Fama/French Emerging Markets Low Profitability Index. S&P data © 2024 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. MSCI data © MSCI 2023, all rights reserved. The Dimensional and Fama/French Indices represent academic concepts that may be used in portfolio construction and are not available for direct investment or for use as a benchmark. See "Index Descriptions" in the appendix for descriptions of Dimensional and Fama/French index data.

# How Often Have Premiums Been Negative?

Percentage of 1-, 5-, and 10-year periods with negative premiums  
US equity market through December 31, 2023

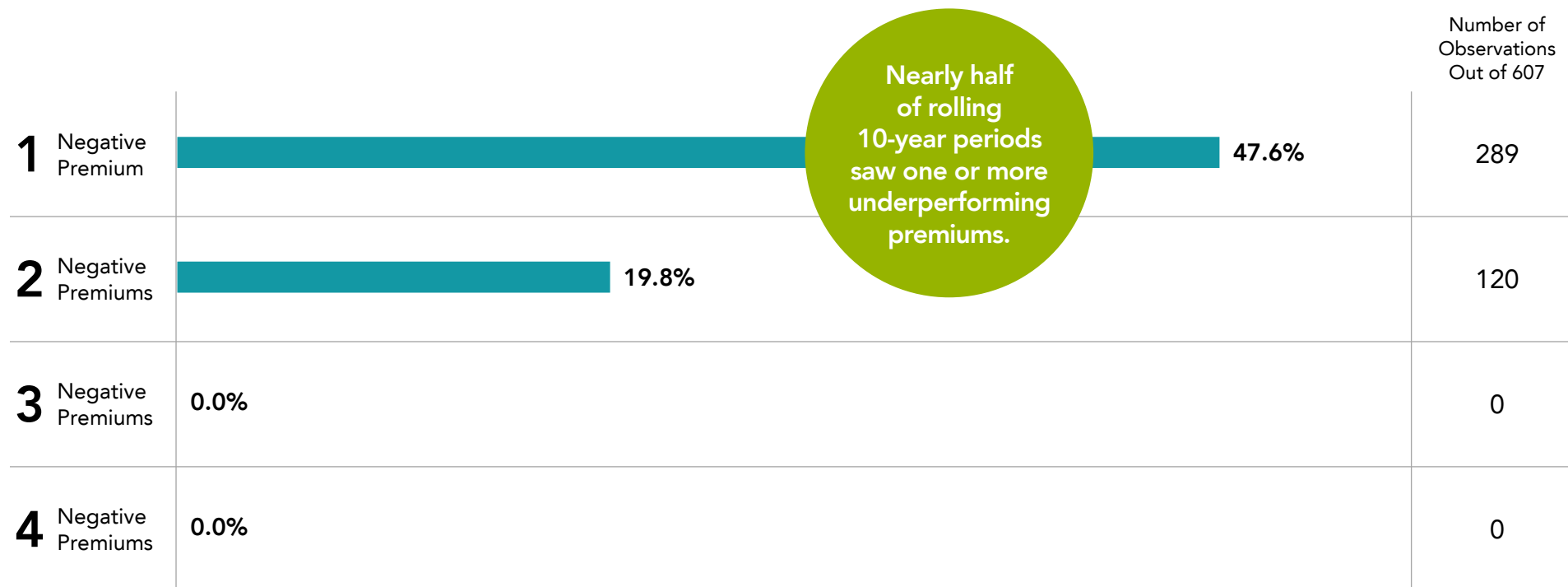


**Past performance is no guarantee of future results. Actual returns may be lower.**

Percentage of rolling 1-, 5-, and 10-year periods with negative premiums is calculated using monthly return data from June 1926 to December 2023 for market and value, from May 1927 to December 2023 for size, and from July 1963 to December 2023 for profitability. Market: Fama/French Total US Market Research Index minus the One-Month US Treasury Bill. Size: Dimensional US Small Cap Index minus the S&P 500 Index. Value: Fama/French US Value Research Index minus the Fama/French US Growth Research Index. Profitability: Fama/French US High Profitability Index minus the Fama/French US Low Profitability Index. Profitability is measured as operating income before depreciation and amortization minus interest expense scaled by book. One-Month US Treasury Bills is the IA SBBI US 30 Day TBill TR USD provided by Ibbotson Associates via Morningstar Direct. Dimensional indices use CRSP and Compustat data. The Dimensional and Fama/French Indices represent academic concepts that may be used in portfolio construction and are not available for direct investment or for use as a benchmark. Index returns are not representative of actual portfolios and do not reflect costs and fees associated with an actual investment. See "Index Descriptions" in the appendix for descriptions of Dimensional and Fama/French index data. S&P data © 2024 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

# One Negative Premium is Not Uncommon

Number (and percentage) of overlapping 10-year periods with a negative market, size, value, and/or profitability premium  
US Market, July 1973–December 2023



**Past performance is no guarantee of future results.**

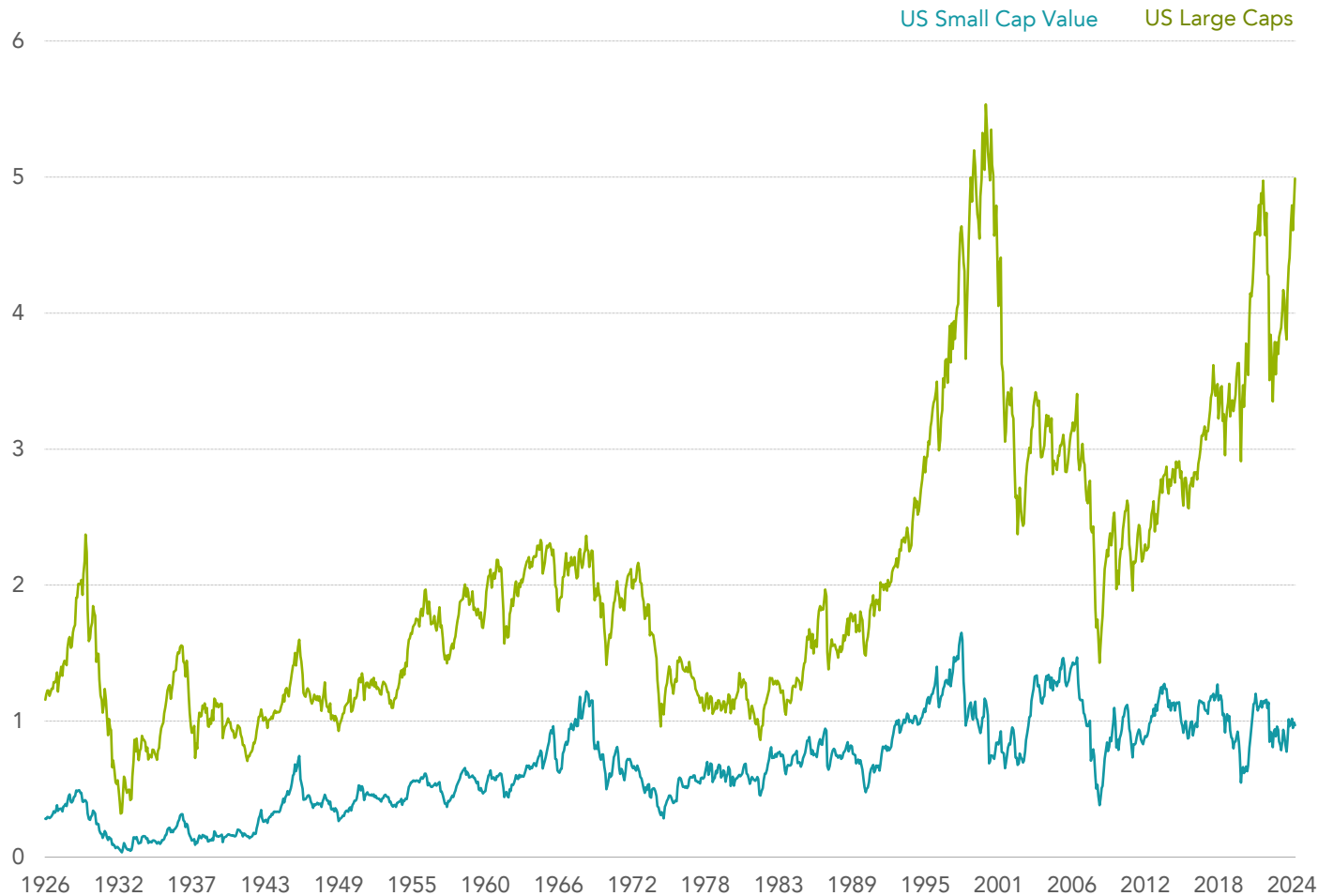
Number and percentage of rolling 10-year periods where market, size, value and/or profitability premiums were negative are calculated using monthly return data from July 1973 to December 2023. Market: Fama/French Total US Market Research Index minus the One-Month US Treasury Bill. Size: Dimensional US Small Cap Index minus the S&P 500 Index. Value: Fama/French US Value Research Index minus the Fama/French US Growth Research Index. Profitability: Fama/French US High Profitability Index minus the Fama/French US Low Profitability Index. Profitability is measured as operating income before depreciation and amortization minus interest expense scaled by book. See "Index Descriptions" in the appendix for descriptions of Dimensional and Fama/French index data. Eugene Fama and Ken French are members of the Board of Directors of the general partner of, and provide consulting services to, Dimensional Fund Advisors LP. The Dimensional and Fama/French Indices represent academic concepts that may be used in portfolio construction and are not available for direct investment or for use as a benchmark. Index returns are not representative of actual portfolios and do not reflect costs and fees associated with an actual investment. S&P data © 2024 S&P Dow Jones Indices LLC, a division of S&P Global.

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# Unpacking the Last Two Decades for Small Value

# Historical Valuations: US Market

Price-to-book ratio, June 1926–June 2024

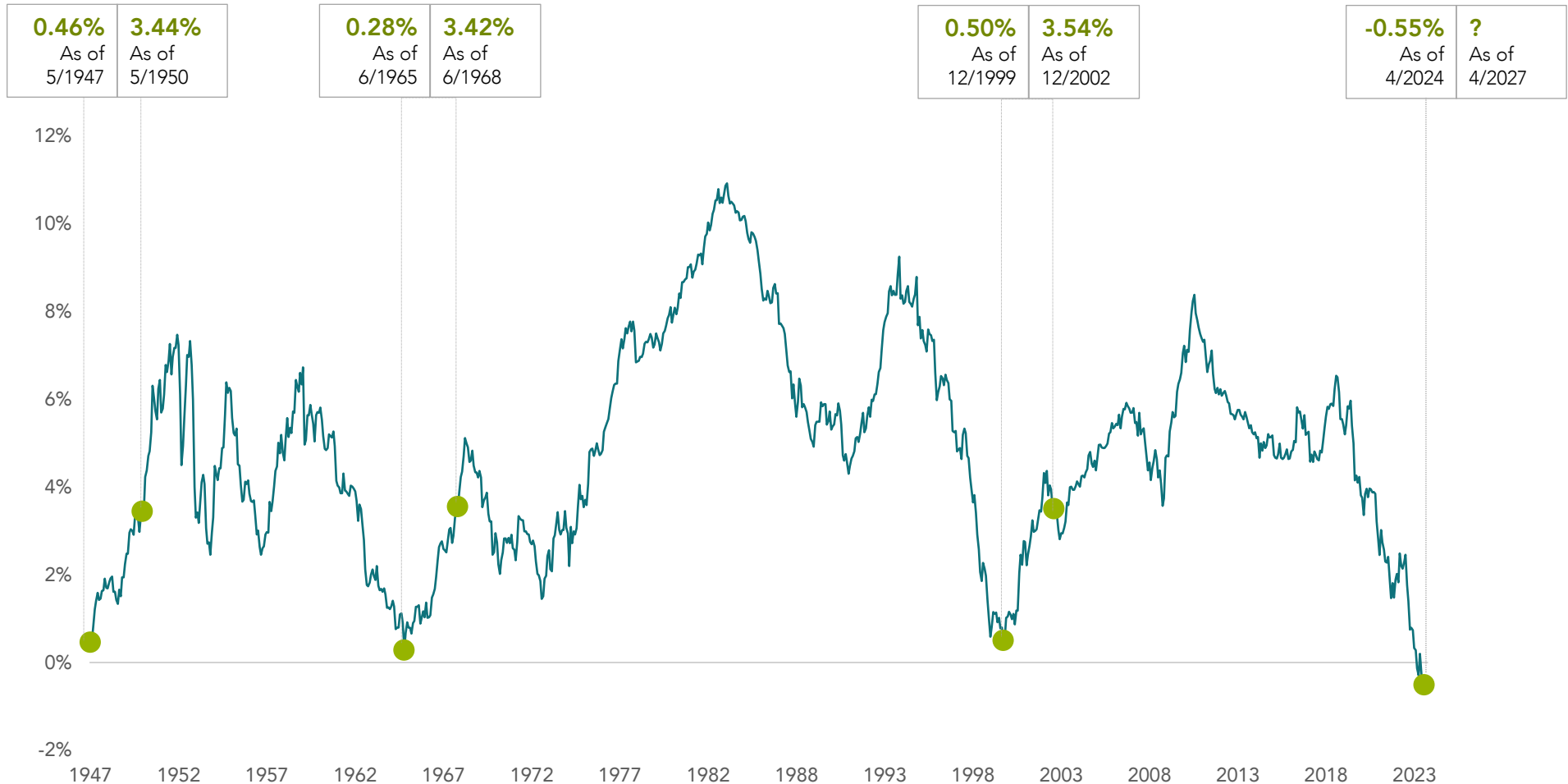


Valuations on US large cap stocks continue to surpass historical averages, while US small value stocks remain near the long-term average.

In USD. The Fama/French Indices represent academic concepts that may be used in portfolio construction and are not available for direct investment or for use as a benchmark. Source: CRSP and Compustat data calculated by Dimensional. Fama/French data provided by Fama/French. Value stocks represented by the Fama/French US Small Value Research Index. Large cap stocks represented by the Fama/French US Large Index. Monthly aggregate price-to-book ratios are computed as the inverse of the weighted average book-to-market value as of month-end, where book equity used from July of year  $t$  through June of year  $t+1$  is the book equity for the last fiscal year end in  $t-1$ , and market equity is as of month-end for each month. Firms with negative book value are excluded. Eugene Fama and Ken French are members of the Board of Directors of the general partner of, and provide consulting services to, Dimensional Fund Advisors LP. See "Index Descriptions" in the appendix for descriptions of Fama/French index data.

# Better Days Ahead?

20-year rolling return difference between the Dimensional US Small Cap Value Index and the S&P 500 Index, May 1947–May 2024



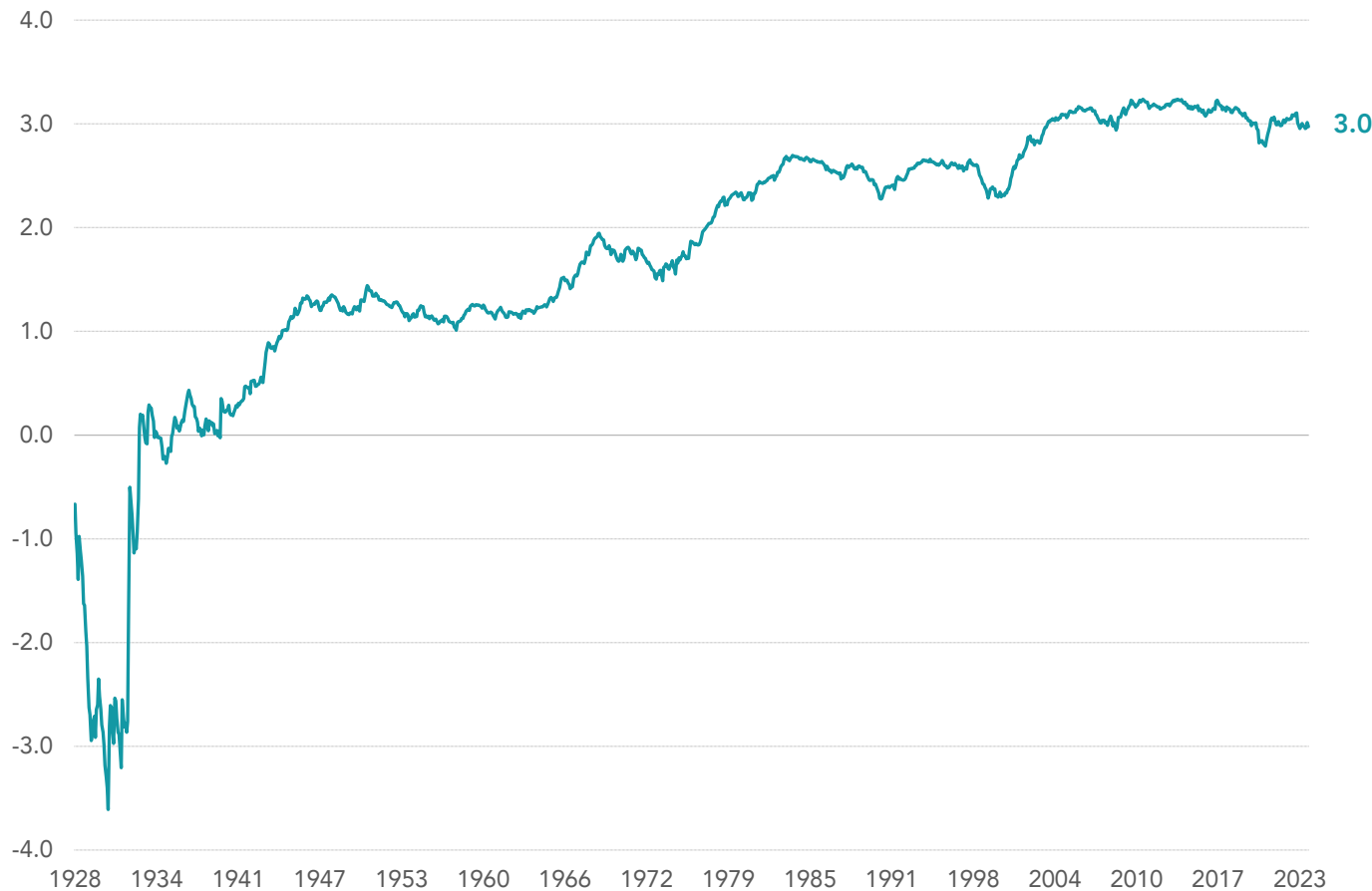
**Past performance is no guarantee of future results. Actual returns may be lower.**

The Dimensional indices represent academic concepts that may be used in portfolio construction and are not available for direct investment or for use as a benchmark. Index returns are not representative of actual portfolios and do not reflect costs and fees associated with an actual investment. See "Index Descriptions" for descriptions of the Dimensional index data.

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# Long-Term Premium for Small Value Still Reliable

Expanding window t-statistic for return difference between the Dimensional US Small Cap Value Index and the S&P 500 Index, May 1928–January 2024



It would take 118 years with an average premium of zero before the full-sample t-stat dipped below 2.0<sup>1</sup>

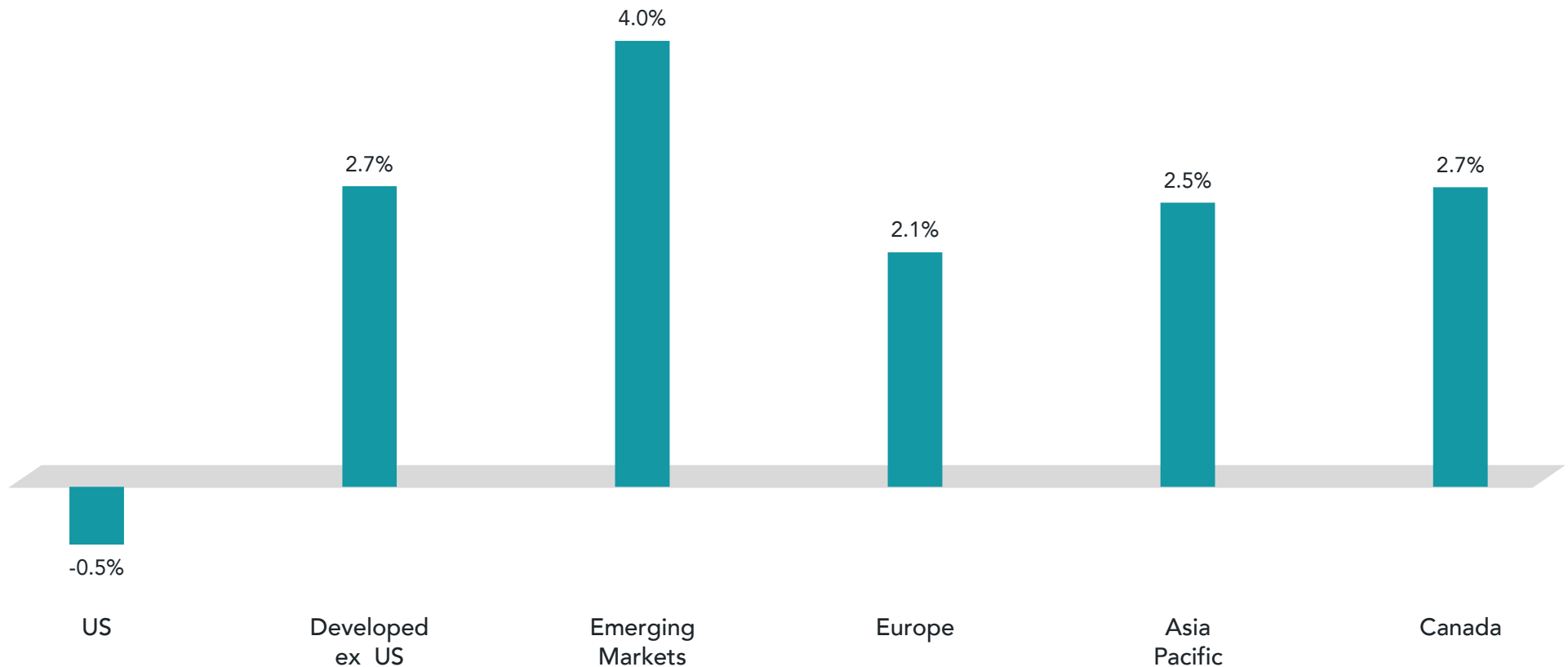
1. Expanding window t-stat calculated each month using all prior data since 6/1/1927. Calculation assumes the future mean for the return difference is zero and the future monthly standard deviation matches that from June 1927 to January 2024 of 4.53%.

**Past performance is no guarantee of future results. Actual returns may be lower.**

The Dimensional indices represent academic concepts that may be used in portfolio construction and are not available for direct investment or for use as a benchmark. Index returns are not representative of actual portfolios and do not reflect costs and fees associated with an actual investment. See "Index Descriptions" for descriptions of the Dimensional index data. S&P data © 2024 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

# Small Value Outperformed in Many Markets

20-year annualized return differences between small cap value and large cap as of May 31, 2024

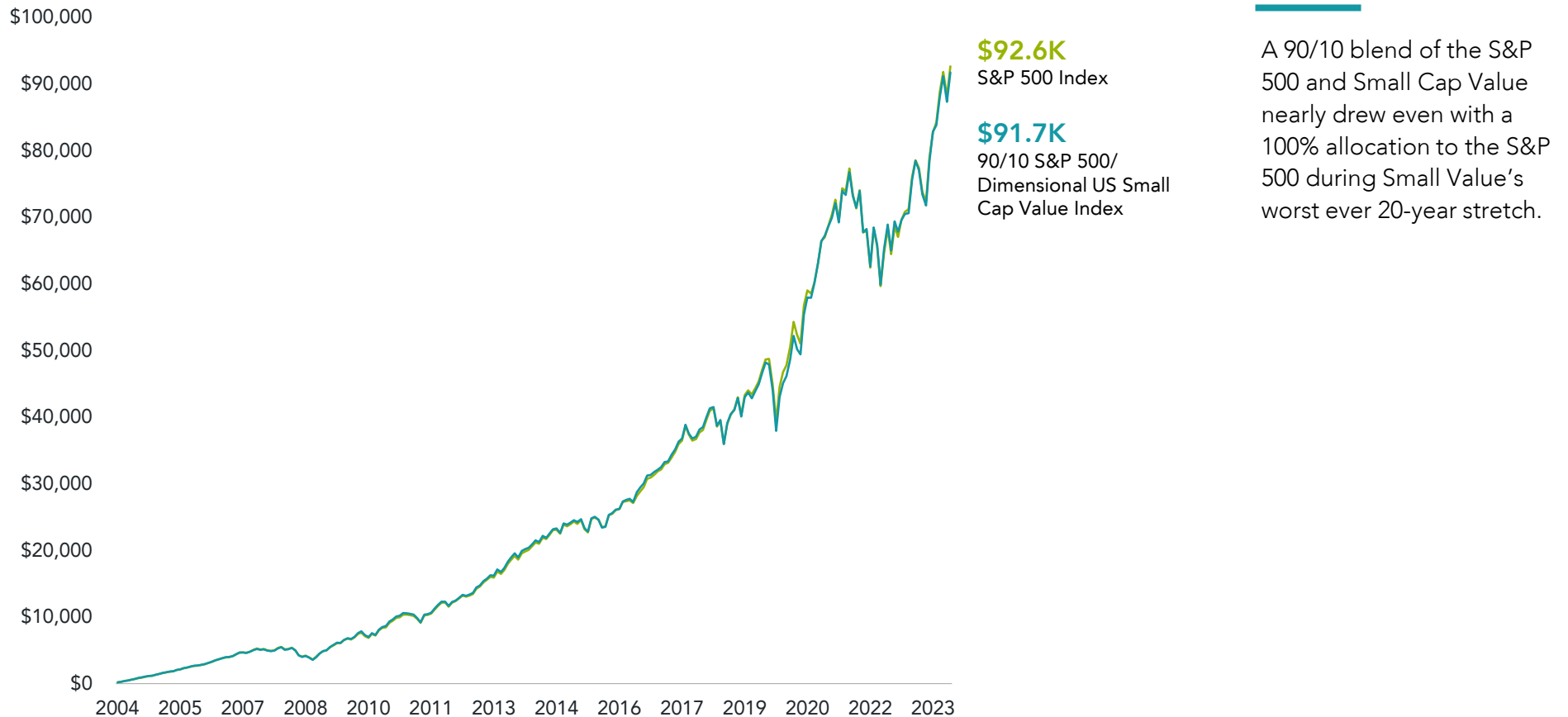


**Past performance is no guarantee of future results. Actual returns may be lower.**

In USD. Small Cap Value represented by Dimensional indices. The Dimensional indices represent academic concepts that may be used in portfolio construction and are not available for direct investment or for use as a benchmark. See "Appendix: Index Mapping for Small Value and Large" for definitions for small cap value and large cap in each country/region. Index returns are annualized. Index returns are not representative of actual portfolios and do not reflect costs and fees associated with an actual investment. S&P data © 2024 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. MSCI data © MSCI 2024, all rights reserved.

# Putting Small Cap Value Performance in Perspective

Growth of \$100 invested monthly, June 2004–May 2024



**Past performance is no guarantee of future results. Actual returns may be lower.**

In USD. All performance results of the hypothetical models are based on performance of indices with model/backtested asset allocations; the performance was achieved with the benefit of hindsight; it does not represent actual investment strategies. The model's performance does not reflect advisory fees or other expenses associated with the management of an actual portfolio. There are limitations inherent in model allocations. In particular, model performance may not reflect the impact that economic and market factors may have had on the advisor's decision making if the advisor were actually managing client money. Data presented in the Growth of \$100 chart is hypothetical and assumes reinvestment of income and no transaction costs or taxes. The chart is for illustrative purposes only and is not indicative of any investment. The Dimensional indices represent academic concepts that may be used in portfolio construction and are not available for direct investment or for use as a benchmark. Index returns are not representative of actual portfolios and do not reflect costs and fees associated with an actual investment. See "Index Descriptions" for descriptions of the Dimensional index data. S&P data © 2024 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

# Last 20 Years is an Arbitrary Period

Annualized returns as of January 31, 2024

	Dimensional US Small Cap Value Index	S&P 500 Index	Relative Return	% of Months When Small Value Beat S&P 500
Last 19 Years	9.17%	9.87%	-0.70%	47.8%
Last 20 Years	9.40%	9.69%	-0.28%	47.5%
Last 21 Years	11.98%	10.76%	1.22%	48.4%
Since 1/1/2000	11.93%	7.08%	4.85%	51.9%

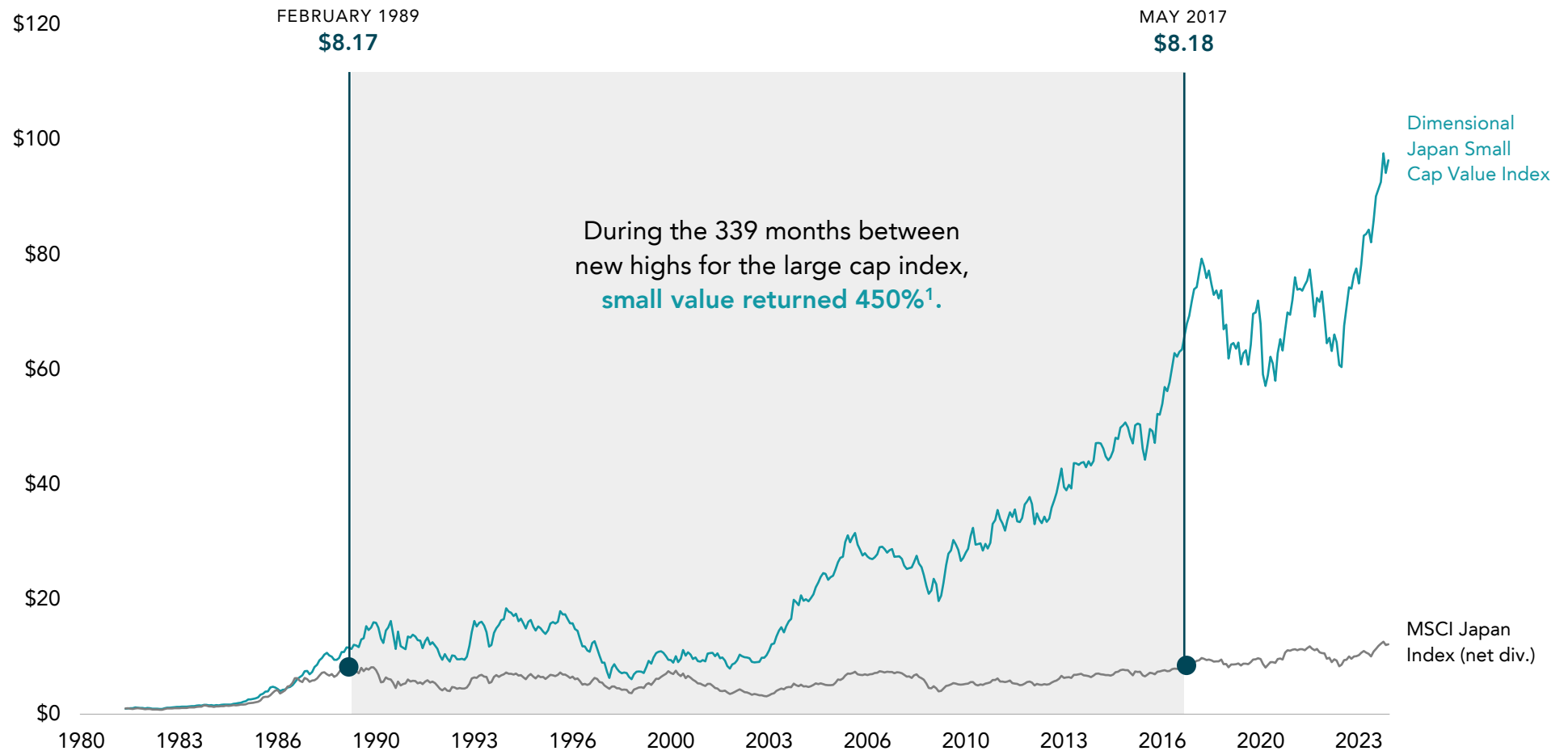
US small value  
relative performance  
is sensitive to the  
measurement  
period.

**Past performance is no guarantee of future results. Actual returns may be lower.**

The Dimensional indices represent academic concepts that may be used in portfolio construction and are not available for direct investment or for use as a benchmark. Index returns are not representative of actual portfolios and do not reflect costs and fees associated with an actual investment. See "Index Descriptions" for descriptions of the Dimensional index data. S&P data © 2024 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

# That Time Small Value Rescued Japan

Growth of \$1, July 1, 1981–May 31, 2024



1. Reflects the cumulative return for the period 3/1/1989-5/31/2017.

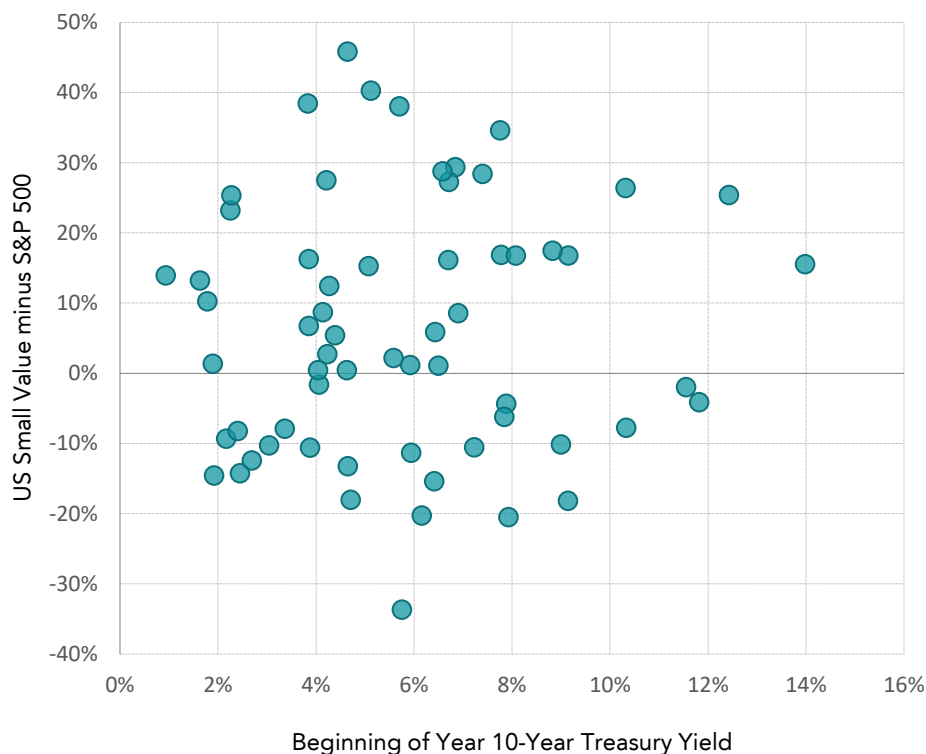
In USD. **Past performance is no guarantee of future results. Actual returns may be lower.** Data presented in the Growth of \$1 chart is hypothetical and assumes reinvestment of income and no transaction costs or taxes. The chart is for illustrative purposes only and is not indicative of any investment. The Dimensional indices represent academic concepts that may be used in portfolio construction and are not available for direct investment or for use as a benchmark. Index returns are not representative of actual portfolios and do not reflect costs and fees associated with an actual investment. See "Index Descriptions" for descriptions of the Dimensional index data. MSCI data is for the Standard (Large + Mid) net div. index. MSCI data © MSCI 2024, all rights reserved.

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Has Anything Changed?

# Relation with Interest Rates

Annual return difference between the Dimensional US Small Cap Value Index and the S&P 500 Index vs. the 10-Year US Treasury, 1962–2023



In USD.

**Past performance is no guarantee of future results. Actual returns may be lower.**

US Treasury data available from FRED, Federal Reserve Bank of St. Louis. The Dimensional indices represent academic concepts that may be used in portfolio construction and are not available for direct investment or for use as a benchmark. Index returns are not representative of actual portfolios and do not reflect costs and fees associated with an actual investment. See "Index Descriptions" for descriptions of the Dimensional index data. S&P data © 2024 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

# Relation with GDP Growth

Annual return difference between the Dimensional US Small Cap Value Index and the S&P 500 Index vs. US GDP Growth, 1930–2023



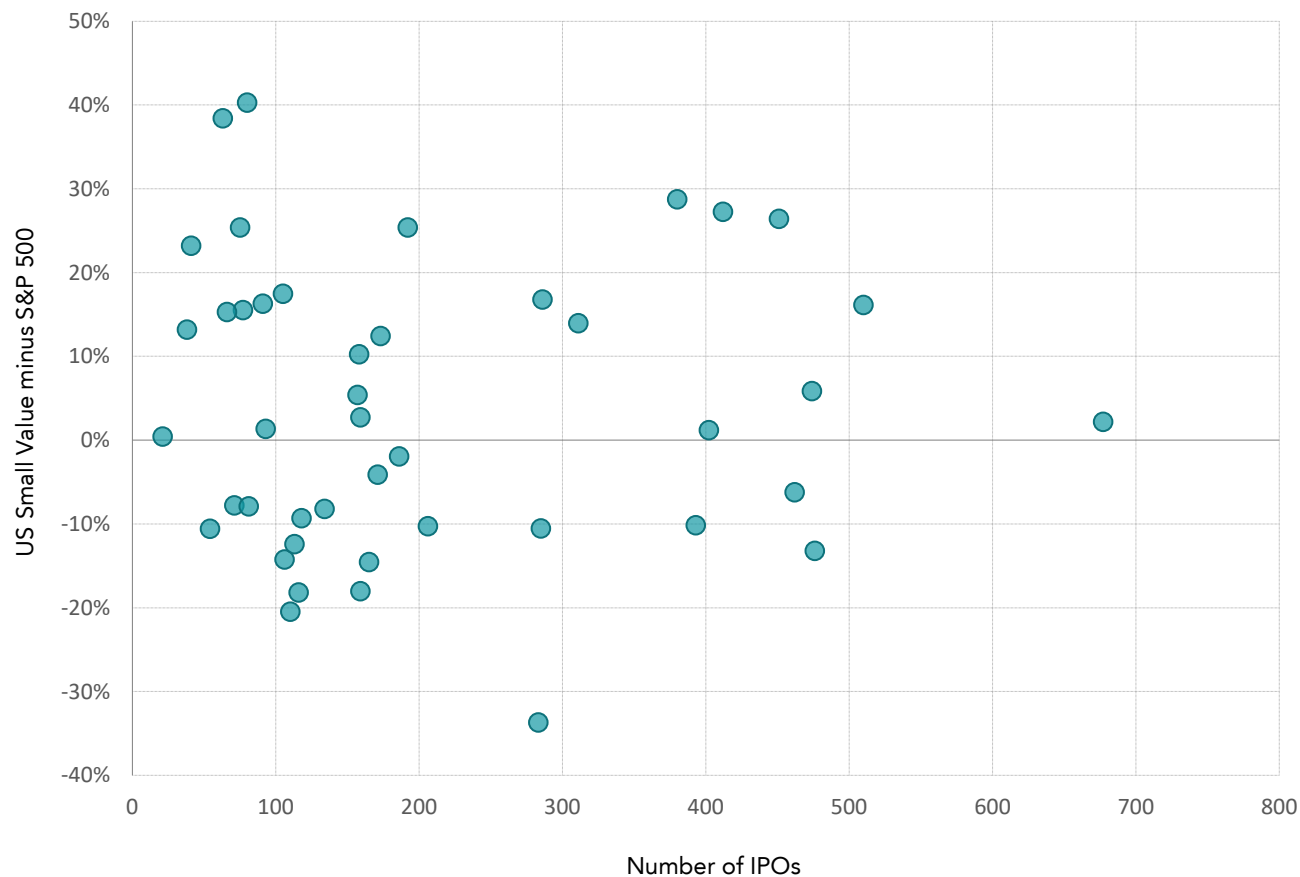
In USD.

**Past performance is no guarantee of future results. Actual returns may be lower.**

Annual GDP growth rates obtained from the US Bureau of Economic Analysis. GDP growth numbers are adjusted to 2012 USD terms to remove the effects of inflation. The Dimensional indices represent academic concepts that may be used in portfolio construction and are not available for direct investment or for use as a benchmark. Index returns are not representative of actual portfolios and do not reflect costs and fees associated with an actual investment. See "Index Descriptions" for descriptions of the Dimensional index data. S&P data © 2024 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

# Relation with IPO Activity

Annual return difference between the Dimensional US Small Cap Value Index and the S&P 500 Index vs. Number of US IPOs, 1980–2023



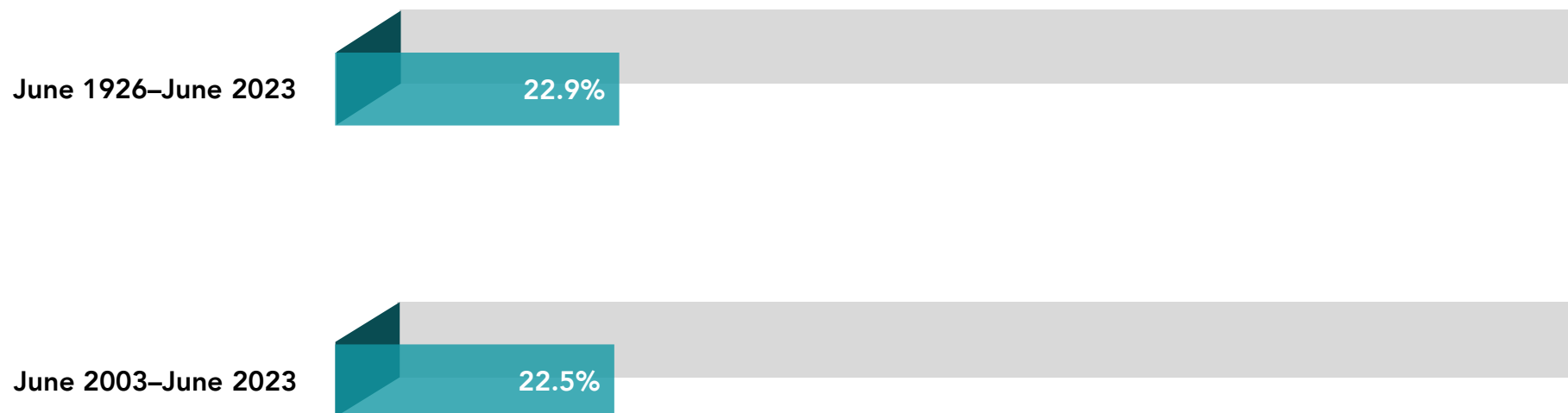
In USD.

**Past performance is no guarantee of future results. Actual returns may be lower.**

Annual IPO counts from Professor Jay Ritter (<https://site.warrington.ufl.edu/ritter/ipo-data/>). The Dimensional indices represent academic concepts that may be used in portfolio construction and are not available for direct investment or for use as a benchmark. Index returns are not representative of actual portfolios and do not reflect costs and fees associated with an actual investment. See "Index Descriptions" for descriptions of the Dimensional index data. S&P data © 2024 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

# Migration from Value to Growth

Average percentage of US stocks migrating from value to growth each year, 1926–2023



Source: Dimensional using CRSP/Compustat data. Stocks are sorted into two size groups from large to small, where small cap represents the bottom 10% of market cap and large cap represents to top 90%. Market caps are based on end of month as of June year t. Portfolios are formed at the end of June each year. The beginning samples include all the firms in the Fama/French US Total Market Research Index. Value stocks are defined by the Fama/French US Value Research Index and growth stocks are defined by the Fama/French US Growth Research Index. Migration is calculated as the percentage of market cap that are value stocks at year t but are not value stocks at year t+1, scaled by the total market cap of value stocks at year t. The Fama/French Indices represent academic concepts that may be used in portfolio construction and are not available for direct investment or for use as a benchmark. Data provided by Fama/French. See "Index Descriptions" in the appendix for descriptions of Fama/French index data. Eugene Fama and Ken French are members of the Board of Directors of the general partner of, and provide consulting services to, Dimensional Fund Advisors LP.

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# Appendix

# Many Inputs Inform How We Design and Manage Portfolios



# Foundations of Portfolio Structure

Building blocks of asset allocation for Dimensional's equity strategies

## Company Size

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### SIZE PREMIUM

Small vs. large companies

## Relative Price<sup>1</sup>

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### VALUE PREMIUM

Value vs. growth companies

## Profitability<sup>2</sup>

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### PROFITABILITY PREMIUM

High vs. low profitability companies

1. Relative price as measured by the price-to-book ratio; value stocks are those with lower price-to-book ratios.

2. Profitability is a measure of current profitability, based on information from individual companies' income statements.

# Testing the Valuation Equation

Average monthly returns

## US Large: 1963–2023

		PROFITABILITY			Profitability Premium
		LOW		HIGH	
PRICE/BOOK	GROWTH	0.80	0.96	0.99	0.19
		0.83	0.85	0.99	0.17
	VALUE	0.89	1.09	1.18	0.29
	Value Premium	0.09	0.13	0.19	

## US Small: 1963–2023

		PROFITABILITY			Profitability Premium
		LOW		HIGH	
PRICE/BOOK	GROWTH	0.37	0.86	1.07	0.70
		0.94	1.12	1.34	0.40
	VALUE	1.21	1.33	1.56	0.35
	Value Premium	0.84	0.47	0.49	

## Non-US Developed: 1975–2023

		PROFITABILITY			Profitability Premium
		LOW		HIGH	
PRICE/BOOK	GROWTH	0.42	0.77	0.82	0.40
		0.78	0.89	0.99	0.21
	VALUE	1.00	1.10	1.15	0.15
	Value Premium	0.58	0.32	0.33	

## Emerging Markets: 1989–2023

		PROFITABILITY			Profitability Premium
		LOW		HIGH	
PRICE/BOOK	GROWTH	0.41	0.59	1.10	0.69
		0.50	0.85	0.82	0.32
	VALUE	0.99	1.03	1.35	0.36
	Value Premium	0.58	0.44	0.25	

Past performance is no guarantee of future results. Actual investment returns may be lower.

In USD. US Large and US Small computed from Fama/French Total US Market Research Index published security weights. Non-US Developed computed from Fama/French International Market Index prior to 1990 and the Fama/French Developed ex US Market Index thereafter. Emerging Markets computed from Fama/French Emerging Markets Index. Dimensional computed security returns and Dimensional classification of securities based on size, value, and profitability parameters. The Fama/French Indices represent academic concepts that may be used in portfolio construction and are not available for direct investment or for use as a benchmark. Index returns are not representative of actual portfolios and do not reflect costs and fees associated with an actual investment. See Appendix "Testing the Valuation Equation: Descriptions and Important Information."

# Testing the Valuation Equation: Descriptions and Important Information

## US Large and US Small: 1963–2023

Source: CRSP and Compustat. At the end of each June from 1963 to 2023, stocks are sorted on price-to-book into three portfolios, each representing one-third of the market. Similarly, stocks are sorted on profitability into three portfolios, each representing one-third of the market. Utilities are excluded. The monthly returns reported above are for the intersections of the three portfolios formed on price-to-book and the three portfolios formed on profitability.

## Non-US Developed: 1975–2023

Source: Bloomberg. Eligible stocks in each non-US developed market country are sorted on price-to-book into three portfolios, each representing one-third of the aggregate market capitalization of that country. Similarly, stocks are sorted on profitability into three portfolios, each representing one-third of the aggregate market capitalization of that country. Stocks with negative or missing price-to-book or missing profitability are excluded. From the intersections of the three portfolios formed on price-to-book and the three portfolios formed on profitability, we form nine profitability/price-to-book portfolios. Portfolios are rebalanced annually in December.

Non-US Developed countries (as of December 31, 2023) include: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the UK.

## Emerging Markets: 1989–2023

Source: Bloomberg. Eligible stocks in each emerging market country are sorted on price-to-book into three portfolios, each representing one-third of the aggregate market capitalization of that country. Similarly, stocks are sorted on profitability into three portfolios, each representing one-third of the aggregate market capitalization of that country. Stocks with negative or missing price-to-book or missing profitability are excluded. From the intersections of the three portfolios formed on price-to-book and the three portfolios formed on profitability, we form nine profitability/price-to-book portfolios. Portfolios are rebalanced annually in June.

Emerging markets countries (as of December 31, 2023) include: Argentina, Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Pakistan, Peru, Philippines, Poland, Qatar, Saudi Arabia, South Africa, Taiwan, Thailand, Turkey and UAE.

## Index Descriptions:

**Fama/French Total US Market Research Index:** July 1926–present: Fama/French Total US Market Research Factor + One-Month US Treasury Bills. Source: Ken French Website. Fama/French and multifactor data provided by Fama/French.

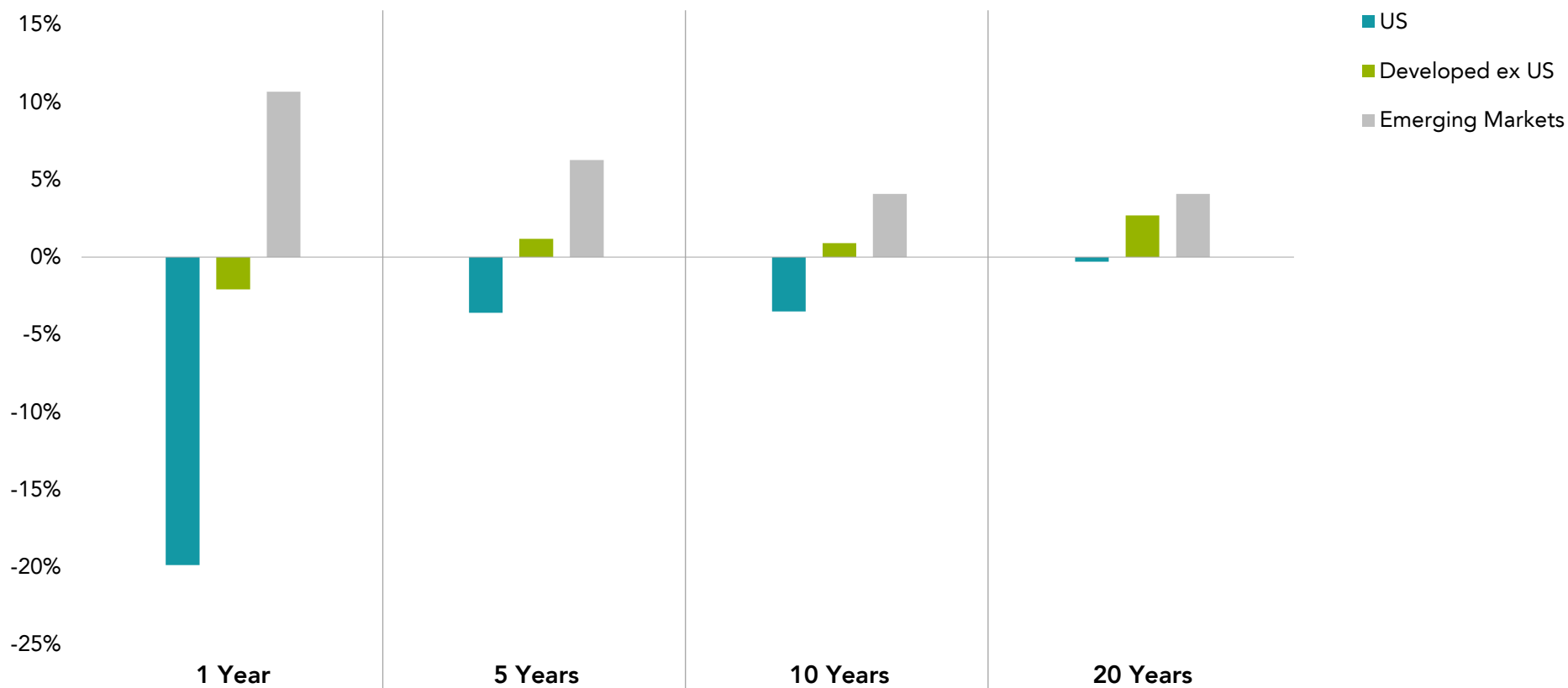
**Fama/French International Market Index:** January 1975–present: Fama/French International Market Index. Source: Ken French website. Simulated from MSCI and Bloomberg data. Fama/French and multifactor data provided by Fama/French.

**Fama/French Developed ex US Market Index:** July 1990–present: Fama/French Developed ex US Market Index. Rebalanced annually in June. Includes all stocks with market equity data as of the rebalance date. Source: Ken French website.

**Fama/French Emerging Markets Index:** July 1989–present: Fama/French Emerging Markets Index. Courtesy of Fama/French from Bloomberg and IFC securities data. Companies weighted by float-adjusted market cap; rebalanced annually in June. Fama/French and multifactor data provided by Fama/French.

# Small Value Struggles Are Mainly a US Story

Annualized return differences between small cap value and large caps as of January 31, 2024



**Past performance is no guarantee of future results. Actual returns may be lower.**

In USD. Small value in each region defined respectively as the Dimensional US Small Cap Value Index, Dimensional International Small Cap Value Index, and Dimensional Emerging Markets Small Cap Value Index. Large caps in each region defined respectively as the S&P 500 Index, the MSCI World ex USA Index (net div.), and MSCI Emerging Markets Index (net div.). Index returns are annualized. The Dimensional Indices represent academic concepts that may be used in portfolio construction and are not available for direct investment or for use as a benchmark. Index returns are not representative of actual portfolios and do not reflect costs and fees associated with an actual investment. See "Index Descriptions" for descriptions of the Dimensional index data. S&P data © 2024 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. MSCI data © MSCI 2024, all rights reserved.

# Appendix: Index Mapping for Small Value and Large

Country/Region	Small Value Index	Large Cap Index
US	Dimensional US Small Cap Value Index	S&P 500 Index
Developed ex US	Dimensional International Small Cap Value Index	MSCI World ex USA Index (net div.)
Emerging Markets	Dimensional Emerging Markets Small Value Index	MSCI Emerging Markets Index (net div.)
Europe ex UK	Dimensional Europe ex UK Small Value Index	MSCI Europe ex UK Index (net div.)
UK	Dimensional UK Small Value Index	MSCI United Kingdom Index (net div.)
Pacific ex Japan	Dimensional Asia Pacific ex Japan Small Cap Value Index	MSCI Pacific ex Japan Index (net div.)
Japan	Dimensional Japan Small Cap Value Index	MSCI Japan Index (net div.)
Australia	Dimensional Australia Small Value Index	MSCI Australia Index (net div.)
Canada	Dimensional Canada Small Value Index	MSCI Canada Index (net div.)

# Index Descriptions

## **DIMENSIONAL US SMALL CAP VALUE INDEX** June 1927 - December 1974:

Dimensional US Small Cap Value Index. Composition: A subset of the US Small Cap Index. The subset is defined as companies whose relative price is in the bottom 25% of the US Small Cap Index after the exclusion of utilities, companies lacking financial data, and companies with negative relative price. The Eligible Market is composed of securities of US companies traded on the NYSE, NYSE MKT (formerly AMEX), and Nasdaq Global Market. Exclusions: Non-US companies, REITs, UITs, and Investment Companies. Source: CRSP and Compustat. January 1975 - Present:

Dimensional US Small Cap Value Index. Composition: A subset of the US Small Cap Index. The subset is defined as companies whose relative price is in the bottom 35% of the US Small Cap Index after the exclusion of utilities, companies lacking financial data, and companies with negative relative price. The Eligible Market is composed of securities of US companies traded on the NYSE, NYSE MKT (formerly AMEX), and Nasdaq Global Market. Exclusions: Non-US companies, REITs, UITs, and Investment Companies and companies with the lowest profitability within the small cap value universe. The index also excludes those companies with the highest asset growth within the small cap universe. Profitability is defined as operating income before depreciation and amortization minus interest expense divided by book equity. Asset growth is defined as change in total assets from the prior fiscal year to current fiscal year. Source: CRSP and Compustat. The Dimensional US Small Cap Value Index has been retrospectively calculated by Dimensional Fund Advisors and did not exist prior to March 1st, 2007. Accordingly, the results shown during the periods prior to March 1st, 2007 do not represent actual returns of the Index. Other periods selected may have different results, including losses. Backtested index performance is hypothetical and is provided for informational purposes only to indicate historical performance had the index been calculated over the relevant time periods. Backtested performance results assume the reinvestment of dividends and capital gains. The index monthly returns are computed as the simple average of the monthly returns of 12 sub-indices, each one reconstituted once a year at the end of each month of the year. The Index is unmanaged and is not subject to fees and expenses typically associated with managed accounts or investment funds.

Investments cannot be made directly in an index. Past performance is no guarantee of future results. The calculation methodology for the Dimensional US Small Cap Value Index was amended on January 1st, 2014 to include profitability as a factor in selecting securities for inclusion in the index. The calculation methodology for the Dimensional US Small Cap Value Index was amended in December 2019 to include asset growth as a factor in selecting securities for inclusion in the index.

## **DIMENSIONAL INTERNATIONAL SMALL CAP VALUE INDEX:** July 1981 -

December 1989: Created by Dimensional. Includes securities, of MSCI EAFE countries, in the top 30% of Book-to-Market by market capitalization conditional on the securities being in the bottom 10% of market capitalization, excluding the bottom 1%. All securities are market capitalization weighted. Each country is capped at 50%. Rebalanced semiannually. January 1990 - Present: Dimensional International Small Cap Value Index. Composition: Consists of small cap companies in eligible markets whose relative price is in the bottom 35% of their country's respective constituents, after the exclusion of utilities and companies with either negative or missing relative price data. The index excludes securities with the lowest profitability within their country's small cap universe. The index also excludes those companies with the highest asset growth within their country's small cap universe. Profitability is defined as operating income before depreciation and amortization minus interest expense divided by book equity. Asset growth is defined as change in total assets from the prior fiscal year to current fiscal year. The index monthly returns are computed as the simple average of the monthly returns of four sub-indices, each one reconstituted once a year at the end of each quarter of the year. Maximum index weight of any one company is capped at 5%. Countries currently included are Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and United Kingdom. Exclusions: REITs and Investment Companies. Source: Bloomberg. The Dimensional International Small Cap Value Index has been retrospectively calculated by Dimensional Fund Advisors and did not exist prior to April 2008. Accordingly, the results shown during the periods prior to April 2008 do not represent actual returns of the Index. Backtested index performance is hypothetical and is provided for informational purposes only to indicate historical performance had the index been calculated over the relevant time periods. Backtested performance results assume the reinvestment of dividends and capital gains. The Index is unmanaged and is not subject to fees and expenses typically associated with managed accounts or investment funds. Investments cannot be made directly in an index. Past performance is no guarantee of future results. The calculation methodology for the Dimensional International Small Cap Value Index was amended in January 2014 to include profitability as a factor in selecting securities for inclusion in the index. The calculation methodology for the Dimensional International Small Cap Value Index was amended in November 2019 to include asset growth as a factor in selecting securities for inclusion in the index.

# Index Descriptions

**DIMENSIONAL EMERGING MARKETS SMALL VALUE INDEX:** January 1994 - Present: Dimensional Emerging Markets Small Value Index: Consists of small cap companies in eligible markets whose relative price is in the bottom 35% of their country's respective constituents, after the exclusion of utilities and companies with either negative or missing relative price data. The index excludes securities with the lowest profitability within their country's small cap universe. The index also excludes those companies with the highest asset growth within their country's small cap universe. Profitability is defined as operating income before depreciation and amortization minus interest expense divided by book equity. Asset growth is defined as change in total assets from the prior fiscal year to current fiscal year. The index monthly returns are computed as the simple average of the monthly returns of four sub-indices, each one reconstituted once a year at the end of each quarter of the year. Maximum index weight of any one company is capped at 5%. Countries currently included are Brazil, Chile, China, Colombia, Czech Republic, Hungary, India, Indonesia, Malaysia, Mexico, Peru, Philippines, Poland, South Africa, South Korea, Taiwan, Thailand, and Turkey. Exclusions: REITs and Investment Companies  
Source: Bloomberg

The Dimensional Emerging Markets Small Value Index has been retrospectively calculated by Dimensional Fund Advisors and did not exist prior to April 2008. Accordingly, the results shown during the periods prior to April 2008 do not represent actual returns of the Index. Backtested index performance is hypothetical and is provided for informational purposes only to indicate historical performance had the index been calculated over the relevant time periods. Backtested performance results assume the reinvestment of dividends and capital gains. The Index is unmanaged and is not subject to fees and expenses typically associated with managed accounts or investment funds. Investments cannot be made directly in an index. Past performance is no guarantee of future results.

The calculation methodology for the Dimensional Emerging Markets Small Value Index was amended in January 2014 to include profitability as a factor in selecting securities for inclusion in the index. The calculation methodology for the Dimensional Emerging Markets Small Value Index was amended in November 2019 to include asset growth as a factor in selecting securities for inclusion in the index.

# Index Descriptions

**DIMENSIONAL EUROPE ex UK SMALL VALUE INDEX:** August 1980 - December 1989: Europe ex UK Small Value Index Source: Dimensional

January 1990 - Present: Dimensional Europe ex UK Small Value Index: Consists of small cap companies in eligible markets whose relative price is in the bottom 35% of their country's respective constituents, after the exclusion of utilities and companies with either negative or missing relative price data. The index excludes securities with the lowest profitability within their country's small cap universe. The index also excludes those companies with the highest asset growth within their country's small cap universe. Profitability is defined as operating income before depreciation and amortization minus interest expense divided by book equity. Asset growth is defined as change in total assets from the prior fiscal year to current fiscal year. The index monthly returns are computed as the simple average of the monthly returns of four sub-indices, each one reconstituted once a year at the end of each quarter of the year. Maximum index weight of any one company is capped at 5%. Countries currently included are Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, and Switzerland. Exclusions: REITs and Investment Companies Source: Bloomberg

The Dimensional Europe ex UK Small Value Index has been retrospectively calculated by Dimensional Fund Advisors and did not exist prior to April 2008. Accordingly, the results shown during the periods prior to April 2008 do not represent actual returns of the Index. Backtested index performance is hypothetical and is provided for informational purposes only to indicate historical performance had the index been calculated over the relevant time periods. Backtested performance results assume the reinvestment of dividends and capital gains. The Index is unmanaged and is not subject to fees and expenses typically associated with managed accounts or investment funds. Investments cannot be made directly in an index. Past performance is no guarantee of future results.

The calculation methodology for the Dimensional Europe ex UK Small Value Index was amended in January 2014 to include profitability as a factor in selecting securities for inclusion in the index. The calculation methodology for the Dimensional Europe ex UK Small Value Index was amended in November 2019 to include asset growth as a factor in selecting securities for inclusion in the index.

**DIMENSIONAL UK SMALL VALUE INDEX:** July 1955 - December 1989: UK Small Value Index Source: Nagel (LBS) Created Returns, converted from GBP to USD using the WM/Reuters at 4 p.m. EST (closing spot), from PFPC exchange rate Country Code EX

January 1990 - Present: Dimensional UK Small Value Index: Consists of small cap companies in eligible markets whose relative price is in the bottom 35% of their country's respective constituents, after the exclusion of utilities and companies with either negative or missing relative price data. The index excludes securities with the lowest profitability within their country's small cap universe. The index also excludes those companies with the highest asset growth within their country's small cap universe. Profitability is defined as operating income before depreciation and amortization minus interest expense divided by book equity. Asset growth is defined as change in total assets from the prior fiscal year to current fiscal year. The index monthly returns are computed as the simple average of the monthly returns of four sub-indices, each one reconstituted once a year at the end of each quarter of the year. Maximum index weight of any one company is capped at 10%. The country currently included is United Kingdom. Exclusions: REITs and Investment Companies Source: Bloomberg, LSPD

The Dimensional UK Small Value Index has been retrospectively calculated by Dimensional Fund Advisors and did not exist prior to April 2008. Accordingly, the results shown during the periods prior to April 2008 do not represent actual returns of the Index. Backtested index performance is hypothetical and is provided for informational purposes only to indicate historical performance had the index been calculated over the relevant time periods. Backtested performance results assume the reinvestment of dividends and capital gains. The Index is unmanaged and is not subject to fees and expenses typically associated with managed accounts or investment funds. Investments cannot be made directly in an index. Past performance is no guarantee of future results.

The calculation methodology for the Dimensional UK Small Value Index was amended in January 2014 to include profitability as a factor in selecting securities for inclusion in the index. The calculation methodology for the Dimensional UK Small Value Index was amended in November 2019 to include asset growth as a factor in selecting securities for inclusion in the index.

# Index Descriptions

**DIMENSIONAL ASIA PACIFIC ex JAPAN SMALL CAP VALUE INDEX:** July 1981 - December 1989: Created by Dimensional. Includes securities, of MSCI EAFE countries, in the top 30% of Book-to-Market by market capitalization conditional on the securities being in the bottom 10% of market capitalization, excluding the bottom 1%. All securities are market capitalization weighted. Each country is capped at 50%. Rebalanced semiannually.

January 1990 - Present: Dimensional Asia Pacific ex Japan Small Cap Value Index: Consists of small cap companies in eligible markets whose relative price is in the bottom 35% of their country's respective constituents, after the exclusion of utilities and companies with either negative or missing relative price data. The index excludes securities with the lowest profitability within their country's small cap universe. The index also excludes those companies with the highest asset growth within their country's small cap universe. Profitability is defined as operating income before depreciation and amortization minus interest expense divided by book equity. Asset growth is defined as change in total assets from the prior fiscal year to current fiscal year. The index monthly returns are computed as the simple average of the monthly returns of four sub-indices, each one reconstituted once a year at the end of each quarter of the year. Maximum index weight of any one company is capped at 5%. Countries currently included are Australia, Hong Kong, New Zealand, and Singapore. Exclusions: REITs and Investment Companies Source: Bloomberg

The Dimensional Asia Pacific ex Japan Small Cap Value Index has been retrospectively calculated by Dimensional Fund Advisors and did not exist prior to April 2008. Accordingly, the results shown during the periods prior to April 2008 do not represent actual returns of the Index. Backtested index performance is hypothetical and is provided for informational purposes only to indicate historical performance had the index been calculated over the relevant time periods. Backtested performance results assume the reinvestment of dividends and capital gains. The Index is unmanaged and is not subject to fees and expenses typically associated with managed accounts or investment funds. Investments cannot be made directly in an index. Past performance is no guarantee of future results.

The calculation methodology for the Dimensional Asia Pacific ex Japan Small Cap Value Index was amended in January 2014 to include profitability as a factor in selecting securities for inclusion in the index. The calculation methodology for the Dimensional Asia Pacific ex Japan Small Cap Value Index was amended in November 2019 to include asset growth as a factor in selecting securities for inclusion in the index.

**DIMENSIONAL JAPAN SMALL CAP VALUE INDEX:** July 1981 - December 1989: Created by Dimensional. Includes securities in the top 30% of Book-to-Market by market capitalization conditional on the securities being in the bottom 10% of market capitalization, excluding the bottom 1%. All securities are market capitalization weighted. Rebalanced semiannually.

January 1990 - Present: Dimensional Japan Small Cap Value Index: Consists of small cap companies in eligible markets whose relative price is in the bottom 35% of their country's respective constituents, after the exclusion of utilities and companies with either negative or missing relative price data. The index excludes securities with the lowest profitability within their country's small cap universe. The index also excludes those companies with the highest asset growth within their country's small cap universe. Profitability is defined as operating income before depreciation and amortization minus interest expense divided by book equity. Asset growth is defined as change in total assets from the prior fiscal year to current fiscal year. The index monthly returns are computed as the simple average of the monthly returns of four sub-indices, each one reconstituted once a year at the end of each quarter of the year. Maximum index weight of any one company is capped at 10%. The country currently included is Japan. Exclusions: REITs and Investment Companies Source: Bloomberg

The Dimensional Japan Small Cap Value Index has been retrospectively calculated by Dimensional Fund Advisors and did not exist prior to April 2008. Accordingly, the results shown during the periods prior to April 2008 do not represent actual returns of the Index. Backtested index performance is hypothetical and is provided for informational purposes only to indicate historical performance had the index been calculated over the relevant time periods. Backtested performance results assume the reinvestment of dividends and capital gains. The Index is unmanaged and is not subject to fees and expenses typically associated with managed accounts or investment funds. Investments cannot be made directly in an index. Past performance is no guarantee of future results.

The calculation methodology for the Dimensional Japan Small Cap Value Index was amended in January 2014 to include profitability as a factor in selecting securities for inclusion in the index. The calculation methodology for the Dimensional Japan Small Cap Value Index was amended in November 2019 to include asset growth as a factor in selecting securities for inclusion in the index.

# Index Descriptions

**DIMENSIONAL AUSTRALIA SMALL VALUE INDEX:** January 1982 - December 1989: Created by Dimensional from Bloomberg/ARC/CRIF securities data. Returns computed from the average of four staggered, market cap-weighted annually rebalanced portfolios of small-cap value company securities. REITs are excluded. Maximum index weight of any one company is capped at 10%. Country Included is Australia. Country Code AA

January 1990 - Present: Dimensional Australia Small Value Index : Consists of small cap companies in eligible markets whose relative price is in the bottom 35% of their country's respective constituents, after the exclusion of utilities and companies with either negative or missing relative price data. The index excludes securities with the lowest profitability within their country's small cap universe. The index also excludes those companies with the highest asset growth within their country's small cap universe. Profitability is defined as operating income before depreciation and amortization minus interest expense divided by book equity. Asset growth is defined as change in total assets from the prior fiscal year to current fiscal year. The index monthly returns are computed as the simple average of the monthly returns of four sub-indices, each one reconstituted once a year at the end of each quarter of the year. Maximum index weight of any one company is capped at 10%. The country currently included is Australia. Exclusions: REITs and Investment Companies Source: Bloomberg, ARC, CRI

The Dimensional Australia Small Value Index has been retrospectively calculated by Dimensional Fund Advisors and did not exist prior to April 2008. Accordingly, the results shown during the periods prior to April 2008 do not represent actual returns of the Index. Backtested index performance is hypothetical and is provided for informational purposes only to indicate historical performance had the index been calculated over the relevant time periods. Backtested performance results assume the reinvestment of dividends and capital gains. The Index is unmanaged and is not subject to fees and expenses typically associated with managed accounts or investment funds. Investments cannot be made directly in an index. Past performance is no guarantee of future results.

The calculation methodology for the Dimensional Australia Small Value Index was amended in January 2014 to include profitability as a factor in selecting securities for inclusion in the index. The calculation methodology for the Dimensional Australia Small Value Index (USD) was amended in November 2019 to include asset growth as a factor in selecting securities for inclusion in the index.

**DIMENSIONAL CANADA SMALL VALUE INDEX:** January 1990 - Present: Dimensional Canada Small Value Index: Consists of small cap companies in eligible markets whose relative price is in the bottom 35% of their country's respective constituents, after the exclusion of utilities and companies with either negative or missing relative price data. The index excludes securities with the lowest profitability within their country's small cap universe. The index also excludes those companies with the highest asset growth within their country's small cap universe. Profitability is defined as operating income before depreciation and amortization minus interest expense divided by book equity. Asset growth is defined as change in total assets from the prior fiscal year to current fiscal year. The index monthly returns are computed as the simple average of the monthly returns of four sub-indices, each one reconstituted once a year at the end of each quarter of the year. Maximum index weight of any one company is capped at 10%. The country currently included is Canada. Exclusions: REITs and Investment Companies Source: Bloomberg

The Dimensional Canada Small Value Index has been retrospectively calculated by Dimensional Fund Advisors and did not exist prior to April 2008. Accordingly, the results shown during the periods prior to April 2008 do not represent actual returns of the Index. Backtested index performance is hypothetical and is provided for informational purposes only to indicate historical performance had the index been calculated over the relevant time periods. Backtested performance results assume the reinvestment of dividends and capital gains. The Index is unmanaged and is not subject to fees and expenses typically associated with managed accounts or investment funds. Investments cannot be made directly in an index. Past performance is no guarantee of future results.

The calculation methodology for the Dimensional Canada Small Value Index was amended in January 2014 to include profitability as a factor in selecting securities for inclusion in the index. The calculation methodology for the Dimensional Canada Small Value Index was amended in November 2019 to include asset growth as a factor in selecting securities for inclusion in the index.

# Index Descriptions

**Dimensional US Small Cap Index** was created by Dimensional in March 2007 and is compiled by Dimensional. It represents a market-capitalization-weighted index of securities of the smallest US companies whose market capitalization falls in the lowest 8% of the total market capitalization of the eligible market. The eligible market is composed of securities of US companies traded on the NYSE, NYSE MKT (formerly AMEX), and Nasdaq Global Market. Exclusions: non-US companies, REITs, UITs, and investment companies. From January 1975 to the present, the index excludes companies with the lowest profitability and highest relative price within the small cap universe. The index also excludes those companies with the highest asset growth within the small cap universe. Profitability is measured as operating income before depreciation and amortization minus interest expense scaled by book. Asset growth is defined as change in total assets from the prior fiscal year to current fiscal year. Source: CRSP and Compustat. The index monthly returns are computed as the simple average of the monthly returns of 12 subindices, each one reconstituted once a year at the end of a different month of the year. The calculation methodology for the Dimensional US Small Cap Index was amended on January 1, 2014, to include profitability as a factor in selecting securities for inclusion in the index. The calculation methodology for the index was amended in December 2019 to include asset growth as a factor in selecting securities for inclusion in the index.

**Dimensional International Small Cap Index** was created by Dimensional in April 2008 and is compiled by Dimensional. July 1981–December 1993: It Includes non-US developed securities in the bottom 10% of market capitalization in each eligible country. All securities are market capitalization weighted. Each country is capped at 50%. Rebalanced semiannually. January 1994–present: Market-capitalization-weighted index of small company securities in the eligible markets, excluding those with the lowest profitability and highest relative price within their country's small cap universe. The index also excludes those companies with the highest asset growth within their country's small cap universe. Profitability is measured as operating income before depreciation and amortization minus interest expense scaled by book. Asset growth is defined as change in total assets from the prior fiscal year to current fiscal year. The index monthly returns are computed as the simple average of the monthly returns of four subindices, each one reconstituted once a year at the end of a different quarter of the year. Prior to July 1981, the index is 50% UK and 50% Japan. The calculation methodology for the Dimensional International Small Cap Index was amended on January 1, 2014, to include

profitability as a factor in selecting securities for inclusion in the index. The calculation methodology for the index was amended in December 2019 to include asset growth as a factor in selecting securities for inclusion in the index.

**Dimensional International Market Index** is compiled by Dimensional from Bloomberg data. Market capitalization-weighted index of all securities in the eligible markets. The index monthly returns are computed as the simple average of the monthly returns of four sub-indices, each one reconstituted once a year at the end of each quarter of the year. Maximum index weight of any one company is capped at 5%. Countries currently included are Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and United Kingdom. Exclusions: REITs and Investment Companies. The index has been retrospectively calculated by Dimensional Fund Advisors and did not exist prior to April 2008.

**Dimensional Emerging Markets Small Index** was created by Dimensional in April 2008 and is compiled by Dimensional. January 1989–December 1993: Fama/French Emerging Markets Small Cap Index. January 1994–present: Dimensional Emerging Markets Small Cap Index composition: Market-capitalization-weighted index of small company securities in the eligible markets, excluding those with the lowest profitability and highest relative price within their country's small cap universe. The index also excludes those companies with the highest asset growth within their country's small cap universe. Profitability is measured as operating income before depreciation and amortization minus interest expense scaled by book. Asset growth is defined as change in total assets from the prior fiscal year to current fiscal year. The index monthly returns are computed as the simple average of the monthly returns of four subindices, each one reconstituted once a year at the end of a different quarter of the year. Source: Bloomberg. The calculation methodology for the Dimensional Emerging Markets Small Cap Index was amended on January 1, 2014, to include profitability as a factor in selecting securities for inclusion in the index. The calculation methodology for the index was amended in December 2019 to include asset growth as a factor in selecting securities for inclusion in the index.

The Dimensional Indices have been retrospectively calculated by Dimensional Fund Advisors LP and did not exist prior to their index inception dates. Accordingly, results shown during the periods prior to each index's inception date do not represent actual returns of the index. Other periods selected may have different results, including losses. Backtested index performance is hypothetical and is provided for informational purposes only to indicate historical performance had the index been calculated over the relevant time periods. Backtested performance results assume the reinvestment of dividends and capital gains.

# Index Descriptions

**Fama/French Total US Market Research Index:** July 1926–present: Fama/French Total US Market Research Factor + One-Month US Treasury Bills. Source: Ken French Website.

**Fama/French US Value Research Index:** Provided by Fama/French from CRSP securities data. Includes the lower 30% in price-to-book of NYSE securities (plus NYSE Amex equivalents since July 1962 and Nasdaq equivalents since 1973).

**Fama/French US Growth Research Index:** Provided by Fama/French from CRSP securities data. Includes the higher 30% in price-to-book of NYSE securities (plus NYSE Amex equivalents since July 1962 and Nasdaq equivalents since 1973).

**Fama/French US Small Value Research Index:** Provided by Fama/French from CRSP securities data. Includes the lower 30% in price-to-book of NYSE securities (plus NYSE Amex equivalents since July 1962 and Nasdaq equivalents since 1973) that have smaller market capitalization than the median NYSE company.

**Fama/French US Large Growth Research Index:** Provided by Fama/French from CRSP securities data. Includes the higher 30% in price-to-book of NYSE securities (plus NYSE Amex equivalents since July 1962 and Nasdaq equivalents since 1973) that have larger market capitalization than the median NYSE company.

**Fama/French US High Profitability Index:** July 1963–present: Fama/French US High Profitability Index. Courtesy of Fama/French from CRSP and Compustat securities data. Includes all stocks in the upper 30% operating profitability range of NYSE eligible firms; rebalanced annually in June. OP for June of year  $t$  is annual revenues minus cost of goods sold, interest expense, and selling, general, and administrative expenses divided by book equity for the last fiscal year end in  $t-1$ . Fama/French and multifactor data provided by Fama/French.

**Fama/French US Low Profitability Index:** July 1963–present: Fama/French US Low Profitability Index. Courtesy of Fama/French from CRSP and Compustat securities data. Includes all stocks in the lower 30% operating profitability range of NYSE eligible firms; rebalanced annually in June. OP for June of year  $t$  is annual revenues minus cost of goods sold, interest expense, and selling, general, and administrative expenses divided by book equity for the last fiscal year end in  $t-1$ . Fama/French and multifactor data provided by Fama/French.

**Fama/French International Market Index:** January 1975–present: Fama/French International Market Index. Source: Ken French website. Simulated from MSCI and Bloomberg data.

**Fama/French International Value Index:** January 1975–present: Fama/French International Value Index. Simulated strategy of international developed countries with securities in the lower 30% price-to-book range. Source: Ken French website. Simulated from MSCI and Bloomberg data.

**Fama/French International Growth Index:** January 1975–present: Fama/French International Growth Index. Simulated strategy of international developed countries with securities in the higher 30% price-to-book range. Source: Ken French website. Simulated from MSCI and Bloomberg data.

**Fama/French International High Profitability Index:** July 1990–present: Fama/French International High Profitability Index. Courtesy of Fama/French from Bloomberg securities data. Includes stocks in the upper 30% operating profitability range in each region; companies weighted by float-adjusted market cap; rebalanced annually in June. OP for June of year  $t$  is annual revenues minus cost of goods sold, interest expense, and selling, general, and administrative expenses divided by book equity for the last fiscal year end in  $t-1$ . Fama/French and multifactor data provided by Fama/French.

**Fama/French International Low Profitability Index:** July 1990–present: Courtesy of Fama/French from Bloomberg securities data. Includes stocks in the lower 30% operating profitability range in each region; companies weighted by float-adjusted market cap; rebalanced annually in June. OP for June of year  $t$  is annual revenues minus cost of goods sold, interest expense, and selling, general, and administrative expenses divided by book equity for the last fiscal year end in  $t-1$ . Fama/French and multifactor data provided by Fama/French.

Results shown during periods prior to each index's index inception date do not represent actual returns of the respective index. Other periods selected may have different results, including losses. Backtested index performance is hypothetical and is provided for informational purposes only to indicate historical performance had the index been calculated over the relevant time periods. Backtested performance results assume the reinvestment of dividends and capital gains. Profitability is measured as operating income before depreciation and amortization minus interest expense scaled by book. Eugene Fama and Ken French are members of the Board of Directors of the general partner of, and provide consulting services to, Dimensional Fund Advisors LP.

# Index Descriptions

**Fama/French Emerging Markets Index:** July 1989–present: Fama/French Emerging Markets Index. Courtesy of Fama/French from Bloomberg and IFC securities data. Companies weighted by float-adjusted market cap; rebalanced annually in June. Fama/French and multifactor data provided by Fama/French.

**Fama/French Emerging Markets Value Index:** July 1989–present: Fama/French Emerging Markets Value Index. Courtesy of Fama/French from Bloomberg and IFC securities data. Includes stocks in the upper 30% book-to-market range in each country; companies weighted by float-adjusted market cap; rebalanced annually in June. Fama/French and multifactor data provided by Fama/French.

**Fama/French Emerging Markets Growth Index:** July 1989–present: Fama/French Emerging Markets Growth Index. Courtesy of Fama/French from Bloomberg and IFC securities data. Includes stocks in the bottom 30% book-to-market range in each country; companies weighted by float-adjusted market cap; rebalanced annually in June. Fama/French and multifactor data provided by Fama/French.

**Fama/French Emerging Markets High Profitability Index:** July 1991–present: Fama/French Emerging Markets High Profitability Index. Courtesy of Fama/French from Bloomberg and IFC securities data. Includes stocks in the upper 30% operating profitability range in each country; companies weighted by float-adjusted market cap; rebalanced annually in June. OP for June of year t is annual revenues minus cost of goods sold, interest expense, and selling, general, and administrative expenses divided by book equity for the last fiscal year end in t-1. Fama/French and multifactor data provided by Fama/French.

**Fama/French Emerging Markets Low Profitability Index:** July 1991–present: Fama/French Emerging Markets Low Profitability Index. Courtesy of Fama/French from Bloomberg and IFC securities data. Includes stocks in the lower 30% operating profitability range in each country; companies weighted by float-adjusted market cap; rebalanced annually in June. OP for June of year t is annual revenues minus cost of goods sold, interest expense, and selling, general, and administrative expenses divided by book equity for the last fiscal year end in t-1. Fama/French and multifactor data provided by Fama/French.