



Strategic Wealth Advisors, LLC

**Question: How does Dimensional Fund Advisors rank among other money managers?**

**Answer:** From time to time, we receive inquiries from financial advisors seeking data regarding Dimensional's ranking in the money management industry. Naturally, we prefer that advisors and their clients focus on the characteristics of our investment strategies and the ideas that underpin them rather than the industry pecking order. Nevertheless, we understand that investors often pose these questions to their advisors, and they deserve the courtesy of an answer.

For more than thirty years, *Pensions & Investments* has published an annual ranking of money management firms, **Category**

and results for the most recent survey appear in the May 26, 2008 issue. The firm contacted more than 1,100 banks, trust companies, insurance companies, and independent investment management firms in North America and abroad. The final report included data for 758 firms managing assets for US tax-exempt institutions such as qualified pension plans, endowments, and foundations. Based on total worldwide institutional assets under management as of December 31, 2007, Dimensional ranked 40th (\$152.5 billion), up from 48th the previous year and 58th three years ago. The survey presented additional data in numerous ways, and Dimensional was cited in the following categories.(below):

<b>Category</b>	<b>Dimensional Assets (MM) *</b>	<b>Dimensional Ranking</b>
Top 100 managers ranked by US inst. tax-exempt assets	\$85,267	29
Top 25 managers of active domestic equity	\$36,892	11
Top 25 managers of passive domestic indexed equity	\$2,646	22
Top 25 managers of active international securities	\$38,264	11
Top 25 managers of passive international indexed securities	\$1,169	14
Top 25 managers of active emerging markets securities	\$14,295	3
Top 25 managers ranked by endowment/foundation assets	\$8,396	12

\* Dimensional assets in the given category, according to the survey.

To those familiar with our investment approach, the appearance of Dimensional strategies in both active and passive categories might seem puzzling. This apparent inconsistency simply illustrates that our science-based approach to investing has evolved and that conventional industry labels have outlived their usefulness; they are unable to capture the nuances that distinguish one quantitative strategy from another.

**However one chooses to describe our approach, the figures suggest that a growing number of investors are voting with their wallets by choosing to accept market rates of return rather than engage in a battle of wits with other market participants.** Do markets make mistakes in putting price tags on publicly traded securities? Almost certainly. Are these mistakes large enough or frequent enough that investors will find that hiring experts to exploit them will be a rewarding activity? A persuasive body of evidence suggests the answer is no—markets are difficult to beat, and most investors are better off not to try. These ideas did not originate at Dimensional but among some of the brightest minds in finance and economics. They were met with widespread industry skepticism when first introduced over thirty-five years ago and were often ridiculed as unworthy of serious consideration. But as test after test revealed some powerful truths, the critics' smug dismissal changed to grudging acceptance. These ideas have permanently and profoundly changed the way investors think about money and markets and continue to reshape the industry today.

Firms closely associated with indexed or passive strategies have benefited as a result, including Dimensional, State Street Global Advisors (#1 overall), Barclays Global (#2), and Vanguard Group (#10). This commercial success is in some sense the ultimate practical test of market efficiency.

**In view of all this evidence, why does active management continue to draw a substantial portion of investor dollars? The pattern of security returns is so noisy that many investors willingly continue to bear the extra research and trading costs despite evidence that the deck is stacked against them. They find it much easier to believe that a terrific five-year record is the product of skill rather than luck. As a result, in both good and bad times, communicating the benefits of accepting market rates of return is a challenge. Dimensional's continued success is a testament not only to the power of some simple ideas but also to the skill and professionalism of financial advisors in showing clients why they matter.**

*Pensions & Investments.* The Largest Money Managers. May 26, 2008.

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We gladly accept referrals and introductions of potential clients from you. Thanks!

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Founder and President