

Australian Value Trust

THE AUSTRALIAN VALUE TRUST AIMS TO PROVIDE LONG-TERM CAPITAL GROWTH BY GAINING EXPOSURE TO A DIVERSIFIED PORTFOLIO OF VALUE COMPANIES LISTED IN AUSTRALIA.

BENEFIT SUMMARY

- Provides consistent access to the value premium
- Use of a buffer range helps keep turnover low
- Non-index approach provides flexibility in design and implementation
- Employs patient, low-cost and tax-aware trading

WHAT'S THE THINKING BEHIND IT?

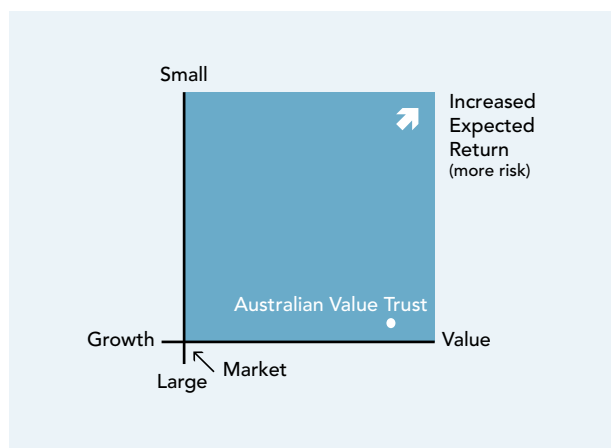
In designing its equity strategies, Dimensional focuses on capturing as efficiently as possible the three known risk factors:

- 1. Market risk** Stocks have higher expected returns than fixed interest.
- 2. Size risk** Small company stocks have higher expected returns than large company stocks.
- 3. Price risk** Lower-priced 'value' stocks have higher expected returns than higher-priced 'growth' stocks.

The Australian Value Trust provides efficient, low-cost exposure to the 'price' risk factor. Dimensional believes the higher expected return from value stocks – companies with a low price relative to various fundamental financial measures – is compensation for the additional risk of investing in value companies.

The intention of this portfolio is to provide access to this value premium in a consistent, transparent and disciplined way.

Dimensional uses a quantitative definition of value, based on a company's book-to-market ratio, but combines this with qualitative filters and careful trading to provide consistent exposure to value companies.

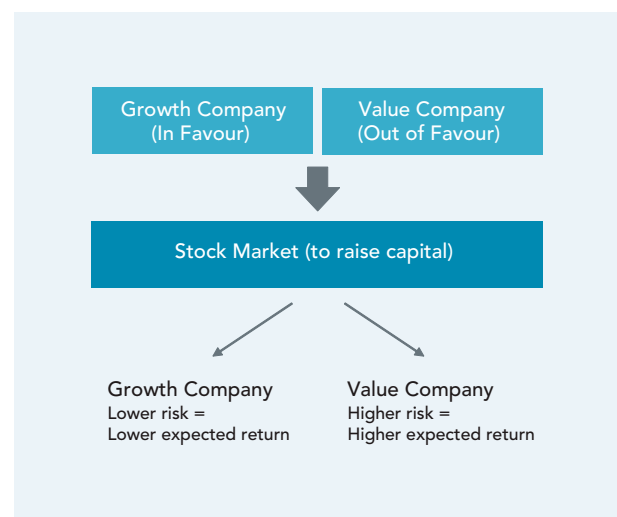


WHAT IS A VALUE COMPANY?

When a value, or riskier, company goes to the bank to borrow money, it often has to pay a higher interest rate than a growth company. Its higher cost of capital equates to a higher return for the bank.

The same principle applies in the share market where companies compete for equity capital. Because the value company is perceived as riskier, it has to offer shareholders a higher expected return.

Value and growth stocks are differentiated usually by reference to the relationship between the price of a stock and some fundamental variable – like book values, earnings, cash flow or dividends. So the higher the ratio of book value to market value, for instance, the more value-like a stock is judged to be.



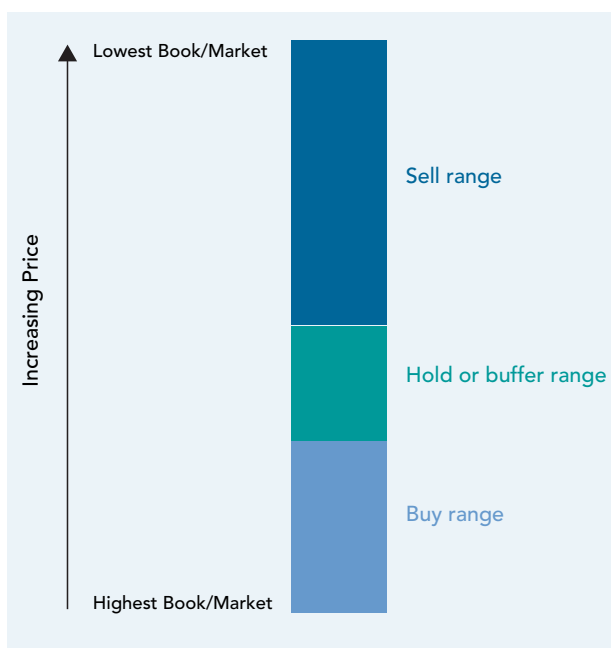
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HOW IS THE PORTFOLIO CONSTRUCTED?

The Australian Value Trust is managed without reference to an index. Its quantitative design aims to ensure that the value premium is captured both precisely and reliably. A qualitative overlay provides flexibility in implementation.

The portfolio's eligible universe includes all Australian-listed securities with a market capitalisation of greater than \$50 million. Within this universe it invests in those stocks with highest book-to-market ratios (BtM).

A hold or buffer range for sales minimises transaction costs and keeps portfolio turnover low. Stocks that migrate above the hold range are sold and proceeds reinvested in the buy range.



For illustrative purposes only.

The Trust will generally invest in companies in a similar proportion to their market capitalisation. However to manage turnover and taxation considerations, the Trust may not exactly match specific company weights.

Dimensional also uses qualitative filters that remove from consideration stocks that have risk characteristics other than those being targeted. For example, the strategy filters out companies in bankruptcy, holding companies, stocks below a defined size limit and stocks that lack sufficient liquidity for cost-effective trading.

HOW IS THE PORTFOLIO IMPLEMENTED?

Because Dimensional does not index, it can practise patient trading, focusing on price rather than time of execution, which can mitigate the effects of momentum and lead to lower trading costs.

By allowing variations from target weights, Dimensional can take advantage of favourable trading opportunities and minimise transaction costs.

The strategy implements a long-term buy and hold approach designed to reduce transaction costs and keep portfolio turnover low.

Tax management is another key feature of this portfolio. Dimensional seeks to maximise after-tax returns. It does this by managing the Trust in a way that aims to defer the realisation of net capital gains where possible and to manage dividend income.

ROLE IN A PORTFOLIO

The Australian Value Trust is designed to act as a component of an Australian equity portfolio. It is constructed in a way that aims to prevent it drifting from its position on the style map. This is so it can consistently deliver pure value returns, which research shows are above those of the market over the long term.

TRUST FEATURES

OBJECTIVE To provide long-term capital growth by gaining exposure to a diversified portfolio of value companies listed in Australia.

GEOGRAPHIC COVERAGE Australia

INDIRECT COST RATIO (ICR) 0.34% (actual ICR for year ended 30 June 2011)

INCOME DISTRIBUTION Half-yearly (end of June and December)

APIR CODE DFA0101AU

The Trust's product disclosure statement contains more complete information on risks, advisory fees, distribution charges and other expenses.

The issuer of this Fund is DFA Australia Limited. The Product Disclosure Statement for this Fund can be obtained by contacting Dimensional (see contact details below). Investors should consider the Product Disclosure Statement in deciding whether to acquire, or continue to hold, units in this Fund. This material is provided for information only. No product offer is being made with this material. This document has been prepared for use by financial advisers and professional investors only. No account has been taken of the objectives, financial situation or needs of any particular person. Accordingly, to the extent this material constitutes general financial product advice, investors should, before acting on the advice, consider the appropriateness of the advice, having regard to the investor's objectives, financial situation and needs. To obtain a copy of Dimensional's Financial Services Guide, go to www.dimensional.com.au