

Global Small Company Trust

THE GLOBAL SMALL COMPANY TRUST AIMS TO PROVIDE LONG-TERM CAPITAL GROWTH BY GAINING EXPOSURE TO A DIVERSIFIED PORTFOLIO OF SMALL COMPANIES ASSOCIATED WITH APPROVED DEVELOPED MARKETS (EXCLUDING AUSTRALIA).

BENEFIT SUMMARY

- Provides consistent access to the small cap premium
- Non-index approach provides flexibility in design and implementation
- Use of a buffer range helps keep turnover low
- 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 Global Small Company Trust provides efficient, low-cost exposure to the 'size' risk factor. Dimensional believes the higher expected return from small cap stocks is compensation for the additional risk of investing in small companies.

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

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

A GLOBAL APPROACH

The Global Small Company Trust invests across global developed equity markets. While it is natural for investors to favour investments in their own country – the so-called 'home bias', it does make sense to spread one's risk.

As shares in developed markets outside Australia behave differently to domestic stocks, those who include an allocation to global shares in their portfolios benefit from increased diversification, which in turn lowers overall portfolio volatility.

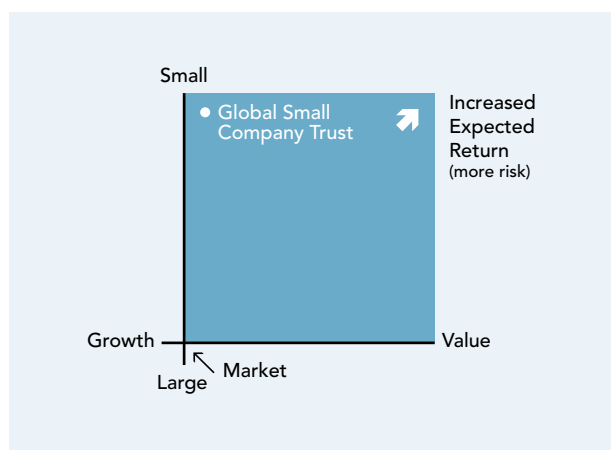
HOW IS THE PORTFOLIO CONSTRUCTED?

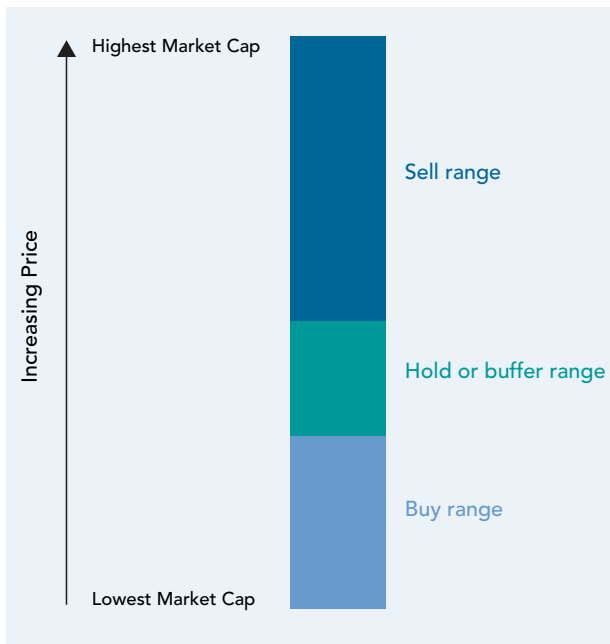
The Global Small Company Trust is managed without reference to an index. Its quantitative design aims to ensure that the size premium is captured both precisely and reliably. A qualitative overlay provides flexibility in implementation.

The portfolio's eligible universe includes the listed ordinary shares of small companies in eligible countries. Small companies are defined as those companies which represent approximately the smallest 10-15% by market capitalisation of each eligible country.

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

(continued ...)





For illustrative purposes only.

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

Eligible countries currently include Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the UK and the US.

Countries will generally be market capitalisation weighted based on the total market capitalisation of small companies in each country.

Dimensional also uses qualitative filters that remove from consideration stocks that have risk characteristics other than those being targeted. So, 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 Global Small Company Trust is designed to act as a component of a global 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 small cap 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 small companies associated with approved developed markets (excluding Australia).
GEOGRAPHIC COVERAGE	Approved developed markets (excluding Australia)
INDIRECT COST RATIO (ICR)	0.64% (actual ICR for year ended 30 June 2011)
INCOME DISTRIBUTION	Half-yearly (end of June and December)
APIR CODE	DFA0106AU

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