

**DFA INVESTMENT DIMENSIONS GROUP INC.**

|  |   |
|--|---|
| U.S. Large Cap Equity Portfolio            | U.S. Large Cap Growth Portfolio             |
| U.S. Large Cap Value Portfolio             | U.S. Social Core Equity 2 Portfolio         |
| U.S. Core Equity 1 Portfolio               | U.S. Sustainability Core 1 Portfolio        |
| U.S. Core Equity 2 Portfolio               | Tax-Managed U.S. Marketwide Value Portfolio |
| U.S. Vector Equity Portfolio               | T.A. U.S. Core Equity 2 Portfolio           |
| U.S. High Relative Profitability Portfolio | Tax-Managed U.S. Equity Portfolio           |
| DFA Real Estate Securities Portfolio       | VA U.S. Large Value Portfolio               |

**DIMENSIONAL INVESTMENT GROUP INC.**

U.S. Large Company Portfolio  
U.S. Large Cap Value Portfolio III  
Tax-Managed U.S. Marketwide Value Portfolio II

**DIMENSIONAL ETF TRUST**

Dimensional US Core Equity Market ETF  
Dimensional U.S. Equity ETF  
Dimensional U.S. Core Equity 2 ETF

**SUPPLEMENT TO THE SUMMARY AND STATUTORY  
PROSPECTUSES AND STATEMENTS OF  
ADDITIONAL INFORMATION OF EACH OF THE  
PORTFOLIOS LISTED ABOVE**

The purpose of this Supplement to the Summary and Statutory Prospectuses and Statements of Additional Information dated February 28, 2021, of the portfolios listed above (collectively, the "Portfolios"), each a series of DFA Investment Dimensions Group Inc., Dimensional Investment Group Inc., or Dimensional ETF Trust, is to notify shareholders that Lukas J. Smart no longer serves as a portfolio manager to each Portfolio. Accordingly, all references to Lukas J. Smart are hereby removed from the respective Summary and Statutory Prospectuses and Statements of Additional Information, as applicable.

*The date of this Supplement is March 1, 2021*

**DFA INVESTMENT DIMENSIONS GROUP INC.**

**6300 Bee Cave Road, Building One, Austin, TX 78746**

**Telephone: (512) 306-7400**

**STATEMENT OF ADDITIONAL INFORMATION**

**February 28, 2021**

DFA Investment Dimensions Group Inc. (“DFAIDG” or the “Fund”) is an open-end management investment company that offers one hundred and six series of shares. This statement of additional information (“SAI”) relates to nine of those series (individually, a “Portfolio” and collectively, the “Portfolios”):

**Domestic Equity Portfolios**

VA U.S. Large Value Portfolio

VA U.S. Targeted Value Portfolio

**International Equity Portfolios**

VA International Value Portfolio

VA International Small Portfolio

**Fixed Income Portfolios**

VA Short-Term Fixed Portfolio

VA Global Bond Portfolio

VIT Inflation – Protected Securities Portfolio

**Global Portfolios**

VA Global Moderate Allocation Portfolio

VA Equity Allocation Portfolio

The shares of the Portfolios are sold only to separate accounts of insurance companies in conjunction with variable life and variable annuity contracts. This SAI is not a prospectus but should be read in conjunction with the Portfolios’ prospectus dated February 28, 2021, as amended from time to time. The audited financial statements and financial highlights of the Portfolios are incorporated by reference from the Fund’s annual report to shareholders. The prospectus and annual report can be obtained free of charge by writing to the above address or by calling the above telephone number.

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## PORTFOLIO CHARACTERISTICS, POLICIES AND INVESTMENT PROCESS

Dimensional Fund Advisors LP (the “Advisor”) serves as investment advisor to each of the Portfolios. The Advisor is organized as a Delaware limited partnership and is controlled and operated by its general partner, Dimensional Holdings Inc., a Delaware corporation.

The VA Global Moderate Allocation Portfolio is a “fund of funds” that seeks to achieve its investment objective by investing its assets in other mutual funds managed by the Advisor (the “Underlying Funds”), although it has the ability to invest directly in securities and derivatives. The Underlying Funds in which the VA Global Moderate Allocation Portfolio may invest include: U.S. Core Equity 1 Portfolio, U.S. Core Equity 2 Portfolio, VA U.S. Large Value Portfolio, DFA Real Estate Securities Portfolio, DFA International Real Estate Securities Portfolio, International Core Equity Portfolio, VA International Value Portfolio, Emerging Markets Core Equity Portfolio, DFA Selectively Hedged Global Fixed Income Portfolio, VA Short-Term Fixed Portfolio, VA Global Bond Portfolio and DFA Two-Year Global Fixed Income Portfolio, each a series of the Fund. The VA Equity Allocation Portfolio is also a “fund of funds” that seeks to achieve its investment objective by investing its assets in Underlying Funds, although it has the ability to invest directly in securities and derivatives. The Underlying Funds in which the VA Equity Allocation Portfolio may invest include: VA U.S. Large Value Portfolio, VA U.S. Targeted Value Portfolio, U.S. Large Company Portfolio, U.S. Core Equity 1 Portfolio, DFA Real Estate Securities Portfolio, DFA International Real Estate Securities Portfolio, VA International Value Portfolio, VA International Small Portfolio, International Core Equity Portfolio and Emerging Markets Core Equity Portfolio. Each Underlying Fund in which the VA Equity Allocation Portfolio may invest other than the U.S. Large Company Portfolio is a series of the Fund; the U.S. Large Company Portfolio is a series of Dimensional Investment Group Inc. (“DIG”). The VA Global Moderate Allocation Portfolio offers two classes of shares: Class L10 shares and Institutional Class shares. The Class L10 shares are offered to qualified investors in a separate prospectus. This SAI describes the Institutional Class shares of the VA Global Moderate Allocation Portfolio.

The following information supplements the information set forth in the prospectus. Unless otherwise indicated, it applies to all of the Portfolios. Capitalized terms not otherwise defined in this SAI have the meaning assigned to them in the prospectus.

Each of the Portfolios and Underlying Funds are diversified under the federal securities laws and regulations.

Because the structure of the Domestic Equity and International Equity Portfolios and certain Underlying Funds are based on the relative market capitalizations of eligible holdings, it is possible that such Portfolios or Underlying Funds might include at least 5% of the outstanding voting securities of one or more issuers. In such circumstances, a Portfolio or Underlying Fund and the issuer would be deemed “affiliated persons” and certain requirements under the federal securities laws and regulations regulating dealings between mutual funds and their affiliates might become applicable.

Each of the Portfolios (except the VA International Value Portfolio and VA Global Moderate Allocation Portfolio) has adopted a non-fundamental policy as required by Rule 35d-1 under the Investment Company Act of 1940 (the “1940 Act”) that, under normal circumstances, at least 80% of the value of each Portfolio’s net assets, plus the amount of any borrowings for investment purposes, will be invested in a specific type of investment. A Portfolio structured as a fund of funds will look through the shares of its Underlying Funds for purposes of complying with its 80% policy, if applicable. For purposes of each 80% policy, the value of the derivatives in which a Portfolio invests will be calculated in the same way that the values of derivatives are calculated when calculating a Portfolio’s net asset value. Derivative instruments are valued at market price (not notional value) and may be fair valued, for purposes of calculating a Portfolio’s net asset value. Additionally, if a Portfolio changes its 80% investment policy, the Portfolio will notify shareholders at least 60 days before the change, and will change the name of the Portfolio. For more information on each Portfolio’s specific 80% policy, see each Portfolio’s **“PRINCIPAL INVESTMENT STRATEGIES”** section in the Prospectus.

With respect to the VA U.S. Large Value Portfolio, VA U.S. Targeted Value Portfolio, VA International Value Portfolio and VA International Small Portfolio, the Advisor has adopted a process that monitors environmental, social, and governance news and large share price movements of eligible portfolio companies to identify issuers whose future financial data may be negatively impacted to a significant degree by environmental, social, or governance factors. The Advisor may use third party tools to assist in filtering news focused on environmental, social and governance issues. Companies that are identified through this process are escalated to the members of the Advisor’s portfolio management team for further evaluation. After review, if the portfolio management team determines that an issuer’s future financial data is likely to be

significantly impacted, the issuer may be underweighted, temporarily excluded from further investment, or divested from a Portfolio.

## BROKERAGE TRANSACTIONS

The following table reports brokerage commissions paid by the Portfolios during the fiscal years ended October 31, 2020, October 31, 2019 and October 31, 2018.

|   | <b>Fiscal Year<br/>Ended<br/><u>2020</u></b> | <b>Fiscal Year<br/>Ended<br/><u>2019</u></b> | <b>Fiscal Year<br/>Ended<br/><u>2018</u></b> |
|---|--|--|--|
| VA U.S. Large Value Portfolio           | \$15,978                                     | \$15,205                                     | \$20,737                                     |
| VA U.S. Targeted Value Portfolio        | \$35,001                                     | \$22,819                                     | \$34,026                                     |
| VA International Value Portfolio        | \$32,509                                     | \$40,739                                     | \$52,014                                     |
| VA International Small Portfolio        | \$26,721                                     | \$29,321                                     | \$36,372                                     |
| VA Global Moderate Allocation Portfolio | N/A  | \$161  | N/A  |
| VA Equity Allocation Portfolio          | \$ 253                                       | \$339  | N/A  |

The following discussions relate to the policies of the Portfolios and in the case of the VA Global Moderate Allocation Portfolio and VA Equity Allocation Portfolio, the Underlying Funds. The VA Global Moderate Allocation Portfolio and VA Equity Allocation Portfolio will not incur any brokerage costs in connection with their purchase or redemption of shares of the Underlying Funds. The VA Global Moderate Allocation Portfolio and VA Equity Allocation Portfolio will, however, incur brokerage costs to the extent that they invest directly in securities.

The substantial increases or decreases in the amount of brokerage commissions paid by certain Portfolios from year to year indicated in the foregoing table resulted primarily from asset changes that required increases or decreases in the amount of securities that were bought and sold by those Portfolios.

The Fixed Income Portfolios and Fixed Income Underlying Funds acquire and sell securities on a net basis with dealers which are major market makers in such securities. The Investment Committee of the Advisor selects dealers on the basis of their size, market making, and other factors. When executing portfolio transactions, the Advisor seeks to obtain the most favorable price for the securities being traded among the dealers with whom the Fixed Income Portfolios effect transactions.

Portfolio transactions will be placed with a view to receiving the best price and execution. The Advisor will seek to acquire and dispose of securities in a manner which would cause as little fluctuation in the market prices of securities being purchased or sold as possible in light of the size of the transactions being effected and brokers will be selected with this goal in view. The Advisor monitors the performance of brokers which effect transactions for the Portfolios and Underlying Funds to determine the effect that the brokers' trading has on the market prices of the securities in which the Portfolios and Underlying Funds invest. The Advisor also checks the rate of commission, if any, being paid by the Portfolios and Underlying Funds to their brokers to ascertain that the rates are competitive with those charged by other brokers for similar services. Dimensional Fund Advisors Ltd. and DFA Australia Limited also may perform these services for the Portfolios and Underlying Funds that they sub-advise.

Subject to the duty to seek to obtain best price and execution, transactions may be placed with brokers that have assisted in the sale of Portfolio shares. The Advisor, however, pursuant to policies and procedures approved by the Boards of Directors of the Fund and DIG, is prohibited from selecting brokers and dealers to effect a Portfolio's or an Underlying Fund's portfolio securities transactions based (in whole or in part) on a broker's or dealer's promotion or sale of shares issued by a Portfolio, an Underlying Fund or any other registered investment companies.

Companies eligible for purchase by the Portfolios (except the VA Short-Term Fixed Portfolio and VA Global Bond Portfolio) and equity Underlying Funds may be thinly traded securities. The Advisor believes that it needs maximum flexibility to effect trades on a best execution basis. As deemed appropriate, the Advisor places buy and sell orders for the

Portfolios and Underlying Funds with various brokerage firms that may act as principal or agent. The Advisor may also make use of direct market access and algorithmic, program or electronic trading methods. The Advisor may extensively use electronic trading systems as such systems can provide the ability to customize the orders placed and can assist in the Advisor's execution strategies.

Transactions also may be placed with brokers who provide the Advisor or the sub-advisors with investment research, such as: reports concerning individual issuers; general economic or industry reports or research data compilations; compilations of securities prices, earnings, dividends, and similar data; computerized databases; quotation services; trade analytics; ancillary brokerage services; and services of economic or other consultants. The Investment Management Agreement permits the Advisor knowingly to pay commissions on these transactions that are greater than another broker, dealer or exchange member might charge if the Advisor, in good faith, determines that the commissions paid are reasonable in relation to the research or brokerage services provided by the broker or dealer when viewed in terms of either a particular transaction or the Advisor's overall responsibilities to the accounts under its management. Research services furnished by brokers through whom securities transactions are effected may be used by the Advisor in servicing all of its accounts and not all such services may be used by the Advisor with respect to the Portfolios and Underlying Funds.

During the fiscal year ended October 31, 2020, the Portfolios, Underlying Funds and the Advisor did not through an agreement or understanding with a broker, or otherwise through an internal allocation procedure, direct any Portfolio's or Underlying Fund's brokerage transactions to a broker because of research services provided.

Certain Portfolios may purchase securities of their regular brokers or dealers (as defined in Rule 10b-1 of the 1940 Act). The table below lists the regular brokers or dealers of each Portfolio whose securities (or securities of the broker's or dealer's parent company) were acquired by the Portfolio during the fiscal year ended October 31, 2020, as well as the value of such securities held by the Portfolio as of October 31, 2020.

| <b><u>Portfolio</u></b>          | <b><u>Broker or Dealer</u></b> | <b><u>Value of Securities</u></b> |
|----------------------------------|--------------------------------|-----------------------------------|
| VA U.S. Large Value Portfolio    | Citigroup                      | \$5,320,192                       |
| VA U.S. Large Value Portfolio    | Jefferies                      | \$135,809                         |
| VA U.S. Targeted Value Portfolio | Jefferies                      | \$221,517                         |
| VA International Value Portfolio | Societe Generale               | \$829,426                         |
| VA International Value Portfolio | Instinet                       | \$554,804                         |
| VA Short-Term Fixed Portfolio    | Royal Bank of Canada           | \$8,004,449                       |
| VA Short-Term Fixed Portfolio    | The Toronto-Dominion Bank      | \$4,002,294                       |
| VA Global Bond Portfolio         | Royal Bank of Canada           | \$24,422,930                      |
| VA Global Bond Portfolio         | The Toronto-Dominion Bank      | \$19,887,995                      |

## **INVESTMENT LIMITATIONS**

Each of the Portfolios has adopted certain limitations which may not be changed with respect to any Portfolio without the approval of a majority of the outstanding voting securities of the Portfolio. A "majority" is defined as the lesser of: (1) at least 67% of the voting securities of the Portfolio (to be affected by the proposed change) present at a meeting, if the holders of more than 50% of the outstanding voting securities of the Portfolio are present or represented by proxy, or (2) more than 50% of the outstanding voting securities of such Portfolio.

The Portfolios will not:

- (1) borrow money, except to the extent permitted by the 1940 Act, or any rules, exemptions or interpretations thereunder that may be adopted, granted or issued by the Securities and Exchange Commission (the "SEC");
- (2) make loans, except to the extent permitted by the 1940 Act, or any rules, exemptions or interpretations thereunder that may be adopted, granted or issued by the SEC; provided that in no event shall a Portfolio be permitted to make a loan to a natural person;

- (3) purchase or sell real estate, unless acquired as a result of ownership of securities or other instruments, and provided that this restriction does not prevent a Portfolio from: (i) purchasing or selling securities or instruments secured by real estate or interests therein, securities or instruments representing interests in real estate or securities or instruments of issuers that invest, deal or otherwise engage in transactions in real estate or interests therein; and (ii) purchasing or selling real estate mortgage loans;
- (4) purchase or sell physical commodities, unless acquired as a result of ownership of securities or other instruments, and provided that this limitation does not prevent a Portfolio from (i) purchasing or selling securities of companies that purchase or sell commodities or that invest in commodities; (ii) engaging in any transaction involving currencies, options, forwards, futures contracts, options on futures contracts, swaps, hybrid instruments or other derivatives; or (iii) investing in securities, or transacting in other instruments, that are linked to or secured by physical or other commodities;
- (5) purchase the securities of any one issuer, if immediately after such investment, a Portfolio would not qualify as a “diversified company” as that term is defined by the 1940 Act, as amended, and as modified or interpreted by regulatory authority having jurisdiction, from time to time; or
- (6) engage in the business of underwriting securities issued by others.

The Portfolios, except the VA Short-Term Fixed Portfolio, VA Global Moderate Allocation Portfolio and VA Equity Allocation Portfolio, will not:

- (7) acquire any securities of companies within one industry if, as a result of such acquisition, more than 25% of the value of the Portfolio’s total assets would be invested in securities of companies within such industry; except the VIT Inflation-Protected Securities Portfolio may invest 25% of its total assets in securities issued or guaranteed by the U.S. Government or any of its agencies or securities of other investment companies.

The VA Short-Term Fixed Portfolio, VA Global Moderate Allocation Portfolio and VA Equity Allocation Portfolio will not:

- (8) concentrate (invest more than 25% of its net assets) in securities of issuers in a particular industry (other than securities issued or guaranteed by the U.S. Government or any of its agencies or securities of other investment companies).

The Portfolios, except the VIT Inflation-Protected Securities Portfolio, VA Global Moderate Allocation Portfolio and VA Equity Allocation Portfolio, will not:

- (9) sell securities short.

The Portfolios will not:

- (10) issue senior securities (as such term is defined in Section 18(f) of the 1940 Act), except to the extent permitted by the 1940 Act.

The investment limitations set forth above only relate to the Portfolios. The Underlying Funds may have investment limitations that are more or less restrictive than those of the VA Global Moderate Allocation Portfolio or VA Equity Allocation Portfolio. The investment limitations of the Underlying Funds are set forth in their respective statements of additional information.

With respect to the investment limitation described in (1) above, each Portfolio will maintain asset coverage of at least 300% (as described in the 1940 Act), inclusive of any amounts borrowed, with respect to any borrowings made by such Portfolio. Under the 1940 Act, an open-end investment company may borrow up to 33⅓% of its total assets (including the amount borrowed) from banks, and may borrow up to an additional 5% of its total assets, for temporary purposes, from any other person. The VA Global Moderate Allocation Portfolio and VA Equity Allocation Portfolio do not currently intend to borrow money for investment purposes.

Although the investment limitation described in (2) above prohibits loans, each Portfolio except for the VA Global Moderate Allocation Portfolio is authorized to lend portfolio securities. The VA Equity Allocation Portfolio does not intend to lend shares of Underlying Funds. Investment limitation (2) above also does not, among other things, prevent the Portfolios from engaging in repurchase agreements, acquiring debt or loan instruments in the future or participating in an interfund lending order granted by the SEC.

The investment limitations described in (5) and (8) above do not prohibit the VA Global Moderate Allocation Portfolio and VA Equity Allocation Portfolio from investing all or substantially all of their assets in the shares of other registered, open-end investment companies, such as the Underlying Funds. In applying the investment limitations described in (5) and (8) above, the VA Global Moderate Allocation Portfolio and VA Equity Allocation Portfolio will look through to the security holdings of the Underlying Funds in which they invest.

With respect to the Fixed Income Portfolios and VA Global Moderate Allocation Portfolio, for purposes of the investment limitations described in (7) and (8) above, management does not consider securities that are issued by the U.S. Government or its agencies or instrumentalities to be investments in an “industry.” However, management currently considers securities issued by a foreign government (but not the U.S. Government or its agencies or instrumentalities) or a supranational organization to be an “industry” subject to the 25% limitation. Thus, not more than 25% of a Portfolio’s assets will be invested in securities issued by any one foreign government or supranational organization.

In applying the investment limitations described in (7) or (8) above, each Portfolio will consider the investments of other investment companies in which the Portfolio invests to the extent it has sufficient information about the holdings of such investment companies, if applicable.

With respect to the investment limitation described in (10) above, the Portfolios will not issue senior securities, except that a Portfolio may borrow money as described above. A Portfolio may also borrow money for temporary purposes, but not in excess of 5% of the Portfolio’s total assets. Further, a transaction or agreement that otherwise might be deemed to create leverage, such as a forward or futures contract, option, swap or when-issued security, delayed delivery or forward commitment transaction, will not be considered a senior security to the extent a Portfolio enters into an offsetting financial position, segregates liquid assets equal to the Portfolio’s obligations arising from the transaction or otherwise “covers” the transaction in accordance with SEC positions.

Pursuant to Rule 22e-4 under the 1940 Act (the “Liquidity Rule”), each Portfolio may not acquire any “illiquid investment” if, immediately after the acquisition, the Portfolio would have invested more than 15% of its net assets in illiquid investments that are assets. For these purposes, each of the VA Short-Term Fixed Portfolio and VA Global Bond Portfolio may invest in commercial paper that is exempt from the registration requirements of the Securities Act of 1933 (the “1933 Act”), subject to the requirements regarding credit ratings stated in the prospectus under **“Description of Investments—Fixed Income Portfolios and Fixed Income Underlying Funds.”** Although the commercial paper securities are not registered, they will not be subject to the 15% limitation on illiquid investments. Illiquid investments are investments that a Portfolio reasonably expects cannot be sold or disposed of in current market conditions in seven calendar days or less without the sale or disposition significantly changing the market value of the investment, as determined pursuant to the Fund’s liquidity risk management program (the “Liquidity Program”). As required by the Liquidity Rule, the Fund has implemented the Liquidity Program, and the Board, including a majority of the disinterested Directors, has appointed a liquidity risk management program administrator (the “Liquidity Program Administrator”) to administer such program. The Liquidity Program Administrator’s responsibilities include, among others, determining the liquidity classification of each Portfolio’s investments and monitoring compliance with the 15% limit on illiquid investments.

Pursuant to Rule 144A under the 1933 Act, the Portfolios may purchase certain unregistered (i.e. restricted) securities upon a determination that a liquid institutional market exists for the securities. If it is determined that a liquid market does exist, the securities will not be subject to the 15% limitation on illiquid investments. Among other considerations, for Rule 144A securities to be considered liquid, there must be at least two dealers making a market in such securities. After purchase, the Portfolios will continue to monitor the liquidity of Rule 144A securities.

The investment limitations described above do not prohibit a Portfolio from purchasing or selling futures contracts and options on futures contracts, to the extent otherwise permitted under the Portfolio’s investment strategies. Except with respect to a Portfolio’s limitation on borrowing, illiquid investments, or otherwise indicated, with respect to the investment



limitations described above, all limitations applicable to a Portfolio's investments apply only at the time that a transaction is undertaken.

## **FUTURES CONTRACTS**

Each Portfolio and Underlying Fund may purchase or sell futures contracts and options on futures contracts for securities and indices to adjust market exposure based on actual or expected cash inflows to or outflows from the Portfolio or Underlying Fund. The Portfolios and Underlying Funds, however, do not intend to sell futures contracts to establish short positions in individual securities. The VA Global Bond Portfolio and DFA Two-Year Global Fixed Income Portfolio also may purchase or sell futures contracts and options on futures contracts to hedge their currency exposure. The DFA Selectively Hedged Global Fixed Income Portfolio also may purchase or sell futures contracts and options on futures contracts to hedge its interest rate or currency exposure or for non-hedging purposes, such as a substitute for direct investment.

Futures contracts provide for the future sale by one party and purchase by another party of a specified amount of defined securities at a specified future time and at a specified price. Futures contracts that are standardized as to maturity date and underlying financial instrument are traded on national futures exchanges. Each Portfolio or Underlying Fund will be required to make a margin deposit in cash or government securities with a futures commission merchant (an "FCM") to initiate and maintain positions in futures contracts. Minimal initial margin requirements are established by the futures exchanges, and FCMs may establish margin requirements which are higher than the exchange requirements. A Portfolio or Underlying Fund also will incur brokerage costs in connection with entering into futures contracts. After a futures contract position is opened, the value of the contract is marked to market daily. If the futures contract price changes, to the extent that the margin on deposit does not satisfy margin requirements, payment of additional "variation" margin to be held by the FCM will be required. Conversely, a reduction in the required margin would result in excess margin that can be refunded to the custodial accounts of a Portfolio or an Underlying Fund. Variation margin payments may be made to and from the futures broker for as long as the contract remains open. Each Portfolio or Underlying Fund expects to earn income on its margin deposits.

At any time prior to the expiration of a futures contract, a Portfolio or Underlying Fund may elect to close the position by taking an opposite position, which will operate to terminate its existing position in the contract. Positions in futures contracts may be closed out only on the exchange on which they were entered into (or through a linked exchange). No secondary market for such contracts exists. Although a Portfolio or Underlying Fund may enter into futures contracts only if there is an active market for such contracts, there is no assurance that an active market will exist for any particular futures contract at any specific time. Most futures exchanges limit the amount of fluctuation permitted in futures contract prices during a single trading day. Once the daily limit has been reached in a particular contract, no trades may be made that day at a price beyond that limit or trading may be suspended for specified periods during the day. It is possible that futures contract prices could move to the daily limit for several consecutive trading days with little or no trading, thereby preventing prompt liquidation of futures positions at an advantageous price and subjecting a Portfolio or Underlying Fund to substantial losses. In such event, and in the event of adverse price movements, the Portfolio or Underlying Fund would be required to make daily cash payments of variation margin. In such situations, if the Portfolio or Underlying Fund had insufficient cash, it might have to sell securities to meet daily variation margin requirements at a time when it would be disadvantageous to do so. In addition, if the transaction is entered into for hedging purposes, in such circumstances a Portfolio or Underlying Fund may realize a loss on a futures contract or option that is not offset by an increase in the value of the hedged position. Losses incurred in futures transactions and the costs of these transactions will affect the performance of the Portfolio or Underlying Fund.

Pursuant to published positions of the SEC and interpretations of the staff of the SEC, a Portfolio or an Underlying Fund (or its custodian) is required to maintain segregated accounts or to segregate assets through notations on the books of the custodian, consisting of liquid assets (or, as permitted under applicable interpretations, enter into offsetting positions) in connection with its futures contract transactions in order to cover its obligations with respect to such contracts. These requirements are designed to limit the amount of leverage that a Portfolio or Underlying Fund may use by entering into futures transactions.

## FOREIGN CURRENCY TRANSACTIONS

The International Equity Portfolios, the VA Global Bond Portfolio, the VA Equity Allocation Portfolio, each International Equity Underlying Fund and each Fixed Income Underlying Fund (except the VA Short-Term Fixed Portfolio) may enter into foreign currency exchange transactions in order to attempt to protect against uncertainty in the level of future foreign currency exchange rates. The Portfolios and Underlying Funds will conduct their foreign currency forward transactions either on a spot (i.e., cash) basis at the spot rate prevailing in the foreign currency exchange market, or through entering into forward contracts to purchase or sell foreign currencies. A foreign currency forward contract involves an obligation to exchange two currencies at a future date, which may be any fixed number of days (usually less than one year) from the date of the contract agreed upon by the parties, at a fixed rate set at the time of the contract. These contracts are traded in the interbank market conducted directly between traders (usually large commercial banks) and their customers. A forward contract generally has no deposit requirement, and no commissions are charged at any stage for trades. Although foreign exchange dealers do not charge a fee for conversion, they do realize a profit based on the difference (the spread) between the price at which they are buying and selling various currencies.

With respect to an International Equity Portfolio, the VA Equity Allocation Portfolio or an International Equity Underlying Fund, the Portfolio or the Underlying Fund may enter into a foreign currency exchange transaction in connection with the purchase or sale of foreign equity securities, typically to “lock in” the value of the transaction with respect to a different currency. In addition, a Portfolio or an International Equity Underlying Fund may, from time to time, enter into a forward contract to transfer balances from one currency to another currency.

The VA Global Bond Portfolio and the Fixed Income Underlying Funds (except the VA Short-Term Fixed Portfolio), may enter into foreign currency forward contracts to hedge against fluctuations in currency exchange rates or to transfer balances from one currency to another currency. The VA Global Bond Portfolio and a Fixed Income Underlying Fund (except the VA Short-Term Fixed Portfolio) may enter into a forward contract to buy or sell the amount of foreign currency approximating the value of some or all of the portfolio securities quoted or denominated in such foreign currency. The precise matching of the forward contract amounts and the value of the securities involved will not generally be possible since the future value of such securities in foreign currencies will change as a consequence of market movements in the value of those securities between the date the forward contract is entered into and the date it expires.

The Two-Year Global Portfolio and VA Global Bond Portfolio typically hedge their foreign currency exposure. The Selectively Hedged Global Portfolio may hedge the currency exposure of its foreign securities or leave some or all of the currency exposure unhedged.

At the maturity of a forward currency contract, a Portfolio, International Equity Underlying Fund and Fixed Income Underlying Fund (except the VA Short-Term Fixed Portfolio) may either exchange the currencies specified at the maturity of a forward contract or, prior to maturity, the Portfolio or Underlying Fund may enter into a closing transaction involving the purchase or sale of an offsetting contract. Closing transactions with respect to forward contracts are usually effected with the counterparty to the original forward contract.

Forward currency contracts are highly volatile, and a relatively small price movement in a forward currency contract may result in substantial losses to a Portfolio or Underlying Fund. To the extent a Portfolio or Underlying Fund engages in forward currency contracts to generate current income, the Portfolio or Underlying Fund will be subject to these risks which the Portfolio or Underlying Fund might otherwise avoid (e.g., through use of hedging transactions).

The use of foreign currency exchange transactions may not benefit a Portfolio or Underlying Fund if exchange rates move in an unexpected manner. In addition, these techniques could result in a loss if the counterparty to a transaction does not perform as promised, including because of the counterparty’s bankruptcy or insolvency. These transactions also involve settlement risk, which is the risk faced when one party to a transaction has performed its obligations under a contract but has not yet received value from its counterparty.

## EXCLUSION FROM COMMODITY POOL OPERATOR STATUS

The Advisor has claimed an exclusion from the definition of the term “commodity pool operator” under the Commodity Exchange Act (“CEA”) with respect to the Portfolios and Underlying Funds described in this SAI, and,

therefore, is not subject to registration or regulation as a pool operator under the CEA with respect to such Portfolios and Underlying Funds. The CFTC has neither reviewed nor approved the Advisor's reliance on these exclusions, the investment strategies of the Underlying Funds or Portfolios, or this SAI.

The terms of the CPO exclusion require that each Underlying Fund and Portfolio, among other things, adhere to certain limits on its investments in "commodity interests." Commodity interests include commodity futures, commodity options and swaps, which in turn include non-deliverable foreign currency forward contracts. Generally, the exclusion from CPO regulation on which the Advisor relies requires each Underlying Fund and Portfolio to meet one of the following tests for its commodity interest positions, other than positions entered into for bona fide hedging purposes (as defined in the rules of the CFTC): either (1) the aggregate initial margin and premiums required to establish positions in commodity interests may not exceed 5% of the liquidation value of the portfolio of the Underlying Fund or Portfolio (after taking into account unrealized profits and unrealized losses on any such positions); or (2) the aggregate net notional value of the Underlying Fund's or Portfolio's commodity interest positions, determined at the time the most recent such position was established, may not exceed 100% of the liquidation value of the Underlying Fund's or Portfolio's portfolio (after taking into account unrealized profits and unrealized losses on any such positions). In addition to meeting one of these trading limitations, each Underlying Fund or Portfolio may not be marketed as a commodity pool or otherwise as a vehicle for trading in the commodity futures, commodity options or swaps markets. If, in the future, a Underlying Fund or Portfolio can no longer satisfy these requirements, the Advisor would withdraw its notice claiming an exclusion from the definition of a CPO, and the Advisor would be subject to registration and regulation as a CPO with respect to the Underlying Fund or Portfolio, in accordance with CFTC rules that apply to CPOs of registered investment companies. Generally, these rules allow for substituted compliance with CFTC disclosure and shareholder reporting requirements, based on the Advisor's compliance with comparable SEC requirements. However, as a result of CFTC regulation with respect to an Underlying Fund or Portfolio, the Underlying Fund or Portfolio may incur additional compliance and other expenses.

## **FOREIGN ISSUERS**

The International Equity Portfolios, the VA Global Bond Portfolio, the VA Equity Allocation Portfolio, each International Equity Underlying Fund and each Fixed Income Underlying Fund (except the VA Short-Term Fixed Portfolio) may acquire and sell securities issued in foreign countries. There are substantial risks associated with investing in the securities issued by governments and companies located in, or having substantial operations in, foreign countries, which are in addition to the risks inherent in U.S. investments. In many foreign countries there is less government supervision and regulation of stock exchanges, brokers, and listed companies than in the U.S., which may result in greater potential for fraud or market manipulation. There is also the risk of substantially more government involvement in the economy in foreign countries, as well as, the possible arbitrary and unpredictable enforcement of securities regulations and other laws, which may limit the ability of a Portfolio or Underlying Fund to invest in foreign issuers.

Significantly, there is the possibility of cessation of trading on foreign exchanges, expropriation, nationalization of assets, confiscatory or punitive taxation, withholding and other foreign taxes on income or other amounts, foreign exchange controls (which may include suspension of the ability to transfer currency from a given country), restrictions on removal of assets, political or social instability, military action or unrest, or diplomatic developments. There is no assurance that the Advisor will be able to anticipate these potential events. In addition, the value of securities denominated in foreign currencies and of dividends and interest paid with respect to such securities will fluctuate based on the relative strength of the U.S. dollar. Foreign issuers may not be subject to uniform accounting, auditing and financial reporting standards and there may be less publicly available financial and other information about such issuers, comparable to U.S. issuers. Certain countries' legal institutions, financial markets, and services are less developed than those in the U.S. or other major economies. A Portfolio or Underlying Fund may have greater difficulty voting proxies, exercising shareholder rights, securing dividends and obtaining information regarding corporate actions on a timely basis, pursuing legal remedies, and obtaining judgments with respect to foreign investments in foreign courts than with respect to domestic issuers in U.S. courts. The costs associated with foreign investments, including withholding taxes, brokerage commissions, and custodial costs, are generally higher than with U.S. investments. To the extent that a Portfolio or Underlying Fund invests a significant portion of its assets in a specific geographic region or country, the Portfolio or Underlying Fund will have more exposure to economic risks related to such region or country than a fund whose investments are more geographically diversified. In addition, economies of some emerging market countries may be based on only a few industries and may be highly vulnerable to changes in local or global trade conditions. Foreign markets also have substantially less volume than the U.S. markets and securities of some foreign issuers are less liquid and more volatile than securities of comparable U.S. issuers. A Portfolio or Underlying Fund, therefore,

may encounter difficulty in obtaining market quotations for purposes of valuing its portfolio and calculating its net asset value.

It is also possible that the U.S., other nations or other governmental entities (including supranational entities) could impose sanctions against issuers in various sectors of certain foreign countries. This could limit a Portfolio's or Underlying Fund's investment opportunities in such countries, impairing the Portfolio's or Underlying Fund's ability to invest in accordance with its investment strategy and/or to meet its investment objective. In addition, an imposition of sanctions upon such issuers could result in an immediate freeze of the issuers' securities, impairing the ability of a Portfolio or Underlying Fund to buy, sell, receive or deliver those securities. Further, current sanctions or the threat of potential sanctions may also impair the value or liquidity of affected securities and negatively impact a Portfolio or Underlying Fund.

### *Emerging markets*

Securities of issuers associated with emerging market countries, including, but not limited to, issuers that are organized under the laws of, maintain a principal place of business in, derive significant revenues from, or issue securities backed by the government (or, its agencies or instrumentalities) of emerging market countries may be subject to higher and additional risks than securities of issuers in developed foreign markets. These risks include, but are not limited to (i) social, political and economic instability; (ii) government intervention, including policies or regulations that may restrict a Portfolio's or Underlying Fund's investment opportunities, including restrictions on investment in issuers or industries deemed sensitive to an emerging market country's national interests; (iii) less transparent and established taxation policies; (iv) less developed legal systems which may limit the rights and remedies available to a Portfolio or Underlying Fund against an issuer and with respect to the enforcement of private property rights and/or redress for injuries to private property; (v) the lack of a capital market structure or market-oriented economy which could limit reliable access to capital; (vi) higher degree of corruption and fraud and potential for market manipulation; (vii) counterparties and financial institutions with less financial sophistication, creditworthiness and/or resources as those in developed foreign markets; (viii) the possibility that the process of easing restrictions on foreign investment occurring in some emerging market countries may be slowed or reversed by unanticipated economic, political or social events in such countries, or the countries that exercise a significant influence over those countries; and (ix) differences in regulatory, accounting, auditing, and financial reporting and recordkeeping standards that could impede the Advisor's ability to evaluate issuers.

In addition, many emerging market countries have experienced substantial, and during some periods, extremely high rates of inflation, for many years. Inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economies and securities markets of these countries. Moreover, the economies of some emerging market countries may differ unfavorably from the U.S. economy in such respects as growth of gross domestic product, currency depreciation, debt burden, capital reinvestment, resource self-sufficiency and balance of payments position.

A Portfolio or Underlying Fund may have limited access to, or there may be a limited number of, potential counterparties that trade in the securities of emerging market issuers. Potential counterparties may not possess, adopt or implement creditworthiness standards, financial reporting standards or legal and contractual protections similar to those in developed foreign markets. Currency and other hedging techniques may not be available or may be limited. The local taxation of income and capital gains accruing to nonresidents varies among emerging market countries and may be comparatively high. Emerging market countries typically have less well-defined tax laws and procedures and such laws may permit retroactive taxation so that a Portfolio or Underlying Fund could in the future become subject to local tax liabilities that had not been anticipated in conducting its investment activities or valuing its assets. Custodial services and other investment-related costs in emerging market countries are often more expensive, compared to developed foreign markets and the U.S., which can reduce a Portfolio's or Underlying Fund's income from investments in securities or debt instruments of emerging market country issuers.

Some emerging market currencies may not be internationally traded or may be subject to strict controls on foreign investment by local governments, resulting in undervalued or overvalued currencies and associated difficulties with the valuation of assets, including a Portfolio's or Underlying Fund's securities, denominated in that currency. Some emerging market governments restrict currency conversions and/or set limits on repatriation of invested capital. Future restrictive exchange controls could prevent or restrict a company's ability to make dividend or interest payments in the original currency of the obligation (usually U.S. dollars). In addition, even though the currencies of some emerging market countries may be convertible into U.S. dollars, the conversion rates may be different than the actual market values and may be adverse to a Portfolio's or Underlying Fund's shareholders.

Investments in companies that use a special structure known as a variable interest entity (“VIE”) may pose additional risks because the investment is made through an intermediary entity that exerts control of the underlying operating business through contractual means rather than equity ownership and, as a result, may limit the rights of an investor. Many Chinese companies have created VIEs as a means to circumvent limits on foreign ownership of equity in Chinese companies. VIEs allow foreign shareholders to exert a degree of control and obtain economic benefits arising from a company without formal legal ownership. The contractual arrangements may not be as effective in providing operational control as direct equity ownership. VIEs are a longstanding industry practice, well known to Chinese officials and regulators; however, VIEs are not formally recognized under Chinese law. It is uncertain whether Chinese officials or regulators will withdraw their implicit acceptance of the VIE structure, or whether any new laws, rules or regulations relating to VIE structures will be adopted or, if adopted, what impact they would have on the interests of foreign shareholders. There is a risk that contracts underlying the VIE structure may not be enforced by Chinese courts or that China might prohibit the existence of VIEs or sever their ability to transmit economic and governance rights to foreign individuals and entities; if so, the market value of any associated portfolio holdings would likely suffer substantial, detrimental, and possibly permanent effects.

## **GENERAL MARKET AND GEOPOLITICAL RISKS**

The value of a Portfolio or Underlying Fund’s securities changes daily due to economic and other events that affect market prices generally, as well as those that affect particular regions, countries, industries, or issuers. Economies and financial markets throughout the world have become increasingly interconnected, which increases the likelihood that events or conditions in one region or country will adversely affect markets or issuers in other regions or countries. Portfolio securities may be negatively impacted by inflation (or expectations for inflation), interest rates, global demand for particular products/services or resources, natural disasters, pandemics, epidemics, terrorism, war, military confrontations, regulatory events and governmental or quasi-governmental actions, among others. Natural and environmental disasters, including weather-related phenomena, also can adversely affect individual issuers, sectors, industries, markets, currencies, countries, or regions. The occurrence of global events similar to those in recent years (e.g., natural disasters, virus epidemics, social and political discord, and terrorist attacks around the world) may result in market volatility and have long term effects on both the U.S. and global economies and financial markets. The risks associated with such events may be greater in developing or emerging market countries, many of which have less developed political, financial, healthcare, and/or emergency management systems. Negative global events also can disrupt the operations and processes of any of the service providers for a Portfolio or Underlying Fund. Similarly, negative global events, in some cases, could constitute a force majeure event under contracts with service providers or contracts entered into with counterparties for certain transactions.

## **POLITICAL, UNITED KINGDOM AND EUROPEAN MARKET RELATED RISKS**

Portfolios or Underlying Funds that have significant exposure to certain countries can be expected to be impacted by the political and economic conditions within such countries. There is continuing uncertainty regarding the ramifications of the United Kingdom’s (UK) vote to exit the European Union (EU) in June 2016 (Brexit). On January 31, 2020, the UK officially withdrew from the EU and after an eleven-month transition phase the UK and EU preliminarily approved an EU-UK Trade and Cooperation Agreement (Agreement) that is provisionally applicable until February 28, 2021, subject to a confirmatory vote of the European Parliament. The provisional period may be extended by mutual agreement between the EU and the UK. While the Agreement is viewed as a positive step towards finalizing the framework of the future relationship between the EU and UK, many aspects of the relationship are still under negotiation and it is unclear when these negotiations will be complete. For example, the Agreement is limited with respect to its treatment of the trade of services. As the outcomes of these negotiations remain unclear, the effects on the UK, EU and the broader global economy cannot be determined at this time. Brexit may cause greater market volatility and illiquidity, currency fluctuations, deterioration in economic activity, a decrease in business confidence, and increased likelihood of a recession in the UK. While it is not possible to determine the precise impact these events may have on a Portfolio or Underlying Fund, during this period and beyond, the impact on the UK, EU countries, other countries or parties that transact with the UK and EU, and the broader global economy could be significant and could adversely affect the value and liquidity of a Portfolio’s or Underlying Fund’s investments. In addition, if one or more other countries were to exit the EU or abandon the use of the euro as a currency, the value of investments tied to those countries or the euro could decline significantly and unpredictably.

## **CASH MANAGEMENT PRACTICES**

All Portfolios and Underlying Funds engage in cash management practices in order to earn income on uncommitted cash balances. Generally, cash is uncommitted pending investment in other securities, payment of redemptions or in other

circumstances where the Advisor believes liquidity is necessary or desirable. For example, in the case of the Portfolios and Underlying Funds, cash investments may be made for temporary defensive purposes during periods in which market, economic or political conditions warrant. In addition, each of the Portfolios and Underlying Funds may enter into arrangements with its custodian whereby it may earn a credit on its cash balances maintained in its non-interest bearing U.S. Dollar custody cash account to be applied against fund service fees payable to the custodian or the custodian's subsidiaries for fund services provided.

The Portfolios and Underlying Funds may invest cash in the following permissible investments:

| <b><u>Portfolios</u></b>  | <b><u>Permissible Cash Investments*</u></b>   |
|---|---|
| The Domestic Equity Portfolios  | Short-term repurchase agreements; fixed income securities, such as money market instruments; index futures contracts and options thereon; affiliated and unaffiliated registered and unregistered money market funds**                                |
| VA International Value Portfolio<br>VA International Small Portfolio                                | Short-term repurchase agreements; fixed income securities, such as money market instruments; index futures contracts and options thereon; affiliated and unaffiliated registered and unregistered money market funds**                                |
| VA Short-Term Fixed Portfolio   | Short-term repurchase agreements; affiliated and unaffiliated registered and unregistered money market funds**  |
| VA Global Bond Portfolio  | Short-term repurchase agreements; affiliated and unaffiliated registered and unregistered money market funds**  |
| VIT Inflation-Protected Securities Portfolio  | Short-term repurchase agreements; short-term government fixed income obligations; index futures contracts and options thereon; affiliated and unaffiliated registered and unregistered money market funds**   |
| VA Global Moderate Allocation Portfolio   | Short-term repurchase agreements; U.S. Government securities, repurchase agreements and short-term paper; affiliated and unaffiliated registered and unregistered money market funds**  |
| VA Equity Allocation Portfolio  | Short-term repurchase agreements; fixed income securities, such as money market instruments; freely convertible currencies; index futures contracts and options thereon; affiliated and unaffiliated registered and unregistered money market funds** |
| <b><u>Non-VA Underlying Funds</u></b>   | <b><u>Permissible Cash Investments*</u></b>   |
| U.S. Core Equity 1 Portfolio<br>U.S. Core Equity 2 Portfolio<br>International Core Equity Portfolio | Short-term repurchase agreements; fixed income securities, such as money market instruments; index futures contracts and options thereon; affiliated and unaffiliated registered and unregistered money market funds**                                |
| DFA Real Estate Securities Portfolio  | Short-term repurchase agreements; fixed income securities, such as money market instruments; index futures contracts and options thereon; affiliated and unaffiliated registered and unregistered money market funds**                                |
| DFA International Real Estate Securities Portfolio  | Short-term repurchase agreements; fixed income securities, such as money market instruments; index futures contracts and options thereon; affiliated and unaffiliated registered and unregistered money market funds**                                |

| <u><b>Portfolios</b></u>                             | <u><b>Permissible Cash Investments*</b></u>   |
|--|---|
| Emerging Markets Core Equity Portfolio               | Short-term repurchase agreements; fixed income securities, such as money market instruments; freely convertible currencies; index futures contracts and options thereon; affiliated and unaffiliated registered and unregistered money market funds** |
| DFA Two-Year Global Fixed Income Portfolio           | Short-term repurchase agreements; index futures contracts and options thereon; affiliated and unaffiliated registered and unregistered money market funds**   |
| DFA Selectively Hedged Global Fixed Income Portfolio | Short-term repurchase agreements; index futures contracts and options thereon; affiliated and unaffiliated registered and unregistered money market funds**   |
| U.S. Large Company Portfolio                         | Short-term repurchase agreements; fixed income securities, such as money market instruments; index futures contracts and options thereon; affiliated and unaffiliated registered and unregistered money market funds**                                |

\* With respect to fixed income instruments, except in connection with corporate actions, the Portfolios and Underlying Funds will invest in fixed income instruments that at the time of purchase have an investment grade rating by a rating agency or are deemed to be investment grade by the Advisor.

\*\* Investments in money market mutual funds may involve duplication of certain fees and expenses.

## **INTERFUND BORROWING AND LENDING**

The DFA Fund Complex (defined below) has received exemptive relief from the SEC which permits the registered investment companies to participate in an interfund lending program among portfolios and series managed by the Advisor (the “Portfolios/Series”) (portfolios that operate as feeder portfolios do not participate in the program). The interfund lending program allows the participating Portfolios/Series to borrow money from and loan money to each other for temporary or emergency purposes. The program is subject to a number of conditions designed to ensure fair and equitable treatment of the participating Portfolios/Series, including the following: (1) no Portfolio/Series may borrow money through the program unless it receives a more favorable interest rate than a rate approximating the lowest interest rate at which bank loans would be available to any of the participating Portfolios/Series under a loan agreement; and (2) no Portfolio/Series may lend money through the program unless it receives a more favorable return than that available from an investment in overnight repurchase agreements or the yield of any money market fund in which the Portfolio/Series could invest. In addition, a Portfolio/Series may participate in the program only if and to the extent that such participation is consistent with its investment objectives, policies and limitations. Interfund loans and borrowings have a maximum duration of seven days and loans may be called on one business day’s notice.

A participating Portfolio/Series may not lend to another Portfolio/Series under the interfund lending program if the interfund loan would cause its aggregate outstanding interfund loans to exceed 15% of its current net assets at the time of the loan. Interfund loans by a Portfolio/Series to any one Portfolio/Series may not exceed 5% of net assets of the lending Portfolio/Series.

The restrictions discussed above and the other conditions of the SEC exemptive order permitting interfund lending are designed to minimize the risks associated with interfund lending for both the lending Portfolio/Series and the borrowing Portfolio/Series. However, no borrowing or lending activity is without risk. If a Portfolio/Series borrows money from another Portfolio/Series, there is a risk that the interfund loan could be called on one business day’s notice or not renewed, in which case the Portfolio/Series may have to borrow from a bank at higher rates if an interfund loan were not available from another Portfolio/Series. A delay in repayment to a lending Portfolio/Series could result in a lost opportunity or additional lending

costs, and interfund loans are subject to the risk that the borrowing Portfolio/Series could be unable to repay the loan when due.

### **WHEN-ISSUED SECURITIES, DELAYED DELIVERY, AND FORWARD COMMITMENT TRANSACTIONS**

Each Portfolio and Underlying Fund may purchase eligible securities or sell securities it is entitled to receive on a when-issued basis. When purchasing securities on a when-issued basis, the price or yield is agreed to at the time of purchase, but the payment and settlement dates are not fixed until the securities are issued. It is possible that the securities will never be issued and the commitment cancelled. In addition, each Portfolio and Underlying Fund may purchase or sell eligible securities for delayed delivery or on a forward commitment basis where the Portfolio or Underlying Fund contracts to purchase or sell such securities at a fixed price at a future date beyond the normal settlement time. Each Portfolio and Underlying Fund may renegotiate a commitment or sell a security it has committed to purchase prior to the settlement date, if deemed advisable.

While the payment obligation and, if applicable, interest rate are set at the time a Portfolio or an Underlying Fund enters into a when-issued, delayed delivery, to-be-announced, or forward commitment transaction, no interest or dividends accrue to the purchaser prior to the settlement date. In addition, the value of a security purchased or sold is subject to market fluctuations and may be worth more or less on the settlement date than the price a Portfolio or an Underlying Fund committed to pay or receive for the security. A Portfolio or an Underlying Fund will lose money if the value of a purchased security falls below the purchase price and a Portfolio or an Underlying Fund will not benefit from the gain if a security sold appreciates above the sales price during the commitment period.

When entering into a commitment to purchase a security on a when-issued, delayed delivery, to-be-announced, or forward commitment basis, a Portfolio or Underlying Fund will segregate cash and/or liquid assets and will maintain such cash and/or liquid assets in an amount equal in value to such commitments.

### **TBA SECURITIES**

The Fixed Income Portfolios and Fixed Income Underlying Funds may also engage in purchases or sales of “to be announced” or “TBA” securities. TBA securities represent an agreement to buy or sell mortgage-backed securities with agreed-upon characteristics for an approximate principal amount, with settlement on a scheduled future date beyond the typical settlement period for most other securities. A TBA transaction typically does not designate the actual security to be delivered. The Fixed Income Underlying Funds may use TBA trades for investment purposes in order to gain exposure to certain securities, or for hedging purposes. Purchases and sales of TBA securities involve risks similar to those discussed above for other when-issued and forward commitment transactions. In such transactions, each Fixed Income Underlying Fund will segregate and/or earmark liquid assets in an amount sufficient to offset its exposure as long as the Underlying Fund’s obligations are outstanding.

### **EXCHANGE TRADED FUNDS**

The Portfolios (except the VA Short-Term Fixed Portfolio, VA Global Bond Portfolio and VIT Inflation-Protected Securities Portfolio) and equity Underlying Funds may invest in exchange-traded funds (“ETFs”) and similarly structured pooled investments for the purpose of gaining exposure to the equity markets while maintaining liquidity. An ETF is an investment company classified as an open-end investment company or unit investment trust that is traded similar to a publicly traded company. ETFs in which the Portfolios and Underlying Funds invest are passively managed and attempt to track or replicate a desired index, such as a sector, market or global segment. The risks and costs of investing in ETFs are comparable to investing in a publicly traded company. The goal of an ETF is to correspond generally to the price and yield performance, before fees and expenses, of its underlying index. The risk of not correlating to the index is an additional risk to the investors of ETFs. When a Portfolio or an Underlying Fund invests in an ETF, shareholders of the Portfolio or Underlying Fund bear their proportionate share of the underlying ETF’s fees and expenses.



## PORTFOLIO TURNOVER RATES

Generally, securities will be purchased by the Equity Portfolios and Equity Underlying Funds with the expectation that they will be held for longer than one year. Certain Fixed Income Portfolios and Fixed Income Underlying Funds may have higher portfolio turnover rates due to the relatively short maturities of the securities to be acquired. In addition, variations in turnover rates can occur because securities are sold when, in the Advisor's judgment, the return will be increased as a result of portfolio transactions after taking into account the cost of trading.

## DIRECTORS AND OFFICERS

### Directors

#### *Organization of the Board*

The Board of Directors of the Fund (the "Board") is responsible for establishing the Fund's policies and for overseeing the management of the Fund. The Board of Directors elects the officers of the Fund, who, along with third party service providers, are responsible for administering the day-to-day operations of the Fund. The Board of Directors of the Fund is comprised of one interested Director and seven disinterested Directors. David G. Booth, an interested Director, is Chairman of the Board. The disinterested Directors of the Board designated Myron S. Scholes as the lead disinterested Director. As the lead disinterested Director, Mr. Scholes, among other duties: acts as a principal contact for management for communications to the disinterested Directors in between regular Board meetings; assists in the coordination and preparation of quarterly Board meeting agendas; raises and discusses issues with counsel to the disinterested Directors; raises issues and discusses ideas with management on behalf of the disinterested Directors in between regular meetings of the Board; and chairs executive sessions and separate meetings of the disinterested Directors (other than Committee meetings, which are chaired by the respective Committee Chairperson). The Board believes the existing Board structure for the Fund is appropriate because it provides the disinterested Directors with adequate influence over the governance of the Board and the Fund, while also providing the Board with the invaluable insight of the interested Director, who, as both an officer of the Fund and the Advisor, participates in the day-to-day management of the Fund's affairs, including risk management.

The agenda for each quarterly meeting of the Board is provided prior to the meeting to the lead disinterested Director in order to provide an opportunity to contact Fund management and/or the disinterested Directors' independent counsel regarding agenda items. In addition, the disinterested Directors regularly communicate with Mr. Booth regarding items of interest to them in between regularly scheduled meetings of the Board. The Board of the Fund meets in person at least four times each year and by telephone at other times. At each in-person meeting, the disinterested Directors meet in executive session with their independent counsel to discuss matters outside the presence of management.

The Board has three standing committees. The Audit Committee and Nominating Committee are composed entirely of disinterested Directors. As described below, through these Committees, the disinterested Directors have direct oversight of the Fund's accounting and financial reporting policies and the selection and nomination of candidates to the Fund's Board. The Investment Strategy Committee (the "Strategy Committee") assists the Board in carrying out its fiduciary duties with respect to the oversight of the Fund and its performance.

The Board's Audit Committee is comprised of George M. Constantinides, Roger G. Ibbotson, Abbie J. Smith, and Ingrid M. Werner. The Audit Committee for the Board oversees the Fund's accounting and financial reporting policies and practices, the Fund's internal controls, the Fund's financial statements and the independent audits thereof and performs other oversight functions as requested by the Board. The Audit Committee for the Board recommends the appointment of the Fund's independent registered public accounting firm and also acts as a liaison between the Fund's independent registered public accounting firm and the full Board. There were two Audit Committee meetings held for the Fund during the fiscal year ended October 31, 2020.

The Board's Nominating Committee is comprised of George M. Constantinides, Douglas W. Diamond, Darrell Duffie, Roger G. Ibbotson, Myron S. Scholes, Abbie J. Smith, and Ingrid M. Werner. The Nominating Committee for the Board makes recommendations for nominations of disinterested and interested members on the Board to the disinterested Board members and to the full board. The Nominating Committee evaluates a candidate's qualification for Board membership and the independence of such candidate from the Advisor and other principal service providers. The Nominating Committee did not meet during the fiscal year ended October 31, 2020.

The Strategy Committee is comprised of Gerard K. O'Reilly, Douglas W. Diamond, Myron S. Scholes, and Darrell Duffie. At the request of the Board or the Advisor, the Strategy Committee (i) reviews the design of possible new series of the Fund, (ii) reviews performance of existing Portfolios of the Fund, and discusses and recommends possible enhancements to the Portfolios' investment strategies, (iii) reviews proposals by the Advisor to modify or enhance the investment strategies or policies of each Portfolio, and (iv) considers issues relating to investment services for each Portfolio of the Fund. There were three Strategy Committee meetings held for the Fund during the fiscal year ended October 31, 2020.

The Board of the Fund, including all of the disinterested Directors, oversees and approves the contracts of the third party service providers that provide advisory, administrative, custodial and other services to the Fund.

#### *Board Oversight of Risk Management*

The Board, as a whole, considers risk management issues as part of its general oversight responsibilities throughout the year at regular board meetings, through regular reports that have been developed by Fund management and the Advisor. These reports address certain investment, valuation, liquidity and compliance matters. The Board also may receive special written reports or presentations on a variety of risk issues, either upon the Board's request or upon the initiative of the Advisor. In addition, the Audit Committee of the Board meets regularly with management of the Advisor to review reports on the Advisor's examinations of functions and processes that affect the Fund.

With respect to investment risk, the Board receives regular written reports describing and analyzing the investment performance of the Fund's portfolios. The Board discusses these reports and the portfolios' performance and investment risks with management of the Advisor at the Board's regular meetings. The Investment Committee of the Advisor meets regularly to discuss a variety of issues, including the impact that the investment in particular securities or instruments, such as derivatives, may have on the portfolios. To the extent that the Investment Committee of the Advisor decides to materially change an investment strategy or policy of a portfolio and such change could have a significant impact on the portfolio's risk profile, the Advisor will present such change to the Board for their approval.

With respect to valuation, the Advisor and the Fund's administrative and accounting agent provide regular written reports to the Board that enables the Board to review fair valued securities in a particular portfolio. Such reports also include information concerning illiquid and any worthless securities held by each portfolio. In addition, the Fund's Audit Committee reviews valuation procedures and pricing results with the Fund's independent registered public accounting firm in connection with such Committee's review of the results of the audit of each portfolio's year-end financial statements.

With respect to liquidity risk, the Board oversees the Fund's liquidity risk through, among other things, receiving periodic reporting and presentations by investment and other personnel of the Advisor. Additionally, as required by the Liquidity Rule, the Board, including a majority of the disinterested Directors, approved the Fund's Liquidity Program, which is reasonably designed to assess and manage the Fund's liquidity risk, and appointed the Liquidity Program Administrator that is responsible for administering the Liquidity Program. The Board also reviews, no less frequently than annually, a written report prepared by the Liquidity Program Administrator that addresses, among other items, the operation of the Liquidity Program and assesses its adequacy and effectiveness of implementation.

With respect to compliance risks, the Board receives regular compliance reports prepared by the Advisor's compliance group and meets regularly with the Fund's Global Chief Compliance Officer ("Chief Compliance Officer") to discuss compliance issues, including compliance risks. As required under SEC rules, the disinterested Directors meet in executive session with the Chief Compliance Officer, and the Fund's Chief Compliance Officer prepares and presents an annual written compliance report to the Board. The Fund's Board adopts compliance policies and procedures for the Fund and receives information about the compliance procedures in place for the Fund's service providers. The compliance policies and procedures are specifically designed to detect and prevent violations of the federal securities laws.

The Advisor periodically provides information to the Board relevant to enterprise risk management describing the way in which certain risks are managed at the complex-wide level by the Advisor. Such presentations include areas such as counter-party risk, material fund vendor or service provider risk, investment risk, reputational risk, personnel risk and business continuity risk.

### *Director Qualifications*

When a vacancy occurs on the Board, the Nominating Committee of the Board evaluates a candidate's qualification for Board membership and the independence of such candidate from the Advisor and other principal service providers. While the Nominating Committee believes that there are no specific minimum qualifications for a candidate to possess or any specific educational background, qualities, skills, or prior business and professional experience that are necessary, in considering a candidate's qualifications, the Nominating Committee may consider the following factors, among others, which may change over time or have different weight: (1) whether or not the person is willing to serve and willing and able to commit the time necessary for the performance of the duties of a Board member; (2) the candidate's judgment, skill, diversity, and experience with investment companies and other organizations of comparable purpose, complexity and size; (3) the business activities of the Fund, including any new marketing or investment initiatives, and whether the candidate possesses relevant experience in these areas; (4) whether the person's business background or other business activities would be incompatible with the Fund's and the Advisor's business purposes; (5) the interplay of the candidate's experience with the experience of other Board members and how the candidate and his or her academic or business experience will be perceived by the Fund's shareholders; and (6) the extent to which the candidate would be a desirable addition to the Board and any committees thereof.

While the Nominating Committee is solely responsible for the selection and recommendation to the Board of disinterested Board candidates, the Nominating Committee will consider nominees recommended by Qualifying Fund Shareholders if a vacancy occurs among Board members. A Qualifying Fund Shareholder is a shareholder, or group of shareholders, that: (i) owns of record, or beneficially through a financial intermediary, 5% or more of the Fund's outstanding shares, and (ii) has owned such shares for 12 months or more prior to submitting the recommendation to the Nominating Committee. Such recommendations shall be directed to the Secretary of the Fund at 6300 Bee Cave Road, Building One, Austin, Texas 78746. The Qualifying Fund Shareholder's letter should include: (i) the name and address of the Qualifying Fund Shareholder making the recommendation; (ii) the number of shares of each Portfolio of the Fund that are owned of record and beneficially by such Qualifying Fund Shareholder, and the length of time that such shares have been so owned by the Qualifying Fund Shareholder; (iii) a description of all arrangements and understandings between such Qualifying Fund Shareholder and any other person or persons (naming such person or persons) pursuant to which the recommendation is being made; (iv) the name and address of the nominee; and (v) the nominee's resume or curriculum vitae. The Qualifying Fund Shareholder's letter must be accompanied by a written consent of the individual to stand for election if nominated for the Board and to serve if elected by shareholders. The Nominating Committee also may seek such additional information about the nominee as the Nominating Committee considers appropriate, including information relating to such nominee that is required to be disclosed in solicitations or proxies for the election of Board members.

The Nominating Committee of the Board believes that it is in the best interests of the Fund and its shareholders to obtain highly-qualified individuals to serve as members of the Board. The Fund's Board believes that each Director currently serving on the Board has the experience, qualifications, attributes and skills to allow the Board to effectively oversee the management of the Fund and protect the interests of shareholders. The Board noted that each Director had professional experience in areas of importance for investment companies. The Board considered that each disinterested Director held an academic position in the areas of finance or accounting. George M. Constantinides, Douglas W. Diamond, Darrell Duffie, Roger G. Ibbotson, Myron S. Scholes and Ingrid M. Werner are each Professors of Finance, while Abbie J. Smith is a Professor of Accounting. The Board also noted that Myron S. Scholes and Abbie J. Smith each had experience serving as a director on the boards of operating companies and/or other investment companies. In addition, the Board considered that David G. Booth contributed valuable experience due to his position with the Advisor. Certain biographical information for each disinterested Director and interested Director of the Fund is set forth in the tables below, including a description of each Director's experience as a Director of the Fund and as a director or trustee of other funds, as well as other recent professional experience.

## Disinterested Directors

| <b>Name, Address and Year of Birth</b>   | <b>Position</b> | <b>Term of Office<sup>1</sup> and Length of Service</b> | <b>Principal Occupation During Past 5 Years</b>   | <b>Portfolios within the DFA Fund Complex<sup>2</sup> Overseen</b> | <b>Other Directorships of Public Companies Held During Past 5 Years</b>                                 |
|--|-----------------|---|---|--|---|
| George M. Constantinides<br>University of Chicago Booth School of Business<br>5807 S. Woodlawn Avenue<br>Chicago, IL 60637<br>1947 | Director        | Since 1983  | Leo Melamed Professor of Finance, University of Chicago Booth School of Business (since 1978).  | 138 portfolios in 5 investment companies                           | None  |
| Douglas W. Diamond<br>c/o Dimensional Fund Advisors LP<br>6300 Bee Cave Road, Building One<br>Austin, TX 78746<br>1953             | Director        | Since 2017  | Merton H. Miller Distinguished Service Professor of Finance, University of Chicago Booth School of Business (since 1988). Formerly, Visiting Scholar, Federal Reserve Bank of Richmond (1990-2019). Formerly, Fischer Black Visiting Professor of Financial Economics, Alfred P. Sloan School of Management, Massachusetts Institute of Technology (2015-2016). | 138 portfolios in 5 investment companies                           | None  |
| Darrell Duffie<br>c/o Dimensional Fund Advisors LP<br>6300 Bee Cave Road, Building One<br>Austin, TX 78746<br>1954                 | Director        | Since 2019  | Dean Witter Distinguished Professor of Finance, Graduate School of Business, Stanford University (since 1984). Director, TNB Inc. (bank) (since 2020).  | 138 portfolios in 5 investment companies                           | Formerly, Director, Moody's Corporation (financial information and information technology) (2008-2018). |
| Roger G. Ibbotson<br>Yale School of Management<br>165 Whitney Avenue<br>New Haven, CT 06511<br>1943                                | Director        | Since 1981  | Professor in Practice Emeritus of Finance, Yale School of Management (since 1984). Chairman and Partner, Zebra Capital Management, LLC (hedge fund and asset manager) (since 2001). Formerly, Consultant to Morningstar, Inc. (2006-2016).  | 138 portfolios in 5 investment companies                           | None  |
| Myron S. Scholes<br>c/o Dimensional Fund Advisors LP<br>6300 Bee Cave Road, Building One<br>Austin, TX 78746<br>1941               | Director        | Since 1981  | Chief Investment Strategist, Janus Henderson Investors (since 2014). Frank E. Buck Professor of Finance, Emeritus, Graduate School of Business, Stanford University (since 1981).   | 138 portfolios in 5 investment companies                           | None  |

| <b>Name, Address and Year of Birth</b>   | <b>Position</b> | <b>Term of Office<sup>1</sup> and Length of Service</b> | <b>Principal Occupation During Past 5 Years</b>   | <b>Portfolios within the DFA Fund Complex<sup>2</sup> Overseen</b> | <b>Other Directorships of Public Companies Held During Past 5 Years</b>  |
|--|-----------------|---|---|--|--|
| Abbie J. Smith<br>University of Chicago Booth School of Business<br>5807 S. Woodlawn Avenue<br>Chicago, IL 60637<br><br>1953 | Director        | Since 2000  | Boris and Irene Stern Distinguished Service Professor of Accounting and James S. Ely, III Faculty Fellow, University of Chicago Booth School of Business (since 1980).  | 138 portfolios in 5 investment companies                           | Director (since 2000) and formerly, Lead Director (2014 – 2017), HNI Corporation (office furniture); Director, Ryder System Inc. (transportation, logistics and supply-chain management) (since 2003); and Trustee, UBS Funds (3 investment companies within the fund complex) (14 portfolios) (since 2009). |
| Ingrid M. Werner<br>c/o Dimensional Fund Advisors LP<br>6300 Bee Cave Road, Building One<br>Austin, TX 78746<br><br>1961     | Director        | Since 2019  | Martin and Andrew Murrer Professor of Finance, Fisher College of Business, The Ohio State University (since 1998). Adjunct Member, the Prize Committee for the Swedish Riksbank Prize in Economic Sciences in Memory of Alfred Nobel (annual award for significant scientific research contribution) (since 2018). Director, American Finance Association (global association of academic researchers and practitioners in finance) (since January 2019). Member, Scientific Board, Leibniz Institute for Financial Research (institute supporting academic research in finance) (since 2020). Chair, Economic Advisory Committee, FINRA (since 2017). Chairman, Scientific Advisory Board, Swedish House of Finance (institute supporting academic research in finance) (since 2014). Member, Scientific Board, Danish Finance Institute (institute supporting academic research in finance) (since 2017). Member, Academic Board, Mistra Financial Systems (organization funding academic research on environment, governance and climate/sustainability in finance) (since 2016). Fellow, Center for Analytical Finance (academic research) (since 2015). Associate Editor, Journal of Finance (since 2016). Formerly, President, Western Finance Association (global association of academic researchers and practitioners in finance) (2018-2019). | 138 portfolios in 5 investment companies                           | Director, Fourth Swedish AP Fund (pension fund asset management) (since 2017).   |

## Interested Director

The following interested Director is described as such because he is deemed to be an “interested person,” as that term is defined under the 1940 Act, due to his position with the Advisor.

| Name, Address and Year of Birth  | Position              | Term of Office <sup>1</sup> and Length of Service | Principal Occupation During Past 5 Years  | Portfolios within the DFA Fund Complex <sup>2</sup> Overseen | Other Directorships of Public Companies Held During Past 5 Years |
|--|-----------------------|---|---|--|--|
| David G. Booth<br>6300 Bee Cave Road, Building One<br>Austin, TX 78746<br><br>1946 | Chairman and Director | Since 1981  | Chairman, Director/Trustee, and formerly, President and Co-Chief Executive Officer (each until March 2017) of Dimensional Emerging Markets Value Fund (“DEM”), the Fund, DIG and The DFA Investment Trust Company (“DFAITC”). Executive Chairman, and formerly, President and Co-Chief Executive Officer (each until February 2017) of Dimensional Holdings Inc., Dimensional Fund Advisors LP, Dimensional Investment LLC and DFA Securities LLC (collectively with DEM, the Fund, DIG and DFAITC, the “DFA Entities”). Chairman and Trustee, Dimensional ETF Trust (since June 2020). Formerly, Chairman and Director (2009 – 2018) and Co-Chief Executive Officer (2010 – June 2017) of Dimensional Fund Advisors Canada ULC. Trustee, University of Chicago (since 2002). Trustee, University of Kansas Endowment Association (since 2005). Member of Hoover Institution Board (since September 2019). Formerly, Director of Dimensional Fund Advisors Ltd. (2002 – July 2017), DFA Australia Limited (1994 – July 2017), Dimensional Advisors Ltd. (2012 – July 2017), Dimensional Funds plc (2006 – July 2017) and Dimensional Funds II plc (2006 – July 2017). Formerly, Director and President of Dimensional Japan Ltd. (2012 – April 2017). Formerly, President, Dimensional SmartNest (US) LLC (2009 – 2014); and Limited Partner, VSC Investors, LLC (2007 – 2015). Formerly, Chairman, Director, President and Co-Chief Executive Officer of Dimensional Cayman Commodity Fund I Ltd. (2010-September 2017). | 138 portfolios in 5 investment companies                     | None   |

<sup>1</sup> Each Director holds office for an indefinite term until his or her successor is elected and qualified.

<sup>2</sup> Each Director is a director or trustee of each of the five registered investment companies within the DFA Fund Complex, which include: the Fund; DIG; DFAITC; DEM; and Dimensional ETF Trust. Each disinterested Director also serves on the Independent Review Committee of the Dimensional Funds, mutual funds registered in the provinces of Canada and managed by the Advisor’s affiliate, Dimensional Fund Advisors Canada ULC.

Information relating to each Director’s ownership (including the ownership of his or her immediate family) in each Portfolio of the Fund in this SAI and in all registered investment companies in the DFA Fund Complex as of December 31, 2020 is set forth in the chart below.

| Name                            | Dollar Range of Portfolio Shares Owned | Aggregate Dollar Range of Shares Owned in All Funds Overseen by Director in Family of Investment Companies |
|---------------------------------|--|--|
| <b>Disinterested Directors:</b> |  |  |
| George M. Constantinides        | None                                   | None Directly; Over \$100,000 in Simulated Funds*  |
| Douglas W. Diamond              | None                                   | None Directly; Over \$100,000 in Simulated Funds*  |
| Darrell Duffie                  | None                                   | None   |
| Roger G. Ibbotson               | None                                   | Over \$100,000; Over \$100,000 in Simulated Funds*   |

| <b>Name</b>                 | <b>Dollar Range of Portfolio Shares Owned</b> | <b>Aggregate Dollar Range of Shares Owned in All Funds Overseen by Director in Family of Investment Companies</b> |
|-----------------------------|---|---|
| Myron S. Scholes            | None  | Over \$100,000; Over \$100,000 in Simulated Funds*  |
| Abbie J. Smith              | None  | None Directly; Over \$100,000 in Simulated Funds*   |
| Ingrid M. Werner            | None  | None  |
| <b>Interested Director:</b> |   |   |
| David G. Booth              | None  | Over \$100,000  |

\* As discussed below, the compensation to certain of the disinterested Directors may be in amounts that correspond to a hypothetical investment in a cross-section of the DFA Funds. Thus, the disinterested Directors who are so compensated experience the same investment returns that are experienced by shareholders of the DFA Funds although the disinterested Directors do not directly own shares of the DFA Funds.

Set forth below is a table listing, for each Director entitled to receive compensation, the compensation received from the Fund during the fiscal year ended October 31, 2020 and the total compensation received from all five registered investment companies for which the Advisor served as investment advisor during that same fiscal year. The table also provides the compensation paid by the Fund to the Fund's Chief Compliance Officer for the fiscal year ended October 31, 2020.

| <b><u>Name and Position</u></b>                      | <b><u>Aggregate Compensation from the Fund*</u></b> | <b><u>Pension or Retirement Benefits as Part of Fund Expenses</u></b> | <b><u>Estimated Annual Benefits upon Retirement</u></b> | <b><u>Total Compensation from the Fund and DFA Fund Complex Paid to Directors†</u></b> |
|--|---|---|---|--|
| George M. Constantinides .....<br>Director           | \$236,287   | N/A   | N/A   | \$320,000  |
| Douglas W. Diamond .....<br>Director                 | \$254,696   | N/A   | N/A   | \$345,000  |
| Darrell Duffie .....<br>Director                     | \$236,287   | N/A   | N/A   | \$320,000  |
| Roger G. Ibbotson.....<br>Director                   | \$254,696   | N/A   | N/A   | \$345,000  |
| Myron S. Scholes.....<br>Lead Disinterested Director | \$328,331   | N/A   | N/A   | \$445,000  |
| Abbie J. Smith .....<br>Director                     | \$236,287   | N/A   | N/A   | \$320,000  |
| Ingrid M. Werner.....<br>Director                    | \$236,287   | N/A   | N/A   | \$320,000  |
| Randy C. Olson**.....<br>Chief Compliance Officer    | \$40,935  | N/A   | N/A   | N/A  |

† The term DFA Fund Complex refers to the five registered investment companies for which the Advisor performs advisory and administrative services and for which the individuals listed above serve as directors/trustees on the Boards of Directors/Trustees of such companies.

\* Under a deferred compensation plan (the "Plan") adopted effective January 1, 2002, the disinterested Directors may defer receipt of all or a portion of the compensation for serving as members of the five Boards of Directors/Trustees of the investment companies in the DFA Fund Complex (the "DFA Funds"). Amounts deferred under the Plan are treated as though equivalent dollar amounts had been invested in shares of a cross-section of the DFA Funds (the "Reference Funds" or "Simulated Funds"). The amounts ultimately received by the disinterested Directors under the Plan will be directly linked to the investment performance of the Reference Funds. Deferral of fees in accordance with the Plan will have a negligible effect on a fund's assets, liabilities, and net income per share, and will not obligate a fund to retain the services of any disinterested Director or to pay any particular level of compensation to the disinterested Director. The total

amount of deferred compensation accrued by the disinterested Directors from the DFA Fund Complex who participated in the Plan during the fiscal year ended October 31, 2020 is as follows: \$445,000 (Mr. Scholes). A disinterested Director's deferred compensation will be distributed at the earlier of: (a) January in the year after the disinterested Director's resignation from the Boards of Directors/Trustees of the DFA Funds, or death or disability; or (b) five years following the first deferral, in such amounts as the disinterested Director has specified. The obligations of the DFA Funds to make payments under the Plan will be unsecured general obligations of the DFA Funds, payable out of the general assets and property of the DFA Funds.

\*\* Randy C. Olson began serving as the chief compliance officer of the Fund effective July 30, 2020. The chief compliance officer of the Fund who served prior to Mr. Olson received \$279,100 in compensation from the Fund during the fiscal year ended October 31, 2020.

## Officers

Below is the name, year of birth, information regarding positions with the Fund and the principal occupation for each officer of the Fund. The address of each officer is 6300 Bee Cave Road, Building One, Austin, TX 78746. Each of the officers listed below holds the same office (except as otherwise noted) in the DFA Entities.

| <b>Name and Year of Birth</b> | <b>Position</b>                        | <b>Term of Office<sup>1</sup> and Length of Service</b> | <b>Principal Occupation During Past 5 Years</b>  |
|-------------------------------|--|---|--|
| Valerie A. Brown<br>1967      | Vice President and Assistant Secretary | Since 2001  | Vice President and Assistant Secretary of <ul style="list-style-type: none"> <li>all the DFA Entities (since 2001)</li> <li>DFA Australia Limited (since 2002)</li> <li>Dimensional Fund Advisors Ltd. (since 2002)</li> <li>Dimensional Cayman Commodity Fund I Ltd. (since 2010)</li> <li>Dimensional Fund Advisors Pte. Ltd. (since 2012)</li> <li>Dimensional Hong Kong Limited (since 2012)</li> <li>Dimensional ETF Trust (since 2020)</li> </ul> Director, Vice President and Assistant Secretary (since 2003) of <ul style="list-style-type: none"> <li>Dimensional Fund Advisors Canada ULC</li> </ul>  |
| Ryan P. Buechner<br>1982      | Vice President and Assistant Secretary | Since 2019  | Vice President and Assistant Secretary of <ul style="list-style-type: none"> <li>DFAIDG, DIG, DFAITC and DEM (since 2019)</li> <li>Dimensional ETF Trust (since 2020)</li> </ul> Vice President (since January 2018) of <ul style="list-style-type: none"> <li>Dimensional Holdings Inc.</li> <li>Dimensional Fund Advisors LP</li> <li>Dimensional Investment LLC</li> <li>DFA Securities LLC</li> </ul>  |
| David P. Butler<br>1964       | Co-Chief Executive Officer             | Since 2017  | Co-Chief Executive Officer of <ul style="list-style-type: none"> <li>all the DFA Entities (since 2017)</li> <li>Dimensional ETF Trust (since 2020)</li> </ul> Director (since 2017) of <ul style="list-style-type: none"> <li>Dimensional Holdings Inc.</li> <li>Dimensional Fund Advisors Canada ULC</li> <li>Dimensional Japan Ltd.</li> <li>Dimensional Advisors Ltd.</li> <li>Dimensional Fund Advisors Ltd.</li> <li>DFA Australia Limited</li> </ul> Director and Co-Chief Executive Officer (since 2017) of <ul style="list-style-type: none"> <li>Dimensional Cayman Commodity Fund I Ltd.</li> </ul> Head of Global Financial Advisor Services (since 2007) for <ul style="list-style-type: none"> <li>Dimensional Fund Advisors LP</li> </ul> Formerly, Vice President (2007 – 2017) of <ul style="list-style-type: none"> <li>all the DFA Entities</li> </ul> |
| Stephen A. Clark              | Executive Vice                         | Since   | Executive Vice President of  |



| <b>Name and Year of Birth</b> | <b>Position</b>  | <b>Term of Office<sup>1</sup> and Length of Service</b> | <b>Principal Occupation During Past 5 Years</b>   |
|-------------------------------|--|---|---|
| 1972                          | President  | 2017  | <ul style="list-style-type: none"> <li>all the DFA Entities (since 2017)</li> <li>Dimensional ETF Trust (since 2020)</li> </ul> <p>Director and Vice President (since 2016) of</p> <ul style="list-style-type: none"> <li>Dimensional Japan Ltd.</li> </ul> <p>President and Director (since 2016) of</p> <ul style="list-style-type: none"> <li>Dimensional Fund Advisors Canada ULC</li> </ul> <p>Vice President (since 2008) and Director (since 2016) of</p> <ul style="list-style-type: none"> <li>DFA Australia Limited</li> </ul> <p>Director (since 2016) of</p> <ul style="list-style-type: none"> <li>Dimensional Advisors Ltd.</li> <li>Dimensional Fund Advisors Pte. Ltd.</li> <li>Dimensional Hong Kong Limited</li> </ul> <p>Vice President (since 2019) of</p> <ul style="list-style-type: none"> <li>Dimensional Fund Advisors Pte. Ltd.</li> </ul> <p>Formerly, Vice President (2004 – 2017) of</p> <ul style="list-style-type: none"> <li>all the DFA Entities</li> </ul> <p>Formerly, Vice President (2010 – 2016) of</p> <ul style="list-style-type: none"> <li>Dimensional Fund Advisors Canada ULC</li> </ul> <p>Formerly, Vice President (2016-2019) of</p> <ul style="list-style-type: none"> <li>Dimensional Fund Advisors Pte. Ltd.</li> </ul> <p>Formerly, Interim Chief Executive Officer (2019) of</p> <ul style="list-style-type: none"> <li>Dimensional Fund Advisors Pte. Ltd.</li> </ul> <p>Formerly, Head of Institutional, North America (2012 – 2013) and Head of Global Institutional Services (2014-2018) for</p> <ul style="list-style-type: none"> <li>Dimensional Fund Advisors LP</li> </ul> |
| Lisa M. Dallmer<br>1972       | Vice President,<br>Chief Financial Officer, and<br>Treasurer | Since<br>March<br>2020                                  | <p>Vice President, Chief Financial Officer, and Treasurer (since 2020) of</p> <ul style="list-style-type: none"> <li>The DFA Fund Complex</li> <li>Dimensional ETF Trust</li> </ul> <p>Executive Vice President (since January 2020)</p> <ul style="list-style-type: none"> <li>Dimensional Holdings Inc.</li> <li>Dimensional Fund Advisors LP</li> <li>Dimensional Investment LLC</li> <li>DFA Securities LLC</li> </ul> <p>Chief Operating Officer (since December 2019)</p> <ul style="list-style-type: none"> <li>Dimensional Holdings Inc.</li> <li>Dimensional Fund Advisors LP</li> <li>Dimensional Investment LLC</li> <li>DFA Securities LLC</li> </ul> <p>Formerly, Senior Vice President, Business Operations (March 2019 – October 2019) at</p> <ul style="list-style-type: none"> <li>Delphix Inc.</li> </ul> <p>Formerly, Chief Operating Officer Global Technology &amp; Operations, Managing Director (2014 – 2018) of</p> <ul style="list-style-type: none"> <li>BlackRock Inc.</li> </ul>  |
| Jeff J. Jeon<br>1973          | Vice President   | Since<br>2004   | <p>Vice President (since 2004) and Assistant Secretary (2017-2019) of</p> <ul style="list-style-type: none"> <li>all the DFA Entities</li> </ul> <p>Vice President (since 2020) of</p> <ul style="list-style-type: none"> <li>Dimensional ETF Trust</li> </ul> <p>Vice President and Assistant Secretary (since 2010) of</p> <ul style="list-style-type: none"> <li>Dimensional Cayman Commodity Fund I Ltd.</li> </ul>   |
| Joy Lopez<br>1971             | Vice President and<br>Assistant Treasurer                    | Vice<br>President                                       | <p>Vice President (since 2015) of</p> <ul style="list-style-type: none"> <li>all the DFA Entities</li> </ul>  |

| <b>Name and Year of Birth</b> | <b>Position</b>               | <b>Term of Office<sup>1</sup> and Length of Service</b> | <b>Principal Occupation During Past 5 Years</b>  |
|-------------------------------|-------------------------------|---|--|
|                               |                               | since 2015 and Assistant Treasurer since 2017           | Assistant Treasurer (since 2017) of <ul style="list-style-type: none"> <li>the DFA Fund Complex</li> </ul> Vice President and Assistant Treasurer (since 2020) of <ul style="list-style-type: none"> <li>Dimensional ETF Trust</li> </ul> Formerly, Senior Tax Manager (2013 – 2015) for <ul style="list-style-type: none"> <li>Dimensional Fund Advisors LP</li> </ul>  |
| Kenneth M. Manell 1972        | Vice President                | Since 2010  | Vice President of <ul style="list-style-type: none"> <li>all the DFA Entities (since 2010)</li> <li>Dimensional Cayman Commodity Fund I Ltd. (since 2010)</li> <li>Dimensional ETF Trust (since 2020)</li> </ul>   |
| Catherine L. Newell 1964      | President and General Counsel | President since 2017 and General Counsel since 2001     | President of <ul style="list-style-type: none"> <li>the DFA Fund Complex (since 2017)</li> <li>Dimensional ETF Trust (since 2020)</li> </ul> General Counsel (since 2001) of <ul style="list-style-type: none"> <li>all the DFA Entities</li> </ul> Executive Vice President (since 2017) and Secretary (since 2000) of <ul style="list-style-type: none"> <li>Dimensional Fund Advisors LP</li> <li>Dimensional Holdings Inc.</li> <li>DFA Securities LLC</li> <li>Dimensional Investment LLC</li> </ul> Director (since 2002), Vice President (since 1997) and Secretary (since 2002) of <ul style="list-style-type: none"> <li>DFA Australia Limited</li> <li>Dimensional Fund Advisors Ltd.</li> </ul> Vice President and Secretary of <ul style="list-style-type: none"> <li>Dimensional Fund Advisors Canada ULC (since 2003)</li> <li>Dimensional Cayman Commodity Fund I Ltd. (since 2010)</li> <li>Dimensional Japan Ltd. (since 2012)</li> <li>Dimensional Advisors Ltd (since 2012)</li> <li>Dimensional Fund Advisors Pte. Ltd. (since 2012)</li> </ul> Director of <ul style="list-style-type: none"> <li>Dimensional Funds plc (since 2002)</li> <li>Dimensional Funds II plc (since 2006)</li> <li>Director of Dimensional Japan Ltd. (since 2012)</li> <li>Dimensional Advisors Ltd. (since 2012)</li> <li>Dimensional Fund Advisors Pte. Ltd. (since 2012)</li> <li>Dimensional Hong Kong Limited (since 2012)</li> <li>Dimensional Ireland Limited (since 2019)</li> </ul> Formerly, Vice President and Secretary (2010 – 2014) of <ul style="list-style-type: none"> <li>Dimensional SmartNest (US) LLC</li> </ul> Formerly, Vice President (1997 – 2017) and Secretary (2000 – 2017) of <ul style="list-style-type: none"> <li>the DFA Fund Complex</li> </ul> Formerly, Vice President of <ul style="list-style-type: none"> <li>Dimensional Fund Advisors LP (1997 – 2017)</li> <li>Dimensional Holdings Inc. (2006 – 2017)</li> <li>DFA Securities LLC (1997 – 2017)</li> <li>Dimensional Investment LLC (2009 – 2017)</li> </ul> |
| Carolyn L. O 1974             | Vice President and Secretary  | Vice President since 2010 and Secretary since 2017      | Vice President (since 2010) and Secretary (since 2017) of <ul style="list-style-type: none"> <li>the DFA Fund Complex</li> </ul> Vice President and Secretary (since 2020) of <ul style="list-style-type: none"> <li>Dimensional ETF Trust</li> </ul> Vice President (since 2010) and Assistant Secretary (since 2016) of <ul style="list-style-type: none"> <li>Dimensional Fund Advisors LP</li> </ul>   |

| Name and Year of Birth     | Position  | Term of Office <sup>1</sup> and Length of Service                  | Principal Occupation During Past 5 Years  |
|----------------------------|---|--|---|
|                            |   |  | <ul style="list-style-type: none"> <li>• Dimensional Holdings Inc.</li> <li>• Dimensional Investment LLC</li> </ul> Vice President of <ul style="list-style-type: none"> <li>• DFA Securities LLC (since 2010)</li> <li>• Dimensional Cayman Commodity Fund I Ltd. (since 2010)</li> <li>• Dimensional Fund Advisors Canada ULC (since 2016)</li> </ul>   |
| Randy C. Olson<br>1980     | Chief Compliance Officer                                | Since August 2020  | Chief Compliance Officer (since 2020) <ul style="list-style-type: none"> <li>• all the DFA Funds</li> <li>• Dimensional ETF Trust</li> </ul> Formerly, Vice President – Senior Compliance Officer <ul style="list-style-type: none"> <li>• Dimensional Investment Advisors LP (January 2020 – August 2020 and July 2014 – March 2017)</li> </ul> Formerly, Vice President – Head of Compliance & Operations Asia Ex-Japan <ul style="list-style-type: none"> <li>• Dimensional Investment Advisors LP (April 2017 – January 2020)</li> </ul>  |
| Gerard K. O'Reilly<br>1976 | Co-Chief Executive Officer and Chief Investment Officer | Co-Chief Executive Officer and Chief Investment Officer since 2017 | Co-Chief Executive Officer and Chief Investment Officer of <ul style="list-style-type: none"> <li>• all the DFA Entities (since 2017)</li> <li>• Dimensional Fund Advisors Canada ULC (since 2017)</li> <li>• Dimensional ETF Trust (since 2020)</li> </ul> Director, Chief Investment Officer and Vice President (since 2017) of <ul style="list-style-type: none"> <li>• DFA Australia Limited</li> </ul> Chief Investment Officer (since 2017) and Vice President (since 2016) of <ul style="list-style-type: none"> <li>• Dimensional Japan Ltd.</li> </ul> Director, Co-Chief Executive Officer and Chief Investment Officer (since 2017) of <ul style="list-style-type: none"> <li>• Dimensional Cayman Commodity Fund I Ltd.</li> </ul> Director of <ul style="list-style-type: none"> <li>• Dimensional Funds plc (since 2014)</li> <li>• Dimensional Funds II plc (since 2014)</li> <li>• Dimensional Holdings Inc. (since 2017)</li> <li>• Dimensional Ireland Limited (since 2019)</li> </ul> Formerly, Co-Chief Investment Officer of <ul style="list-style-type: none"> <li>• Dimensional Japan Ltd. (2016 – 2017)</li> <li>• DFA Australia Limited (2014 – 2017)</li> </ul> Formerly, Executive Vice President (2017) and Co-Chief Investment Officer (2014 – 2017) of <ul style="list-style-type: none"> <li>• all the DFA Entities</li> </ul> Formerly, Vice President (2007 – 2017) of <ul style="list-style-type: none"> <li>• all the DFA Entities</li> </ul> Formerly, Vice President and Co-Chief Investment Officer (2014 – 2017) of <ul style="list-style-type: none"> <li>• Dimensional Fund Advisors Canada ULC</li> </ul> Formerly, Director (2017-2018) of <ul style="list-style-type: none"> <li>• Dimensional Fund Advisors Pte. Ltd.</li> </ul> |
| James J. Taylor<br>1983    | Vice President and Assistant Treasurer                  | Since March 2020   | Vice President and Assistant Treasurer (since 2020) of <ul style="list-style-type: none"> <li>• The DFA Fund Complex</li> <li>• Dimensional ETF Trust</li> </ul> Vice President (since 2016) <ul style="list-style-type: none"> <li>• Dimensional Holdings Inc.</li> <li>• Dimensional Fund Advisors LP</li> <li>• Dimensional Investment LLC</li> <li>• DFA Securities LLC</li> </ul> Formerly, Accounting Manager (2015 – 2016) <ul style="list-style-type: none"> <li>• Dimensional Fund Advisors LP</li> </ul>  |

<sup>1</sup> Each officer holds office for an indefinite term at the pleasure of the Board of Directors and until his or her successor is elected and qualified.

As of January 31, 2021, the Directors and officers as a group owned less than 1% of the outstanding stock of each Portfolio described in this SAI.

## SERVICES TO THE FUND

### Administrative Services

State Street Bank and Trust Company (“State Street”), 1 Lincoln Street, Boston, MA 02111, serves as the accounting and administration services, dividend disbursing and transfer agent for the Portfolios and the Underlying Funds. The services provided by State Street and/or its delegates are subject to supervision by the executive officers and the Board of Directors of the Fund, and include day-to-day keeping and maintenance of certain records, calculation of the offering price of the shares, preparation of reports, liaison with its custodians, and transfer and dividend disbursing agency services. For the administrative and accounting services provided by State Street, the Portfolios (except with respect to the VA Global Moderate Allocation Portfolio’s and VA Equity Allocation Portfolio’s investments in the Underlying Funds) and the Underlying Funds pay State Street an annual fee that is calculated daily and paid monthly according to a fee schedule based on the aggregate average net assets of the DFA mutual fund complex (“Fund Complex”), which includes four registered investment companies. The fee schedule is set forth in the table below:

| Net Asset Value of the Fund Complex (Excluding Fund of Funds) | Annual Basis Point Rate |
|---|-------------------------|
| \$0 - \$100 Billion   | 0.47                    |
| Over \$100 Billion - \$200 Billion                            | 0.35                    |
| Over \$200 Billion - \$300 Billion                            | 0.25                    |
| Over \$300 Billion  | 0.19                    |

The fees charged to a Portfolio or an Underlying Fund under the fee schedule are allocated to each such Portfolio or Underlying Fund based on the Portfolio’s or Underlying Fund’s pro-rata portion of the applicable aggregate average net assets of the Fund Complex.

The Portfolios also pay separate fees to State Street with respect to the services State Street or its delegates provide as transfer agent and dividend disbursing agent. As of the date hereof, State Street has delegated performance of certain of its duties and responsibilities as the Portfolios’ transfer agent to DST Asset Manager Solutions, Inc. (“DST”), however, State Street remains responsible to the Portfolios for the acts and omissions of DST in its performances of such duties and responsibilities.

### Custodians

Citibank, N.A., 111 Wall Street, New York, NY, 10005, is the custodian for the International Equity Portfolios, VA Global Bond Portfolio and VA Equity Allocation Portfolio.

State Street Bank and Trust Company, 1 Lincoln Street, Boston, MA 02111, serves as the custodian for the Domestic Equity Portfolios, VA Short-Term Fixed Portfolio, VIT Inflation-Protected Securities Portfolio and VA Global Moderate Allocation Portfolio.

Each custodian maintains a separate account or accounts for a Portfolio; receives, holds, and releases portfolio securities on account of the Portfolio; makes receipts and disbursements of money on behalf of the Portfolio; and collects and receives income and other payments and distributions on account of the Portfolio’s portfolio securities.

### Distributor

The Fund’s shares are distributed by DFA Securities LLC (formerly, DFA Securities Inc.) (“DFAS”), a wholly-owned subsidiary of the Advisor. DFAS is registered as a limited purpose broker-dealer under the Securities Exchange Act

of 1934 and is a member of the Financial Industry Regulatory Authority. The principal business address of DFAS is 6300 Bee Cave Road, Austin, TX 78746.

DFAS acts as an agent of the Fund by serving as the principal underwriter of the Fund's shares. Pursuant to the Distribution Agreement with the Fund, DFAS uses its best efforts to seek or arrange for the sale of shares of the Fund, which are continuously offered. No sales charges are paid by investors or the Fund. No compensation is paid by the Fund to DFAS under the Distribution Agreement.

### **Legal Counsel**

Stradley Ronon Stevens & Young, LLP serves as legal counsel to the Fund. Its address is 2600 One Commerce Square, Philadelphia, PA 19103-7098.

### **Independent Registered Public Accounting Firm**

PricewaterhouseCoopers LLP ("PwC") is the independent registered public accounting firm for the Fund and audits the annual financial statements of the Fund. PwC's address is Two Commerce Square, Suite 1800, 2001 Market Street, Philadelphia, PA 19103-7042.

### **Investment Management**

Dimensional Fund Advisors LP, located at 6300 Bee Cave Road, Building One, Austin, TX 78746, serves as investment advisor to the Portfolios and Underlying Funds. Pursuant to an Investment Management Agreement with each Portfolio and each Underlying Fund, the Advisor is responsible for the management of their respective assets.

Pursuant to Sub-Advisory Agreements with the Advisor, DFA Australia Limited ("DFA Australia"), Level 43 Gateway, 1 Macquarie Place, Sydney, New South Wales 2000, Australia, has the authority and responsibility to select brokers and dealers to execute securities transactions for the VA International Value Portfolio, VA International Small Portfolio, VA Short-Term Fixed Portfolio, VA Global Bond Portfolio and VA Equity Allocation Portfolio (each a "DFA Australia Sub-Advised Fund"). DFA Australia's duties include the maintenance of a trading desk for each DFA Australia Sub-Advised Fund and the determination of the best and most efficient means of executing securities transactions. On at least a semi-annual basis, the Advisor reviews the holdings of each DFA Australia Sub-Advised Fund, and reviews the trading process and the execution of securities transactions. The Advisor is responsible for determining those securities which are eligible for purchase and sale by a DFA Australia Sub-Advised Fund and may delegate this task, subject to its own review, to DFA Australia. DFA Australia maintains and furnishes to the Advisor information and reports on securities of international companies, including its recommendations of securities to be added to the securities that are eligible for purchase by a DFA Australia Sub-Advised Fund as well as making recommendations and elections on corporate actions. In rendering investment management services to the Advisor with respect to each DFA Australia Sub-Advised Fund, DFA Australia expects to use the resources of certain participating affiliates of DFA Australia. Such participating affiliates are providing such services to DFA Australia pursuant to conditions provided in no-action relief granted by the staff of the SEC allowing registered investment advisers to use portfolio management, research and trading resources of advisory affiliates subject to the supervision of a registered adviser.

Pursuant to Sub-Advisory Agreements with the Advisor, Dimensional Fund Advisors Ltd. ("DFAL"), 20 Triton Street, Regent's Place, London, NW13BF, United Kingdom, a company that is organized under the laws of England, has the authority and responsibility to select brokers or dealers to execute securities transactions for the VA International Value Portfolio, VA International Small Portfolio, VA Short-Term Fixed Portfolio, VA Global Bond Portfolio and VA Equity Allocation Portfolio (each a "DFAL Sub-Advised Fund"). DFAL's duties include the maintenance of a trading desk for each DFAL Sub-Advised Fund and the determination of the best and most efficient means of executing securities transactions. On at least a semi-annual basis, the Advisor reviews the holdings of each DFAL Sub-Advised Fund and reviews the trading process and the execution of securities transactions. The Advisor is responsible for determining those securities which are eligible for purchase and sale by each DFAL Sub-Advised Fund and may delegate this task, subject to its own review, to DFAL. DFAL maintains and furnishes to the Advisor information and reports on securities of United Kingdom and European market companies, including its recommendations of securities to be added to the securities that are eligible for purchase by each DFAL Sub-Advised Fund as well as making recommendations and elections on corporate actions.

#### *Payments by the Advisor to Certain Third Parties Not Affiliated with the Advisor*

The Advisor and its advisory affiliates have entered into arrangements with certain unaffiliated third parties pursuant to which the Advisor or its advisory affiliates make payments from their own assets or provide services to such unaffiliated third parties as further described below. Certain of the unaffiliated third parties who have entered into such arrangements with the Advisor or its advisory affiliates are affiliated with independent financial advisors (“FAs”) whose clients may invest in the Portfolios or other mutual funds advised by the Advisor (“DFA Advised Funds”). Generally, the Advisor does not consider the existence of such arrangements with an affiliate, by itself, to be determinative in assessing whether an FA is independent.

#### *Training and Education Related Benefits Provided by the Advisor*

From time to time, the Advisor or its affiliates provide certain non-advisory services (such as data collection and analysis or other consulting services) to financial intermediaries (“Intermediaries”) that may be involved in the distribution of DFA Advised Funds and may recommend the purchase of such DFA Advised Funds for their clients. Intermediaries may include, without limitation, FAs, broker-dealers, institutional investment consultants, and plan service providers (such as recordkeepers). The Advisor or its affiliates also may provide services to Intermediaries, including: (i) personnel and outside consultants for purposes of continuing education, internal strategic planning and, for FAs, practice management; (ii) analysis, including historical market analysis and risk/return analysis; (iii) continuing education to investment advisers (some of whom may be dual registered investment advisers/broker-dealers); and (iv) other services.

The Advisor regularly provides educational speakers and facilities for conferences or events for Intermediaries, customers or clients of the Intermediaries, or such customers’ or clients’ service providers, and also may sponsor such events. For its sponsored events, the Advisor typically pays any associated food, beverage, and facilities-related expenses. The Advisor or its affiliates sometimes pay a fee to attend, speak at or assist in sponsoring conferences or events organized by others, and on occasion, pay travel accommodations of certain participants attending such conferences or events. The Advisor’s sponsorship of conferences or events organized by others from time to time includes direct payments to vendors on behalf of, and/or reimbursement of expenses incurred by, the organizers of such events. Also, from time to time, the Advisor makes direct payments to vendors on behalf of, and/or reimbursement of expenses incurred by, Intermediaries in connection with the Intermediaries hosting educational, training, customer appreciation, or other events for such Intermediaries and/or their customers. Personnel of the Advisor may or may not be present at any of the conferences or events hosted by third parties described above. The Advisor generally will promote its participation in or sponsorship of such conferences or events in marketing or advertising materials. At the request of a client or potential client, the Advisor or its affiliates may also refer such client to one or more Intermediaries.

The provision of these services, arrangements and payments described above by the Advisor present conflicts of interest because they provide incentives for Intermediaries, customers or clients of Intermediaries, or such customers’ or clients’ service providers to recommend, or otherwise make available, the Advisor’s strategies or DFA Advised Funds to their clients in order to receive or continue to benefit from these arrangements from the Advisor or its affiliates. However, the provision of these services, arrangements and payments by the Advisor or its affiliates is not dependent on the amount of DFA Advised Funds or strategies sold or recommended by such Intermediaries, customers or clients of Intermediaries, or such customers’ or clients’ service providers.

#### *Consultation Referral Fees Paid by the Advisor*

From time to time, consultants of the Advisor are paid a commission for client referrals. Such commissions typically are calculated based on a flat fee, percentage of total fees received by the Advisor as a result of such referrals, or other means agreed to between the Advisor and the consultants.

### Payments to Intermediaries by the Advisor

Additionally, the Advisor or its advisory affiliates may enter into arrangements with, and/or make payments from their own assets to, certain Intermediaries to enable access to DFA Advised Funds on platforms made available by such Intermediaries or to assist such Intermediaries to upgrade existing technology systems, or implement new technology systems, or programs in order to improve the methods through which the Intermediaries provide services to the Advisor and its advisory affiliates, and/or their clients. Such arrangements or payments may establish contractual obligations on the part of such Intermediaries to provide DFA Advised Funds with certain exclusive or preferred access to the use of the subject technology or programs or preferable placement on platforms operated by such Intermediaries.

The payments described above present conflicts of interest because they provide incentives for Intermediaries, customers or clients of Intermediaries, or such customers' or clients' service providers, to recommend, or otherwise make available, DFA Advised Funds to their clients in order to receive or continue to benefit from these arrangements from the Advisor or its affiliates.

### Data Services Purchased by the Advisor

The Advisor purchases certain data services, such as products to gather analytic data used by the Advisor's research department. In limited circumstances, a data vendor or its affiliate also provides investment consulting services, and such vendor or affiliated entity may refer one or more of its consulting clients to DFA Advised Funds. Any investment consulting services and referrals are unrelated to the Advisor's process for the review and purchase of certain data services.

## MANAGEMENT FEES

David G. Booth, as a director and officer of the Advisor and shareholder of the Advisor's general partner, and Rex A. Sinquefeld, as a shareholder of the Advisor's general partner, acting together, could be deemed controlling persons of the Advisor. Mr. Booth also serves as Director and officer of the Fund. For the services it provides as investment advisor to each Portfolio, the Advisor is paid a monthly fee calculated as a percentage of average net assets of the Portfolio. As a shareholder of the Underlying Funds, the VA Global Moderate Allocation Portfolio and VA Equity Allocation Portfolio each pay their proportionate shares of the management fees paid to the Advisor by the Underlying Funds.

For the fiscal years ended October 31, 2020, October 31, 2019 and October 31, 2018, the Portfolios paid management fees to the Advisor (and any sub-advisor) as set forth in the following table (the dollar amount is shown prior to any fee waivers or recoupments by the Advisor):

|  | <b>Fiscal Year<br/>Ended<br/>2020<br/>(000)</b> | <b>Fiscal Year<br/>Ended<br/>2019<br/>(000)</b> | <b>Fiscal Year<br/>Ended<br/>2018<br/>(000)</b> |
|--|---|---|---|
| VA U.S. Targeted Value Portfolio                 | \$1,112   | \$1,152   | \$1,249   |
| VA U.S. Large Value Portfolio                    | \$1,259   | \$1,236   | \$1,127   |
| VA International Value Portfolio                 | \$1,213   | \$1,197   | \$1,133   |
| VA International Small Portfolio                 | \$1,178   | \$1,136   | \$1,193   |
| VA Short-Term Fixed Portfolio                    | \$588   | \$654   | \$682   |
| VA Global Bond Portfolio                         | \$870   | \$811   | \$734   |
| VIT Inflation-Protected Securities Portfolio (a) | \$159   | \$135   | \$124   |
| VA Global Moderate Allocation Portfolio (b)      | \$354 <sup>1</sup>                              | \$318 <sup>3</sup>                              | \$366 <sup>5</sup>                              |
| VA Equity Allocation Portfolio (c)               | \$229 <sup>2</sup>                              | \$162 <sup>4</sup>                              | \$96 <sup>6</sup>                               |

<sup>1</sup> \$68 after waiver

<sup>2</sup> \$81 after waiver

<sup>3</sup> \$68 after waiver

<sup>4</sup> \$35 after waiver

<sup>5</sup> \$218 after waiver

<sup>6</sup> \$11 after waiver

(a) Effective February 28, 2020, pursuant to an Amended and Restated Fee Waiver and/or Expense Assumption Agreement (the “Fee Waiver Agreement”) for the VIT Inflation-Protected Securities Portfolio, the Advisor has contractually agreed to waive all or a portion of its management fee and to assume the ordinary operating expenses of a class of the VIT Inflation-Protected Securities Portfolio (excluding the expenses that the Portfolio incurs indirectly through its investment in other investment companies) (“Portfolio Expenses”) to the extent necessary to limit the Portfolio Expenses of a class of the Portfolio to 0.15% of the average net assets of a class of the VIT Inflation-Protected Securities Portfolio on an annualized basis (the “Expense Limitation Amount”). The Fee Waiver Agreement for the VIT Inflation-Protected Securities Portfolio will remain in effect through February 28, 2022, and may only be terminated by the Fund’s Board of Directors prior to that date. The Fee Waiver Agreement shall continue in effect from year to year thereafter unless terminated by the Fund or the Advisor. At any time that the Portfolio Expenses of a class of the VIT Inflation-Protected Securities Portfolio are less than the Expense Limitation Amount, the Advisor retains the right to recover any fees previously waived and/or expenses previously assumed to the extent that such recovery will not cause the annualized Portfolio Expenses for such class of shares of the VIT Inflation-Protected Securities Portfolio to exceed the Expense Limitation Amount. The VIT Inflation-Protected Securities Portfolio is not obligated to reimburse the Advisor for fees waived or expenses previously assumed by the Advisor more than thirty-six months before the date of such reimbursement. Prior year waived fees and/or assumed expenses can be recaptured only if the expense ratio following such recapture would be less than the expense cap that was in place when such prior year fees were waived and/or expenses assumed, and less than the current expense cap in place for the VIT Inflation-Protected Securities Portfolio. Prior to February 28, 2020, the Expense Limitation Amount in the Fee Waiver Agreement was 0.18% of the average net assets of the Institutional Class shares of the VIT Inflation-Protected Securities Portfolio on an annualized basis.

(b) Effective February 28, 2021, pursuant to an Amended and Restated Fee Waiver and/or Expense Assumption Agreement (the “Fee Waiver Agreement”) for the VA Global Moderate Allocation Portfolio, the Advisor has contractually agreed to waive all or a portion of its management fee and to assume the expenses of the VA Global Moderate Allocation Portfolio (including the expenses that the VA Global Moderate Allocation Portfolio bears as a shareholder of other funds managed by the Advisor but excluding the expenses that the VA Global Moderate Allocation Portfolio incurs indirectly through investment of its securities lending cash collateral in The DFA Short Term Investment Fund and its investment in unaffiliated investment companies) (“Portfolio Expenses”) to the extent necessary to limit the Portfolio Expenses of the Institutional Class shares of the VA Global Moderate Allocation Portfolio, on an annualized basis, to 0.28% of such class of the VA Global Moderate Allocation Portfolio’s average daily net assets (the “Expense Limitation Amount”). At any time that the Portfolio Expenses of the Institutional Class shares of the VA Global Moderate Allocation Portfolio are less than the Expense Limitation Amount for the Institutional Class shares of the VA Global Moderate Allocation Portfolio, the Advisor retains the right to recover any fees previously waived and/or expenses previously assumed to the extent that such recovery will not cause the annualized Portfolio Expenses for such class of shares of the VA Global Moderate Allocation Portfolio to exceed the Expense Limitation Amount. The VA Global Moderate Allocation Portfolio is not obligated to reimburse the Advisor for fees previously waived or expenses previously assumed by the Advisor more than thirty-six months before the date of such reimbursement. Prior year waived fees and/or assumed expenses can be recaptured only if the expense ratio following such recapture would be less than the expense cap that was in place when such prior year fees were waived and/or expenses assumed, and less than the current expense cap in place for the VA Global Moderate Allocation Portfolio. The Fee Waiver Agreement will remain in effect through February 28, 2022, and may only be terminated by the Funds Board of Directors prior to that date. The Fee Waiver Agreement shall continue in effect from year to year thereafter unless terminated by the Fund or the Advisor. From February 28, 2019 to February 27, 2021, the Expense Limitation Amount in the Fee Waiver Agreement was 0.30% of the average net assets of the Institutional Class shares of the VA Global Moderate Allocation Portfolio on an annualized basis. Prior to February 28, 2019, the Expense Limitation Amount in the Fee Waiver Agreement was 0.40% of the average net assets of the Institutional Class shares of the VA Global Moderate Allocation Portfolio on an annualized basis.

(c) Effective February 28, 2021, pursuant to an Amended and Restated Fee Waiver and/or Expense Assumption Agreement (the “Fee Waiver Agreement”) for the VA Equity Allocation Portfolio, the Advisor has contractually agreed to waive up to the full amount of the VA Equity Allocation Portfolio’s management fee of 0.27% to the extent



necessary to offset the proportionate share of the management fees paid by the VA Equity Allocation Portfolio through its investment in other funds managed by the Advisor, except for the fees paid through its investment of securities lending cash collateral in The DFA Short Term Investment Fund. In addition, under the Fee Waiver Agreement, the Advisor has also agreed to waive all or a portion of the management fee and to assume the ordinary operating expenses of a class of the VA Equity Allocation Portfolio (including the expenses that the VA Equity Allocation Portfolio bears as a shareholder of other funds managed by the Advisor, excluding money market funds, but excluding the expenses that the VA Equity Allocation Portfolio incurs indirectly through its investment in unaffiliated investment companies) (“Portfolio Expenses”) to the extent necessary to limit the Portfolio Expenses of a class of the VA Equity Allocation Portfolio to 0.37% of the average net assets of a class of the VA Equity Allocation Portfolio on an annualized basis (the “Expense Limitation Amount”). At any time that the VA Equity Allocation Portfolio’s annualized Portfolio Expenses are less than the Expense Limitation Amount, the Advisor retains the right to recover any fees previously waived and/or expenses previously assumed to the extent that such recovery will not cause the annualized Portfolio Expenses of a class of the VA Equity Allocation Portfolio to exceed the Expense Limitation Amount. The VA Equity Allocation Portfolio will not reimburse the Advisor for fees previously waived and/or expenses previously assumed by the Advisor more than thirty-six months before the date of such reimbursement. Prior year waived fees and/or assumed expenses can be recaptured only if the expense ratio following such recapture would be less than the expense cap that was in place when such prior year fees were waived and/or expenses assumed, and less than the current expense cap in place for the VA Equity Allocation Portfolio. The Fee Waiver Agreement for the VA Equity Allocation Portfolio will remain in effect through February 28, 2022, and may only be terminated by the Fund’s Board of Directors prior to that date. The Fee Waiver Agreement shall continue in effect from year to year thereafter unless terminated by the Fund or the Advisor. Prior to February 28, 2021, the Expense Limitation Amount in the Fee Waiver Agreement was 0.40% of the average net assets of a class of the VA Equity Allocation Portfolio on an annualized basis.

The Advisor pays DFAL a fee equal to 50,000 pounds sterling total per year, payable on a quarterly basis, for services to the VA International Small Portfolio. The Advisor pays DFA Australia a fee equal to \$13,000 per year, payable on a quarterly basis, for services to VA International Small Portfolio.

## **PORTFOLIO MANAGERS**

In accordance with the team approach used to manage the Portfolios, the portfolio managers and portfolio traders implement the policies and procedures established by the Investment Committee. The portfolio managers and portfolio traders also make daily investment decisions regarding the Portfolios based on the parameters established by the Investment Committee. The individuals named below coordinate the efforts of all other portfolio managers or trading personnel with respect to the day-to-day management of the Portfolios indicated.

|  |   |
|--|---|
| VA U.S. Large Value Portfolio                | Jed S. Fogdall, Lukas J. Smart and Joel P. Schneider                  |
| VA U.S. Targeted Value Portfolio             | Jed S. Fogdall, Joel P. Schneider and Marc C. Leblond                 |
| VA International Value Portfolio             | Jed S. Fogdall, Mary T. Phillips, Bhanu P. Singh and Arun C. Keswani  |
| VA International Small Portfolio             | Jed S. Fogdall, Arun C. Keswani, Bhanu P. Singh and Joel P. Schneider |
| VA Short-Term Fixed Portfolio                | David A. Plecha, Joseph F. Kolerich and Ryan C. Haselton              |
| VA Global Bond Portfolio                     | David A. Plecha, Joseph F. Kolerich and Travis A. Meldau              |
| VIT Inflation-Protected Securities Portfolio | David A. Plecha, Joseph F. Kolerich and Alan R. Hutchison             |

VA Global Moderate Allocation Portfolio

Jed S. Fogdall, David A. Plecha, Joseph F. Kolerich,  
Allen Pu, Mary T. Phillips and Ashish P. Bhagwanjee

VA Equity Allocation Portfolio

Jed S. Fogdall, Allen Pu, Mary T. Phillips and Ashish  
P. Bhagwanjee

### Other Managed Accounts

In addition to the Portfolios, each portfolio manager manages (i) other U.S. registered investment companies advised or sub-advised by the Advisor, (ii) other pooled investment vehicles that are not U.S. registered mutual funds and (iii) other accounts managed for organizations and individuals. The following table sets forth information regarding the total accounts for which each portfolio manager has the primary responsibility for coordinating the day-to-day management responsibilities.

| <b>Name of Portfolio Manager</b> | <b>Number of Accounts Managed and Total Assets by Category as of October 31, 2020*</b>  |
|----------------------------------|---|
| Jed S. Fogdall                   | <ul style="list-style-type: none"> <li>• 110 U.S. registered mutual funds with \$347,864 million in total assets under management.</li> <li>• 25 unregistered pooled investment vehicles with \$16,478 million in total assets under management, of which 1 account with \$149 million in assets may be subject to a performance fee.</li> <li>• 78 other accounts with \$25,761 million in total assets under management, of which 5 accounts with \$3,535 million in assets may be subject to a performance fee.</li> </ul> |
| David A. Plecha                  | <ul style="list-style-type: none"> <li>• 60 U.S. registered mutual funds with \$103,683 million in total assets under management.</li> <li>• 4 unregistered pooled investment vehicles with \$2,873 million in total assets under management.</li> <li>• 9 other accounts with \$2,778 million in total assets under management.</li> </ul>   |
| Joseph F. Kolerich               | <ul style="list-style-type: none"> <li>• 60 U.S. registered mutual funds with \$103,683 million in total assets under management.</li> <li>• 4 unregistered pooled investment vehicles with \$2,873 million in total assets under management.</li> <li>• 9 other accounts with \$2,778 million in total assets under management.</li> </ul>   |
| Bhanu P. Singh                   | <ul style="list-style-type: none"> <li>• 47 U.S. registered mutual funds with \$155,177 million in total assets under management.</li> <li>• 1 unregistered pooled investment vehicle with \$52 million in total assets under management.</li> <li>• 1 other account with \$567 million in total assets under management.</li> </ul>  |
| Lukas J. Smart                   | <ul style="list-style-type: none"> <li>• 40 U.S. registered mutual funds with \$136,132 million in total assets under management.</li> <li>• 10 unregistered pooled investment vehicles with \$3,582 million in total assets under management.</li> <li>• 6 other accounts with \$8,058 million in total assets under management.</li> </ul>  |
| Joel P. Schneider                | <ul style="list-style-type: none"> <li>• 63 U.S. registered mutual funds with \$217,024 million in total assets under management.</li> <li>• 7 unregistered pooled investment vehicles with \$946 million in total assets under management.</li> <li>• 1 other account with \$229 million in total assets under management.</li> </ul>  |
| Arun C. Keswani                  | <ul style="list-style-type: none"> <li>• 21 U.S. registered mutual funds with \$53,110 million in total assets under management.</li> <li>• 0 unregistered pooled investment vehicles.</li> <li>• 10 other accounts with \$4,557 million in total assets under management, of which 3 accounts with \$2,976 million in assets may be subject to a performance fee.</li> </ul>   |

| Name of Portfolio Manager | Number of Accounts Managed and Total Assets by Category as of October 31, 2020*  |
|---------------------------|--|
| Mary T. Phillips          | <ul style="list-style-type: none"> <li>• 58 U.S. registered mutual funds with \$112,266 million in total assets under management.</li> <li>• 4 unregistered pooled investment vehicles with \$2,026 million in total assets under management.</li> <li>• 0 other accounts.</li> </ul>  |
| Alan R. Hutchison         | <ul style="list-style-type: none"> <li>• 8 U.S. registered mutual funds with \$17,436 million in total assets under management.</li> <li>• 1 unregistered pooled investment vehicle with \$105 million in total assets under management.</li> <li>• 4 other accounts with \$1,178 million in total assets under management.</li> </ul>   |
| Allen Pu                  | <ul style="list-style-type: none"> <li>• 45 U.S. registered mutual funds with \$115,196 million in total assets under management.</li> <li>• 15 unregistered pooled investment vehicles with \$9,557 million in total assets under management.</li> <li>• 0 other accounts.</li> </ul>   |
| Ashish P. Bhagwanjee      | <ul style="list-style-type: none"> <li>• 17 U.S. registered mutual funds with \$9,119 million in total assets under management.</li> <li>• 0 unregistered pooled investment vehicles.</li> <li>• 27 other accounts with \$1,220 million in total assets under management.</li> </ul>   |
| Marc C. Leblond           | <ul style="list-style-type: none"> <li>• 12 U.S. registered mutual funds with \$45,709 million in total assets under management.</li> <li>• 3 unregistered pooled investment vehicles with \$3,588 million in total assets under management, of which 1 account with \$149 million in assets may be subject to a performance fee.</li> <li>• 19 other accounts with \$4,954 million in total assets under management.</li> </ul> |
| Travis A. Meldau          | <ul style="list-style-type: none"> <li>• 14 U.S. registered mutual funds with \$22,201 million in total assets under management.</li> <li>• 0 unregistered pooled investment vehicles.</li> <li>• 2 other accounts with \$218 million in total assets under management.</li> </ul>   |

\* Mr. Haselton did not share primary responsibility in the oversight of the day-to-day management for any portfolios or accounts as of January 31, 2021; as such, information regarding such portfolios and accounts is not presented.

## Description of Compensation Structure

Portfolio managers receive a base salary and bonus. Compensation of a portfolio manager is determined at the discretion of the Advisor and is based on a portfolio manager's experience, responsibilities, the perception of the quality of his or her work efforts and other subjective factors. The compensation of portfolio managers is not directly based upon the performance of the Portfolios or other accounts that the portfolio managers manage. The Advisor reviews the compensation of each portfolio manager annually and may make modifications in compensation as its Compensation Committee deems necessary to reflect changes in the market. Each portfolio manager's compensation consists of the following:

- **Base salary.** Each portfolio manager is paid a base salary. The Advisor considers the factors described above to determine each portfolio manager's base salary.
- **Semi-Annual Bonus.** Each portfolio manager may receive a semi-annual bonus. The amount of the bonus paid to each portfolio manager is based upon the factors described above.

Portfolio managers may be awarded the right to purchase restricted shares of the stock of the Advisor, as determined from time to time by the Board of Directors of the Advisor or its delegates. Portfolio managers also participate in benefit and retirement plans and other programs available generally to all employees.

In addition, portfolio managers may be given the option of participating in the Advisor's Long Term Incentive Plan. The level of participation for eligible employees may be dependent on overall level of compensation, among other considerations. Participation in this program is not based on or related to the performance of any individual strategies or any particular client accounts.

### **Potential Conflicts of Interest**

Actual or apparent conflicts of interest may arise when a portfolio manager has the primary day-to-day responsibilities with respect to more than one Portfolio and other accounts. Other accounts include registered mutual funds (other than the Portfolios in this SAI), other unregistered pooled investment vehicles, and other accounts managed for organizations and individuals ("Accounts"). An Account may have similar investment objectives to a Portfolio, or may purchase, sell or hold securities that are eligible to be purchased, sold or held by a Portfolio. Actual or apparent conflicts of interest include:

- **Time Management.** The management of multiple Portfolios and/or Accounts may result in a portfolio manager devoting unequal time and attention to the management of each Portfolio and/or Accounts. The Advisor seeks to manage such competing interests for the time and attention of portfolio managers by having portfolio managers focus on a particular investment discipline. Most Accounts managed by a portfolio manager are managed using the same investment approaches that are used in connection with the management of the Portfolios.
- **Investment Opportunities.** It is possible that at times identical securities will be held by more than one Portfolio and/or Account. However, positions in the same security may vary and the length of time that any Portfolio or Account may choose to hold its investment in the same security may likewise vary. If a portfolio manager identifies a limited investment opportunity that may be suitable for more than one Portfolio or Account, a Portfolio may not be able to take full advantage of that opportunity due to an allocation of filled purchase or sale orders across all eligible Portfolios and Accounts. To deal with these situations, the Advisor has adopted procedures for allocating portfolio transactions across multiple Portfolios and Accounts.
- **Broker Selection.** With respect to securities transactions for the Portfolios, the Advisor determines which broker to use to execute each order, consistent with its duty to seek best execution of the transaction. However, with respect to certain Accounts (such as separate accounts), the Advisor may be limited by the client with respect to the selection of brokers or may be instructed to direct trades through a particular broker. In these cases, the Advisor or its affiliates may place separate, non-simultaneous, transactions for a Portfolio and another Account that may temporarily affect the market price of the security or the execution of the transaction, or both, to the detriment of the Portfolio or the Account.
- **Performance-Based Fees.** For some Accounts, the Advisor may be compensated based on the profitability of the Account, such as by a performance-based management fee. These incentive compensation structures may create a conflict of interest for the Advisor with regard to Accounts where the Advisor is paid based on a percentage of assets because the portfolio manager may have an incentive to allocate securities preferentially to the Accounts where the Advisor might share in investment gains.
- **Investment in an Account.** A portfolio manager or his/her relatives may invest in an Account that he or she manages and a conflict may arise where he or she may therefore have an incentive to treat the Account in which the portfolio manager or his/her relatives invest preferentially as compared to other Accounts for which he or she has portfolio management responsibilities.

The Advisor and the Fund have adopted certain compliance procedures that are reasonably designed to address these types of conflicts. However, there is no guarantee that such procedures will detect each and every situation in which a conflict arises.

### **Investments in Each Portfolio**

The portfolio managers and their immediate families did not own any shares of the Portfolios contained in this SAI as of October 31, 2020.

## **GENERAL INFORMATION**

The Fund was incorporated under Maryland law on June 15, 1981. Until June 1983, the Fund was named DFA Small Company Fund Inc. From September 18, 1995 until May 1, 2008, VA U.S. Large Value Portfolio was named the VA Large Value Portfolio. From inception until September 18, 1995, VA U.S. Large Value Portfolio was named DFA Global Value Portfolio and VA Global Bond Portfolio was named DFA Global Bond Portfolio. Prior to May 1, 2008, the VA U.S. Targeted Value Portfolio was named the VA Small Value Portfolio. Prior to February 28, 2020, the VA Global Moderate Allocation Portfolio was named the DFA VA Global Moderate Allocation Portfolio. The shares of each Portfolio, when issued and paid for in accordance with the Fund's prospectus, will be fully paid and non-assessable shares, with equal, non-cumulative voting rights and no preferences as to conversion, exchange, dividends, redemption or any other feature.

Pursuant to an exemptive order from the SEC, shares of the Portfolios may be sold to registered separate accounts of various insurance companies offering variable annuity and variable life products. At present, the Board of Directors of the Fund does not foresee any disadvantage arising from the fact that each Portfolio may offer its shares to separate accounts of various insurance companies to serve as an investment vehicle for their variable separate accounts. However, a material conflict could arise between the interest of the different participating separate accounts. The Fund's Board of Directors would monitor events in order to identify any material irreconcilable conflicts that may possibly arise and to determine what action, if any, should be taken in response to such conflicts of interest. If such conflicts were to occur, one or more insurance companies' separate accounts might be required to withdraw its investments in one or more Portfolios, or shares of another Portfolio may be substituted by the Fund. As a result, a Portfolio might be forced to sell a portion of its securities at a disadvantageous price. In the event of such a material conflict, the affected insurance companies agree to take any necessary steps, including removing its separate account from the Portfolio if required by law, to resolve the matter.

## **CODE OF ETHICS**

The Fund, the Advisor, DFA Australia, DFAL and DFAS have adopted a revised Code of Ethics, under Rule 17j-1 of the 1940 Act, for certain access persons of the Portfolios. The Code of Ethics is designed to ensure that access persons act in the interest of the Portfolios, and their shareholders, with respect to any personal trading of securities. Under the Code of Ethics, access persons are generally prohibited from knowingly buying or selling securities (except for mutual funds, U.S. Government securities and money market instruments) which are being purchased, sold or considered for purchase or sale by a Portfolio unless their proposed purchases are approved in advance. The Code of Ethics also contains certain reporting requirements and securities trading clearance procedures.

## **SHAREHOLDER RIGHTS**

Because of current federal securities law requirements, the Fund expects that its life insurance company shareholders will offer their contract owners the opportunity to instruct them as to how Portfolio shares allocable to their variable contracts will be voted with respect to certain matters, such as approval of investment advisory agreements. Generally, an insurance company will vote all Portfolio shares held in a separate account in the same proportion as it receives instructions from contract owners in that separate account. Under certain circumstances described in the insurance company separate account prospectus, the insurance company may not vote in accordance with the contract owner's instructions.

With respect to matters which require shareholder approval, shareholders are entitled to vote only with respect to matters which affect the interest of the class of shares (Portfolio) which they hold, except as otherwise required by applicable law. If liquidation of the Fund should occur, shareholders would be entitled to receive on a per class basis the assets of the particular Portfolio whose shares they own, as well as a proportionate share of Fund assets not attributable to any particular class. Ordinarily, the Fund does not intend to hold annual meetings of shareholders, except as required by the 1940 Act or other applicable law. The Fund's by-laws provide that special meetings of shareholders shall be called at the written request of shareholders entitled to cast not less than a majority of the votes entitled to be cast at such meeting. Such meeting may be called to consider any matter, including the removal of one or more directors. Shareholders will receive shareholder communications with respect to such matters as required by the 1940 Act, including semi-annual and annual financial statements of the Fund, the latter being audited.

Shareholder inquiries may be made by writing or calling the Fund at the address or telephone number appearing on the cover of this SAI. Only those individuals whose signatures are on file for the account in question may receive specific account information or make changes in the account registration.

## **PRINCIPAL HOLDERS OF SECURITIES**

As of January 31, 2021, the following person(s) beneficially owned 5% or more of the outstanding stock of the Portfolios:

### **VA U.S. LARGE VALUE PORTFOLIO**

|   |        |
|---|--------|
| Jefferson National Life Insurance Co.<br>10350 Ormsby Park Place, Suite 600<br>Louisville, KY 40223                     | 25.98% |
| Transamerica Life Insurance Company<br>4333 Edgewood Rd NE, MS 4410<br>Cedar Rapids, IA 52499                           | 13.13% |
| JP Morgan Chase Bank Cust fbo<br>Intelligent Variable Annuity TIAA Cref<br>4 New York Plaza 12 Fl<br>New York, NY 10004 | 10.84% |
| New York Life Insurance & Annuity Corporation<br>51 Madison Avenue<br>New York, NY 10010                                | 9.12%  |
| Nationwide Life Insurance Company<br>PO Box 182029<br>Columbus, OH 43218  | 8.10%  |
| Nationwide Life & Annuity Insurance Company<br>PO Box 182029<br>Columbus, OH 43218                                      | 6.00%  |

### **VA U.S. TARGETED VALUE PORTFOLIO**

|  |        |
|--|--------|
| Jefferson National Life Insurance Co. <sup>1</sup>       | 24.16% |
| Nationwide Life Insurance Company <sup>1</sup>           | 13.66% |
| Transamerica Life Insurance Company <sup>1</sup>         | 11.00% |
| JP Morgan Chase Bank <sup>1</sup>                        | 8.92%  |
| Nationwide Life & Annuity Insurance Company <sup>1</sup> | 5.79%  |

**VA INTERNATIONAL VALUE PORTFOLIO**

|   |        |
|---|--------|
| Jefferson National Life Insurance Co. <sup>1</sup>                        | 27.99% |
| JP Morgan Chase Bank <sup>1</sup>   | 26.30% |
| Transamerica Life Insurance Company <sup>1</sup>                          | 9.53%  |
| Nationwide Life & Annuity Insurance Company <sup>1</sup>                  | 7.26%  |
| Ameritas Life Insurance Corporation<br>5900 O Street<br>Lincoln, NE 68510 | 6.55%  |

**VA INTERNATIONAL SMALL PORTFOLIO**

|  |        |
|--|--------|
| Jefferson National Life Insurance Co. <sup>1</sup>       | 25.93% |
| JP Morgan Chase Bank <sup>1</sup>                        | 17.96% |
| Transamerica Life Insurance Company <sup>1</sup>         | 11.19% |
| Nationwide Life & Annuity Insurance Company <sup>1</sup> | 9.11%  |

**VA SHORT-TERM FIXED PORTFOLIO**

|  |        |
|--|--------|
| Jefferson National Life Insurance Co. <sup>1</sup>   | 25.17% |
| JP Morgan Chase Bank <sup>1</sup>  | 24.28% |
| LVIP Dimensional/Vanguard Total Bond Fund<br>1300 South Clinton Street<br>Fort Wayne, IN 46802 | 16.70% |
| Transamerica Life Insurance Company <sup>1</sup>   | 12.55% |
| Nationwide Life & Annuity Insurance Company <sup>1</sup>                                       | 5.59%  |

**VIT INFLATION-PROTECTED SECURITIES PORTFOLIO**

|  |        |
|--|--------|
| Nationwide Life Insurance Company <sup>1</sup>   | 34.61% |
| New York Life Insurance & Annuity Corporation <sup>1</sup>   | 29.74% |
| Great West Life & Annuity<br>FBO Coli Vul-7<br>8515 East Orchard Road<br>Greenwood Village, CO 80111 | 22.01% |

**VA GLOBAL BOND PORTFOLIO**

|  |        |
|--|--------|
| Jefferson National Life Insurance Co. <sup>1</sup> | 31.29% |
| JP Morgan Chase Bank <sup>1</sup>                  | 14.39% |
| Transamerica Life Insurance Company <sup>1</sup>   | 11.81% |

|  |        |
|--|--------|
| LVIP Dimensional/Vanguard Total Bond Fund <sup>1</sup>                 | 10.61% |
| AIG Life of Bermuda, Ltd.<br>2727-A Allen Parkway<br>Houston, TX 77019 | 8.66%  |
| Ameritas Life Insurance Corporation <sup>1</sup>                       | 5.55%  |

#### **VA GLOBAL MODERATE ALLOCATION PORTFOLIO**

|  |        |
|--|--------|
| Jefferson National Life Insurance Co. <sup>1</sup>   | 42.98% |
| JP Morgan Chase Bank <sup>1</sup>  | 24.56% |
| Ameritas Life Insurance Corporation <sup>1</sup>   | 6.99%  |
| JP Morgan Chase Bank Cust fbo<br>Intelligent Variable Universal Life TIAA Cref<br>4 New York Plaza 12 Fl<br>New York, NY 10004 | 6.56%  |
| Argus International Life Insurance Limited<br>14 Wesley Street<br>Hamilton, Bermuda  | 5.26%  |

#### **VA EQUITY ALLOCATION PORTFOLIO**

|   |        |
|---|--------|
| Jefferson National Life Insurance Co. <sup>1</sup>  | 46.60% |
| JP Morgan Chase Bank <sup>1</sup>   | 31.53% |
| JP Morgan Chase Bank Cust fbo<br>Intelligent Variable Universal Life TIAA Cref <sup>1</sup> | 15.66% |

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<sup>1</sup> See address for shareholder previously listed above.

#### **PURCHASE AND REDEMPTION OF SHARES**

The following information supplements the information set forth in the Prospectus under the caption “**PURCHASE AND REDEMPTION OF SHARES.**”

The Fund will accept purchase and redemption orders on each day that the New York Stock Exchange (“NYSE”) is scheduled to be open for business. However, no purchases by wire may be made on any day that the Federal Reserve System is closed. The Fund generally will be closed on days that the NYSE is closed. The NYSE generally is scheduled to be open Monday through Friday throughout the year except for days closed to recognize New Year’s Day, Martin Luther King, Jr. Day, Presidents’ Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. The Federal Reserve System is closed on the same days as the NYSE, except that it is open on Good Friday and closed on Columbus Day and Veterans’ Day. Orders for redemptions and purchases will not be processed if the Fund is closed.

The Fund reserves the right, in its sole discretion, to suspend the offering of shares of any or all Portfolios or reject purchase orders when, in the judgment of management, such suspension or rejection is in the best interest of the Fund or a Portfolio.



The Fund may suspend redemption privileges or postpone the date of payment: (1) during any period when the NYSE is closed, or trading on the NYSE is restricted as determined by the SEC, (2) during any period when an emergency exists as defined by the rules of the SEC as a result of which it is not reasonably practicable for the Fund to dispose of securities owned by it, or fairly to determine the value of its assets and (3) for such other periods as the SEC may permit.

The Fund or its transfer agent may from time to time appoint a sub-transfer agent, such as a broker, for the receipt of purchase and redemption orders and funds from certain investors. With respect to purchases and redemptions through a sub-transfer agent, the Fund will be deemed to have received a purchase or redemption order when the sub-transfer agent receives the order. Shares of a Portfolio will be priced at the public offering price next calculated after receipt of the purchase or redemption order by the sub-transfer agent.

The Fund has filed a notice of election under Rule 18f-1 of the 1940 Act that allows the Portfolio to redeem in-kind redemption requests of a certain amount. Specifically, if the amount being redeemed is over the lesser of \$250,000 or 1% of the Portfolio's net assets, the Portfolio has the right to redeem the shares by providing the amount that exceeds \$250,000 or 1% of the Portfolio's net assets in securities instead of cash. The securities distributed in-kind would be readily marketable and would be valued for this purpose using the same method employed in calculating the Portfolio's net asset value per share. If a shareholder receives redemption proceeds in-kind, the shareholder should expect to incur transaction costs upon the disposition of the securities received in the redemption.

## **TAXATION OF THE PORTFOLIOS AND THEIR SHAREHOLDERS**

The following is a summary of some of the federal income tax consequences of investing in a Portfolio (sometimes referred to as "the Portfolio"). Because shares of the Portfolio are sold only to separate accounts of insurance companies, the tax consequences described below generally are not applicable to an owner of a variable life or variable annuity contract.

This "TAXATION OF THE PORTFOLIOS AND THEIR SHAREHOLDERS" section is based on the Internal Revenue Code of 1986, as amended (the "Code") and applicable regulations in effect on the date of this SAI. Future legislative, regulatory or administrative changes, including provisions of current law that sunset and thereafter no longer apply, or court decisions may significantly change the tax rules applicable to the Portfolio and its shareholders. Any of these changes or court decisions may have a retroactive effect.

The VA Global Moderate Allocation Portfolio and VA Equity Allocation Portfolio invest in Underlying Funds organized as corporations for federal income tax purposes. Unless otherwise indicated, the discussion below with respect to such Portfolios includes its pro rata share of the dividends and distributions paid by the Underlying Funds.

**This discussion of "TAXATION OF THE PORTFOLIOS AND THEIR SHAREHOLDERS" is not intended or written to be used as tax advice. The tax status of your investment in the Portfolio depends upon the features of your variable life or variable annuity contract. For further information, please refer to the prospectus of the insurance company separate account that offers your contract.**

### **Taxation of the Portfolio**

The Portfolio has elected and intends to qualify (or, if newly organized, intends to elect and qualify) each year as a regulated investment company (sometimes referred to as a "regulated investment company," "RIC" or "portfolio") under Subchapter M of the Code. If the Portfolio qualifies, the Portfolio will not be subject to federal income tax on the portion of its investment company taxable income (that is, generally, taxable interest, dividends, net short-term capital gains, and other taxable ordinary income, net of expenses, without regard to the deduction for dividends paid) and net capital gain (that is, the excess of net long-term capital gains over net short-term capital losses) that it distributes to shareholders.

*Qualification as a regulated investment company.* In order to qualify for treatment as a regulated investment company, the Portfolio must satisfy the following requirements:

- **Distribution Requirement** — the Portfolio must distribute an amount equal to the sum of at least 90% of its investment company taxable income and 90% of its net tax-exempt income, if any, for the tax year (including, for

purposes of satisfying this distribution requirement, certain distributions made by the Portfolio after the close of its taxable year that are treated as made during such taxable year).

- **Income Requirement**—the Portfolio must derive at least 90% of its gross income from dividends, interest, certain payments with respect to securities loans, and gains from the sale or other disposition of stock, securities or foreign currencies, or other income (including, but not limited to, gains from options, futures or forward contracts) derived from its business of investing in such stock, securities or currencies and net income derived from qualified publicly traded partnerships (“QPTPs”).
- **Asset Diversification Test**—the Portfolio must satisfy the following asset diversification test at the close of each quarter of the Portfolio’s tax year: (1) at least 50% of the value of the Portfolio’s assets must consist of cash and cash items, U.S. Government securities, securities of other regulated investment companies, and securities of other issuers (as to which the Portfolio has not invested more than 5% of the value of the Portfolio’s total assets in securities of an issuer and as to which the Portfolio does not hold more than 10% of the outstanding voting securities of the issuer); and (2) no more than 25% of the value of the Portfolio’s total assets may be invested in the securities of any one issuer (other than U.S. Government securities or securities of other regulated investment companies) or of two or more issuers which the Portfolio controls and which are engaged in the same or similar trades or businesses, or, collectively, in the securities of one or more QPTPs.

In some circumstances, the character and timing of income realized by the Portfolio for purposes of the Income Requirement or the identification of the issuer for purposes of the Asset Diversification Test is uncertain under current law with respect to a particular investment, and an adverse determination or future guidance by the Internal Revenue Service (“IRS”) with respect to such type of investment may adversely affect the Portfolio’s ability to satisfy these requirements. In other circumstances, the Portfolio may be required to sell portfolio holdings in order to meet the Income Requirement, Distribution Requirement, or Asset Diversification Test which may have a negative impact on the Portfolio’s income and performance.

The Portfolio may use “equalization accounting” (in lieu of making some cash distributions) in determining the portion of its income and gains that has been distributed. If the Portfolio uses equalization accounting, it will allocate a portion of its undistributed investment company taxable income and net capital gain to redemptions of Portfolio shares and will correspondingly reduce the amount of such income and gains that it distributes in cash. If the IRS determines that the Portfolio’s allocation is improper and that the Portfolio has under-distributed its income and gain for any taxable year, the Portfolio may be liable for federal income and/or excise tax. If, as a result of such adjustment, the Portfolio fails to satisfy the Distribution Requirement, the Portfolio will not qualify that year as a regulated investment company, the effect of which is described in the following paragraph.

If for any taxable year the Portfolio does not qualify as a regulated investment company, all of its taxable income (including its net capital gain) would be subject to tax at the corporate income tax rate without any deduction for dividends paid to shareholders, and the dividends would be taxable to the shareholders as ordinary income to the extent of the Portfolio’s current and accumulated earnings and profits. Failure to qualify as a regulated investment company would thus have a negative impact on the Portfolio’s income and performance. Subject to savings provisions for certain inadvertent failures to satisfy the Income Requirement or Asset Diversification Test which, in general, are limited to those due to reasonable cause and not willful neglect, it is possible that the Portfolio will not qualify as a regulated investment company in any given tax year. Even if such savings provisions apply, the Portfolio may be subject to a monetary sanction of \$50,000 or more. Moreover, the Board reserves the right not to maintain the qualification of the Portfolio as a regulated investment company if it determines such a course of action to be beneficial to shareholders.

*Capital loss carryovers.* The capital losses of the Portfolio, if any, do not flow through to shareholders. Rather, the Portfolio may use its capital losses, subject to applicable limitations, to offset its capital gains without being required to pay taxes on or distribute to shareholders such gains that are offset by the losses. If the Portfolio has a “net capital loss” (that is, capital losses in excess of capital gains), the excess (if any) of the Portfolio’s net short-term capital losses over its net long-term capital gains is treated as a short-term capital loss arising on the first day of the Portfolio’s next taxable year, and the excess (if any) of the Portfolio’s net long-term capital losses over its net short-term capital gains is treated as a long-term capital loss arising on the first day of the Portfolio’s next taxable year. Any such net capital losses of the Portfolio that are not used to offset capital gains may be carried forward indefinitely to reduce any future capital gains realized by the Portfolio in succeeding taxable years. The amount of capital losses that can be carried forward and used in any single year is subject to an annual limitation if there is a more than 50% “change in ownership” of the Portfolio. An ownership change generally results when shareholders owning 5% or more of the Portfolio increase their aggregate holdings by more than 50% over a

three-year look-back period. An ownership change could result in capital loss carryovers being used at a slower rate, thereby reducing the Portfolio's ability to offset capital gains with those losses. An increase in the amount of taxable gains distributed to the Portfolio's shareholders could result from an ownership change. The Portfolio undertakes no obligation to avoid or prevent an ownership change, which can occur in the normal course of shareholder purchases and redemptions or as a result of engaging in a tax-free reorganization with another portfolio. Moreover, because of circumstances beyond the Portfolio's control, there can be no assurance that the Portfolio will not experience, or has not already experienced, an ownership change.

*Deferral of late year losses.* The Portfolio may elect to treat part or all of any "qualified late year loss" as if it had been incurred in the succeeding taxable year in determining the Portfolio's taxable income, net capital gain, net short-term capital gain, and earnings and profits. The effect of this election is to treat any such "qualified late year loss" as if it had been incurred in the succeeding taxable year in characterizing Portfolio distributions for any calendar year (see "**Taxation of Portfolio Distributions** — *Distributions of capital gains*" below). A "qualified late year loss" includes:

- any net capital loss incurred after October 31 of the current taxable year, or, if there is no such loss, any net long-term capital loss or any net short-term capital loss incurred after October 31 of the current taxable year ("post-October capital losses"), and
- the sum of (1) the excess, if any, of (a) specified losses incurred after October 31 of the current taxable year, over (b) specified gains incurred after October 31 of the current taxable year and (2) the excess, if any, of (a) ordinary losses incurred after December 31 of the current taxable year, over (b) the ordinary income incurred after December 31 of the current taxable year.

The terms "specified losses" and "specified gains" mean ordinary losses and gains from the sale, exchange, or other disposition of property (including the termination of a position with respect to such property), foreign currency losses and gains, and losses and gains resulting from holding stock in a passive foreign investment company ("PFIC") for which a mark-to-market election is in effect. The terms "ordinary losses" and "ordinary income" mean other ordinary losses and income that are not described in the preceding sentence. Since the Portfolio has a fiscal year ending in October, the amount of qualified late-year losses (if any) is computed without regard to any items of income, gain, or loss that are (a) post-October capital losses, (b) specified losses, and (c) specified gains.

*Undistributed capital gains.* The Portfolio may retain or distribute to shareholders its net capital gain for each taxable year. The Portfolio currently intends to distribute net capital gains. If the Portfolio elects to retain its net capital gain, the Portfolio will be taxed thereon (except to the extent of any available capital loss carryovers) at the corporate income tax rate. If the Portfolio elects to retain its net capital gain, it is expected that the Portfolio also will elect to have shareholders treated as if each received a distribution of its pro rata share of such gain, with the result that each shareholder will be required to report its pro rata share of such gain on its tax return as long-term capital gain, will receive a refundable tax credit for its pro rata share of tax paid by the Portfolio on the gain, and will increase the tax basis for its shares by an amount equal to the deemed distribution less the tax credit.

*Fund of funds corporate structures (VA Global Moderate Allocation Portfolio and VA Equity Allocation Portfolio).* Distributions by the Underlying Funds, redemptions of shares in the Underlying Funds, and changes in asset allocations by the Portfolio may result in taxable distributions to Portfolio shareholders of ordinary income or capital gains. A fund of funds generally will not be able to currently offset gains realized by one Underlying Fund in which the fund of funds invests against losses realized by another Underlying Fund. If shares of an Underlying Fund are purchased within 30 days before or after redeeming at a loss other shares of that Underlying Fund (whether pursuant to a rebalancing by the Portfolio or otherwise), all or a part of the loss will not be deductible by the Portfolio and instead will increase its basis for the newly purchased shares. Also, except with respect to qualified fund of funds discussed below, a fund of funds (a) is not eligible to pass-through to shareholders foreign tax credits from an Underlying Fund that pays foreign income taxes (see, "**Taxation of Portfolio Distributions** — *Pass-through of foreign tax credits*" below), (b) is not eligible to pass-through to shareholders exempt-interest dividends from an Underlying Fund, and (c) dividends paid by a fund of funds from interest earned by an Underlying Fund on U.S. Government obligations is unlikely to be exempt from state and local income tax. However, a fund of funds is eligible to pass-through to shareholders qualified dividends earned by an Underlying Fund (see "**Taxation of Portfolio Distributions** — *Dividends-received deduction for corporations*" below). A qualified fund of funds, i.e. a Portfolio at least 50 percent of the value of the total assets of which (at the close of each quarter of the taxable year) is represented by interests in other RICs, is eligible to pass-through to shareholders (a) foreign tax credits and (b) exempt-interest dividends.

*Excise tax distribution requirements.* To avoid a 4% nondeductible federal excise tax, the Portfolio must distribute by December 31 of each year an amount equal to at least: (1) 98% of its ordinary income for the calendar year, (2) 98.2% of capital gain net income (that is, the excess of the gains from sales or exchanges of capital assets over the losses from such sales or exchanges) for the one-year period ended on October 31 of such calendar year, and (3) any prior year undistributed ordinary income and capital gain net income. Federal excise taxes will not apply to the Portfolio in a given calendar year, however, if all of its shareholders (other than certain “permitted shareholders”) at all times during the calendar year are segregated asset accounts of life insurance companies where the shares are held in connection with variable products. For purposes of determining whether the Portfolio qualifies for this exemption, any shares attributable to an investment in the Portfolio made in connection with organization of the Portfolio is disregarded as long as the investment doesn’t exceed \$250,000. Permitted shareholders include other RICs eligible for the exemption (e.g., insurance dedicated funds-of-funds). If the Portfolio fails to qualify for the exemption, the Portfolio intends to make sufficient distributions prior to the end of each calendar year to avoid any material liability for federal income and excise tax, but can give no assurances that all or a portion of such liability will be avoided.

*Foreign income tax.* Investment income received by the Portfolio from sources within foreign countries may be subject to foreign income tax withheld at the source and the amount of tax withheld generally will be treated as an expense of the Portfolio. Any foreign withholding taxes could reduce the Portfolio’s distributions paid to you. The United States has entered into tax treaties with many foreign countries which entitle the Portfolio to a reduced rate of, or exemption from, tax on such income. Some countries require the filing of a tax reclaim or other forms to receive the benefit of the reduced tax rate; whether or when the Portfolio will receive the tax reclaim is within the control of the individual country. Information required on these forms may not be available such as shareholder information; therefore, the Portfolio may not receive the reduced treaty rates or potential reclaims. Other countries have conflicting and changing instructions and restrictive timing requirements which may cause the Portfolio not to receive the reduced treaty rates or potential reclaims. Other countries may subject capital gains realized by the Portfolio on sale or disposition of securities of that country to taxation. It is impossible to determine the effective rate of foreign tax in advance since the amount of the Portfolio’s assets to be invested in various countries is not known. Under certain circumstances, the Portfolio may elect to pass-through foreign tax credits to shareholders, although it reserves the right not to do so. In some instances it may be more costly to pursue tax reclaims than the value of the benefits received by the Portfolio. If the Portfolio makes such an election and obtains a refund of foreign taxes paid by the Portfolio in a prior year, the Portfolio may be eligible to reduce the amount of foreign taxes reported by the Portfolio to its shareholders, generally by the amount of the foreign taxes refunded, for the year in which the refund is received. See “**Taxation of Portfolio Distributions – Pass-through of foreign tax credits**” below.

### **Special Rules Applicable to Variable Contracts**

The Portfolio intends to comply with the diversification requirements imposed by Section 817(h) of the Code and the regulations thereunder. These requirements, which are in addition to the diversification requirements imposed on the Portfolio by the 1940 Act and Subchapter M of the Code, place certain limitations on (i) the assets of the insurance company separate accounts that may be invested in securities of a single issuer and (ii) eligible investors. Because Section 817(h) and those regulations treat the assets of the Portfolio as assets of the corresponding division of the insurance company separate accounts (referred to as “segregated asset accounts” for federal income tax purposes), the Portfolio intends to comply with these diversification requirements. Specifically, the regulations provide that, except as permitted by the “safe harbor” described below, as of the end of each calendar quarter or within 30 days thereafter no more than 55% of the Portfolio’s total assets may be represented by any one investment, no more than 70% by any two investments, no more than 80% by any three investments and no more than 90% by any four investments. For this purpose, all securities of the same issuer are considered a single investment, and while each U.S. Government agency and instrumentality is considered a separate issuer, a particular foreign government and its agencies, instrumentalities and political subdivisions all will be considered the same issuer. Section 817(h) provides, as a safe harbor, that a segregated asset account will be treated as being adequately diversified if the Asset Diversification Test is satisfied and no more than 55% of the value of the account’s total assets are cash and cash items (including receivables), government securities and securities of other RICs. The regulations also provide that the Portfolio’s shareholders are limited, generally, to life insurance company segregated asset accounts, general accounts of the same life insurance company, an investment advisor or affiliate in connection with the creation or management of the Portfolio or the trustee of a qualified pension plan. Failure of the Portfolio to satisfy the Section 817(h) requirements would result in taxation of and treatment of the contract holders investing in a corresponding insurance company division other than as described in the applicable prospectuses of the various insurance company segregated asset accounts.

Also, for a variable life or a variable annuity insurance contract to qualify for tax deferral, assets in the segregated asset accounts supporting the contract must be considered to be owned by the insurance company and not by the contract owner. Accordingly, a contract holder should not have an impermissible level of control over the Fund's investment in any particular asset so as to avoid the prohibition on investor control. If the contract holder is considered the owner of the segregated asset account, income and gains produced by the underlying assets would be included currently in the contract holder's gross income with the variable contract being characterized as a mere "wrapper." In light of the unique structure of the VA Global Moderate Allocation Portfolio, the Portfolio sought and received a private letter ruling from the IRS holding that the owner of the variable life or variable annuity contract will not be treated as the owner of the Portfolio's shares based on the structure and intended operation of the Portfolio. However, it is possible that the Treasury Department may issue future pronouncements addressing the circumstances in which a variable contract owner's control of the investments of a segregated asset account may cause the contract owner, rather than the insurance company, to be treated as the owner of the assets held by the segregated asset account. If the contract owner is considered the owner of the segregated asset account, income and gains produced by those securities would be included currently in the contract owner's gross income. It is not known what standards will be set forth in any such pronouncements or when, if at all, these pronouncements may be issued. If such pronouncements are issued, the Portfolio would seek to modify the structure of the Portfolio.

Reference should be made to the prospectus for the applicable contract for more information regarding the federal income tax consequences to an owner of a contract.

### **Taxation of Portfolio Distributions**

The Portfolio anticipates distributing substantially all of its investment company taxable income and net capital gain for each taxable year.

*Distributions of net investment income.* The Portfolio receives ordinary income generally in the form of dividends and/or interest on its investments. The Portfolio may also recognize ordinary income from other sources, including, but not limited to, certain gains on foreign currency-related transactions. This income, less expenses incurred in the operation of a Portfolio, constitutes its net investment income from which dividends may be paid to shareholders.

*Distributions of capital gains.* A Portfolio may realize a capital gain or loss in connection with sales or other dispositions of its portfolio securities. A Portfolio investing in an Underlying Fund may also derive capital gains through its redemption of shares of an Underlying Fund (see "**Taxation of the Portfolio**—*Fund of funds corporate structures*" above). Distributions derived from the excess of net short-term capital gain over net long-term capital loss will be taxable to shareholders as ordinary income. Distributions from the excess of net long-term capital gain over net short-term capital loss will be taxable to shareholders as long-term capital gain, regardless of how long the shareholder has held their shares in the Portfolio.

*Returns of capital.* Distributions by the Portfolio that are not paid from earnings and profits will be treated as a return of capital to the extent of (and in reduction of) the shareholder's tax basis in his shares; any excess will be treated as gain from the sale of his shares. Thus, the portion of a distribution that constitutes a return of capital will decrease the shareholder's tax basis in his Portfolio shares (but not below zero), and will result in an increase in the amount of gain (or decrease in the amount of loss) that will be recognized by the shareholder for tax purposes on the later sale of such Portfolio shares. Return of capital distributions can occur for a number of reasons including, among others, the Portfolio over-estimates the income to be received from certain investments such as those classified as partnerships or equity real estate investment trusts.

*Dividends-received deduction for corporations.* Ordinary income dividends designated by the Portfolio as derived from qualified dividends from domestic corporations will qualify for the 50% dividends-received deduction generally available to corporations. The availability of the dividends-received deduction is subject to certain holding period and debt financing restrictions imposed under the Code on the corporation claiming the deduction. Income derived by the Portfolio from investments in derivatives, fixed-income and foreign securities generally is not eligible for this treatment.

*Tax shelter reporting.* Under Treasury regulations, if a shareholder recognizes a loss with respect to the Portfolio's shares of \$2 million or more for an individual shareholder or \$10 million or more for a corporate shareholder (or certain greater amounts over a combination of years), the shareholder must file with the IRS a disclosure statement on Form 8886. The fact that a loss is reportable under these regulations does not affect the legal determination of whether the taxpayer's

treatment of the loss is proper. Shareholders should consult their tax advisors to determine the applicability of these regulations in light of their individual circumstances.

*Consent dividends.* The Portfolio may utilize consent dividend provisions of Section 565 of the Code to make distributions. Provided that all shareholders agree in a consent filed with the income tax return of the Portfolio to treat as a dividend the amount specified in the consent, the amount will be considered a distribution just as any other distribution paid in money and reinvested back into the Portfolio.

*Pass-through of foreign tax credits.* If at the end of the fiscal year more than 50% in value of the total assets of the Portfolio (or if the Portfolio is a qualified fund of funds as described above under the heading “**Taxation of the Portfolio—Fund of funds corporate structures**”, an Underlying Fund) are invested in securities of foreign corporations, the Portfolio may elect to pass through to its shareholders their pro rata share of foreign income taxes paid by the Portfolio (or Underlying Fund). If this election is made, the Portfolio may report more taxable income to a shareholder than it actually distributes. The shareholder will then be entitled either to deduct their share of these taxes in computing their taxable income or to claim a foreign tax credit for these taxes against their U.S. federal income tax (subject to limitations for certain shareholders). The Portfolio will provide shareholders with the information necessary to claim this deduction or credit on their personal income tax return if it makes this election. The Portfolio (or Underlying Fund) reserves the right not to pass through to its shareholders the amount of foreign income taxes paid by the Portfolio (or Underlying Fund). Additionally, any foreign tax withheld on payments made “in lieu of” dividends or interest will not qualify for the pass-through of foreign tax credits to shareholders.

### **Tax Treatment of Portfolio Transactions**

Set forth below is a general description of the tax treatment of certain types of securities, investment techniques and transactions that may apply to a portfolio and, in turn, affect the amount, character and timing of dividends and distributions payable by the portfolio to its shareholders. This section should be read in conjunction with the discussion in the Prospectus under “Principal Investment Strategies” and “Principal Risks” for a detailed description of the various types of securities and investment techniques that apply to the Portfolio.

*Options, futures, forward contracts, swap agreements and hedging transactions.* A portfolio’s transactions in derivative instruments (including options, forward contracts and swap agreements) as well as its other hedging, short sale, or similar transactions, may be subject to one or more special tax rules (including the constructive sale, notional principal contract, straddle, wash sale and short sale rules). These rules may affect whether gains and losses recognized by a portfolio are treated as ordinary or capital or as short-term or long-term, accelerate the recognition of income or gains to the portfolio, defer losses to the portfolio, and cause adjustments in the holding periods of the portfolio’s securities. These rules, therefore, could affect the amount, timing and/or character of distributions to shareholders. Moreover, because the tax rules applicable to derivative financial instruments are in some cases uncertain under current law, an adverse determination or future guidance by the IRS with respect to these rules (which determination or guidance could be retroactive) may affect whether a portfolio has made sufficient distributions and otherwise satisfied the relevant requirements to maintain its qualification as a regulated investment company and avoid a portfolio-level tax.

*PFIC securities.* The Portfolio may invest in securities of foreign entities that could be deemed for tax purposes to be PFICs. In general, a PFIC is any foreign corporation if 75% or more of its gross income for its taxable year is passive income, or 50% or more of its average assets (by value) are held for the production of passive income. When investing in PFIC securities, the Portfolio intends to mark-to-market these securities and recognize any unrealized gains as ordinary income at the end of its fiscal year. Deductions for losses are allowable only to the extent of any current or previously recognized gains. These gains (reduced by allowable losses) are treated as ordinary income that the Portfolio is required to distribute, even though it has not sold or received dividends from these securities. Shareholders should also be aware that the designation of a foreign security as a PFIC security will cause its income dividends to fall outside of the definition of qualified foreign corporation dividends. These dividends generally will not qualify for the reduced rate of taxation on qualified dividends when distributed to shareholders by the Portfolio. Due to various complexities in identifying PFICs, the Portfolio can give no assurances that it will be able to identify portfolio securities in foreign corporations that are PFICs in time for the Portfolio to make a mark-to-market election. If the Portfolio (or an Underlying Fund) is unable to identify an investment as a PFIC and thus does not make a mark-to-market election, the Portfolio (or Underlying Fund) may be subject to U.S. federal income tax on a portion of any “excess distribution” or gain from the disposition of such shares even if such income is distributed as a taxable dividend by the Portfolio to its shareholders. Additional charges in the nature of interest

may be imposed on the Portfolio (or Underlying Fund) in respect of deferred taxes arising from such distributions or gains. Any such taxes or interest charges could in turn reduce the Portfolio's distributions paid to shareholders.

### **Effect of Future Legislation; Local Tax Considerations**

The foregoing general discussion of U.S. federal income tax consequences is based on the Code and the regulations issued thereunder as in effect on the date of this SAI. Future legislative or administrative changes, including provisions of current law that sunset and thereafter no longer apply, or court decisions may significantly change the conclusions expressed herein, and any such changes or decisions may have a retroactive effect with respect to the transactions contemplated herein. Rules of state and local taxation of ordinary income and capital gain dividends may differ from the rules for U.S. federal income taxation described above. Distributions may also be subject to additional state, local and foreign taxes depending on each shareholder's particular situation. Non-U.S. shareholders may be subject to U.S. tax rules that differ significantly from those summarized above. Shareholders are urged to consult their tax advisors as to the consequences of these and other state and local tax rules affecting investment in the Portfolio.

### **PROXY VOTING POLICIES**

The Boards of Directors of the Fund and DIG have delegated the authority to vote proxies for the portfolio securities held by the Portfolios and Underlying Funds to the Advisor in accordance with the Proxy Voting Policies and Procedures (the "Voting Policies") and Proxy Voting Guidelines ("Voting Guidelines") adopted by the Advisor. A concise summary of the Voting Guidelines is provided in an Appendix to this SAI.

The Investment Committee at the Advisor is generally responsible for overseeing the Advisor's proxy voting process. The Investment Committee has formed the Investment Stewardship Committee (the "Committee") composed of certain officers, directors and other personnel of the Advisor and has delegated to its members authority to (i) oversee the voting of proxies and third-party proxy service providers, (ii) make determinations as to how to vote certain specific proxies, (iii) verify ongoing compliance with the Voting Policies, (iv) receive reports on the review of the third-party proxy service providers, and (v) review the Voting Policies from time to time and recommend changes to the Investment Committee. The Committee may designate one or more of its members to oversee specific, ongoing compliance with respect to the Voting Policies and may designate personnel of the Advisor to vote proxies on behalf of the Portfolios and Underlying Funds, such as authorized traders of the Advisor.

The Advisor seeks to vote (or refrains from voting) proxies for the Portfolios and Underlying Funds in a manner that the Advisor determines is in the best interests of the Portfolios and Underlying Funds, and which seeks to maximize the value of the Portfolios' and Underlying Funds' investments. Generally, the Advisor analyzes proxy statements on behalf of the Portfolios and Underlying Funds and instructs the vote (or refrains from voting) in accordance with the Voting Policies and the Voting Guidelines. Most proxies the Advisor receives are instructed to be voted in accordance with the Voting Guidelines, and when proxies are voted consistently with such guidelines, the Advisor considers such votes not to be affected by conflicts of interest. However, the Voting Policies do address the procedures to be followed if a potential or actual conflict of interest arises between the interests of the Portfolios or Underlying Funds, and the interests of the Advisor or its affiliates. If a Committee member has actual knowledge of a conflict of interest and recommends a vote contrary to the Voting Guidelines (or in the case where the Voting Guidelines do not prescribe a particular vote and the proposed vote is contrary to the recommendation of third-party proxy service providers), the Committee member will bring the vote to the Committee which will (a) determine how the vote should be cast keeping in mind the principle of preserving shareholder value, or (b) determine to abstain from voting, unless abstaining would be materially adverse to the interest of the Portfolios or Underlying Funds. To the extent the Committee makes a determination regarding how to vote or to abstain for a proxy on behalf of a Portfolio or Underlying Fund in the circumstances described in this paragraph, the Advisor will report annually on such determinations to the Board of Directors of the Fund or DIG, as applicable.

The Advisor will usually instruct voting of proxies in accordance with the Voting Guidelines. The Voting Guidelines provide a framework for analysis and decision making, however, the Voting Guidelines do not address all potential issues. In order to be able to address all the relevant facts and circumstances related to a proxy vote, the Advisor reserves the right to instruct votes that deviate from the Voting Guidelines if, after a review of the matter, the Advisor believes that the best interests of the Portfolio or Underlying Fund would be served by, or applicable legal and fiduciary standards require, such a vote. In such a circumstance, the analysis will be documented in writing and periodically presented

to the Committee for review. To the extent that the Voting Guidelines do not cover potential voting issues, the Advisor may consider the spirit of the Guidelines and applicable legal standards and instruct the vote on such issues in a manner that the Advisor believes would be in the best interests of the Portfolio or Underlying Fund.

In some cases, the Advisor may determine that it is in the best interests of a Portfolio or Underlying Fund to refrain from exercising proxy voting rights. The Advisor may determine that voting is not in the best interest of a Portfolio or Underlying Fund and refrain from voting if the costs, including the opportunity costs, of voting would, in the view of the Advisor, exceed the expected benefits of voting. For securities on loan, the Advisor will balance the revenue-producing value of loans against the difficult-to-assess value of casting votes. It is the Advisor's belief that the expected value of casting a vote generally will be less than the securities lending income, either because the votes will not have significant economic consequences or because the outcome of the vote would not be affected by the Advisor recalling loaned securities for voting. The Advisor does intend to recall securities on loan if based upon information in the Advisor's possession, it determines that voting the securities is likely to materially affect the value of the Portfolio's or Underlying Fund's investment and that it is in the Portfolio's or Underlying Fund's best interests to do so. In cases where the Advisor does not receive a solicitation or enough information within a sufficient time (as reasonably determined by the Advisor) prior to the proxy-voting deadline, the Advisor or its service provider may be unable to vote.

With respect to non-U.S. securities, it may be both difficult and costly to vote proxies due to local regulations, customs, and other requirements or restrictions. The Advisor does not intend to vote proxies of non-U.S. companies if the Advisor determines that the expected economic costs from voting outweigh the anticipated economic benefit to a Portfolio or Underlying Fund associated with voting. The Advisor intends to make its determination on whether to vote proxies of non-U.S. companies on a portfolio-by-portfolio basis. In doing so, the Advisor evaluates market requirements and impediments to voting proxies of companies in a country. The Advisor periodically reviews voting logistics, including costs and other voting difficulties, on a portfolio-by-portfolio and country-by-country basis, in order to determine if there have been any material changes that would affect the Advisor's determinations and procedures. In the event the Advisor is made aware of and believes an issue to be voted is likely to materially affect the economic value of a Portfolio or Underlying Fund, that its vote is reasonably likely to be determinative of the outcome of the contest, and the expected benefits of voting the proxies exceed the costs, the Advisor will make reasonable efforts to vote such proxies.

The Advisor considers social or environmental issues when voting proxies for portfolios that do not have social or sustainability screens, such as the Portfolios, if the Advisor believes that doing so is in the best interest of the portfolio and is otherwise consistent with applicable law and the Advisor's duties, such as where material environmental or social risks may have economic ramifications for shareholders.

The Advisor has retained certain third-party proxy voting service providers ("Proxy Service Firms") to provide certain services with respect to proxy voting. Proxy Service Firms will: provide information on shareholder meeting dates and proxy materials; translate proxy materials printed in a foreign language; provide research on proxy proposals; operationally process votes in accordance with the Voting Guidelines on behalf of the Portfolios and Underlying Funds; and provide reports concerning the proxies voted ("Proxy Voting Services"). Although the Advisor retains third-party service providers for Proxy Voting Services, the Advisor remains responsible for proxy voting decisions and making such decisions in accordance with its fiduciary duties. The Advisor has designed Voting Policies to prudently select, oversee and evaluate Proxy Service Firms consistent with the Advisor's fiduciary duties, including with respect to the matters described below, which Proxy Service Firms have been engaged to provide Proxy Voting Services to support the Advisor's voting in accordance with the Voting Policies. Prior to the selection of a new Proxy Service Firm and annually thereafter or more frequently if deemed necessary by the Advisor, the Committee will consider whether the Proxy Service Firm (i) has the capacity and competency to timely and adequately analyze proxy issues and provide the Proxy Voting Services the Proxy Service Firm has been engaged to provide and (ii) can make its recommendations in an impartial manner and in the best interests of the Advisor's clients, and consistent with the Advisor's Voting Policies and fiduciary duties. In the event that the Voting Guidelines are not implemented precisely as the Advisor intends because of the actions or omissions of any third party service providers, custodians or sub-custodians or other agents or any such persons experience any irregularities (e.g., misvotes or missed votes), then such instances will not necessarily be deemed by the Advisor as a breach of the Voting Policies.

Information regarding how each of the Portfolios and Underlying Funds voted proxies related to its portfolio securities during the 12 month period ended June 30 of each year is available, no later than August 31 of each year, without charge, (i) on the Advisor's website at <http://us.dimensions.com> and (ii) on the SEC's website at <http://www.sec.gov>.



## DISCLOSURE OF PORTFOLIO HOLDINGS

The Advisor and the Boards of Directors of the Fund and DIG (the “Board”) have adopted a policy (the “Policy”) to govern disclosure of the portfolio holdings of the Portfolios and Underlying Funds (“Holdings Information”), and to prevent the misuse of material non-public Holdings Information. The Advisor has determined that the Policy and its procedures (1) are reasonably designed to ensure that disclosure of Holdings Information is in the best interests of the shareholders of the Portfolios, and (2) appropriately address the potential for material conflicts of interest.

*Disclosure of Holdings Information as Required by Applicable Law.* Holdings Information (whether a partial listing of portfolio holdings or a complete listing of portfolio holdings) shall be disclosed to any person as required by applicable law, rules and regulations.

*Online Disclosure of Portfolio Holdings Information.* Each Portfolio and Underlying Fund generally discloses its complete Holdings Information (other than cash and cash equivalents), as of month-end, online at the Advisor’s public website, <http://us.dimensional.com>, 30 days following the month-end.

*Disclosure of Holdings Information to Recipients.* The Advisor’s Head of Global Institutional Services and Global Chief Compliance Officer (“Chief Compliance Officer”), or a delegate of the same, respectively (collectively, the “Designated Persons”), together may authorize disclosing non-public Holdings Information more frequently or at different periods than as described above solely to those financial advisors, registered accountholders, authorized consultants, authorized custodians, or third-party data service providers (each a “Recipient”) who: (i) specifically request the more current non-public Holdings Information and (ii) execute a Use and Nondisclosure Agreement (each a “Nondisclosure Agreement”). Each Nondisclosure Agreement subjects the Recipient to a duty of confidentiality with respect to the non-public Holdings Information, and prohibits the Recipient from trading based on the non-public Holdings Information. Any non-public Holdings Information that is disclosed shall not include any material information about a Portfolio’s or Underlying Fund’s trading strategies or pending portfolio transactions. The non-public Holdings Information provided to a Recipient under a Nondisclosure Agreement, unless indicated otherwise, is not subject to a time delay before dissemination.

As of the date of this SAI, the Advisor and the Portfolios had ongoing arrangements with the following Recipients to make available non-public Holdings Information:

| Recipient                           | Business Purpose  | Frequency    |
|-------------------------------------|---|--------------|
| Citibank, N.A.                      | Fund Custodian  | Daily        |
| Citibank, N.A.                      | Middle office operational support service provider to the Advisor   | Daily        |
| PricewaterhouseCoopers LLP          | Independent registered public accounting firm                       | Upon Request |
| Pricing Service Vendor              | Fair value information services                                     | Daily        |
| State Street Bank and Trust Company | Fund Administrator, Accounting Agent, Transfer Agent, and Custodian | Daily        |

In addition, certain employees of the Advisor and its subsidiaries receive Holdings Information on a quarterly, monthly or daily basis, or upon request, in order to perform their business functions. The Portfolios, the Advisor, or other parties do not receive any compensation in connection with these arrangements.

The Policy includes the following procedures to ensure that disclosure of Holdings Information is in the best interests of shareholders, and to address any conflicts between the interests of shareholders, on the one hand, and the interests of the Advisor, DFAS or any affiliated person of the Fund, DIG, the Advisor or DFAS, on the other. In order to protect the interests of shareholders, the Portfolios and Underlying Funds, and to ensure no adverse effect on shareholders, in the limited circumstances where a Designated Person is considering making non-public Holdings Information available to a Recipient, the Advisor’s Director of Institutional Services and the Chief Compliance Officer will consider any conflicts of interest. If the Chief Compliance Officer, following appropriate due diligence, determines in his or her reasonable business judgment that (1) the Portfolio or Underlying Fund, as applicable, has a legitimate business purpose for providing the non-public

Holdings Information to a Recipient, and (2) disclosure of non-public Holdings Information to the Recipient would be in the interests of the shareholders and outweighs possible reasonably anticipated adverse effects, then the Chief Compliance Officer may approve the proposed disclosure.

The Chief Compliance Officer documents all disclosures of non-public Holdings Information (including the legitimate business purpose for the disclosure), and periodically reports to the Board on such arrangements. The Chief Compliance Officer is also responsible for ongoing monitoring of the distribution and use of non-public Holdings Information. Such arrangements are reviewed by the Chief Compliance Officer on an annual basis. Specifically, the Chief Compliance Officer requests an annual certification from each Recipient that the Recipient has complied with all terms contained in the Nondisclosure Agreement. Recipients who fail to provide the requested certifications are prohibited from receiving non-public Holdings Information.

The Board exercises continuing oversight of the disclosure of Holdings Information by: (1) overseeing the implementation and enforcement of the Policy by the Chief Compliance Officer of the Advisor and of the Fund and DIG; (2) considering reports and recommendations by the Chief Compliance Officer concerning the implementation of the Policy and any material compliance matters that may arise in connection with the Policy; and (3) considering whether to approve or ratify any amendments to the Policy. The Advisor and the Board reserve the right to amend the Policy at any time, and from time to time without prior notice, in their sole discretion.

*Prohibitions on Disclosure of Portfolio Holdings and Receipt of Compensation.* No person is authorized to disclose Holdings Information or other investment positions (whether online at <http://us.dimensional.com>, in writing, by fax, by e-mail, orally or by other means) except in accordance with the Policy. In addition, no person is authorized to make disclosure pursuant to the Policy if such disclosure is otherwise in violation of the antifraud provisions of the federal securities laws.

The Policy prohibits a Portfolio, an Underlying Fund, the Advisor or an affiliate thereof from receiving any compensation or other consideration of any type for the purpose of obtaining disclosure of non-public Holdings Information or other investment positions. "Consideration" includes any agreement to maintain assets in the Portfolio, Underlying Fund or in other investment companies or accounts managed by the Advisor or by any affiliated person of the Advisor.

The Policy and its procedures are intended to provide useful information concerning the Portfolios and Underlying Funds to existing and prospective shareholders, while at the same time preventing the improper use of Holdings Information. However, there can be no assurance that the furnishing of any Holdings Information is not susceptible to inappropriate uses, particularly in the hands of sophisticated investors, or that the Holdings Information will not in fact be misused in other ways, beyond the control of the Advisor.

*Disclosure of Non-Material Information.* To the extent permitted under the Policy, Designated Persons, officers of the Fund, portfolio managers, other representatives of the Advisor, and anyone employed by or associated with the Advisor who has been authorized by the Advisor's Legal Department or the Designated Persons (collectively, "Approved Representatives") may disclose any views, opinions, judgments, advice or commentary, or any analytical, statistical, performance or other information, in connection with or relating to the Portfolios or their Holdings Information and/or other investment positions (collectively, commentary and analysis) or any changes in the Holdings Information of the Portfolios that occurred after the most recent publicly disclosed Holdings Information (recent portfolio changes) to any person if such information does not constitute material non-public information.

With respect to each instance of such disclosure, an Approved Representative will make a good faith determination whether the information constitutes material non-public information, which involves an assessment of the particular facts and circumstances. The Advisor believes that in most cases recent portfolio changes that involve a few or even several securities in a diversified portfolio and/or commentary and analysis would be immaterial and would not convey any advantage to a recipient in making an investment decision concerning a Portfolio. Nonexclusive examples of commentary and analysis include: (i) the allocation of a Portfolio's portfolio holdings and other investment positions among various asset classes, sectors, industries and countries; (ii) the characteristics of the equity and fixed income components of a Portfolio's portfolio holdings and other investment positions; (iii) the attribution of Portfolio returns by asset class, sector, industry and country; and (iv) the volatility characteristics of a Portfolio. An Approved Representative may in his or her sole discretion determine whether to deny any request for information made by any person, and may do so for any reason or no reason.

Such information, if made available to anyone, will be made available to any person upon request, but, because such information is generally not material to investors, it may or may not be posted on a Portfolio's website.

## SECURITIES LENDING

The Board of the following Portfolios (collectively, the "Securities Lending Portfolios") has approved their participation in a securities lending program. Under the securities lending program, State Street Bank and Trust Company serves as the securities lending agent for those Securities Lending Portfolios for which it acts as custodian. Under a separate securities lending program, Citibank, N.A. serves as the securities lending agent for those Securities Lending Portfolios for which it acts as custodian.

For the fiscal year ended October 31, 2020, the income earned by the Securities Lending Portfolios, as well as the fees and/or compensation paid by the Portfolios (in dollars) pursuant to a securities lending agency/authorization agreement between the Portfolios and State Street Bank and Trust Company or Citibank, N.A. (each, a "Securities Lending Agent"), were as follows:

| Fees and/or compensation for securities lending activities and related services: |   |  |   |   |  |                           |  |  |   |
|--|---|--|---|---|--|---------------------------|--|--|---|
| Portfolio*   | Gross income from securities lending activities | Fees paid to Securities Lending Agent from a revenue split | Fees paid for any cash collateral management service (including fees deducted from a pooled cash collateral reinvestment vehicle) not included in the revenue split | Administrative fees not included in the revenue split | Indemnification fees not included in the revenue split | Rebate (paid to borrower) | Other fees not included in the revenue split | Aggregate fees/compensation on for securities lending activities | Net income from securities lending activities |
| VA U.S. Large Value Portfolio  | \$25,324  | \$1,409  | \$632   | —   | —  | \$10,574                  | —  | \$12,614   | \$12,709                                      |
| VA U.S. Targeted Value Portfolio   | \$303,871                                       | \$23,535   | \$4,820   | —   | —  | \$62,825                  | —  | \$91,181   | \$212,691                                     |
| VA International Value Portfolio   | \$218,890                                       | \$15,762   | \$6,965   | —   | —  | \$54,308                  | —  | \$77,035   | \$141,855                                     |
| VA International Small Portfolio   | \$552,692                                       | \$50,405   | \$7,001   | —   | —  | \$41,591                  | —  | \$98,998   | \$453,695                                     |
| VA Short-Term Fixed Portfolio  | \$73,642  | \$1,493  | \$4,374   | —   | —  | \$54,323                  | —  | \$60,190   | \$13,452                                      |
| VA Global Bond Portfolio   | \$1,500   | \$13   | \$42  | —   | —  | \$1,295                   | —  | \$1,351  | \$149   |

\* The amounts included in the table above may differ from the amounts disclosed in the Portfolios' annual reports due to timing differences, reconciliations, and certain other adjustments.

For the fiscal year ended October 31, 2020, each Securities Lending Agent provided the following services for their respective Securities Lending Portfolios in connection with securities lending activities: (i) entering into loans with approved entities subject to guidelines or restrictions provided by the Portfolios; (ii) receiving and holding collateral from borrowers, and facilitating the investment and reinvestment of cash collateral; (iii) monitoring daily the value of the loaned securities and collateral, including receiving and delivering additional collateral as necessary from/to borrowers; (iv) negotiating loan terms; (v) selecting securities to be loaned subject to guidelines or restrictions provided by the Portfolios; (vi) recordkeeping and account servicing; (vii) monitoring dividend/distribution activity relating to loaned securities; and (viii) arranging for return of loaned securities to the Portfolios at loan termination.

## FINANCIAL STATEMENTS

PricewaterhouseCoopers LLP ("PwC"), Two Commerce Square, Suite 1800, 2001 Market Street, Philadelphia, PA 19103-7042, is the Fund's independent registered public accounting firm. PwC audits the Fund's annual financial statements. The audited financial statements and financial highlights of the Portfolios for the fiscal year ended October 31, 2020, as set

forth in the Fund's annual report to shareholders relating to the Portfolios, including the report of PwC, are incorporated by reference into this SAI.

An investor may obtain a copy of the annual reports, upon request and without charge, by contacting the Fund at the address or telephone number appearing on the cover of this SAI.

### **PERFORMANCE DATA**

The Portfolios may compare their investment performance to appropriate market and mutual fund indices and investments for which reliable performance data is available. Such indices are generally unmanaged and are prepared by entities and organizations which track the performance of investment companies or investment advisors. Unmanaged indices often do not reflect deductions for administrative and management costs and expenses. The performance of the Portfolios may also be compared in publications to averages, performance rankings, or other information prepared by recognized mutual fund statistical services. Any performance information, whether related to the Portfolios or to the Advisor, should be considered in light of a Portfolio's investment objectives and policies, characteristics and the quality of the portfolio and market conditions during the time period indicated and should not be considered to be representative of what may be achieved in the future.

**Exhibit A**  
**Proxy Voting Guidelines**

**General Approach to Corporate Governance and Proxy Voting**

When voting proxies, Dimensional<sup>1</sup> seeks to act in the best interests of the funds and accounts we manage and consistent with applicable legal and fiduciary standards. We seek to maximize shareholder value subject to the standards of the relevant legal and regulatory regimes, listing requirements, corporate governance and stewardship codes, and any particular investment or voting guidelines of specific funds or accounts. Dimensional will evaluate management and shareholder proposals on a case-by-case basis, in the circumstances explained below.

We expect the members of a portfolio company's board to act in the interests of their shareholders. Each portfolio company's board should implement policies and adopt practices that align the interests of the board and management with those of its shareholders. Since a board's main responsibility is to oversee management and to manage and mitigate risk, it is important that board members have the experience and skills to carry out that responsibility.

This document outlines Dimensional's global approach to key proxy voting issues and highlights particular considerations in specific markets.

**Global Evaluation Framework**

Dimensional's Global Evaluation Framework sets out our general expectations for all portfolio companies. When implementing the principles contained in our Global Evaluation Framework in a given market, in addition to the relevant legal and regulatory requirements, Dimensional will consider local market practices. Additionally, for portfolio companies in the United States, Europe, the Middle East, Africa, Japan, and Australia, Dimensional will apply the market-specific considerations contained in the relevant subsection in these Guidelines.

**Uncontested Director Elections**

Dimensional may vote against individual directors, committee members, or the full board of a portfolio company, such as in the following situations:

1. There are problematic audit-related practices;
2. There are problematic compensation practices or persistent pay for performance misalignment;
3. There are problematic anti-takeover provisions;
4. There have been material failures of governance, risk oversight, or fiduciary responsibilities;
5. The board has failed to adequately respond to shareholder concerns;
6. The board has demonstrated a lack of accountability to shareholders;
7. There is an ineffective board refreshment process<sup>2</sup>;

If a director is a member of multiple boards of various portfolio companies, and one of those boards has one of the issues listed in 1-7 above, Dimensional may vote against that director with respect to the board of the portfolio company with the issue as well as any other portfolio company boards.

Dimensional also considers the following when voting on directors of portfolio companies:

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<sup>1</sup> "Dimensional" refers to any of Dimensional Fund Advisors LP, Dimensional Fund Advisors Ltd., DFA Australia Limited, Dimensional Fund Advisors Pte. Ltd. or Dimensional Japan Ltd.

<sup>2</sup> As used in these guidelines "board refreshment process" means the method for reviewing and establishing the composition of the board of the portfolio company (e.g., assessments or self-evaluation, succession planning, approach for searches for board members, criteria for qualification of board members).

1. Board and committee independence;
2. Director attendance: Dimensional generally expects directors to attend at least 75% of board and committee meetings;
3. Director capacity to serve;
4. Board composition.

### **Board Refreshment**

An effective board refreshment process for a portfolio company can include the alignment of directors' skills with business needs, assessment of individual director performance and feedback, and a search process for new directors that appropriately incorporates qualification criteria. Dimensional believes information about a portfolio company's assessment and refreshment process should be disclosed and should generally include:

- The processes and procedures by which the company identifies the key competencies that directors should possess in order to ensure the board is able to appropriately oversee the risks and opportunities associated with the company's strategy and operations;
- How the performance of individual directors and the board as a whole is assessed;
- The alignment between the skills and expertise of each board member and the key competencies identified in the board assessment process;
- Board refreshment mechanisms;
- Director recruitment policies and procedures; and
- The extent to which diversity considerations are incorporated into board assessment and refreshment practices and director recruitment policies.

In evaluating a portfolio company's refreshment process, Dimensional may consider, among other information:

- Whether the company's board assessment process meets market best practices in terms of objectiveness, rigor, disclosure, and other criteria;
- Whether the company has any mechanisms to encourage board refreshment; and
- Whether the company has board entrenchment devices, such as a classified board or plurality vote standard.

An additional consideration that may lead Dimensional to scrutinize the effectiveness of a portfolio company's board refreshment process is a lack of gender, racial, or ethnic diversity on the board. In jurisdictions where gender, racial, or ethnic representation on a board is not mandated by law, Dimensional may consider whether a portfolio company seeks to follow market best practices as the portfolio company nominates new directors and assesses the performance of existing directors who have the diversity of backgrounds, experiences, and skill-sets needed to effectively oversee management and manage risk.

### **Bundled/Slate Director Elections**

Dimensional generally opposes bundled director elections at portfolio companies; however, in markets where individual director elections are not an established practice, bundled elections are acceptable as long as the full list of candidates is disclosed in a timely manner.

### **Contested Director Elections**

In the case of contested board elections at portfolio companies, Dimensional takes a case-by-case approach. With the goal of maximizing shareholder value, we consider the qualifications of the nominees, the likelihood that each side can accomplish their stated plans, the portfolio company's corporate governance practices, and the incumbent board's history of responsiveness to shareholders.

### **Board Size**

Dimensional believes that portfolio company boards are responsible for determining an appropriate size of the board of directors within the confines of relevant corporate governance codes and best practice standards. However, Dimensional will generally oppose proposals to alter board structure or size in the context of a fight for control of the portfolio company or the board.

### **Auditors**

Dimensional will typically support the ratification of auditors unless there are concerns with the auditor's independence, the accuracy of the auditor's report, the level of non-audit fees, or if lack of disclosure makes it difficult for us to assess these factors.

In addition to voting against the ratification of the auditors, Dimensional may also vote against or withhold votes from audit committee members at portfolio companies in instances of fraud, material weakness, or significant financial restatements.

### **Anti-Takeover Provisions**

We believe that the market for corporate control, which often results in acquisitions which generally increase shareholder value, should be able to function without undue restrictions. Takeover defenses such as shareholder rights plans (poison pills) can lead to entrenchment of management and reduced accountability at the board level.

### **Related-Party Transactions**

Related-party transactions have played a significant role in several high-profile corporate scandals and failures. We believe related-party transactions should be minimized. When such transactions are determined to be fair to the portfolio company and its shareholders in accordance with the company's policies and governing law, they should be thoroughly disclosed in public filings.

### **Amendments to Articles of Association/Incorporation**

Dimensional expects the details of proposed amendments to articles of association or incorporation, or similar portfolio company documents, to be clearly disclosed. Dimensional will typically support such amendments that are routine in nature or are required or prompted by regulatory changes. Dimensional may vote against amendments that negatively impact shareholder rights or diminish board oversight.

### **Equity Plans**

Dimensional supports the adoption of equity plans that align the interests of the portfolio company board, management, and company employees with those of shareholders.

Dimensional will evaluate equity plans on a case-by-case basis, taking into account the potential dilution to shareholders, the portfolio company's historical use of equity, and the particular plan features.

### **Executive Remuneration**

Dimensional supports remuneration for executives that is clearly linked to the portfolio company's performance. Remuneration should be designed to attract, retain and appropriately motivate and serve as a means to align the interests of executives with those of shareholders. To the extent that remuneration is clearly excessive and not aligned with the portfolio company's performance or other factors, Dimensional would not support such remuneration. Additionally, Dimensional expects portfolio companies to strive to follow local market practices with regards to the specific elements of remuneration and the overall structure of the remuneration plan.

Therefore, Dimensional reviews proposals seeking approval of a portfolio company's executive remuneration plan closely, taking into account the quantum of pay, company performance, and the structure of the plan.

### **Director Remuneration**

Dimensional will generally support director remuneration at portfolio companies that is reasonable in both size and composition relative to industry and market norms.

### **Mergers & Acquisitions (M&A)**

Dimensional's primary consideration in evaluating mergers and acquisitions is maximizing shareholder value. Given that we believe market prices reflect future expected cash flows, an important consideration is the price reaction to the announcement, and the extent to which the deal represents a premium to the pre-announcement price. Dimensional will also consider the strategic rationale, potential conflicts of interest, and the possibility of competing offers.

Dimensional may vote against deals where there are concerns with the acquisition process or where there appear to be significant conflicts of interest.

### **Capitalization**

Dimensional will vote case-by-case on proposals related to portfolio company share issuances, taking into account the purpose for which the shares will be used, the risk to shareholders of not approving the request, and the dilution to existing shareholders.

Dimensional opposes the creation of share structures that provide for unequal voting rights, including dual class stock with unequal voting rights or mechanisms such as loyalty shares that may skew economic ownership and voting rights within the same class of shares, and will generally vote against proposals to create or continue such structures. Dimensional may also vote against directors at portfolio companies that adopt or maintain such structures without shareholder approval.

### **Shareholder Proposals**

Dimensional's goal when voting on shareholder proposals to portfolio companies is to support those proposals that protect or enhance shareholder value through improved board accountability, improved policies and procedures, or improved disclosure.

When evaluating shareholder proposals, Dimensional will consider the portfolio company's current handling of the issue (both on an absolute basis and relative to market practices), the company's compliance with regulatory requirements, the potential cost to the company of implementing the proposal, and whether the issue is better addressed through legal or regulatory action.

### **Virtual Meetings**

Dimensional does not oppose the use of virtual-only meetings if shareholders are provided with the same rights and opportunities as available during a physical meeting, including:

- The ability to see and hear company representatives;
- The ability to ask questions of company representatives; and
- The ability to see or hear questions submitted to company representatives by other shareholders, including those questions not answered by company representatives.

### **Disclosure of Vote Results**

Dimensional expects detailed disclosure of voting results. In cases where vote results have not been disclosed within a reasonable time frame, we may vote against individual directors, committee members, or the full board of a portfolio company.



## **Voting Guidelines for Environmental and Social Issues<sup>3</sup>**

Dimensional believes that portfolio company boards are responsible for addressing material environmental & social (E&S) issues within their duties. If a portfolio company is unresponsive to material E&S risks which may have economic ramifications for shareholders, Dimensional may vote against directors individually, committee members, or the entire board. We may communicate with portfolio companies to better understand the alignment of the interests of boards and management with those of shareholders on these topics.

Dimensional evaluates shareholder proposals on environmental or social issues consistent with its general approach to shareholder proposals, paying particular attention to the portfolio company's current handling of the issue, current disclosures, the financial materiality of the issue, market practices, and regulatory requirements. Dimensional may vote for proposals requesting disclosure of specific environmental and social data, such as information about board oversight, risk management policies and procedures, or performance against a specific metric, if we believe that the portfolio company's current disclosure is inadequate to allow shareholders to effectively assess the portfolio company's handling of a material issue.

### **Evaluating Disclosure of Material Environmental or Social Risks**

Dimensional generally believes that information about the oversight and mitigation of material environmental or social risks should be disclosed by portfolio companies. Dimensional generally expects the disclosure regarding oversight and mitigation to include:

- A description of material risks.
- A description of the process for identifying and prioritizing such risks and how frequently it occurs.
- The policies and procedures governing the handling of each material risk.
- A description of the management-level roles/groups involved in oversight and mitigation of each material risk.
- A description of the metrics used to assess the effectiveness of mitigating each material risk, and the frequency at which performance against these metrics is assessed.
- A description of how the board is informed of material risks and the progress against relevant metrics.

In certain instances where Dimensional determines that disclosure by a portfolio company is insufficient for a shareholder to be able to adequately assess the relevant risks facing a portfolio company, Dimensional may, on a case-by-case basis, vote against individual directors, committee members, or the entire board, or may vote in favor of related shareholder proposals consistent with Dimensional's general approach to such proposals.

### **Political and Lobbying Activities**

Dimensional expects boards of portfolio companies to exercise oversight of political and lobbying-related expenditures and ensure that such spending is in line with shareholder interests.

In evaluating a portfolio company's policies related to political and lobbying expenditure, we expect the following practices:

- The board to adopt policies and procedures to oversee political and lobbying expenditures;
- The details of the board oversight, including the policies and procedures governing such expenditures, to be disclosed publicly; and
- That board oversight of political and lobbying activities, such as spending, should include ensuring that the portfolio company's publicly stated positions are in alignment with its related activities and spending.

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<sup>3</sup> For considerations in connection with ERISA-covered clients, see the Policy and its references to requirements under ERISA.

### **Human Capital Management**

Dimensional expects portfolio company board oversight of human capital management issues. We expect portfolio companies to disclose sufficient information for shareholders to understand the policies, procedures, and personnel a company has in place to address issues related to human capital management. This disclosure should include the company's human capital management goals in key areas, such as compensation, employee health and wellness, employee training and development, and workforce composition, as well as the metrics by which the company assesses performance against these goals.

### **Climate Change**

Dimensional expects portfolio companies to disclose information on their handling of risks from climate change, to the extent those risks may have a material impact on the company. Climate change risks may include physical risks of climate change from changing weather patterns and/or transitional risks of climate change from changes in regulation or consumer preferences. Disclosure should include the specific risks identified, the potential impact those risks could have on the company's business, operations, or strategy, the individuals responsible for managing these risks, and the metrics used to assess the handling of these risks. The methodology for measuring performance against these metrics should be clearly disclosed, particularly in instances where a recognized third-party framework, such as Task Force for Climate-related Financial Disclosures (TCFD) or Sustainability Account Standards Board (SASB), is not being used.

## **Evaluation Framework for U.S. Listed Companies**

### **Director Elections:**

#### **Uncontested Director Elections**

Shareholders elect the board of a portfolio company to represent their interests and oversee management and expect boards to adopt policies and practices that align the interests of the board and management with those of shareholders and limit the potential for conflicts of interest.

One of the most important measures aimed at ensuring that portfolio company shareholders' interests are represented is an independent board of directors, made up of individuals with the diversity of backgrounds, experiences, and skill-sets needed to effectively oversee management and manage risk. We expect portfolio company boards to be majority independent and key committees to be fully independent.

Dimensional believes shareholders should have a say in who represents their interests and portfolio companies should be responsive to shareholder concerns. Dimensional may vote against or withhold votes from individual directors, committee members, or the full board, and may also vote against such directors when they serve on other portfolio company boards, in the following situations:

- The continued service of directors who failed to receive the support of a majority of shareholders (regardless of whether the company uses a majority or plurality vote standard).
- Failure to adequately respond to majority-supported shareholder proposals.

#### **Contested Director Elections**

In the case of contested board elections at portfolio companies, Dimensional takes a case-by-case approach. With the goal of maximizing shareholder value, we consider the qualifications of the nominees, the likelihood that each side can accomplish their stated plans, the portfolio company's corporate governance practices, the incumbent board's history of responsiveness to shareholders, and the market's reaction to the contest.

## **Board Structure and Composition:**

### **Age and Term Limits**

Dimensional believes it is the responsibility of a portfolio company's nominating committee to ensure that the company's board of directors is composed of individuals with the skills needed to effectively oversee management and will generally oppose proposals seeking to impose age or term limits for directors.

That said, portfolio companies should clearly disclose their director evaluation and board refreshment policies in their proxy. Lack of healthy turnover on the board of a portfolio company or lack of observable diversity on a portfolio company board may lead Dimensional to scrutinize the rigor of a portfolio company's board refreshment process.

### **CEO/Chair**

Dimensional believes that the portfolio company boards are responsible for determining whether the separation of roles is appropriate and adequately protects the interests of shareholders.

At portfolio companies with a combined CEO/Chair, Dimensional expects the board to appoint a lead independent director with specific responsibilities, including the setting of meeting agendas, to seek to ensure the board is able to act independently.

Recent environmental, social, and governance controversies resulting from inadequate board oversight may be taken into account when voting on shareholder proposals seeking the separation of the roles of CEO and Chair at a portfolio company.

## **Governance Practices:**

### **Classified Boards**

Dimensional believes that shareholders should be given the right to vote on the entire slate of directors at a portfolio company on an annual basis. Therefore, we encourage portfolio company boards to conduct annual elections for all sitting directors.

Dimensional will generally support proposals to declassify existing boards at portfolio companies and will generally oppose efforts by portfolio companies to adopt classified board structures, in which only part of the board is elected each year.

Dimensional will generally vote against or withhold votes from incumbent directors at portfolio companies that adopt a classified board without shareholder approval. Dimensional may also vote against or withhold votes from directors at portfolio companies that adopt classified boards prior to or in connection with an IPO.

### **Dual Classes of Stock**

Dual class share structures are generally seen as detrimental to shareholder rights, as they are accompanied by unequal voting rights. Dimensional believes in the principle of one share, one vote.

Dimensional opposes the creation of dual-class share structures with unequal voting rights at portfolio companies and will generally vote against proposals to create or continue dual-class capital structures.

Dimensional will generally vote against or withhold votes from directors at portfolio companies that adopt a dual-class structure without shareholder approval after the company's IPO. Votes against or withheld votes from directors for implementation of a dual-class structure prior to or in connection with an IPO will be considered on a case-by-case basis.

### **Supermajority Vote Requirements**

Dimensional believes that the affirmative vote of a majority of shareholders of a portfolio company should be sufficient to approve items such as bylaw amendments and mergers. Dimensional will generally vote against proposals seeking to implement a supermajority vote requirement and for shareholder proposals seeking the adoption of a majority vote standard.

Dimensional will generally vote against or withhold votes from incumbent directors at portfolio companies that adopt a supermajority vote requirement without shareholder approval. Dimensional may also vote against or withhold votes from directors at portfolio companies that adopt supermajority vote requirements prior to or in connection with an IPO.

### **Shareholder Rights Plans (Poison Pills)**

Dimensional generally opposes poison pills. As a result, we may vote against the adoption of a pill and all directors at a portfolio company that put a pill in place without first obtaining shareholder approval. Votes against (or withheld votes from) directors may extend beyond the portfolio company that adopted the pill, to all boards the directors serve on. In considering a poison pill for approval, we may take into account the existence of ‘qualified offer’ and other shareholder-friendly provisions.

For pills designed to protect net operating losses, we may take into consideration a variety of factors, including but not limited to the size of the available operating losses and the likelihood that they will be utilized to offset gains.

### **Cumulative Voting**

Under cumulative voting, each shareholder is entitled to the number of his or her shares multiplied by the number of directors to be elected. Shareholders have the flexibility to allocate their votes among directors in the proportion they see fit, including casting all their votes for one director. This is particularly impactful in the election of dissident candidates to the board in the event of a proxy contest.

Dimensional will typically support proposals that provide for cumulative voting and against proposals to eliminate cumulative voting unless the portfolio company has demonstrated that there are adequate safeguards in place, such as proxy access and majority voting.

### **Majority Voting**

For the election of directors, portfolio companies may adopt either a majority or plurality vote standard. In a plurality vote standard, the directors with the most votes are elected. If the number of directors up for election is equal to the number of board seats, each director only needs to receive one vote in order to be elected. In a majority vote standard, in order to be elected, a director must receive the support of a majority of shares voted or present at the meeting.

Dimensional supports a majority (rather than plurality) voting standard for uncontested director elections at portfolio companies. The majority vote standard should be accompanied by a director resignation policy to address failed elections.

To account for contested director elections, portfolio companies with a majority vote standard should include a carve-out for plurality voting in situations where there are more nominees than seats.

### **Right to Call Meetings and Act by Written Consent**

Dimensional will generally support the right of shareholders to call special meetings of a portfolio company board (if they own 25% of shares outstanding) and take action by written consent.

### **Proxy Access**

Dimensional will typically support management and shareholder proposals for proxy access that allow a shareholder (or group of shareholders) holding three percent of voting power for three years to nominate up to 25 percent of a

portfolio company board. Dimensional will typically vote against proposals that are more restrictive than these guidelines.

### **Amend Bylaws/Charters**

Dimensional believes that shareholders should have the right to amend a portfolio company's bylaws. Dimensional will generally vote against or withhold votes from incumbent directors at portfolio companies that place substantial restrictions on shareholders' ability to amend bylaws through excessive ownership requirements for submitting proposals or restrictions on the types of issues that can be amended.

### **Exclusive Forum**

Dimensional is generally supportive of management proposals at portfolio companies to adopt an exclusive forum for shareholder litigation.

### **Executive and Director Compensation:**

#### **Stock-Based Compensation Plans**

Dimensional supports the adoption of equity plans that align the interests of portfolio company board, management, and company employees with those of shareholders.

Dimensional will evaluate equity compensation plans on a case-by-case basis, taking into account the potential dilution to shareholders, the portfolio company's historical use of equity, and the particular plan features.

Dimensional will typically vote against plans that have features that have a negative impact on shareholders of portfolio companies. Such features include single-trigger or discretionary vesting, an overly broad definition of change in control, a lack of minimum vesting periods for grants, evergreen provisions, and the ability to reprice shares without shareholder approval.

Dimensional may also vote against equity plans if problematic equity grant practices have contributed to a pay for performance misalignment at the portfolio company.

#### **Employee Stock Purchase Plans**

Dimensional will generally support qualified employee stock purchase plans (as defined by Section 423 of the Internal Revenue Code), provided that the purchase price is no less than 85 percent of market value, the number of shares reserved for the plan is no more than ten percent of outstanding shares, and the offering period is no more than 27 months.

#### **Supplemental Executive Retirement Plans**

Dimensional will generally support shareholder proposals that ask the portfolio company to put to shareholder vote extraordinary benefits such as credit for years of service not actually worked, preferential benefit formulas, or accelerated vesting of pension benefits contained in supplemental executive retirement plan (SERP).

#### **Advisory Votes on Executive Compensation (Say on Pay)**

Dimensional supports reasonable compensation for executives that is clearly linked to the portfolio company's performance. Compensation should serve as a means to align the interests of executives with those of shareholders. To the extent that compensation is excessive, it represents a transfer to management of shareholder wealth. Therefore, Dimensional reviews proposals seeking approval of a portfolio company's executive compensation plan closely, taking into account the quantum of pay, company performance, and the structure of the plan.

Certain practices, such as:

- multi-year guaranteed bonuses
- excessive severance agreements (particularly those that vest without involuntary job loss or diminution of duties or those with excise-tax gross-ups)
- single, or the same, metrics used for both short-term and long-term executive compensation plans may encourage excessive risk-taking by executives at portfolio companies and are generally opposed by Dimensional.

At portfolio companies that have a history of problematic pay practices or excessive compensation, Dimensional will consider the company's responsiveness to shareholders' concerns and may vote against or withhold votes from members of the compensation committee if these concerns have not been addressed.

### **Frequency of Say on Pay**

Executive compensation in the United States is typically composed of three parts: 1) base salary; 2) cash bonuses based on annual performance (short-term incentive awards); 3) and equity awards based on performance over a multi-year period (long-term incentive awards).

Dimensional supports triennial say on pay because it allows for a longer-term assessment of whether compensation was adequately linked to portfolio company performance. This is particularly important in situations where a company makes significant changes to their long-term incentive awards, as the effectiveness of such changes in aligning pay and performance cannot be determined in a single year.

If there are serious concerns about a portfolio company's compensation plan in a year where the plan is not on the ballot, Dimensional may vote against or withhold votes from members of the Compensation Committee.

### **Clawback Provisions**

Dimensional typically supports clawback provisions in executive compensation plans as a way to mitigate risk of excessive risk taking by executives at portfolio companies.

### **Executive Severance Agreements (Golden Parachutes)**

Dimensional analyzes golden parachute proposals on a case-by-case basis.

Dimensional expects payments to be reasonable on both an absolute basis and relative to the value of the transaction. Dimensional will typically vote against agreements with cash severance of more than 3x salary and bonus.

Dimensional expects vesting of equity to be contingent on both a change in control and a subsequent involuntary termination of the employee ("double-trigger change in control").

### **Corporate Actions:**

#### **Reincorporation**

Dimensional will evaluate reincorporation proposals on a case-by-case basis.

Dimensional may vote against reincorporations if the move would result in a substantial diminution of shareholder rights at the portfolio company.

#### **Capitalization:**

#### **Increase Authorized Shares**

Dimensional will vote case-by-case on proposals seeking to increase common or preferred stock of a portfolio company, taking into account the purpose for which the shares will be used and the risk to shareholders of not approving the request.

Dimensional will typically vote against requests for common or preferred stock issuances that are excessively dilutive relative to common market practice.

Dimensional will typically vote against proposals at portfolio companies with multiple share classes to increase the number of shares of the class with superior voting rights.

### **Blank Check Preferred Stock**

Blank check preferred stock is stock that can be issued at the discretion of the board, with the voting, conversion, distribution, and other rights determined by the board at the time of issue. Therefore, blank check preferred stock can potentially serve as means to entrench management and prevent takeovers at portfolio companies.

To mitigate concerns regarding what we believe is the inappropriate use of blank check preferred stock, Dimensional expects portfolio companies seeking approval for blank preferred stock to clearly state that the shares will not be used for anti-takeover purposes.

### **Share Repurchases**

Dimensional will generally support open-market share repurchase plans that allow all shareholders to participate on equal terms. Portfolio companies that use metrics such as earnings per share (EPS) in their executive compensation plans should ensure that the impact of such repurchases are taken into account when determining payouts.

### **Shareholder Proposals:**

Dimensional's goal when voting on shareholder proposals is to support those proposals that protect or enhance shareholder value through improved board accountability, improved policies and procedures, or improved disclosure.

When evaluating shareholder proposals, Dimensional will consider the portfolio company's current handling of the issue (both on an absolute basis and relative to market practices), the company's compliance with regulatory requirements, the potential cost to the company of implementing the proposal, and whether the issue is better addressed through legal or regulatory action.

In instances where a shareholder proposal is excluded from the meeting agenda but the SEC has declined to state a view on whether such proposal should be excluded, or when the SEC has verbally permitted a portfolio company to exclude a shareholder proposal but there is no written record provided by the SEC about such determination, we expect the portfolio company to provide shareholders with substantive disclosure concerning this exclusion and/or no-action relief. If substantive disclosure is lacking, Dimensional may vote against or withhold votes from certain directors on a case-by-case basis.

## **Evaluation Framework for Europe, the Middle East, and Africa (EMEA) Listed Companies**

### **Continental Europe:**

#### **Director Election Guidelines**

- Portfolio company boards should be majority independent (excluding shareholder or employee representatives as provided by law); however, lower levels of board independence may be acceptable in controlled companies and in those markets where local best practice indicates that at least one-third of the board be independent.
- A majority of audit and remuneration committee members (excluding shareholder or employee representatives as provided by law) should be independent; the committees overall should be at least one-third independent.
- Executives should generally not serve on audit and remuneration committees.

### **Remuneration Guidelines**

Dimensional expects annual remuneration reports published by portfolio companies pursuant to the Shareholder Rights Directive II to disclose, at a minimum:

- The amount paid to executives;
- Alignment between pay and performance;
- The targets used for variable incentive plans and the ex-post levels achieved; and
- The rationale for any discretion applied.

### **Other Market Specific Guidelines for Continental Europe**

- In Germany, Dimensional will generally vote against the appointment of a former CEO as chairman of the supervisory board.

### **United Kingdom & Ireland:**

Dimensional expects portfolio companies to follow the requirements of the UK Corporate Governance Code with regards to board and committee composition. When evaluating the methods used by a portfolio company to review and establish board composition, including determining female representation on the board, Dimensional intends to apply the board evaluation process as outlined in our Global Evaluation Framework.

Dimensional also expects companies to align their remuneration with the requirements of the UK Corporate Governance Code and to consider best practices such as those set forth in the Investment Association Principles of Remuneration.

### **South Africa:**

Dimensional expects portfolio companies to follow the recommendations of the King Report On Corporate Governance (King Code IV) with regards to board and committee composition.

### **Turkey:**

Dimensional expects the board of directors of a portfolio company to be at least one-third independent; at minimum two directors should be independent.

Dimensional expects the board of a portfolio company to establish an independent audit committee.

Dimensional expects the board of a portfolio company to establish a board committee with responsibility for compensation and nominating matters. This committee should be chaired by an independent director.

## **Framework for Evaluating Australia-Listed Companies**

### **Uncontested Director Elections**

Shareholders elect the board of a portfolio company to represent their interests and oversee management and expect portfolio company boards to adopt policies and practices that align the interests of the board and management with those of shareholders and limit the potential for conflicts of interest.

One of the most important measures aimed at ensuring that portfolio company shareholders' interests are represented is an independent board of directors, made up of individuals with the diversity of backgrounds, experiences, and skill-sets needed to effectively oversee management and manage risk. We expect portfolio company boards to be majority independent.

Dimensional believes that key audit and remuneration committees should be composed of independent directors. Dimensional will generally vote against executive directors of the portfolio company who serve on the audit committee or who serve on the remuneration committee if the remuneration committee is not majority independent.



### **CEO/Chair**

If a portfolio company's board chair is not independent, the board should have a lead independent director with specific responsibilities, including the setting of meeting agendas. Dimensional may vote against executive board chairs if such measures are absent.

### **Auditors**

Australian law does not require the annual ratification of auditors; therefore, concerns with a portfolio company's audit practices will be reflected in votes against members of the audit committee.

Dimensional may vote against audit committee members at a portfolio company if there are concerns with the auditor's independence, the accuracy of the auditor's report, the level of non-audit fees, or if lack of disclosure makes it difficult to assess these factors.

Dimensional may also vote against audit committee members in instances of fraud or material failures in oversight of audit functions.

### **Share Issuances**

Dimensional will evaluate requests for share issuances on a case-by-case basis, taking into account factors such as the impact on current shareholders and the rationale for the request.

When voting on approval of prior share distributions, Dimensional will generally support prior issuances that conform to the dilution guidelines set out in ASX Listing Rule 7.1.

### **Share Repurchase**

Dimensional will evaluate requests for share repurchases on a case-by-case basis, taking into account factors such as the impact on current shareholders, the rationale for the request, and the portfolio company's history of repurchases. Dimensional expects repurchases to be made in arms-length transactions using independent third parties.

Dimensional may vote against portfolio company plans that do not include limitations on the company's ability to use the plan to repurchase shares from third parties at a premium and limitations on the use of share purchases as an anti-takeover device.

### **Constitution Amendments**

Dimensional will evaluate requests for amendments to a portfolio company's constitution on a case-by-case basis. The primary consideration will be the impact on the rights of shareholders.

### **Non-Executive Director Compensation**

Dimensional will support non-executive director remuneration at portfolio companies that is reasonable in both size and composition relative to industry and market norms.

Dimensional will generally vote against components of non-executive director remuneration that are likely to impair a director's independence, such as options or performance-based remuneration.

### **Equity Plans**

Dimensional supports the adoption of equity plans that align the interests of the portfolio company board, management, and company employees with those of shareholders.

Companies should clearly disclose components of the plan, including vesting periods and performance hurdles.

Dimensional may vote against plans that are exceedingly dilutive to existing shareholders. Plans that permit retesting or repricing will generally be viewed unfavorably.

## **Framework for Evaluating Japan-Listed Securities**

### **Uncontested Director Elections**

Shareholders elect the board of a portfolio company to represent their interests and oversee management and expect portfolio company boards to adopt policies and practices that align the interests of the board and management with those of shareholders and limit the potential for conflicts of interest.

One of the most important measures aimed at ensuring that portfolio company shareholders' interests are represented is an independent board of directors, made up of individuals with the diversity of backgrounds, experiences, and skill-sets needed to effectively oversee management and manage risk.

At portfolio companies with a three-committee structure, Dimensional expects at least one-third of the board to be outsiders. Ideally, the board should be majority independent. At portfolio companies with a three-committee structure that have a controlling shareholder, at least two directors and at least one-third of the board should be independent outsiders.

At portfolio companies with an audit committee structure, Dimensional expects at least one-third of the board to be outsiders. Ideally, the audit committee should be entirely independent; at minimum, any outside directors who serve on the committee should be independent. At portfolio companies with an audit committee structure that have a controlling shareholder, at least two directors and at least one-third of the board should be independent outsiders.

At portfolio companies with a statutory auditor structure, Dimensional expects the board to include at least two outside directors. At portfolio companies with a statutory auditor structure that have a controlling shareholder, at least two directors and at least one-third of the board should be independent outsiders.

### **Statutory Auditors**

Statutory auditors are responsible for effectively overseeing management and ensuring that decisions made are in the best interest of shareholders. Dimensional may vote against statutory auditors who are remiss in their responsibilities.

When voting on outside statutory auditors, Dimensional expects nominees to be independent and to have the capacity to fulfill the requirements of their role as evidenced by attendance at meetings of the board of directors or board of statutory auditors.

### **Director and Statutory Auditor Compensation**

Dimensional will support compensation for portfolio company directors and statutory auditors that is reasonable in both size and composition relative to industry and market norms.

When requesting an increase to the level of director fees, Dimensional expects portfolio companies to provide a specific reason for the increase. Dimensional will generally support an increase of director fees if it is in conjunction with the introduction of performance-based compensation, or where the ceiling for performance-based compensation is being increased. Dimensional will generally not support an increase in director fees if there is evidence that the directors have been remiss in effectively overseeing management or ensuring that decisions made are in the best interest of shareholders.

Dimensional will typically support an increase to the statutory auditor compensation ceiling unless there is evidence that the statutory auditors have been remiss in effectively overseeing management or ensuring that decisions made are in the best interest of shareholders.

Dimensional will generally support the granting of annual bonuses to portfolio company directors and statutory auditors unless there is evidence the board or the statutory auditors have been remiss in effectively overseeing management or ensuring that decisions made are in the best interest of shareholders.

Dimensional generally supports the granting of retirement benefits to portfolio company insiders, so long as the individual payments, and aggregate amount of such payments, is disclosed.

Dimensional will generally vote against the granting of retirement bonuses if there is evidence the portfolio company board or statutory auditors have been remiss in effectively overseeing management or ensuring that decisions made are in the best interest of shareholders.

### **Equity Based Compensation**

Dimensional supports the adoption of equity plans that align the interests of the portfolio company board, management, and company employees with those of shareholders.

Dimensional will typically support stock option plans to portfolio company executives and employees if total dilution from the proposed plans and previous plans does not exceed 5 percent for mature companies or 10 percent for growth companies.

Dimensional will generally vote against stock plans if upper limit of options that can be issued per year is not disclosed.

For deep-discounted stock option plans, Dimensional typically expects portfolio companies to disclose specific performance hurdles.

### **Capital Allocation**

Dimensional will typically support well-justified dividend payouts that do not negatively impact the portfolio company's overall financial health.

### **Share Repurchase**

Dimensional is typically supportive of portfolio company boards having discretion over share repurchases absent concerns with the company's balance sheet management, capital efficiency, buyback and dividend payout history, board composition, or shareholding structure.

Dimensional will typically support proposed repurchases that do not have a negative impact on shareholder value.

For repurchases of more than 10 percent of issue share capital, Dimensional expects the company to provide a robust explanation for the request.

### **Shareholder Rights Plans (Poison Pills)**

We believe the market for corporate control, which can result in acquisitions that are accretive to shareholders, should be able to function without undue restrictions. Takeover defenses such as poison pills can lead to entrenchment and reduced accountability at the board level.

### **Indemnification and Limitations on Liability**

Dimensional generally supports limitations on liability for directors and statutory auditors in ordinary circumstances.

### **Limit Legal Liability of External Auditors**

Dimensional generally opposes limitations on the liability of external auditors.

**Increase in Authorized Capital**

Dimensional will typically support requests for increases of less than 100 percent of currently authorized capital, so long as the increase does not leave the portfolio company with less than 30 percent of the proposed authorized capital outstanding.

For increases that exceed these guidelines, Dimensional expects portfolio companies to provide a robust explanation for the increase.

Dimensional will generally not support requests for increases that will be used as an anti-takeover device.

**Expansion of Business Activities**

For well performing portfolio companies seeking to expand their business into enterprises related to their core business, Dimensional will typically support management requests to amend the company's articles to expand the company's business activities.