Several of our clients have questioned what the impact on their accounts may be before and after the current elections and should they be considering changes – I believe the information attached demonstrates that forecasting the future based on this data provides little or any reason to try and time the market.

Table I
A recap of the S&P performance during the term of each president since Nixon's first term in 1972, there seems to be no correlation.

Table II
This chart exams the S&P performance vs. T-Bills for the same time period. Nixon's term started with a down period but showed significant gains during his term – except for 1971 to 1983 T-bills provided a return in excess of the S&P.

Table III
This chart provides data on market performance 01-1972 to 12-2011.

Lowest 1 year return	3-2008 to 2-2009
Lowest 3 year return	4-2000 to 3-2003

The holding period again shows the premium of equities vs. T-Bills

Table IV
Out of 160 quarter holding period the S&P annualized compound return was 9.83% vs. 5.42 T-Bills

Table V
Period of market activity using 3 year rolling returns

It again appears the results are random but if the holding period is long enough equities have provided a premium vs. a risk free investment T-bills "TINSTAAFL"

Market timing is a losers game!!

Table I

Are S&P 500 Returns linked to Presidential Elections?
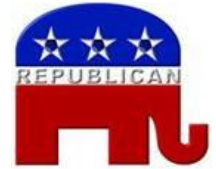
Year	Return	President
1972	19.0%	Nixon vs. McGovern
1976	23.8%	Carter vs. Ford
1980	32.4%	Reagan vs. Carter
1984	6.3%	Reagan vs. Mondale
1988	16.8%	Bush – 41 vs. Dukakis
1992	7.6%	Clinton vs. Bush
1996	23.0%	Clinton vs. Dole
2000	-9.1%	Bush – 43 vs. Gore
2004	10.9%	Bush – 43 vs. Kerry
2008 – 12/31/11	-37.00%	Obama vs. McCain

Data is from Dimensional Funds Matrix Book 2011

Table II

Growth of Wealth

Monthly: 01/1926 - 07/2012; Default Currency: USD
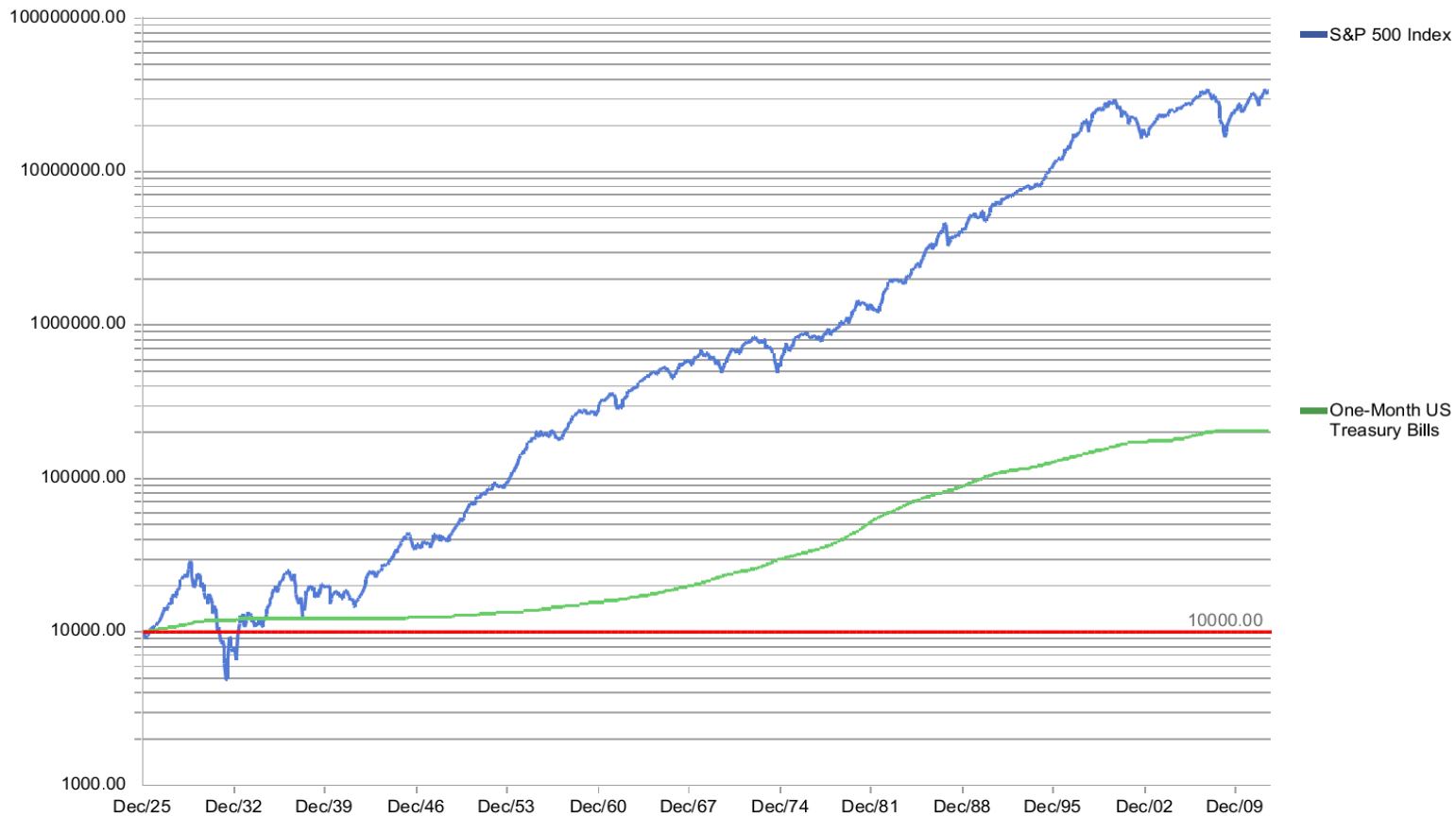
See Standardized Performance Data & Disclosures.

Selection of funds, indices and time periods presented chosen by client's advisor. Indices are not available for direct investment and performance does not reflect expenses of an actual portfolio. Past performance is not a guarantee of future results. Graph represents a hypothetical investment of $10000. Performance includes reinvestment of dividends and capital gains.

US long-term bonds, bills, inflation, and fixed income factor data © Stocks, Bonds, Bills, and Inflation Yearbook", Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefield). The S&P data are provided by Standard & Poor's Index Services Group.

Table III

Performance Summary Statistics

01/1926 - 07/2012; Default Currency: USD

	S&P 500 Index	One-Month US Treasury Bills
1-Year Total Return (%)	9.13	0.03
3-Year Annualized Return (%)	14.13	0.07
5-Year Annualized Return (%)	1.13	0.73
10-Year Annualized Return (%)	6.34	1.71
20-Year Annualized Return (%)	8.20	3.06
Annualized Return (%) 01/1926-07/2012	9.84	3.55
Annualized Standard Deviation (%) 01/1926-07/2012	19.11	0.88
Growth of Wealth 01/1926-07/2012	3377.99	20.50
Lowest 1-Year Return (%)	-67.57% (7/31-6/32)	-0.05% (5/38-4/39)
Highest 1-Year Return (%)	162.88% (7/32-6/33)	15.22% (12/80-11/81)
Lowest 3-Year Annualized Return (%)	-42.35% (7/29-6/32)	-0.02% (7/38-6/41)
Highest 3-Year Annualized Return (%)	43.35% (3/33-2/36)	12.62% (8/79-7/82)

See Standardized Performance Data & Disclosures.

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Table IV

Up and Down Periods: S&P 500 Index

Monthly: 01/1926 - 07/2012; Default Currency: USD

Summary Statistics: All Dates

	No. of Periods	Annualized Compound Return	Average Return	Standard Deviation	Correlation (R)
S&P 500 Index	1039	9.84%	0.94%	5.52%	1.00
One-Month US Treasury Bills	1039	3.55%	0.29%	0.25%	-0.01

Summary Statistics: S&P 500 Index: Up

	No. of Periods	Annualized Compound Return	Average Return	Standard Deviation	Correlation (R)
S&P 500 Index	644	57.63%	3.93%	3.89%	1.00
One-Month US Treasury Bills	644	3.48%	0.29%	0.24%	-0.08

Summary Statistics: S&P 500 Index: Down

	No. of Periods	Annualized Compound Return	Average Return	Standard Deviation	Correlation (R)
S&P 500 Index	395	-39.05%	-3.95%	4.11%	1.00
One-Month US Treasury Bills	395	3.66%	0.30%	0.27%	0.14

Table V

Rolling Returns Chart

01/1926 - 07/2012 ; Default Currency: USD, Rolling Span: 3 Years, Step Inteval: 1 Year
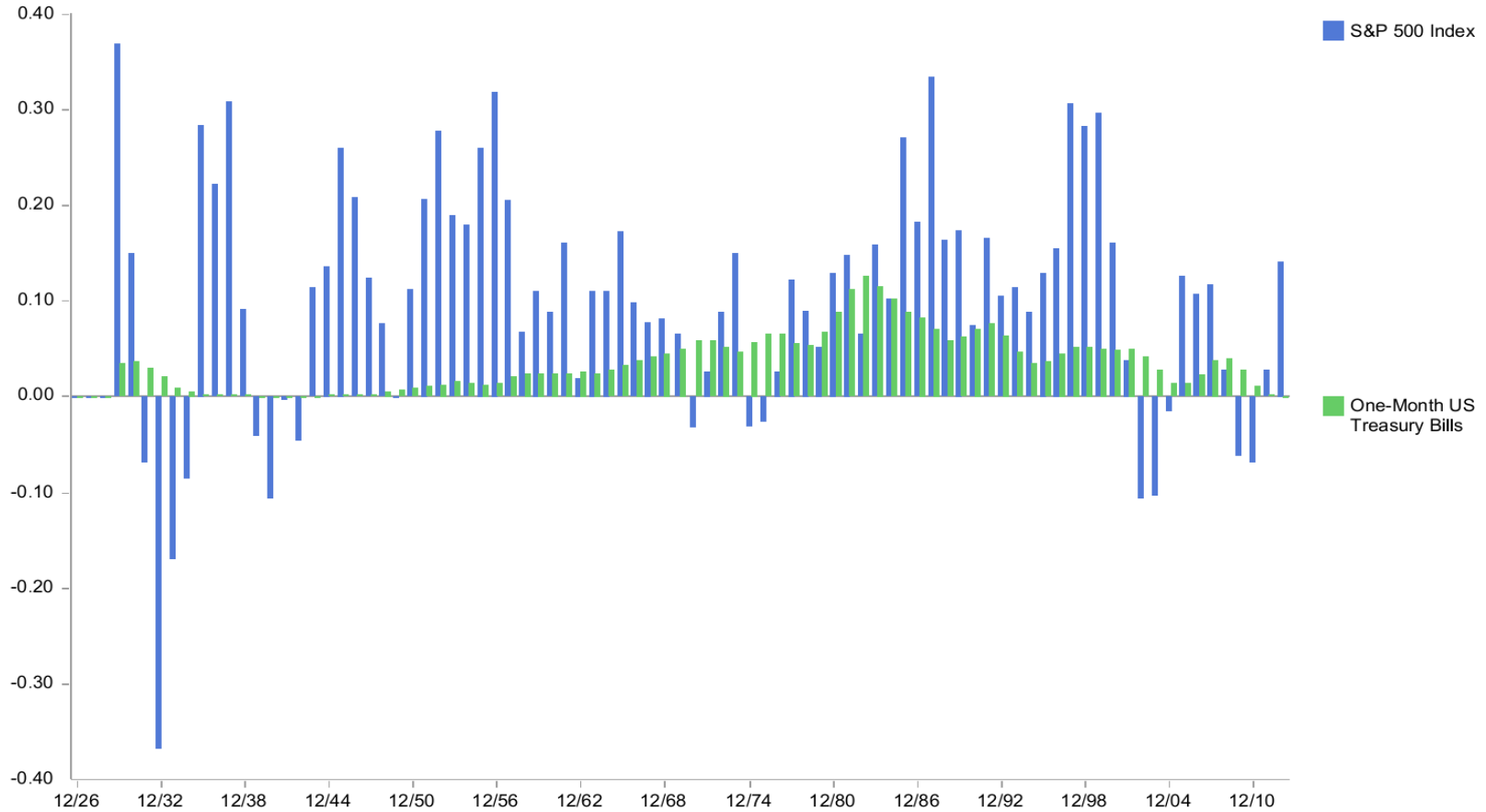

See Standardized Performance Data & Disclosures.
Selection of funds, indices and time periods presented chosen by client's advisor. Indices are not available for direct investment and performance does not reflect expenses of an actual portfolio. Past performance is not a guarantee of future results.

Performance data shown represents past performance. Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. To obtain performance data current to the most recent month-end access our website at www.dimensional.com. Average annual total returns include reinvestment of dividends and capital gains.

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Mutual funds distributed by DFA Securities Inc.

Prior to April 1, 2002, the following reimbursement fees may have been charged to purchasers of the respective portfolios: International Small Company Portfolio 0.675%; Continental Small Company Portfolio 1.00%; Japanese Small Company Portfolio 0.50%; Pacific Rim Small Company Portfolio 1.00%; International Small Cap Value Portfolio 0.675%; Emerging Markets Small Cap Portfolio 1.00%; Emerging Markets Value Portfolio 0.50%; Emerging Markets Portfolio 0.50%. Prior to April 1998, the reimbursement fee for the International Small Company Portfolio was 0.70% and the reimbursement fee for the International Small Cap Value Portfolio was 0.70%. Prior to July 1995, the reimbursement fees were as follows: International Small Cap Value Portfolio 1.00%; Continental Small Company Portfolio 1.50%; Japanese Small Company Portfolio 1.00%; Pacific Rim Small Company Portfolio 1.50%; UK Small Company Portfolio 1.50%; Emerging Markets Portfolio 1.50%. Returns for these portfolios are presented net of these reimbursement fees.

All reimbursement fees are based on the net asset value of the shares purchased. The standardized returns presented reflect deduction, where applicable, of the reimbursement fees for the portfolios. Non-standardized performance data reported by Dimensional Fund Advisors Inc. does not reflect deduction of the reimbursement fee. If reflected, the fee would reduce the performance quoted.

Principal Risks

The principal risks of investing in the Dimensional funds may include one or more of the following: market risk, small companies risk, risk of concentrating in the real estate industry, foreign securities and currencies risk, emerging markets risk, banking concentration risk, interest rate risk, risk of investing for inflation protection, risk of municipal securities, and/or fund of funds risk. To more fully understand the risks related to an investment in the funds, investors should carefully read each fund's prospectus.

Investments in foreign issuers are subject to certain considerations that are not associated with investments in US public companies. Investments of the International Equity, Emerging Markets Equity and the Global Fixed Income Portfolios will be denominated in foreign currencies. Changes in the relative values of these foreign currencies and the US dollar, therefore, will affect the value of investments in the Portfolios. However, the Global Fixed Income Portfolios will utilize forward currency contracts to minimize these changes. Further, foreign issuers are not generally subject to uniform accounting, auditing, and financial reporting standards comparable to those of US public corporations and there may be less publicly available information about such companies than comparable US companies. Also, legal, political, or diplomatic actions of foreign governments, including expropriation, confiscatory taxation, and limitations on the removal of securities, property, or other assets of the Portfolios, could adversely affect the value of the assets of these Portfolios.

Securities of small companies are often less liquid than those of large companies. As a result, small company stock and the funds which invest in them may fluctuate relatively more in price. Although securities of larger firms fluctuate relatively less, economic, political and issuer specific events will cause the value of all securities and the funds which invest in them to fluctuate as well.

Additionally:

DFA Real Estate Securities Portfolio is concentrated in the real estate industry. The Portfolio's exclusive focus on the real estate industry may cause its risk to approximate the general risks of direct real estate ownership. Its performance may be materially different from the broad US equity market.

Fixed Income Portfolios:

The net asset value of a fund that invests in fixed income securities will fluctuate when interest rates rise. An investor can lose principal value investing in a fixed income fund during a rising interest rate environment.

Risk of Banking Concentration

Focus on the banking industry would link the performance of the DFA One-Year Fixed Income and/or the Two-Year Global Fixed Income Portfolios to changes in performance of the banking industry generally. For example, a change in the market's perception of the riskiness of banks compared to non-banks would cause the Portfolio's values to fluctuate.

Inflation Protected Securities Portfolio: Inflation –protected securities are expected to be protected from long-term inflationary trends, short-term increases in inflation may lead to a decline in the Portfolio's value. If interest rates rise due to reasons other than inflation, the Portfolio's investment in these securities may not be protected to the extent that the increase is not reflected in the securities' inflation measures. The Portfolio may also suffer a loss during periods of sustained deflation.

Short Term Muni Bond Portfolio : Municipal Bonds may be subject to income risk, which is the risk that falling interest rates will cause the Portfolio's income to decline, and interest rate risk, which is the risk that bond prices overall will decline over short or even long periods because of rising interest rates. The Portfolio may also be affected by: call risk, which is the risk that during periods of falling interest rates, a bond issuer will call or repay a higher-yielding bond before its maturity date; credit risk, which is the risk that a bond issuer will fail to pay interest and principal in a timely manner; and tax liability risk, which is the risk of noncompliant conduct by a bond issuer, resulting in distributions by the Portfolio being taxable to share-holders as ordinary income. Finally, there is legislative or regulatory risk, which is the risk that new federal or state legislation may adversely affect the tax-exempt status of securities held by the Portfolio, or that there could be an adverse interpretation by the Internal Revenue Service or by state tax authorities.

Global Equity, Global 60/40, Global 25/75 Portfolios:

Fund of Funds Risk

The investment performance of each Portfolio is affected by the investment performance of the Underlying Funds in which the Portfolio invests. The ability of a Portfolio to achieve its investment objective depends on the ability of the Underlying Funds to meet their investment objectives and on the Advisor's decisions regarding the allocation of the Portfolio's assets among the Underlying Funds. There can be no assurance that the investment objective of any Portfolio or Underlying Fund will be achieved. Through their investments in the Underlying Funds, the Portfolios are subject to the risks of the Underlying Funds investments. The risks of the Underlying Funds may include Market Risk, Small Company Risk, Risks of Concentrating in the Real Estate Industry, Emerging Markets Risk, Interest Rate Risk, Credit Risk, and Risks of Banking Concentration

Definitions of Statistical Terms

Average Returns (arithmetic mean) is a measure of the "middle performance" of the fund, computed by adding up all the returns and dividing by the number of periods.

Standard Deviation measures how different the actual fund returns are from its average performance (see above). The closer the actual returns are to the average, the smaller the standard deviation. Standard deviation is a measure of volatility, generally associated with the risk of investments.

Correlation measures the degree to which the performance of two funds moves in tandem, and the direction of their association (one goes up, the other goes up as well – positive correlation). Correlation plays an important part in diversification.

Auto-correlation is a specific application of correlation (see above). In this case, the comparison is not between two different funds, but rather returns of the same fund between different periods. For example, an auto-correlation of two periods would show the correlation in returns two periods apart (March-January, April-February, May-March, etc).

Covariance measures the trend of common movement in returns between two funds. A positive covariance shows the fund's returns moving in the same direction, whereas a negative covariance shows the funds moving in opposite direction (when one goes up, the other one goes down). Covariance plays a role in determining portfolio volatility.

Regression analysis examines the statistical connection between a variable of interest and one or more factors used to explain its variation. For example, if the variable of interest is student test scores, regression could be used to show the connection to factors such as time spent studying or IQ.

R-squared is used in regression analysis to determine to what degree the variation in the changing series of interest is explained by the factors used to explain it. R-squared ranges from 0 (no explanatory power), to 1 (virtually all variation is explained by the analysis). In the example above, if test scores is the variable of interest, while IQ and study time are the factors used to explain it, then an R-squared of .9 would indicate that 90% of the variation in test scores can be explained by these two factors.

Standard Error is a measure of precision when calculating various statistical terms. Generally, the higher the standard error, the lower the statistical strength of that estimation.

T-statistic examines the statistical precision of various estimations by comparing the value of the calculation to the standard error (see above). Generally, a t-stat value of 2 or higher shows enough statistical precision to have confidence in the estimate being different from zero.

Turnover is a measure of the fund's trading activity, and loosely represents the portion of a fund's holdings that have changed over a year. A lower turnover ratio indicates a more passive strategy.

Tracking Error shows how different are each period's returns of a given fund from the returns of a reference "benchmark" (generally commercial indexes). For example, if fund A's returns in two subsequent periods are 10% and 20%, while the benchmark's returns are 5% and 25% for the same periods, the average is the same (15%), but there is tracking error since there was a difference in period by period returns (period 1: 10% versus 5%, period 2: 20% versus 25%).

Alpha measures the difference between the fund's average performance and what would be expected based its compensating risk level, such as beta (see below). For example, if the fund's average return was 10%, but the expectation based on its beta was 9%, then the alpha would show as 1%.

Beta measures the degree to which the returns of a fund change with the market movements. Generally, the higher the scale of fund movements (up or down) relative to the market, the greater the beta. This is considered to be compensating risk for investors, I.e. the more risk (higher beta), the higher the investors' expected returns versus the market.

Three Factor Model explains the source of performance variation among investment portfolios, and it is an extension of previous Nobel Prize winning work. The model specifies that differences in portfolio returns can be attributed to (1) stocks/fixed income mix – riskier stocks have a higher potential return, (2) market capitalization of portfolio – smaller capitalization stocks are riskier and therefore have higher expected returns, and (3) market price relative to accounting measures of the firm, such as book value – stocks with higher book value to market ratios are riskier and have higher expected returns. This model was first published in major academic journals but has gained wide spread acceptance among investment professionals.

SMB stands for Small Minus Big, and shows the difference in performance between the returns of small cap stocks and large cap stocks, and it is one of the factors used in the model described above. When used in regression analysis its computed coefficient (s) illustrates to what degree the portfolio captures the returns of small cap or large cap stocks.

HML stands for High Book-to-Market(BtM) Minus Low Book-to-Market (BtM), and shows the difference in performance between the stocks with high BtM ratios (value stocks) and stocks with low BtM ratios (growth stocks), and it is one of the factors used in the model described above. When used in regression analysis its computed coefficient (h) illustrates to what degree the portfolio captures the returns value or growth stocks.