

PERSPECTIVES

Daily Living May Cost More, but Dimensional Investing Now Costs Less

Brad Steiman
President, Dimensional Fund Advisors Canada ULC

May 22, 2025

In recent years, inflation has been at the center of the economic and political discourse. In contrast to how many aspects of daily life have become more expensive, Dimensional's management expense ratios (MERs) have *fallen* dramatically.

The MER is comprised of two parts—Dimensional's management fee and the funds' operating expenses, expressed as a percentage of assets—and both have steadily declined.

We recently surpassed CAD\$1 trillion in assets under management globally and have been able to reduce management fees due to greater economies of scale as our business has grown. Furthermore, fund operating expenses, such as custody, recordkeeping, legal, accounting, and goods and services taxes (GST), have also declined as a percentage of assets.

The Canadian fund complex now exceeds CAD\$25 billion, and our growth in Canada can help lower MERs when fund expenses that tend to be more fixed relative to fund assets are spread over a larger asset base. Lower marginal rates from vendors of services can further reduce fund expenses when expressed as a percentage.

Exhibit 1 highlights 2024 MER reductions across Dimensional's funds and shows the overall reduction in MER since each fund's inception. The reductions are material at between 5% and 11% in 2024 alone. The magnitude of the declines since fund inception are even more pronounced, reaching as high as 70%.

Exhibit 1
Reductions in
Management Expense
Ratios in 2024 and
Since Inception

	Asset Class/Fund Name	MER	Percent Change		Inception Date
			2024	Since Inception	
Canadian Equity	Canadian Core Equity	0.21%	-5%	-70%	2004
	Canadian Vector Equity	0.32%	-6%	-29%	2011
US Equity	US Core Equity	0.21%	-5%	-68%	2005
	US Vector Equity	0.31%	-6%	-56%	2003
International Equity	International Core Equity	0.35%	-5%	-57%	2005
	International Vector Equity	0.47%	-6%	-48%	2003
Sustainability	Global Sustainability Core Equity	0.34%	-6%	-17%	2020
Real Estate	Global Real Estate Securities	0.31%	-9%	-56%	2008
Fixed Income	Five-Year Global Fixed Income	0.25%	-11%	-58%	2003
	Global Targeted Credit Fixed Income	0.26%	-7%	-42%	2015
	Global Investment Grade Fixed Income	0.26%	-10%	-33%	2009
Global Portfolios	Global Fixed Income Portfolio	0.28%	-10%	-24%	2018
	Global 40EQ-60FI Portfolio	0.29%	-6%	-52%	2011
	Global 50EQ-50FI Portfolio	0.29%	-6%	-47%	2014
	Global 60EQ-40FI Portfolio	0.28%	-7%	-53%	2011
	Global 70EQ-30FI Portfolio	0.30%	-6%	-45%	2014
	Global 80EQ-20FI Portfolio	0.30%	-6%	-54%	2012
	Global Equity Portfolio	0.29%	-9%	-55%	2011
	World Equity Portfolio	0.31%	-9%	-31%	2019

Class F

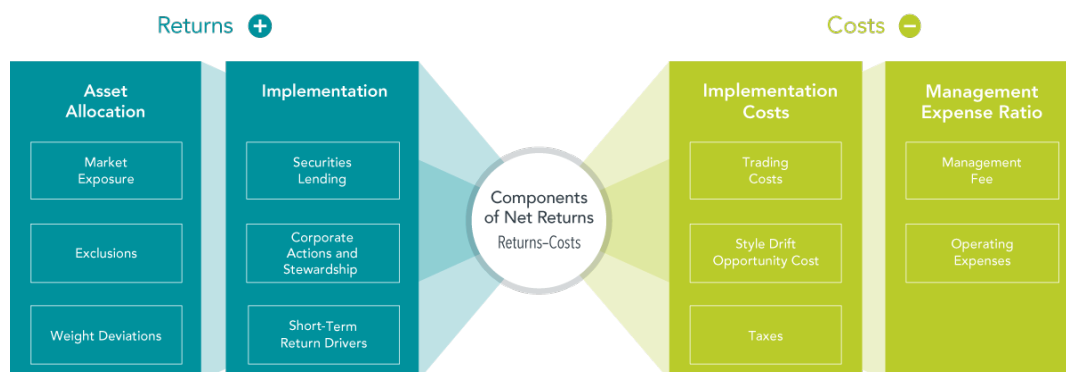
MER for the funds as stated in the Annual Management Report of Fund Performance dated December 31, 2024.

To put this in dollar terms, an investor with CAD\$1 million in the DFA Global 60EQ-40FI Portfolio would have paid \$2,800 in management expenses in 2024 compared to \$6,000 when it launched in 2011, or a 53% reduction.

MERs are an important consideration, but net returns are what matter most to investors' outcomes. MERs are like the price of gas. It impacts the cost of your next road trip but the fuel efficiency of your engine, among other factors, is also relevant. Similarly, the MER shouldn't be the only criteria when evaluating an investment strategy. You should assess the components of net returns, as outlined in **Exhibit 2**, which include a more complete set of costs weighed against all elements affecting returns.

Exhibit 2

Components of Net Returns



For illustrative purposes only. Not an exhaustive list of considerations.

Declining MERs across our Canadian fund complex benefit investors, and innovations in portfolio design and implementation have enhanced our investment proposition. In other words, the price of gas has dropped, while the engine powering your portfolio may now be more efficient.

Your clients notice sky-high bills at the grocery store, and in other aspects of daily life, because these costs are explicit and incurred frequently. A decline in the cost of their investments, though, may go unnoticed. As many feel the pinch of higher costs of living, perhaps it's worth a reminder that this line item has become substantially cheaper.

These materials have been prepared by Dimensional Fund Advisors Canada ULC. The other Dimensional entities referenced herein are not registered resident investment fund managers or portfolio managers in Canada.

This material is not intended for Quebec residents.

Commissions, trailing commissions, management fees, and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Unless otherwise noted, any indicated total rates of return reflect the historical annual compounded total returns, including changes in share or unit value and reinvestment of all dividends or other distributions, and do not take into account sales, redemption, distribution, or optional charges or income taxes payable by any security holder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently, and past performance may not be repeated.

dimensional.com