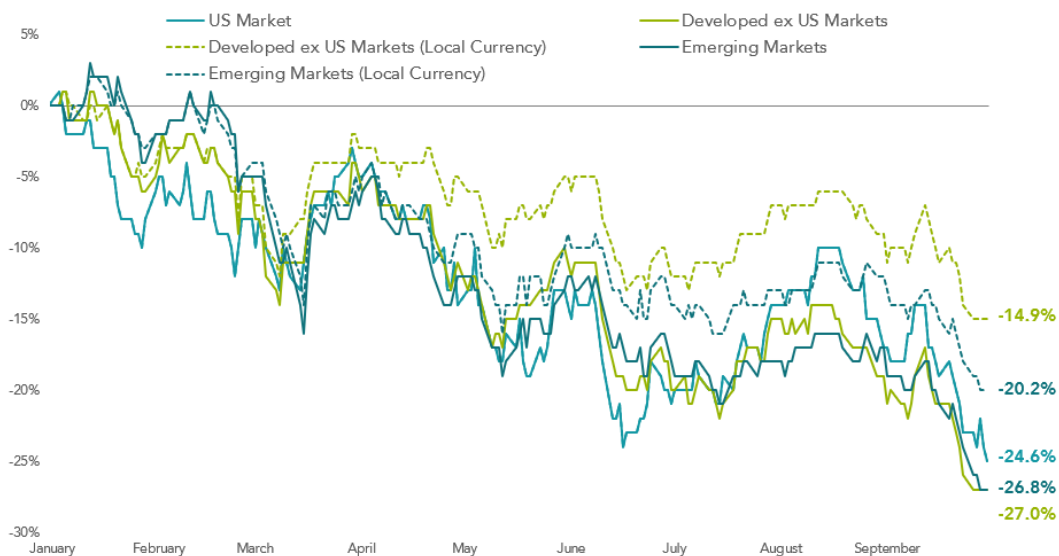


CLIENT QUESTION OF THE MONTH: Why have ex-US equities underperformed US equities this year?

- Non-US market returns the first three quarters of 2022 were like the famous [Marilyn Monroe/Albert Einstein optical illusion](#)—what you see depends on where you're standing.
- US investors, observing returns denominated in USD, have seen relatively poor returns for international markets and possibly view this as yet another strike against global diversification. But, expressed in local currency, it is the US market that brings up the rear in regional performance.
- People see what they are positioned to see. Up close, Einstein's face seems obvious; US markets outperformed ex-US markets. But when you take a step back, Marilyn comes into focus, and local investors fared better in their home markets than did Americans. Perspective matters for illusions, and so too when considering an international allocation.

Exhibit 1 Returns in local currencies vs. returns in USD (January 2022–September 2022)



Past performance is not a guarantee of future results. Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio. Market returns are computed by the respective index. United States is represented by the Russell 3000 Index, International Developed is represented by the MSCI World ex USA IMI (net div.), and Emerging Markets is represented by the MSCI Emerging Markets IMI (net div.). Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. MSCI indices are net dividends. MSCI data © MSCI 2022, all rights reserved.

Disclosures

This information is provided for registered investment advisors and institutional investors and is not intended for public use.

Dimensional Fund Advisors LP is an investment advisor registered with the Securities and Exchange Commission.

All expressions of opinion are subject to change. This information is not meant to constitute investment advice, a recommendation of any securities product or investment strategy (including account type), or an offer of any services or products for sale, nor is it intended to provide a sufficient basis on which to make an investment decision. Investors should consult with a financial professional regarding their individual circumstances before making investment decisions.

Diversification neither assures a profit nor guarantees against loss in a declining market.

Investment products: • Not FDIC Insured • Not Bank Guaranteed • May Lose Value

Dimensional Fund Advisors does not have any bank affiliates.