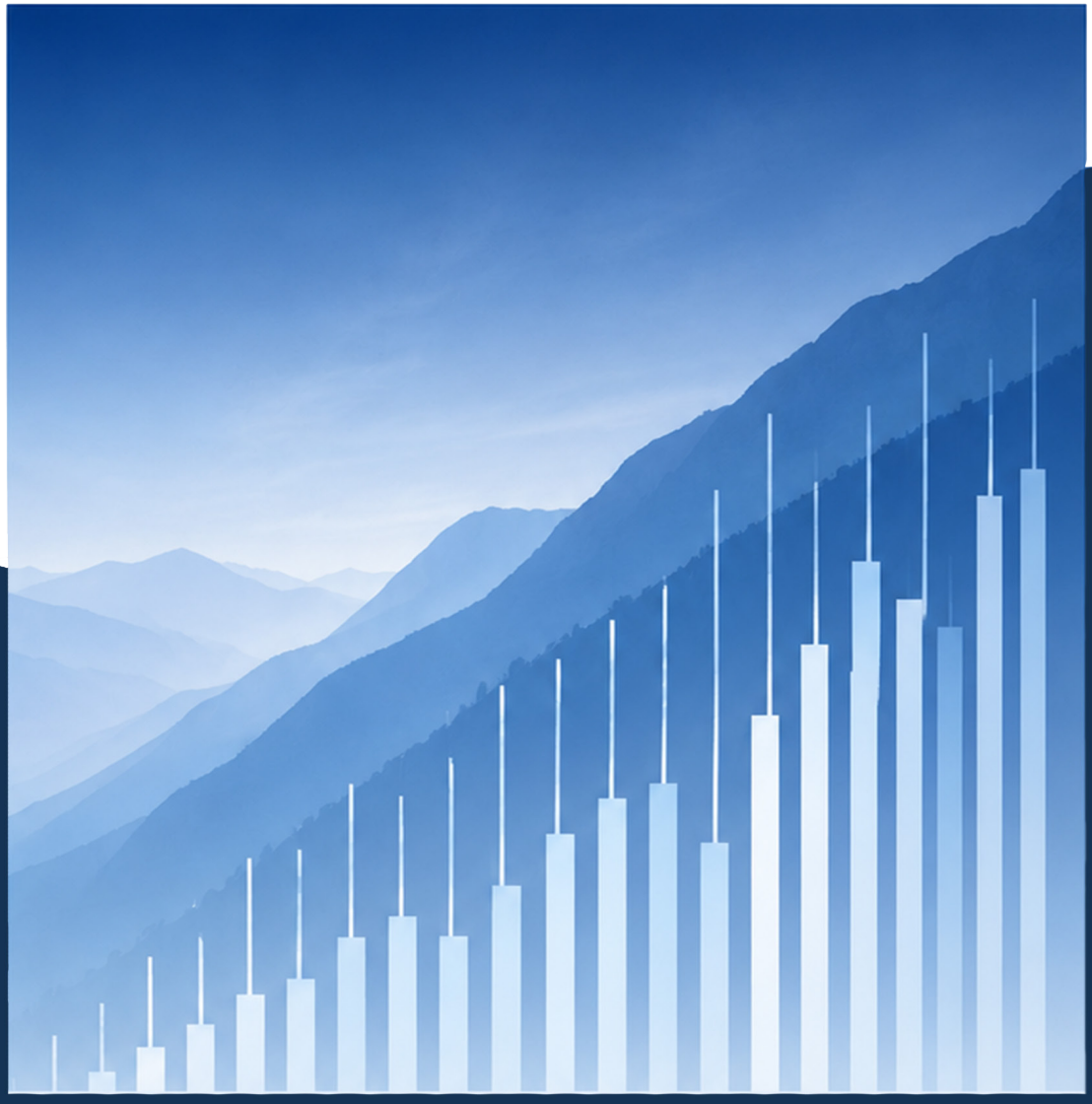
BEAIRDHARRIS
CPAs & Wealth Managers

PURSUING A BETTER INVESTMENT EXPERIENCE

Key Principles to Improve Your Odds of Success



1. Embrace Market Pricing

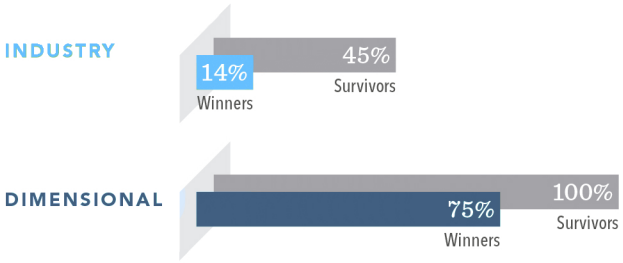
Financial science has taught us that the market is an effective information-processing machine. Each day, the world equity markets process billions of dollars in trades between buyers and sellers — and the real-time information they bring helps set prices.



2. Don't Try to Outguess the Market

The market's pricing power works against stock pickers and market timers: Only 14% of US-domiciled funds beat their benchmarks over the past 20 years. In contrast, by using information in prices, 75% of Dimensional funds have beaten their benchmarks in that time.

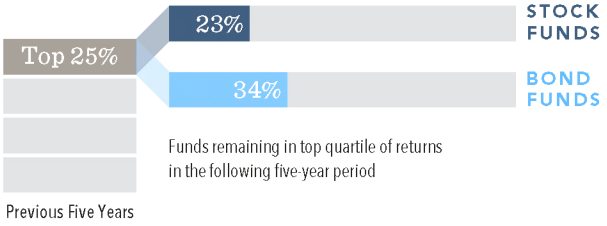
US-Domiciled Stock and Bond Fund Performance, 2006–2025



3. Resist Chasing Past Performance

Some investors select funds based on their past returns. Yet, past performance offers little insight into a fund's future returns. For example, most funds in the top 25% of previous five-year returns did not maintain a top-25% ranking in the following five years.

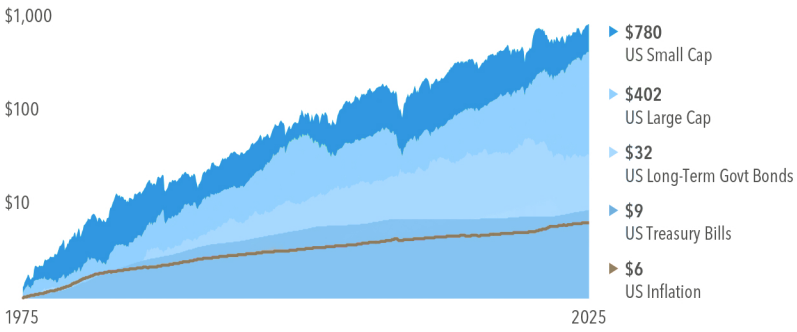
Percentage of Top-Ranked Funds That Stayed on Top, 2006–2025



4. Let Markets Work for You

The financial markets have rewarded long-term investors. People expect a positive return on the capital they supply, and the stock and bond markets have provided growth of wealth that has more than offset inflation, as this chart of the past 50 years shows.

Growth of a Dollar, 1975–2025 (compounded monthly)



5. Consider the Driver of Returns

Academic research into decades of stock and bond returns has identified long-term drivers of outperformance. By investing systematically in the areas with higher expected returns, you can aim to beat the market.

Dimensions of Expected Returns

STOCKS

Small companies outperform large companies over time

Value stocks outperform growth stocks over time

Companies with **high profitability** outperform those with low profitability over time

BONDS

Wider term spreads generally lead to higher term premiums

Wider credit spreads generally lead to higher credit premiums

Global currencies of issuance offer opportunities for higher expected returns and reduced volatility

6. Practice Smart Diversification

Holding a globally diversified portfolio can broaden your opportunities beyond your home market — putting you in a better position to capture higher returns wherever they appear.

Home Market Index

S&P 500 INDEX



1 COUNTRY
500 COMPANIES

Global Market Index

MSCI ACWI INVESTABLE MARKET INDEX (IMI)

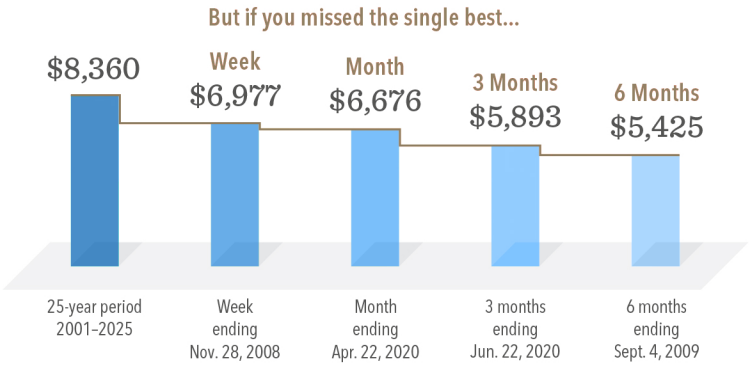


47 COUNTRIES
8,130 COMPANIES

7. Avoid Market Timing

Research has shown there's no reliable way to time the market — targeting the best days to be invested or moving to the sidelines to avoid the worst days. It has also shown the impact of being out of the market even for a short time. Staying invested helps ensure you're in position to capture long-term gains.

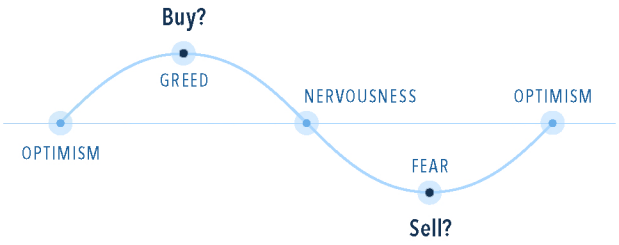
Growth of $1,000 Invested from Jan. 1, 2001, to Dec. 31, 2025



8. Manage Your Emotions

When markets go up and down, many people struggle to separate their emotions from investing. Reacting to current market conditions may lead to making poor investment decisions.

Avoid Reactive Investing



9. Look Beyond the Headlines

Daily market news and commentary can challenge your investment discipline. Some messages stir anxiety about the future, while others tempt you to chase the latest investment fad. When headlines unsettle you, consider the source — is it news or entertainment? Do yourself a favor and tune out the noise.



10. Control What You Can Control

Work with your financial advisor to stay focused on actions that add value. While you can't control which way the market will turn, following time-tested principles can lead to a better investment experence.

- Create an investment plan to fit your needs and risk tolerance.
- Structure a portfolio along the dimensions of expected returns.
- Diversify globally.
- Manage expenses, turnover, and taxes.
- Stay disciplined through the market's highs and lows.

Past performance is no guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Diversification does not eliminate the risk of market loss. There is no guarantee investment strategies will be successful. This information is for illustrative purposes only. See back page for additional exhibit information and important disclosures.

DISCLOSURES

Exhibit 1: In USD. Source: Dimensional, using data from Bloomberg LP. Includes primary and secondary exchange trading volume globally for equities. Funds are excluded. Daily averages were computed by calculating the trading volume of each stock daily as the closing price multiplied by shares traded that day. All such trading volume is summed up and divided by 252 as an approximate number of annual trading days.

Exhibit 2: The sample includes funds at the beginning of the 20-year period ending December 31, 2025. Each fund is evaluated relative to its primary prospectus benchmark. Survivors are funds that had returns for every month in the sample period. Winners are funds that survived and outperformed their benchmark over the period. Where the full series of primary prospectus benchmark returns is unavailable, non-Dimensional funds are instead evaluated relative to their Morningstar category index.

Exhibit 3: This study evaluated fund performance over rolling periods from 2006 through 2025. Each year, funds are sorted within their category based on their previous five-year total return. Those ranked in the top quartile of returns are evaluated over the following five-year period. The chart shows the average percentage of top-ranked equity and fixed income funds that kept their top ranking in the subsequent period.

Source (Exhibits 2 and 3): Data Sample: The sample includes US-domiciled, USD-denominated open-end and exchange-traded funds (ETFs) in the following Morningstar categories. Non-Dimensional fund data is provided by Morningstar. Dimensional fund data is provided by the fund accountant. Dimensional funds or subadvised funds whose access is or previously was limited to certain investors are excluded. Index funds, load-waived funds, and funds of funds are excluded from the industry sample. **Morningstar Categories (Equity):** Equity fund sample includes the following Morningstar historical categories: Diversified Emerging Markets, Europe Stock, Foreign Large Blend, Foreign Large Growth, Foreign Large Value, Foreign Small/Mid Blend, Foreign Small/Mid Growth, Foreign Small/Mid Value, Global Real Estate, Japan Stock, Large Blend, Large Growth, Large Value, Mid-Cap Blend, Mid-Cap Growth, Mid-Cap Value, Miscellaneous Region, Pacific/Asia ex-Japan Stock, Real Estate, Small Blend, Small Growth, Small Value, Global Large-Stock Blend, Global Large-Stock Growth, Global Large-Stock Value, and Global Small/Mid Stock. Morningstar Categories (Fixed Income): Fixed income fund sample includes the following Morningstar historical categories: Corporate Bond, High-Yield Bond, Inflation-Protected Bond, Intermediate Core Bond, Intermediate Core-Plus Bond, Intermediate Government, Long Government, Muni California Intermediate, Muni California Long, Muni Massachusetts, Muni Minnesota, Muni National Intermediate, Muni National Long, Muni National Short, Muni New Jersey, Muni New York Intermediate, Muni New York Long, Muni Ohio, Muni Pennsylvania, Muni Single State Intermediate, Muni Single State Long, Muni Single State Short, Muni Target Maturity, Short Government, Short-Term Bond, Ultrashort Bond, Global Bond, and Global Bond-USD Hedged. Index Data Sources: Index data provided by Bloomberg, MSCI, Russell, FTSE Fixed Income LLC, and S&P Dow Jones Indices LLC. Indices are not available for direct investment. Their performance does not reflect the expenses associated with management of an actual portfolio. US-domiciled mutual funds and US-domiciled ETFs are not generally available for distribution outside the US.

Exhibit 4: In USD. US Small Cap is the CRSP 6-10 Index. US Large Cap is the S&P 500 Index. US Long-Term Govt Bonds is the Bloomberg US Government Bond Index Long. US Treasury Bills is the ICE BofA 1-Month US Treasury Bill Index. US Inflation is measured as changes in the US consumer price index. Data presented in the Growth of a Dollar chart is hypothetical and assumes reinvestment of income and no transaction costs or taxes. The chart is for illustrative purposes only and is not indicative of any investment.

Exhibit 5: Relative price is measured by the price-to-book ratio; value stocks are those with lower price-to-book ratios. Profitability is measured as operating income before depreciation and amortization minus interest expense scaled by book.

Exhibit 6: Number of holdings and countries for the S&P 500 Index and MSCI ACWI IMI (All Country World IMI Index) as of December 31, 2025. S&P data © 2026 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. MSCI data© MSCI 2026, all rights reserved. International investing involves special risks, such as currency fluctuation and political instability. Investing in emerging markets may accentuate these risks.

Exhibit 7: In USD. For illustrative purposes. For the purposes of this analysis, we assume the following number of trading days for each period: five trading days in a week, 21 trading days in a month, 63 trading days in three months, and 126 trading days in six months. Best performance dates represent end of period (November 28, 2008, for best week; April 22, 2020, for best month; June 22, 2020, for best three months; and September 4, 2009, for best six months). The missed best consecutive days examples assume that the hypothetical portfolio fully divested its holdings at the end of the day before the missed best consecutive days, held cash for the missed best consecutive days, and reinvested the entire portfolio in the Russell 3000 Index at the end of the missed best consecutive days. Data presented in the Growth of $1,000 exhibit is hypothetical and assumes reinvestment of income and no transaction costs or taxes. The data is for illustrative purposes only and is not indicative of any investment.

Bloomberg data provided by Bloomberg. MSCI data © MSCI 2026, all rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. FTSE fixed income indices © 2026 FTSE Fixed Income LLC. All rights reserved. S&P data © 2026 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. CRSP data is provided by the Center for Research in Security Prices, University of Chicago. One-Month US Treasury Bills: January 2025-present: ICE BofA index data © 2026 ICE Data Indices, LLC. Prior to January 2025: One-Month US Treasury Bills. US consumer price index data is provided by the US Department of Labor Bureau of Labor Statistics.

Consider the investment objectives, risks, and charges and expenses of the Dimensional funds carefully before investing. Mutual fund investment values will fluctuate, and shares, when redeemed, may be worth more or less than original cost. Diversification neither assures a profit nor guarantees against a loss in a declining market. There is no guarantee investment strategies will be successful.

ETFs trade like stocks, fluctuate in market value, and may trade either at a premium or a discount to their net asset value. ETF shares trade at market price and are not individually redeemable with the issuing fund, other than in large share amounts called creation units. ETFs are subject to risks similar to those of stocks, including those regarding short-selling and margin account maintenance. Brokerage commissions and expenses will reduce returns.

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.

BEAIRDHARRIS
CPAs & Wealth Managers

Developing the right market mindset can make you a stronger investor.

(972) 503-1040 | BH-CO.COM

*No guarantees are being made that you will experience any specific result. Investing in securities involves the risk of loss. Tax, Accounting, Business Consulting and Business Advisory Services provided by Beaird Harris, PLLC, a Certified Public Accounting Firm. Investment advisory services provided by Beaird Harris Wealth Management, LLC., an investment adviser registered with the SEC. References to Beaird Harris refers to either or both entities, as applicable.

Beaird Harris's marketing material should not be construed by any existing or prospective client as a guarantee that they will experience a certain level of results if they engage the adviser's services. This announcement is only intended for interested investors residing in states in which the adviser is qualified to provide investment advisory services. Please contact the adviser to find out if the they are qualified to provide investment advisory services in the state where you reside. Past performance is no guarantee of future results. A copy of our current written disclosure statement discussing our advisory services and fees is available upon request. The scope of the services to be provided depends upon the terms of the engagement.

MKT-68301 04/26 5437701