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Mailing Address

1299 OCEAN AVE
11TH FLOOR
SANTA MONICA CA 90401

Business Address

1299 OCEAN AVE STE 650
11TH FL
SANTA MONICA CA 90401
2133958005

PROSPECTUS
JUNE 30, 1995
DFA INVESTMENT DIMENSIONS GROUP INC.

DFA INVESTMENT DIMENSIONS GROUP INC. (the "Fund"), 1299 Ocean Avenue, 11th Floor, Santa Monica, California 90401, (310) 395-8005, is an open-end management investment company whose shares are offered, without a sales charge, generally to institutional investors and clients of registered investment advisers.

The Fund issues twenty series of shares, each of which represents a separate class ("Portfolio") of the Fund's common stock, having its own investment objective and policies. The investment objective of each of the Domestic and International Equity Portfolios, except U.S. Large Company Portfolio, is to achieve long-term capital appreciation. The investment objective of U.S. Large Company Portfolio is to approximate the investment performance of the Standard & Poor's 500 Composite Stock Index. The investment objectives of the Fixed Income Portfolios are: DFA One-Year Fixed Income Portfolio, to achieve stable real value of capital with a minimum of risk by investing in high quality obligations; DFA Five-Year Government Portfolio, to maximize total returns available from the universe of U.S. Government and U.S. Government Agency obligations which mature within five years from the date of settlement; DFA Intermediate Government Fixed Income Portfolio, to earn current income consistent with preservation of capital; and DFA Global Fixed Income Portfolio, to provide a market rate of return for a global fixed income portfolio with low relative volatility of returns.

DOMESTIC EQUITY PORTFOLIOS

U.S. 9-10 Small Company Portfolio	U.S. Small Cap Value Portfolio
U.S. 6-10 Small Company Portfolio	U.S. Large Cap Value Portfolio
U.S. Large Company Portfolio	DFA/AEW Real Estate Securities Portfolio

INTERNATIONAL EQUITY PORTFOLIOS

Japanese Small Company Portfolio	Continental Small Company Portfolio
Pacific Rim Small Company Portfolio	Large Cap International Portfolio
United Kingdom Small Company Portfolio	DFA International High Book to Market Portfolio
Emerging Markets Portfolio	DFA International Small Cap Value Portfolio

FIXED INCOME PORTFOLIOS

DFA One-Year Fixed Income Portfolio
DFA Five-Year Government Portfolio
DFA Global Fixed Income Portfolio
DFA Intermediate Government Fixed Income Portfolio

THE U.S. 6-10 SMALL COMPANY, U.S. LARGE COMPANY, DFA ONE-YEAR FIXED INCOME, U.S. SMALL CAP VALUE, U.S. LARGE CAP VALUE, DFA INTERNATIONAL HIGH BOOK TO MARKET AND EMERGING MARKETS PORTFOLIOS (COLLECTIVELY THE "FEEDER PORTFOLIOS"), UNLIKE MANY OTHER INVESTMENT COMPANIES WHICH DIRECTLY ACQUIRE AND MANAGE THEIR OWN PORTFOLIO OF SECURITIES, EACH SEEKS TO ACHIEVE ITS INVESTMENT OBJECTIVE BY INVESTING ALL OF ITS INVESTABLE ASSETS IN A CORRESPONDING SERIES OF SHARES OF THE DFA INVESTMENT TRUST COMPANY (THE "TRUST"), AN OPEN-END, MANAGEMENT INVESTMENT COMPANY THAT ISSUES SERIES HAVING THE SAME INVESTMENT OBJECTIVE, POLICIES AND LIMITATIONS AS EACH OF THOSE PORTFOLIOS. THE INVESTMENT EXPERIENCE OF EACH FEEDER PORTFOLIO WILL CORRESPOND DIRECTLY WITH THE INVESTMENT EXPERIENCE OF ITS CORRESPONDING SERIES. INVESTORS SHOULD CAREFULLY CONSIDER THIS INVESTMENT APPROACH. FOR ADDITIONAL INFORMATION, SEE "THE FEEDER PORTFOLIOS".

This prospectus sets forth concisely information about the Fund that prospective investors should know before investing and should be read carefully and retained for future reference. A statement of additional information about the Fund, dated June 30, 1995, which is incorporated herein

by reference, has been filed with the Securities and Exchange Commission and is available upon request, without charge, by writing or calling the Fund at the above address or telephone number.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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HIGHLIGHTS

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THE FUND

The Fund offers twenty separate Portfolios. Each Portfolio, in effect, represents a separate mutual fund with its own investment objective and policies. The investment objective of each Portfolio is a fundamental policy and may not be changed without the affirmative vote of a majority of its outstanding securities. Investors may choose to invest in one or more of the Portfolios. Proceeds from the sale of shares of a Portfolio will be invested in accordance with that Portfolio's investment objective and policies. A shareholder will be entitled to a pro rata share of all dividends and distributions arising from the assets of the Portfolio in which he invests. Upon redeeming shares a shareholder will receive the current net asset value per share of the Portfolio represented by the redeemed shares.

INVESTMENT OBJECTIVES - SMALL COMPANY PORTFOLIOS

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The investment objective of each of these Portfolios: U.S. 9-10 Small Company Portfolio, U.S. 6-10 Small Company Portfolio, Japanese Small Company Portfolio, United Kingdom Small Company Portfolio, Continental Small Company Portfolio and Pacific Rim Small Company Portfolio (the "Small Company Portfolios") is to achieve long-term capital appreciation by investing in marketable stocks of small companies. The size of a company will be measured by its relative market capitalization. Each of these Portfolios (U.S. 6-10 Small Company Portfolio indirectly through ownership of the corresponding Trust Series) will be structured by generally basing the amount of each security purchased on the issuer's relative market capitalization, applied on a basis of descending values, with a view to achieving a reasonable reflection of the relative market capitalizations of its portfolio companies. (See "PORTFOLIO CHARACTERISTICS AND POLICIES - THE SMALL COMPANY

INVESTMENT OBJECTIVE - U.S. LARGE COMPANY PORTFOLIO 12

The investment objective of U.S. Large Company Portfolio is to approximate the investment performance of Standard & Poor's 500 Composite Stock Index (the "S&P 500 Index"). The Portfolio invests all of its assets in U.S. Large Company Series of the Trust, which in turn invests in the stocks which comprise the S&P 500 Index in approximately the same proportions as they are represented in the S&P 500 Index.

INVESTMENT OBJECTIVE - LARGE CAP INTERNATIONAL PORTFOLIO 13

The investment objective of Large Cap International Portfolio is to achieve long-term capital appreciation. The Portfolio will invest in a market-weighted portfolio of the stocks of large non-U.S. companies.

INVESTMENT OBJECTIVE - DFA/AEW REAL ESTATE SECURITIES PORTFOLIO 15

The investment objective of DFA/AEW Real Estate Securities Portfolio is to achieve long-term capital appreciation. The Portfolio will invest in readily marketable equity securities of companies whose principal business is in the real estate industry.

INVESTMENT OBJECTIVES - VALUE PORTFOLIOS 16

The investment objective of both U.S. Large Cap Value Portfolio and U.S. Small Cap Value Portfolio (collectively the "Value Portfolios") is to achieve long-term capital appreciation. U.S. Large Cap Value Portfolio and U.S. Small Cap Value Portfolio will invest all of their assets in U.S. Large Cap Value Series and U.S. Small Cap Value Series (collectively the "Value Series") of the Trust, respectively, which in turn will invest in common stocks of U.S. companies that have a high book value in relation to their market value.

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INVESTMENT OBJECTIVE - DFA INTERNATIONAL HIGH BOOK TO MARKET PORTFOLIO 18

The investment objective of the DFA International High Book to Market Portfolio is to achieve long-term capital appreciation. The Portfolio will invest all of its assets in The DFA International Value Series of the Trust, which in turn will invest in the stocks of large non-U.S. companies that have a high book value in relation to their market value.

INVESTMENT OBJECTIVE - DFA INTERNATIONAL SMALL CAP VALUE PORTFOLIO 19

The investment objective of the Portfolio is to achieve long-term capital appreciation. The Portfolio will invest in the stocks of small non-U.S. companies that have a high book value in relation to their market value.

INVESTMENT OBJECTIVE - EMERGING MARKETS PORTFOLIO 21

The investment objective of the Emerging Markets Portfolio is to achieve long-term capital appreciation. The Portfolio will invest all of its assets in the Emerging Market Series of the Trust, which in turn invests in the equity securities of companies in emerging markets.

INVESTMENT OBJECTIVES - FIXED INCOME PORTFOLIOS 23

The investment objective of DFA One-Year Fixed Income Portfolio is to achieve stable real value of capital with a minimum of risk. The Portfolio invests all of its assets in DFA One-Year Fixed Income Series of the Trust. Generally, the Series will acquire high quality obligations which mature within one year from the date of settlement; however, when greater returns are available substantial investments may be made in securities maturing within two years from the date of settlement as well. In addition, the Series intends to concentrate investments in the banking industry under

certain circumstances. (See "INVESTMENT OBJECTIVES AND POLICIES - THE FIXED INCOME PORTFOLIOS" and "Investments in the Banking Industry".)

The investment objective of DFA Five-Year Government Portfolio is to maximize total returns available from the universe of high quality debt obligations. The Portfolio will invest only in obligations of the U.S. Government and U.S. Government Agencies which mature within five years from the date of settlement and repurchase agreements.

The investment objective of DFA Intermediate Government Fixed Income Portfolio is to earn current income consistent with preservation of capital. The Portfolio will invest in non-callable obligations of the U.S. Government and U.S. Government Agencies, AAA-rated dollar-denominated obligations of foreign governments and supranational organizations, and futures contracts on U.S. Treasury securities.

The investment objective of DFA Global Fixed Income Portfolio is to provide a market rate of return for a fixed income portfolio with low relative volatility of returns. The Portfolio invests in the obligations issued or guaranteed by the U.S. and foreign governments and their agencies, obligations of other foreign issuers rated AA or better and supranational organizations.

RISK FACTORS

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Japanese Small Company Portfolio, United Kingdom Small Company Portfolio, Continental Small Company Portfolio, Pacific Rim Small Company Portfolio, Large Cap International Portfolio, the DFA International Small Cap Value Portfolio, the DFA International High Book to Market Portfolio and the Emerging Markets Portfolio (the last two Portfolios indirectly through their investment in the corresponding Series of the Trust) (collectively, the "International Equity Portfolios") and DFA Global Fixed Income Portfolio invest in foreign securities which are traded abroad. DFA One-Year Fixed Income Series of the Trust, in which the corresponding Fund Portfolio invests, is authorized to invest in dollar-denominated obligations of U.S. subsidiaries and branches of foreign banks and dollar-denominated obligations of foreign issuers traded in the U.S. and also is authorized to concentrate investments in the banking industry in certain circumstances. DFA/AEW Real Estate Securities Portfolio will concentrate its investments in the real estate industry. DFA Intermediate Government Fixed Income Portfolio may invest in futures contracts on obligations of the U.S. Government. Large Cap International Portfolio, the DFA International High Book to Market Portfolio and DFA/AEW Real Estate

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Securities Portfolio may invest in stock index futures contracts and options thereon and the U.S. Large Company and the Value Series of the Trust, in which the corresponding Portfolios invest, also may purchase and sell index futures and options thereon. All of the Portfolios are authorized to invest in repurchase agreements. All of the above described policies involve certain risks. The policy of the Feeder Portfolios to invest in the shares of corresponding Series of the Trust also involves certain risks. (See "RISK FACTORS - ALL PORTFOLIOS" and "THE FEEDER PORTFOLIOS".)

MANAGEMENT AND ADMINISTRATIVE SERVICES

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Dimensional Fund Advisors Inc. (the "Advisor") serves as investment advisor to each of the Portfolios, except the Feeder Portfolios, and to each Series of the Trust. Dimensional Fund Advisors Ltd. serves as sub-advisor of United Kingdom and Continental Small Company Portfolios. DFA Australia Pty Limited serves as sub-advisor of Japanese and Pacific Rim Small Company Portfolios. Aldrich, Eastman & Waltch L.P. ("AEW") serves as sub-advisor of DFA/AEW Real Estate Securities Portfolio. The Advisor provides each Feeder Portfolio with certain administrative services. Reinhardt Werba Bowen Advisory Services serves as client service agent to the DFA International High Book to Market Portfolio. (See "MANAGEMENT OF THE FUND".)

DIVIDEND POLICY

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The Domestic and International Equity Portfolios, except for U.S. Large Company Portfolio and U.S. Large Cap Value Portfolio, each distribute substantially all of their own net investment income in November and December of each year. U.S. Large Company Portfolio, U.S. Large Cap Value Portfolio, DFA Intermediate Government Fixed Income Portfolio and DFA Global Fixed Income Portfolio distribute dividends from their net investment income quarterly. DFA One-Year Fixed Income Portfolio distributes dividends from its net investment income monthly. DFA Five-Year Government Portfolio distributes dividends from net investment income semi-annually. The Portfolios will make any distributions from realized net capital gains on an annual basis. (See "DIVIDENDS, CAPITAL GAINS DISTRIBUTIONS AND TAXES".)

PURCHASE, VALUATION AND REDEMPTION OF SHARES

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Shares of the International Equity Portfolios, except United Kingdom Small Company Portfolio, Large Cap International Portfolio and the DFA International High Book to Market Portfolio, may be purchased at a public offering price, which is equal to the net asset value of their shares, plus a reimbursement fee, equal to 1% of such value of the shares of Continental and Pacific Rim Small Company Portfolios; 0.50% of the net asset value of the shares of Japanese Small Company Portfolio and Emerging Markets Portfolio; and 0.70% of the net asset value of the shares of DFA International Small Cap Value Portfolio. The reimbursement fee is paid to the Portfolio whose shares are purchased and used to defray the costs associated with investment of the proceeds from the sale of its shares. The shares of the remaining Portfolios are sold at net asset value. The redemption price of the shares of all of the Portfolios is equal to the net asset value of their shares.

The value of the shares issued by a Feeder Portfolio will fluctuate in relation to the investment experience of its corresponding Series. The value of the shares issued by all other Portfolios will fluctuate in relation to their own investment experience. Unlike money market funds, the shares of DFA One-Year Fixed Income Portfolio will tend to reflect fluctuations in interest rates because the corresponding Series of the Trust in which the Portfolio invests does not seek to stabilize the price of its shares by use of the "amortized cost" method of securities valuation. (See "PURCHASE OF SHARES," "VALUATION OF SHARES" and "REDEMPTION OF SHARES".)

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SHAREHOLDER TRANSACTION EXPENSES

Reimbursement Fees (as percentage of original purchase price) (1)	
Japanese Small Company Portfolio	0.50%
Continental Small Company Portfolio	1.00%
Pacific Rim Small Company Portfolio	1.00%
Emerging Markets Portfolio	0.50%
DFA International Small Cap Value Portfolio	0.70%

(1) Reimbursement fees are charged to purchasers of shares and paid to these Portfolios. They serve to offset costs incurred by a Portfolio when investing the proceeds from the sale of its shares, and therefore stabilize the return of the Portfolio for all existing shareholders. (See "VALUATION OF SHARES - Public Offering Price" for a more complete description of reimbursement fees.)

With the exception of the Emerging Markets Portfolio and the DFA International Small Cap Value Portfolio, the expenses in the expense table below are based on those incurred by the Portfolios and Series for the fiscal year ended November 30, 1994.

<TABLE>
<CAPTION>

ANNUAL FUND OPERATING EXPENSES (AS A PERCENTAGE OF AVERAGE NET ASSETS)	MANAGEMENT FEE	ADMINISTRATION FEE	OTHER EXPENSES	TOTAL OPERATING EXPENSES
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
U.S. 9-10 Small Company	0.50%		0.15%	0.65%
U.S. 6-10 Small Company*	0.03%	0.32%	0.18%	0.53%
U.S. Large Company*	0.025%	0.215%	0.00%	0.24%
U.S. Small Cap Value*	0.20%	0.30%	0.16%	0.66%
U.S. Large Cap Value*	0.10%	0.15%	0.19%	0.44%
DFA/AEW Real Estate Securities	0.50%		0.40%	0.90%
Japanese Small Company	0.50%		0.26%	0.76%
Pacific Rim Small Company	0.50%		0.45%	0.95%
United Kingdom Small Company	0.50%		0.24%	0.74%
Emerging Markets*	0.10%	0.40%	0.75%	1.25%
Continental Small Company	0.50%		0.27%	0.77%
Large Cap International	0.25%		0.41%	0.66%

<FN>

* Feeder Portfolio.

</TABLE>

4

<TABLE>
<CAPTION>

	MANAGEMENT FEE	ADMINISTRATION FEE	OTHER EXPENSES	TOTAL OPERATING EXPENSES
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
DFA International High Book to Market*	0.17%	0.19%	0.33%	0.69%
DFA International Small Cap Value	0.65%		0.39%	1.04%
DFA One-Year Fixed Income*	0.05%	0.10%	0.06%	0.21%
DFA Five-Year Government	0.20%		0.11%	0.31%
DFA Global Fixed Income	0.25%		0.24%	0.49%
DFA Intermediate Government Fixed Income	0.15%		0.14%	0.29%

<FN>

* Feeder Portfolio

</TABLE>

EXAMPLE

You would pay the following transaction and annual operating expenses on a \$1,000 investment in each Portfolio, assuming a 5% annual return over each of the following time periods and redemption at the end of each time period:

<TABLE>
<CAPTION>

	1 Year	3 Years	5 Years	10 Years
	-----	-----	-----	-----

<S>	<C>	<C>	<C>	<C>
U.S. 9-10 Small Company	\$ 7	\$ 21	\$ 36	\$ 81
U.S. 6-10 Small Company	5	17	30	66
U.S. Large Company	2	8	14	31
U.S. Small Cap Value	7	21	37	82
U.S. Large Cap Value	5	14	25	55
DFA/AEW Real Estate Securities	9	29	50	111
Japanese Small Company	13	29	47	99
Pacific Rim Small Company	20	40	62	125
United Kingdom Small Company	8	24	41	92
Emerging Markets	18	44	n/a	n/a
Continental Small Company	18	34	52	104
Large Cap International	7	21	37	82
DFA International High Book to Market	7	22	38	86
DFA International Small Cap Value	18	40	n/a	n/a

* Feeder Portfolio
</TABLE>

5

<TABLE>
<CAPTION>

	1 Year	3 Years	5 Years	10 Years
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
DFA One-Year Fixed Income	2	7	12	27
DFA Five-Year Government	3	10	17	39
DFA Global Fixed Income	5	16	27	62
DFA Intermediate Government Fixed Income	3	9	16	37

The purpose of the above expense table and Example is to assist investors in understanding the various costs and expenses that an investor in the Portfolios will bear directly or indirectly. With respect to the Feeder Portfolios, the table summarizes the aggregate estimated annual operating expenses of both the Portfolios and the corresponding Trust Series. (See "MANAGEMENT OF THE FUND" for a description of Portfolio and Series expenses.)

The Board of Directors of the Fund has considered whether such expenses will be more or less than they would have been if the Feeder Portfolios were to have invested directly in the securities held by the Trust Series. The aggregate amount of expenses for a Feeder Portfolio and the corresponding Trust Series may be greater than it would have been if the Portfolio were to invest directly in the securities held by the corresponding Trust Series. However, the total expense ratios for the Feeder Portfolios and the Trust Series are expected to be less over time than such ratios would have been if the Portfolios had continued to invest directly in the underlying securities. This is because this arrangement enables various institutional investors, including the Feeder Portfolios, to pool their assets, which may be expected to result in economies by spreading certain fixed costs over a larger asset

base. Each shareholder in a Trust Series, including a Feeder Portfolio, will pay its proportionate share of the expenses of that Trust Series.

The example should not be considered a representation of past or future expenses. Actual expenses may be greater or lesser than those shown. The Emerging Markets Portfolio and its Trust Series and the DFA International Small Cap Value Portfolio are new and, therefore, the expenses of those Portfolios and Series included in the table are the estimated annualized expenses that are expected to be incurred through the fiscal year ending November 30, 1995 and the above example is based on estimated expenses for the current and next two fiscal years and does not extend those estimates over five and ten year periods.

The Advisor has agreed to bear all of the ordinary operating expenses of U.S. Large Company Portfolio and its corresponding Series, except the investment advisory fee of the Series and the administration fee of the Portfolio. These expenses are not subject to reimbursement by the Series and the Portfolio. Absent this arrangement, the annualized ratio of expenses to average net assets for U.S. Large Company Portfolio for the fiscal year ended November 30, 1994 would have been .66%. Beginning December 1, 1993, the Advisor agreed to waive its fee under the Investment Management Agreement with respect to the DFA International Value Series to the extent necessary to keep the cumulative annual expenses of the Series to not more than 0.45% of average net assets of the Series on an annualized basis. Through February 15, 1994, the Advisor waived its fee under the Investment Management Agreement with respect to the DFA International High Book to Market Portfolio to the extent necessary to keep the cumulative annual expenses of the Portfolio to not more than 0.65% of average net assets of the Portfolio on an annualized basis. Absent the waivers, the annualized ratio of expenses to average net assets for the DFA International High Book to Market Portfolio for the fiscal year ended November 30, 1994 would have been 0.73%.

For the year ended November 30, 1994, Japanese Small Company Portfolio received net revenue from a securities lending program which equalled \$800,000, which was .27% of average daily net assets of the Portfolio. The other International Equity Portfolios also implemented lending programs during the year. The income generated in the other portfolios for the fiscal year ended November 30, 1994 is not representative of the income that would be earned over a full year because of seasonality of the foreign securities markets.

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CONDENSED FINANCIAL INFORMATION

The data set forth under the heading "Financial Highlights" in the Fund's audited annual report to stockholders for the fiscal year ended November 30, 1994 is incorporated herein by reference. The data in the Fund's audited annual report is covered by the Report of Independent Accountants which is contained therein and may be obtained by shareholders upon request. Information regarding the DFA International Small Cap Value Portfolio has not been provided in the Fund's audited annual report because that Portfolio had not commenced operations as of November 30, 1994.

With respect to DFA International Small Cap Value Portfolio, the data set forth under the heading "Financial Highlights" in the unaudited financial statements contained in the report to shareholders of the Portfolio, dated May 31, 1995, is incorporated herein by reference. A shareholder of DFA International Small Cap Value Portfolio may obtain a copy of the report, upon request and without charge, by contacting the Fund at the address or telephone number appearing on the cover of the Prospectus.

THE FEEDER PORTFOLIOS

Each of the seven Feeder Portfolios, unlike many other investment companies which directly acquire and manage their own portfolio of securities, seeks to achieve its investment objective by investing all of its investable assets in a corresponding Series of the Trust, an open-end, management investment company, registered under the Investment Company Act of

1940, that issues Series having the same investment objective as each of those Portfolios. The investment objective of a Feeder Portfolio may not be changed without the approval of its shareholders and the investment objective of a Series of the Trust may not be changed without approval of the shareholders of that Series. Shareholders of a Feeder Portfolio will receive written notice thirty days prior to the effective date of any change in the investment objective of its corresponding Trust Series.

This prospectus describes the investment objective, policies and restrictions of each Feeder Portfolio and its corresponding Series. (See "PORTFOLIO CHARACTERISTICS AND POLICIES - THE SMALL COMPANY PORTFOLIOS - U.S. 6-10 Small Company Portfolio"; "U.S. LARGE COMPANY PORTFOLIO - Investment Objective and Policies"; "THE VALUE PORTFOLIOS - Portfolio Characteristics and Policies"; "INVESTMENT OBJECTIVES AND POLICIES - THE FIXED INCOME PORTFOLIOS - The DFA One-Year Fixed Income Portfolio"; "DFA INTERNATIONAL HIGH BOOK TO MARKET PORTFOLIO - Investment Objective and Policies"; and "EMERGING MARKETS PORTFOLIO - Investment Objective and Policies"). In addition, an investor should read "MANAGEMENT OF THE FUND" for a description of the management and other expenses associated with the Feeder Portfolios' investment in the Trust. Other institutional investors, including other mutual funds, may invest in each Series and the expenses of such other funds and, correspondingly, their returns may differ from those of the Feeder Portfolios. Please contact the Trust at 1299 Ocean Avenue, 11th Floor, Santa Monica, CA 90401, (310) 395-8005 for information about the availability of investing in a Series of the Trust other than through a Feeder Portfolio.

The shares of the Trust Series will be offered to institutional investors for the purpose of increasing the funds available for investment, to reduce expenses as a percentage of total assets and to achieve other economies that might be available at higher asset levels. While investment in a Series by other institutional investors offers potential benefits to the Series and, through their investment in the Series, the Feeder Portfolios also, institutional investment in the Series also entails the risk that economies and expense reductions might not be achieved and additional investment opportunities, such as increased diversification, might not be available if other institutions do not invest in the Series. Also, if an institutional investor were to redeem its interest in a Series, the remaining investors in that Series could experience higher pro rata operating expenses, thereby producing lower returns, and the Series' security holdings may become less diverse, resulting in increased risk. Institutional investors that have a greater pro rata ownership interest in a Series than the corresponding Feeder Portfolio could have effective voting control over the operation of the Series.

Further, if a Series changes its investment objective in a manner which is inconsistent with the investment objective of a corresponding Feeder Portfolio and the shareholders of the Portfolio fail to approve a similar change in the investment objective of the Portfolio, the Portfolio would be forced to withdraw its investment in the Series and either seek to invest its assets in another registered investment company with the same

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investment objective as the Portfolio, which might not be possible, or retain an investment advisor to manage the Portfolio's assets in accordance with its own investment objective, possibly at increased cost. A withdrawal by a Feeder Portfolio of its investment in the corresponding Series could result in a distribution in kind of portfolio securities (as opposed to a cash distribution) to the Portfolio. Should such a distribution occur, the Portfolio could incur brokerage fees or other transaction costs in converting such securities to cash in order to pay redemptions. In addition, a distribution in kind to the Portfolio could result in a less diversified portfolio of investments and could affect adversely the liquidity of the Portfolio.

Finally, the Feeder Portfolios investment in the shares of a registered investment company such as the Trust is relatively new and results in certain operational and other complexities. However, management believes that the benefits to be gained by shareholders outweigh the additional complexities

and that the risks attendant to such investment are not inherently different from the risks of direct investment in securities of the type in which the Trust Series invest.

SMALL COMPANY PORTFOLIOS

INVESTMENT OBJECTIVE AND POLICIES

Each Small Company Portfolio and U.S. 6-10 Small Company Series of the Trust (the "6-10 Series"), operates as a diversified investment company whose investment objective is to achieve long-term capital appreciation. The Small Company Portfolios provide investors with access to securities portfolios consisting of small U.S., Japanese, United Kingdom, European and Pacific Rim companies. Company size will be determined for purposes of these Portfolios and the 6-10 Series of the Trust solely on the basis of a company's market capitalization. "Market capitalization" will be calculated with respect to domestic securities, by multiplying the price of a company's stock by the number of its shares of common stock, or with respect to foreign securities similar stocks which are outstanding.

Each of these Portfolios (U.S. 6-10 Small Company Portfolio indirectly through ownership of the corresponding Trust Series) will be structured to reflect reasonably the relative market capitalizations of its portfolio companies. The Advisor believes that over the long term the investment performance of small companies is superior to large companies, not only in the U.S. but in other developed countries as well, and that investment in the Portfolios is an effective way to improve global diversification. Institutional investors which, for a variety of reasons, may choose not to make substantial, or any, direct investment in companies whose securities will be held by the Portfolios, may participate indirectly in the investment performance of these companies through ownership of a Portfolio's stock.

PORTFOLIO CHARACTERISTICS AND POLICIES- SMALL COMPANY PORTFOLIOS

U.S. 6-10 SMALL COMPANY PORTFOLIO

U.S. 6-10 Small Company Portfolio pursues its investment objective by investing all of its assets in the 6-10 Series, which has the same investment objective and policies as the Portfolio. U.S. 6-10 Series will invest in a broad and diverse group of small U.S. companies having readily marketable securities. References in this prospectus to a "small U.S. company" means a company whose securities are traded in the U.S. securities markets and whose market capitalization is not larger than the largest of those in the smaller one half (deciles 6 through 10) of companies listed on the New York Stock Exchange ("NYSE"). The 6-10 Series will purchase common stocks of companies whose shares are listed on the NYSE, the American Stock Exchange (the "AMEX") and traded in the over-the-counter market ("OTC"). The 6-10 Series may invest in securities of foreign issuers which are traded in the U.S. securities markets, but such investments may not exceed 5% of the gross assets of the Series. It is the intention of the 6-10 Series to acquire a portion of the common stock of each eligible NYSE, AMEX and OTC company on a market capitalization weighted basis. (See "PORTFOLIO CHARACTERISTICS AND POLICIES - THE SMALL COMPANY PORTFOLIOS - Portfolio Structure".) In the future, the 6-10 Series may purchase common stocks of small U.S. companies which are listed on other U.S. securities exchanges. In addition, the 6-10 Series is authorized to invest in private placements of interest-

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bearing debentures that are convertible into common stock ("privately placed convertible debentures"). Such investments are considered illiquid and the value thereof together with the value of all other illiquid investments may not exceed 15% of the value of the Series' total assets at the time of purchase.

U.S. 9-10 SMALL COMPANY PORTFOLIO

U.S. 9-10 Small Company Portfolio will invest in a broad and diverse

segment of small U.S. companies having readily marketable stocks, and whose market capitalization is not larger than the largest of those in the quintile of companies listed on the NYSE having the smallest market capitalizations (smallest 20%). The Portfolio will purchase stocks of companies whose shares are listed on the NYSE, AMEX and traded OTC. The Portfolio may invest in securities of foreign issuers which are traded in the U.S. securities markets, but such investments may not exceed 5% of the gross assets of the Portfolio. There is some overlap in the companies in which U.S. 9-10 Small Company Portfolio and the U.S. 6-10 Series invest. It is the intention of U.S. 9-10 Small Company Portfolio to acquire a portion of the stock of each eligible NYSE, AMEX and OTC company on a market capitalization weighted basis. (See "PORTFOLIO CHARACTERISTICS AND POLICIES - SMALL COMPANY PORTFOLIOS - Portfolio Structure".) In the future, U.S. 9-10 Small Company Portfolio may include stocks of small U.S. companies which are listed on other U.S. securities exchanges. The Portfolio is authorized to invest in privately placed convertible debentures and the value thereof together with the value of all other illiquid investments may not exceed 10% of the value of the Portfolio's total assets at the time of purchase.

JAPANESE SMALL COMPANY PORTFOLIO

Japanese Small Company Portfolio will invest in a broad and diverse group of readily marketable stocks of Japanese small companies which are traded in the Japanese securities markets. Reference in this prospectus to the term "Japanese small company" means a company located in Japan whose market capitalization is not larger than the largest of those in the smaller one-half (deciles 6 through 10) of companies whose securities are listed on the First Section of the Tokyo Stock Exchange ("TSE").

While the Portfolio will invest primarily in the stocks of small companies which are listed on the TSE, it may acquire the stocks of Japanese small companies which are traded in other Japanese securities markets as well. It is the intention of Japanese Small Company Portfolio to acquire a portion of the stock of each of these companies on a market capitalization weighted basis. The Portfolio also may invest up to 5% of its assets in convertible debentures issued by Japanese small companies. (See "PORTFOLIO CHARACTERISTICS AND POLICIES - SMALL COMPANY PORTFOLIOS - Portfolio Structure".)

UNITED KINGDOM SMALL COMPANY PORTFOLIO

United Kingdom Small Company Portfolio will seek to achieve its investment objective by investing its assets in a broad and diverse group of readily marketable stocks of United Kingdom small companies which are traded principally on the International Stock Exchange of the United Kingdom and the Republic of Ireland ("ISE"). Any reference in this prospectus to a "United Kingdom small company" means a company organized in the United Kingdom, with shares listed on the ISE whose market capitalization is not larger than the largest of those in the smaller one-half (deciles 6 through 10) of companies included in the Financial Times-Actuaries All Share Index ("FTA").

The FTA is an index of stocks traded on the ISE, which is similar to the S&P 500 Index, and is used by investment professionals in the United Kingdom for the same purposes as investment professionals in the U.S. use the S&P 500 Index. While the FTA will be used by the Portfolio to determine the maximum market capitalization of any company whose stock the Portfolio will purchase, Portfolio acquisitions will not be limited to stocks which are included in the FTA. United Kingdom Small Company Portfolio will not, however, purchase shares of any investment trust or of any company whose market capitalization is less than \$5,000,000.

It is the intention of United Kingdom Small Company Portfolio to acquire a portion of the stock of each eligible company on a market capitalization basis. The Portfolio also may invest up to 5% of its assets in convertible debentures issued by United Kingdom small companies. (See "PORTFOLIO CHARACTERISTICS AND POLICIES - SMALL COMPANY PORTFOLIOS - Portfolio Structure".)

CONTINENTAL SMALL COMPANY PORTFOLIO

Continental Small Company Portfolio is authorized to invest in readily marketable stocks of a broad and diverse group of small companies organized under the laws of certain European countries; specifically, France, Germany, Italy, Switzerland, the Netherlands, Sweden, Belgium, Norway, Spain, Austria, Finland and Denmark, whose shares are traded principally in securities markets located in those countries. Company size will be determined by the Advisor in a manner that will compare the market capitalizations of companies in all countries in which the Portfolio invests (i.e. on a European basis). The Advisor will use the appropriate country indices of the Financial Times-Actuaries World Index ("FTW") converted to a common currency, the United States dollar, and aggregated to define "small companies". The FTW consists of a series of country indices which contain generally the largest companies in the major industry sectors in proportion to their market capitalization whose shares are available for purchase by non-resident investors. Its constituents represent about 70% of the total market capitalization of the respective markets. Companies with publicly traded stock whose market capitalizations are not greater than the largest of those in the smallest 20% (9th and 10th deciles) of companies listed in the FTW as combined for the countries in which the Portfolio invests will be considered to be "small companies" and will be eligible for purchase by the Portfolio.

While the Advisor will use the aggregated FTW indices to determine the maximum size of eligible portfolio companies, portfolio acquisitions will not be limited to stocks listed on the FTW for any country. The Portfolio does not intend, however, to purchase shares of any company whose market capitalization is less than the equivalent of \$5,000,000. The Portfolio intends to acquire a portion of the stock of each eligible company on a market capitalization basis. The Portfolio also may invest up to 5% of its assets in convertible debentures issued by European small companies. The Portfolio has acquired the stocks of small companies located in France, Germany, Italy, Switzerland, the Netherlands, Belgium, Sweden and Spain. When the Advisor determines that the investments of the Portfolio in the stocks of small companies in those countries are sufficiently diverse, the stocks of small companies located in other European countries may be acquired on a country-by-country basis. In addition, the Advisor may in its discretion either limit further investments in a particular country or divest the Portfolio of holdings in a particular country. (See "PORTFOLIO CHARACTERISTICS AND POLICIES - SMALL COMPANY PORTFOLIOS - Portfolio Structure".)

PACIFIC RIM SMALL COMPANY PORTFOLIO

Pacific Rim Small Company Portfolio is authorized to invest in stocks of a broad and diverse group of small companies located in Australia, New Zealand and Asian countries whose shares are traded principally on the securities markets located in those countries. The Portfolio presently invests in small companies located in Singapore, Hong Kong, Australia, Malaysia and Korea. In the future, the Advisor may add small companies located in New Zealand and other Asian countries as securities markets in these countries become accessible. In addition, the Advisor may in its discretion either limit further investments in a particular country or divest the Portfolio of holdings in a particular country.

Company size will be determined by the Advisor in a manner that will compare the market capitalizations of the companies in all countries in which the Portfolio invests (i.e. on a Pacific Rim basis). The Advisor will use the appropriate country indices of the FTW converted to a common currency and aggregated to define "small companies". Companies with publicly traded stock whose market capitalizations are not greater than the largest of those in the smallest 30% of companies (8th, 9th and 10th deciles) listed in the FTW as combined for the countries in which the Portfolio invests will be considered to be "small companies" and will be eligible for purchase by the Portfolio.

While the Advisor will use the aggregated FTW indices to determine the maximum size of eligible portfolio companies, portfolio acquisitions will not be limited to stocks listed on the FTW for any country. The Portfolio does not intend to purchase shares of any company whose market capitalization is

less than \$5,000,000. The Portfolio intends to acquire a portion of the stock of each eligible company on a market capitalization basis. The Portfolio also may invest up to 5% of its assets in convertible debentures issued by small companies located in the Pacific Rim. (See "PORTFOLIO CHARACTERISTICS AND POLICIES - SMALL COMPANY PORTFOLIOS - Portfolio Structure".)

PORTFOLIO STRUCTURE

Each of the Small Company Portfolios, including U.S. 6-10 Small Company Portfolio indirectly through its investment in the 6-10 Series, is structured by generally basing the amount of each security purchased on the issuer's relative market capitalization with a view to creating in each Portfolio a reasonable reflection of the relative market capitalizations of its portfolio companies. The following discussion applies to the investment policies of the 6-10 Series and the Small Company Portfolios with the exception of U.S. 6-10 Small Company Portfolio.

The decision to include or exclude the shares of an issuer will be made on the basis of such issuer's relative market capitalization determined by reference to other companies located in the same country, except with respect to Continental and Pacific Rim Small Company Portfolios, such determination shall be made by reference to other companies located in all countries in which the Portfolios invest. Company size is measured in terms of local currencies in order to eliminate the effect of variations in currency exchange rates, except that Continental and Pacific Rim Small Company Portfolios each will measure company size in terms of a common currency. Even though a company's stock may meet the applicable market capitalization criterion, it may not be purchased if, (i) in the Advisor's judgment, the issuer is in extreme financial difficulty, (ii) the issuer is involved in a merger or consolidation or is the subject of an acquisition or (iii) a significant portion of the issuer's securities are closely held. Further, securities of real estate investment trusts will not be acquired (except as a part of a merger, consolidation or acquisition of assets). In addition, the Advisor may exclude the stock of a company that otherwise meets applicable market capitalization criterion if the Advisor determines in its best judgment that other conditions exist that make the purchase of such stock inappropriate.

Deviation from strict market capitalization weighting will also occur because the Advisor intends to purchase round lots only. In order to retain sufficient liquidity, the relative amount of any security held may be reduced from time to time from the level which strict adherence to market capitalization weighting would otherwise require. A portion, but generally not in excess of 20%, of assets may be invested in interest-bearing obligations, such as money-market instruments for this purpose, thereby causing further deviation from strict market capitalization weighting.

Block purchases of eligible securities may be made at opportune prices even though such purchases exceed the number of shares which, at the time of purchase, strict adherence to the policy of market capitalization weighting would otherwise require. In addition, eligible securities may be acquired in exchange for the issuance of shares. (See "In Kind Purchases".) While such purchases and acquisitions might cause a temporary deviation from market capitalization weighting, they would ordinarily be made in anticipation of further growth of assets.

If securities must be sold in order to obtain funds to make redemption payments, they may be repurchased as additional cash becomes available. In most instances, however, management would anticipate selling securities which had appreciated sufficiently to be eligible for sale and, therefore, would not need to repurchase such securities. (See "PORTFOLIO CHARACTERISTICS AND POLICIES - SMALL COMPANY PORTFOLIOS - Portfolio Transactions".)

Changes in the composition and relative ranking (in terms of market capitalization) of the stocks which are eligible for purchase take place with every trade when the securities markets are open for trading due, primarily,

to price fluctuations of such securities. On a not less than semi-annual basis, the Advisor will determine the market capitalization of the largest small company eligible for investment. Common stocks whose market capitalizations are not greater than such company will be purchased. Additional investments generally will not be made in securities which have appreciated in value sufficiently to be excluded from the Advisor's then current market capitalization limit for eligible portfolio securities. This may result in further deviation from strict market capitalization weighting and such deviation could be substantial if a significant amount of holdings increase in value sufficiently to be excluded from the limit for eligible securities, but not by a sufficient amount to warrant their sale. (See "PORTFOLIO CHARACTERISTICS AND POLICIES - SMALL COMPANY PORTFOLIOS -Portfolio Transactions".) A further deviation from market capitalization weighting may occur if a Portfolio invests a portion of its assets in convertible debentures.

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It is management's belief that the stocks of small companies offer, over a long term, a prudent opportunity for capital appreciation, but, at the same time, selecting a limited number of such issues for investment involves greater risk than investing in a large number of them. The Portfolios intend to invest at least 80% of their assets in equity securities of U.S., Japanese, United Kingdom, European and Pacific Rim small companies.

Generally, current income is not sought as an investment objective and investments will not be based upon an issuer's dividend payment policy or record. However, many of the companies whose securities will be selected for investment do pay dividends. It is anticipated, therefore, that dividend income will be received.

PORTFOLIO TRANSACTIONS

As described under "U.S. 6-10 Small Company Portfolio," that Portfolio invests in the shares of the 6-10 Series. Therefore, references to "Portfolios" under "Portfolio Transactions" do not include U.S. 6-10 Small Company Portfolio.

On a periodic basis, the Advisor will review each Portfolio's holdings and determine which, at the time of such review, are no longer considered small U.S., Japanese, United Kingdom, European or Pacific Rim companies. The Advisor will make a similar review and determination with respect to the 6-10 Series. The present policy of the Advisor (except with respect to the 6-10 Series) is to consider portfolio securities for sale when they have appreciated sufficiently to rank, on a market capitalization basis, more than one full decile higher than the company with the largest market capitalization that is eligible for purchase by the particular Portfolio as determined periodically by the Advisor. The Advisor may, from time to time, revise that policy if, in the opinion of the Advisor, such revision is necessary to maintain appropriate market capitalization weighting.

Securities which have depreciated in value since their acquisition will not be sold solely because prospects for the issuer are not considered attractive, or due to an expected or realized decline in securities prices in general. Securities may be disposed of, however, at any time when, in the Advisor's judgment, circumstances, such as (but not limited to) tender offers, mergers and similar transactions, or bids made for block purchases at opportune prices, warrant their sale. Generally, securities will not be sold to realize short-term profits, but when circumstances warrant, they may be sold without regard to the length of time held. Generally, securities will be purchased with the expectation that they will be held for longer than one year and will be held until such time as they are no longer considered an appropriate holding in light of the policy of maintaining portfolios of companies with small market capitalizations.

U.S. LARGE COMPANY PORTFOLIO

INVESTMENT OBJECTIVE AND POLICIES

U.S. Large Company Portfolio seeks, as its investment objective, to approximate the investment performance of the S&P 500 Index, both in terms of the price of the Portfolio's shares and its total investment return. The Portfolio pursues its investment objective by investing all of its assets in U.S. Large Company Series of the Trust (the "U.S. Large Company Series"), which has the same investment objective and policies as the Portfolio. U.S. Large Company Series intends to invest in all of the stocks that comprise the S&P 500 Index in approximately the same proportions as they are represented in the Index. The amount of each stock purchased for the U.S. Large Company Series, therefore, will be based on its respective market capitalization. The S&P 500 Index is comprised of a broad and diverse group of stocks most of which are traded on the NYSE. Generally, these are the U.S. stocks with the largest market capitalizations and, as a group, they represent approximately 70% of the total market capitalization of all publicly traded U.S. stocks.

Under normal market conditions, at least 95% of the U.S. Large Company Series' assets will be invested in the stocks that comprise the S&P 500 Index. A portion, however, generally not more than 5% of net assets, may be invested in the same types of short-term fixed income obligations as may be acquired by the DFA One-Year Fixed Income Portfolio, in order to maintain liquidity or to invest temporarily uncommitted cash balances. (See "THE FIXED INCOME PORTFOLIOS -Description of Securities and Obligations").

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U.S. Large Company Series may also acquire index futures contracts and options thereon in order to commit funds awaiting investment in stocks or maintain cash liquidity. However, the Series will not purchase index futures contracts or options if as a result more than 5% of its total assets would then consist of initial and variation margin deposits on such contracts or options. Such investments entail certain risks. (See "RISK FACTORS - ALL PORTFOLIOS".)

Ordinarily, portfolio securities will not be sold except to reflect additions or deletions of the stocks that comprise the S&P 500 Index, including mergers, reorganizations and similar transactions and, to the extent necessary, to provide cash to pay redemptions of the U.S. Large Company Series' shares. U.S. Large Company Series may lend securities to qualified brokers, dealers, banks and other financial institutions for the purpose of earning additional income.

Neither the U.S. Large Company Series nor the Portfolio is sponsored, endorsed, sold or promoted by Standard & Poor's Corporation ("S&P"). S&P makes no representation or warranty, express or implied, to the owners of the Portfolio or the Series or any member of the public regarding the advisability of investing in securities generally or in the Portfolio or the Series particularly or the ability of the S&P 500 Index to track general stock market performance. S&P's only relationship to the Portfolio or the Series is the licensing of certain trademarks and trade names of S&P and of the S&P 500 Index which is determined, composed and calculated by S&P without regard to the Portfolio or the Series. S&P has no obligation to take the needs of the Portfolio, the Series or their respective owners into consideration in determining, composing or calculating the S&P 500 Index. S&P is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of the Portfolio or the Series to be issued or in the determination or calculation of the equation by which the Portfolio or the Series is to be converted into cash. S&P has no obligation or liability in connection with the administration, marketing or trading of the Portfolio or the Series.

S&P DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE S&P 500 INDEX OR ANY DATA INCLUDED THEREIN. S&P MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY LICENSEE, OWNERS OF THE PRODUCT, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE S&P 500 INDEX OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE RIGHTS LICENSED HEREUNDER OR FOR ANY OTHER USE. S&P MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE S&P 500 INDEX OR ANY DATA INCLUDED

THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL S&P HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

LARGE CAP INTERNATIONAL PORTFOLIO

INVESTMENT OBJECTIVE AND POLICIES

The investment objective of Large Cap International Portfolio is to achieve long-term capital appreciation by investing in the stocks of non-U.S. large companies. The investment objective of the Portfolio may not be changed without the approval of the holders of a majority of its outstanding shares. The Portfolio intends to invest in the stocks of large companies in Europe, Australia and the Far East. Initially, the Portfolio will invest in the stocks of large companies in Japan, the United Kingdom, Germany, France, Switzerland, Italy, Sweden, Hong Kong and Australia. As the Portfolio's asset growth permits, it may invest in the stocks of large companies in Spain, Singapore/Malaysia, the Netherlands, Belgium, Austria, Denmark, Finland, Ireland, Norway and New Zealand.

Under normal market conditions, at least 65% of the Portfolio's assets will be invested in companies organized or having a majority of their assets in or deriving a majority of their operating income in at least three non-U.S. countries. The Portfolio reserves the right to invest in index futures contracts to commit funds awaiting investment or to maintain liquidity. The Portfolio will not purchase futures contracts if as a result more than 5%

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of its total assets would then consist of initial and variation margin deposits on such contracts. Such investments entail certain risks. (See "RISK FACTORS - ALL PORTFOLIOS".) The Portfolio also may invest up to 5% of its assets in convertible debentures issued by large non-U.S. companies.

The Portfolio will be approximately market capitalization weighted. In determining market capitalization weights, the Advisor, using its best judgment, will seek to eliminate the effect of cross holdings on the individual country weights. As a result, the weighting of certain countries in the Portfolio may vary from their weighting in international indices such as those published by The Financial Times, Morgan Stanley Capital International or Salomon/Russell. The Advisor, however, will not attempt to account for cross holdings within the same country. Generally, the companies whose stocks will be selected by the Advisor for the Portfolio will be in the largest 50% in terms of market capitalization for each country. The Advisor, however, may exclude the stock of such a company if the Advisor determines in its best judgment that other conditions exist that make the purchase of such stock for a Portfolio inappropriate.

Deviation from market capitalization weighting will occur because the Portfolio intends to purchase round lots only. In order to retain sufficient liquidity, the relative amount of any security held by the Portfolio may be reduced from time to time from the level which adherence to market capitalization weighting would otherwise require. A portion, but generally not in excess of 20%, of the Portfolio's assets may be invested in interest-bearing obligations, such as money-market instruments, thereby causing further deviation from market capitalization weighting. A further deviation from market capitalization weighting may occur if the Portfolio invests a portion of its assets in convertible debentures.

The Portfolio may make block purchases of eligible securities at opportune prices even though such purchases exceed the number of shares which, at the time of purchase, adherence to the policy of market capitalization weighting would otherwise require. In addition, the Portfolio may acquire eligible securities in exchange for the issuance of its shares. (See "In Kind Purchases".) While such transactions might cause a temporary deviation from market capitalization weighting, they would ordinarily be made in anticipation of further growth of the assets of the Portfolio.

Changes in the composition and relative ranking (in terms of market capitalization) of the stocks which are eligible for purchase by the Portfolio take place with every trade when the securities markets are open for trading due, primarily, to price fluctuations of such securities. On a periodic basis, the Advisor will prepare lists of eligible large companies that will be revised not less than semi-annually. Only common stocks whose market capitalizations are not less than such minimum will be purchased by the Portfolio. Additional investments will not be made in securities which have depreciated in value to such an extent that they are not then considered by the Advisor to be large companies. This may result in further deviation from market capitalization weighting and such deviation could be substantial if a significant amount of the Portfolio's holdings decrease in value sufficiently to be excluded from the then current market capitalization requirement for eligible securities, but not by a sufficient amount to warrant their sale.

It is management's belief that the stocks of large companies offer, over a long term, a prudent opportunity for capital appreciation, but, at the same time, selecting a limited number of such issues for inclusion in the Portfolio involves greater risk than including a large number of them. The Advisor does not anticipate that a significant number of securities which meet the market capitalization criteria will be selectively excluded from the Portfolio.

The Portfolio does not seek current income as an investment objective and investments will not be based upon an issuer's dividend payment policy or record. However, many of the companies whose securities will be included in the Portfolio do pay dividends. It is anticipated, therefore, that the Portfolio will receive dividend income.

Securities which have depreciated in value since their acquisition will not be sold by the Portfolio solely because prospects for the issuer are not considered attractive, or due to an expected or realized decline in securities prices in general. Securities may be disposed of, however, at any time when, in the Advisor's judgment, circumstances warrant their sale, such as tender offers, mergers and similar transactions, or bids made for block purchases at opportune prices. Generally, securities will not be sold to realize short-term profits, but when circumstances warrant, they may be sold without regard to the length of time held. Generally, securities will be

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purchased with the expectation that they will be held for longer than one year, and will be held until such time as they are no longer considered an appropriate holding in light of the policy of maintaining a portfolio of companies with large market capitalizations.

DFA/AEW REAL ESTATE SECURITIES PORTFOLIO

PORTFOLIO CHARACTERISTICS AND POLICIES

The investment objective of DFA/AEW Real Estate Securities Portfolio is to achieve long-term capital appreciation. The investment objective of the Portfolio may not be changed without the affirmative vote of a majority of the outstanding securities of the Portfolio. The Portfolio will concentrate investments in readily marketable equity securities of companies whose principal activities include development, ownership, construction, management, or sale of residential, commercial or industrial real estate. Initially, investments will include, principally, equity securities of companies in the following sectors of the real estate industry: certain real estate investment trusts and companies engaged in residential construction and firms, except partnerships, whose principal business is to develop commercial property. In the future, the Advisor may determine to include companies in other sectors of the real estate industry in the Portfolio.

The Portfolio will invest in shares of real estate investment trusts ("REITS"). REITS pool investors' funds for investment primarily in income producing real estate or real estate related loans or interests. A REIT is not taxed on income distributed to shareholders if it complies with several

requirements relating to its organization, ownership, assets, and income and a requirement that it distribute to its shareholders at least 95% of its taxable income (other than net capital gains) for each taxable year. REITS can generally be classified as Equity REITS, Mortgage REITS and Hybrid REITS.

Equity REITS invest the majority of their assets directly in real property and derive their income primarily from rents. Equity REITS can also realize capital gains by selling properties that have appreciated in value. Mortgage REITS invest the majority of their assets in real estate mortgages and derive their income primarily from interest payments. Hybrid REITS combine the characteristics of both Equity REITS and Mortgage REITS. At the present time, the Portfolio intends to invest only in Hybrid REITS and Equity REITS.

It is anticipated that, ordinarily, at least 80% of the net value of the Portfolio will be invested in securities of companies in the U.S. real estate industry. The Portfolio may invest a portion of its assets, ordinarily not more than 20%, in high quality, highly liquid, fixed income securities such as money market instruments, including short-term repurchase agreements. The Portfolio will make equity investments only in securities traded in the U.S. securities markets, principally on the NYSE, AMEX and OTC. In addition, the Portfolio is authorized to lend its portfolio securities (see "SECURITIES LOANS"), and to purchase and sell financial futures contracts and options thereon. The Portfolio will not purchase future contracts or options, if as a result an amount in excess of 5% of the net assets of the Portfolio would be deposited as initial or variation margin for such contracts.

PORTFOLIO STRUCTURE

The Portfolio will operate as a "diversified" investment company. The Advisor has prepared and will maintain a schedule of eligible investments consisting of equity securities of all companies in the sectors of the real estate industry described above as being presently eligible for investment. It is the intention of the Portfolio to purchase a portion of the equity securities of all of these companies on a market capitalization weighted basis.

The Portfolio will be structured by generally basing the amount of each security purchased on the issuer's relative market capitalization in relation to other eligible issuers in the real estate industry. However, even though a company's stock may meet the applicable criteria described above, it will not be purchased by the Portfolio if, at the time of purchase, in the judgment of the Advisor or sub-advisor, the issuer is in extreme financial difficulty or is involved in a merger or consolidation or is the subject of an acquisition which could result in the company no longer being considered principally engaged in the real estate business. In addition, the Advisor may exclude the securities of a company that otherwise meets the applicable criteria described above if the Advisor determines in its best judgment that other conditions exist that make the inclusion of such security inappropriate.

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Deviation from strict market capitalization weighting will also occur in the Portfolio because it intends to purchase round lots only. In order to retain sufficient liquidity, the relative amount of any security held by the Portfolio may be reduced from time to time from the level which strict adherence to market capitalization weighting would otherwise require. A portion, but generally not in excess of 20%, of the Portfolio's assets may be invested in interest-bearing obligations, as described above, thereby causing further deviation from strict market capitalization weighting.

The Portfolio may make block purchases of eligible securities at opportune prices even though such purchases exceed the number of shares which, at the time of purchase, strict adherence to the policy of market capitalization weighting would otherwise require. In addition, the Portfolio may acquire eligible securities in exchange for the issuance of its shares. (See "In Kind Purchases".) While such purchases and acquisitions might cause a temporary deviation from market capitalization weighting, they would ordinarily be made in anticipation of further growth of the assets of the Portfolio. If securities must be sold in order to obtain funds to make redemption payments, such securities may be repurchased by the Portfolio as

additional cash becomes available to it. However, the Portfolio has retained the right to borrow to make redemption payments and is also authorized to redeem its shares in kind. (See "REDEMPTION OF SHARES".) Further, because the securities of certain companies whose shares are eligible for purchase are thinly traded, the Portfolio might not be able to purchase the number of shares that strict adherence to market capitalization weighting might require. On not less than a semi-annual basis, the Advisor will prepare a schedule of eligible portfolio companies. Only equity securities appearing on the then current schedule will be purchased for the Portfolio.

Investments will not be based upon an issuer's dividend payment policy or record. However, many of the companies whose securities will be included in the Portfolio do pay dividends. It is anticipated, therefore, that the Portfolio will receive dividend income. Periodically, the Advisor may expand the Portfolio's schedule of eligible investments to include equity securities of companies in sectors of the real estate industry in addition to those described above as eligible for investment as of the date of this prospectus.

PORTFOLIO TRANSACTIONS

The Portfolio does not intend to purchase or sell securities based on the prospects for the economy, the securities markets or, generally, the individual issuers whose shares are eligible for purchase. As described under "Portfolio Structure", investments will be made in virtually all eligible securities on a market capitalization weighted basis. This is a passive approach to investment management that does not entail taking steps to reduce the risk of loss by replacing portfolio equity securities with other securities that appear to have the potential to provide better investment performance.

Generally, securities will be purchased with the expectation that they will be held for longer than one year. However, securities may be sold at any time when, in the Advisor's judgment, circumstances warrant their sale. Generally, securities will not be sold to realize short-term profits, but when circumstances warrant, they may be sold without regard to the length of time held.

VALUE PORTFOLIOS

PORTFOLIO CHARACTERISTICS AND POLICIES

The investment objective of each of these Portfolios is to achieve long-term capital appreciation. U.S. Large Cap Value Portfolio and U.S. Small Cap Value Portfolio will pursue their investment objectives by investing all of their assets in U.S. Large Cap Value Series (the "Large Cap Value Series") and U.S. Small Cap Value Series (the "Small Cap Value Series") of the Trust, respectively. Each Value Series has the same investment objective and policies as the corresponding Value Portfolio. Each of the Series will invest in common stocks of U.S. companies with shares that have a high book value in relation to their market value (a "book to market ratio"). A company's shares will be considered to have a high book to market ratio if the ratio equals or exceeds the ratios of any of the 30% of companies with the highest positive book to market ratios whose shares are listed on the NYSE and, except as described under "Portfolio Structure", will be considered eligible for investment. Large Cap Value Series will purchase common stocks of companies whose market capitalizations equal or exceed that of the company having the median market capitalization of companies whose shares are

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listed on the NYSE, and the Small Cap Value Series will purchase common stocks of companies whose market capitalizations are smaller than such company.

PORTFOLIO STRUCTURE

Each Series will operate as a "diversified" investment company. Further, neither Series will invest more than 25% of its total assets in securities of companies in a single industry. Ordinarily, at least 80% of the assets of

each Series will be invested in a broad and diverse group of readily marketable common stocks of U.S. companies with high book to market ratios, as described above. The Series may invest a portion of their assets, ordinarily not more than 20%, in high quality, highly liquid fixed income securities such as money market instruments, including short-term repurchase agreements. The Series will purchase securities that are listed on the principal U.S. national securities exchanges and traded OTC.

Each of the Value Series will be structured on a market capitalization basis, by generally basing the amount of each security purchased on the issuer's relative market capitalization, with a view to creating in each Series a reasonable reflection of the relative market capitalizations of its portfolio companies. However, the Advisor may exclude the securities of a company that otherwise meets the applicable criteria described above if the Advisor determines in its best judgment that other conditions exist that make the inclusion of such security inappropriate.

Deviation from strict market capitalization weighting will also occur in the Series because they intend to purchase round lots only. In order to retain sufficient liquidity, the relative amount of any security held by a Series may be reduced, from time to time, from the level which strict adherence to market capitalization weighting would otherwise require. A portion, but generally not in excess of 20%, of a Series' assets may be invested in interest-bearing obligations, as described above, thereby causing further deviation from strict market capitalization weighting. The Series may make block purchases of eligible securities at opportune prices even though such purchases exceed the number of shares which, at the time of purchase, strict adherence to the policy of market capitalization weighting would otherwise require. In addition, the Series and the Portfolios may acquire eligible securities in exchange for the issuance of their shares. (See "In Kind Purchases".) While such purchases and acquisitions might cause a temporary deviation from market capitalization weighting, they would ordinarily be made in anticipation of further growth of the assets of a Series.

On not less than a semi-annual basis, for each Series the Advisor will calculate the book to market ratio necessary to determine those companies whose stocks are eligible for investment.

PORTFOLIO TRANSACTIONS

The Series do not intend to purchase or sell securities based on the prospects for the economy, the securities markets or the individual issuers whose shares are eligible for purchase. As described under "Portfolio Structure", investments will be made in virtually all eligible securities on a market capitalization weighted basis. This is a passive approach to investment management that does not entail taking steps to reduce risk by replacing portfolio equity securities with other securities that appear to have the potential to provide better investment performance.

Generally, securities will be purchased with the expectation that they will be held for longer than one year. Large Cap Value Series may sell portfolio securities when the issuer's market capitalization falls substantially below that of the issuer with the minimum market capitalization which is then eligible for purchase by the Series, and Small Cap Value Series may sell portfolio securities when the issuer's market capitalization increases to a level that substantially exceeds that of the issuer with the largest market capitalization which is then eligible for investment by the Series. However, securities may be sold at any time when, in the Advisor's judgment, circumstances warrant their sale.

In addition, Large Cap Value Series may sell portfolio securities when their book to market ratio falls substantially below that of the security with the lowest such ratio that is then eligible for purchase by the Series. Small Cap Value Series may also sell portfolio securities in the same circumstances, however, that Series anticipates generally to retain securities of issuers with relatively smaller market capitalizations for longer periods, despite any decrease in the issuer's book to market ratio.

INVESTMENT OBJECTIVE AND POLICIES

The investment objective of DFA International High Book to Market Portfolio is to achieve long-term capital appreciation. The Portfolio pursues its objective by investing all of its assets in The DFA International Value Series of the Trust (the "International Value Series"), which has the same investment objective and policies as the Portfolio. The International Value Series operates as a diversified investment company and seeks to achieve its objective by investing in the stocks of large non-U.S. companies that have a high book value in relation to their market value (a "book to market ratio"). The shares of a company in any given country will be considered to have a high book to market ratio if the ratio equals or exceeds the ratios of any of the 30% of companies in that country with the highest positive book to market ratios whose shares are listed on a major exchange, and, except as described below, will be considered eligible for investment. The International Value Series intends to invest in the stocks of large companies in countries with developed markets. Initially, the International Value Series will invest in the stocks of large companies in Japan, the United Kingdom, Germany, France, Switzerland, Italy, Belgium, Spain, the Netherlands, Sweden, Hong Kong, Singapore and Australia. As the Series' asset growth permits, it may invest in the stocks of large companies in other developed markets.

Under normal market conditions, at least 65% of the International Value Series' assets will be invested in companies organized or having a majority of their assets in or deriving a majority of their operating income in at least three non-U.S. countries and no more than 40% of the Series' assets will be invested in such companies in any one country. The International Value Series reserves the right to invest in index futures contracts to commit funds awaiting investment or to maintain liquidity. The International Value Series will not purchase futures contracts if as a result more than 5% of its total assets would then consist of initial and variation margin deposits on such contracts. Such investments entail certain risks. (See "RISK FACTORS - ALL PORTFOLIOS".) The International Value Series also may invest up to 5% of its assets in convertible debentures issued by large non-U.S. companies.

The International Value Series intends to invest in companies having at least \$500 million of market capitalization and the Series will be approximately market capitalization weighted. In determining market capitalization weights, the Advisor, using its best judgment, will seek to eliminate the effect of cross holdings on the individual country weights. As a result, the weighting of certain countries in the International Value Series may vary from their weighting in international indices such as those published by The Financial Times, Morgan Stanley Capital International or Salomon/Russell. The Advisor, however, will not attempt to account for cross holding within the same country. The Advisor may exclude the stock of a company that otherwise meets the applicable criteria if the Advisor determines in its best judgment that other conditions exist that make the purchase of such stock for the International Value Series inappropriate.

Deviation from market capitalization weighting will occur because the International Value Series intends to purchase round lots only. In order to retain sufficient liquidity, the relative amount of any security held by the International Value Series may be reduced from time to time from the level which adherence to market capitalization weighting would otherwise require. A portion, but generally not in excess of 20%, of the International Value Series' assets may be invested in interest-bearing obligations, such as money-market instruments, thereby causing further deviation from market capitalization weighting. Such investments would be made on a temporary basis pending investment in equity securities pursuant to the International Value Series investment objective. A further deviation from market capitalization weighting may occur if the International Value Series invests a portion of its assets in convertible debentures.

The International Value Series may make block purchases of eligible securities at opportune prices even though such purchases exceed the number

of shares which, at the time of purchase, adherence to the policy of market capitalization weighting would otherwise require. In addition, the International Value Series may acquire eligible securities in exchange for the issuance of its shares. (See "In Kind Purchases".) While such transactions might cause a temporary deviation from market capitalization weighting, they would ordinarily be made in anticipation of further growth of the assets of the International Value Series.

Changes in the composition and relative ranking (in terms of market capitalization and book to market ratio) of the stocks which are eligible for purchase by the International Value Series take place with every trade when

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the securities markets are open for trading due, primarily, to price fluctuations of such securities. On a periodic basis, the Advisor will prepare lists of eligible large companies with high book to market ratios whose stock are eligible for investment; such list will be revised not less than semi-annually. Only common stocks whose market capitalizations are not less than the minimum on such list will be purchased by the International Value Series. Additional investments will not be made in securities which have depreciated in value to such an extent that they are not then considered by the Advisor to be large companies. This may result in further deviation from market capitalization weighting and such deviation could be substantial if a significant amount of the International Value Series' holdings decrease in value sufficiently to be excluded from the then current market capitalization requirement for eligible securities, but not by a sufficient amount to warrant their sale.

It is management's belief that the stocks of large companies with high book to market ratios offer, over a long term, a prudent opportunity for capital appreciation, but, at the same time, selecting a limited number of such issues for inclusion in the International Value Series involves greater risk than including a large number of them. The Advisor does not anticipate that a significant number of securities which meet the market capitalization criteria will be selectively excluded from the International Value Series.

The International Value Series does not seek current income as an investment objective and investments will not be based upon an issuer's dividend payment policy or record. However, many of the companies whose securities will be included in the International Value Series do pay dividends. It is anticipated, therefore, that the International Value Series will receive dividend income.

Securities which have depreciated in value since their acquisition will not be sold by the International Value Series solely because prospects for the issuer are not considered attractive, or due to an expected or realized decline in securities prices in general. Securities may be disposed of, however, at any time when, in the Advisor's judgment, circumstances warrant their sale, such as tender offers, mergers and similar transactions, or bids made for block purchases at opportune prices. Generally, securities will not be sold to realize short-term profits, but when circumstances warrant, they may be sold without regard to the length of time held. Generally, securities will be purchased with the expectation that they will be held for longer than one year, and will be held until such time as they are no longer considered an appropriate holding in light of the policy of maintaining a portfolio of companies with large market capitalizations and high book to market ratios.

DFA INTERNATIONAL SMALL CAP VALUE PORTFOLIO

INVESTMENT OBJECTIVE AND POLICIES

The investment objective of the DFA International Small Cap Value Portfolio is to achieve long-term capital appreciation. The Portfolio pursues its objective by investing in the stocks of small non-U.S. companies that have a high book to market ratio. The Investment Committee of the Advisor will initially set the standards for determining whether the shares of a company in any given country will be considered to have a high book to market ratio. Such shares will be considered eligible for investment. The

Investment Committee will periodically review its standards for determining high book to market value and will adjust the standards accordingly. The Portfolio intends to invest in the stocks of small companies in countries with developed markets. Initially, the Portfolio will invest in the stocks of small companies in Japan, the United Kingdom, Germany, France, Switzerland, Italy, Belgium, Spain, the Netherlands, Sweden, Hong Kong, Singapore and Australia. As the Portfolio's asset growth permits, it may invest in the stocks of small companies in other developed markets.

Under normal market conditions, at least 65% of the Portfolio's assets will be invested in companies organized or having a majority of their assets in or deriving a majority of their operating income in at least three non-U.S. countries and no more than 40% of the Portfolio's assets will be invested in such companies in any one country. The Portfolio reserves the right to invest in index futures contracts to commit funds awaiting investment or to maintain liquidity. The Portfolio will not purchase futures contracts if as a result more than 5% of its total assets would then consist of initial and variation margin deposits on such contracts. The Portfolio also may invest up to 5% of its assets in convertible debentures issued by small non-U.S. companies.

The Portfolio intends to invest in companies having no more than \$500 million of market capitalization. The Advisor believes that such maximum amount accounts for variations in company size among countries and

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provides a sufficient universe of eligible companies. The Portfolio will be approximately market capitalization weighted. In determining market capitalization weights, the Advisor, using its best judgment, will seek to eliminate the effect of cross holdings on the individual country weights. As a result, the weighting of certain countries in the Portfolio may vary from their weighting in international indices such as those published by The Financial Times, Morgan Stanley Capital International or Salomon/Russell. The Advisor, however, will not attempt to account for cross holding within the same country. The Advisor may exclude the stock of a company that otherwise meets the applicable criteria if the Advisor determines in its best judgment that other conditions exist that make the purchase of such stock for the Portfolio inappropriate.

Deviation from market capitalization weighting will occur because the Portfolio intends to purchase round lots only. In order to retain sufficient liquidity, the relative amount of any security held by the Portfolio may be reduced from time to time from the level which adherence to market capitalization weighting would otherwise require. A portion, but generally not in excess of 20%, of the Portfolio's assets may be invested in interest-bearing obligations, such as money-market instruments, thereby causing further deviation from market capitalization weighting. Such investments would be made on a temporary basis pending investment in equity securities pursuant to the Portfolio's investment objective. A further deviation from market capitalization weighting may occur if the Portfolio invests a portion of its assets in convertible debentures.

The Portfolio may make block purchases of eligible securities at opportune prices even though such purchases exceed the number of shares which, at the time of purchase, adherence to the policy of market capitalization weighting would otherwise require. In addition, the Portfolio may acquire eligible securities in exchange for the issuance of its shares. (See "In Kind Purchases".) While such transactions might cause a temporary deviation from market capitalization weighting, they would ordinarily be made in anticipation of further growth of the assets of the Portfolio.

Changes in the composition and relative ranking (in terms of market capitalization and book to market ratio) of the stocks which are eligible for purchase by the Portfolio take place with every trade when the securities markets are open for trading due, primarily, to price fluctuations of such securities. On a periodic basis, the Advisor will prepare a list of eligible small companies with high book to market ratios whose stock are eligible for investment; such list will be revised not less than semi-annually. Only

commons stocks whose market capitalizations are not greater than the maximum on such list will be purchased by the Portfolio. Additional investments will not be made in securities which have appreciated in value to such an extent that they are not then considered by the Advisor to be small companies. This may result in further deviation from market capitalization weighting and such deviation could be substantial if a significant amount of the Portfolio's holdings increase in value sufficiently to be excluded from the then current market capitalization requirement for eligible securities, but not by a sufficient amount to warrant their sale.

It is management's belief that the stocks of small companies with high book to market ratios offer, over a long term, a prudent opportunity for capital appreciation, but, at the same time, selecting a limited number of such issues for inclusion in the Portfolio involves greater risk than including a large number of them. The Advisor does not anticipate that a significant number of securities which meet the market capitalization criteria will be selectively excluded from the Portfolio.

The Portfolio does not seek current income as an investment objective and investments will not be based upon an issuer's dividend payment policy or record. However, many of the companies whose securities will be included in the Portfolio do pay dividends. It is anticipated, therefore, that the Portfolio will receive dividend income.

The Portfolio does not intend to purchase or sell securities based on the prospects for the economy, the securities market or the individual issues whose shares are eligible for purchase. Securities may be disposed of, however, at any time when, in the Advisor's judgment, circumstances warrant their sale, such as tender offers, mergers and similar transactions, or bids made for block purchases at opportune prices. Generally, securities will not be sold to realize short-term profits, but when circumstances warrant, they may be sold without regard to the length of time held. Generally, securities will be purchased with the expectation that they will be held for longer than one year, and will be held until such time as they are no longer considered an appropriate holding in light of the policy of maintaining a portfolio of companies with small market capitalizations and high book to market ratios. The annual portfolio turnover rate of the Portfolio is not expected to exceed 20%.

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EMERGING MARKETS PORTFOLIO

INVESTMENT OBJECTIVE AND POLICIES

The investment objective of the Emerging Markets Portfolio is to achieve long-term capital appreciation. The Portfolio pursues its objective by investing all of its assets in the Emerging Markets Series of the Trust (the "Emerging Markets Series"), which has the same investment objective and policies as the Portfolio. The Emerging Markets Series operates as a diversified investment company and seeks to achieve its investment objective by investing in emerging markets designated by the Trust's Board of Trustees in consultation with the Advisor ("Approved Markets"). The Emerging Markets Series invests its assets primarily in Approved Market equity securities listed on bona fide securities exchanges or actively traded on OTC markets. These exchanges or OTC markets may be either within or outside the issuer's domicile country, and the securities may be listed or traded in the form of International Depository Receipts ("IDRs") or American Depository Receipts ("ADRs").

Under normal market conditions, the Emerging Markets Series will invest at least 65% of its assets in Approved Market securities. Approved Market securities are defined to be (a) securities of companies organized in a country in an Approved Market or for which the principal trading market is in an Approved Market, (b) securities issued or guaranteed by the government of an Approved Market country, its agencies or instrumentalities, or the central bank of such country, (c) securities denominated in an Approved Market currency issued by companies to finance operations in Approved Markets, (d) securities of companies that derive at least 50% of their revenues primarily

from either goods or services produced in Approved Markets or sales made in Approved Markets and (e) Approved Markets equity securities in the form of depositary shares. Securities of Approved Markets may include securities of companies that have characteristics and business relationships common to companies in other countries. As a result, the value of the securities of such companies may reflect economic and market forces in such other countries as well as in the Approved Markets. The Advisor, however, will select only those companies which, in its view, have sufficiently strong exposure to economic and market forces in Approved Markets such that their value will tend to reflect developments in Approved Markets to a greater extent than developments in other regions. For example, the Advisor may invest in companies organized and located in the United States or other countries outside of Approved Markets, including companies having their entire production facilities outside of Approved Markets, when such companies meet the definition of Approved Markets securities so long as the Advisor believes at the time of investment that the value of the company's securities will reflect principally conditions in Approved Markets.

The Advisor defines the term "emerging market" to mean a country which is considered to be an emerging market by the International Finance Corporation. Approved emerging markets may not include all such emerging markets. In determining whether to approve markets for investment, the Board of Trustees will take into account, among other things, market liquidity, investor information, government regulation, including fiscal and foreign exchange repatriation rules and the availability of other access to these markets by the investors of the Emerging Markets Series.

The following countries are currently designated as Approved Markets: Argentina, Brazil, Chile, Indonesia, Malaysia, Mexico, Portugal, Thailand, and Turkey. Countries that may be approved in the future include but are not limited to Republic of China (Taiwan), which is effectively closed to foreign investors at present, and Colombia, Greece, India, Jordan, Nigeria, Pakistan, Philippines, Venezuela and Zimbabwe.

The Emerging Markets Series may invest up to 35% of its assets in securities of issuers that are not Approved Markets securities, but whose issuers the Advisor believes derive a substantial proportion, but less than 50%, of their total revenues from either goods and services produced in, or sales made in, Approved Markets.

Pending the investment of new capital in Approved Market equity securities, the Emerging Markets Series will typically invest in money market instruments or other highly liquid debt instruments denominated in U.S. dollars (including, without limitation, repurchase agreements). In addition, the Emerging Markets Series may, for liquidity, or for temporary defensive purposes during periods in which market or economic or political conditions warrant, purchase highly liquid debt instruments or hold freely convertible currencies, although the Series does not expect the aggregate of all such amounts to exceed 10% of its net assets under normal circumstances.

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The Emerging Markets Series also may invest in shares of other investment companies that invest in one or more Approved Markets, although it intends to do so only where access to those markets is otherwise significantly limited. The Emerging Markets Series may also invest in money market mutual funds for temporary cash management purposes. The Investment Company Act of 1940 limits investment by the Series in shares of other investment companies to no more than 10% of the value of the Series' total assets. If The Emerging Markets Series invests in another investment company, the Series' shareholders will bear not only their proportionate share of expenses of the Series (including operating expenses and the fees of the Advisor), but also will bear indirectly similar expenses of the underlying investment company. In some Approved Markets it will be necessary or advisable for the Emerging Markets Series to establish a wholly-owned subsidiary or a trust for the purpose of investing in the local markets. The Emerging Markets Series also may invest up to 5% of its assets in convertible debentures issued by companies organized in Approved Markets.

The Emerging Market Series will seek a broad market coverage of larger companies within each Approved Market. The Series will attempt to own shares of companies whose aggregate overall share of the Approved Market's total public market capitalization is at least the upper 40% of such capitalization, and can be as large as 75%. The Series may not invest in all such companies or achieve approximate market weights, due to constraints imposed within Approved Markets (E.G., restrictions on purchases by foreigners), or by the Series' policy not to invest more than 25% of its assets in any one industry. The Series may also further limit the market coverage in the smaller emerging markets in order to limit purchases of small market capitalization companies.

The policy of seeking broad market diversification means that the Advisor will not utilize "fundamental" securities research techniques in identifying securities selections. The decision to include or exclude the shares of an issuer will be made primarily on the basis of such issuer's relative market capitalization determined by reference to other companies located in the same country. Company size is measured in terms of reference to other companies located in the same country and in terms of local currencies in order to eliminate the effect of variations in currency exchange rates. Even though a company's stock may meet the applicable market capitalization criterion, it may not be included in the Series for one or more of a number of reasons. For example, in the Advisor's judgment, the issuer may be considered in extreme financial difficulty, a material portion of its securities may be closely held and not likely available to support market liquidity, or the issuer may be a "passive foreign investment company" (as defined in the Internal Revenue Code of 1986, as amended). To this extent, there will be the exercise of discretion and consideration by the Advisor which would not be present in the management of a portfolio seeking to represent an established index of broadly traded domestic securities (such as the S&P 500 Index). The Advisor will also exercise discretion in determining the allocation of capital as between Approved Markets.

It is management's belief that equity investments offer, over a long term, a prudent opportunity for capital appreciation, but, at the same time, selecting a limited number of such issues for inclusion in the Series involves greater risk than including a large number of them.

The Series does not seek current income as an investment objective and investments will not be based upon an issuer's dividend payment policy or record. However, many of the companies whose securities will be included in the Series do pay dividends. It is anticipated, therefore, that the Series will receive dividend income.

Generally, securities will be purchased with the expectation that they will be held for longer than one year. However, securities may be disposed of at any time when, in the Advisor's judgment, circumstances warrant their sale.

For the purpose of converting U.S. dollars to another currency, or vice versa, or converting one foreign currency to another foreign currency, the Emerging Markets Series may enter into forward foreign exchange contracts. In addition, to hedge against changes in the relative value of foreign currencies, the Series may purchase foreign currency futures contracts. The Series will only enter into such a futures contract if it is expected that the Series will be able readily to close out such contract. There can, however, be no assurance that it will be able in any particular case to do so, in which case the Series may suffer a loss.

SECURITIES LOANS

All of the Portfolios and the corresponding Series of the Trust are authorized to lend securities to qualified brokers, dealers, banks and other financial institutions for the purpose of earning additional income, although inasmuch as the Feeder Portfolios will only hold shares of a corresponding Series, these Portfolios do not intend to lend those shares. While a

Portfolio or Series may earn additional income from lending securities, such activity is incidental to the investment objective of a Portfolio or Series. The value of securities loaned may not exceed 33 1/3% of the value of a Portfolio's or Series' total assets. In connection with such loans, a Portfolio or Series will receive collateral consisting of cash or U.S. Government securities, which will be maintained at all times in an amount equal to at least 100% of the current market value of the loaned securities. In addition, the Portfolios and Series will be able to terminate the loan at any time, will receive reasonable interest on the loan, as well as amounts equal to any dividends, interest or other distributions on the loaned securities. In the event of the bankruptcy of the borrower, the Fund or the Trust could experience delay in recovering the loaned securities. Management believes that this risk can be controlled through careful monitoring procedures.

INVESTMENT OBJECTIVES AND POLICIES - FIXED INCOME PORTFOLIOS

DFA ONE-YEAR FIXED INCOME PORTFOLIO

The investment objective of DFA One-Year Fixed Income Portfolio is to achieve a stable real value (i.e. a return in excess of the rate of inflation) of invested capital with a minimum of risk. This objective will be pursued by investing the assets of the Portfolio in DFA One-Year Fixed Income Series of the Trust (the "One-Year Fixed Income Series"), which has the same investment objective and policies as the Portfolio. The One-Year Fixed Income Series will invest in U.S. government obligations, U.S. government agency obligations, dollar denominated obligations of foreign issuers issued in the U.S., bank obligations, including U.S. subsidiaries and branches of foreign banks, corporate obligations, commercial paper, repurchase agreements and obligations of supranational organizations. Generally, the Series will acquire obligations which mature within one year from the date of settlement, but substantial investments may be made in obligations maturing within two years from the date of settlement when greater returns are available. It is the Series' policy that the weighted average length of maturity of investments will not exceed one year. The Series principally invests in certificates of deposit, commercial paper, bankers' acceptances, notes and bonds. The Series will invest more than 25% of its total assets in obligations of U.S. and/or foreign banks and bank holding companies when the yield to maturity on these instruments exceeds the yield to maturity on all other eligible portfolio investments of similar quality for a period of five consecutive days when the NYSE is open for trading. (See "Investments in the Banking Industry".)

DFA GLOBAL FIXED INCOME PORTFOLIO

The investment objective of DFA Global Fixed Income Portfolio is to provide a market rate of return for a fixed income portfolio with low relative volatility of returns. The Portfolio will invest primarily in obligations issued or guaranteed by the U.S. and foreign governments, their agencies and instrumentalities, obligations of other foreign issuers rated AA or better and supranational organizations, such as the World Bank, the European Investment Bank, European Economic Community, and European Coal and Steel Community. At the present time, the Advisor expects that most investments will be made in the obligations of issuers which are developed countries, such as those countries which are members of the Organization of Economic Cooperation and Development (OECD). However, in the future, the Advisor anticipates investing in issuers located in other countries as well. Under normal market conditions, the Portfolio will invest at least 65% of the value of its assets in issuers organized or having a majority of their assets in, or deriving a majority of their operating income in, at least three different countries, one of which may be the United States. The Portfolio will acquire obligations which mature within ten years from the date of settlement. Because many of the Portfolio's investments will be denominated in foreign currencies, the Portfolio will also enter into forward foreign currency contracts solely for the purpose of hedging against fluctuations in currency exchange rates.

DFA FIVE-YEAR GOVERNMENT PORTFOLIO

The investment objective of DFA Five-Year Government Portfolio is to maximize total returns available from the universe of debt obligations of the U.S. government and U.S. government agencies. Generally, the Portfolio will acquire U.S. government obligations and U.S. government agency obligations that mature within five years from the date of settlement. The Portfolio will also acquire repurchase agreements.

DFA INTERMEDIATE GOVERNMENT FIXED INCOME PORTFOLIO

The investment objective of DFA Intermediate Government Fixed Income Portfolio is to earn current income consistent with preservation of capital. The Portfolio will invest in non-callable obligations issued or guaranteed by the U.S. government and U.S. government agencies, AAA-rated dollar denominated obligations of foreign governments, obligations of supranational organizations, and futures contracts on U.S. Treasury securities. Since government guaranteed mortgage-backed securities are considered callable, such securities will not be included in the Portfolio.

Generally, the Portfolio will hold securities with maturities of between five and fifteen years. The Portfolio will not shift the maturity of its investments in anticipation of interest rate movements and ordinarily will have an average weighted maturity of between seven to ten years. One of the benefits of the Portfolio is expected to be that in a period of steeply falling interest rates, the Portfolio should perform well because of its average weighted maturity and the high quality and non-callable nature of its investments. The Portfolio is expected to match or exceed the returns of the Lehman Brothers Treasury Index, without exceeding the volatility of that Index.

The Portfolio may invest more than 5% of its assets in the obligations of foreign governments. Those obligations at the time of purchase must be either rated in the highest rating category of a nationally recognized statistical rating organization or, in the case of any obligation that is unrated, of comparable quality. The Portfolio also may invest in futures contracts on U.S. Treasury securities or options on such contracts for the purposes of remaining fully invested and maintaining liquidity to pay redemptions. However, the Portfolio will not purchase futures contracts or options thereon if as a result more than 5% of its total assets would then consist of initial and variation margin deposits on such contracts or options. Such investments entail certain risks. (See "RISK FACTORS - ALL PORTFOLIOS".)

DESCRIPTION OF INVESTMENTS

The following is a description of the categories of investments which may be acquired by the Fixed Income Portfolios and the One-Year Fixed Income Series. While DFA One-Year Fixed Income Portfolio will only invest in the shares of the One-Year Fixed Income Series, the One-Year Fixed Income Series may invest in all of the securities and obligations listed in categories 1-6 and 8, DFA Intermediate Government Fixed Income Portfolio may invest only in the securities and obligations listed in categories 1, 2, 6, 7 and 8, and DFA Five-Year Government Portfolio may invest only in the securities and obligations listed in categories 1, 2 and 6. DFA Global Fixed Income Portfolio may invest only in the securities and obligations listed in categories 1, 2, 6, 7, 8 and 9.

1. U.S. GOVERNMENT OBLIGATIONS - Debt securities issued by the U.S. Treasury which are direct obligations of the U.S. government, including bills, notes and bonds.

2. U.S. GOVERNMENT AGENCY OBLIGATIONS - Issued or guaranteed by U.S. government-sponsored instrumentalities and federal agencies, including the Federal National Mortgage Association, Federal Home Loan Bank and the Federal Housing Administration.

3. CORPORATE DEBT OBLIGATIONS - Non-convertible corporate debt securities (e.g., bonds and debentures) which are issued by companies whose

commercial paper is rated Prime-1 by Moody's Investors Services, Inc. ("Moody's") or A-1 by S&P and dollar-denominated obligations of foreign issuers issued in the U.S. If the issuer's commercial paper is unrated, then the debt security would have to be rated at least AA by S&P or Aa2 by Moody's. If there is neither a commercial paper rating nor a rating of the debt security, then the Advisor must determine that the debt security is of comparable quality to equivalent issues of the same issuer rated at least AA or Aa2.

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4. BANK OBLIGATIONS - Obligations of U.S. banks and savings and loan associations and dollar-denominated obligations of U.S. subsidiaries and branches of foreign banks, such as certificates of deposit (including marketable variable rate certificates of deposit) and bankers' acceptances. Bank certificates of deposit will only be acquired if the bank has assets in excess of \$1,000,000,000.

5. COMMERCIAL PAPER - Rated, at the time of purchase, A-1 or better by S&P or Prime-1 by Moody's, or, if not rated, issued by a corporation having an outstanding unsecured debt issue rated Aaa by Moody's or AAA by S&P, and having a maximum maturity of nine months.

6. REPURCHASE AGREEMENTS - Instruments through which the Portfolios purchase securities ("underlying securities") from a bank, or a registered U.S. government securities dealer, with an agreement by the seller to repurchase the security at an agreed price, plus interest at a specified rate. The underlying securities will be limited to U.S. government and agency obligations described in (1) and (2) above. The Portfolios will not enter into a repurchase agreement with a duration of more than seven days if, as a result, more than 10% of the value of the Portfolio's total assets would be so invested. The Portfolios will also only invest in repurchase agreements with a bank if the bank has at least \$1,000,000,000 in assets and has a credit rating of not less than A as determined by Moody's or S&P. The Advisor will monitor the market value of the securities plus any accrued interest thereon so that they will at least equal the repurchase price.

7. FOREIGN GOVERNMENT AND AGENCY OBLIGATIONS - Bills, notes, bonds and other debt securities issued or guaranteed by foreign governments, or their agencies and instrumentalities.

8. SUPRANATIONAL ORGANIZATION OBLIGATIONS - Debt securities of supranational organizations such as the European Coal and Steel Community, the European Economic Community and the World Bank, which are chartered to promote economic development.

9. FOREIGN ISSUER OBLIGATIONS - Debt securities of non U.S. issuers rated AA or better by S&P and Aa2 or better by Moody's.

INVESTMENTS IN THE BANKING INDUSTRY

The One-Year Fixed Income Series will invest more than 25% of its total assets in obligations of U.S. and/or foreign banks and bank holding companies when the yield to maturity on these investments exceeds the yield to maturity on all other eligible portfolio investments for a period of five consecutive days when the NYSE is open for trading. For the purpose of this policy, which is a fundamental policy of the Series, which can only be changed by a vote of shareholders of the Series, banks and bank holding companies are considered to constitute a single industry, the banking industry. The DFA One-Year Fixed Income Portfolio has the same fundamental policy, which can only be changed by a vote of the Portfolio's shareholders, except that the Portfolio's policy does not apply to the extent that all or substantially all of its assets are invested in the Series. When investment in such obligations exceeds 25% of the total net assets of the Series, the Series will be considered to be concentrating its investments in the banking industry. As of the date of this prospectus, the Series is concentrating its investment in this industry.

The types of bank and bank holding company obligations in which the One-Year iFixed Income Series may invest include: dollar-denominated certificates of deposit, bankers' acceptances, commercial paper and other debt obligations issued in the United States and which mature within two years of the date of settlement, provided such obligations meet the Series' established credit rating criteria as stated under "Description of Securities and Obligations". In addition, the Series is authorized to invest more than 25% of its total assets in Treasury bonds, bills and notes and obligations of federal agencies and instrumentalities.

PORTFOLIO STRATEGY

The One-Year Fixed Income Series will be managed with a view to capturing credit risk premiums and term or maturity premiums. As used herein, the term "credit risk premium" means the anticipated incremental return on investment for holding obligations considered to have greater credit risk than direct obligations of the U.S. Treasury, and "maturity risk premium" means the anticipated incremental return for holding securities having maturities of longer than one month compared to securities having a maturity of one month. The Advisor

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believes that credit risk premiums are available largely through investment in high grade commercial paper, certificates of deposit and corporate obligations. The holding period for assets of the Series will be chosen with a view to maximizing anticipated monthly returns, net of trading costs.

The One-Year Fixed Income Series and DFA Five-Year Government Portfolio are expected to have high portfolio turnover rates due to the relatively short maturities of the securities to be acquired. The rate of portfolio turnover will depend upon market and other conditions; it will not be a limiting factor when management believes that portfolio changes are appropriate. It is anticipated that the annual turnover rate of the One-Year Fixed Income Series could be 0% to 200%, DFA Five-Year Government Portfolio could be 100% to 500%, and DFA Intermediate Government Fixed Income Portfolio will be no more than 25%. While the Fixed Income Portfolios and the One-Year Fixed Income Series acquire securities in principal transactions and, therefore, do not pay brokerage commissions, the spread between the bid and asked prices of a security may be considered to be a "cost" of trading. Such costs ordinarily increase with trading activity. However, as stated above, securities ordinarily will be sold when, in the Advisor's judgment, the monthly return of a Portfolio or the One-Year Fixed Income Series will be increased as a result of portfolio transactions after taking into account the cost of trading. It is anticipated that securities will be acquired in the secondary markets for short term instruments. However, as the size of each Portfolio or the One-Year Fixed Income Series increases, it is possible that transactions also may be effected directly with the issuers of securities acquired for the Portfolios or Series.

The DFA Global Fixed Income Portfolio will be managed with a view to capturing maturity risk premiums. Ordinarily the Portfolio will invest primarily in obligations issued or guaranteed by foreign governments and their agencies and instrumentalities, obligations of other foreign issuers rated AA or better and supranational organizations. Supranational issuers include the European Economic Community, the European Coal and Steel Community, the Nordic Investment Bank, the World Bank and the Japanese Development Bank. The Portfolio will own obligations issued or guaranteed by the U.S. government and its agencies and instrumentalities also. At times when, in the Advisor's judgement, eligible foreign securities do not offer maturity risk premiums that compare favorably with those offered by eligible U.S. securities, the Portfolio will be invested primarily in the latter securities.

The DFA Global Fixed Income Portfolio is "non-diversified", as defined in the Investment Company Act of 1940, which means that, as to 75% of its total assets, more than 5% may be invested in the securities of a single issuer. However, for purposes of the Internal Revenue Code, the Portfolio is "diversified" because as to 50% of its total assets, no more than 5% may be

invested in the securities of a single issuer. The Portfolio will not invest more than 25% of its assets in securities of companies in any one industry. Management does not consider securities which 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 to be subject to the 25% limitation, with the effect that not more than 25% of the Portfolio's total assets will be invested in securities issued by any one foreign government. The Portfolio will not invest more than 25% of its total assets in obligations of supranational organizations. Finally, the Portfolio might invest in certain securities issued by companies, such as Caisse Nationale des Telecommunication, a communications company, whose obligations are guaranteed by a foreign government. Management considers such a company to be within a particular industry (in this case, the communications industry) and, therefore, the Portfolio will invest in the securities of such a company only if it can do so under the Portfolio's policy of not being concentrated in any single industry.

RISK FACTORS - ALL PORTFOLIOS

Typically, securities of small companies are less liquid than securities of large companies. Recognizing this factor, the Small Company Portfolios, the 6-10 Series and the Small Cap Value Series will endeavor to effect securities transactions in a manner to avoid causing significant price fluctuations in the market for these securities.

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The International Equity Portfolios, the International Value Series, DFA Global Fixed Income Portfolio and DFA One-Year Fixed Income Series invest in foreign issuers. Such investments involve risks that are not associated with investments in U.S. public companies. Such risks may include legal, political and or diplomatic actions of foreign governments, such as imposition of withholding taxes on interest and dividend income payable on the securities held, possible seizure or nationalization of foreign deposits, establishment of exchange controls or the adoption of other foreign governmental restrictions which might adversely affect the value of the assets held by the Portfolios and the Series. Further, foreign issuers are not generally subject to uniform accounting, auditing and financial reporting standards comparable to those of U.S. public companies and there may be less publicly available information about such companies than comparable U.S. companies. The One-Year Fixed Income Series and the Intermediate Government Fixed Income and Global Fixed Income Portfolios may invest in obligations of supranational organizations. The value of the obligations of these organizations may be adversely affected if one or more of their supporting governments discontinue their support. Also, there can be no assurance that any of the Portfolios will achieve its investment objective.

The investments of the Emerging Markets Series involve risks in addition to the usual risks of investing in developed foreign markets. A number of emerging securities markets restrict, to varying degrees, foreign investment in stocks. Repatriation of investment income, capital and the proceeds of sales by foreign investors may require governmental registration and/or approval in some emerging countries. In some jurisdictions, such restrictions and the imposition of taxes are intended to discourage shorter rather than longer-term holdings. While the Emerging Markets Series will invest only in markets where these restrictions are considered acceptable to the Advisor, new or additional repatriation restrictions might be imposed subsequent to the Series' investment. If such restrictions were imposed subsequent to investment in the securities of a particular country, the Series might, among other things, discontinue the purchasing of securities in that country. Such restrictions will be considered in relation to the Series' liquidity needs and other factors and may make it particularly difficult to establish the fair market value of particular securities from time to time. The valuation of securities held by the Emerging Markets Series is the responsibility of the Trust's Board of Trustees, acting in good faith and with advice from the Advisor. (See "VALUATION OF SHARES.") Further, some attractive equity securities may not be available to the Series

because foreign shareholders hold the maximum amount permissible under current laws.

Relative to the U.S. and to larger non-U.S. markets, many of the emerging securities markets in which the Emerging Markets Series may invest are relatively small, have low trading volumes, suffer periods of illiquidity and are characterized by significant price volatility. Such factors may be even more pronounced in jurisdictions where securities ownership is divided into separate classes for domestic and non-domestic owners.

In addition, many emerging markets, including most Latin American countries, have experienced substantial, and, in some periods, extremely high, rates of inflation for many years. Inflation and rapid fluctuations in inflation rates have had and may continue to have very negative effects on the economies and securities markets of certain countries. In an attempt to control inflation, wage and price controls have been imposed at times in certain countries. Certain emerging markets have recently transitioned, or are in the process of transitioning, from centrally controlled economies. There can be no assurance that such transitions will be successful.

Brokerage commissions, custodial services and other costs relating to investment in foreign markets generally are more expensive than in the United States; this is particularly true with respect to emerging markets. Such markets have different settlement and clearance procedures. In certain markets there have been times when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. The inability of the Emerging Markets Series to make intended securities purchases due to settlement problems could cause the Series to miss investment opportunities. Inability to dispose of a portfolio security caused by settlement problems could result either in losses to the Series due to subsequent declines in value of the portfolio security or, if the Series has entered into a contract to sell the security, could result in possible liability to the purchaser.

The risk also exists that an emergency situation may arise in one or more emerging markets as a result of which trading of securities may cease or may be substantially curtailed and prices for the Emerging Markets Series' portfolio securities in such markets may not be readily available. The Series' portfolio securities in the affected markets will be valued at fair value determined in good faith by or under the direction of the Board of Trustees.

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Government involvement in the private sector varies in degrees among the emerging securities markets contemplated for investment by the Emerging Markets Series. Such involvement may, in some cases, include government ownership of companies in certain commercial business sectors, wage and price controls or imposition of trade barriers and other protectionist measures. With respect to any developing country, there is no guarantee that some future economic or political crisis will not lead to price controls, forced mergers of companies, expropriation, the creation of government monopolies, or other measures which could be detrimental to the investments of the Emerging Markets Series.

Taxation of dividends and capital gains received by non-residents varies among countries with emerging markets and, in some cases, is high in relation to comparable U.S. rates. Particular tax structures may have the intended or incidental effect of encouraging long holding periods for particular securities and/or the reinvestment of earnings and sales proceeds in the same jurisdiction. In addition, emerging market jurisdictions typically have less well-defined tax laws and procedures than is the case in the United States, and such laws may permit retroactive taxation so that the Emerging Markets Series could in the future become subject to local tax liability that it had not reasonably anticipated in conducting its investment activities or valuing its assets.

Investments of the International Equity Portfolios, the International Value Series and DFA Global Fixed Income Portfolio will be denominated in

foreign currencies. Changes in the relative values of foreign currencies and the U.S. dollar, therefore, will affect the value of investments of these Portfolios and Series. These Portfolios and Series may purchase foreign currency futures contracts and options in order to hedge against changes in the level of foreign currency exchange rates, provided not more than 5% of each Portfolio's or Series' assets are then invested as initial or variation margin deposits on such contracts or options. Such contracts involve an agreement to purchase or sell a specific currency at a future date at a price set in the contract and enable the Portfolios and Series to protect against losses resulting from adverse changes in the relationship between the U.S. dollar and foreign currencies occurring between the trade and settlement dates of Portfolio and Series securities transactions, but they also tend to limit the potential gains that might result from a positive change in such currency relationships.

Each Portfolio and each corresponding Series of the Trust, except U.S. 9-10 and Japanese Small Company Portfolios, DFA One-Year Fixed Income Portfolio, DFA Five-Year Government Portfolio and DFA Intermediate Government Fixed Income Portfolio, have reserved the right to borrow amounts not exceeding 33% of its net assets for the purposes of making redemption payments. When advantageous opportunities to do so exist, each Portfolio and each Series may also purchase securities when borrowings exceed 5% of the value of its net assets. Such purchases can be considered to be "leveraging" and, in such circumstances, the net asset value of the Portfolio or Series may increase or decrease at a greater rate than would be the case if the Portfolio or Series had not leveraged. The interest payable on the amount borrowed would increase the Portfolio's or Series' expenses and, if the appreciation and income produced by the investments purchased when the Portfolio or Series has borrowed are less than the cost of borrowing, the investment performance of the Portfolio will be reduced as a result of leveraging.

The method employed by the Advisor to manage the Domestic and International Equity Portfolios (except U.S. Large Company Portfolio) and, in respect of those that are Feeder Portfolios, the corresponding Series of the Trust will differ from the process employed by many other investment advisors in that the Advisor will rely on fundamental analysis of the investment merits of securities to a limited extent to eliminate potential portfolio acquisitions rather than rely on this technique to select securities. Further, because securities generally will be held long-term and will not be eliminated based on short-term price fluctuations, the Advisor generally will not act upon general market movements or short-term price fluctuations of securities to as great an extent as many other investment advisors. U.S. Large Company Series will operate as an index fund and, therefore, represents a passive method of investing in all stocks that comprise the S&P 500 Index which does not entail selection of securities based on the individual investment merits of their issuers. The investment performance of the U.S. Large Company Series and the corresponding Portfolio is expected to approximate the investment performance of the S&P 500 Index, which tends to be cyclical in nature, reflecting periods when stock prices generally rise or fall.

U.S. Large Company Series, Large Cap International Portfolio, the Value Series, DFA/AEW Real Estate Securities Portfolio, the International Value Series, the Emerging Markets Series and the DFA International Small Cap Value Portfolio may invest in index futures contracts and index options. These investments entail the risk that an imperfect correlation may exist between changes in the market value of the stocks owned by the

Portfolio or Series and the prices of such futures contracts and options and, at times, the market for such contracts and options might lack liquidity, thereby inhibiting a Portfolio's or Series' ability to close a position in such investments.

Concentrating in obligations of the banking industry may involve additional risk by foregoing the safety of investing in a variety of industries. Changes in the market's perception of the riskiness of banks

relative to non-banks could cause more fluctuations in the net asset value of the One-Year Fixed Income Series (and, thus, DFA One-Year Fixed Income Portfolio) than might occur in less concentrated portfolios.

The DFA/AEW Real Estate Securities Portfolio intends to concentrate its investments in the real estate industry. Concentrating investments in the real estate industry involves the risk of foregoing the safety of investing in a variety of industries. Further, while the Portfolio will not invest in real estate directly, but only in securities issued by real estate companies, the Portfolio may be subject to certain risks that are similar to those associated with the direct ownership of real estate in addition to securities markets risks. These include declines in the value of real estate, risks related to general and local economic conditions, heavy cash flow dependency, possible lack of availability of mortgage funds, overbuilding, extended periods of high vacancy rates, increases in property taxes and operating expenses, changes in zoning laws, losses due to costs resulting from the clean-up of environmental hazards, liability to third parties for damages resulting from environmental hazards, casualty or condemnation losses, limitations on rents, and changes in neighborhood values, interest rates and the credit quality of tenants. Also, in deciding whether to purchase securities of a particular real estate company, including REITS, the Advisor does not consider the geographic location within the United States of the underlying assets of such company. Therefore, to the extent that the Portfolio may become substantially invested in real estate companies, including REITS, whose underlying assets are located in one particular region of the United States and subsequently a decline in real estate values occurs in that region, the value of such real estate companies may be adversely affected and the Portfolio's net asset value may in turn be similarly affected.

In addition, all of the Portfolios and the Series of the Trust may invest in repurchase agreements. In the event of the bankruptcy of the other party to a repurchase agreement, the Fund or the Trust could experience delay in recovering the securities underlying such agreements. Management believes that this risk can be controlled through stringent security selection criteria and careful monitoring procedures.

MANAGEMENT OF THE FUND

Dimensional Fund Advisors Inc. (the "Advisor") serves as investment advisor to each of the Portfolios, except the Feeder Portfolios, and each Series of the Trust. As such, the Advisor is responsible for the management of their respective assets. Investment decisions for all Portfolios of the Fund and all Series of the Trust are made by the Investment Committee of the Advisor which meets on a regular basis and also as needed to consider investment issues. The Investment Committee is composed of certain officers and directors of the Advisor who are elected annually. The Advisor provides the Portfolios (except the Feeder Portfolios) and the Series with a trading department and selects brokers and dealers to effect securities transactions.

Portfolio securities transactions are placed with a view to obtaining best price and execution and, subject to this goal, may be placed with brokers which have assisted in the sale of the Portfolios' shares.

For the fiscal year ended November 30, 1994, (i) the Advisor received a fee for its services which, on an annual basis, equaled the following percentage of the average net assets of each Portfolio or, in the case of a Feeder Portfolio, the average net assets of its corresponding Trust Series and (ii) the total expenses of each Portfolio were the following percentages of respective average net assets:

<TABLE>

<CAPTION>

PORTFOLIO -----	MANAGEMENT FEE -----	TOTAL EXPENSES -----
<S>	<C>	<C>
U.S. 9-10 Small Company	0.50%	0.65%
U.S. 6-10 Small Company	0.03%	0.53%

U.S. Large Company	0.025%	0.24%
U.S. Small Cap Value	0.20%	0.66%
U.S. Large Cap Value	0.10%	0.44%
DFA/AEW Real Estate Securities	0.50%	0.90%
Japanese Small Company	0.50%	0.76%
Pacific Rim Small Company	0.50%	0.95%
United Kingdom Small Company	0.50%	0.74%
Continental Small Company	0.50%	0.77%
Large Cap International	0.25%	0.66%
DFA International High Book to Market	0.17%	0.69%
DFA One-Year Fixed Income	0.05%	0.21%
DFA Five-Year Government	0.20%	0.31%
DFA Global Fixed Income	0.25%	0.49%
DFA Intermediate Government Fixed Income	0.15%	0.29%

</TABLE>

The investment advisory fees applicable to the Emerging Markets Portfolio, which commenced operations in April, 1994, and the DFA International Small Cap Value Portfolio, which commenced operations after November 30, 1994, are equal to .10% and .65%, respectively, of the average net assets of each Portfolio on an annual basis.

In February, 1994, the DFA International High Book to Market Portfolio invested its assets in the corresponding Series of the Trust and the existing investment advisory agreement with respect to that Portfolio was terminated. At that time, an administration agreement with respect to the DFA International High Book to Market Portfolio took effect. (See "Administrative Services - All Portfolios".)

Beginning with the effective date of the Investment Management Agreement with respect to the DFA International Value Series, the Advisor has agreed to waive its fee under that Agreement to the extent necessary to keep the cumulative annual expenses of the Series to not more than .45% of average net assets of the Series on an annualized basis. (See "Client Service Agent - DFA International High Book to Market Portfolio.") Through February 15, 1994, the Advisor waived its fee under the Investment Management Agreement with respect to the DFA International High Book to Market Portfolio to the extent necessary to keep the cumulative annual expenses of the Portfolio to not more than 0.65% of average net assets of the Portfolio on an annualized basis. Absent the waivers, the annualized ratio of expenses to average net assets for the DFA International High Book to Market Portfolio for the fiscal year ended November 30, 1994 would have been 0.73%.

The Advisor has agreed to bear all of the ordinary operating expenses of U.S. Large Company Portfolio and its corresponding Series, except the investment advisory fee of the Series and the administration fee of the Portfolio. Absent this arrangement, the annualized ratio of expenses to average net assets for U.S. Large Company Portfolio for the fiscal year ended November 30, 1994 would have been .66%.

The Fund and the Trust each bears all of its own costs and expenses,

including: services of its independent accountants, legal counsel, brokerage fees, commissions and transfer taxes in connection with the acquisition and disposition of portfolio securities, taxes, insurance premiums, costs incidental to meetings of its shareholders

and directors or trustees, the cost of filing its registration statements under federal and state securities laws, reports to shareholders, and transfer and dividend disbursing agency, administrative services and custodian fees, except the Advisor will pay the ordinary operating expenses (other than the advisory fee) of U.S. Large Company Series. Expenses of U.S. Large Company Series, which are determined by the Board of Trustees to be extraordinary, would be borne by that Series. Expenses allocable to a particular Portfolio or Series are so allocated and expenses which are not allocable to a particular Portfolio or Series are borne by each Portfolio or Series on the basis of the fees paid by the Fund or Trust to PFPC.

The Advisor was organized in May 1981 and is engaged in the business of providing investment management services to institutional investors. Assets under management total approximately \$10.4 billion. David G. Booth and Rex A. Sinuefield, directors and officers of both the Fund and the Advisor and trustees and officers of the Trust, together own approximately 55% of the Advisor's outstanding stock and may be deemed controlling persons of the Advisor. The Advisor owns 100% of the outstanding shares of Dimensional Fund Advisors Ltd. ("DFAL") (see "Investment Services - United Kingdom and Continental Small Company Portfolios") and DFA Australia Pty Limited ("DFA Australia") (see "Investment Services - Japanese and Pacific Rim Small Company Portfolios").

INVESTMENT SERVICES - UNITED KINGDOM AND CONTINENTAL SMALL COMPANY PORTFOLIOS

Pursuant to Sub-Advisory Agreements with the Advisor, DFAL, 14 Berkeley Street, London, W1X 5AD, England, 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 United Kingdom and Continental Small Company Portfolios. DFAL's duties include the maintenance of a trading desk for the Portfolios 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 United Kingdom and Continental Small Company Portfolios and reviews the trading process and the execution of securities transactions. The Advisor is responsible to determine those securities which are eligible for purchase and sale by these Portfolios and may delegate this task, subject to its own review, to DFAL. DFAL maintains and furnishes to the Advisor information and reports on United Kingdom and European small companies, including its recommendations of securities to be added to the securities that are eligible for purchase by the Portfolios. The Advisor pays DFAL quarterly fees of 12,500 pounds sterling for services to each Portfolio. DFAL is a member of the Investment Management Regulatory Organization Limited ("IMRO"), a self regulatory organization for investment managers operating under the laws of England. If a shareholder of United Kingdom Small Company Portfolio or Continental Small Company Portfolio wishes to register a complaint against DFAL, that shareholder may either make the complaint in writing to the Compliance Officer of DFAL or may complain directly to IMRO.

INVESTMENT SERVICES - JAPANESE AND PACIFIC RIM SMALL COMPANY PORTFOLIOS

Pursuant to Sub-Advisory Agreements with the Advisor, DFA Australia, Suite 4403 Gateway, 1 MacQuarie Place, Sydney, New South Wales 2000, Australia, the successor to Dimensional Fund Advisors Asia Inc., has the authority and responsibility to select brokers and dealers to execute securities transactions for Japanese and Pacific Rim Small Company Portfolios. DFA Australia's duties include the maintenance of a trading desk for each Portfolio 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 Japanese and Pacific Rim Small Company Portfolios and reviews the trading process and the execution of securities transactions. The Advisor is responsible to determine those securities which

are eligible for purchase and sale by these Portfolios 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 Japanese and Pacific Rim small companies, including its recommendations of securities to be added to the securities that are eligible for purchase by each Portfolio. The Advisor pays DFA Australia quarterly fees of 25,000 Hong Kong dollars for services to each Portfolio.

INVESTMENT SERVICES - DFA/AEW REAL ESTATE SECURITIES PORTFOLIO

Pursuant to a Sub-Advisory Agreement with the Fund, Aldrich, Eastman & Waltch L.P., Boston, MA ("AEW"), provides the Advisor with real estate expertise and advice regarding investments of the Portfolio. For its services the Portfolio pays AEW a fee which, on an annual basis, equals .175% of the average net assets of the Portfolio. AEW is a Massachusetts limited partnership founded in 1981 that currently manages approximately \$4.1 billion for its institutional clients. The general partner of AEW is AEW Holdings, L.P.,

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whose general partner is Aldrich, Eastman & Waltch, Inc. ("AEW, Inc."), a registered investment advisor. Peter C. Aldrich and Thomas G. Eastman each own 28.7% of the voting securities of AEW, Inc. While AEW has not previously served as an investment advisor to a registered investment company, the firm has substantial experience in providing institutional investors with advice regarding investment in real estate.

ADMINISTRATIVE SERVICES - THE FEEDER PORTFOLIOS

The Fund has entered into an administration agreement with the Advisor, on behalf of each Feeder Portfolio. Pursuant to each administration agreement, the Advisor performs various services, including: supervision of the services provided by the Portfolio's custodian and transfer and dividend disbursing agent and others who provide services to the Fund for the benefit of the Portfolio; providing shareholders with information about the Portfolio and their investments as they or the Fund may request; assisting the Portfolio in conducting meetings of shareholders; furnishing information as the Board of Directors may require regarding the corresponding Series; and any other administrative services for the benefit of the Portfolio as the Board of Directors may reasonably request. For its administrative services, the Feeder Portfolios pay the Advisor a monthly fee equal to one-twelfth of the percentages listed below:

<TABLE>

<S>	<C>
U.S. 6-10 Small Company	.32%
U.S. Large Company	.215%
U.S. Small Cap Value	.10%
U.S. Large Cap Value	.20%
DFA International High Book to Market	.20%*
Emerging Markets	.40%
DFA One-Year Fixed Income	.10%

<FN>

*The administration fee of .20% will be applied to the first \$40 million of average net assets of the Portfolio, but not to amounts in excess of \$40 million.

</TABLE>

CLIENT SERVICE AGENT - DFA INTERNATIONAL HIGH BOOK TO MARKET PORTFOLIO

Pursuant to a Client Service Agent Agreement, Reinhardt Werba Bowen

Advisory Services, San Jose, CA ("RWBAS"), performs various services for the DFA International High Book to Market Portfolio, including: establishment of a toll-free telephone number for shareholders of the Portfolio to use to obtain or receive up-to-date account information; providing to shareholders quarterly reports with respect to the performance of the Portfolio; and providing shareholders with such information regarding the operation and affairs of the Portfolio, and their investment in its shares, as the shareholders or the Board of Directors may reasonably request. For its services, the Portfolio pays RWBAS a monthly fee which, on an annual basis, equals .20% of the average daily net assets of the Portfolio in excess of \$40 million. RWBAS has agreed to waive its fee under certain circumstances. (See "MANAGEMENT OF THE FUND".)

DIRECTORS AND OFFICERS

The Board of Directors is responsible for establishing Fund policies and for overseeing the management of the Fund. Each of the Directors and officers of the Fund is also a Trustee and officer of the Trust. The Directors of the Fund, including all of the disinterested directors, have adopted written procedures to monitor potential conflicts of interest that might develop between the Feeder Portfolios and the Trust. Information as to the Directors and Officers of the Fund and the Trust is set forth in the Statement of Additional Information under "Directors and Officers."

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DIVIDENDS, CAPITAL GAINS DISTRIBUTIONS AND TAXES

Each Portfolio of the Fund intends to qualify each year as a regulated investment company under the Internal Revenue Code of 1986, as amended (the "Code") so that it will not be liable for federal income taxes to the extent that its net investment income and net realized capital gains are distributed. The policy of the Domestic and International Equity Portfolios, except U.S. Large Company Portfolio and the U.S. Large Cap Value Portfolio, is to distribute substantially all of their net investment income together with any net realized capital gains in November and December of each year. Dividends from net investment income of U.S. Large Company Portfolio and the U.S. Large Cap Value Portfolio are distributed quarterly and any net realized capital gains are distributed annually after November 30. Net investment income, which is accrued daily, will be distributed monthly (except for January) by DFA One-Year Fixed Income Portfolio, quarterly by DFA Intermediate Government Fixed Income, DFA Global Fixed Income and DFA Global Bond Portfolios, and semi-annually by DFA Five-Year Government Portfolio. Any net realized capital gains of Fixed Income Portfolios will be distributed annually after the end of the fiscal year. Each Portfolio of the Fund is treated as a separate corporation for Federal tax purposes.

Shareholders of the Portfolios will automatically receive all income dividends and capital gains distributions in additional shares of the Portfolio whose shares they hold at net asset value (as of the business date following the dividend record date), unless as to U.S. 9-10 Small Company Portfolio, U.S. 6-10 Small Company Portfolio, the Fixed Income Portfolios, DFA/AEW Real Estate Securities Portfolio, U.S. Large Company Portfolio and the Value Portfolios upon written notice to the Transfer Agent, the shareholder selects one of the following options:

- Income Option - to receive income dividends in cash and capital gains distributions in additional shares at net asset value.
- Capital Gains Option - to receive capital gains distributions in cash and income dividends in additional shares at net asset value.
- Cash Option - to receive both income dividends and capital gains distributions in cash.

As noted above, U.S. 6-10 Small Company, U.S. Large Company, DFA One-Year Fixed Income, U.S. Small Cap Value, U.S. Large Cap Value, DFA International High Book to Market Portfolios (collectively the "Corporate Feeder

Portfolios") seek to achieve their investment objectives by investing all of their investable assets in a corresponding series of shares of the Trust (collectively the "Corporate Series"). The Corporate Series intend to qualify each year as regulated investment companies under the Code.

A Corporate Feeder Portfolio receives income in the form of income dividends paid by the corresponding Corporate Series. This income, less the expenses incurred in operations, is a Corporate Feeder Portfolio's net investment income from which income dividends are distributed as described above. A Corporate Feeder Portfolio also may receive capital gains distributions from the corresponding Corporate Series and may realize capital gains upon the redemption of the shares of the corresponding Corporate Series. Any net realized capital gains of a Corporate Feeder Portfolio will be distributed as described above.

Emerging Markets Portfolio seeks its investment objective by investing all of its investable assets in Emerging Markets Series of the Trust. Emerging Markets Series has obtained a ruling from the Internal Revenue Service ("IRS") holding, in part, that Emerging Markets Series is taxable as a partnership and that the Emerging Markets Portfolio is deemed to own a proportionate share of the assets of the Emerging Markets Series for purposes of satisfying the requirements of Section 853 of the Code, which permits flow through treatment for foreign tax credits. (As described below, certain dividends from investments made by Emerging Markets Series in foreign countries may be subject to withholding taxes. Foreign tax credits for such taxes may be available to shareholders of the Emerging Markets Portfolio.) If the requirements of Section 853 of the Code are satisfied, the Emerging Markets Portfolio will be eligible to pass through the foreign tax credits of Emerging Markets Series to the Emerging Markets Portfolio's shareholders.

If a Portfolio, except for the Feeder Portfolios, purchases shares in certain foreign investment entities, called "passive foreign investment companies" ("PFIC"), such Portfolio may be subject to U.S. federal income tax and a related interest charge on a portion of any "excess distribution" or gain from the disposition of such shares

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even if such income is distributed as a taxable dividend by the Portfolio to its shareholders. In the case of a Feeder Portfolio, except for the Emerging Markets Portfolio, if the corresponding Series purchases shares in PFICs, such Series may be subject to U.S. federal income tax and a related interest charge 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 Series to the Feeder Portfolio. In the case of the Emerging Markets Portfolio, if Emerging Markets Series purchases shares in PFICs, the Emerging Markets Portfolio may be subject to U.S. federal income tax and a related interest charge on a portion of any "excess distribution" or gain from the disposition of such shares.

Dividends received on investments made by the Portfolios (or in the case of a Feeder Portfolio, the corresponding Series) may be subject to foreign withholding taxes on income from certain of their foreign securities.

Since virtually all the net investment income from the Fixed Income Portfolios is expected to arise from earned interest, it is not expected that any of those Portfolios' distributions will be eligible for the dividends received deduction for corporations.

Whether paid in cash or additional shares and regardless of the length of time a Portfolio's shares have been owned by shareholders who are subject to federal income taxes, distributions from long-term capital gains are taxable as such. Dividends from net investment income or net short-term capital gains will be taxable as ordinary income, whether received in cash or in additional shares. For those investors subject to tax, if purchases of shares of a Portfolio are made shortly before the record date for a dividend or capital gains distribution, a portion of the investment will be returned as a taxable distribution. Shareholders are notified annually by the Fund as to the federal tax status of dividends and distributions paid by the Portfolio whose

shares they own.

Dividends which are declared in October, November or December to shareholders of record in such a month but which, for operational reasons, may not be paid to the shareholder until the following January, will be treated for tax purposes as if paid by the Portfolio and received by the shareholder on December 31 of the calendar year in which they are declared.

The sale of shares of a Portfolio is a taxable event and may result in a capital gain or loss to shareholders subject to tax. Capital gain or loss may be realized from an ordinary redemption of shares or an exchange of shares between two Portfolios of the Fund. Any loss incurred on sale or exchange of a Portfolio's shares, held for six months or less, will be treated as a long-term capital loss to the extent of capital gain dividends received with respect to such shares.

In addition to federal taxes, shareholders may be subject to state and local taxes on distributions. Distributions of interest income and capital gains realized from certain types of U.S. government securities may be exempt from state personal income taxes.

The tax discussion set forth above is included for general information only. Prospective investors should consult their own tax advisers concerning the federal, state, local or foreign tax consequences of an investment in a Portfolio.

PURCHASE OF SHARES

Investors may purchase shares of any Portfolio by first contacting the Advisor at (310) 395-8005 to notify the Advisor of the proposed investment. All investments are subject to approval of the Advisor and all investors must complete and submit the necessary account registration forms. The Fund reserves the right to reject any initial or additional investment and to suspend the offering of shares of any Portfolio.

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Only clients of RWBAS are eligible to purchase shares of the DFA International High Book to Market Portfolio, and any such person should first contact RWBAS at (800) 366-7266, ext. 124, to notify RWBAS of the proposed investment.

Investors having an account with a bank that is a member or a correspondent of a member of the Federal Reserve System may purchase shares by first calling the Advisor at (310) 395-8005 to notify the Advisor of the proposed investment, then requesting the bank to transmit immediately available funds (Federal Funds) by wire to the appropriate Custodian, for the Account of DFA Investment Dimensions Group Inc. (specify Portfolio). Additional investments also may be made through the wire procedure by first notifying the Advisor. Investors who wish to purchase shares of any Portfolio by check should send their check to DFA Investment Dimensions Group Inc., c/o PFPC Inc., 400 Bellevue Parkway, Wilmington, Delaware 19809. Chase Manhattan Bank, N.A. serves as custodian for Emerging Markets Portfolio. Boston Safe Deposit and Trust Company serves as custodian for the International Equity Portfolios, except for Emerging Markets Portfolio, and DFA Global Fixed Income Portfolio. PNC Bank, N.A. serves as custodian for all other Portfolios.

Shares may also be purchased and sold by individuals through securities firms which may charge a service fee or commission for such transactions. No such fee or commission is charged on shares which are purchased or redeemed directly from the Fund. Investors who are clients of investment advisory organizations may also be subject to investment advisory fees under their own arrangements with such organizations.

IN KIND PURCHASES

If accepted by the Fund, shares of the Portfolios may be purchased in exchange for securities which are eligible for acquisition by the Portfolios

(or their corresponding Series) as described in this prospectus or in exchange for local currencies in which eligible securities of the International Equity Portfolios, the International Value Series and DFA Global Fixed Income Portfolio are denominated. Purchases in exchange for securities will not be subject to a reimbursement fee. Securities and local currencies to be exchanged which are accepted by the Fund and Fund shares to be issued therefore will be valued as set forth under "VALUATION OF SHARES" at the time of the next determination of net asset value after such acceptance. All dividends, interest, subscription, or other rights pertaining to such securities shall become the property of the Portfolio whose shares are being acquired and must be delivered to the Fund by the investor upon receipt from the issuer. Investors who desire to purchase shares of the International Equity Portfolios or DFA Global Fixed Income Portfolio with local currencies should first contact the Advisor for wire instructions.

The Fund will not accept securities in exchange for shares of a Portfolio unless: (1) such securities are, at the time of the exchange, eligible to be included in the Portfolio whose shares are to be issued (or in its corresponding Series) and current market quotations are readily available for such securities; (2) the investor represents and agrees that all securities offered to be exchanged are not subject to any restrictions upon their sale by the Portfolio under the Securities Act of 1933 or under the laws of the country in which the principal market for such securities exists, or otherwise; and (3) at the discretion of the Fund, the value of any such security (except U.S. Government Securities) being exchanged together with other securities of the same issuer owned by the Portfolio or Series may not exceed 5% of the net assets of the Portfolio or Series immediately after the transaction, however, this last limitation does not apply to DFA Global Fixed Income Portfolio. The Fund will accept such securities for investment and not for resale.

A gain or loss for federal income tax purposes will be realized by investors who are subject to federal taxation upon the exchange depending upon the cost of the securities or local currency exchanged. Investors interested in such exchanges should contact the Advisor. Purchases of shares will be made in full and fractional shares calculated to three decimal places. In the interest of economy and convenience, certificates for shares will not be issued except at the written request of the stockholder. Certificates for fractional shares, however, will not be issued.

VALUATION OF SHARES

The net asset value per share of each Portfolio and corresponding Series is calculated as of the close of the NYSE by dividing the total market value of the Portfolio's investments and other assets, less any liabilities, by the total outstanding shares of the stock of the Portfolio or Series. The value of the shares of each Portfolio will fluctuate in relation to its own investment experience. Securities held by the Portfolios and corresponding Series which are listed on the securities exchange and for which market quotations are available are valued at the last quoted sale price of the day or, if there is no such reported sale, U.S. 9-10 Small Company Portfolio, the 6-10 Series, the U.S. Large Company Series, DFA/AEW Real Estate Securities Portfolio, the Value Series and Emerging Markets Series value such securities at the mean between the most recent quoted bid and asked prices. Price information on listed securities is taken from the exchange where the security is primarily traded. Unlisted securities for which market quotations are readily available are valued at the mean between the most recent bid and asked prices. The value of other assets and securities for which no quotations are readily available (including restricted securities) are determined in good faith at fair value in accordance with procedures adopted by the Board of Directors. The net asset values per share of the International Equity Portfolios, the International Value Series and DFA Global Fixed Income Portfolio are expressed in U.S. dollars by translating

the net assets of each Portfolio or Series using the bid price for the dollar as quoted by generally recognized reliable sources.

Provided that the Transfer Agent has received the investor's Account Registration Form in good order and the Custodian has received the investor's payment, shares of the Portfolio selected will be priced at the public offering price calculated next after receipt of the investor's funds by the Custodian. The Transfer Agent or the Fund may from time to time appoint a sub-transfer agent for the receipt of purchase orders and funds from certain investors. With respect to such investors, the shares of the Portfolio selected will be priced at the public offering price calculated after receipt of the purchase order by the sub-transfer agent. The only difference between a normal purchase and a purchase through a sub-transfer agent is that if the investor buys shares through a sub-transfer agent, the purchase price will be the public offering price next calculated after the sub-transfer agent receives the order, rather than on the day the Custodian receives the investor's payment (provided that the Transfer Agent has received the investor's purchase order in good order). "Good order" with respect to the purchase of shares means that (1) a fully completed and properly signed Account Registration Form and any additional supporting legal documentation required by the Advisor has been received in legible form and (2) the Advisor has been notified of the purchase by telephone and, if the Advisor so requests, also in writing, no later than the close of regular trading on the NYSE (ordinarily 1:00 p.m. PST) on the day of the purchase. If an order to purchase shares must be canceled due to non-payment, the purchaser will be responsible for any loss incurred by the Fund arising out of such cancellation. To recover any such loss, the Fund reserves the right to redeem shares owned by any purchaser whose order is canceled, and such purchaser may be prohibited or restricted in the manner of placing further orders.

The value of the shares of The Fixed Income Portfolios and the One-Year Fixed Income Series will tend to fluctuate with interest rates because, unlike money market funds, these Portfolios and the Series do not seek to stabilize the value of their respective shares by use of the "amortized cost" method of asset valuation. Net asset value includes interest on fixed income securities which is accrued daily. Securities which are traded OTC and on a stock exchange will be valued according to the broadest and most representative market, and it is expected that for bonds and other fixed-income securities this ordinarily will be the OTC market. Securities held by The Fixed Income Portfolios and the One-Year Fixed Income Series may be valued on the basis of prices provided by a pricing service when such prices are believed to reflect the current market value of such securities. Other assets and securities for which quotations are not readily available will be valued in good faith at fair value using methods determined by the Board of Directors.

Generally, trading in foreign securities markets is completed each day at various times prior to the close of the NYSE. The values of foreign securities held by the International Equity Portfolios, the International Value Series and DFA Global Fixed Income Portfolio are determined as of such times for the purpose of computing the net asset values of these Portfolios or Series. If events which materially affect the value of the investments of a Portfolio or Series occur subsequent to the close of the securities market on which such securities are primarily traded, the investments affected thereby will be valued at "fair value" as described above.

Certain of the securities holdings of the Emerging Markets Series in Approved Markets may be subject to tax, investment and currency repatriation regulations of the Approved Markets that could have a material effect

on the valuation of the securities. For example, the Series might be subject to different levels of taxation on current income and realized gains depending upon the holding period of the securities. In general, a longer holding period (e.g., 5 years) may result in the imposition of lower tax rates than a shorter holding period (e.g., 1 year). The Series may also be

subject to certain contractual arrangements with investment authorities in an Approved Market which require the Series to maintain minimum holding periods or to limit the extent of repatriation of income and realized gains. As a result, the valuation of particular securities at any one time may depend materially upon the assumptions that the Series makes at that time concerning the anticipated holding period for the securities. Absent special circumstances as determined by the Board of Trustees of the Trust, it is presently intended that the valuation of such securities will be based upon the assumption that they will be held for at least the amount of time necessary to avoid higher tax rates or penalties and currency repatriation restrictions. However, the use of such valuation standards will not prevent the Series from selling such securities in a shorter period of time if the Advisor considers the earlier sale to be a more prudent course of action. Revision in valuation of those securities will be made at the time of the transaction to reflect the actual sales proceeds inuring to the Series.

PUBLIC OFFERING PRICE

It is management's belief that payment of a reimbursement fee by each investor, which is used to defray significant costs associated with investing proceeds of the sale of their shares to such investors, will eliminate a dilutive effect such costs would otherwise have on the net asset value of shares held by previous investors. Therefore, the shares of the Emerging Markets Series and the International Equity Portfolios, with the exception of United Kingdom Small Company Portfolio, Large Cap International Portfolio and DFA International High Book to Market Portfolio, are sold at an offering price which is equal to the current net asset value of such shares plus a reimbursement fee. The amount of the reimbursement fee represents management's estimate of the costs reasonably anticipated to be associated with the purchase of securities by those Portfolios and the Emerging Markets Series and is paid to the Portfolios and Series and used by them to defray such costs. Such costs include brokerage commissions on listed securities, imputed commissions on OTC securities and a .5% Stamp Duty imposed on the purchase of stocks on the ISE. The reimbursement fees for the International Equity Portfolios, expressed as a percentage of the net asset value of the shares of each Portfolio, are: Continental and Pacific Rim Small Company Portfolios-1%; Japanese Small Company Portfolio and the Emerging Markets Portfolio-0.50%; and DFA International Small Cap Value Portfolio-0.70%. Reinvestments of dividends and capital gains distributions paid by the Portfolios and in-kind investments are not subject to a reimbursement fee. (See "In-Kind Purchases" and "DIVIDENDS, CAPITAL GAINS DISTRIBUTIONS AND TAXES".)

The public offering price of shares of the Domestic Equity Portfolios, United Kingdom Small Company Portfolio, Large Cap International Portfolio, DFA International High Book to Market Portfolio and the Fixed Income Portfolios is the net asset value thereof next determined after the receipt of the investor's funds by the Custodian, provided that an Account Registration Form in good order has been received by the Transfer Agent; no sales charge or reimbursement fee is imposed.

DISTRIBUTION

The Fund acts as distributor of each series of its own shares of stock. It has, however, entered into an agreement with DFA Securities Inc., a wholly owned subsidiary of the Advisor, pursuant to which DFA Securities Inc. is responsible for supervising the sale of each series of shares. No compensation is paid by the Fund to DFA Securities Inc. under this agreement.

EXCHANGE OF SHARES

Investors may exchange shares of one Portfolio for those of another Portfolio by first contacting the Advisor at (310) 395-8005 to notify the Advisor of the proposed exchange and then completing an Exchange Form and mailing it to:

DFA Investment Dimensions Group Inc.
Attn: Client Operations
1299 Ocean Avenue, 11th Floor
Santa Monica, CA 90401

The minimum amount for an exchange is \$100,000. Exchanges are not accepted into or from the International Equity Portfolios, except Large Cap International Portfolio.

Investors in any Portfolio eligible for the exchange privilege also may exchange all or part of their Portfolio shares into a portfolio of Dimensional Investment Group Inc., an open-end, management investment company, subject to the minimum purchase requirement set forth in that fund's prospectus. Investors may contact the Advisor at the above-listed phone number for more information on such exchanges and to request a copy of the prospectus of Dimensional Investment Group Inc.

The exchange privilege is not intended to afford shareholders a way to speculate on short-term movements in the markets. Accordingly, in order to prevent excessive use of the exchange privilege that may potentially disrupt the management of the Portfolios or otherwise adversely affect the Fund, any proposed exchange will be subject to the approval of the Advisor. Such approval will depend on: (i) the size of the proposed exchange; (ii) the prior number of exchanges by that shareholder; (iii) the nature of the underlying securities and the cash position of the Portfolios involved in the proposed exchange; (iv) the transaction costs involved in processing the exchange; and (v) the total number of redemptions by exchange already made out of a Portfolio.

The redemption and purchase prices of shares redeemed and purchased by exchange, respectively, are the net asset values next determined after the Advisor has received an Exchange Form in good order. "Good order" means a completed Exchange Form specifying the dollar amount to be exchanged, signed by all registered owners of the shares; and if the Fund does not have on file the authorized signatures for the account, a guarantee of the signature of each registered owner by an "eligible guarantor institution." Such institutions generally include national or state banks, savings associations, savings and loan associations, trust companies, savings banks, credit unions and members of a recognized stock exchange. Exchanges will be accepted only if the registrations of the two accounts are identical, stock certificates have not been issued and the shares of the Portfolio being acquired are registered in the investor's state of residence.

There is no fee imposed on an exchange. However, the Fund reserves the right to impose an administrative fee in order to cover the costs incurred in processing an exchange. Any such fee will be disclosed in the prospectus. An exchange is treated as a redemption and a purchase. Therefore, an investor could realize a taxable gain or a loss on the transaction. The Fund reserves the right to revise or terminate the exchange privilege, waive the minimum amount requirement, limit the amount of or reject any exchange, as deemed necessary, at any time.

REDEMPTION OF SHARES

Investors who desire to redeem shares of a Portfolio must first contact the Advisor at the telephone number shown under "PURCHASE OF SHARES." Each Portfolio will redeem shares at the net asset value of such shares next determined, either: (1) where stock certificates have not been issued, after receipt of a written request for redemption in good order, by the Fund's Transfer Agent or (2) if stock certificates have been issued, after receipt of the stock certificates in good order at the office of the Transfer Agent. "Good order" means that the request to redeem shares must include all necessary documentation, to be received in writing by the Advisor no later than the close of regular trading on the NYSE (ordinarily 1:00 p.m. PST), including: the stock certificate(s), if issued; a letter of instruction or a stock assignment specifying the number of shares or dollar amount to be redeemed, signed by all registered owners (or authorized representatives thereof) of the shares;

and, if the Fund does not have on file the authorized signatures for the account, a guarantee of the signature of each registered owner by an eligible guarantor institution; and any other required supporting legal documents.

Shareholders redeeming shares for which certificates have not been issued, who have authorized redemption payment by wire on an authorization form filed with the Fund, may request that redemption proceeds be paid in federal funds wired to the bank they have designated on the authorization form. If the proceeds are wired to the shareholder's account at a bank which is not a member of the Federal Reserve System, there could be a delay in crediting the funds to the shareholder's bank account. The Fund reserves the right at any time to suspend or terminate the redemption by wire procedure after prior notification to shareholders. No charge is made by the Fund for redemptions. The redemption of all shares in an account will result in the account being closed. A new Account Registration Form will be required for future investments. (See "PURCHASE OF SHARES".)

Although the redemption payments will ordinarily be made within seven days after receipt, payment to investors redeeming shares which were purchased by check will not be made until the Fund can verify that the payments for the purchase have been, or will be, collected, which may take up to fifteen days or more. Investors may avoid this delay by submitting a certified check along with the purchase order.

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. 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.

The DFA Investment Trust Company was organized as a Delaware business trust on October 27, 1992. The Trust offers shares of its Series only to institutional investors in private offerings. The Fund may withdraw the investment of a Feeder Portfolio in a Series of the Trust at any time, if the Board of Directors of the Fund determines that it is in the best interests of the Portfolio to do so. Upon any such withdrawal, the Board of Directors of the Fund would consider what action might be taken, including the investment of all of the assets of the Portfolio in another pooled investment entity having the same investment objective as the Portfolio or the hiring of an investment advisor to manage the Portfolio's assets in accordance with the investment policies described above.

Whenever a Feeder Portfolio, as an investor in its corresponding Trust Series, is asked to vote on a proposal, the Fund will hold a special meeting of the Feeder Portfolio's shareholders to solicit their votes with respect to the proposal. The Directors of the Fund will then vote the Feeder Portfolio's shares in the Series in accordance with the voting instructions received from the Feeder Portfolio's shareholders. The Directors of the Fund will vote shares of the Feeder Portfolio for which they receive no voting instructions in the same proportion as the shares for which they receive voting instructions. If a shareholder of Emerging Markets Series redeems its entire interest in the Series, a majority in interest of the remaining shareholders in the Series must vote to approve the continuing existence of the Series or the Series will be liquidated. That issue will be voted upon only by the direct holders of Series shares and will not be voted upon by the shareholders of the Emerging Markets Portfolio.

The Portfolios and the Series may disseminate reports of their investment performance from time to time. Investment performance is calculated on a total return basis; that is by including all net investment income and any realized and unrealized net capital gains or losses during the period for which investment performance is reported. If dividends or capital gains distributions have been paid during the relevant period the calculation of

investment performance will include such dividends and capital gains distributions as though reinvested in shares of the Portfolio or Series. Standard quotations of total return, which include deductions of any applicable reimbursement fees, are computed in accordance with SEC Guidelines and are presented whenever any non-standard quotations are disseminated to provide comparability to other investment companies. Non-standardized total return quotations may differ from the SEC Guideline computations by covering different time periods, excluding deduction of reimbursement fees charged to investors and paid to the Portfolios which

would otherwise reduce returns quotations, and linking actual Portfolio return with simulated data for periods prior to a Portfolio's inception. In all cases, disclosures are made when performance quotations differ from the SEC Guidelines which were established effective May 1, 1988. Performance data is based on historical earnings and is not intended to indicate future performance. Rates of return expressed on an annual basis will usually not equal the sum of returns expressed for consecutive interim periods due to the compounding of the interim yields. The Fund's annual report to shareholders for the fiscal year ended November 30, 1994 contains additional performance information. A copy of the annual report is available upon request and without charge.

With respect to the International Equity Portfolios and DFA Global Fixed Income Portfolio, rates of return expressed as a percentage of U.S. dollars will reflect applicable currency exchange rates at the beginning and ending dates of the investment periods presented. The return expressed in terms of U.S. dollars is the return one would achieve by investing dollars in the Portfolio at the beginning of the period and liquidating the investment in dollars at the end of the period. Hence, the return expressed as a percentage of U.S. dollars combines the investment performance of the Portfolio as well as the performance of the local currency or currencies of the Portfolio. Inasmuch as DFA Global Fixed Income Portfolio intends to continually hedge against the risk of variations in currency exchange rates, the Advisor believes that the variation of the Portfolio's investment performance in relation to fluctuations in currency exchange rates will be minimized.

As of January 31, 1995, the following persons beneficially own more than 25% of the voting securities of the following Portfolios:

U.S. 6-10 SMALL COMPANY PORTFOLIO	
Washington University Endowment Fund P. O. Box 1047 St. Louis, Missouri 63139	35.18%
U.S. LARGE COMPANY PORTFOLIO	
Charles Schwab & Company, Inc. - REIN* 101 Montgomery Street San Francisco, CA 94104	56.49%
U.S. SMALL CAP VALUE PORTFOLIO	
Charles Schwab & Company, Inc. - REIN* 101 Montgomery Street San Francisco, CA 94104	28.74%
U.S. LARGE CAP VALUE PORTFOLIO	
Charles Schwab & Company, Inc. - REIN* 101 Montgomery Street San Francisco, CA 94104	60.77%
DFA/AEW REAL ESTATE SECURITIES PORTFOLIO	
Owens-Illinois Master Retirement Trust	46.64%

34 Exchange Place
Jersey City, NJ 07302

Charles Schwab & Company, Inc. - REIN* 40.05%
101 Montgomery Street
San Francisco, CA 94104

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JAPANESE SMALL COMPANY PORTFOLIO

BellSouth Corporation Master Pension Trust 34.24%
1155 Peachtree Street, N.E.
Atlanta, GA 30367

PACIFIC RIM SMALL COMPANY PORTFOLIO

BellSouth Corporation Master Pension Trust 66.57%
1155 Peachtree Street, N.E.
Atlanta, GA 30367

UNITED KINGDOM SMALL COMPANY PORTFOLIO

BellSouth Corporation Master Pension Trust 52.09%
1155 Peachtree Street, N.E.
Atlanta, GA 30367

EMERGING MARKETS PORTFOLIO

Charles Schwab & Company, Inc. - REIN* 68.06%
101 Montgomery Street
San Francisco, CA 94104

CONTINENTAL SMALL COMPANY PORTFOLIO

BellSouth Corporation Master Pension Trust 33.75%
1155 Peachtree Street, N.E.
Atlanta, GA 30367-6000

LARGE CAP INTERNATIONAL PORTFOLIO

Charles Schwab & Company, Inc. - REIN* 88.78%
101 Montgomery Street
San Francisco, CA 94104

DFA INTERNATIONAL HIGH BOOK TO MARKET PORTFOLIO

Charles Schwab & Company, Inc. - REIN* 96.73%
101 Montgomery Street
San Francisco, CA 94104

DFA INTERNATIONAL SMALL CAP VALUE PORTFOLIO

Charles Schwab & Company, Inc. - REIN* 96.15%
101 Montgomery Street
San Francisco, CA 94104

DFA FIVE-YEAR GOVERNMENT PORTFOLIO

Charles Schwab & Company, Inc. - REIN* 73.76%
101 Montgomery Street
San Francisco, CA 94104

* Owner of record only.

DFA GLOBAL FIXED INCOME PORTFOLIO

Charles Schwab & Company, Inc. - REIN*	72.09%
101 Montgomery Street	
San Francisco, CA 94104	

DFA INTERMEDIATE GOVERNMENT FIXED INCOME PORTFOLIO

Charles Schwab & Company, Inc. - CAP*	58.88%
101 Montgomery Street	
San Francisco, CA 94104	
Charles Schwab & Company, Inc. - REIN*	31.02%
101 Montgomery Street	
San Francisco, CA 94104	

Shareholder inquiries may be made by writing or calling the Fund at the address or telephone number appearing on the cover of this prospectus. 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.

* Owner of record only.

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DFA INVESTMENT DIMENSIONS GROUP INC.
 1299 Ocean Avenue, 11th Floor
 Santa Monica, CA 90401
 Tel. No. (310) 395-8005

Investment Advisor

DIMENSIONAL FUND ADVISORS INC.
 1299 Ocean Avenue, 11th Floor

Santa Monica, CA 90401
Tel. No. (310) 395-8005

Sub-Advisors

DIMENSIONAL FUND ADVISORS LTD.
14 Berkeley Street
London W1X 5AD
England
Tel. No. (071) 495-2343

DFA AUSTRALIA PTY LIMITED
Suite 4403 Gateway
1 MacQuarie Place
Sydney, New South Wales 2000
Australia

ALDRICH, EASTMAN & WALTCH L.P.
225 Franklin Street, 25th Floor
Boston, MA 02110
Tel. No. (617) 261-9506

Custodians - International

BOSTON SAFE DEPOSIT AND TRUST COMPANY
Princess House
1 Suffolk Lane
London EC4R 0AN
England

CHASE MANHATTAN BANK, N.A.
4 Chase Metrotech Center
Brooklyn, NY 11245

Custodian - Domestic

PNC BANK, N.A.
200 Stevens Drive, Airport Business Center
Lester, PA 19113

Transfer and Dividend Disbursing Agent

PFPC Inc.
400 Bellevue Parkway
Wilmington, DE 19809

Legal Counsel

STRADLEY, RONON, STEVENS & YOUNG
2600 One Commerce Square
Philadelphia, PA 19103-7098

Independent Accountants

COOPERS & LYBRAND L.L.P.
2400 Eleven Penn Center
Philadelphia, PA 19103

DFA INVESTMENT DIMENSIONS GROUP INC.

1299 OCEAN AVENUE, 11TH FLOOR, SANTA MONICA, CALIFORNIA 90401
TELEPHONE: (310) 395-8005

STATEMENT OF ADDITIONAL INFORMATION

June 30, 1995

DFA Investment Dimensions Group Inc. (the "Fund") offers twenty series of shares. This statement of additional information relates to eighteen of those series: U.S. 9-10 SMALL COMPANY PORTFOLIO, U.S. 6-10 SMALL COMPANY PORTFOLIO, U.S. LARGE COMPANY PORTFOLIO, U.S. SMALL CAP VALUE PORTFOLIO, U.S. LARGE CAP VALUE PORTFOLIO, DFA/AEW REAL ESTATE SECURITIES PORTFOLIO, JAPANESE SMALL COMPANY PORTFOLIO, PACIFIC RIM SMALL COMPANY PORTFOLIO, UNITED KINGDOM SMALL COMPANY PORTFOLIO, EMERGING MARKETS PORTFOLIO, CONTINENTAL SMALL COMPANY PORTFOLIO, LARGE CAP INTERNATIONAL PORTFOLIO, DFA INTERNATIONAL HIGH BOOK TO MARKET PORTFOLIO, DFA INTERNATIONAL SMALL CAP VALUE PORTFOLIO, DFA ONE-YEAR FIXED INCOME PORTFOLIO, DFA FIVE-YEAR GOVERNMENT PORTFOLIO, DFA GLOBAL FIXED INCOME PORTFOLIO AND DFA INTERMEDIATE GOVERNMENT FIXED INCOME PORTFOLIO (collectively, the "Portfolios"). This statement of additional information is not a prospectus but should be read in conjunction with the Portfolios' prospectus dated June 30, 1995, which can be obtained from the Fund by writing to the Fund at the above address or by calling the above telephone number.

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PORTFOLIO CHARACTERISTICS AND POLICIES

The following information supplements the information set forth in the prospectus under the captions "PORTFOLIO CHARACTERISTICS AND POLICIES - SMALL COMPANY PORTFOLIOS", "U.S. LARGE COMPANY PORTFOLIO - Investment Objective and Policies", "LARGE CAP INTERNATIONAL PORTFOLIO - Investment Objective and Policies", "INVESTMENT OBJECTIVES AND POLICIES - FIXED INCOME PORTFOLIOS", "DFA/AEW REAL ESTATE SECURITIES PORTFOLIO", "VALUE PORTFOLIOS - Portfolio Characteristics and Policies", "DFA INTERNATIONAL HIGH BOOK TO MARKET PORTFOLIO - Investment Objective and Policies", "EMERGING MARKETS PORTFOLIO - Investment Objective and Policies" and "DFA INTERNATIONAL SMALL CAP VALUE PORTFOLIO - Investment Objective and Policies". The following information applies to all the Portfolios, except the Feeder Portfolios, and also to the Trust Series.

Because the structure of the Domestic and International Equity Portfolios is based on the relative market capitalizations of eligible

holdings, it is possible that the Portfolios might include at least 5% of the outstanding voting securities of one or more issuers. In such circumstances, the Fund and the issuer would be deemed "affiliated persons" under the Investment Company Act of 1940 and certain requirements of the Act regulating dealings between affiliates might become applicable. However, based on the present capitalizations of the groups of companies eligible for inclusion in the Portfolios and the anticipated amount of a Portfolio's assets intended to be invested in such securities, management does not anticipate that a Portfolio will include as much as 5% of the voting securities of any issuer.

Each of the International Equity Portfolios may invest up to 5% of its assets in convertible debentures issued by non-U.S. companies. Convertible debentures include corporate bonds and notes that may be converted into or exchanged for common stock. These securities are generally convertible either at a stated price or a stated rate (that is, for a specific number of shares of common stock or other security). As with other fixed income securities, the price of a convertible debenture to some extent varies inversely with interest rates. While providing a fixed-income stream (generally higher in yield than the income derived from a common stock but lower than that afforded by a non-convertible debenture), a convertible debenture also affords the investor an opportunity, through its conversion feature, to participate in the capital appreciation of the common stock into which it is convertible. As the market price of the underlying common stock declines, convertible debentures tend to trade increasingly on a yield basis and so may not experience market value declines to the same extent as the underlying common stock. When the market price of the underlying common stock increases, the price of a convertible debenture tends to rise as a reflection of the value of the underlying common stock. To obtain such a higher yield, a Portfolio may be required to pay for a convertible debenture an amount in excess of the value of the underlying common stock. Common stock acquired by a Portfolio upon conversion of a convertible debenture will generally be held for so long as the Adviser anticipates such stock will provide the Portfolio with opportunities which are consistent with the Portfolio's investment objective and policies.

Because the relative market capitalizations of small companies compared with larger companies generally do not change substantially over short periods of time, the portfolio turnover rates of the Small Company Portfolios ordinarily are anticipated to be low and are not expected to exceed 25% per year. Generally, securities will be purchased with the expectation that they will be held for longer than one year. Generally, securities will be held until such time as, in the Advisor's judgment, they are no longer considered an appropriate holding in light of the policy of maintaining portfolios of companies with small market capitalization. Because The DFA/AEW Real Estate Securities Portfolio generally will hold securities for the long term, its turnover rate ordinarily is anticipated to be low and is not expected to exceed 10% per year. Generally, securities will be purchased with the expectation that they will be held for longer than one year.

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BROKERAGE COMMISSIONS

The following table depicts brokerage commissions paid by the Fund Portfolios. For Feeder Portfolios, the amounts include commissions paid by the corresponding Series.

BROKERAGE COMMISSIONS FISCAL YEARS ENDED NOVEMBER 30, 1994, 1993 and 1992

<TABLE>
<CAPTION>

	1994	1993	1992
<S>	<C>	<C>	<C>
U.S. 9-10 Small Company	\$1,431,640	\$ 732,528	\$ 602,144
U.S. 6-10 Small Company	398,610	301,156	148,550
U.S. Large Company	10,643	58,218	12,234
Japanese Small Company	807,580	724,038	295,692

United Kingdom Small Company	138,025	97,468	89,254
Continental Small Company	343,484	343,850	216,531
Large Cap International	153,475	110,610	---
U.S. Small Cap Value	1,860,712	328,869	---
U.S. Large Cap Value	367,810	134,312	---
DFA/AEW Real Estate Securities	83,979	63,997	---
Pacific Rim Small Company	529,025	871,257	---
DFA International High Book to Market	623,031	233,355	---
Emerging Markets	79,105	---	---
		-----	-----
TOTAL	\$6,827,119	\$3,999,658	\$1,364,405

</TABLE>

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 from increases or decreases in the amount of securities that were bought and sold by those Portfolios. During the fiscal year 1993, The U.S. 6-10 Small Company Portfolio and Series and The U.S. 9-10 Small Company Portfolio paid total commissions of \$29,934 to Kemper Capital Markets, Inc., a securities firm which has been succeeded by Kemper Securities, Inc., an affiliate of Kemper Financial Services, Inc., which owns approximately 15.6% of the Advisor's outstanding stock. Such commissions represented .652% of the total commissions paid by the Fund for such year and the total value of transactions as to which such commissions relate were \$4,551,431 or .482% of the Fund's total value of transactions involving payment of commissions during fiscal year ended November 30, 1993. No commissions were paid to affiliates or affiliates of affiliates during fiscal year 1994.

Please note that while the following discussion relates to the policies of certain Portfolios with respect to brokerage commissions, it should be understood that with respect to a Feeder Portfolio, the discussion applies to the Series of the Trust in which the Feeder Portfolio invests all of its assets.

The Fixed Income Portfolios 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 credit analysis ability. 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.

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Portfolio transactions will be placed with a view to receiving the best price and execution. The Portfolios will seek to acquire and dispose of securities in a manner which would cause as little fluctuation in the market prices of stocks 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 to determine the effect that their trading has on the market prices of the securities in which they invest. The Advisor also checks the rate of commission being paid by the Portfolios to their brokers to ascertain that they are competitive with those charged by other brokers for similar services. Dimensional Fund Advisors Ltd. performs these services for The United Kingdom and Continental Small Company Portfolios and DFA Australia Pty Ltd. performs these services for The Japanese and Pacific Rim Small Company Portfolios. Transactions also may be placed with brokers who provide the Advisor or the sub-advisors with investment research, such as reports concerning individual issuers, industries and general economic and financial trends and other research services. Brokerage transactions may be placed with securities firms that are affiliated with an affiliate of the Advisor. Commission paid on such transactions would be commensurate with the rate of commissions paid on similar transactions to brokers that are not so affiliated.

The OTC companies eligible for purchase by The U.S. 9-10 Small Company

Portfolio, The U.S. 6-10 Small Company Portfolio, The U.S. Small Cap Value Portfolio, and The DFA/AEW Real Estate Securities Portfolio are thinly traded securities. Therefore, the Advisor believes it needs maximum flexibility to effect OTC trades on a best execution basis. To that end, the Advisor places buy and sell orders with market makers, third market brokers, Instinet and with brokers on an agency basis when the Advisor determines that the securities may not be available from other sources at a more favorable price. Third market brokers enable the Advisor to trade with other institutional holders directly on a net basis. This allows the Advisor to sometimes trade larger blocks than would be possible by going through a single market maker.

Instinet is an electronic information and communication network whose subscribers include most market makers as well as many institutions. Instinet charges a commission for each trade executed on its system. On any given trade, The U.S. 9-10 Small Company Portfolio, The U.S. 6-10 Small Company Portfolio, the Value Portfolios and The DFA/AEW Real Estate Securities Portfolio, by trading through Instinet, would pay a spread to a dealer on the other side of the trade plus a commission to Instinet. However, placing a buy (or sell) order on Instinet communicates to many (potentially all) market makers and institutions at once. This can create a more complete picture of the market and thus increase the likelihood that the Portfolios can effect transactions at the best available prices.

During the fiscal year 1994, the Portfolios paid commissions for securities transactions to brokers which provided market price monitoring services, market studies and research services to the Portfolios as follows:

<TABLE>
<CAPTION>

	VALUE OF SECURITIES TRANSACTIONS	BROKERAGE COMMISSIONS
	-----	-----
<S>	<C>	<C>
U.S. 9-10 Small Company	\$ 17,936,416	\$ 67,904
U.S. 6-10 Small Company	20,974,849	125,985
U.S. Small Cap Value	129,688,743	732,945
U.S. Large Cap Value	113,847,315	177,095
DFA/AEW Real Estate Securities	641,539	1,626
U.S. Large Company	18,339,260	9,999
DFA International High Book to Market	106,853,325	256,448
	-----	-----
TOTAL:	\$408,281,447	\$1,372,002
	-----	-----
	-----	-----

</TABLE>

The investment advisory agreements permit the Advisor knowingly to pay commissions on these transactions which are greater than another broker 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 Fund. 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 Fund.

Brokerage commissions for transactions in securities listed on the TSE and other Japanese securities exchanges are fixed. Under the current regulations of the TSE and the Japanese Ministry of Finance, member and non-member firms of Japanese exchanges are required to charge full commissions to all customers other than banks and certain financial institutions, but members and licensed non-member firms may confirm transactions to banks and financial institution affiliates located outside Japan with institutional discounts on brokerage commissions. The Japanese Small Company Portfolio has been able to avail itself of institutional discounts. The Portfolio's ability to effect transactions at a discount from fixed commission rates depends on a number of factors, including the size of the transaction, the relation between the cost

to the member or the licensed non-member firm of effecting such transaction and the commission receivable, and the law, regulation and practice discussed above. There can be no assurance that the Portfolio will continue to be able to realize the benefit of discounts from fixed commissions.

A Feeder Portfolio will not incur any brokerage or other costs in connection with its purchase or redemption of shares of the corresponding Series of the Trust.

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) invest in commodities or real estate, including limited partnership interests therein, except The DFA/AEW Real Estate Securities Portfolio, although they may purchase and sell securities of companies which deal in real estate and securities which are secured by interests in real estate, and all Portfolios except The U.S. 9-10 and 6-10 Small Company Portfolios, The DFA One-Year Fixed Income Portfolio and The DFA Five-Year Government Portfolio may purchase or sell financial futures contracts and options thereon;

(2) make loans of cash, except through the acquisition of repurchase agreements and obligations customarily purchased by institutional investors;

(3) as to 75% of the total assets of a Portfolio, invest in the securities of any issuer (except obligations of the U.S. Government and its instrumentalities) if, as a result, more than 5% of the Portfolio's total assets, at market, would be invested in the securities of such issuer, provided that this limitation applies to 100% of the total assets of The U.S. 9-10 Small Company Portfolio and The DFA Global Fixed Income Portfolio is not subject to this limitation;

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(4) purchase or retain securities of an issuer if those officers and directors of the Fund or the Advisor owning more than 1/2 of 1% of such securities together own more than 5% of such securities;

(5) borrow, except from banks and as a temporary measure for extraordinary or emergency purposes and then, in no event, in excess of 5% of a Portfolio's gross assets valued at the lower of market or cost; provided that The United Kingdom, Pacific Rim and Continental Small Company Portfolios, The Large Cap International Portfolio, The DFA Global Fixed Income Portfolio, The U.S. Large Company Portfolio, The DFA/AEW Real Estate Securities Portfolio, the Value Portfolios, the DFA International High Book to Market Portfolio, The U.S. 6-10 Small Company Portfolio, the Emerging Markets Portfolio and the DFA International Small Cap Value Portfolio may borrow amounts not exceeding 33% of their net assets from banks and pledge not more than 33% of such assets to secure such loans;

(6) pledge, mortgage, or hypothecate any of its assets to an extent greater than 10% of its total assets at fair market value, except as described in (5) above;

(7) invest more than 10% of the value of the Portfolio's total assets in illiquid securities which include certain restricted securities, repurchase agreements with maturities of greater than seven days, and other illiquid investments provided that The DFA/AEW Real Estate Securities Portfolio, the Value Portfolios, the DFA International High Book to Market Portfolio, The

U.S. 6-10 Small Company Portfolio, the Emerging Markets Portfolio and the DFA International Small Cap Value Portfolio may invest not more than 15% of their total assets in illiquid securities;

(8) engage in the business of underwriting securities issued by others;

(9) invest for the purpose of exercising control over management of any company;

(10) invest its assets in securities of any investment company, except in connection with a merger, acquisition of assets, consolidation or reorganization, provided that The DFA/AEW Real Estate Securities Portfolio may invest in a REIT that is registered as an investment company;

(11) invest more than 5% of its total assets in securities of companies which have (with predecessors) a record of less than three years' continuous operation, except this limitation does not apply to The DFA/AEW Real Estate Securities Portfolio;

(12) 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 DFA One-Year Fixed Income Portfolio shall invest more than 25% of its total assets in obligations of banks and bank holding companies in the circumstances described in the prospectus under "Investments in the Banking Industry" and as otherwise described under "Portfolio Strategy"; and except The DFA/AEW Real Estate Securities Portfolio shall invest more than 25% of its total assets in securities of companies in the real estate industry;

(13) write or acquire options (except as described in (1) above) or interests in oil, gas or other mineral exploration, leases or development programs;

(14) purchase warrants, however, the Domestic and International Equity Portfolios may acquire warrants as a result of corporate actions involving their holdings of other equity securities;

(15) purchase securities on margin or sell short; or

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(16) acquire more than 10% of the voting securities of any issuer and The U.S. 9-10 Small Company Portfolio will not acquire more than 10% of any class of securities of any issuer, and provided that this limitation applies only to 75% of the assets of The DFA/AEW Real Estate Securities Portfolio, the Value Portfolios, the Emerging Markets Portfolio and the DFA International Small Cap Value Portfolio.

The investment limitations described in (3), (7), (9), (10), (11), (12) and (16) above do not prohibit each Feeder Portfolio from investing all or substantially all of its assets in the shares of another registered open-end investment company, such as a Series of the Trust. The investment limitations of each Series are the same as those of the corresponding Feeder Portfolio.

For purposes of (1) above, each Portfolio that may purchase or sell financial futures contracts and options thereon may not deposit as initial or variation margin deposits more than 5% of its net assets.

For purposes of (5) above, the Emerging Markets Portfolio (indirectly through its investment in the Emerging Markets Series) may borrow in connection with a foreign currency transaction or the settlement of a portfolio trade. The only type of borrowing contemplated thereby is the use of a letter of credit issued on the Emerging Markets Series' behalf in lieu of depositing initial margin in connection with currency futures contracts, and the Series has no present intent to engage in any other types of borrowing transactions under this authority.

Although (2) above prohibits cash loans, the Portfolios are authorized to lend portfolio securities. Inasmuch as the Feeder Portfolios will only

hold shares of a corresponding Series, these Portfolios do not intend to lend those shares.

For the purposes of (7) above, The DFA One-Year Fixed Income Portfolio (indirectly through the One-Year Fixed Income Series) 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". Further, 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 decided that a liquid market does exist, the securities will not be subject to the 10% or 15% limitation on holdings of illiquid securities stated in (7) above. While maintaining oversight, the Board of Directors has delegated the day-to-day function of making liquidity determinations to the Advisor. For 144A securities to be considered liquid, there must be at least two dealers making a market in such securities. After purchase, the Board of Directors and the Advisor will continue to monitor the liquidity of Rule 144A securities.

For the purposes of (12) above, utility companies will be divided according to their services; e.g., gas, gas transmission, electric and gas, electric, water and telephone will each be considered a separate industry.

Although not a fundamental policy subject to shareholder approval, The Large Cap International and the Small Company Portfolios, including The U.S. 6-10 Small Company Portfolio indirectly through its investment in the 6-10 Series, do not intend to purchase interests in any real estate investment trust.

The International Equity Portfolios (including the DFA International High Book to Market Portfolio indirectly through its investment in the corresponding Series) and The DFA Global Fixed Income Portfolio may acquire and sell forward foreign currency exchange contracts in order to hedge against changes in the level of future currency rates. Such contracts involve an obligation to purchase or sell a specific currency at a future date at a price set in the contract. While each Value Portfolio and the DFA

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International High Book to Market Portfolio (indirectly through their investment in the corresponding Series), as well as The DFA/AEW Real Estate Securities Portfolio, have retained authority to buy and sell financial futures contracts and options thereon, they have no present intention to do so.

Notwithstanding any of the above investment restrictions, the Emerging Markets Series may establish subsidiaries or other similar vehicles for the purpose of conducting its investment operations in Approved Markets, if such subsidiaries or vehicles are required by local laws or regulations governing foreign investors such as the Series or whose use is otherwise considered by the Series to be advisable. The Emerging Markets Series would "look through" any such vehicle to determine compliance with its investment restrictions.

FUTURES CONTRACTS

Please note that while the following discussion relates to the policies of certain Portfolios with respect to futures contracts, it should be understood that with respect to a Feeder Portfolio, the discussion applies to the Series of the Trust in which the Feeder Portfolio invests all of its assets.

All Portfolios, except The U.S. 9-10 and 6-10 Small Company Portfolios, The DFA One-Year Fixed Income Portfolio and The DFA Five-Year Government Portfolio, may enter into futures contracts and options on futures contracts for the purpose of remaining fully invested and to maintain liquidity to pay redemptions. 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 which are

standardized as to maturity date and underlying financial instrument are traded on national futures exchanges. The Portfolios or Series will be required to make a margin deposit in cash or government securities with a broker or custodian to initiate and maintain positions in futures contracts. Minimal initial margin requirements are established by the futures exchange and brokers may establish margin requirements which are higher than the exchange requirements. 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 will be required. Conversely, reduction in the contract value may reduce the required margin resulting in a repayment of excess margin to the Portfolio or Series. Variation margin payments are made to and from the futures broker for as long as the contract remains open. The Portfolios or Series expect to earn income on their margin deposits. A Portfolio or Series will not enter into futures contract transactions if, immediately thereafter, the sum of its initial and variation margin deposits on open contracts exceeds 5% of the market value of its total assets.

Positions in futures contracts may be closed out only on an exchange which provides a secondary market. However, there can be no assurance that a liquid secondary market will exist for any particular futures contract at any specific time. Therefore, it might not be possible to close a futures position and, in the event of adverse price movements, the Portfolio or Series would continue to be required to continue to make variation margin deposits. In such circumstances, if the Portfolio or Series has insufficient cash, it might have to sell portfolio securities to meet daily margin requirements at a time when it might be disadvantageous to do so. Management intends to minimize the possibility that it will be unable to close out a futures contract by only entering into futures which are traded on national futures exchanges and for which there appears to be a liquid secondary market.

FEDERAL TAX TREATMENT OF FUTURES CONTRACTS

Except for transactions a Portfolio has identified as hedging transactions, the Portfolio is required for federal income tax purposes to recognize as income for each taxable year its net unrealized gains and losses on certain futures contracts as of the end of the year as well as those actually realized during the

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year. In most cases, any gain or loss recognized with respect to a futures contract is considered to be 60% long-term gain or loss and 40% short-term capital gain or loss, without regard to the holding period of the contract. Furthermore, sales of futures contracts which are intended to hedge against a change in the value of securities held by the Portfolio may affect the holding period of such securities and, consequently, the nature of the gain or loss on such securities upon disposition.

In order for a Portfolio to continue to qualify for federal income tax treatment as a regulated investment company, at least 90% of its gross income for a taxable year must be derived from qualifying income; i.e., dividends, interest, income derived from loans of securities, gains from the sale of securities and other income derived with respect to the Portfolio's business of investing in securities. In addition, gains realized on the sale or other disposition of securities held for less than three months must be limited to less than 30% of the Portfolio's annual gross income. It is anticipated that any net gain realized from closing futures contracts will be considered gain from the sale of securities and, therefore, constitute qualifying income for purposes of the 90% requirement. In order to avoid realizing excessive gains on securities held less than three months, the Portfolio may be required to defer the closing out of futures contracts beyond the time when it would otherwise be advantageous to do so. It is anticipated that unrealized gains on futures contracts which have been open for less than three months as of the end of the Portfolio's fiscal year and which are recognized for tax purposes, will not be considered gains on sales of securities held less than three months for the purpose of the 30% test. The Portfolios will distribute to

shareholders annually any net capital gains which have been recognized for federal income tax purposes (including unrealized gains at the end of each Portfolio's fiscal year) on futures transactions. Such distributions will be combined with distributions of capital gains realized on each Portfolio's other investments.

MANAGEMENT OF THE FUND

The Advisor has undertaken to reimburse each Portfolio to the extent necessary to satisfy the most restrictive expense ratio required by any state in which the particular Portfolio's shares are qualified for sale. Presently, the most restrictive expense limitation is 2.5% on the first \$30,000,000 of average annual net assets of the Portfolio, 2.0% of the next \$70,000,000 of such assets, and 1.5% of any excess.

DIRECTORS AND OFFICERS

The names and addresses of the directors and officers of the Fund and a brief statement of their present positions and principal occupations during the past five years is set forth below.

DIRECTORS

David G. Booth*, 48, Director, President and Chairman-Chief Executive Officer, Santa Monica, CA. President, Chairman-Chief Executive Officer and Director, Dimensional Fund Advisors Inc., DFA Securities Inc., DFA Australia Pty Limited, Dimensional Investment Group Inc. (registered investment company) and Dimensional Emerging Markets Fund Inc. (registered investment company). Trustee, President and Chairman-Chief Executive Officer of The DFA Investment Trust Company. Chairman and Director, Dimensional Fund Advisors Ltd.

George M. Constantinides, 47, Director, Chicago, IL. Leon Carroll Marshall Professor of Finance, Graduate School of Business, University of Chicago. Trustee, The DFA Investment Trust Company. Director, Dimensional Investment Group Inc. and Dimensional Emerging Markets Fund Inc. Academic Advisory Council Member, Merrill Lynch & Co.

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John P. Gould, 56, Director, Chicago, IL. Distinguished Service Professor of Economics, Graduate School of Business, University of Chicago. Trustee, The DFA Investment Trust Company and First Prairie Funds (registered investment company). Director, Dimensional Investment Group Inc., Dimensional Emerging Markets Fund Inc. and Harbor Investment Advisors.

Roger G. Ibbotson, 52, Director, New Haven, CT. Professor in Practice of Finance, Yale School of Management. Trustee, The DFA Investment Trust Company. Director, Dimensional Investment Group Inc., Dimensional Emerging Markets Fund Inc., Hospital Fund, Inc. (investment management services) and BIRR Portfolio Analysis, Inc. (software products). Chairman, Institute Study of Security Markets. Chairman and President, Ibbotson Associates, Inc., Chicago, IL (software, data, publishing and consulting).

Merton H. Miller, 72, Director, Chicago, IL. Robert R. McCormick Distinguished Service Professor Emeritus, Graduate School of Business, University of Chicago. Trustee, The DFA Investment Trust Company. Director, Dimensional Investment Group Inc. and Dimensional Emerging Markets Fund Inc.

Myron S. Scholes, 54, Director, Greenwich, CT. Frank E. Buck Professor of Finance, Graduate School of Business and Professor of Law, Law School, Senior Research Fellow, Hoover Institution, (all) Stanford University. Trustee, The DFA Investment Trust Company. Director, Dimensional Investment Group Inc., Dimensional Emerging Markets Fund Inc., Benham Capital Management Group of Investment Companies and Smith Breedon Group of Investment Companies. Limited Partner, Long-Term Capital Management L.P. (money manager).

Rex A. Siquefield*, 50, Director, Chairman and Chief Investment Officer, Santa Monica, CA. Chairman-Chief Investment Officer and Director, Dimensional Fund Advisors Inc., DFA Securities Inc., DFA Australia Pty

Limited, Dimensional Investment Group Inc. and Dimensional Emerging Markets Fund Inc. Trustee, Chairman-Chief Investment Officer of The DFA Investment Trust Company. Chairman, Chief Executive Officer and Director, Dimensional Fund Advisors Ltd.

* Interested Director of the Fund.

OFFICERS

Each of the officers listed below hold the same office in the following entities: Dimensional Fund Advisors Inc., DFA Securities Inc., DFA Australia Pty Limited, Dimensional Investment Group Inc., The DFA Investment Trust Company, Dimensional Fund Advisors Ltd., and Dimensional Emerging Markets Fund Inc.

Arthur Barlow, 39, Vice President, Santa Monica, CA.

Maureen Connors, 58, Vice President, Santa Monica, CA.

Irene R. Diamant, 45, Vice President and Secretary, Santa Monica, CA. Associate attorney, Cahill Gordon & Reindel, from 1987 to 1991.

Eugene Fama, Jr., 34, Vice President, Santa Monica, CA.

David Plecha, 33, Vice President, Santa Monica, CA.

George Sands, 39, Vice President, Santa Monica, CA. Managing Director, Asset Strategy Consulting, Los Angeles, CA from 1991 to 1992 and previously Vice President of Wilshire Associates, Santa Monica, CA.

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Michael T. Scardina, 39, Vice President, Chief Financial Officer, Controller and Treasurer, Santa Monica, CA.

Cem Severoglu, 31, Vice President, Santa Monica, CA.

Jeanne C. Sinuefield, Ph.D., 48, Executive Vice President, Santa Monica, CA.

Rex A. Sinuefield and Jeanne C. Sinuefield are husband and wife. Directors and officers as a group own less than 1% of the Fund's outstanding stock.

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 November 30, 1994 and the total compensation received from all four registered investment companies for which the Advisor serves as investment advisor during that same fiscal year.

<TABLE>
<CAPTION>

DIRECTOR	AGGREGATE COMPENSATION FROM FUND*	TOTAL COMPENSATION FROM FUND AND FUND COMPLEX
- - - - -	- - - - -	- - - - -
<S>	<C>	<C>
George M. Constantinides	\$ 15,375	\$ 30,750
John P. Gould	\$ 15,375	\$ 30,750
Roger G. Ibbotson	\$ 15,375	\$ 30,750
Merton H. Miller	\$ 15,000	\$ 30,000
Myron S. Scholes	\$ 12,000	\$ 24,000

<FN>
* With respect to the Feeder Portfolios, the amount represents the compensation paid to the directors for their service to the Fund and the Trust.
</TABLE>

ADMINISTRATIVE SERVICES

PFPC Inc. ("PFPC") serves as the accounting services, dividend disbursing and transfer agent for all Fund Portfolios and Series of the Trust. The services provided by PFPC 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 its services, each Portfolio pays PFPC annual fees which are set forth in the following table:

U.S. 9-10 SMALL COMPANY PORTFOLIO

- .1025% of the first \$300 million of net assets
- .0769% of the next \$300 million of net assets
- .0513% of the next \$250 million of net assets
- .0205% of the net assets over \$850 million

PFPC has agreed that it may from time to time limit the fee rates for this Portfolio.

DFA/AEW REAL ESTATE SECURITIES PORTFOLIO

- .10% of the first \$200 million of net assets
- .075% of the next \$200 million of net assets
- .05% of the next \$200 million of net assets
- .03% of the next \$200 million of net assets
- .02% of net assets over \$800 million

The DFA/AEW Real Estate Securities Portfolio is subject to a \$4,900 per month minimum fee.

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JAPANESE SMALL COMPANY PORTFOLIO

PACIFIC RIM SMALL COMPANY PORTFOLIO

UNITED KINGDOM SMALL COMPANY PORTFOLIO

CONTINENTAL SMALL COMPANY PORTFOLIO

LARGE CAP INTERNATIONAL PORTFOLIO

DFA INTERNATIONAL SMALL CAP VALUE PORTFOLIO

Charges for each Portfolio:

- .1230% of the first \$300 million of net assets
- .0615% of the next \$300 million of net assets
- .0410% of the next \$250 million of net assets
- .0205% of the net assets over \$850 million

The Pacific Rim Small Company Portfolio is subject to a minimum fee of \$100,000. The Large Cap International Portfolio and the DFA International Small Cap Value Portfolio are each subject to \$75,000 per year minimum fees.

DFA FIVE-YEAR GOVERNMENT PORTFOLIO

DFA INTERMEDIATE GOVERNMENT FIXED INCOME PORTFOLIO

Charges for each Portfolio:

- .0513% of the first \$100 million of net assets
- .0308% of the next \$100 million of net assets
- .0205% of net assets over \$200 million

DFA GLOBAL FIXED INCOME PORTFOLIO

- .1230% of the first \$150 million of net assets
- .0820% of the next \$150 million of net assets
- .0615% of the next \$300 million of net assets
- .0410% of the next \$250 million of net assets
- .0205% of net assets over \$850 million

The DFA Global Fixed Income Portfolio is subject to a \$75,000 per year minimum fee.

PFPC also charges each Feeder Portfolio a monthly fee of \$1,000, except for the Emerging Markets Portfolio which pays \$2,600 monthly.

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OTHER INFORMATION

For the services it provides as investment advisor to each Portfolio of the Fund (or, with respect to each Feeder Portfolio, the corresponding Series of the Trust), the Advisor is paid a monthly fee calculated as a percentage of average net assets of the Portfolio (or, with respect to each Feeder Portfolio, the corresponding Series of the Trust). For the fiscal years ending November 30, 1992, 1993 and 1994, the Portfolios only paid advisory fees as set forth in the following table:

<TABLE>

<CAPTION>

	1992 (000) <C>	1993 (000) <C>	1994 (000) <C>
U.S. 9-10 Small Company Portfolio	\$3,550	\$3,149	\$3,337
U.S. 6-10 Small Company Portfolio		\$ 87	n/a
	March 20 to November 30, 1992 ----- \$ 191		
U.S. Large Company Portfolio	\$ 31 (\$36 waived)	\$ 19	n/a
DFA/AEW Real Estate Securities Portfolios	n/a	\$ 75	\$ 138
Japanese Small Company Portfolio	\$ 712	\$1,127	\$1,500
Pacific Rim Small Company Portfolio	n/a	\$ 425	\$ 962
United Kingdom Small Company Portfolio	\$ 728	\$ 826	\$1,044
Continental Small Company Portfolio	\$1,109	\$1,149	\$1,627
Large Cap International Portfolio	waived (\$ 35)	\$ 132	\$ 148
DFA International High Book to Market Portfolio	n/a	\$ 105	\$ 156
DFA One-Year Fixed Income Portfolio	\$ 757	\$ 147	n/a
DFA Five-Year Government Portfolio	\$ 129	\$ 256	\$ 427
DFA Global Fixed Income Portfolio	\$ 107	\$ 192	\$ 311
DFA Intermediate Government Fixed Income Portfolio	\$ 53	\$ 72	\$ 88

</TABLE>

The Fund commenced offering shares of The U.S. 6-10 Small Company Portfolio in March 1992; The DFA/AEW Real Estate Securities, The U.S. Large Cap Value and The U.S. Small Cap Value Portfolios in September 1992; the DFA International High Book to Market Portfolio in May 1993; the Emerging Markets Portfolio in April 1994; the DFA Global Bond and DFA Global Value Portfolios in August 1994; and the DFA International Small Cap Value Portfolio in December 1994. Until March 1992, The DFA Intermediate Fixed Income Portfolio and The DFA Global Fixed Income Portfolio were named

The DFA Intermediate Government Bond Portfolio and The DFA Global Bond Portfolio, respectively. Until February 1993, The Pacific Rim Small Company Portfolio was named The Asia-Australia Small Company Portfolio. Until May 1993, The DFA/AEW Real Estate Securities Portfolio, The U.S. Large Cap Value

Portfolio and The U.S. Small Cap Value Portfolio were named The DFA Real Estate Securities Portfolio, The U.S. Large Cap High Book to Market Portfolio and The U.S. Small Cap High Book to Market Portfolio, respectively. The Fund's Amended and Restated Articles of Incorporation continue to designate the shares of (i) The DFA Intermediate Government Fixed Income Portfolio as "The DFA Intermediate Government Bond Portfolio Shares", (ii) The DFA Global Fixed Income Portfolio as "The DFA Global Bond Portfolio Shares", (iii) The Pacific Rim Small Company Portfolio as "The Asia-Australia Small Company Portfolio Shares", (iv) The DFA/AEW Real Estate Securities Portfolio as "The DFA Real Estate Securities Portfolio Shares", (v) The U.S. Large Cap Value Portfolio as "The U.S. Large Cap High Book to Market Portfolio Shares" and (vi) The U.S. Small Cap Value Portfolio as "The U.S. Small Cap High Book to Market Portfolio Shares".

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 Investment Company Act of 1940 or other applicable law. The Fund's bylaws provide that special meetings of shareholders shall be called at the written request of at least 10% 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 Investment Company Act of 1940, including semi-annual and annual financial statements of the Fund, the latter being audited at least once each year.

PRINCIPAL HOLDERS OF SECURITIES

As of January 31, 1995, the following stockholders own beneficially at least 5% of the outstanding stock of the Portfolios, as set forth below.

THE U.S. 9-10 SMALL COMPANY PORTFOLIO

Charles Schwab & Company, Inc. - REIN* 101 Montgomery Street San Francisco, CA 94104	14.11%
--	--------

Pepsico Inc. Master Trust The Northern Trust Company Trustee P.O. Box 92956 801 South Canal Chicago, IL 60675	12.02%
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State Farm Insurance Companies One State Farm Plaza Bloomington, IL 61710	11.56%
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Amoco Corporation Master Trust Employee Pension Plan P94304 P.O. Box 87703 Chicago, IL 60680	10.16%
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Owens-Illinois Master Retirement Trust 34 Exchange Place Jersey City, NJ 07302	6.94%
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Board of Trustees, NEBF Pension Benefit Trust Fund 1125 15th Street, N.W.	5.65%
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THE U.S. 6-10 SMALL COMPANY PORTFOLIO

Washington University Endowment Fund P. O. Box 1047 St. Louis, Missouri 63139	35.18%
The Charles A. Dana Foundation 150 East 52nd Street, 23rd Floor New York, NY 10022	24.42%
Salvation Army - ETHQ 440 W. Nyack Road West Nyack, NY 10994	14.76%
Claude Worthington Benedum Foundation 1400 Benedum-Trees Building Pittsburgh, PA 15222	7.01%
John B. Stetson University Campus Box 8318 De Land, FL 32720	5.93%
Charles Schwab & Company, Inc. - REIN* 101 Montgomery Street San Francisco, CA 94104	5.64%

THE JAPANESE SMALL COMPANY PORTFOLIO

BellSouth Corporation Master Pension Trust 1155 Peachtree Street, N.E. Atlanta, GA 30367	34.24%
Charles Schwab & Company, Inc. - REIN* 101 Montgomery Street San Francisco, CA 94104	22.69%

* Owner of record only.

Bost & Co.* 1 Cabot Road, AIM 028-0038 Medford, MA 02155	12.79%
San Diego County Employees 1600 Pacific Highway San Diego, CA 92101	6.43%

THE UNITED KINGDOM SMALL COMPANY PORTFOLIO

BellSouth Corporation Master Pension Trust 1155 Peachtree Street, N.E. Atlanta, GA 30367	52.09%
Charles Schwab & Company, Inc.-REIN* 101 Montgomery Street San Francisco, CA 94104	19.32%
Bost & Co.* 1 Cabot Road, AIM 028-0038 Medford, MA 02155	9.33%

THE CONTINENTAL SMALL COMPANY PORTFOLIO

BellSouth Corporation Master Pension Trust	35.75%
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1155 Peachtree Street, N.E.
Atlanta, GA 30367-6000

Charles Schwab & Company, Inc. - REIN* 21.44%
101 Montgomery Street
San Francisco, CA 94104

Bost & Co.* 13.00%
1 Cabot Road, AIM 028-0038
Medford, MA 02155

Pacific Telesis 6.63%
130 Kearny Street
San Francisco, CA 94188

San Diego County Employees 6.04%
1600 Pacific Highway
San Diego, CA 92101

THE LARGE CAP INTERNATIONAL PORTFOLIO

Charles Schwab & Company, Inc. - REIN* 88.78%
101 Montgomery Street
San Francisco, CA 94104

* Owner of record only.

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THE U.S. LARGE COMPANY PORTFOLIO

Charles Schwab & Company, Inc. - REIN* 56.49%
101 Montgomery Street
San Francisco, CA 94104

Flensing & Co.* 13.17%
c/o State Street Bank & Trust Co.
Master Trust Services/Public Funds
P.O. Box 1992
Boston, MA 02105

Donaldson Lufkin & Jenrette Securities Corp.* 6.66%
P.O. Box 2052
Jersey City, NJ 07303

Charles Schwab & Company, Inc. - CASH* 5.36%
101 Montgomery Street
San Francisco, CA 94104

THE DFA ONE-YEAR FIXED INCOME PORTFOLIO

Charles Schwab & Company, Inc. - REIN* 19.47%
101 Montgomery Street
San Francisco, CA 94104

Charles Schwab & Company, Inc. - CASH* 17.94%
101 Montgomery Street
San Francisco, CA 94104

Peoples Energy Corporation Pension Trust 9.41%
122 South Michigan Avenue
Chicago, IL 60603

Buoy & Co.* 5.30%
c/o Fleet Services
One East Avenue
Rochester, NY 14638

THE DFA FIVE-YEAR GOVERNMENT PORTFOLIO

Charles Schwab & Company, Inc. - REIN*	73.36%
101 Montgomery Street	
San Francisco, CA 94104	
Charles Schwab & Company, Inc. - CASH*	6.22%
101 Montgomery Street	
San Francisco, CA 94104	

* Owner of record only.

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THE DFA GLOBAL FIXED INCOME PORTFOLIO

Charles Schwab & Company, Inc. - REIN*	72.09%
101 Montgomery Street	
San Francisco, CA 94104	
Charles Schwab & Company, Inc. - CAP*	15.02%
101 Montgomery Street	
San Francisco, CA 94104	

THE DFA INTERMEDIATE GOVERNMENT FIXED INCOME PORTFOLIO

Charles Schwab & Company, Inc. - CAP*	58.88%
101 Montgomery Street	
San Francisco, CA 94104	
Charles Schwab & Company, Inc. - REIN*	31.02%
101 Montgomery Street	
San Francisco, CA 94104	

PACIFIC RIM SMALL COMPANY PORTFOLIO

BellSouth Corporation Master Pension Trust	66.57%
1155 Peachtree Street, N.E.	
Atlanta, GA 30367	
Charles Schwab & Company, Inc. - REIN*	11.93%
101 Montgomery Street	
San Francisco, CA 94104	
Bost & Co.*	9.03%
1 Cabot Road, AIM 028-0038	
Medford, MA 02155	

U.S. LARGE CAP VALUE PORTFOLIO

Charles Schwab & Company, Inc. - REIN*	60.77%
101 Montgomery Street	
San Francisco, CA 94104	
Mac & Co. #504-378*	7.70%
P.O. Box 320	
Pittsburgh, PA 15230	
Mac & Co. #863-228*	6.83%
P.O. Box 320	
Pittsburgh, PA 15230	
Charles Schwab & Company, Inc. - CAP*	6.01%
101 Montgomery Street	
San Francisco, CA 94104	

* Owner of record only.

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DFA/AEW REAL ESTATE SECURITIES PORTFOLIO

Owens-Illinois 46.64%
Master Retirement Trust
34 Exchange Place
Jersey City, NJ 07302

Charles Schwab & Company, Inc. - REIN* 40.05%
101 Montgomery Street
San Francisco, CA 94104

Charles Schwab & Company, Inc. - CASH* 5.40%
101 Montgomery Street
San Francisco, CA 94104

U.S. SMALL CAP VALUE PORTFOLIO

Charles Schwab & Company, Inc. - REIN* 28.74%
101 Montgomery Street
San Francisco, CA 94104

Mac & Co. #853-271* 24.77%
P.O. Box 320
Pittsburgh, PA 15230

Leland Stanford Junior University 7.77%
Stanford Management Company
2770 Sand Hill Road
Menlo Park, CA 94025

Premark RSP 5.47%
c/o Bankers Trust Co.
34 Exchange Place
Jersey City, NJ 07302

California Institute of Technology 5.21%
Mail Code 212-31
Pasadena, CA 91125

DFA INTERNATIONAL HIGH BOOK TO MARKET PORTFOLIO

Charles Schwab & Company, Inc. - REIN* 96.73%
101 Montgomery Street
San Francisco, CA 94104

EMERGING MARKETS PORTFOLIO

Charles Schwab & Company, Inc. - REIN* 68.06%
101 Montgomery Street
San Francisco, CA 94104

* Owner of record only.

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U.S. Trust Co. of California* 5.65%
555 S. Flower Street
Los Angeles, CA 90071

DFA INTERNATIONAL SMALL CAP VALUE PORTFOLIO

PURCHASE OF SHARES

The following information supplements the information set forth in the prospectus under the caption "PURCHASE OF SHARES".

The Fund will accept purchase and redemption orders on each day that the New York Stock Exchange ("NYSE") is open for business, regardless of whether the Federal Reserve System is closed. However, no purchases by wire may be made on any day that the Federal Reserve System is closed. The Fund will generally be closed on days that the NYSE is closed. The New York Stock Exchange is scheduled to be open Monday through Friday throughout the year except for days closed to recognize New Year's Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas Day. The Federal Reserve System is closed on the same days as the NYSE, except that is open on Good Friday and closed on Martin Luther King, Jr. Day, Columbus Day and Veterans' Day. Orders for redemptions and purchases will not be processed if the Fund is closed. The TSE is closed on the following days in 1995: January 2-3 and 16, February 11, March 21, April 29, May 3-5, September 15, September 23, October 10, November 3, November 23 and December 23 and 29. Orders for the purchase and redemption of shares of The Japanese Small Company Portfolio received on those days will be priced as of the close of the NYSE on the next day that the TSE is open for trading.

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 judgement of management, such suspension or rejection is in the best interest of the Fund or a Portfolio. Securities accepted in exchange for shares of a Portfolio will be acquired for investment purposes and will be considered for sale under the same circumstances as other securities in the Portfolio.

Based on the experience of The U.S. 9-10 Small Company Portfolio, management believes that any dilutive effect of the cost of investing the proceeds of the sale of the shares of that Portfolio is minimal and, therefore, the shares of that Portfolio are currently sold at net asset value, without imposition of a reimbursement fee. Reimbursement fees may be charged prospectively from time to time based upon the future experience of The U.S. 9-10 Small Company Portfolio and other Portfolios. Any such charges will be described in the prospectus.

REDEMPTION AND TRANSFER OF SHARES

The following information supplements the information set forth in the prospectus under the caption "REDEMPTION OF SHARES".

* Owner of record only.

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 Exchange is restricted as determined by the Securities and Exchange Commission (the "Commission"), (2) during any period when an emergency exists as defined by the rules of the Commission 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 Commission may permit.

If the Board of Directors determines that it would be detrimental to the best interests of the remaining shareholders of any Portfolio to make payment

wholly or partly in cash, any Portfolio (except for a Feeder Portfolio) may pay the redemption price in whole or in part by a distribution of portfolio securities from the Portfolio of the shares being redeemed in lieu of cash. Upon such a determination by both the Board of Directors of the Fund and the Board of Trustees of the Trust, a Feeder Portfolio may pay the redemption price, in lieu of cash, by a distribution of portfolio securities that the Portfolio receives from the Series to satisfy the Portfolio's redemption request. Any such redemption by the Series and/or the Portfolio would be in accordance with Rule 18f-1 under the Investment Company Act of 1940. Investors may incur brokerage charges and other transaction costs selling securities that were received in payment of redemptions. The International Equity Portfolios and The DFA Global Fixed Income Portfolio reserve the right to redeem their shares in the currencies in which their investments are denominated. Investors may incur charges in converting such securities to dollars and the value of the securities may be affected by currency exchange fluctuations.

Shareholders may transfer shares of any Portfolio to another person by making a written request therefore to the Advisor who will transmit the request to the Fund's Transfer Agent. The request should clearly identify the account and number of shares to be transferred, and include the signature of all registered owners and all stock certificates, if any, which are subject to the transfer. The signature on the letter of request, the stock certificate or any stock power must be guaranteed in the same manner as described in the prospectus under "REDEMPTION OF SHARES". As with redemptions, the written request must be received in good order before any transfer can be made.

CALCULATION OF PERFORMANCE DATA

Following are quotations of the annualized percentage total returns for the one-, five-, and ten-year periods ended November 30, 1994 (as applicable) using the standardized method of calculation required by the Securities and Exchange Commission ("SEC") which is net of the cost of any current reimbursement fees charged to investors and paid to the Portfolios. Reimbursement fees of 1%, 1.5% and 1.5% have been in effect since the inception of the Japanese, United Kingdom and Continental Small Company Portfolios, respectively, until June 30, 1995. A reimbursement fee of 1% has been in effect since the inception of DFA International Small Cap Value Portfolio until June 30, 1995. Effective June 30, 1995, the amount of the reimbursement fee is reduced with respect to Continental Small Company, Pacific Rim Small Company, Japanese Small Company, Emerging Markets and DFA International Small Cap Value Portfolios, and eliminated with respect to the United Kingdom Small Company Portfolio. The reimbursement fee for each Portfolio, expressed as a percentage of the net asset value of the shares of the Portfolios, is as follows: Continental Small Company and Pacific Rim Small Company Portfolios - 1.00%; Japanese Small Company and Emerging Markets Portfolios - .50%; and DFA International Small Cap Value Portfolio - .70%.

A reimbursement fee of 1% was charged to investors in The U.S. 9-10 Small Company Portfolio from December 9, 1986 through June 17, 1988. A reimbursement fee of 0.75% was charged to investors in The Large Cap International Portfolio from the date of its inception until March 5, 1992. In addition, for those Portfolios in effect for less than one, five, or ten years, the time periods during which the Portfolios have been active have been substituted for the periods stated (which in no case extends prior to the effective dates of the Portfolios' registration statements).

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<TABLE>
<CAPTION>

	ONE YEAR -----	FIVE YEARS -----	TEN YEARS -----
<S>	<C>	<C>	<C>
U.S. 9-10 Small Company Portfolio	5.08	11.48	11.12
U.S. 6-10 Small Company Portfolio	.22	33 MONTHS -----	n/a
		6.53	

U.S. Large Company Portfolio	1.05	47 MONTHS ----- 11.42	n/a
U.S. Small Cap Value Portfolio	2.17	21 MONTHS ----- 7.67	n/a
U.S. Large Cap Value Portfolio	-3.27	22 MONTHS ----- 2.21	n/a
DFA/AEW Real Estate Securities Portfolio	-11.75	23 MONTHS ----- -1.03	n/a
Japanese Small Company Portfolio	28.29	-4.87	106 MONTHS ----- 15.60
Pacific Rim Small Company Portfolio	2.71	23 MONTHS ----- 31.97	n/a
United Kingdom Small Company Portfolio	10.17	5.51	105 MONTHS ----- 9.89
Emerging Markets Portfolio	7 MONTHS ----- 20.16	n/a	n/a
Continental Small Company Portfolio	16.42	1.69	79 MONTHS ----- 9.00
Large Cap International Portfolio	10.75	40 MONTHS ----- 6.66	n/a
DFA One-Year Fixed Income Portfolio	2.49	6.02	7.31
DFA Five-Year Government Portfolio	-3.12	7.47	90 MONTHS ----- 7.61
DFA Global Fixed Income Portfolio	-2.91	48 MONTHS ----- 6.72	n/a
DFA Intermediate Government Fixed Income Portfolio	-4.71	49 MONTHS ----- 8.43	n/a
DFA International Small Cap Value Portfolio	5 MONTHS ----- 1.65	n/a	n/a

</TABLE>

As the following formula indicates, the average annual total return is determined by finding the average annual compounded rates of return over the stated time period that would equate a hypothetical initial purchase order of \$1,000 to its redeemable value (including capital appreciation/depreciation and dividends and distributions paid and reinvested less any fees charged to a shareholder account) at the end of the stated time period. The calculation assumes that all dividends and distributions are reinvested at the public

offering price on the reinvestment dates during the period. The quotation assumes the account was completely redeemed at the end of each period and the deduction of all applicable charges and fees. According to the SEC formula:

$$P(1 + T)^n = ERV$$

where:

P = a hypothetical initial payment of \$1,000

T = average annual total return

n = number of years

ERV = ending redeemable value of a hypothetical \$1,000 payment made at the beginning of the one-, five-, and ten-year periods at the end of the one-, five-, and ten-year periods (or fractional portion thereof).

Following are quotations of the annualized total returns for the one-, five-, and ten-year periods ended November 30, 1994 using a non-standardized method of calculation which is used in communicating performance data in addition to the standardized method required by the SEC. The non-standardized quotations differ from the standardized in that they are calculated without deduction of any reimbursement fees charged to investors and paid to the Portfolios which would otherwise reduce return quotations for the Portfolios with such fees. Additionally, the non-standardized quotations are presented over time periods which extend prior to the initial investment in the Portfolios (except for The Continental Small Company and Large Cap International Portfolios) by using simulated data for the investment strategies of the Portfolios for that portion of the period prior to the initial investment dates. The simulated data excludes the deduction of Portfolio expenses which would otherwise reduce the returns quotations. Non-standardized quotations are also presented for the United Kingdom and Japanese Small Company Portfolios calculated assuming the local currencies of the Portfolios are invested and redeemed at the beginning and ending dates of the period. The local currency calculations ignore the effect of foreign exchange rates on the investment and only express the returns of the underlying securities of the Portfolios.

<TABLE>
<CAPTION>

	ONE YEAR -----	FIVE YEARS -----	TEN YEARS -----
<S>	<C>	<C>	<C>
U.S. 9-10 Small Company Portfolio (effective and initial investment on December 22, 1981)	5.08	11.48	11.23
U.S. 6-10 Small Company Portfolio (effective March 6, 1992 and initial investment on March 20, 1992)	.22	9.25	10.99

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U.S. Large Company Portfolio (effective February 26, 1990 and initial investment on December 31, 1990)	1.05	8.65	14.40
U.S. Small Cap Value Portfolio (effective September 18, 1992 and initial investment on March 1, 1993)	2.17	12.69	15.43
U.S. Large Cap Value Portfolio (effective September 18, 1992 and initial investment	-3.27	9.54	14.91

on February 18, 1993)

DFA/AEW Real Estate Securities Portfolio (effective September 18, 1992 and initial investment on January 5, 1993)	-11.75	4.35	5.79
Japanese Small Company Portfolio (effective January 14, 1986, and initial investment on January 31, 1986)			
Dollar return	29.59	-4.68	20.87
Local currency return	17.62	-11.43	10.34
Pacific Rim Small Company Portfolio (effective April 2, 1991 and initial investment on January 4, 1993)	4.27	23 MONTHS ----- 33.02	n/a
United Kingdom Small Company Portfolio (effective January 14, 1986, and initial investment on March 4, 1986)			
Dollar return	11.85	5.83	15.48
Local currency return	6.03	5.84	12.42
Emerging Markets Portfolio (effective April 1, 1994 and initial investment on April 22, 1994)	7 MONTHS ----- 23.31	n/a	n/a
Continental Small Company Portfolio (effective and initial investment on April 15, 1988)	18.19	2.00	79.5 MONTHS ----- 9.19
Dollar return			
Large Cap International Portfolio (effective April 2, 1991 and initial investment on July 18, 1991)	10.75	40 MONTHS ----- 6.66	n/a
DFA One-Year Fixed Income Portfolio (effective June 5, 1983, and initial investment on July 27, 1983)	2.49	6.02	7.31
23			
DFA Five-Year Government Portfolio (effective and initial investment on May 13, 1987)	-3.12	7.47	9.66
DFA Global Fixed Income Portfolio (effective September 24, 1990 and initial investment on November 6, 1990)	-2.91	48 MONTHS ----- 6.72	n/a
DFA Intermediate Government Fixed Income Portfolio (effective September 24, 1990 and initial investment on October 22, 1990)	-4.71	49 MONTHS ----- 8.43	n/a
DFA International Small Cap Value Portfolio (effective December 20, 1994 and initial investment on December 30, 1995)	5 Months ----- 4.13	n/a	n/a

</TABLE>

FINANCIAL STATEMENTS

The audited financial statements and financial highlights of the Fund

for its fiscal year ended November 30, 1994, as set forth in the Fund's annual report to stockholders, and the report thereon of Coopers & Lybrand L.L.P., independent accountants, also appearing therein, are incorporated herein by reference. The audited annual report does not contain any data regarding the DFA International Small Cap Value Portfolio because that Portfolio had not commenced operations as of November 30, 1994.

With respect to DFA International Small Cap Value Portfolio, the unaudited financial statements contained in the report to shareholders of the Portfolio, dated May 31, 1995, are incorporated herein by reference. A shareholder of DFA International Small Cap Value Portfolio may obtain a copy of the report, upon request and without charge, by contacting the Fund at the address or telephone number appearing on the cover of the Statement of Additional Information.