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# DFA Global Targeted Credit Fund

## Management Report of Fund Performance

*For the year ended December 31, 2016*

The annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the DFA Global Targeted Credit Fund (the “Fund” or “Portfolio”). You can get a copy of the annual financial statements at your request, and at no cost, by calling Dimensional Fund Advisors Canada ULC (“Dimensional”) collect at 604-685-1633, by writing to Dimensional at 745 Thurlow Street, Suite 2110, Vancouver, BC, Canada, V6E 0C5 or by visiting Dimensional’s website at [www.ca.dimensional.com](http://www.ca.dimensional.com) or SEDAR at [www.sedar.com](http://www.sedar.com).

Unitholders may also contact Dimensional using one of these methods to request a copy of the Fund’s proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

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# DFA Global Targeted Credit Fund

## Management Report of Fund Performance

### Investment Objective and Strategies

The DFA Global Targeted Credit Fund seeks to maximize total returns from the universe of debt securities in which the fund invests. Total return is comprised of income and capital appreciation.

The Fund will generally purchase a diversified portfolio of Canadian and foreign corporate debt securities that mature within five years from the date of settlement. The fund emphasizes investments rated in the lower half of the investment grade spectrum (i.e., rated BBB- to A+ by Standard & Poor's (a division of The McGraw-Hill Companies, Inc.) or Baa3 to A1 by Moody's Investor's Service, Inc. or BBB (low) to A(high) by Dominion Bond Rating Services Limited or has the equivalent or higher rating from another nationally recognized credit rating agency). The fund may also invest in higher-rated and/or lower-rated (i.e., below investment grade, also known as "junk" bonds) corporate debt securities.

### Risk

The Fund's operations commenced on September 14, 2015 and there were no material changes to the Fund over the course of the period affecting its overall risk exposure. The Fund will continue to be exposed to global interest rate risk, and the pattern of returns may differ significantly from conventional benchmarks, such as the Bloomberg Barclays Global Aggregate Credit Index 1-5 Years (hedged to CAD) ("the Index").

The Fund engages in securities lending transactions and, as a result, is exposed to securities lending risk. Securities lending risk includes the risk that the value of collateral held by the Fund may be insufficient to fully replace loaned securities and the risk of defaults on the obligations to return the securities to the Fund. These risks may make an investment in the Fund riskier than if the Fund did not lend securities. Investors are encouraged to read the description of securities lending risk contained in the simplified prospectus. The Fund will also continue to be exposed to the other risks described in the Fund's simplified prospectus.

### Results of Operations

In general, cash exposure throughout the period was less than 1% of the Fund's Net Asset Value. The Fund uses a variable maturity strategy that seeks to identify a maturity range with favorable risk-adjusted expected returns. When eligible yield curves are flat or inverted, short-term securities potentially offer the most opportunity on a risk-adjusted basis. When eligible yield curves are upwardly sloped, maturities may be lengthened to achieve higher expected returns associated with longer maturities. The average maturity of the Fund decreased to 3.46 years on December 31, 2016, from 3.83 years on December 31, 2015.

The Fund's bonds denominated in Canadian Dollars decreased to 5.5% on December 31, 2016, from 5.8% on December 31, 2015. Bonds denominated in U.S. Dollars decreased to 94.0% from 94.2%. The Fund added a 0.5% holding in bonds denominated in British pounds.

For the 12 months ended December 31, 2016, total returns were 1.35% for the Class A units, 2.53% for the Class F units,

2.95% for the Class I units, and 2.71% for Index. U.S. dollar-denominated bonds offered the highest expected returns due in part to the shape of the yield curve. Because of this, the Fund maintained a larger exposure than the Index to U.S. dollar-denominated bonds. Credit spreads remained relatively wide, and the Fund continued to emphasize single-A and BBB rated bonds. Interest rates in the U.S. increased slightly during the year but term premiums were still positive. Credit premiums were also positive as credit spreads narrowed. Thus, the Fund's overweight in U.S. dollar-denominated securities contributed to outperformance by the Fund's Class I units. After the deduction of fees and expenses, the Fund's Class A and Class F units underperformed the Index.

All returns for the Index are not diminished by management and administrative expenses associated with managing a portfolio of securities.

Net returns of Class A units were diminished by a trailer fee payable to securities dealers. Dealers generally pay a portion of these fees to investment professionals for services they provide to their clients.

### Recent Developments

Dimensional will continue to pursue a disciplined quantitative approach to identify securities for purchase or sale. In contrast to many investment firms, Dimensional does not seek to predict the future course of business conditions, market trends, or interest rates. Dimensional believes that securities markets are highly competitive and prices reflect available information quickly enough that efforts to outperform the market ordinarily promise little or no payoff after taking account of research and transaction costs. Instead, Dimensional seeks to capture a market rate of return associated with various broad risk factors while reducing company or industry risk through diversification.

### Related-Party Transactions

Dimensional is the manager, trustee, and principal portfolio advisor of the Fund. As manager, Dimensional is responsible for the overall management and administration of the Fund. As trustee, Dimensional holds legal title to the Fund's investments in trust for the Fund's unitholders. For its services, Dimensional receives management fees that are calculated as a percentage of the average Net Asset Value of the Fund. These fees are calculated daily and payable monthly.

As principal portfolio advisor, Dimensional is responsible for managing the investment portfolio of the Fund directly or through sub-advisors. Dimensional has retained its ultimate parent company, Dimensional U.S., to act as the Fund's sub-advisor. Dimensional U.S. is responsible for investment analysis and decision making, implementing securities transactions, selecting broker-dealers, acquiring research information, voting proxies, and monitoring the Fund's investment guidelines. Dimensional has also engaged its other affiliates, Dimensional Fund Advisors Ltd. and DFA Australia Limited, as sub-advisors to the Fund. The fees of the sub-advisors are paid by Dimensional.

## **DFA Global Targeted Credit Fund**

### Management Report of Fund Performance

Dimensional has adopted written policies and procedures with respect to the supervision and monitoring of the services provided by Dimensional, Dimensional U.S. and the other subadvisor(s) to the Fund, and received standing instructions from the Fund's Independent Review Committee ("IRC") to act in accordance with these policies and procedures. These standing instructions require Dimensional to report to the IRC any material exceptions to compliance with these policies and procedures.

**DFA Global Targeted Credit Fund**  
Management Report of Fund Performance

**Financial Highlights**

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the years shown. Per unit data is derived from the Fund's financial statements.

Ratios and supplemental data are derived from the Fund's Net Asset Value.

**The Fund's Net Assets per Unit (\$) <sup>(1)</sup>**

|  | 2016           | 2015 <sup>(4)</sup> |
|--|----------------|---------------------|
| <b>CLASS A</b>   |                |                     |
| <b>Net Assets, beginning of year</b>                           | <b>\$ 9.89</b> | <b>\$ 10.00</b>     |
| <b>Increase (decrease) from operations:</b>                    |                |                     |
| Total revenue  | 0.29           | 0.09                |
| Total expenses   | (0.15)         | (0.04)              |
| Realized gains (losses) for the year                           | 0.29           | (0.54)              |
| Unrealized gains (losses) for the year                         | (0.42)         | 0.40                |
| <b>Total increase (decrease) from operations<sup>(2)</sup></b> | <b>\$ 0.01</b> | <b>\$ (0.09)</b>    |
| <b>Distributions:</b>  |                |                     |
| From income (excluding dividends)                              | (0.16)         | (0.05)              |
| From dividends   | —              | —                   |
| From capital gains   | —              | —                   |
| <b>Total Annual Distributions<sup>(3)</sup></b>                | <b>(0.16)</b>  | <b>(0.05)</b>       |
| <b>Net Assets, end of year</b>                                 | <b>\$ 9.86</b> | <b>\$ 9.89</b>      |
| <b>CLASS F</b>   |                |                     |
| <b>Net Assets, beginning of year</b>                           | <b>\$ 9.91</b> | <b>\$ 10.00</b>     |
| <b>Increase (decrease) from operations:</b>                    |                |                     |
| Total revenue  | 0.30           | 0.08                |
| Total expenses   | (0.04)         | (0.01)              |
| Realized gains (losses) for the year                           | 0.05           | (0.35)              |
| Unrealized gains (losses) for the year                         | (0.17)         | 0.23                |
| <b>Total increase (decrease) from operations<sup>(2)</sup></b> | <b>\$ 0.14</b> | <b>\$ (0.05)</b>    |
| <b>Distributions:</b>  |                |                     |
| From income (excluding dividends)                              | (0.24)         | (0.06)              |
| From dividends   | —              | —                   |
| From capital gains   | —              | —                   |
| Return of Capital  | —              | —                   |
| <b>Total Annual Distributions<sup>(3)</sup></b>                | <b>(0.24)</b>  | <b>(0.06)</b>       |
| <b>Net Assets, end of year</b>                                 | <b>\$ 9.92</b> | <b>\$ 9.91</b>      |
| <b>CLASS I</b>   |                |                     |
| <b>Net Assets, beginning of year</b>                           | <b>\$ 9.92</b> | <b>\$ 10.00</b>     |
| <b>Increase (decrease) from operations:</b>                    |                |                     |
| Total revenue  | 0.29           | 0.08                |
| Total expenses   | —              | —                   |
| Realized gains (losses) for the year                           | 0.10           | (0.26)              |
| Unrealized gains (losses) for the year                         | (0.13)         | 0.16                |
| <b>Total increase (decrease) from operations<sup>(2)</sup></b> | <b>\$ 0.26</b> | <b>\$ (0.02)</b>    |
| <b>Distributions:</b>  |                |                     |
| From income (excluding dividends)                              | (0.27)         | (0.06)              |
| From dividends   | —              | —                   |
| From capital gains   | —              | —                   |
| Return of capital  | —              | —                   |
| <b>Total Annual Distributions<sup>(3)</sup></b>                | <b>(0.27)</b>  | <b>(0.06)</b>       |
| <b>Net Assets, end of year</b>                                 | <b>\$ 9.94</b> | <b>\$ 9.92</b>      |

<sup>(1)</sup> This information is derived from the Fund's audited annual financial statements.

<sup>(2)</sup> Net Assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial year.

<sup>(3)</sup> Distributions were paid in cash/reinvested in additional units of the Fund, or both.

<sup>(4)</sup> Class A and I units of this Fund were first issued on September 16, 2015. Class F units of this Fund were first issued on September 14, 2015.

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**Ratios and Supplemental Data**

| <b>CLASS A</b>   | <b>Dec 31,<br/>2016</b> | <b>Dec 31,<br/>2015<sup>(6)</sup></b> |
|--|-------------------------|---------------------------------------|
| Total net asset value (\$) (000's) <sup>(1)</sup>                    | 5,835                   | 529                                   |
| Number of units outstanding (000's) <sup>(1)</sup>                   | 592                     | 54                                    |
| Management expense ratio <sup>(2)</sup>                              | 1.55%                   | 1.55% <sup>(5)</sup>                  |
| Management expense ratio before waivers or absorption <sup>(2)</sup> | 1.54%                   | 3.26% <sup>(5)</sup>                  |
| Trading expense ratio <sup>(3)</sup>                                 | —                       | — <sup>(5)</sup>                      |
| Portfolio turnover rate <sup>(4)</sup>                               | 14.46%                  | 2.95%                                 |
| Net asset value per unit (\$)  | 9.86                    | 9.89                                  |
| <br>   |                         |                                       |
| <b>CLASS F</b>   | <b>Dec 31,<br/>2016</b> | <b>Dec 31,<br/>2015<sup>(6)</sup></b> |
| Total net asset value (\$) (000's) <sup>(1)</sup>                    | 139,073                 | 49,900                                |
| Number of units outstanding (000's) <sup>(1)</sup>                   | 14,016                  | 5,036                                 |
| Management expense ratio <sup>(2)</sup>                              | 0.39%                   | 0.45% <sup>(5)</sup>                  |
| Management expense ratio before waivers or absorption <sup>(2)</sup> | 0.38%                   | 0.53% <sup>(5)</sup>                  |
| Trading expense ratio <sup>(3)</sup>                                 | —                       | — <sup>(5)</sup>                      |
| Portfolio turnover rate <sup>(4)</sup>                               | 14.46%                  | 2.95%                                 |
| Net asset value per unit (\$)  | 9.92                    | 9.91                                  |
| <br>   |                         |                                       |
| <b>CLASS I</b>   | <b>Dec 31,<br/>2016</b> | <b>Dec 31,<br/>2015<sup>(6)</sup></b> |
| Total net asset value (\$) (000's) <sup>(1)</sup>                    | 247,413                 | 185,147                               |
| Number of units outstanding (000's) <sup>(1)</sup>                   | 24,902                  | 18,669                                |
| Management expense ratio <sup>(2)</sup>                              | 0.04%                   | 0.06% <sup>(5)</sup>                  |
| Management expense ratio before waivers or absorption <sup>(2)</sup> | 0.04%                   | 0.06% <sup>(5)</sup>                  |
| Trading expense ratio <sup>(3)</sup>                                 | —                       | — <sup>(5)</sup>                      |
| Portfolio turnover rate <sup>(4)</sup>                               | 14.46%                  | 2.95%                                 |
| Net asset value per unit (\$)  | 9.94                    | 9.92                                  |

<sup>(1)</sup> This information is derived from the Fund's audited annual financial statements.

<sup>(2)</sup> Management expense ratio is based on total expenses (excluding broker commissions and other portfolio transaction costs) for the stated year and is expressed as an annualized percentage of daily average Net Asset Value during the year.

<sup>(3)</sup> The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average Net Asset Value during the year.

<sup>(4)</sup> The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

<sup>(5)</sup> Percentages are annualized.

<sup>(6)</sup> Class A and I units of this Fund were first issued on September 16, 2015. Class F units of this Fund were first issued on September 14, 2015.

# DFA Global Targeted Credit Fund

## Management Report of Fund Performance

### Management Fees

Dimensional receives management fees for its service as manager of the Fund. These fees are calculated as a percentage of the Net Asset Value of the Fund and are calculated daily and payable monthly. The table below shows the annual management fee rates for each class of units of the Fund.

| Annual Rate     | Class A | Class F | Class I |
|-----------------|---------|---------|---------|
| Management Fees | 1.25%   | 0.25%   | 0%      |

Dimensional pays a trailer fee to dealers out of the management fee received for Class A units of the Fund. This trailer fee is generally calculated as a percentage of the average daily Net Asset Value of Class A units of the Fund held by the dealer's clients or by the dealer on behalf of the clients. The maximum annual trailer fee for the Class A units of the Fund is 1.00%. The balance of the management fees are for the general management and administrative services provided to the Fund. The table below shows a breakdown of the services received by the Fund as a percentage of management fees.

|  | Class A | Class F | Class I |
|--|---------|---------|---------|
| Management and Administrative Services | 20%     | 100%    | 0%      |
| Trailer fees                           | 80%     | 0%      | 0%      |
|  | 100%    | 100%    | 0%      |

No management fees are charged to the Fund with respect to Class I units. Instead, each Class I investor pays a separate fee directly to the manager of the Fund.

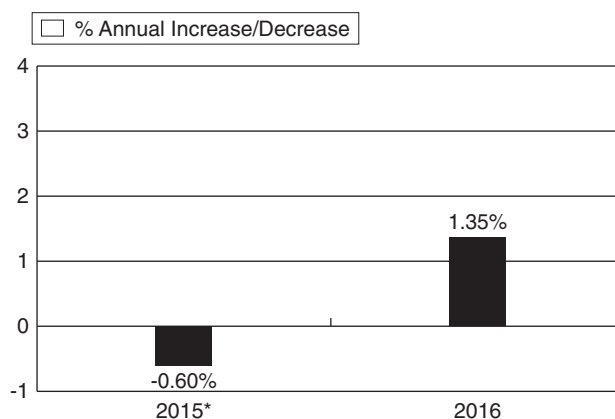
### Past Performance

The performance information shown assumes that all distributions made by the Fund during the periods shown were reinvested in additional units of the Fund. The performance information does not take into account any sales, redemption, distribution, or other optional charges that would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future.

### Year-by-Year Returns

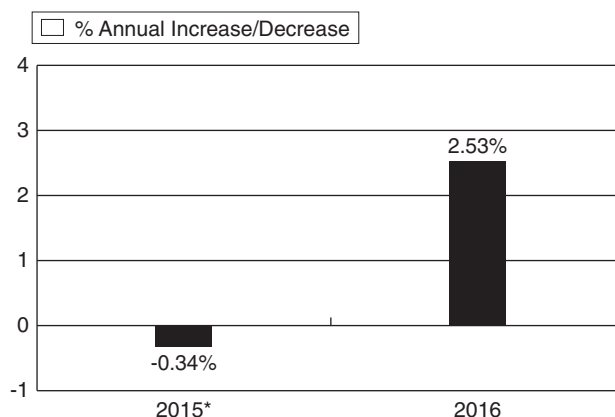
The bar charts show the Fund's annual performance for each of the financial years shown, and how the Fund's performance has changed from year to year. The charts show, in percentage terms, how much an investment made on the first day of each financial year would have increased or decreased by the last day of that financial year.

### DFA Global Targeted Credit Fund – Class A



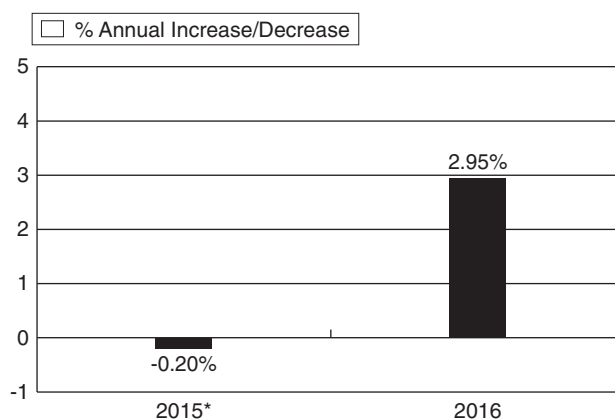
\* The information presented for 2015 is for the period from September 16, 2015 to December 31, 2015.

### DFA Global Targeted Credit Fund – Class F



\* The information presented for 2015 is for the period from September 14, 2015 to December 31, 2015.

### DFA Global Targeted Credit Fund – Class I



\* The information presented for 2015 is for the period from September 16, 2015 to December 31, 2015.

# DFA Global Targeted Credit Fund

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### Annual Compound Returns

The following table compares the Fund's historical annual compound returns for the periods shown ending on December 31, 2016. The historical annual compound total returns are also compared to the Index and benchmark. Results for the Index and benchmark are not diminished by management fees, administrative expenses or taxes associated with managing a portfolio of securities.

#### Percentage Return:

|  | 1-Year | 3-Year | 5-Year | 10-Year | Since Inception |
|--|--------|--------|--------|---------|-----------------|
| DFA Global Targeted Credit Fund – Class A                            | 1.35%  |        |        |         | 0.58%           |
| Bloomberg Barclays Global Aggregate Credit 1-5 Years (hedged to CAD) | 2.71%  |        |        |         | 2.28%           |

#### Percentage Return:

|  | 1-Year | 3-Year | 5-Year | 10-Year | Since Inception |
|--|--------|--------|--------|---------|-----------------|
| DFA Global Targeted Credit Fund – Class F                            | 2.53%  |        |        |         | 1.68%           |
| Bloomberg Barclays Global Aggregate Credit 1-5 Years (hedged to CAD) | 2.71%  |        |        |         | 2.13%           |

#### Percentage Return:

|  | 1-Year | 3-Year | 5-Year | 10-Year | Since Inception |
|--|--------|--------|--------|---------|-----------------|
| DFA Global Targeted Credit Fund – Class I                            | 2.95%  |        |        |         | 2.12%           |
| Bloomberg Barclays Global Aggregate Credit 1-5 Years (hedged to CAD) | 2.71%  |        |        |         | 2.28%           |

### Summary of Investment Portfolio

as at December 31, 2016

| Country Mix               | % of Fund's Net Asset Value |
|---------------------------|-----------------------------|
| Canadian Corporate Bonds  | 4.43                        |
| Canadian Provincial Bonds | 2.30                        |
| Australia                 | 0.35                        |
| Denmark                   | 0.89                        |
| France                    | 4.14                        |
| Germany                   | 0.34                        |
| Great Britain             | 3.96                        |
| Ireland                   | 0.62                        |
| Japan                     | 1.66                        |
| Netherlands               | 2.02                        |
| Luxembourg                | 0.52                        |
| Spain                     | 0.59                        |
| Switzerland               | 0.97                        |
| United States of America  | 74.94                       |
| Cash and Cash Equivalents | 2.33                        |
| Currency Forwards         | (0.95)                      |
| Net Other Assets          | 0.89                        |
|                           | <u>100.00</u>               |

| Top 25 Issues                                     | Maturity Date | Coupon Rate | % of Fund's Net Asset Value |
|---|---------------|-------------|-----------------------------|
| 01 Royal Bank of Canada                           | Jul 17, 2020  | 1.920%      | 1.28                        |
| 02 Toronto-Dominion Bank                          | Apr 02, 2020  | 1.693%      | 1.27                        |
| 03 Province of Ontario Canada                     | Sep 08, 2017  | 1.900%      | 1.26                        |
| 04 Xcel Energy Inc.                               | Mar 15, 2021  | 2.400%      | 0.73                        |
| 05 Goldcorp Inc.                                  | Jun 09, 2021  | 3.625%      | 0.70                        |
| 06 kohls Corp.                                    | Nov 01, 2021  | 4.000%      | 0.68                        |
| 07 Molson Coors Brewing Co                        | Jul 15, 2021  | 2.100%      | 0.67                        |
| 08 Danone SA                                      | Nov 02, 2021  | 2.077%      | 0.67                        |
| 09 Mondelez International Holdings Netherlands BV | Oct 28, 2021  | 2.000%      | 0.66                        |
| 10 Electronic Arts Inc.                           | Mar 01, 2021  | 3.700%      | 0.64                        |
| 11 Liberty Mutual Group Inc                       | Jun 01, 2021  | 5.000%      | 0.63                        |
| 12 Kraft Foods Group Inc.                         | Feb 10, 2020  | 5.375%      | 0.63                        |
| 13 Regions Financial Corp.                        | Feb 08, 2021  | 3.200%      | 0.63                        |
| 14 Perrigo Finance Unlimited Co.                  | Mar 15, 2021  | 3.500%      | 0.62                        |
| 15 JM Smucker Co.                                 | Mar 15, 2020  | 2.500%      | 0.62                        |
| 16 Orange SA                                      | Sep 14, 2021  | 4.125%      | 0.62                        |
| 17 Zimmer Holdings Inc.                           | Apr 01, 2020  | 2.700%      | 0.62                        |
| 18 Stryker Corp.                                  | Mar 15, 2021  | 2.625%      | 0.61                        |
| 19 Marathon Petroleum Corp                        | Dec 15, 2020  | 3.400%      | 0.61                        |
| 20 AstraZeneca PLC                                | Nov 16, 2020  | 2.375%      | 0.60                        |
| 21 Lloyds Bank PLC                                | Aug 17, 2020  | 2.700%      | 0.59                        |
| 22 Pernod Ricard SA                               | Apr 07, 2021  | 5.750%      | 0.57                        |
| 23 Laboratory Corp of America Holdings            | Feb 01, 2020  | 2.625%      | 0.56                        |
| 24 The Dow Chemical Co.                           | Nov 15, 2020  | 4.250%      | 0.56                        |
| 25 MetLife Inc                                    | Feb 08, 2021  | 4.750%      | 0.56                        |
|   |               |             | <u>17.59</u>                |

Total Net Asset Value: \$392,322,092

All holdings in the Fund are long positions.

## **DFA Global Targeted Credit Fund**

### Management Report of Fund Performance

The Fund's investment portfolio may change due to the Fund's ongoing portfolio transactions. Quarterly updates are available within 60 days of each quarter end where an annual or interim report is not published by visiting [www.ca.dimensionalfund.com](http://www.ca.dimensionalfund.com) or by calling Dimensional collect at 604-685-1633 or by writing to Dimensional at 745 Thurlow Street, Suite 2110, Vancouver, BC, Canada, V6E 0C5.

### **Forward Looking Statements**

In preparing this document, Dimensional is required to exercise some degree of prediction or projection. As a result, this document may contain forward-looking statements relating to anticipated future events, results, performance, decisions, circumstances, opportunities, risks or other matters. By their nature, these forward-looking statements require Dimensional to make assumptions and are subject to inherent risks and uncertainties. In particular, there is a risk that Dimensional's predictions and other forward-looking statements will not prove to be accurate. A number of factors could cause actual events, results, performance, etc. to differ materially from the targets, expectations, estimates, or intentions expressed or implied in the forward-looking statements. These factors could, among others, include market and general economic conditions, interest rates, regulatory and statutory developments, the effects of competition in the geographic and business area in which the Fund may invest, and the risks detailed from time to time in the Fund's simplified prospectus. For these reasons, it is important that readers do not place undue reliance on any forward-looking statements.