DIMENSIONAL FUND ADVISORS

AS OF DECEMBER 31, 2011

# New York City Deferred Compensation Plan

## US Targeted Value Strategy

### INVESTMENT OBJECTIVE

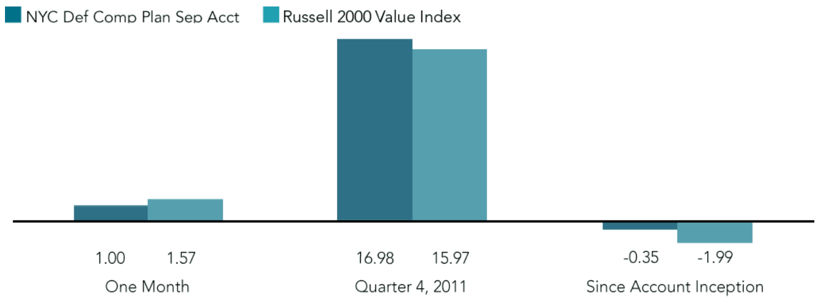
The US Targeted Value Strategy is designed to capture the returns and diversification benefits of a broad cross-section of US small value companies, on a market cap weighted basis. The strategy invests in securities of US companies smaller than the 500th largest company in the market universe. The market universe is comprised of companies listed on the New York Stock Exchange, American Stock Exchange, and NASDAQ National Market System. After identifying the aggregate market capitalization break, a value screen is applied to the universe. Securities are considered value stocks primarily because a company's shares have a high book value in relation to their market value (BtM). This BtM sort excludes firms with negative or zero book values. In assessing value, additional factors such as price to cash flow or price to earnings ratios may be considered, as well as economic conditions and developments in the issuer's industry. The criteria for assessing value are subject to change from time to time.

### RISK

The principal risks associated with this equity investment are market risk and small company risk. Securities of small firms are often less liquid than those of large companies. As a result, small company stocks may fluctuate relatively more in price.

Performance shown is actual returns net of all fees and expenses unless otherwise indicated. Performance data shown represents past performance. Performance as of the first full month after the inception date (March 2007). Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown. The investment return and principal value of an investment will fluctuate so that an investors shares, when redeemed, may be worth more or less than their original cost. To obtain performance data current to the most recent month-end access our website at www.dimensional.com. Average annual total returns include reinvestment of dividends and capital gains.

### PERFORMANCE




Note: Returns for periods of less than one year are actual. Returns for greater than one year are annualized.

### CHARACTERISTICS

| | New York City Deferred Compensation Plan | Russell 2000 Value Index |
|---|---|---|
| Number of Holdings | 1,461 | 1,354 |
| Weighted Average Market Cap (millions) | $1,714 | $1,084 |
| Median Market Cap (millions) | $330 | $412 |
| Weighted Average Book-to-Market | 1.03 | 0.91 |
| Median Book-to-Market | 0.94 | 0.82 |
| Price/Earning (excluded negatives) | 12.29 | 13.78 |
| Dividend Yield | 1.14% | 2.20% |

### SECTOR DISTRIBUTION

| | Number of Companies | Portfolio Weight |
|---|---|---|
| Financials | 347 | 23.29% |
| Industrials | 250 | 17.03% |
| Consumer Discretionary | 239 | 16.04% |
| Information Technology | 238 | 12.12% |
| Energy | 76 | 9.11% |
| Materials | 72 | 7.31% |
| Health Care | 116 | 7.17% |
| Consumer Staples | 55 | 4.52% |
| REITS | 34 | 2.28% |
| Telecommunication Services | 19 | 0.65% |
| Utilities | 9 | 0.47% |
| Other | 6 | 0.01% |
| Total | 1,461 | 100% |

### TOP TEN HOLDINGS

| | Portfolio Weight | Cumulative |
|---|---|---|
| ARROW ELECTRONICS INC | 0.84% | 0.84% |
| REINSURANCE GROUP OF AMER | 0.70% | 1.54% |
| SIGNET JEWELERS LTD | 0.67% | 2.22% |
| AUTONATION INC | 0.66% | 2.88% |
| ROWAN COS INC | 0.63% | 3.51% |
| DILLARDS INC | 0.61% | 4.12% |
| TESORO CORP | 0.59% | 4.71% |
| ALLIED WORLD ASSURANCE CO | 0.57% | 5.28% |
| AMERICAN FINANCIAL GROUP | 0.53% | 5.81% |
| AMERCO INC | 0.51% | 6.33% |

Dimensional

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### ABOUT DIMENSIONAL

In 1981, Dimensional launched its first strategy based on research documenting the stronger performance of US small cap stocks. Our second strategy, a short-term fixed income portfolio launched in 1983, applies Eugene Fama's term structure research. Later, a comprehensive analysis of prices and other research deepened our strategy repertoire and set a new standard for portfolio design

### PORTFOLIO REVIEW

- The New York City Deferred Compensation Plan's fourth quarter return was 17.0% and the Russell 2000 Value Index return was 16.0%.
- The Portfolio's outperformance relative to the benchmark was driven primarily by the composition of deep value stocks in the Portfolio.
- The Portfolio's composition of stocks within the different market capitalization segments outperformed those in the benchmark during the period.
- At the sector level, the Portfolio's exclusion of highly regulated utilities contributed to performance as the utilities sector underperformed. Also benefitting the Portfolio was the composition of materials and energy stocks which outperformed those in the Index.

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