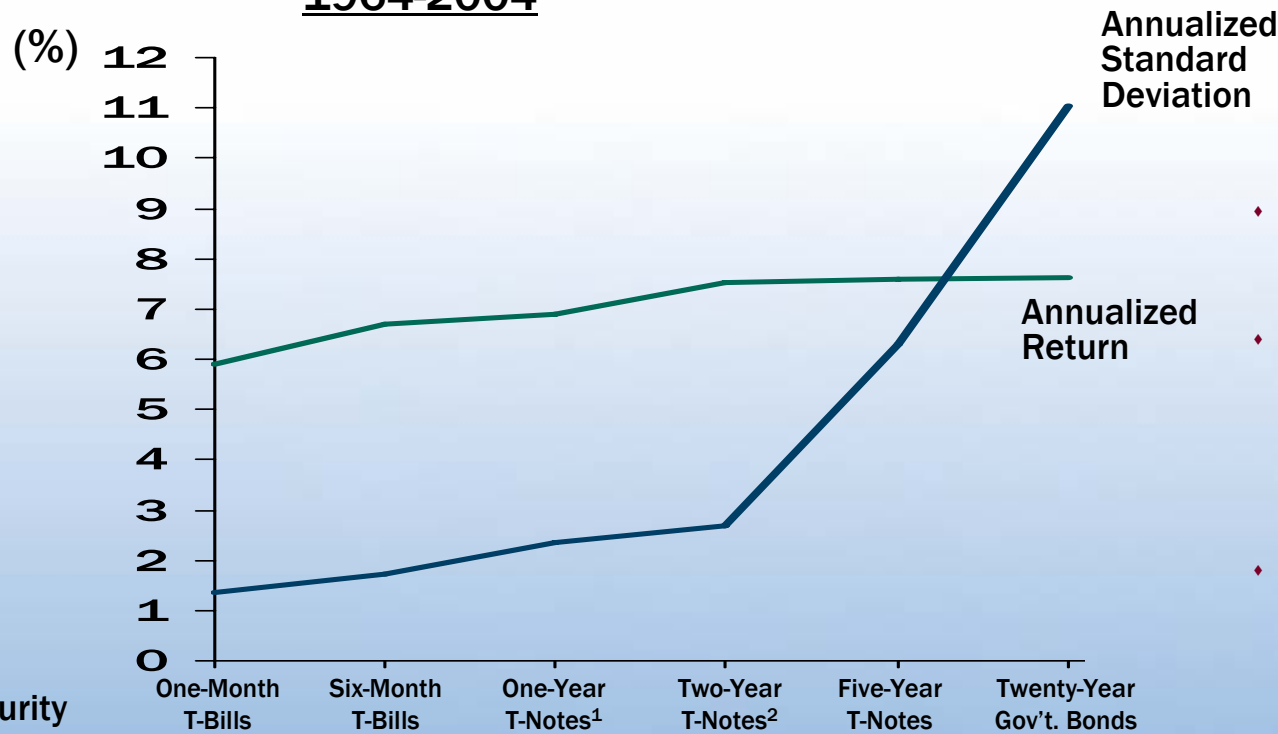




# Does It Pay To Extend Maturities?

**1964-2004**



- Longer maturity instruments are riskier.
- Returns for longer maturity instruments are not consistently greater.
- Alternative strategies are needed to enhance returns.

Maturity	One-Month T-Bills	Six-Month T-Bills	One-Year T-Notes <sup>1</sup>	Two-Year T-Notes <sup>2</sup>	Five-Year T-Notes	Twenty-Year Gov't. Bonds
Annualized Return (%)	5.90	6.68	6.89	7.54	7.59	7.61
Annualized Standard Deviation*	1.35	1.74	2.37	2.70	6.30	11.03

\*Standard deviation annualized from quarterly data.

<sup>1</sup>One-Year T-Notes: Twelve-Month Treasury Bills - 7/1963-5/1991 = CRSP/DFA; 6/1991-6/2000 = ML One-Year Treasury Bill Index; 7/2000-Present = ML One-Year Treasury Note Index. <sup>2</sup>Two-Year T-Notes: 7/1952 - 2/1996 = Simulated returns, two-year maximum maturity U.S. Treasury, data courtesy of CRSP; 3/1996 - Present = DFA Two-Year Global Fixed Income Portfolio.

Source: Dimensional Fund Advisors, Inc. Information from sources deemed reliable, but its accuracy cannot be guaranteed. Performance is historical and does not guarantee future results. See *Sources and Descriptions of Data* at the end of this booklet.