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Dimensional Fund CEO gives \$300M to U. of Chicago

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He's built a successful investment firm on the financial principles he learned at the University of Chicago's Graduate School of Business. Now, Austin executive David Booth is giving the school \$300 million—the university's largest ever donation and the largest gift to any business school in the world.

Booth, the founder and CEO of [Dimensional Fund Advisors](#), which is building a large **base of operations in Austin**, received his MBA from the University of Chicago in 1971.

"The very first course I took at the University of Chicago was taught by Eugene Fama and it was a life-changing event for me," says Booth. Fama is the founder of the efficient market hypothesis, which says investors in stocks should not be able to beat the market since there is no way for them to know something about a stock that is not already reflected in the stock's price. Instead, market efficiency suggests investors are better off buying and holding widely diversified portfolios – the basic thinking behind index funds.

"I remember Professor Fama standing up the first day of class and saying 'This is the most practical course you will ever take,' and it turned out to be true," says Booth. "We built Dimensional Fund Advisors around his set of ideas."

[The University of Chicago](#) is renaming the business school the Booth School of Business in recognition of the donation.

University President Robert Zimmer called the donation a vivid illustration of the power of ideas.

"This gift is extraordinary in both its generosity and its endorsement of the university's mission," says Zimmer. "The relationship between David Booth and Eugene Fama – and the idea that captivated them both – is another example of how groundbreaking theory, rigorous examination and application of principles come together often at the University of Chicago."

After founding Dimensional Fund Advisors in 1981 with University of Chicago classmate Rex Sinquefeld, Booth leveraged his Chicago education to develop strategies for his firm that were grounded in the efficient market hypothesis which says stock prices reflect all available information.

Dimensional Fund Advisors now manages \$120 billion for institutional investors and clients of registered financial advisors. The firm has U.S. offices in Austin, Chicago and Santa Monica, and international offices in London, Sydney and Vancouver.

Courtesy of JB Goodwin