

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.*

# Vanguard

## PROSPECTUS

*Continuous Distribution*

January 25, 2021

This prospectus qualifies the distribution of units (the “Units”) of the following exchange-traded funds (each a “Vanguard ETF” and together the “Vanguard ETFs”), each of which is a mutual fund established as a trust under the laws of the Province of Ontario.

### Equity Factor ETFs

**Vanguard Global Minimum Volatility ETF**  
**Vanguard Global Momentum Factor ETF**  
**Vanguard Global Value Factor ETF**

### Asset Allocation ETFs

**Vanguard Conservative Income ETF Portfolio**  
**Vanguard Conservative ETF Portfolio**  
**Vanguard Balanced ETF Portfolio**  
**Vanguard Growth ETF Portfolio**  
**Vanguard All-Equity ETF Portfolio**  
**Vanguard Retirement Income ETF Portfolio**

Vanguard Investments Canada Inc. (the “Manager”), a registered portfolio manager and investment fund manager, is the trustee, manager and portfolio manager of the Vanguard ETFs and is responsible for the administration of the Vanguard ETFs. See “Organization and Management Details of the Vanguard ETFs – Manager of the Vanguard ETFs” and “Organization and Management Details of the Vanguard ETFs – Portfolio Manager”. The Manager has retained The Vanguard Group, Inc. (the “Sub-advisor”) to act as sub-advisor to it in respect of the Vanguard ETFs. See “Organization and Management Details of the Vanguard ETFs – Sub-advisor”.

### **Investment Objectives**

The Vanguard Global Minimum Volatility ETF seeks to provide long-term capital appreciation with reduced volatility compared to the global equity market, by investing in equity securities from developed and emerging markets across the world.

The Vanguard Global Momentum Factor ETF seeks to provide long-term capital appreciation by aiming to capture potential excess return by investing in equity securities from developed markets across the world which have achieved strong recent performance.

The Vanguard Global Value Factor ETF seeks to provide long-term capital appreciation by aiming to capture potential excess return by investing in equity securities from developed markets across the world which have low prices relative to fundamentals.

The Vanguard Conservative Income ETF Portfolio seeks to provide a combination of income and some long-term capital growth by investing in equity and fixed income securities.

The Vanguard Conservative ETF Portfolio seeks to provide a combination of income and moderate long-term capital growth by investing in equity and fixed income securities.

The Vanguard Balanced ETF Portfolio seeks to provide long-term capital growth with a moderate level of income by investing in equity and fixed income securities.

The Vanguard Growth ETF Portfolio seeks to provide long-term capital growth by investing in equity and fixed income securities.

The Vanguard All-Equity ETF Portfolio seeks to provide long-term capital growth by investing primarily in equity securities.

The Vanguard Retirement Income ETF Portfolio seeks to provide a combination of consistent income with the possibility of some capital appreciation by investing in equity and fixed income securities.

### **Purchase and Listing of Units**

The Units of the Vanguard ETFs are listed on the TSX and offered on a continuous basis. Investors may incur customary brokerage commissions in buying or selling Units. All orders to purchase Units directly from a Vanguard ETF must be placed by Dealers (defined herein) or the Designated Broker (defined herein). See “Purchase of Units”.

### **Additional Consideration**

No person has been authorised by the Vanguard ETFs to give any information or make any representation concerning the Vanguard ETFs or in connection with the offering of Units other than those contained in this prospectus and, if given or made, such information or representation must not be relied on as having been given or made by the Vanguard ETFs.

The distribution of this prospectus and the offering of Units in certain jurisdictions may be restricted. Persons who receive this prospectus are required to inform themselves about, and to observe, any such restrictions. This prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation.

The distribution of this prospectus in certain jurisdictions may require that this prospectus is translated into the official language of those jurisdictions. Should any inconsistency arise between the translated version and the English version, the English version shall prevail.

The Units have not been and will not be registered under the *U.S. Securities Act of 1933*, as amended. Subject to certain exceptions, the Units may not be offered or sold in the U.S. or offered or sold to U.S. persons. The Vanguard ETFs have not been and will not be registered under the *U.S. Investment Company Act of 1940*, as amended. The Manager has not been registered under the *U.S. Investment Advisers Act of 1940*.

**No Dealer has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus.**

**For a discussion of the risks associated with an investment in Units of the Vanguard ETFs, see “Risk Factors”.**

In the opinion of counsel, provided that a Vanguard ETF qualifies as a mutual fund trust within the meaning of the *Income Tax Act* (Canada) (the “Tax Act”), or the Units of the Vanguard ETF are listed on a “designated stock exchange” within the meaning of the Tax Act (which currently includes the TSX) or is a registered investment under the Tax Act, such Units will be qualified investments for trusts governed by registered retirement savings plans,

registered retirement income funds, deferred profit sharing plans, registered disability savings plans, registered education savings plans and tax-free savings accounts. See “Income Tax Considerations”.

While each Vanguard ETF will be a mutual fund under the securities legislation of certain provinces and territories of Canada, the Manager, on behalf of the Vanguard ETFs, has obtained exemptive relief from certain provisions of Canadian securities legislation applicable to conventional mutual funds. See “Exemptions and Approvals”.

### **Documents Incorporated by Reference**

During the period in which the Vanguard ETFs are in continuous distribution, additional information will be available in the most recently filed comparative annual financial statements, any interim financial statements filed after the most recent comparative annual financial statements, the most recently filed annual management report of fund performance (“MRFP”), any interim MRFP filed after the annual MRFP of each Vanguard ETF and the most recently filed ETF Facts of each Vanguard ETF. These documents are or will be incorporated by reference into, and form an integral part of, this prospectus. See “Documents Incorporated by Reference”.

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## IMPORTANT TERMS

*Unless otherwise indicated, all references to dollar amounts in this prospectus are to Canadian dollars and all references to times in this prospectus are to Toronto time.*

**Accounting Agent** – State Street Fund Services Toronto Inc. or its successor.

**Accounting Services Agreement** – the accounting services agreement dated November 4, 2011 between the Manager and the Accounting Agent, as the same may be amended or restated from time to time.

**Basket of Securities** – in relation to a particular Vanguard ETF (or Underlying Fund) means, as applicable, equities, bonds or other securities as the Manager may determine in its discretion from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes.

**Canadian securities legislation** – the securities legislation in force in each province and territory of Canada, all regulations, rules, orders and policies made thereunder and all multilateral and national instruments adopted by the securities regulatory authorities, as the same may be amended, restated or replaced from time to time.

**CDS** – CDS Clearing and Depository Services Inc.

**CDS Participant** – a registered dealer or other financial institution that is a participant in CDS and that holds Units on behalf of beneficial owners of Units.

**Constituent Issuers** – means, for each Vanguard ETF, the issuers included in the portfolio of that Vanguard ETF from time to time.

**Constituent Securities** – means, for each Vanguard ETF (or Underlying Fund), the securities of the Constituent Issuers included in the portfolio of that Vanguard ETF from time to time.

**CRA** – the Canada Revenue Agency.

**Custodian** – State Street Trust Company Canada or its successor.

**Custodian Agreement** – the custodian agreement dated November 4, 2011 between the Manager, on behalf of the Vanguard ETFs, and the Custodian, as the same may be amended or restated from time to time.

**Cut-Off Time** – 4:00 p.m. (Toronto time) on the prior Trading Day for each of Vanguard Global Minimum Volatility ETF, Vanguard Global Momentum Factor ETF and Vanguard Global Value Factor ETF and 4:00 p.m. (Toronto time) on the Trading Day for the Vanguard Asset Allocation ETFs, or such later time as the Manager may agree to.

**Dealer** – a registered broker or dealer (that may or may not be a Designated Broker) that has entered, or will enter, into a continuous distribution dealer agreement with the Manager, on behalf of one or more Vanguard ETFs, and that subscribes for and purchases Units from such Vanguard ETFs as described under “Purchases of Units – Issuance of Units”.

**Declaration of Trust** – the master declaration of trust establishing the Vanguard ETFs dated November 4, 2011, as amended, as the same may be further amended or restated from time to time.

**Designated Broker** – a registered dealer that has entered, or will enter, into a designated broker agreement with the Manager, on behalf of one or more Vanguard ETFs, pursuant to which the Designated Broker agrees to perform certain duties in relation to those Vanguard ETFs.

**distribution payment date** – a date, which is no later than the tenth business day following the applicable distribution record date, on which a Vanguard ETF pays a distribution to its registered Unitholders.

***distribution record date*** – a date designated by the Manager as a record date for the determination of Unitholders of a Vanguard ETF entitled to receive a distribution.

***FTSE*** – FTSE International Limited, the index provider of the FTSE Developed All Cap Index and the FTSE Global All Cap Index.

***IRC*** – the Independent Review Committee of the Vanguard ETFs.

***Management Agreement*** – the management agreement dated November 4, 2011 between Vanguard Investments Canada Inc., as trustee of the Vanguard ETFs, and the Manager, as the same may be amended or restated from time to time.

***Manager*** – Vanguard Investments Canada Inc., a corporation established under the laws of Canada, or its successor.

***MRF*** – management report of fund performance as defined in NI 81-106.

***NAV*** and ***NAV per Unit*** – in relation to a particular Vanguard ETF, the net asset value of the Vanguard ETF and the net asset value per Unit, calculated by the Accounting Agent as described in “Calculation of Net Asset Value”.

***NI 81-102*** – National Instrument 81-102 – *Investment Funds*, as the same may be amended, restated or replaced from time to time.

***NI 81-106*** – National Instrument 81-106 – *Investment Fund Continuous Disclosure*, as the same may be amended, restated or replaced from time to time.

***NI 81-107*** – National Instrument 81-107 – *Independent Review Committee for Investment Funds*, as the same may be amended, restated or replaced from time to time.

***Plan Agent*** – State Street Trust Company Canada or its successor, as the plan agent under the Reinvestment Plan.

***Plan Participant*** – a Unitholder that participates in any Reinvestment Plan.

***Plan Units*** – additional Units acquired in the market by the Plan Agent under any Reinvestment Plan.

***Portfolio Manager*** – Vanguard Investments Canada Inc., a corporation established under the laws of Canada, or its successor.

***Prescribed Number of Units*** – in relation to a particular Vanguard ETF, the number of Units determined by the Manager from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes.

***Registered Plans*** – registered retirement savings plans, registered retirement income funds, registered education savings plans, tax-free savings accounts, deferred profit sharing plans and registered disability savings plans.

***Registrar and Transfer Agent*** – State Street Trust Company Canada or its successor.

***Reinvestment Plan*** – means any distribution reinvestment plan offered by the Manager for some or all of the Vanguard ETFs.

***Russell*** – Frank Russell Company, the index provider of the Russell 3000 Index.

***securities regulatory authorities*** – the securities commission or similar regulatory authority in each province and territory of Canada that is responsible for administering the Canadian securities legislation in force in such province or territory.

**Sub-advisor** – The Vanguard Group, Inc., a corporation established under the laws of the Commonwealth of Pennsylvania, or its successor.

**Sub-advisory Agreement** – the agreement dated November 4, 2011 between the Portfolio Manager and the Sub-advisor, as the same may be amended or restated from time to time.

**T+3 Securities** – securities, the trades in respect of which, customarily settle on the third business day after the date upon which pricing for the securities is determined.

**Tax Act** – the *Income Tax Act* (Canada) and the regulations issued thereunder, as the same may be amended, restated or replaced from time to time.

**Trading Day** – for each Vanguard ETF, unless otherwise agreed by the Manager, a day on which: (i) a session of which the primary listing exchange is held; and (ii) the primary markets or exchanges on which at least 75% of the securities held directly or indirectly by the Vanguard ETF by value are open for trading.

**TSX** – the Toronto Stock Exchange.

**Underlying Funds** – an exchange-traded fund managed by the Manager or an affiliate or certain other investment funds, and **Underlying Fund** means any one of them.

**Unit** – in relation to a particular Vanguard ETF, a redeemable, transferable unit of a Vanguard ETF, which represents an equal, undivided interest in a Vanguard ETF.

**Unitholder** – a beneficial holder of Units of a Vanguard ETF.

**U.S.** – the United States of America.

**Valuation Date** – each business day or any other day designated by the Manager on which the NAV and NAV per Unit of a Vanguard ETF is calculated.

**Valuation Time** – 4:00 p.m. (Toronto time) or such other time that the Manager deems appropriate on each Valuation Date.

**Vanguard Asset Allocation ETFs** – collectively, Vanguard Conservative Income ETF Portfolio, Vanguard Conservative ETF Portfolio, Vanguard Balanced ETF Portfolio, Vanguard Growth ETF Portfolio, Vanguard All-Equity ETF Portfolio and Vanguard Retirement Income ETF Portfolio.

**Vanguard ETFs** – collectively, Vanguard Global Minimum Volatility ETF, Vanguard Global Momentum Factor ETF, Vanguard Global Value Factor ETF, Vanguard Conservative Income ETF Portfolio, Vanguard Conservative ETF Portfolio, Vanguard Balanced ETF Portfolio, Vanguard Growth ETF Portfolio and Vanguard All-Equity ETF Portfolio, and Vanguard Retirement Income ETF Portfolio, each an investment trust established under the laws of Ontario pursuant to the Declaration of Trust.

## PROSPECTUS SUMMARY

*The following is a summary of the principal features of the Units of the Vanguard ETFs and should be read together with the more detailed information and statements contained elsewhere in this prospectus or incorporated by reference in this prospectus.*

**Issuers:**

**Equity Factor ETFs**

**Vanguard Global Minimum Volatility ETF**

**Vanguard Global Momentum Factor ETF**

**Vanguard Global Value Factor ETF**

**Asset Allocation ETFs**

**Vanguard Conservative Income ETF Portfolio**

**Vanguard Conservative ETF Portfolio**

**Vanguard Balanced ETF Portfolio**

**Vanguard Growth ETF Portfolio**

**Vanguard All-Equity ETF Portfolio**

**Vanguard Retirement Income ETF Portfolio**

Each Vanguard ETF is an exchange-traded mutual fund established as a trust under the laws of Ontario. Vanguard Investments Canada Inc. is the trustee, manager and portfolio manager of the Vanguard ETFs.

**Continuous Distribution:**

Units of the Vanguard ETFs are being offered on a continuous basis and there is no maximum number of Units that may be issued.

The Units of the Vanguard ETFs are currently listed on the TSX and offered on a continuous basis. Investors will incur customary brokerage commissions when buying or selling Units on the TSX. Dealers and Designated Brokers may purchase a Prescribed Number of Units from a Vanguard ETF at the Net Asset Value per Unit. See “Purchases of Units – Issuance of Units” and “Purchases of Units – Buying and Selling Units”.

The full legal name of each Vanguard ETF, as well as its ticker symbol, is set out below:

<b>Legal Name</b>	<b>Ticker Symbol</b>
Vanguard Global Minimum Volatility ETF	VVO
Vanguard Global Momentum Factor ETF	VMO
Vanguard Global Value Factor ETF	VVL
Vanguard Conservative Income ETF Portfolio	VCIP
Vanguard Conservative ETF Portfolio	VCNS
Vanguard Balanced ETF Portfolio	VBAL
Vanguard Growth ETF Portfolio	VGRO
Vanguard All-Equity ETF Portfolio	VEQT
Vanguard Retirement Income ETF Portfolio	VRIF

**Investment Objectives:**

<b>Vanguard ETF</b>	<b>Investment Objectives</b>
<b>Vanguard Global Minimum Volatility ETF</b>	The Vanguard Global Minimum Volatility ETF seeks to provide long-term capital appreciation with reduced volatility compared to the global equity market, by investing in equity securities from developed and emerging

	markets across the world.
<b>Vanguard Global Momentum Factor ETF</b>	The Vanguard Global Momentum Factor ETF seeks to provide long-term capital appreciation by aiming to capture potential excess return by investing in equity securities from developed markets across the world which have achieved strong recent performance.
<b>Vanguard Global Value Factor ETF</b>	The Vanguard Global Value Factor ETF seeks to provide long-term capital appreciation by aiming to capture potential excess return by investing in equity securities from developed markets across the world which have low prices relative to fundamentals.
<b>Vanguard Conservative Income ETF Portfolio</b>	The Vanguard Conservative Income ETF Portfolio seeks to provide a combination of income and some long-term capital growth by investing in equity and fixed income securities.
<b>Vanguard Conservative ETF Portfolio</b>	The Vanguard Conservative ETF Portfolio seeks to provide a combination of income and moderate long-term capital growth by investing in equity and fixed income securities.
<b>Vanguard Balanced ETF Portfolio</b>	The Vanguard Balanced ETF Portfolio seeks to provide long-term capital growth with a moderate level of income by investing in equity and fixed income securities.
<b>Vanguard Growth ETF Portfolio</b>	The Vanguard Growth ETF Portfolio seeks to provide long-term capital growth by investing in equity and fixed income securities.
<b>Vanguard All-Equity ETF Portfolio</b>	The Vanguard All-Equity ETF Portfolio seeks to provide long-term capital growth by investing primarily in equity securities.
<b>Vanguard Retirement Income ETF Portfolio</b>	The Vanguard Retirement Income ETF Portfolio seeks to provide a combination of consistent income with the possibility of some capital appreciation by investing in equity and fixed income securities.

See “Investment Objectives”.

**Investment Strategies:**

The investment strategy of each Vanguard ETF is to invest in and hold a portfolio of securities selected by the Manager in order to achieve its investment objective. The Vanguard ETFs are not index mutual funds and are managed at the discretion of the Manager in accordance with their investment objectives and investment strategies.

The Vanguard Asset Allocation ETFs invest in exchange-traded funds (“ETFs”) managed by the Manager, sponsored by The Vanguard Group, Inc. (the “Sub-advisor”) or certain other investment funds (collectively, “Underlying Funds”) and are managed through strategic asset allocation to underlying index ETFs and are not actively managed with respect to individual security selection.

Vanguard ETF	Investment Strategies
<p><b>Vanguard Global Minimum Volatility ETF</b></p>	<p>The Vanguard Global Minimum Volatility ETF seeks to achieve its investment objective by investing primarily in equity securities.</p> <p>In seeking to achieve the Vanguard ETF's investment objective, the Manager uses a proprietary quantitative model to evaluate an investment universe comprised of large, mid and small cap stocks from across the world, including emerging markets, and includes a diverse representation of companies, market sectors and industry groups. This investment universe currently consists of equity securities included in the FTSE Global All Cap Index (the "Investment Universe"). The FTSE Global All Cap Index is a market-capitalization weighted index representing the performance of large, mid and small cap stocks from across the world, including emerging markets, and includes a diverse representation of companies, market sectors and industry groups.</p> <p>The Manager's quantitative model evaluates the securities in the Investment Universe by reference to characteristics designed to measure their exposure to a variety of factors that drive a security's volatility such as industry sector, liquidity, size, value and growth. The model also assesses the interaction between these factors and their impact on the overall volatility of the portfolio. The model accordingly seeks to reduce stock, sector, country and other concentration risks without constraining the ability to reduce overall volatility in the portfolio.</p> <p>Although the Vanguard ETF's investments are selected based on the output of the Manager's quantitative model, subjective analysis of the model's output is also a feature of the strategy and the portfolio is constructed with the aim of achieving lower volatility relative to the global equity market, subject to a set of controls (in relation to country, industry, group, sector and individual security concentrations) that are designed to foster portfolio diversification and liquidity, while taking into account considerations in relation to liquidity, portfolio turnover and transaction costs. The portfolio asset allocation will be reconstituted and rebalanced from time to time.</p> <p>The Vanguard ETF will generally seek to hedge most of its currency exposure, incurred through investing in global stocks, back to the Canadian dollar. The Manager believes that, over the long term, this process can further reduce the overall volatility of the portfolio. However, not all currency risk will be hedged, so the Vanguard ETF will have some level of currency risk.</p>

**Vanguard Global Momentum Factor ETF**

The Vanguard Global Momentum Factor ETF seeks to achieve its investment objective by investing primarily in equity securities.

In seeking to achieve the Vanguard ETF's investment objective, the Manager uses a proprietary quantitative model to evaluate an investment universe comprised of large, mid and small cap equity securities from developed markets across the world, which includes a diverse representation of companies, market sectors and industry groups. This investment universe currently consists of equity securities included in the FTSE Developed All Cap Index and the Russell 3000 Index (the "Investment Universe"). The FTSE Developed All Cap Index is a market-capitalization weighted index representing the performance of large, mid and small cap stocks from developed markets across the world, and includes a diverse representation of companies, market sectors and industry groups. The Russell 3000 Index is a market-capitalization weighted index representing the performance of large, mid and small cap stocks from the U.S., and includes a diverse representation of companies, market sectors and industry groups.

The Manager's quantitative model implements a rules-based active approach that aims to assess the factor exposures of securities, favoring equity securities which, when compared to other securities in the Investment Universe, have relatively strong recent past performance. Past performance will be assessed in terms of both non risk-adjusted and risk adjusted return, over the shorter (approximately 6-months) and intermediate (approximately 12-months) periods prior to the acquisition of the securities by the Vanguard ETF. This measure (the "Momentum Factor") has been shown to be a component of long-run stock market returns. The term "factor" is used to describe characteristics of securities that assist in explaining the relationship between their expected returns and risk.

The Manager's quantitative model groups the securities in the Investment Universe by region and then ranks each security by reference to characteristics designed to measure their exposure to the Momentum Factor. The portfolio's stock selection methodology places emphasis on the highest ranked securities, based upon their factor score within the Investment Universe. The weighting of each security within the portfolio is then determined by reference to the size of its factor score relative to the scores achieved by the other securities chosen for inclusion in the portfolio.

Although the Vanguard ETF's investments are selected based on the output of the Manager's quantitative model,

	<p>subjective analysis of the model’s output is also a feature of the strategy and the portfolio is constructed so as to maximize exposure to the Momentum Factor, while taking into account considerations in relation to liquidity, portfolio turnover and transaction costs. The Manager’s strategy may result in the Vanguard ETF having a greater exposure to smaller capitalization securities than a broad based global market capitalization weighted portfolio. The portfolio asset allocation will be reconstituted and rebalanced from time to time.</p> <p>It is not intended to hedge against currency risk arising at the portfolio level.</p>
<p><b>Vanguard Global Value Factor ETF</b></p>	<p>The Vanguard Global Value Factor ETF seeks to achieve its investment objective by investing primarily in equity securities.</p> <p>In seeking to achieve the Vanguard ETF’s investment objective, the Manager uses a proprietary quantitative model to evaluate an investment universe comprised of large, mid and small cap equity securities from developed markets across the world, which includes a diverse representation of companies, market sectors and industry groups. This investment universe currently consists of equity securities included in the FTSE Developed All Cap Index and the Russell 3000 Index (the “Investment Universe”). The FTSE Developed All Cap Index is a market-capitalization weighted index representing the performance of large, mid and small cap stocks from developed markets across the world, and includes a diverse representation of companies, market sectors and industry groups. The Russell 3000 Index is a market-capitalization weighted index representing the performance of large, mid and small cap stocks from the U.S., and includes a diverse representation of companies, market sectors and industry groups.</p> <p>The Manager’s quantitative model implements a rules-based active approach that aims to assess the factor exposures of securities, favoring equity securities which, when compared to other securities in the Investment Universe, have lower prices relative to their fundamental measures of value (which measures may include price-to-book, price-to-earnings and price-to-cash flow ratios). This measure (the “Value Factor”) has been shown to be a component of long-run stock market returns. The term “factor” is used to describe characteristics of securities that assist in explaining the relationship between their expected returns and risk.</p> <p>The Manager’s quantitative model groups the securities by</p>

	<p>region and then ranks each security by reference to characteristics designed to measure their exposure to the Value Factor. The portfolio's stock selection methodology places emphasis on the highest ranked securities, based upon their factor score within the Investment Universe. The weighting of each security within the portfolio is determined by reference to the size of its factor score relative to the scores achieved by the other securities chosen for inclusion in the portfolio.</p> <p>Although the Vanguard ETF's investments are selected based on the output of the Manager's quantitative model, subjective analysis of the model's output is also a feature of the strategy and the portfolio is constructed so as to maximize exposure to the Value Factor, while taking into account considerations in relation to liquidity, portfolio turnover and transaction costs. The Manager's strategy may result in the Vanguard ETF having a greater exposure to smaller capitalization securities than a broad based global market capitalization weighted portfolio. The portfolio asset allocation will be reconstituted and rebalanced from time to time.</p> <p>It is not intended to hedge against currency risk arising at the portfolio level.</p>
<p><b>Vanguard Conservative Income ETF Portfolio</b></p>	<p>The Vanguard Conservative Income ETF Portfolio seeks to achieve its investment objective by primarily investing in equity and fixed-income securities. The Vanguard ETF may do so either directly or indirectly through investment in one or more Underlying Funds.</p> <p>In seeking to achieve the Vanguard ETF's investment objective (under normal market conditions), the Sub-advisor will strive to maintain a long-term strategic asset allocation of equity (approximately 20%) and fixed income (approximately 80%) securities. The portfolio asset mix may be reconstituted and rebalanced from time to time at the discretion of the Sub-advisor.</p> <p>The portfolios of the Underlying Funds are expected to consist of index funds that provide exposure to broad based equity and fixed income markets.</p>
<p><b>Vanguard Conservative ETF Portfolio</b></p>	<p>The Vanguard Conservative ETF Portfolio seeks to achieve its investment objective by primarily investing in equity and fixed-income securities. The Vanguard ETF may do so either directly or indirectly through investment in one or more Underlying Funds.</p> <p>In seeking to achieve the Vanguard ETF's investment objective (under normal market conditions), the Sub-</p>

	<p>advisor will strive to maintain a long-term strategic asset allocation of equity (approximately 40%) and fixed income (approximately 60%) securities. The portfolio asset mix may be reconstituted and rebalanced from time to time at the discretion of the Sub-advisor.</p> <p>The portfolios of the Underlying Funds are expected to consist of index funds that provide exposure to broad based equity and fixed income markets.</p>
<b>Vanguard Balanced ETF Portfolio</b>	<p>The Vanguard Balanced ETF Portfolio seeks to achieve its investment objective by primarily investing in equity and fixed-income securities. The Vanguard ETF may do so either directly or indirectly through investment in one or more Underlying Funds.</p> <p>In seeking to achieve the Vanguard ETF's investment objective (under normal market conditions), the Sub-advisor will strive to maintain a long-term strategic asset allocation of equity (approximately 60%) and fixed income (approximately 40%) securities. The portfolio asset mix may be reconstituted and rebalanced from time to time at the discretion of the Sub-advisor.</p> <p>The portfolios of the Underlying Funds are expected to be index funds that provide exposure to broad based equity and fixed income markets.</p>
<b>Vanguard Growth ETF Portfolio</b>	<p>The Vanguard Growth ETF Portfolio seeks to achieve its investment objective by primarily investing in equity and fixed-income securities. The Vanguard ETF may do so either directly or indirectly through investment in one or more Underlying Funds.</p> <p>In seeking to achieve the Vanguard ETF's investment objective (under normal market conditions), the Sub-advisor will strive to maintain a long-term strategic asset allocation of equity (approximately 80%) and fixed income (approximately 20%) securities. The portfolio asset mix may be reconstituted and rebalanced from time to time at the discretion of the Sub-advisor.</p> <p>The portfolios of the Underlying Funds are expected to be index funds that provide exposure to broad based equity and fixed income markets.</p>
<b>Vanguard All-Equity ETF Portfolio</b>	<p>The Vanguard All-Equity ETF Portfolio seeks to achieve its investment objective by primarily investing in equity securities. The Vanguard ETF may do so either directly or indirectly through investment in one or more Underlying Funds.</p>

	<p>In seeking to achieve the Vanguard ETF's investment objective (under normal market conditions), the Sub-advisor will strive to maintain a long-term strategic asset allocation of 100% equity securities. The portfolio asset mix may be reconstituted and rebalanced from time to time at the discretion of the Sub-advisor.</p> <p>The portfolios of the Underlying Funds are expected to consist of index funds that provide exposure to broad based equity markets.</p>
<p><b>Vanguard Retirement Income ETF Portfolio</b></p>	<p>The Vanguard Retirement Income ETF Portfolio seeks to achieve its investment objective by primarily investing in equity and fixed-income securities. The Vanguard ETF may do so either directly or indirectly through investment in one or more Underlying Funds.</p> <p>In seeking to achieve the Vanguard ETF's investment objective, the Sub-advisor will make asset allocation decisions based on the attractiveness of the underlying asset classes and their ability to provide consistent returns. Considerations may include, but are not limited to, economic and market conditions, total return characteristics and risk profiles. The portfolio asset allocation will be reconstituted and rebalanced from time to time. The monthly distribution is reviewed periodically.</p> <p>The portfolios of the Underlying Funds are expected to consist of index funds that provide exposure to broad based equity and fixed income markets.</p>

Any investment by the Vanguard ETF in Underlying Funds will be in accordance with Canadian securities legislation, including National Instrument 81-102 – *Investment Funds* (“NI 81-102”). If a Vanguard ETF holds securities of one or more other ETFs managed by the Manager or the Sub-advisor, the management fee of each Underlying Fund is indirectly paid by the Vanguard ETF in addition to the management fee payable by the Vanguard ETF directly to the Manager. If the management fee payable by the Vanguard ETF would duplicate a fee payable by the Underlying Fund for the same service, the management fee payable by the Vanguard ETF will be reduced to the extent of such duplication. Accordingly, there shall be no duplication of management fees chargeable in connection with the Vanguard ETF and its investment in Underlying Funds.

Similarly, if a Vanguard ETF holds securities of one or more Underlying Funds, the expenses incurred by each Underlying Fund in connection with its operations are indirectly paid by the Vanguard ETF in addition to those operating expenses incurred directly by the Vanguard ETF.

See “Investment Strategies”.

## Use of Derivative Instruments

Each of the Vanguard ETFs may invest in or use derivative instruments, including options, swaps, futures contracts and forward contracts, from time to time for hedging or non-hedging purposes provided that the use of such derivative instruments is in compliance with NI 81-102 and is consistent with the investment objective and strategy of the Vanguard ETF. See “Investment Strategies – Use of Derivative Instruments”.

See “Investment Strategies”.

### Special Considerations for Purchasers:

The so-called “early warning” reporting requirements in Canadian securities legislation do not apply in connection with the acquisition of Units of the Vanguard ETFs. The Vanguard ETFs have obtained exemptive relief to permit Unitholders to acquire more than 20% of the Units of any Vanguard ETF through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation, provided that any such Unitholder, and any person acting jointly or in concert with the Unitholder, provides the Manager with an undertaking not to exercise any votes attached to Units that represent more than 20% of the votes attached to all outstanding Units of the Vanguard ETF at any meeting of Unitholders.

Each Vanguard ETF that invests a portion of its portfolio assets in T+3 Securities has obtained exemptive relief from the securities regulatory authorities to permit such Vanguard ETF to settle primary market trades in Units of the Vanguard ETF no later than the third business day after the date upon which pricing for the Units is determined. This settlement cycle differs from the standard settlement cycle for secondary market trades in the Units of the Vanguard ETF, which customarily occurs no later than the second business day after the date upon which pricing for the Units is determined.

See “Purchases of Units – Special Considerations for Unitholders”.

### Risk Factors:

There are certain general risk factors inherent in an investment in the Vanguard ETFs, including:

- (i) the general risks of investments;
- (ii) risk that Units may trade at a premium or a discount to the NAV per Unit;
- (iii) fluctuations in the NAV and NAV per Unit of the Vanguard ETFs;
- (iv) possibility that the Vanguard ETFs will be unable to acquire or dispose of illiquid securities;
- (v) risks associated with an investment in equity securities;
- (vi) risks associated with the use of derivative instruments;
- (vii) counterparty risks associated with securities lending;
- (viii) risks associated with borrowing to fund distributions payable to Unitholders;

- (ix) risks associated with a significant proportion of securities of the Vanguard ETFs being valued in foreign currencies;
- (x) changes in law, including tax law;
- (xi) risks relating to the taxation of the Vanguard ETFs and Unitholders;
- (xii) risk that investments of the Vanguard ETFs may be affected by global economic factors;
- (xiii) the trading of Units on the TSX may be halted in certain circumstances; and
- (xiv) the risks associated with the increased use of technology in the course of business.

See “Risk Factors – General Risks Relating to an Investment in the Vanguard ETFs”.

In addition to the general risk factors, the following additional risk factors are inherent in an investment in the Vanguard ETF indicated in the table below.

<b>Vanguard ETF</b>	<b>Additional Risks</b>
Vanguard Global Minimum Volatility ETF	Absence of an Active Market for the Units, Concentration Risk, Currency Hedging Risk, Emerging Markets Risk, Low Volatility Risk and Rules-Based Strategy Risk
Vanguard Global Momentum Factor ETF	Absence of an Active Market for the Units, Concentration Risk and Rules-Based Strategy Risk
Vanguard Global Value Factor ETF	Absence of an Active Market for the Units, Concentration Risk and Rules-Based Strategy Risk
Vanguard Conservative Income ETF Portfolio	Absence of an Active Market for the Units, Asset Allocation Risk, Call Risk, Credit Risk, Interest Rate Risk, Rebalancing and Subscription Risk and Underlying Fund Risk
Vanguard Conservative ETF Portfolio	Absence of an Active Market for the Units, Asset Allocation Risk, Call Risk, Credit Risk, Interest Rate Risk, Rebalancing and Subscription Risk and Underlying Fund Risk
Vanguard Balanced ETF Portfolio	Absence of an Active Market for the Units, Asset Allocation Risk, Call Risk, Credit Risk, Interest Rate Risk, Rebalancing and Subscription Risk and Underlying Fund Risk
Vanguard Growth ETF Portfolio	Absence of an Active Market for the Units, Asset Allocation Risk, Call Risk, Credit Risk, Interest Rate Risk,

	Rebalancing and Subscription Risk and Underlying Fund Risk
Vanguard All-Equity ETF Portfolio	Absence of an Active Market for the Units, Asset Allocation Risk, Call Risk, Rebalancing and Subscription Risk and Underlying Fund Risk
Vanguard Retirement Income ETF Portfolio	Absence of an Active Market for the Units, Asset Allocation Risk, Call Risk, Credit Risk, Interest Rate Risk, Payout Risk, Rebalancing and Subscription Risk, Rules-Based Strategy Risk and Underlying Fund Risk

See “Risk Factors – Additional Risks Relating to an Investment in the Vanguard ETFs”.

**Income Tax Considerations:**

This summary of Canadian tax considerations for the Vanguard ETFs and for Canadian resident Unitholders is subject in its entirety to the qualifications, limitations and assumptions set out in “Income Tax Considerations”. Prospective investors should consult their own tax advisors about their individual circumstances.

The Declaration of Trust governing each of the Vanguard ETFs requires that the Vanguard ETF distribute its net income and net realized capital gains, if any, for each taxation year to Unitholders to such an extent that the Vanguard ETF will not be liable in any taxation year for ordinary income tax.

A Unitholder who is resident in Canada and who holds Units as capital property (all within the meaning of the Tax Act) will generally be required to include in the Unitholder’s income for tax purposes for any year the amount of net income and net taxable capital gains of the Vanguard ETF paid or payable to the Unitholder in the year and deducted by the Vanguard ETF in computing its income, regardless of whether the amount distributed was paid or payable in cash or was reinvested in additional Units. Any non-taxable distributions from a Vanguard ETF (other than the non-taxable portion of any net realized capital gains of a Vanguard ETF) paid or payable to a Unitholder in a taxation year will reduce the adjusted cost base of the Unitholder’s Units of that Vanguard ETF. To the extent that a Unitholder’s adjusted cost base would otherwise be a negative amount, the negative amount will be deemed to be a capital gain realized by the Unitholder and the adjusted cost base of the Unit to the Unitholder will be nil immediately thereafter. Any loss of a Vanguard ETF cannot be allocated to, and cannot be treated as a loss of, the Unitholders of that Vanguard ETF. Upon the actual or deemed disposition of a Unit held by the Unitholder as capital property, including the exchange or redemption of a Unit, a capital gain (or a capital loss) will generally be realized by the Unitholder to the extent that the proceeds of disposition of the Unit exceed (or are less than) the aggregate of the adjusted cost base to the Unitholder of the Unit and any reasonable costs of disposition.

See “Income Tax Considerations”.

**Exchanges and Redemptions:**

In addition to the ability to sell Units on the TSX, Unitholders may redeem Units in any number for cash for a redemption price equal to the lesser of (i) 95% of the closing price on the TSX for the Units on the effective day of redemption and (ii) the net asset value per Unit on the effective day of the redemption or may exchange or redeem a Prescribed Number of Units (or a whole multiple thereof) for Baskets of Securities and cash or, in

certain circumstances, for cash.

See “Exchange and Redemption of Units”.

**Distributions:**

Cash distributions will be paid on a monthly, quarterly or annual basis, depending upon the particular Vanguard ETF. Cash distributions consist primarily of income but may, at the Manager’s discretion, include capital gains and/or return of capital. Each Vanguard ETF distributes a sufficient amount of net income and net realized capital gains to Unitholders for each taxation year so that the Vanguard ETF will not be liable for ordinary income tax. To the extent that a Vanguard ETF has not otherwise distributed a sufficient amount of its net income or net realized capital gains, a distribution will be paid to Unitholders at the end of the year and that distribution will be automatically reinvested in additional Units. Immediately following such reinvestment, the number of Units outstanding will be consolidated so that the NAV per Unit following the distribution and reinvestment is the same as it would have been if the distribution had not been paid. The tax treatment to Unitholders of distributions is discussed under the heading “Income Tax Considerations – Taxation of Unitholders (other than Registered Plans)”.

See “Distribution Policy”.

**Distribution  
Reinvestment:**

The Manager has implemented a Reinvestment Plan under which cash distributions are used to acquire Plan Units and are credited to the account of the Plan Participant through CDS. A Unitholder may elect to participate in the Reinvestment Plan by contacting the CDS Participant through which the Unitholder holds his, her or its Units.

See “Distribution Policy – Reinvestment Plan”.

**Termination:**

The Vanguard ETFs do not have a fixed termination date but may be terminated by the Manager upon not less than 60 days’ prior written notice to Unitholders.

See “Termination of the Vanguard ETFs”.

**Documents  
Incorporated by  
Reference:**

Additional information is available in the most recently filed annual financial statements, if any, any interim financial statements filed after the most recent annual financial statements, the most recently filed annual MRFP, any interim MRFP filed after the annual MRFP and any ETF Facts for each Vanguard ETF. These documents are incorporated by reference into, and legally form an integral part of, this prospectus. These documents are publicly available on the Manager’s website at [www.vanguardcanada.ca](http://www.vanguardcanada.ca) and may be obtained upon request, at no cost, by calling 1-877-410-7275 or by contacting a registered dealer. These documents and other information about the Vanguard ETFs are also publicly available at [www.sedar.com](http://www.sedar.com).

See “Documents Incorporated by Reference”.

**Eligibility for  
Investment:**

Provided that the Units of a Vanguard ETF are and continue to be listed on a “designated stock exchange” within the meaning of the Tax Act, including the TSX, or that the Vanguard ETF qualifies and continues to qualify as a mutual fund trust under the Tax Act or is a registered investment under the Tax Act, the Units of the Vanguard ETF will be qualified investments under the Tax Act for Registered Plans. Holders of tax-free savings accounts and registered disability savings plans, subscribers of registered education saving plans, and annuitants of registered retirement savings plans and

registered retirement income funds should consult with their own tax advisors for advice on whether Units of a Vanguard ETF would be a “prohibited investment” under the Tax Act for such accounts or plans in their particular circumstances. See “Income Tax Considerations – Status of the Vanguard ETFs”.

See “Eligibility for Investment”.

#### **ORGANIZATION AND MANAGEMENT OF THE VANGUARD ETFS**

**Manager:**

Vanguard Investments Canada Inc. is the manager of the Vanguard ETFs and is responsible for the administration and operations of the Vanguard ETFs. The Manager is a wholly-owned indirect subsidiary of The Vanguard Group, Inc., which is a registered investment advisor in the U.S. with offices based in Valley Forge, Pennsylvania. The Vanguard Group, Inc. is wholly-owned by the U.S. registered investment companies that are part of the Vanguard family of mutual funds. The head office of the Vanguard ETFs and the Manager is located at 22 Adelaide Street West, Suite 2500, Toronto, Ontario M5H 4E3.

See “Organization and Management Details of the Vanguard ETFs – Manager of the Vanguard ETFs”.

**Trustee:**

Vanguard Investments Canada Inc. is the trustee of each Vanguard ETF pursuant to the Declaration of Trust and holds title to the assets of each Vanguard ETF in trust for the Unitholders.

See “Organization and Management Details of the Vanguard ETFs – Trustee”.

**Portfolio Manager:**

Vanguard Investments Canada Inc. acts as the portfolio manager to the Vanguard ETFs. The Portfolio Manager provides, or causes to be provided, investment management services with respect to the Vanguard ETFs. The Portfolio Manager has the authority to appoint sub-advisors to provide investment management services in respect of the Vanguard ETFs. The Portfolio Manager is responsible for the investment advice provided by the sub-advisor.

See “Organization and Management Details of the Vanguard ETFs – Portfolio Manager”.

**Sub-advisor:**

The Vanguard Group, Inc., the indirect parent of the Manager, acts as sub-advisor to the Vanguard ETFs. The Sub-advisor manages the investment portfolios of the Vanguard ETFs, provides analysis and makes investment decisions. The Sub-advisor is a registered investment advisor in the U.S. with offices based in Valley Forge, Pennsylvania. As the Sub-advisor is located outside of Canada, it may be difficult to enforce legal rights against it.

See “Organization and Management Details of the Vanguard ETFs – Sub-advisor”.

**Promoter:**

Vanguard Investments Canada Inc. has taken the initiative in founding and organizing the Vanguard ETFs and is, accordingly, the promoter of the Vanguard ETFs within the meaning of securities legislation of certain provinces and territories of Canada.

See “Organization and Management Details of the Vanguard ETFs – Promoter”.

**Custodian:** State Street Trust Company Canada, at its principal offices in Toronto, Ontario, is the Custodian of the assets of the Vanguard ETFs and holds those assets in safekeeping. The Custodian is entitled to receive fees from the Manager as described under “Fees and Expenses” and to be reimbursed for all expenses and liabilities that are properly incurred by the Custodian in connection with the activities of the Vanguard ETFs.

See “Organization and Management Details of the Vanguard ETFs – Custodian”.

**Registrar and Transfer Agent:** State Street Trust Company Canada, at its principal office in Toronto, Ontario, is the Registrar and Transfer Agent for the Units of the Vanguard ETFs and maintains the register of registered Unitholders. The register of the Vanguard ETFs is kept in Toronto. The Registrar and Transfer Agent is also responsible for certain aspects of the day-to-day administration of the Vanguard ETFs.

See “Organization and Management Details of the Vanguard ETFs – Transfer Agent and Registrar”.

**Auditor:** PricewaterhouseCoopers LLP, Chartered Professional Accountants, at its principal offices in Toronto, Ontario, is the auditor of the Vanguard ETFs. The auditor performs an audit of each of the Vanguard ETF’s annual financial statements and provides an opinion as to whether they present fairly the Vanguard ETF’s financial position, results and changes in net assets. The auditor is independent of the Manager.

See “Organization and Management Details of the Vanguard ETFs – Auditor”.

**Accounting Agent:** State Street Fund Services Toronto Inc., at its principal offices in Toronto, Ontario, is the Accounting Agent. The Accounting Agent is responsible for certain aspects of the day-to-day administration of the Vanguard ETFs, including NAV calculations, accounting for net income and net realized capital gains of the Vanguard ETFs and maintaining the books and records of the Vanguard ETFs.

See “Organization and Management Details of the Vanguard ETFs – Accounting Agent”.

## SUMMARY OF FEES AND EXPENSES

This table lists the fees and expenses payable in connection with an investment in the Vanguard ETFs. An investor may have to pay some of these fees and expenses directly. The Vanguard ETFs may pay some of these fees and expenses, which will therefore reduce the value of an investment in the Vanguard ETFs. See “Fees and Expenses”.

### Fees and Expenses Payable by the Vanguard ETFs

**Type of Fee**

**Amount and Description**

**Management Fee:**

Each Vanguard ETF pays a management fee, plus applicable taxes, to the Manager based on the annual rate set forth in the table below and the NAV of the Vanguard ETF. This management fee is calculated and accrued daily and is paid monthly. This management fee covers, at least in part, the Manager’s costs associated with acting as the trustee and the manager of the applicable Vanguard ETF, the fee payable to the Sub-advisor for its portfolio management services and the other fees and expenses described below that are payable by the Manager in connection with the Vanguard ETFs. See “Fees and Expenses – Fees and Expenses Payable by the Vanguard ETFs – Management Fee”.

Vanguard ETFs	Management Fee (annual rate)
Vanguard Global Minimum Volatility ETF	0.35% of NAV
Vanguard Global Momentum Factor ETF	0.35% of NAV
Vanguard Global Value Factor ETF	0.35% of NAV
Vanguard Conservative Income ETF Portfolio	0.22% of NAV <sup>(1)</sup>
Vanguard Conservative ETF Portfolio	0.22% of NAV <sup>(1)</sup>
Vanguard Balanced ETF Portfolio	0.22% of NAV <sup>(1)</sup>
Vanguard Growth ETF Portfolio	0.22% of NAV <sup>(1)</sup>
Vanguard All-Equity ETF Portfolio	0.22% of NAV <sup>(1)</sup>
Vanguard Retirement Income ETF Portfolio	0.29% of NAV <sup>(1)</sup>

**Note:**

(1) This Vanguard ETF may invest in one or more Underlying Funds. If this Vanguard ETF holds securities of one or more Underlying Funds, the management fee of each Underlying Fund (the “Underlying Fund Management Fee”) is indirectly paid by the Vanguard ETF in addition to the management fee payable by the Vanguard ETF directly to the Manager. To ensure that there is no duplication of management fees chargeable in connection with the Vanguard ETF and its investment in the Underlying Funds managed by the Manager or an affiliate of the Manager, as the case may be, the management fee payable by the Vanguard ETF to the Manager set out above is reduced by the aggregate of the Underlying Fund Management Fee payable by the Underlying Fund to the Manager or an affiliate of the Manager, as the case may be, in connection with the applicable holdings of the Vanguard ETF. As at the date of this Prospectus, the Underlying Fund Management Fee payable by the Underlying Funds managed by the Manager, or an affiliate of the Manager, as applicable, is not higher than the management fee of the Vanguard ETF set out in the above table.

Other than the management fee and operating expenses (described below) payable by the Vanguard ETFs, as described above, the Manager is responsible for all of the other costs and expenses of the Vanguard ETFs. These costs and expenses include, but are not limited to, the fees payable to the Custodian, the Registrar and Transfer Agent, the Accounting Agent, the Sub-advisor, the auditor and other service providers retained by the Manager as described under “Organization and Management Details of the Vanguard ETFs – Manager of the Vanguard ETFs – Duties and Services to be Provided by the Manager” and any expenses that the Manager may voluntarily reimburse to the Vanguard ETFs.

**Other Expenses:**

The only expenses payable by each Vanguard ETF are the applicable management fee, fees and expenses relating to the implementation and on-going operation of the IRC, brokerage expenses and commissions, the fees under any derivative instrument used by the Vanguard ETF, the cost of complying with new governmental or regulatory requirements introduced after the Vanguard ETFs were established, extraordinary expenses, any sales taxes on those expenses and any income, withholding or other taxes.

The Manager may decide, in its discretion, to pay for some of these operating expenses otherwise payable by a Vanguard ETF, rather than having the Vanguard ETF incur such operating expenses. The Manager has agreed to reimburse the Vanguard ETFs for the ongoing operating expenses of the IRC however the Manager, may, in its discretion, discontinue this practice at any time.

**Fund of Fund Investments:**

If a Vanguard ETF holds securities of one or more Underlying Fund, the management fee of each Underlying Fund is indirectly paid by the Vanguard ETF in addition to the management fee payable by the Vanguard ETF directly to the Manager. If the management fee payable by the Vanguard ETF would duplicate a fee payable by the Underlying Fund for the same service, the management fee payable by the Vanguard ETF will be reduced to the extent of such duplication. Accordingly, there shall be no duplication of management fees chargeable in connection with the Vanguard ETF and its investment in the Underlying Funds.

Similarly, if a Vanguard ETF holds securities of one or more Underlying Funds, the expenses incurred by each Underlying Fund in connection with its operations are indirectly paid by the Vanguard ETF in addition to those operating expenses incurred directly by the Vanguard ETF. Where a Vanguard ETF holds securities of one or more Underlying Funds, the management expense ratio of the Vanguard ETF will include the expenses of such underlying investment(s).

**Fees and Expenses Payable Directly by Unitholders****Type of Fee****Amount and Description****Administrative Fee:**

Unitholders who buy and sell their Units through the facilities of the TSX (or other exchange on which the Vanguard ETFs are traded) do not pay a fee directly to the Manager or the Vanguard ETF in respect of those purchases and sales.

If stated in the applicable designated broker agreement or dealer agreement, the Manager or a Vanguard ETF may charge the Designated Broker and/or Dealers an administrative fee to offset certain transaction costs associated with an issue, exchange or redemption of Units of the Vanguard ETF to or by such Designated Broker and/or Dealer. See “Fees and Expenses – Fees and Expenses Payable Directly by Unitholders – Administrative Fee”, “Purchase of Units” and “Exchange and Redemption of Units”.

### Annual Returns, Management Expense Ratio and Trading Expense Ratio

The following chart provides the annual returns, the management expense ratios (“MER”) and trading expense ratios (“TER”) for each Vanguard ETF from the date of its inception to March 31, 2020. Information is not yet available for the Vanguard Retirement Income ETF Portfolio.

	2019 <sup>(8)</sup>	2018 <sup>(6)</sup>	2017 <sup>(4)</sup>	2016 <sup>(1)</sup>
<b><u>Vanguard Global Minimum Volatility ETF</u></b>				
Annual Returns	-11.88%	8.38%	8.22%	11.52% <sup>(2)</sup>
MER	0.40%	0.40%	0.42%	0.40% <sup>(3)</sup>
TER	0.06%	0.06%	0.04%	0.05% <sup>(3)</sup>
<b><u>Vanguard Global Momentum Factor ETF</u></b>				
Annual Returns	-8.28%	1.88%	16.68%	14.77% <sup>(2)</sup>
MER	0.38%	0.40%	0.40%	0.40% <sup>(3)</sup>
TER	0.06%	0.06%	0.09%	0.14% <sup>(3)</sup>
<b><u>Vanguard Global Value Factor ETF</u></b>				
Annual Returns	-29.14%	-3.25%	9.88%	27.69% <sup>(2)</sup>
MER	0.37%	0.40%	0.40%	0.40% <sup>(3)</sup>
TER	0.04%	0.05%	0.07%	0.09% <sup>(3)</sup>
<b><u>Vanguard Conservative Income ETF Portfolio</u></b>				
Annual Returns	1.26%	3.31% <sup>(7)</sup>	N/A	N/A
MER	0.25%	0.25% <sup>(3)</sup>	N/A	N/A
TER	0.00%	0.00% <sup>(3)</sup>	N/A	N/A
<b><u>Vanguard Conservative ETF Portfolio</u></b>				
Annual Returns	-1.58%	4.90%	-0.82% <sup>(5)</sup>	N/A
MER	0.25%	0.25%	0.25% <sup>(3)</sup>	N/A
TER	0.00%	0.00%	0.00% <sup>(3)</sup>	N/A
<b><u>Vanguard Balanced ETF Portfolio</u></b>				
Annual Returns	-4.36%	5.17%	-1.55% <sup>(5)</sup>	N/A
MER	0.25%	0.25%	0.25% <sup>(3)</sup>	N/A
TER	0.00%	0.00%	0.00% <sup>(3)</sup>	N/A
<b><u>Vanguard Growth ETF Portfolio</u></b>				
Annual Returns	-7.19%	5.43%	-2.26% <sup>(5)</sup>	N/A
MER	0.25%	0.25%	0.25% <sup>(3)</sup>	N/A

TER	0.00%	0.00%	0.00% <sup>(3)</sup>	N/A
<b><u>Vanguard All-Equity ETF Portfolio</u></b>				
Annual Returns	-10.08%	5.70% <sup>(7)</sup>	N/A	N/A
MER	0.25%	0.25% <sup>(3)</sup>	N/A	N/A
TER	0.00%	0.00% <sup>(3)</sup>	N/A	N/A

**Notes:**

- (1) For the period ended March 31, 2017.
- (2) Information is only available beginning June 14, 2016, being the inception date of the fund.
- (3) Annualized.
- (4) For the period ended March 31, 2018.
- (5) Information is only available beginning February 1, 2018, being the inception date of the fund.
- (6) For the period ended March 31, 2019.
- (7) Information is only available beginning January 29, 2019, being the inception date of the fund.
- (8) For the period ended March 31, 2020.

## OVERVIEW OF THE LEGAL STRUCTURE OF THE VANGUARD ETFS

The Vanguard ETFs are exchange-traded funds established as trusts under the laws of the Province of Ontario pursuant to a master declaration of trust dated November 4, 2011, as may be further amended or restated from time to time.

While each Vanguard ETF is a mutual fund under the securities legislation of certain provinces and territories of Canada, each Vanguard ETF has obtained exemptive relief from certain provisions of Canadian securities legislation applicable to conventional mutual funds. See “Exemptions and Approvals”.

The principal office of the Vanguard ETFs and the Manager is located at 22 Adelaide Street West, Suite 2500, Toronto, Ontario M5H 4E3.

The full legal name of each Vanguard ETF, as well as its ticker symbol, is set out below:

<b>Legal Name</b>	<b>Ticker Symbol</b>
Vanguard Global Minimum Volatility ETF	VVO
Vanguard Global Momentum Factor ETF	VMO
Vanguard Global Value Factor ETF	VVL
Vanguard Conservative Income ETF Portfolio	VCIP
Vanguard Conservative ETF Portfolio	VCNS
Vanguard Balanced ETF Portfolio	VBAL
Vanguard Growth ETF Portfolio	VGRO
Vanguard All-Equity ETF Portfolio	VEQT
Vanguard Retirement Income ETF Portfolio	VRIF

## INVESTMENT OBJECTIVES

The investment objective of each Vanguard ETF is set forth below.

### ***Vanguard Global Minimum Volatility ETF***

The Vanguard Global Minimum Volatility ETF seeks to provide long-term capital appreciation with reduced volatility compared to the global equity market, by investing in equity securities from developed and emerging markets across the world.

### ***Vanguard Global Momentum Factor ETF***

The Vanguard Global Momentum Factor ETF seeks to provide long-term capital appreciation by aiming to capture potential excess return by investing in equity securities from developed markets across the world which have achieved strong recent performance.

### ***Vanguard Global Value Factor ETF***

The Vanguard Global Value Factor ETF seeks to provide long-term capital appreciation by aiming to capture potential excess return by investing in equity securities from developed markets across the world which have low prices relative to fundamentals.

### ***Vanguard Conservative Income ETF Portfolio***

The Vanguard Conservative Income ETF Portfolio seeks to provide a combination of income and some long-term capital growth by investing in equity and fixed income securities.

### ***Vanguard Conservative ETF Portfolio***

The Vanguard Conservative ETF Portfolio seeks to provide a combination of income and moderate long-term capital growth by investing in equity and fixed income securities.

### ***Vanguard Balanced ETF Portfolio***

The Vanguard Balanced ETF Portfolio seeks to provide long-term capital growth with a moderate level of income by investing in equity and fixed income securities.

### ***Vanguard Growth ETF Portfolio***

The Vanguard Growth ETF Portfolio seeks to provide long-term capital growth by investing in equity and fixed income securities.

### ***Vanguard All-Equity ETF Portfolio***

The Vanguard All-Equity ETF Portfolio seeks to provide long-term capital growth by investing primarily in equity securities.

### ***Vanguard Retirement Income ETF Portfolio***

The Vanguard Retirement Income ETF Portfolio seeks to provide a combination of consistent income with the possibility of some capital appreciation by investing in equity and fixed income securities.

## **INVESTMENT STRATEGIES**

### **Principal Investment Strategies**

The investment strategy of each Vanguard ETF is to invest in and hold a portfolio of securities selected by the Manager in order to achieve its investment objective. The Vanguard ETFs are not index mutual funds and are managed at the discretion of the Manager in accordance with their investment objectives and investment strategies.

The Vanguard Asset Allocation ETFs invest in Underlying Funds and are managed through strategic asset allocation to underlying index ETFs and are not actively managed with respect to individual security selection.

### ***Vanguard Global Minimum Volatility ETF***

The Vanguard Global Minimum Volatility ETF seeks to achieve its investment objective by investing primarily in equity securities that are included in the FTSE Global All Cap Index.

In seeking to achieve the Vanguard ETF's investment objective, the Manager uses a proprietary quantitative model to evaluate an investment universe comprised of large, mid and small cap stocks from across the world, including emerging markets, and includes a diverse representation of companies, market sectors and industry groups. This investment universe currently consists of equity securities included in the FTSE Global All Cap Index (the "Investment Universe"). The FTSE Global All Cap Index is a market-capitalization weighted index representing the performance of large, mid and small cap stocks from across the world, including emerging markets, and includes a diverse representation of companies, market sectors and industry groups.

The Manager's quantitative model evaluates the securities in the Investment Universe by reference to characteristics designed to measure their exposure to a variety of factors that drive a security's volatility such as industry sector, liquidity, size, value and growth. The model also assesses the interaction between these factors and their impact on the overall volatility of the portfolio. The model accordingly seeks to reduce stock, sector, country and other concentration risks without constraining the ability to reduce overall volatility in the portfolio.

Although the Vanguard ETF's investments are selected based on the output of the Manager's quantitative model, subjective analysis of the model's output is also a feature of the strategy and the portfolio is constructed with the aim of achieving lower volatility relative to the global equity market, subject to a set of controls (in relation to country, industry, group, sector and individual security concentrations) that are designed to foster portfolio diversification and liquidity, while taking into account considerations in relation to liquidity, portfolio turnover and transaction costs. The portfolio asset allocation will be reconstituted and rebalanced from time to time.

The Vanguard ETF will generally seek to hedge most of its currency exposure, incurred through investing in global stocks, back to the Canadian dollar. The Manager believes that, over the long term, this process can further reduce the overall volatility of the portfolio. However, not all currency risk will be hedged, so the Vanguard ETF will have some level of currency risk.

### ***Vanguard Global Momentum Factor ETF***

The Vanguard Global Momentum Factor ETF seeks to achieve its investment objective by investing primarily in equity securities.

In seeking to achieve the Vanguard ETF's investment objective, the Manager uses a proprietary quantitative model to evaluate an investment universe comprised of large, mid and small cap equity securities from developed markets across the world, which includes a diverse representation of companies, market sectors and industry groups. This investment universe currently consists of equity securities included in the FTSE Developed All Cap Index and the Russell 3000 Index (the "Investment Universe"). The FTSE Developed All Cap Index is a market-capitalization weighted index representing the performance of large, mid and small cap stocks from developed markets across the world, and includes a diverse representation of companies, market sectors and industry groups. The Russell 3000 Index is a market-capitalization weighted index representing the performance of large, mid and small cap stocks from the U.S., and includes a diverse representation of companies, market sectors and industry groups.

The Manager's quantitative model implements a rules-based active approach that aims to assess the factor exposures of securities, favoring equity securities which, when compared to other securities in the Investment Universe, have relatively strong recent past performance. Past performance will be assessed in terms of both non risk-adjusted and risk adjusted return, over the shorter (approximately 6-months) and intermediate (approximately 12-months) periods prior to the acquisition of the securities by the Vanguard ETF. This measure (the "Momentum Factor") has been shown to be a component of long-run stock market returns. The term "factor" is used to describe characteristics of securities that assist in explaining the relationship between their expected returns and risk.

The Manager's quantitative model groups the securities in the Investment Universe by region and then ranks each security by reference to characteristics designed to measure their exposure to the Momentum Factor. The portfolio's stock selection methodology places emphasis on the highest ranked securities, based upon their factor score within the Investment Universe. The weighting of each security within the portfolio is then determined by reference to the size of its factor score relative to the scores achieved by the other securities chosen for inclusion in the portfolio.

Although the Vanguard ETF's investments are selected based on the output of the Manager's quantitative model, subjective analysis of the model's output is also a feature of the strategy and the portfolio is constructed so as to maximize exposure to the Momentum Factor, while taking into account considerations in relation to liquidity, portfolio turnover and transaction costs. The Manager's strategy may result in the Vanguard ETF having a greater

exposure to smaller capitalization securities than a broad based global market capitalization weighted portfolio. The portfolio asset allocation will be reconstituted and rebalanced from time to time.

It is not intended to hedge against currency risk arising at the portfolio level.

### ***Vanguard Global Value Factor ETF***

The Vanguard Global Value Factor ETF seeks to achieve its investment objective by investing primarily in equity securities.

In seeking to achieve the Vanguard ETF's investment objective, the Manager uses a proprietary quantitative model to evaluate an investment universe comprised of large, mid and small cap equity securities from developed markets across the world, which includes a diverse representation of companies, market sectors and industry groups. This investment universe currently consists of equity securities included in the FTSE Developed All Cap Index and the Russell 3000 Index (the "Investment Universe"). The FTSE Developed All Cap Index is a market-capitalization weighted index representing the performance of large, mid and small cap stocks from developed markets across the world, and includes a diverse representation of companies, market sectors and industry groups. The Russell 3000 Index is a market-capitalization weighted index representing the performance of large, mid and small cap stocks from the U.S., and includes a diverse representation of companies, market sectors and industry groups.

The Manager's quantitative model implements a rules-based active approach that aims to assess the factor exposures of securities, favoring equity securities which, when compared to other securities in the Investment Universe, have lower prices relative to their fundamental measures of value (which measures may include price-to-book, price-to-earnings and price-to-cash flow ratios). This measure (the "Value Factor") has been shown to be a component of long-run stock market returns. The term "factor" is used to describe characteristics of securities that assist in explaining the relationship between their expected returns and risk.

The Manager's quantitative model groups the securities by region and then ranks each security by reference to characteristics designed to measure their exposure to the Value Factor. The portfolio's stock selection methodology places emphasis on the highest ranked securities, based upon their factor score within the Investment Universe. The weighting of each security within the portfolio is determined by reference to the size of its factor score relative to the scores achieved by the other securities chosen for inclusion in the portfolio.

Although the Vanguard ETF's investments are selected based on the output of the Manager's quantitative model, subjective analysis of the model's output is also a feature of the strategy and the portfolio is constructed so as to maximize exposure to the Value Factor, while taking into account considerations in relation to liquidity, portfolio turnover and transaction costs. The Manager's strategy may result in the Vanguard ETF having a greater exposure to smaller capitalization securities than a broad based global market capitalization weighted portfolio. The portfolio asset allocation will be reconstituted and rebalanced from time to time.

It is not intended to hedge against currency risk arising at the portfolio level.

### ***Vanguard Conservative Income ETF Portfolio***

The Vanguard Conservative Income ETF Portfolio seeks to achieve its investment objective by primarily investing in equity and fixed-income securities. The Vanguard ETF may do so either directly or indirectly through investment in one or more Underlying Funds.

In seeking to achieve the Vanguard ETF's investment objective (under normal market conditions), the Sub-advisor will strive to maintain a long-term strategic asset allocation of equity (approximately 20%) and fixed income (approximately 80%) securities. The portfolio asset mix may be reconstituted and rebalanced from time to time at the discretion of the Sub-advisor.

The portfolios of the Underlying Funds are expected to consist of index funds that provide exposure to broad based equity and fixed income markets.

***Vanguard Conservative ETF Portfolio***

The Vanguard Conservative ETF Portfolio seeks to achieve its investment objective by primarily investing in equity and fixed-income securities. The Vanguard ETF may do so either directly or indirectly through investment in one or more Underlying Funds.

In seeking to achieve the Vanguard ETF's investment objective (under normal market conditions), the Sub-advisor will strive to maintain a long-term strategic asset allocation of equity (approximately 40%) and fixed income (approximately 60%) securities. The portfolio asset mix may be reconstituted and rebalanced from time to time at the discretion of the Sub-advisor.

The portfolios of the Underlying Funds are expected to be index funds that provide exposure to broad based equity and fixed income markets.

***Vanguard Balanced ETF Portfolio***

The Vanguard Balanced ETF Portfolio seeks to achieve its investment objective by primarily investing in equity and fixed-income securities. The Vanguard ETF may do so either directly or indirectly through investment in one or more Underlying Funds.

In seeking to achieve the Vanguard ETF's investment objective (under normal market conditions), the Sub-advisor will strive to maintain a long-term strategic asset allocation of equity (approximately 60%) and fixed income (approximately 40%) securities. The portfolio asset mix may be reconstituted and rebalanced from time to time at the discretion of the Sub-advisor.

The portfolios of the Underlying Funds are expected to be index funds that provide exposure to broad based equity and fixed income markets.

***Vanguard Growth ETF Portfolio***

The Vanguard Growth ETF Portfolio seeks to achieve its investment objective by primarily investing in equity and fixed-income securities. The Vanguard ETF may do so either directly or indirectly through investment in one or more Underlying Funds.

In seeking to achieve the Vanguard ETF's investment objective (under normal market conditions), the Sub-advisor will strive to maintain a long-term strategic asset allocation of equity (approximately 80%) and fixed income (approximately 20%) securities. The portfolio asset mix may be reconstituted and rebalanced from time to time at the discretion of the Sub-advisor.

The portfolios of the Underlying Funds are expected to be index funds that provide exposure to broad based equity and fixed income markets.

***Vanguard All-Equity ETF Portfolio***

The Vanguard All-Equity ETF Portfolio seeks to achieve its investment objective by primarily investing in equity securities. The Vanguard ETF may do so either directly or indirectly through investment in one or more Underlying Funds.

In seeking to achieve the Vanguard ETF's investment objective (under normal market conditions), the Sub-advisor will strive to maintain a long-term strategic asset allocation of 100% equity securities. The portfolio asset

mix may be reconstituted and rebalanced from time to time at the discretion of the Sub-advisor.

The portfolios of the Underlying Funds are expected to consist of index funds that provide exposure to broad based equity markets.

### ***Vanguard Retirement Income ETF Portfolio***

The Vanguard Retirement Income ETF Portfolio seeks to achieve its investment objective by primarily investing in equity and fixed-income securities. The Vanguard ETF may do so either directly or indirectly through investment in one or more Underlying Funds.

In seeking to achieve the Vanguard ETF's investment objective, the Sub-advisor will make asset allocation decisions based on the attractiveness of the underlying asset classes and their ability to provide consistent returns. Considerations may include, but are not limited to, economic and market conditions, total return characteristics and risk profiles. The portfolio asset allocation will be reconstituted and rebalanced from time to time. The monthly distribution is reviewed periodically.

The portfolios of the Underlying Funds are expected to consist of index funds that provide exposure to broad based equity and fixed income markets.

Any investment by the Vanguard ETFs in Underlying Funds will be in accordance with Canadian securities legislation, including National Instrument 81-102 – *Investment Funds* (“NI 81-102”). If a Vanguard ETF holds securities of one or more other ETFs managed by the Manager or the Sub-advisor, the management fee of each Underlying Fund is indirectly paid by the Vanguard ETF in addition to the management fee payable by the Vanguard ETF directly to the Manager. If the management fee payable by the Vanguard ETF would duplicate a fee payable by the Underlying Fund for the same service, the management fee payable by the Vanguard ETF will be reduced to the extent of such duplication. Accordingly, there shall be no duplication of management fees chargeable in connection with the Vanguard ETF and its investment in Underlying Funds.

Similarly, if a Vanguard ETF holds securities of one or more Underlying Funds, the expenses incurred by each Underlying Fund in connection with its operations are indirectly paid by the Vanguard ETF in addition to those operating expenses incurred directly by the Vanguard ETF.

### **Securities Lending**

A Vanguard ETF may, in compliance with NI 81-102, lend securities to securities borrowers acceptable to it pursuant to the terms of a securities lending agreement between the Vanguard ETF's securities lending agent and any such borrower under which: (i) the borrower will pay to the Vanguard ETF a negotiated securities lending fee and will make compensation payments to the Vanguard ETF equal to any distributions received by the borrower on the securities borrowed; (ii) the securities loans must qualify as “securities lending arrangements” for the purposes of the Tax Act; and (iii) the Vanguard ETF will receive collateral security. The securities lending agent is responsible for the ongoing administration of the securities loans, including the obligation to mark-to-market the collateral on a daily basis.

Under applicable securities legislation, the collateral posted by a securities borrower is required to have an aggregate value of not less than 102% of the market value of the loaned securities. The total value of the securities loaned by a Vanguard ETF at any time is not permitted to exceed 50% of the net asset value of the Vanguard ETF (excluding any collateral received from securities lending activities). Any cash collateral acquired by a Vanguard ETF is permitted to be itself invested only in the securities permitted under NI 81-102 that have a remaining term to maturity of no longer than 90 days.

## **Use of Derivative Instruments**

A Vanguard ETF may use derivative instruments from time to time for hedging or investment purposes, provided that the use of such derivative instruments is in compliance with NI 81-102 and is consistent with the investment objective and investment strategies of the Vanguard ETF. For example, a Vanguard ETF may use futures or other derivative instruments to gain exposure to a particular Constituent Security or other security, to a class of Constituent Securities and/or other securities. Derivatives also may be used for a variety of purposes that do not constitute speculation, such as risk management, seeking to stay fully invested, seeking to equitize any cash and dividend receivables, seeking to reduce transaction costs, seeking to simulate investment in equity or debt securities or other investments, seeking to add value by using derivatives to more efficiently implement portfolio positions when derivatives are favourably priced relative to equity or debt securities or other investments and for other purposes. In connection with its use of derivatives, a Vanguard ETF may purchase or hold cash and/or fixed-income and other instruments that it may pledge as collateral or margin to its counterparties or futures commission merchants.

The Vanguard Global Minimum Volatility ETF uses derivatives to seek to hedge the foreign currency exposure of the securities included in its portfolio to the Canadian dollar.

## **Cash Management**

From time to time, a Vanguard ETF may hold cash. The Vanguard ETF may hold this cash or invest it in money market instruments or securities of money market funds.

## **Extraordinary Events**

For purposes of a merger or other transaction involving a Vanguard ETF, a Vanguard ETF may hold all or a significant portion of its assets in cash, money market instruments or securities of money market funds. As a result, in these limited circumstances, the Vanguard ETF may not be fully invested in accordance with its investment objective and, in a rising market, there could be a negative impact on performance relative to other fully invested exchange-traded funds with a similar objective.

## **OVERVIEW OF THE SECTORS IN WHICH THE VANGUARD ETFS INVEST**

Set out below is a description of the sectors in which each Vanguard ETF invests.

### ***Vanguard Global Minimum Volatility ETF***

The Vanguard Global Minimum Volatility ETF invests in equity securities of companies included in the FTSE Global All Cap Index (the “Investment Universe”) with reference to characteristics designed to measure a security’s exposure to a variety of factors that drive a security’s volatility such as industry sector, liquidity, size, value and growth with the aim of constructing a portfolio which achieves lower volatility relative to the global equity market, subject to a set of controls (in relation to country, industry, group, sector and individual security concentrations) that are designed to foster portfolio diversification and liquidity. The FTSE Global All Cap Index is a market-capitalization weighted index representing the performance of large, mid and small cap stocks from across the world, including emerging markets, and includes a diverse representation of companies, market sectors and industry groups.

### ***Vanguard Global Momentum Factor ETF***

The Vanguard Global Momentum Factor ETF invests in equity securities of companies included in the FTSE Developed All Cap Index and the Russell 3000 Index (the “Investment Universe”) favoring equity securities which, when compared to other securities in the investment universe, have relatively strong recent past performance (assessed in terms of both non risk-adjusted and risk adjusted return, over the shorter (approximately 6-months) and intermediate (approximately 12-months) periods prior to the acquisition of the securities by the fund). The FTSE

Developed All Cap Index is a market-capitalization weighted index representing the performance of large, mid and small cap stocks from developed markets across the world, and includes a diverse representation of companies, market sectors and industry groups. The Russell 3000 Index is a market-capitalization weighted index representing the performance of large, mid and small cap stocks from the U.S., and includes a diverse representation of companies, market sectors and industry groups.

#### ***Vanguard Global Value Factor ETF***

The Vanguard Global Value Factor ETF invests in equity securities of companies included in the FTSE Developed All Cap Index and the Russell 3000 Index (the “Investment Universe”) favoring equity securities which, when compared to other securities in the investment universe, have lower prices relative to their fundamental measures of value (which measures may include price-to-book, price-to-earnings and price-to-cash flow ratios). The FTSE Developed All Cap Index is a market-capitalization weighted index representing the performance of large, mid and small cap stocks from developed markets across the world, and includes a diverse representation of companies, market sectors and industry groups. The Russell 3000 Index is a market-capitalization weighted index representing the performance of large, mid and small cap stocks from the U.S., and includes a diverse representation of companies, market sectors and industry groups.

#### ***Vanguard Conservative Income ETF Portfolio***

The Vanguard Conservative Income ETF Portfolio invests, directly or indirectly through investment in Underlying Funds, in equity and fixed income securities.

#### ***Vanguard Conservative ETF Portfolio***

The Vanguard Conservative ETF Portfolio invests, directly or indirectly through investment in Underlying Funds, in equity and fixed income securities.

#### ***Vanguard Balanced ETF Portfolio***

The Vanguard Balanced ETF Portfolio invests, directly or indirectly through investment in Underlying Funds, in equity and fixed income securities.

#### ***Vanguard Growth ETF Portfolio***

The Vanguard Growth ETF Portfolio invests, directly or indirectly through investment in Underlying Funds, in equity and fixed income securities.

#### ***Vanguard All-Equity ETF Portfolio***

The Vanguard All-Equity ETF Portfolio invests, directly or indirectly through investment in Underlying Funds, in equity securities.

#### ***Vanguard Retirement Income ETF Portfolio***

The Vanguard Retirement Income ETF Portfolio invests, directly or indirectly through investment in Underlying Funds, in equity and fixed income securities.

### **INVESTMENT RESTRICTIONS**

The Vanguard ETFs are subject to certain restrictions and practices contained in securities legislation, including NI 81-102. The Vanguard ETFs are managed in accordance with these restrictions and practices, except as otherwise permitted by exemptions provided by Canadian securities regulatory authorities. See “Exemptions and

Approvals”. A change to the investment objective of a Vanguard ETF would require the approval of Unitholders. See “Unitholder Matters – Matters Requiring Unitholder Approval”.

Each Vanguard ETF is also restricted from making an investment or undertaking an activity that would result in such Vanguard ETF failing to qualify as a “mutual fund trust” for the purposes of the Tax Act. In addition, no Vanguard ETF may invest in any property or engage in any undertaking that would cause the Vanguard ETF to have “non-portfolio earnings” as defined in section 122.1 of the Tax Act in an amount that would result in the Vanguard ETF paying a material amount of income tax.

### **Exemptions and Approvals**

The Vanguard ETFs have obtained exemptive relief from the Canadian securities regulatory authorities to permit the following practices:

- (i) the purchase by a Unitholder of more than 20% of the Units of any Vanguard ETF through purchases on a recognized stock exchange without regard to the takeover bid requirements of applicable Canadian securities legislation, provided that any such Unitholder, and any person acting jointly or in concert with the Unitholder, provides the Manager with an undertaking not to exercise any votes attached to Units that represent more than 20% of the votes attached to all outstanding Units of that Vanguard ETF at any meeting of Unitholders;
- (ii) to permit a Vanguard ETF to borrow cash for a period not longer than 45 days and, if required by the lender, to provide a security interest over any of its portfolio assets as a temporary measure to fund the portion of any distributions payable to Unitholders that represents amounts that have not yet been received by the Vanguard ETF and, in any event, does not exceed 5% of the net assets of the Vanguard ETF;
- (iii) to permit a Vanguard ETF to purchase securities from or sell securities to another Vanguard ETF, another fund for which the Manager acts as the investment fund manager and portfolio manager that is not a reporting issuer and/or an account managed by the Manager for a client that is not a responsible person and over which the Manager has discretionary authority (each an “Inter-Fund Trade”);
- (iv) to permit an Inter-Fund Trade to be executed at the last sale price, as defined in the Universal Market Integrity Rules of the Investment Industry Regulatory Organization of Canada, prior to the execution of the trade in lieu of the closing sale price contemplated by the definition of “current market price of the security” in NI 81-107 on that trading day;
- (v) to relieve the Vanguard ETFs from the requirement to include in their prospectus a certificate of an underwriter;
- (vi) to permit the Vanguard ETFs to hold as cover, in respect of the requirement under section 2.8(1)(d) of NI 81-102 that a mutual fund must not open or maintain a long position in a standardized future, unless the mutual fund holds cash cover in an amount that, together with margin on account for the specified derivative and the market value of the specified derivative, is not less than, on a daily mark-to-market basis, the underlying market exposure of the specified derivative, one or more receivables (each, a “Receivable”) of the fund arising as a result of a declaration or payment of a distribution, dividend or other payment on one or more securities held by the Vanguard ETF in order to equitize the Receivable during the period from the date that the Vanguard ETF becomes entitled to receive the Receivable until the date that the Receivable is actually received by the Vanguard ETF, thereby permitting the Vanguard ETF to seek to track its applicable index in respect of the Receivable or to otherwise invest the amount of the Receivable, as applicable, provided that for each long position in a standardized future that a fund opens or maintains in order to equitize a Receivable, the Vanguard ETF holds, on each trading day, a combination of the amount of the Receivable, cash cover and margin or collateral posted by the Vanguard ETF in connection with its obligation under that futures position that, in the aggregate, has a value that is not less than, on a daily mark-to-market basis, the underlying market exposure of the standardized future; and

- (vii) to permit a Vanguard ETF that invests a portion of its portfolio assets in T+3 Securities to settle primary market trades in Units of such Vanguard ETF no later than the third business day after the date upon which pricing for the Units is determined.

## FEES AND EXPENSES

This section details the fees and expenses payable in connection with an investment in the Vanguard ETFs. An investor may pay some of these fees and expenses directly. The Vanguard ETFs may pay some of these fees and expenses, which will therefore reduce the value of an investment in the Vanguard ETFs.

### Fees and Expenses Payable by the Vanguard ETFs

#### *Management Fee*

Each Vanguard ETF pays a management fee, plus applicable taxes, to the Manager based on the annual rate set forth in the table below and the NAV of the Vanguard ETF. This management fee is calculated and accrued daily and is paid monthly. This management fee covers, at least in part, the Manager's costs associated with acting as the trustee and the manager of the applicable Vanguard ETF, the fee payable to the Sub-advisor for its portfolio management services and the other fees and expenses described below that are payable by the Manager in connection with each Vanguard ETF.

Vanguard ETFs	Management Fee (annual rate)
Vanguard Global Minimum Volatility ETF	0.35% of NAV
Vanguard Global Momentum Factor ETF	0.35% of NAV
Vanguard Global Value Factor ETF	0.35% of NAV
Vanguard Conservative Income ETF Portfolio	0.22% of NAV <sup>(1)</sup>
Vanguard Conservative ETF Portfolio	0.22% of NAV <sup>(1)</sup>
Vanguard Balanced ETF Portfolio	0.22% of NAV <sup>(1)</sup>
Vanguard Growth ETF Portfolio	0.22% of NAV <sup>(1)</sup>
Vanguard All-Equity ETF Portfolio	0.22% of NAV <sup>(1)</sup>
Vanguard Retirement Income ETF Portfolio	0.29% of NAV <sup>(1)</sup>

**Note:**

(1) This Vanguard ETF may invest in one or more Underlying Funds. If this Vanguard ETF holds securities of one or more Underlying Funds, the management fee of each Underlying Fund (the "Underlying Fund Management Fee") is indirectly paid by the Vanguard ETF in addition to the management fee payable by the Vanguard ETF directly to the Manager. To ensure that there is no duplication of management fees chargeable in connection with the Vanguard ETF and its investment in the Underlying Funds managed by the Manager or an affiliate of the Manager, as the case may be, the management fee payable by the Vanguard ETF to the Manager set out above is reduced by the aggregate of the Underlying Fund Management Fee payable by the Underlying Fund to the Manager or an affiliate of the Manager, as the case may be, in connection with the applicable holdings of the Vanguard ETF. As at the date of this Prospectus, the Underlying Fund Management Fee payable by the Underlying Funds managed by the Manager, or an affiliate of the Manager, as applicable, is not higher than the management fee of the Vanguard ETF set out in the above table.

To encourage very large investments in a Vanguard ETF by a particular Unitholder, the Manager may, in its discretion, agree to charge the Vanguard ETF a reduced management fee as compared to the management fee that it otherwise would be entitled to receive, provided that the amount of the reduced management fee is distributed periodically by the Vanguard ETF to the Unitholder as a management fee distribution. Any reduction will depend on a number of factors, including the amount invested, the NAV of the Vanguard ETF and the expected amount of account activity. Any tax consequences of a management fee distribution will generally be borne by the Unitholder who receives the distribution.

Other than the management fee and operating expenses (described below) payable by the Vanguard ETFs, the Manager is responsible for all of the other costs and expenses of the Vanguard ETFs. These costs and expenses include, but are not limited to, the fees payable to the Custodian, the Registrar and Transfer Agent, the Accounting Agent, the Sub-advisor, the auditor and other service providers retained by the Manager as described under

“Organization and Management Details of the Vanguard ETFs – Manager of the Vanguard ETFs – Duties and Services to be Provided by the Manager” and any expenses that the Manager may voluntarily reimburse to the Vanguard ETFs.

### ***Other Expenses***

The only expenses payable by each Vanguard ETF are the applicable management fee, fees and expenses relating to the implementation and on-going operation of the IRC, brokerage expenses and commissions, the fees under any derivative instrument used by the Vanguard ETF, the cost of complying with any new governmental or regulatory requirements introduced after the Vanguard ETFs were established, extraordinary expenses, any sales taxes on those expenses and any income, withholding or other taxes.

The Manager may decide, in its discretion, to pay for some of these operating expenses otherwise payable by a Vanguard ETF, rather than having the Vanguard ETF incur such operating expenses. The Manager has agreed to reimburse the Vanguard ETFs for the ongoing operating expenses of the IRC however, the Manager may, in its discretion, discontinue this practice at any time.

### ***Fund of Fund Investments***

If a Vanguard ETF holds securities of one or more Underlying Fund, the management fee of each Underlying Fund is indirectly paid by the Vanguard ETF in addition to the management fee payable by the Vanguard ETF directly to the Manager. If the management fee payable by the Vanguard ETF would duplicate a fee payable by the Underlying Fund for the same service, the management fee payable by the Vanguard ETF will be reduced to the extent of such duplication. Accordingly, there shall be no duplication of management fees chargeable in connection with the Vanguard ETF and its investment in the Underlying Funds.

Similarly, if a Vanguard ETF holds securities of one or more Underlying Funds, the expenses incurred by each Underlying Fund in connection with its operations are indirectly paid by the Vanguard ETF in addition to those operating expenses incurred directly by the Vanguard ETF. Where a Vanguard ETF holds securities of one or more Underlying Funds, the management expense ratio of the Vanguard ETF will include the expenses of such Underlying Funds.

### **Fees and Expenses Payable Directly by Unitholders**

#### ***Administrative Fee***

Unitholders who buy and sell their Units through the facilities of the TSX (or other exchange on which the Vanguard ETFs are traded) do not pay a fee directly to the Manager or the Vanguard ETF in respect of those purchases and sales.

If stated in the applicable designated broker agreement or dealer agreement, the Manager or a Vanguard ETF may charge the Designated Broker and/or Dealers an administrative fee to offset certain transaction costs associated with an issue, exchange or redemption of Units of the Vanguard ETF to or by such Designated Broker and/or Dealer. See “Purchase of Units” and “Exchange and Redemption of Units”.

At its sole discretion, the Manager may from time to time waive a portion of the management fees or absorb a portion of the operating expenses of certain Vanguard ETFs.

### **ANNUAL RETURNS, MANAGEMENT EXPENSE RATIO AND TRADING EXPENSE RATIO**

The following chart provides the annual returns, the management expense ratios (“MER”) and trading expense ratios (“TER”) for each Vanguard ETF from the date of its inception to March 31, 2020. Information is not yet available for the Vanguard Retirement Income ETF Portfolio.

	2019 <sup>(8)</sup>	2018 <sup>(6)</sup>	2017 <sup>(4)</sup>	2016 <sup>(1)</sup>
<b><u>Vanguard Global Minimum Volatility ETF</u></b>				
Annual Returns (%)	-11.88%	8.38%	8.22%	11.52% <sup>(2)</sup>
MER (%)	0.40%	0.40%	0.42%	0.40% <sup>(3)</sup>
TER (%)	0.06%	0.06%	0.04%	0.05% <sup>(3)</sup>
<b><u>Vanguard Global Momentum Factor ETF</u></b>				
Annual Returns (%)	-8.28%	1.88%	16.68%	14.77% <sup>(2)</sup>
MER (%)	0.38%	0.40%	0.40%	0.40% <sup>(3)</sup>
TER (%)	0.06%	0.06%	0.09%	0.14% <sup>(3)</sup>
<b><u>Vanguard Global Value Factor ETF</u></b>				
Annual Returns (%)	-29.14%	-3.25%	9.88%	27.69% <sup>(2)</sup>
MER (%)	0.37%	0.40%	0.40%	0.40% <sup>(3)</sup>
TER (%)	0.04%	0.05%	0.07%	0.09% <sup>(3)</sup>
<b><u>Vanguard Conservative Income ETF Portfolio</u></b>				
Annual Returns	1.26%	3.31% <sup>(7)</sup>	N/A	N/A
MER	0.25%	0.25% <sup>(3)</sup>	N/A	N/A
TER	0.00%	0.00% <sup>(3)</sup>	N/A	N/A
<b><u>Vanguard Conservative ETF Portfolio</u></b>				
Annual Returns	-1.58%	4.90%	-0.82% <sup>(5)</sup>	N/A
MER	0.25%	0.25%	0.25% <sup>(3)</sup>	N/A
TER	0.00%	0.00%	0.00% <sup>(3)</sup>	N/A
<b><u>Vanguard Balanced ETF Portfolio</u></b>				
Annual Returns	-4.36%	5.17%	-1.55% <sup>(5)</sup>	N/A
MER	0.25%	0.25%	0.25% <sup>(3)</sup>	N/A
TER	0.00%	0.00%	0.00% <sup>(3)</sup>	N/A
<b><u>Vanguard Growth ETF Portfolio</u></b>				
Annual Returns	-7.19%	5.43%	-2.26% <sup>(5)</sup>	N/A
MER	0.25%	0.25%	0.25% <sup>(3)</sup>	N/A
TER	0.00%	0.00%	0.00% <sup>(3)</sup>	N/A
<b><u>Vanguard All-Equity ETF Portfolio</u></b>				
Annual Returns	-10.08%	5.70% <sup>(7)</sup>	N/A	N/A
MER	0.25%	0.25% <sup>(3)</sup>	N/A	N/A
TER	0.00%	0.00% <sup>(3)</sup>	N/A	N/A

**Notes:**

(1) For the period ended March 31, 2017.

(2) Information is only available beginning June 14, 2016, being the inception date of the fund.

(3) Annualized.

(4) For the period ended March 31, 2018.

(5) Information is only available beginning February 1, 2018, being the inception date of the fund.

(6) For the period ended March 31, 2019.

(7) Information is only available beginning January 29, 2019, being the inception date of the fund.

(8) For the period ended March 31, 2020.

## **RISK FACTORS**

In addition to the considerations set out elsewhere in this prospectus, the following are certain considerations relating to an investment in Units of a Vanguard ETF, including in the case of Vanguard ETFs that invest in Underlying Funds, indirect risks arising as a result of its exposure to certain Underlying Funds, that prospective investors should consider before purchasing such Units of a Vanguard ETF:

### **General Risks Relating to an Investment in the Vanguard ETFs**

#### ***General Risks of Investments***

An investment in a Vanguard ETF should be made with an understanding that the value of the underlying securities of a Vanguard ETF may fluctuate in accordance with changes in the financial condition of the issuers of those underlying securities, the condition of equity, debt and currency markets generally and other factors. The identity and weighting of the Constituent Issuers and Constituent Securities held by a Vanguard ETF may also change from time to time.

The risks inherent in investments in equity and debt securities, whether held directly or indirectly, include the risk that the financial condition of the issuers of the securities may become impaired or that the general condition of the stock or bond market may deteriorate (either of which may cause a decrease in the value of the Constituent Securities held by the applicable Vanguard ETF and thus a decrease in the value of the Units of the Vanguard ETFs). Equity securities are susceptible to general stock market fluctuations and the financial condition of the issuer. Fixed income securities are susceptible to general interest rate fluctuations and to changes in investors' perception of inflation expectations and the condition of the issuer. These investor perceptions are based on various and unpredictable factors, including expectations regarding government, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction and global or regional political, economic and banking crises.

Significant market disruptions, such as those caused by pandemics, natural or environmental disasters, war, acts of terrorism or other events, can adversely affect local and global markets and normal market operations. Market disruptions may exacerbate political, social and economic risks discussed in this Prospectus. Additionally, market disruptions may result in increased market volatility; regulatory trading halts; closure of domestic or foreign exchanges, markets, or governments; or market participants operating pursuant to business continuity plans for indeterminate periods of time. Such events can be highly disruptive to economies and markets and significantly impact individual companies, sectors, industries, markets, currencies, interest and inflation rates, credit ratings, investor sentiment and other factors affecting the value of the Vanguard ETFs' investments and operation of the Vanguard ETFs. These events could also result in the closure of businesses that are integral to the Vanguard ETFs' operations or otherwise disrupt the ability of employees of Vanguard ETFs service providers to perform essential tasks on behalf of the Vanguard ETFs.

#### ***Trading Price of Units***

Units may trade in the market at a premium or a discount to the NAV per Unit. There can be no assurance that Units will trade at prices that reflect their NAV per Unit. The trading price of the Units will fluctuate in accordance with changes in the Vanguard ETF's NAV, as well as market supply and demand on the TSX and other trading venues. However, given that Unitholders may subscribe for or exchange or redeem a Prescribed Number of Units at the NAV per Unit, the Manager believes that large discounts or premiums to the NAV per Unit of a Vanguard ETF should not be sustained. If a Unitholder purchases Units of a Vanguard ETF at a time when the market price of a Unit is at a premium to the NAV per Unit or sells Units of a Vanguard ETF at a time when the market price of a Unit is at a discount to the NAV per Unit, the Unitholder may sustain a loss.

### ***Fluctuations in NAV***

The NAV per Unit of a Vanguard ETF will vary according to, among other things, the value of the securities held by the Vanguard ETF. The Manager and the Vanguard ETF have no control over the factors that affect the value of the securities held by the Vanguard ETF, including factors that affect the equity markets generally, such as general economic and political conditions, fluctuations in interest rates and factors unique to a Constituent Issuer such as changes in management, changes in strategic direction, achievement of strategic goals, mergers, acquisitions and divestitures, changes in distribution and dividend policies and other events.

### ***Illiquid Securities***

If a Vanguard ETF is unable to dispose of some or all of the securities held by it, that Vanguard ETF may experience a delay in the receipt of the proceeds of disposition until such time as it is able to dispose of such securities or may be able to do so only at prices which may not reflect the fair value of such investments. Likewise, if certain securities are particularly illiquid, the Sub-advisor may be unable to acquire the number of securities it would like at a price acceptable to the Sub-advisor on a timely basis.

### ***Equity Investment Risk***

Equities such as common shares give the holder part ownership in a company. The value of an equity security changes with the fortunes of the company that issued it. General market conditions and the health of the economy as a whole can also affect equity prices. Certain securities may be particularly sensitive to general market movements, which may result in a greater degree of price volatility for such securities and in the NAV of a Vanguard ETF that invests in such securities under specific market conditions and over time. Equity related securities that provide indirect exposure to the equity securities of an issuer, such as convertible debentures, can also be affected by equity risk.

### ***Use of Derivative Instruments***

Each of the Vanguard ETFs may invest in or use derivative instruments for hedging or non-hedging purposes, including options, swaps, futures contracts and forward contracts, from time to time provided that the use of such derivative instruments is in compliance with NI 81-102 and is consistent with the investment objective and strategy of the Vanguard ETF.

In order to comply with applicable securities legislation, these Vanguard ETFs may not be able to fully hedge their foreign exposure at all times. In addition, the Vanguard ETFs may use futures or other derivative instruments to gain indirect exposure to one or more of the Constituent Securities. Each Vanguard ETF may also use derivative instruments from time to time in accordance with NI 81-102 as described under "Investment Strategies".

The use of derivative instruments involves risks different from, and possibly greater than, the risks associated with investing directly in securities and other traditional investments. Risks associated with the use of derivatives include: (i) no guarantee that hedging to reduce risk will not result in a loss or that there will be a gain; (ii) no guarantee that a market will exist when the Vanguard ETF wants to complete the derivative contract, which could prevent the Vanguard ETF from reducing a loss or making a profit; (iii) securities exchanges may impose trading limits on options and futures contracts, and these limits may prevent the Vanguard ETF from completing the derivative contract; (iv) the Vanguard ETF could experience a loss if the other party to the derivative contract is unable to fulfill its obligations; (v) if the Vanguard ETF has an open position in an option, a futures contract or a forward contract with a dealer or counterparty who goes bankrupt, the Vanguard ETF could experience a loss and, for an open futures or forward contract, a loss of margin deposits with that dealer or counterparty; and (vi) if a derivative is based on a stock market index and trading is halted on a substantial number of stocks in the index or there is a change in the composition of the index, there could be an adverse effect on the derivative.

If a Vanguard ETF uses derivative instruments for non-hedging purposes, NI 81-102 requires that the Vanguard ETF hold certain assets and/or cash to ensure that the Vanguard ETF is able to meet its obligations under the derivative contracts and to limit any possible losses that could result from the use of derivative instruments.

There is no assurance that a Vanguard ETF's use of derivatives will be effective. There may be an imperfect historical correlation between the behaviour of the derivative instrument and the underlying investment. Any historical correlation may not continue for the period during which the derivative instrument is used.

### ***Securities Lending***

Each Vanguard ETF may enter into securities lending arrangements in accordance with NI 81-102 in order to generate additional income to enhance the NAV of a Vanguard ETF. In a securities lending transaction, a Vanguard ETF lends its securities to a borrower in exchange for a fee and the other party to the transaction delivers collateral to the Vanguard ETF in order to secure the transaction.

Securities lending comes with certain risks. If the other party to the transaction cannot complete the transaction, the Vanguard ETF may be exposed to the risk of loss should the other party default on its obligation to return the borrowed securities and the collateral be insufficient to reconstitute the portfolio of loaned securities. To minimize this risk, the other party must provide collateral that is worth at least 102% of the value of the Vanguard ETF's securities and of the type permitted by NI 81-102. The value of the collateral is monitored daily and adjusted appropriately by the securities lending agent of the Vanguard ETFs.

The Vanguard ETFs that enter into securities lending transactions may not commit more than 50% of their net asset value to securities lending transactions at any time and such transactions may be ended at any time.

### ***Borrowing Risk***

From time to time, a Vanguard ETF may borrow cash as a temporary measure to fund the portion of a distribution payable to its Unitholders that represents amounts that have not yet been received by the Vanguard ETF. Each Vanguard ETF is limited to borrowing up to the amount of the unpaid distribution and, in any event, not more than 5% of the net assets of that Vanguard ETF. There is a risk that a Vanguard ETF will not be able to repay the borrowed amount because it is unable to collect the distribution from the applicable issuer. Under these circumstances, the Vanguard ETF would be required to repay the borrowed amount by disposing of portfolio assets.

### ***Foreign Currency Denomination Risk***

The portfolio of each Vanguard ETF will include a significant proportion of securities valued in foreign currencies. The Vanguard ETFs may not seek to hedge their exposure to foreign currencies back to the Canadian dollar. As a result, the returns of the Vanguard ETFs may, when compared to the returns of a portfolio that is hedged to the Canadian dollar, reflect changes in the relative value of the Canadian and applicable foreign currency. No assurance can be given that the Vanguard ETFs will not be adversely impacted by changes in foreign exchange rates or other factors.

### ***Changes in Law***

There can be no assurance that income tax, securities and other laws will not be changed in a manner that adversely affects the Vanguard ETFs or the Unitholders. There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA respecting the treatment of mutual fund trusts, SIFT trusts, an investment in a non-resident trust or an investment by a Registered Plan will not be changed in a manner that adversely affects the Vanguard ETFs or the Unitholders.

### ***Taxation of the Vanguard ETFs***

The Vanguard ETFs are subject to certain tax risks generally applicable to Canadian investment funds, including the following.

If a Vanguard ETF does not or ceases to qualify as a “mutual fund trust” under the Tax Act, the income tax considerations described under the heading “Income Tax Considerations” could be materially and adversely different in some respects.

There can be no assurance that the CRA will agree with the tax treatment adopted by a Vanguard ETF in filing its tax return and the CRA could reassess that Vanguard ETF on a basis that results in tax being payable by that Vanguard ETF or in an increase in the taxable component of distributions considered to have been paid to Unitholders. A reassessment by the CRA may result in a Vanguard ETF being liable for unremitted withholding tax on prior distributions to non-resident Unitholders. Such liability may reduce the NAV of, or trading price of, Units of the Vanguard ETF.

If a Vanguard ETF experiences a “loss restriction event” for the purposes of the Tax Act, the taxation year of the Vanguard ETF will be deemed to end and an automatic distribution of income and net capital gain may occur under the terms of the Declaration of Trust so that the Vanguard ETF will not be liable for income tax. It may not be possible for a Vanguard ETF to determine if or when a loss restriction event has occurred. Therefore, there can be no assurances that a Vanguard ETF has not or will not in the future be subject to the loss restriction rules and there can be no assurances regarding when or to whom the distributions resulting from a loss restriction event will be made, or that a Vanguard ETF will not be required to pay tax notwithstanding such distributions.

The statements in the previous paragraph apply equally to an Underlying Fund held by a Vanguard ETF. A Vanguard ETF’s after-tax return on its investment in an Underlying Fund could be adversely affected if the Underlying Fund did not qualify as an “investment fund” and were to be subject to a “loss restriction event”.

A Vanguard ETF may pay foreign withholding or other taxes in connection with investments in foreign securities. Such taxes may be applied by foreign jurisdictions retroactively, and may not be creditable against Canadian taxes paid by the Vanguard ETF or its Unitholders. The liability for such taxes may reduce the NAV of, or trading price of, Units of the Vanguard ETF.

### ***Foreign Investment Risk***

A Vanguard ETF’s investment in non-Canadian and non-U.S. issuers may expose the Vanguard ETF to unique risks compared to investing in securities of Canadian or U.S. issuers, including, among others, greater market volatility than Canadian or U.S. securities and less complete financial information than for Canadian or U.S. issuers. In addition, adverse political, economic or social developments could undermine the value of a Vanguard ETF’s investments or prevent a Vanguard ETF from realizing the full value of its investments. Finally, the value of the currency of the country in which a Vanguard ETF has invested could decline relative to the value of the Canadian dollar.

### ***Cease Trading of Units***

Trading of Units on the TSX or other marketplace may be halted by the activation of individual or marketwide “circuit breakers” (which halt trading for a specific period of time when the price of a particular security or overall market prices decline or increase by a specified percentage). Trading of Units may also be halted if: (i) the Units are delisted from the TSX without first being listed on another exchange; or (ii) TSX officials determine that such action is appropriate in the interest of a fair and orderly market or to protect investors.

## Cyber Security Risk

As the use of technology has become more prevalent in the course of business, the Vanguard ETFs have become potentially more susceptible to operational risks through breaches in cyber security. A breach in cyber security refers to both intentional and unintentional events that may cause a Vanguard ETF to lose proprietary information, suffer data corruption, or lose operational capacity. This in turn could cause a Vanguard ETF and/or the Manager to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, and/or financial loss. Cyber security breaches may involve unauthorized access to a Vanguard ETF's digital information systems (e.g., through "hacking" or malicious software coding), but may also result from outside attacks such as denial-of-service attacks (i.e., efforts to make network services unavailable to intended users). In addition, cyber security breaches of a Vanguard ETF's third party service providers (e.g., administrators, transfer agents, custodians and sub-advisers) or issuers that a Vanguard ETF invests in can also subject a Vanguard ETF to many of the same risks associated with direct cyber security breaches. Like with operational risk in general, the Vanguard ETFs have established risk management systems designed to reduce the risks associated with cyber security. However, there is no guarantee that such efforts will succeed, especially since the Vanguard ETFs do not directly control the cyber security systems of issuers or third party service providers.

## Additional Risks Relating to an Investment in the Vanguard ETFs

In addition to the general risk factors, the following additional risk factors are inherent in an investment in the Vanguard ETF indicated in the table below. A description of each of these risks, listed in alphabetical order, follows the table.

Vanguard ETF	Additional Risks
Vanguard Global Minimum Volatility ETF	Absence of an Active Market for the Units, Concentration Risk, Currency Hedging Risk, Emerging Markets Risk, Low Volatility Risk and Rules-Based Strategy Risk
Vanguard Global Momentum Factor ETF	Absence of an Active Market for the Units, Concentration Risk and Rules-Based Strategy Risk
Vanguard Global Value Factor ETF	Absence of an Active Market for the Units, Concentration Risk and Rules-Based Strategy Risk
Vanguard Conservative Income ETF Portfolio	Absence of an Active Market for the Units, Asset Allocation Risk, Call Risk, Credit Risk, Interest Rate Risk, Rebalancing and Subscription Risk and Underlying Fund Risk
Vanguard Conservative ETF Portfolio	Absence of an Active Market for the Units, Asset Allocation Risk, Call Risk, Credit Risk, Interest Rate Risk, Rebalancing and Subscription Risk and Underlying Fund Risk
Vanguard Balanced ETF Portfolio	Absence of an Active Market for the Units, Asset Allocation Risk, Call Risk, Credit Risk, Interest Rate Risk, Rebalancing and Subscription Risk and Underlying Fund Risk
Vanguard Growth ETF Portfolio	Absence of an Active Market for the Units, Asset Allocation Risk, Call Risk, Credit Risk, Interest Rate Risk, Rebalancing and Subscription Risk and Underlying Fund Risk
Vanguard All-Equity ETF Portfolio	Absence of an Active Market for the Units, Asset Allocation Risk, Call Risk, Rebalancing and Subscription Risk and Underlying Fund Risk
Vanguard Retirement Income ETF Portfolio	Absence of an Active Market for the Units, Asset Allocation Risk, Call Risk, Credit Risk, Interest Rate Risk, Payout Risk, Rebalancing and Subscription Risk, Rules-Based Strategy Risk and Underlying Fund Risk

### ***Absence of an Active Market for the Units***

Although the Vanguard ETFs are listed on the TSX, there can be no assurance that an active public market for the Units will develop or be sustained.

### ***Asset Allocation Risk***

Investments in a Vanguard ETF are subject to risks related to the Portfolio Manager's allocation choices. The selection of the Underlying Funds and the allocation of the Vanguard ETF's assets among the various asset classes and market segments could cause the Vanguard ETF to lose value or cause the Vanguard ETF to underperform relevant benchmarks or other funds with similar investment objectives.

### ***Call Risk***

There is a chance that during periods of falling interest rates, issuers of callable bonds may call (repay) securities with higher coupons or interest rates before their maturity dates. A Vanguard ETF that invests in such callable bonds would then lose any price appreciation above the bond's call price and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in that Vanguard ETF's income.

### ***Concentration Risk***

The Vanguard ETFs have investment objectives that are less diversified than the overall market and the NAV of these Vanguard ETFs may be more volatile than the value of a more broadly diversified balanced portfolio and may fluctuate substantially over short periods of time. This may increase the liquidity risk of the Vanguard ETFs, which may, in turn, have an effect on the Vanguard ETFs' ability to satisfy redemption requests.

### ***Credit Risk***

There is chance that a bond issuer will fail to pay interest and principal in a timely manner or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline. Credit risk should be low for a Vanguard ETF that purchases only bonds that are of investment-grade quality.

### ***Currency Hedging Risk***

Certain Vanguard ETFs seek to hedge their direct foreign currency exposure back to the Canadian dollar by entering into currency forward transactions with financial institutions that have a "designated credit rating" as defined in NI 81-102. Although there is no assurance that these currency forward transactions will be effective, the Sub-advisor expects these currency forward transactions to be substantially effective.

The effectiveness of this currency hedging strategy will, in general, be affected by the volatility of both the applicable Constituent Securities and the volatility of the Canadian dollar relative to the currencies to be hedged. Increased volatility will generally reduce the effectiveness of the currency hedging strategy. The effectiveness of this currency hedging strategy may also be affected by any significant difference between Canadian interest rates and foreign currency interest rates.

### ***Emerging Markets Risk***

There is a chance that the stocks of companies located in emerging markets will be substantially more volatile, and substantially less liquid, than the stocks of companies located in more developed foreign markets.

### ***Interest Rate Risk***

Interest rate risk is the risk that fixed income securities and other instruments in a Vanguard ETF's portfolio will decline in value because of an increase in interest rates. As nominal interest rates rise, the value of certain fixed income securities held by a Vanguard ETF, directly or indirectly, is likely to decrease. A nominal interest rate can be described as the sum of a real interest rate and an expected inflation rate. Fixed income securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. The values of equity and other non-fixed income securities may also decline due to fluctuations in interest rates.

### ***Low Volatility Risk***

The Vanguard Global Minimum Volatility ETF seeks to provide protection from significant market volatility. Low volatility securities tend to have lower risk profiles than the global equity market in general. Investing in low volatility stocks may not protect the Vanguard ETF from market declines and may reduce the Vanguard ETF's participation in market gains.

### ***Payout Risk***

Vanguard Retirement Income ETF Portfolio makes regular monthly distributions based on a payout rate. The Vanguard ETF is intended to generate a regular cash flow while also managing the impact on invested capital. The payout rate is typically revised every calendar year to manage its sustainability. Payout risk is the risk that the dollar amount of your cash flow will change due to capital market conditions. For example, if the Vanguard ETF's calendar rate of return is less than the payout rate, then the dollar amount of the monthly distribution may decrease the following year. The Manager continuously monitors market conditions and the resulting ability of the Vanguard ETF to maintain the payout rate.

### ***Rebalancing and Subscription Risk***

Adjustments to the Basket of Securities of an Underlying Fund necessitated by a rebalancing event could affect the underlying market for the Constituent Securities of the applicable index, which in turn would affect the value of that index. Similarly, subscriptions for Units by Designated Brokers and Dealers of an Underlying Fund may impact the market for the Constituent Securities of the index, as the Designated Broker or the Dealer seeks to buy or to borrow the Constituent Securities to constitute the Baskets of Securities to be delivered to the fund as payment for the Units to be issued.

### ***Rules-Based Strategy Risk***

The Vanguard ETFs are managed using an active rules-based investment strategy, an investment strategy in which mathematical or statistical models are used as inputs for investment decisions. Rules-based investment strategies employ a disciplined approach to the use of statistical tools and models to select individual securities. Although these are generally considered positive characteristics, they also introduce unique risks. The mathematical and statistical models that guide the disciplined securities selection rely on historical data. When markets behave in an unpredictable manner, rules-based models can generate unanticipated results that may impact the performance of a fund.

### ***Underlying Fund Risk***

The securities of the Underlying Funds in which certain Vanguard ETFs invest may trade below, at or above their respective net asset values per security. The net asset value per security will fluctuate with changes in the market value of that investment fund's holdings. The trading prices of the securities of those investment funds will fluctuate in accordance with changes in the applicable fund's net asset value per security, as well as market supply and demand on the stock exchange on which those funds are listed and other trading venues.

If a Vanguard ETF purchases a security of an Underlying Fund at a time when the market price of that security is at a premium to the net asset value per security or sells a security at a time when the market price of that security is at a discount to the net asset value per security, the Vanguard ETF may sustain a loss.

Each U.S.-domiciled Underlying Fund managed by an affiliate of the Manager in which a Vanguard ETF invests is organized in the U.S. and expects to qualify each year for U.S. federal income tax treatment as a “regulated investment company” (“RIC”) under Subchapter M of the *U.S. Internal Revenue Code of 1986*, as amended. This U.S. tax status means that each U.S.-domiciled Underlying Fund managed by and affiliate of the Manager will not be liable for U.S. federal tax on income and capital gains distributed to its investors. If a U.S.-domiciled Underlying Fund managed by an affiliate of the Manager were to fail to qualify as a RIC, it could be required to pay fund-level taxes on its income, which would result in a reduction in income available for distribution to a Vanguard ETF investing in the Underlying Fund and in the net asset value of the Underlying Fund’s units/shares.

### **Risk Ratings of the Vanguard ETFs**

The Manager assigns a risk rating to each Vanguard ETF as an additional guide to help investors decide whether a fund is right for them. This information is only a guide. The Manager determines the risk rating for each Vanguard ETF in accordance with NI 81-102. The investment risk level of a Vanguard ETF is required to be determined in accordance with standardized risk classification methodology that is based on the historical volatility of the Vanguard ETF as measured by the 10-year standard deviation of the returns of the Vanguard ETF. Just as historical performance may not be indicative of future returns, a Vanguard ETF’s historical volatility may not be indicative of its future volatility. Investors should be aware that other types of risk, both measurable and non-measurable, also exist.

Standard deviation is a statistical measure used to estimate the dispersion of a set of data around the average value of the data. In the context of investment returns, it measures the amount of variability of returns that has historically occurred relative to the average return. The higher the standard deviation, the greater the variability of returns it has experienced in the past.

Using this methodology, the Manager assigns a risk rating to each Vanguard ETF as either low, low to medium, medium, medium to high, or high risk.

- Low – for funds with a level of risk typically associated with investments in Canadian fixed income funds and money market funds;
- Low to medium – for funds with a level of risk typically associated with investments in balanced funds and global or corporate fixed income funds;
- Medium – for funds with a level of risk typically associated with investments in equity portfolios diversified among a number of large-capitalization Canadian or international equity securities;
- Medium to high – for funds with a level of risk typically associated with investments in equity funds that may concentrate their investments in specific regions or specific sectors of the economy; and
- High – for funds with a level of risk typically associated with investments in equity portfolios that may concentrate their investments in specific regions or specific sectors of the economy where there is a substantial risk of loss (such as emerging markets or precious metals).

A Vanguard ETF’s risk rating is determined by calculating its standard deviation for the most recent 10 years using monthly returns and assuming the reinvestment of all income and capital gains distributions in additional Units of the Vanguard ETF. For those Vanguard ETFs that do not have at least 10 years of performance history, the Manager uses a reference index that reasonably approximates or, for a newly established fund, that is reasonably

expected to approximate, the standard deviation of the Vanguard ETF (or in certain cases a highly similar fund managed by the Manager) as a proxy. There may be times when the Manager believes this methodology produces a result that does not reflect a Vanguard ETF's risk based on other qualitative factors. As a result, the Manager may place the Vanguard ETF in a higher risk rating category, as appropriate. The Manager will review the risk rating for each Vanguard ETF on an annual basis or if there has been a material change to a Vanguard ETF's investment objectives or investment strategies.

A copy of the methodology used by the Manager to identify the investment risk levels of the funds is available on request, at no cost, by calling 1-877-410-7275. The risk ratings set forth in the table below do not necessarily correspond to an investor's risk tolerance assessment. Investors are advised to consult their financial advisor for advice regarding their personal circumstances.

The following chart sets out the risk rating of each Vanguard ETF, as well as a description of the reference index used for each Vanguard ETF:

<b>Vanguard ETF</b>	<b>Risk Rating</b>	<b>Reference Index</b>
Vanguard Global Minimum Volatility ETF	Medium	The Vanguard Global Minimum Volatility ETF's risk classification is based on the fund's returns and the return of the FTSE Global All Cap Index. The FTSE Global All Cap Index tracks the performance of large, mid and small cap companies in developed and emerging markets worldwide, including the U.S. Index returns not hedged to the Canadian dollar and are converted to Canadian dollars.
Vanguard Global Momentum Factor ETF	Medium	The Vanguard Global Momentum Factor ETF's risk classification is based on the fund's returns and the return of the FTSE Developed All Cap Index. The FTSE Developed All Cap Index tracks the performance of large, mid, and small cap companies in developed markets. Index returns are converted to Canadian dollars.
Vanguard Global Value Factor ETF	Medium	The Vanguard Global Value Factor ETF's risk classification is based on the fund's returns and the return of the FTSE Developed All Cap Index. The FTSE Developed All Cap Index tracks the performance of large, mid, and small cap companies in the developed markets. Index returns are converted to Canadian dollars.
Vanguard Conservative Income ETF Portfolio	Low	The Vanguard Conservative Income ETF Portfolio's risk classification is based on the fund's returns and the return of a composite benchmark of underlying indexes that provide exposure to broad based equity and fixed income markets based on a long-term strategic asset allocation policy that aims to maintain overall exposure of approximately 20% equity and 80% fixed income. In accordance with NI 81-102, comparable benchmarks were used given the absence of 10 years of historical data for the underlying investments and/or the indexes they track. The FTSE Canada All Cap Index (6.0%) and the Bloomberg Barclays Global Aggregate Canadian

		<p>Float Adjusted Bond Index (47.0%) were used as proxies for domestic equity and fixed income respectively. The CRSP US Total Market Index (7.9%), the FTSE Developed All Cap ex North America Index (4.7%), the FTSE Emerging Markets All Cap China A Inclusion Index (1.4%), the Bloomberg Barclays U.S. Aggregate Float Adjusted Bond Index (CAD Hedged) (14.7%) and the Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index (CAD Hedged) (18.3%) were used for non-Canadian equity and fixed income exposure. The FTSE Canada All Cap Index tracks the performance of large-, mid- and small-capitalization Canadian stocks. The Bloomberg Barclays Global Aggregate Canadian Float Adjusted Bond Index tracks the performance of public, investment-grade fixed income securities issued in Canada. The CRSP US Total Market Index tracks the performance of large-, mid and small-capitalization U.S. stocks. The FTSE Developed All Cap ex North America Index tracks the performance of large-, mid- and small-capitalization stocks in developed markets, excluding the U.S. and Canada. The FTSE Emerging Markets All Cap China A Inclusion Index tracks the performance of stocks of companies located in emerging markets. The Bloomberg Barclays U.S. Aggregate Float Adjusted Bond Index (CAD Hedged) tracks the performance of public, investment-grade, taxable, fixed income securities in the U.S. The U.S. dollar exposure of the fixed income securities included in the benchmark are hedged back to the Canadian dollar. The Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index (CAD Hedged) tracks the performance of global investment grade, fixed rate, fixed income securities outside of the U.S. The U.S. dollar exposure of the fixed income securities included in the benchmark are hedged back to the Canadian dollar.</p>
Vanguard Conservative ETF Portfolio	Low	<p>The Vanguard Conservative ETF Portfolio's risk classification is based on the fund's returns and the return of a composite benchmark of underlying indexes that provide exposure to broad based equity and fixed income markets based on a long-term strategic asset allocation policy that aims to maintain overall exposure of approximately 40% equity and 60% fixed income. In accordance with NI 81-102, comparable benchmarks were used given the absence of 10 years of historical data for the underlying investments and/or the indexes they track. The FTSE Canada All Cap Index (12.0%) and the Bloomberg Barclays Global Aggregate Canadian Float Adjusted Bond Index (35.2%) were used as proxies for domestic equity and fixed income respectively. The CRSP US Total Market Index (15.8%), the FTSE Developed All Cap ex North America Index (9.4%), the FTSE Emerging Markets All</p>

		Cap China A Inclusion Index (2.8%), the Bloomberg Barclays U.S. Aggregate Float Adjusted Bond Index (CAD Hedged) (11.0%) and the Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index (CAD Hedged) (13.8%) were used for non-Canadian equity and fixed income exposure. For a description of the reference indexes for the Vanguard Conservative ETF Portfolio, see the description of the reference indexes in respect of the Vanguard Conservative Income ETF Portfolio above.
Vanguard Balanced ETF Portfolio	Low to Medium	The Vanguard Balanced ETF Portfolio's risk classification is based on the fund's returns and the return of a composite benchmark comprised of underlying indexes that provide exposure to broad based equity and fixed income markets based on a long-term strategic asset allocation policy that aims to maintain overall exposure of approximately 60% equity and 40% fixed income. In accordance with NI 81-102, comparable benchmarks were used given the absence of 10 years of historical data for the underlying investments and/or the indexes they track. The FTSE Canada All Cap Index (18.0%) and the Bloomberg Barclays Global Aggregate Canadian Float Adjusted Bond Index (23.5%) were used as proxies for domestic equity and fixed income respectively. The CRSP US Total Market Index (23.7%), the FTSE Developed All Cap ex North America Index (14.2%), the FTSE Emerging Markets All Cap China A Inclusion Index (4.1%), the Bloomberg Barclays U.S. Aggregate Float Adjusted Bond Index (CAD Hedged) (7.3%) and the Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index (CAD Hedged) (9.2%) were used for non-Canadian equity and fixed income exposure. For a description of the reference indexes for the Vanguard Balanced ETF Portfolio, see the description of the reference indexes in respect of the Vanguard Conservative Income ETF Portfolio above.
Vanguard Growth ETF Portfolio	Low to Medium	The Vanguard Growth ETF Portfolio's risk classification is based on the fund's returns and the return of a composite benchmark comprised of underlying indexes that provide exposure to broad based equity and fixed income markets based on a long-term strategic asset allocation policy that aims to maintain overall exposure of approximately 80% equity and 20% fixed income. In accordance with NI 81-102, comparable benchmarks were used given the absence of 10 years of historical data for the underlying investments and/or the indexes they track. The FTSE Canada All Cap Index (24.0%) and the Bloomberg Barclays Global Aggregate Canadian Float Adjusted Bond Index (11.7%) were used as proxies for domestic equity and fixed income respectively. The CRSP US Total Market Index

		(31.7%), the FTSE Developed All Cap ex North America Index (18.9%), the FTSE Emerging Markets All Cap China A Inclusion Index (5.4%), the Bloomberg Barclays U.S. Aggregate Float Adjusted Bond Index (CAD Hedged) (3.7%) and the Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index (CAD Hedged) (4.6%) were used for non-Canadian equity and fixed income exposure. For a description of the reference indexes for the Vanguard Growth ETF Portfolio, see the description of the reference indexes in respect of the Vanguard Conservative Income ETF Portfolio above.
Vanguard All-Equity ETF Portfolio	Medium	The Vanguard All-Equity ETF Portfolio's risk classification is based on the fund's returns and the return of a composite benchmark of underlying indexes that provide exposure to broad based equity markets based on a long-term strategic asset allocation policy that aims to maintain overall exposure of 100% equity. In accordance with NI 81-102, comparable benchmarks were used given the absence of 10 years of historical data for the underlying investments and/or the indexes they track. The FTSE Canada All Cap Index (30.0%) was used as a proxy for domestic equity and the CRSP US Total Market Index (39.6%), the FTSE Developed All Cap ex North America Index (23.6%) and the FTSE Emerging Markets All Cap China A Inclusion Index (6.8%) were used for non-Canadian equity exposure. For a description of the reference indexes for the Vanguard All-Equity ETF Portfolio, see the description of the reference indexes in respect of the Vanguard Conservative Income ETF Portfolio above.
Vanguard Retirement Income ETF Portfolio	Low to Medium	The Vanguard ETF's risk classification is based on the fund's returns and the return of a composite benchmark of underlying indexes that provide exposure to broad based equity and fixed income markets which in the long run tend to have a risk profile similar to this benchmark. In accordance with NI 81-102, comparable benchmarks were used given the absence of 10 years of historical data for the underlying investments and/or the indexes they track. The FTSE Canada All Cap Index (5.0%) and the Bloomberg Barclays Global Aggregate Canadian Credit Float Adjusted Bond Index (24.0%) and Bloomberg Barclays Global Aggregate Canadian Float Adjusted Bond Index (8.0%) were used as proxies for domestic equity and fixed income, respectively. The CRSP US Total Market Index (16.0%), the FTSE Developed All Cap ex North America Index (5.0%), the FTSE Emerging Markets All Cap China A Inclusion Index (4.0%), the Bloomberg Barclays U.S. Aggregate Float Adjusted Bond Index (CAD Hedged) (19.0%) and the Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index (CAD Hedged)

		(19.0%) were used for non-Canadian equity and fixed income exposure. For a description of the reference indexes for the Vanguard Retirement Income ETF Portfolio, see the description of the reference indexes in respect of the Vanguard Conservative Income ETF Portfolio above.
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### **DISTRIBUTION POLICY**

The frequency of cash distributions on Units is set out in the table below. Cash distributions are expected to consist primarily of income but may, at the Manager’s discretion, include capital gains and/or return of capital. Each Vanguard ETF distributes a sufficient amount of its net income and net realized capital gains to Unitholders for each taxation year so that the Vanguard ETF will not be liable for ordinary income tax. To the extent that a Vanguard ETF has not otherwise distributed a sufficient amount of its net income or net realized capital gains, a distribution will be paid to Unitholders at the end of the year and that distribution will be automatically reinvested in additional Units. Immediately following such reinvestment, the number of Units outstanding will be consolidated so that the NAV per Unit following the distribution and reinvestment is the same as it would have been if the distribution had not been paid.

<b>Vanguard ETF</b>	<b>Frequency of Cash Distributions</b>
Vanguard Global Minimum Volatility ETF	Annually
Vanguard Global Momentum Factor ETF	Annually
Vanguard Global Value Factor ETF	Annually
Vanguard Conservative Income ETF Portfolio	Quarterly
Vanguard Conservative ETF Portfolio	Quarterly
Vanguard Balanced ETF Portfolio	Quarterly
Vanguard Growth ETF Portfolio	Quarterly
Vanguard All-Equity ETF Portfolio	Annually
Vanguard Retirement Income ETF Portfolio	Monthly

The above table sets out the current expected frequency of cash distributions for each Vanguard ETF. The Manager may, in its sole discretion, change the frequency of such distributions, which change will be announced by the Manager in a press release.

A Unitholder that purchases Units during the period that is one business day prior to a distribution record date and ends on and includes that distribution record date will not be entitled to receive the applicable distribution in respect of those Units. Net income and net realized capital gains may be distributed to Unitholders on the redemption or exchange of Units as part of the redemption or exchange price. Management fee distributions, if any, will be paid first out of the net income and net realized capital gains of a Vanguard ETF and then out of capital. Each Vanguard ETF intends to distribute a sufficient amount of its net income and net realized capital gains to Unitholders each year so that the Vanguard ETF will not be liable for ordinary income tax.

The tax treatment to Unitholders of distributions is discussed under the heading “Income Tax Considerations”.

#### **Reinvestment Plan**

The Manager has implemented a Reinvestment Plan under which cash distributions are used to purchase Plan Units in the market and are credited to the Plan Participant through CDS. A Unitholder who wishes to enrol in the Reinvestment Plan as of a particular distribution record date should notify his, her or its CDS Participant

sufficiently in advance of that distribution record date to allow the CDS Participant to notify CDS by 5:00 p.m. (Toronto time) on that distribution record date.

### ***Fractional Units***

No fractional Plan Units will be delivered under the Reinvestment Plan. Payment in cash for any remaining uninvested funds may be made in lieu of delivering fractional Plan Units by the Plan Agent to CDS or a CDS Participant. Where applicable, CDS will, in turn, credit the Plan Participant, via the applicable CDS Participant.

### ***Amendments, Suspension or Termination of the Reinvestment Plan***

Plan Participants will be able to terminate their participation in the Reinvestment Plan as of a particular distribution record date by notifying their CDS Participant no later than 4:00 p.m. (Toronto time) at least two business days prior to the applicable distribution record date. Beginning on the first distribution payment date after such notice is delivered, distributions to such Unitholders will be in cash. The form of termination notice will be available from CDS Participants and any expenses associated with the preparation and delivery of such termination notice will be for the account of the Plan Participant exercising its rights to terminate participation in the Reinvestment Plan.

The Manager is permitted to terminate the Reinvestment Plan, in its sole discretion, upon not less than 30 days' notice to the Plan Participants and the Plan Agent, subject to any required regulatory approval. The Manager is also permitted to amend, modify or suspend the Reinvestment Plan at any time, in its sole discretion, provided that it complies with certain requirements, and gives notice of such amendment, modification or suspension to the Plan Participants and the Plan Agent, subject to any required regulatory approval, which notice may be given by issuing a press release containing a summary description of the amendment or in any other manner that the Manager determines to be appropriate.

The Manager may from time to time adopt rules and regulations to facilitate the administration of the Reinvestment Plan. The Manager reserves the right to regulate and interpret the Reinvestment Plan as it deems necessary or desirable to ensure the efficient and equitable operation of the Reinvestment Plan.

### ***Other Provisions***

Participation in the Reinvestment Plan is restricted to Unitholders who are residents of Canada for the purposes of the Tax Act or "Canadian partnerships" as defined in the Tax Act. Immediately upon becoming a non-resident of Canada or ceasing to be a Canadian partnership, a Plan Participant is required to notify his, her or its CDS Participant and terminate participation in the Reinvestment Plan.

The automatic reinvestment of distributions under the Reinvestment Plan does not relieve Plan Participants of any income tax applicable to the distributions. See "Income Tax Considerations".

## **PURCHASES OF UNITS**

### **Continuous Distribution**

Units of the Vanguard ETFs are being offered on a continuous basis and there is no maximum number of Units that may be issued.

### **Designated Brokers**

The Manager, on behalf of each Vanguard ETF, has entered, or will enter, into a designated broker agreement with a Designated Broker pursuant to which the Designated Broker agrees to perform certain duties relating to the Vanguard ETF including, without limitation: (i) to subscribe for a sufficient number of Units to

satisfy the TSX's original listing requirements and when cash redemptions of Units occur as described under "Exchange and Redemption of Units"; (ii) to subscribe for Units on an ongoing basis in connection with the rebalancing of portfolio securities held by the Vanguard ETF; and (iii) to post a liquid two-way market for the trading of Units on the TSX.

The designated broker agreement provides that the Manager may from time to time and, in any event not more than once quarterly, require the Designated Broker to subscribe for Units of a Vanguard ETF for cash in a dollar amount not to exceed 0.30% of the NAV of the Vanguard ETF. The number of Units issued will be the subscription amount divided by the NAV per Unit next determined following the delivery by the Manager of a subscription notice to the Designated Broker. Payment for the Units must be made by the Designated Broker by no later than the second Trading Day after the subscription notice has been delivered.

## **Dealers**

The Manager, on behalf of each Vanguard ETF, has entered, or will enter, into various dealer agreements with registered dealers (that may or may not be Designated Brokers) pursuant to which the Dealers may subscribe for Units of the Vanguard ETFs.

## **Issuance of Units**

### ***To Designated Brokers and Dealers***

Generally, all orders to purchase Units directly from a Vanguard ETF must be placed by the Designated Broker or Dealers. Each Vanguard ETF reserves the absolute right to reject any subscription order placed by the Designated Broker or by a Dealer. No fees are payable by a Vanguard ETF to the Designated Broker or a Dealer in connection with the issuance of Units. On the issuance of Units and if stated in the applicable designated broker agreement or dealer agreement, the Manager or a Vanguard ETF may charge a fee to the Designated Broker and/or Dealer to offset the expenses incurred in issuing the Units to such Designated Broker and/or Dealers.

On any Trading Day, a Dealer (who may also be a Designated Broker) may place a subscription order for the Prescribed Number of Units (or a whole multiple thereof) of a Vanguard ETF. If a subscription order is received by the Manager, by the applicable Cut-Off Time on a Trading Day, the Vanguard ETF will issue to the Designated Broker or the Dealer the Prescribed Number of Units (or a whole multiple thereof) based on the NAV per Unit determined on such Trading Day. If a subscription order is not received by the applicable Cut-Off Time on a Trading Day, the subscription order will be deemed to be received only on the next Trading Day.

For each Prescribed Number of Units issued, a Dealer must deliver payment consisting of, in the Sub-advisor's discretion: (i) one Basket of Securities and cash in an amount sufficient so that the value of the securities and the cash received is equal to the aggregate NAV per Unit of the Prescribed Number of Units next determined following the receipt of the subscription order; (ii) cash in an amount equal to the aggregate NAV per Unit of the Prescribed Number of Units next determined following the receipt of the subscription order; or (iii) a combination of securities and cash, as determined by the Manager, in an amount sufficient so that the value of the securities and cash received is equal to the aggregate NAV per Unit of the Prescribed Number of Units next determined following the receipt of the subscription order.

The Manager will make available to the Designated Brokers and the Dealers information as to the Prescribed Number of Units and the Basket of Securities for each Vanguard ETF for each Trading Day. A copy of such information is also available at the request of a Unitholder, at no cost, by calling 1-877-410-7275. The Manager may, in its discretion, increase or decrease the Prescribed Number of Units from time to time.

Units may also be issued by a Vanguard ETF to the Designated Broker or Dealers in a number of other circumstances as required for the operation of the Vanguard ETF.

## ***To Unitholders***

Units may be issued by a Vanguard ETF to Unitholders on the automatic reinvestment of certain distributions as described under “Distribution Policy” and “Income Tax Considerations – Taxation of the Vanguard ETFs”.

## **Buying and Selling Units**

The Units of each Vanguard ETF are listed on the TSX and offered on a continuous basis, and investors will be able to buy or sell Units on the TSX (and any exchange on which the Vanguard ETFs trade) through registered brokers or dealers in the province or territory where the investor resides. Accordingly, investors may trade Units in the same way as other securities listed on the TSX, including by using market orders and limit orders. Investors may incur customary brokerage commissions in buying or selling Units. The Vanguard ETFs issue Units directly to the Designated Brokers and the Dealers. No fees are paid by a Unitholder to the Manager or the Vanguard ETFs in connection with the buying or selling of Units on the TSX or other exchanges.

## **Special Considerations for Unitholders**

The so-called “early warning” reporting requirements in Canadian securities legislation do not apply in connection with the acquisition of Units of the Vanguard ETFs. The Vanguard ETFs have obtained exemptive relief from the securities regulatory authorities to permit Unitholders to acquire more than 20% of the Units of any Vanguard ETF through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation, provided that any such Unitholder, and any person acting jointly or in concert with the Unitholder, provides the Manager with an undertaking not to exercise any votes attached to Units that represent more than 20% of the votes attached to all outstanding Units of that Vanguard ETF at any meeting of Unitholders.

Each Vanguard ETF that invests a portion of its portfolio assets in T+3 Securities has obtained exemptive relief from the securities regulatory authorities to permit such Vanguard ETF to settle primary market trades in Units of the Vanguard ETF no later than the third business day after the date upon which pricing for the Units is determined. This settlement cycle differs from the standard settlement cycle for secondary market trades in the Units of the Vanguard ETF, which customarily occurs no later than the second business day after the date upon which pricing for the Units is determined.

## **Non-Resident Unitholders**

At no time may (i) non-residents of Canada, (ii) partnerships that are not Canadian partnerships or (iii) a combination of non-residents of Canada and such partnerships (all as defined in the Tax Act) be the beneficial owners of a majority of the Units of a Vanguard ETF at any time during which more than 10% of the property of the Vanguard ETF consists of certain “taxable Canadian property” (as defined in the Tax Act). The Manager shall inform the Registrar and Transfer Agent of this restriction. The Manager may require declarations as to the jurisdictions in which a beneficial owner of Units is resident and, if a partnership, its status as a Canadian partnership. If the Manager becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 40% of the Units of a Vanguard ETF then outstanding are, or may be, non-residents and/or partnerships that are not Canadian partnerships, or that such a situation is imminent, the Manager may make a public announcement thereof. If the Manager determines that more than 40% of such Units are beneficially held by non-residents and/or partnerships that are not Canadian partnerships, the Manager may send a notice to such non-resident Unitholders and partnerships, chosen in inverse order to the order of acquisition or in such manner as the Manager may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 30 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Manager with satisfactory evidence that they are not non-residents or partnerships other than Canadian partnerships within such period, the Manager may, on behalf of such Unitholders, sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale, the affected holders shall cease to be beneficial holders of Units and their rights shall be limited to receiving the net proceeds of sale of such Units.

The Units of the Vanguard ETFs are not designed for, or intended to be held by, U.S. persons. If the Manager becomes aware that a U.S. person is a beneficial owner of Units, the Manager may cause the Vanguard ETF to redeem the Units held by such U.S. person at a redemption price equal to the NAV per Unit on the effective day of such redemption.

Notwithstanding the foregoing, the Manager may determine not to take any of the actions described above if the Manager reasonably determines that the failure to take any such action would not adversely impact the status of the Vanguard ETF as a mutual fund trust for purposes of the Tax Act or, alternatively, may take such other action or actions as may be necessary to maintain the status of the Vanguard ETF as a mutual fund trust for purposes of the Tax Act.

### **Registration and Transfer through CDS**

Registration of interests in, and transfers of, the Units will be made only through the book-entry only system administered by CDS. Units must be purchased, transferred and surrendered for exchange or redemption only through a CDS Participant. All rights of a Unitholder must be exercised through, and all payments or other property to which such Unitholder is entitled will be made or delivered by, CDS or the CDS Participant through which the Unitholder holds such Units. Upon purchase of any Units, the Unitholder will receive only the customary confirmation. All distributions and redemption proceeds in respect of Units will be made or paid initially to CDS, which payments will be forwarded by CDS to the CDS Participants and, thereafter, by such CDS Participants to the applicable Unitholders. References in this prospectus to a Unitholder means, unless the context otherwise requires, the owner of the beneficial interest in such Units.

Neither the Vanguard ETFs nor the Manager will have any liability for: (i) any aspect of the records maintained by CDS relating to the beneficial interests in the Units or the book-entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS, whether contained in this prospectus or otherwise, or made or given with respect to the rules and regulations of CDS or any action taken by CDS or at the direction of the CDS Participants. The rules governing CDS provide that it acts as the agent and depository for the CDS Participants. As a result, CDS Participants must look solely to CDS and persons, other than CDS Participants, having an interest in the Units must look solely to CDS Participants for payment made by the Vanguard ETF to CDS.

The ability of a Unitholder to pledge such Units or otherwise take action with respect to such owner's interest in such Units (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The Vanguard ETFs have the option to terminate registration of the Units through the book-entry only system, in which case certificates for Units in fully registered form will be issued to Unitholders or to their nominees.

## **EXCHANGE AND REDEMPTION OF UNITS**

### **Redemption of Units in any Number for Cash**

On any Trading Day, Unitholders may redeem Units of a Vanguard ETF in any number for cash at a redemption price per Unit equal to the lesser of (i) 95% of the closing price on the TSX for the Units on the effective day of redemption and (ii) the net asset value per Unit on the effective day of the redemption. Because Unitholders will generally be able to sell Units at the full market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions, Unitholders are advised to consult their brokers, dealers or investment advisors before redeeming their Units for cash. No fees or expenses are paid by a Unitholder to the Manager or the Vanguard ETFs in connection with selling Units on the TSX or other exchange.

In order for a cash redemption to be effective on a Trading Day, a cash redemption request in the form prescribed by the Manager from time to time must be delivered through a CDS Participant by 4:00 p.m. (Toronto

time) on the prior day to the Manager. If a cash redemption request is received after 4:00 p.m. (Toronto time) on the prior Trading Day, the cash redemption request will be effective only on the next Trading Day. Payment of the redemption price will be made (i) by no later than the third Trading Day after the effective day of the redemption, in the case of a Vanguard ETF that invests a portion of its portfolio assets in T+3 Securities, (ii) by no later than the second Trading Day after the effective day of the redemption, in the case of a Vanguard ETF that does not invest a portion of its portfolio assets in T+3 Securities, or (iii) in each case, such shorter period than (i) or (ii) as may be determined by the Manager in response to changes in applicable law or general changes to settlement procedures in applicable markets. The cash redemption request forms may be obtained from the Manager.

Unitholders that exercise this cash redemption right during the period that begins one business day prior to a distribution record date and ends on and includes that distribution record date for any distribution will be entitled to receive the applicable distribution in respect of those Units.

In connection with the redemption of Units, a Vanguard ETF will generally dispose of securities or other assets in order to fund the required redemption proceeds. The redemption price paid to a Unitholder may include income and capital gains realized by the Vanguard ETF. The remaining portion of the exchange or redemption price will be proceeds of redemption.

The Manager reserves the right to cause a Vanguard ETF to redeem the Units held by a Unitholder at a price equal to the NAV per Unit on the effective date of such redemption if the Manager believes it is in the best interests of the Vanguard ETF to do so.

#### **Exchange or Redemption of Prescribed Number of Units**

On any Trading Day, Unitholders may exchange the Prescribed Number of Units (or a whole multiple thereof) for Baskets of Securities and cash. To effect an exchange of Units, a Unitholder must submit an exchange request in the form prescribed by the Manager from time to time to the Manager or as the Manager may otherwise direct by the Cut-Off Time on a Trading Day. The exchange price will be equal to the aggregate NAV per Unit of the Prescribed Number of Units on the effective day of the exchange request, generally payable by delivery of Baskets of Securities (constituted prior to the receipt of the exchange request) and cash. On an exchange, the applicable Units will be redeemed.

Alternatively, but only with the prior consent of the Manager, Unitholders may redeem the Prescribed Number of Units (or a whole multiple thereof) for cash. To effect a redemption of a Prescribed Number of Units (or a whole multiple thereof), a Unitholder must submit a redemption request in the form prescribed by the Manager from time to time to the applicable Vanguard ETF at its head office or as the Manager may otherwise direct by the cut-off time on a Trading Day. The redemption price will be equal to the aggregate NAV per Unit of the Prescribed Number of Units on the effective date of the redemption request, payable by delivery of cash.

If an exchange or redemption request is not received by the applicable time on a Trading Day, the exchange or redemption order will be effective only on the next Trading Day. Settlement of exchanges or redemptions for Baskets of Securities and/or cash, as the case may be, will be made (i) by no later than the third Trading Day after the effective day of the exchange or redemption request, in the case of a Vanguard ETF that invests a portion of its portfolio assets in T+3 Securities, (ii) by no later than the second Trading Day after the effective day of the exchange or redemption request, in the case of a Vanguard ETF that does not invest a portion of its portfolio assets in T+3 Securities, or (iii) in such shorter period as may be determined by the Manager in response to changes in applicable law or general changes to settlement procedures in applicable markets.

The Manager will make available to the Designated Brokers and the Dealers information as to the Prescribed Number of Units and the Basket of Securities for each Vanguard ETF for each Trading Day. The Manager may, in its discretion, increase or decrease the Prescribed Number of Units from time to time.

A Unitholder that exchanges or redeems Units during the period that begins two business days prior to a distribution record date and ends on and includes that distribution record date will be entitled to receive the

applicable distribution in respect of those Units. The exchange or redemption price paid to a Unitholder may include income and capital gains realized by the Vanguard ETF. The remaining portion of the exchange or redemption price will be proceeds of redemption.

If Constituent Securities or other securities are cease traded at any time by order of a securities regulatory authority or other relevant regulator or stock exchange, the delivery of such securities to a Unitholder on an exchange may be postponed until such time as the transfer of the securities is permitted by law.

### **Requests for Exchange and Redemption**

A Unitholder submitting an exchange or redemption request is deemed to represent to the Vanguard ETF and the Manager that: (i) it has full legal authority to tender the Units for exchange or redemption and to receive the proceeds of the exchange or redemption; and (ii) the Units have not been loaned or pledged and are not the subject of a repurchase agreement, securities lending agreement or a similar arrangement that would preclude the delivery of the Units to the Vanguard ETF. The Manager reserves the right to verify these representations at its discretion. Generally, the Manager will require verification with respect to an exchange or redemption request if there are unusually high levels of exchange or redemption activity or short interest in the applicable Vanguard ETF. If the Unitholder, upon receipt of a verification request, does not provide the Manager with satisfactory evidence of the truth of the representations, the Unitholder's exchange or redemption request will not be considered to have been received in proper form and will be rejected.

### **Suspension of Exchanges and Redemptions**

The Manager may suspend the exchange and/or redemption of Units or the payment of the exchange or redemption price of a Vanguard ETF: (i) during any period when normal trading is suspended on a stock exchange or other market on which securities owned by the Vanguard ETF are listed and traded, if these securities represent more than 50% by value or underlying market exposure of the total assets of the Vanguard ETF, without allowance for liabilities, and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the Vanguard ETF; or (ii) with the prior permission of the securities regulatory authorities. The suspension shall apply to all requests for exchange or redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall be advised by the Manager of the suspension and that the exchange or redemption will be effected at a price determined on the first Valuation Date following the termination of the suspension. All such Unitholders shall have, and shall be advised that they have, subject to the prior consent of the Manager, the right to withdraw their requests for exchange or redemption. The Vanguard ETF shall not accept a subscription order for Units during any period when exchanges and/or redemptions are suspended. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with the official rules and regulations promulgated by any government body having jurisdiction over the Vanguard ETFs, any declaration of suspension made by the Manager shall be conclusive.

### **Costs Associated with Exchanges and Redemptions**

If stated in the applicable designated broker agreement or dealer agreement, the Manager or a Vanguard ETF may charge to the Designated Broker and/or Dealers a fee to offset certain transaction costs associated with the exchange or redemption of Units of a Vanguard ETF by such Designated Broker and/or Dealers.

### **Exchange and Redemption of Units through CDS Participants**

The exchange and redemption rights described above must be exercised through the CDS Participant through which the owner holds Units. Beneficial owners of Units should ensure that they provide exchange and/or redemption instructions to the CDS Participants through which they hold Units sufficiently in advance of the cut-off times set by CDS Participants to allow such CDS Participants to notify CDS and for CDS to notify the Manager or as the Manager may direct prior to the relevant cut-off time.

## Short Term Trading

The Manager does not believe that it is necessary to impose any short-term trading restrictions on the Vanguard ETFs at this time, as the Vanguard ETFs are exchange-traded funds that are primarily traded in the secondary market.

### PRICE RANGE AND TRADING VOLUME OF UNITS

The following tables set forth the consolidated market price range and trading volume of the Units of the Vanguard ETFs on the TSX, TSX Alpha Exchange, TSX Venture Exchange, NASDAQ CXC, NASDAQ CX2, NASDAQ CXD, Omega, Lynx, Canadian Securities Exchange, Aequitas Neo Exchange Inc., Aequitas Lit Book, Instinet Canada Cross, Triact Match and LiquidNet for the calendar periods indicated.

	Vanguard Global Minimum Volatility ETF			Vanguard Global Momentum Factor ETF			Vanguard Global Value Factor ETF		
	<u>Price Range</u>		<u>Volume (000's)</u>	<u>Price Range</u>		<u>Volume (000's)</u>	<u>Price Range</u>		<u>Volume (000's)</u>
	<u>High</u>	<u>Low</u>		<u>High</u>	<u>Low</u>		<u>High</u>	<u>Low</u>	
<b>2019</b>									
December	\$34.68	\$33.54	151	\$36.20	\$35.05	66	\$34.66	\$33.17	176
<b>2020</b>									
January	\$34.54	\$33.54	207	\$36.81	\$35.05	46	\$33.46	\$31.53	241
February	\$35.12	\$31.43	175	\$37.67	\$33.02	61	\$32.89	\$28.42	185
March	\$33.23	\$23.54	355	\$34.95	\$26.17	129	\$29.02	\$19.61	439
April	\$29.21	\$25.70	194	\$33.43	\$27.90	67	\$25.84	\$20.60	179
May	\$29.70	\$28.03	138	\$34.92	\$32.25	38	\$26.66	\$23.14	111
June	\$30.34	\$28.94	151	\$35.47	\$33.37	49	\$29.50	\$25.65	136
July	\$30.74	\$29.51	102	\$37.35	\$35.08	80	\$27.19	\$25.52	128
August	\$31.41	\$30.35	208	\$37.87	\$36.87	78	\$28.38	\$26.40	201
September	\$31.63	\$30.16	131	\$38.14	\$35.73	45	\$27.83	\$26.26	185
October	\$31.67	\$29.99	90	\$39.75	\$36.74	64	\$28.40	\$26.79	163
November	\$32.06	\$30.59	125	\$41.10	\$36.99	93	\$32.37	\$27.51	604
December	\$32.60	\$31.57	107	\$43.44	\$40.70	145	\$32.30	\$31.13	404
	Vanguard Conservative Income ETF Portfolio			Vanguard Conservative ETF Portfolio			Vanguard Balanced ETF Portfolio		
	<u>Price Range</u>		<u>Volume (000's)</u>	<u>Price Range</u>		<u>Volume (000's)</u>	<u>Price Range</u>		<u>Volume (000's)</u>
	<u>High</u>	<u>Low</u>		<u>High</u>	<u>Low</u>		<u>High</u>	<u>Low</u>	
<b>2019</b>									
December	\$26.79	\$26.42	311	\$26.69	\$26.32	1,044	\$26.85	\$26.35	3,052
<b>2020</b>									
January	\$27.01	\$26.42	527	\$26.90	\$26.33	1,738	\$27.14	\$26.46	6,041
February	\$27.25	\$26.78	1,007	\$27.23	\$26.20	2,376	\$27.47	\$25.96	6,482
March	\$27.26	\$23.72	1,199	\$26.80	\$22.63	3,150	\$26.63	\$21.77	8,238
April	\$26.77	\$25.30	571	\$26.07	\$24.07	1,668	\$25.62	\$23.16	4,164
May	\$27.07	\$26.62	443	\$26.40	\$25.76	1,063	\$26.02	\$25.15	2,930
June	\$27.36	\$27.00	574	\$26.83	\$26.35	1,241	\$26.68	\$25.89	3,068
July	\$27.75	\$27.22	593	\$27.31	\$26.63	1,059	\$27.09	\$26.28	3,007
August	\$27.89	\$27.60	607	\$27.51	\$27.21	839	\$27.54	\$26.97	2,703

	Vanguard Conservative Income ETF Portfolio			Vanguard Conservative ETF Portfolio			Vanguard Balanced ETF Portfolio		
	<u>Price Range</u>		<u>Volume</u>	<u>Price Range</u>		<u>Volume</u>	<u>Price Range</u>		<u>Volume</u>
	<u>High</u>	<u>Low</u>	<u>(000's)</u>	<u>High</u>	<u>Low</u>	<u>(000's)</u>	<u>High</u>	<u>Low</u>	<u>(000's)</u>
September	\$27.88	\$27.53	745	\$27.68	\$27.09	1,275	\$27.71	\$26.83	3,334
October	\$27.69	\$27.27	579	\$27.48	\$26.82	1,229	\$27.51	\$26.58	3,501
November	\$28.10	\$27.32	971	\$28.18	\$26.91	1,174	\$28.58	\$26.72	3,634
December	\$28.19	\$27.94	773	\$28.33	\$28.03	1,265	\$28.77	\$28.29	4,826
	Vanguard Growth ETF Portfolio			Vanguard All-Equity ETF Portfolio			Vanguard Retirement Income ETF Portfolio		
	<u>Price Range</u>		<u>Volume</u>	<u>Price Range</u>		<u>Volume</u>	<u>Price Range</u>		<u>Volume</u>
	<u>High</u>	<u>Low</u>	<u>(000's)</u>	<u>Low</u>	<u>High</u>	<u>(000's)</u>	<u>Low</u>	<u>High</u>	<u>(000's)</u>
<b>2019</b>									
December	\$27.00	\$26.36	3,132	\$29.06	\$28.20	802	N/A	N/A	N/A
<b>2020</b>									
January	\$27.39	\$26.64	6,643	\$29.32	\$28.42	2,164	N/A	N/A	N/A
February	\$27.76	\$25.64	7,630	\$29.75	\$26.77	2,668	N/A	N/A	N/A
March	\$26.46	\$20.72	14,309	\$27.88	\$20.69	6,595	N/A	N/A	N/A
April	\$25.14	\$22.18	6,634	\$26.23	\$22.59	3,385	N/A	N/A	N/A
May	\$25.59	\$24.49	5,129	\$26.76	\$25.38	2,268	N/A	N/A	N/A
June	\$26.48	\$25.38	4,996	\$27.92	\$26.45	2,446	N/A	N/A	N/A
July	\$26.88	\$25.86	4,449	\$28.53	\$27.23	1,852	N/A	N/A	N/A
August	\$27.52	\$26.68	4,294	\$29.40	\$28.26	1,551	N/A	N/A	N/A
September	\$27.65	\$26.57	4,473	\$29.59	\$28.11	2,352	\$25.12	\$24.74	1,165
October	\$27.48	\$26.35	6,460	\$29.53	\$28.06	2,475	\$25.21	\$24.39	1,937
November	\$28.76	\$26.47	9,210	\$31.27	\$28.21	3,157	\$26.11	\$24.47	1,631
December	\$29.13	\$28.50	10,991	\$31.71	\$30.86	3,310	\$26.27	\$25.80	1,565

## INCOME TAX CONSIDERATIONS

In the opinion of Osler, Hoskin & Harcourt LLP, the following is a summary of the principal Canadian federal income tax considerations under the Tax Act for the Vanguard ETFs and for a prospective investor in a Vanguard ETF that, for the purpose of the Tax Act at all relevant times, is an individual (other than a trust), is resident in Canada, holds Units of a Vanguard ETF as capital property, has not entered into with respect to Units a “derivative forward agreement” within the meaning of subsection 248(1) of the Tax Act, and is not affiliated and deals at arm’s length with the Vanguard ETF. This summary is based on the current provisions of the Tax Act and regulations thereunder, all specific proposals to amend the Tax Act that have been publicly announced by the Minister of Finance (Canada) prior to the date of this prospectus, and counsel’s understanding of the current published administrative policies and assessing practices of the CRA. This summary does not take into account or anticipate any other changes in law whether by legislative, administrative or judicial action and it does not take into account provincial, territorial or foreign income tax legislation or considerations, which may differ from the considerations described below.

**This summary is of a general nature only and is not exhaustive of all possible income tax considerations. Prospective investors should therefore consult their own tax advisors about their individual circumstances.**

**This summary is also based on the assumptions that (i) none of the issuers of securities held by a Vanguard ETF will be a foreign affiliate of the Vanguard ETF or any Unitholder, (ii) none of the securities held by a Vanguard ETF will be a “tax shelter investment” within the meaning of section 143.2 of the Tax Act, (iii) none of the securities held by a Vanguard ETF will be an interest in a non-resident trust other than an “exempt foreign trust” as defined in section 94 of the Tax Act, (iv) none of the securities held by a Vanguard ETF will be an interest in a non-resident trust that is deemed to be a controlled foreign affiliate of the Vanguard ETF for the purposes of the Tax Act, and (v) no Vanguard ETF will enter into any arrangement where the result is a “dividend rental arrangement” for the purposes of the Tax Act.**

### **Status of the Vanguard ETFs**

This summary is based on the assumption that each of the Vanguard ETFs will comply at all material times with the conditions prescribed in the Tax Act and otherwise so as to qualify as a “mutual fund trust” as defined in the Tax Act. Counsel is advised that each of the Vanguard ETFs anticipates that it will qualify as a “mutual fund trust” under the Tax Act at all material times. If a Vanguard ETF does not qualify as a “mutual fund trust” under the Tax Act, the income tax consequences would differ materially from those described below.

Provided that the Units of a Vanguard ETF are and continue to be listed on a “designated stock exchange” within the meaning of the Tax Act, which includes the TSX, or that the Vanguard ETF qualifies as a mutual fund trust under the Tax Act or is a registered investment under the Tax Act, the Units of the Vanguard ETF will be a qualified investment under the Tax Act for Registered Plans.

A Unit of a Vanguard ETF that is a qualified investment may nevertheless be a prohibited investment for a tax-free savings account, registered disability savings plan, registered education savings plan, registered retirement savings plan or registered retirement income fund. Generally, the Units of a Vanguard ETF will not be a prohibited investment under the Tax Act for such Registered Plan unless the holder/annuitant/subscriber of the Registered Plan (together with non-arm’s length persons and partnerships) holds Units having a fair market value of 10% or more of all the Units of the Vanguard ETF. However, under a safe harbour for newly established mutual funds, the Units of a Vanguard ETF will not be a prohibited investment under the Tax Act for such a Registered Plan at any time during the first 24 months of existence if at all times during that period the Vanguard ETF qualifies or is deemed to qualify as a “mutual fund trust” under the Tax Act and remains in substantial compliance with the requirements of NI 81-102. Investors should consult their own tax advisors for advice on whether or not Units would be prohibited investments for their tax-free savings account, registered disability savings plan, registered education savings plan, registered retirement savings plan or registered retirement income fund.

### **Taxation of the Vanguard ETFs**

Each Vanguard ETF is subject to tax under Part I of the Tax Act on its net income, including net taxable capital gains, as calculated under the Tax Act for a taxation year (after deducting available loss carryforwards) to the extent that it is not paid or payable to Unitholders. A Vanguard ETF that is a mutual fund trust throughout its taxation year is entitled to a refund (“capital gains refund”) of its tax liability on its net realized capital gains equal to an amount determined by formula under the Tax Act based on the redemption of Units during the year and accrued gains on the Vanguard ETF’s assets. The capital gains refund may be, and in practice is expected to be applied to eliminate the maximum amount of the Vanguard ETF’s tax liability in the years that it is available. The Declaration of Trust requires each Vanguard ETF to distribute a sufficient amount of its net income and net realized capital gains, if any, for each taxation year to Unitholders so that the Vanguard ETF will not be liable in any taxation year for income tax under Part I of the Tax Act after taking into account any entitlement to a capital gains refund and on the assumption that the Vanguard ETF is not a “SIFT trust”, as defined in the Tax Act.

The likelihood that a Vanguard ETF will pay a capital gains distribution to Unitholders in a year is greater if the Vanguard ETF has a high portfolio turnover rate in the year, including as a result of a change in the investment strategy by which the Vanguard ETF achieves its investment objective. A high portfolio turnover rate does not correlate to the performance of a Vanguard ETF.

Each Vanguard ETF is required to calculate its net income, including net taxable capital gains, in Canadian dollars, for each taxation year according to the rules in the Tax Act. Net income, including net taxable capital gains, is affected by fluctuations in the value of the Canadian dollar relative to foreign currency where amounts of income, expense, cost or proceeds of disposition are denominated in foreign currency. A Vanguard ETF is generally required to include in the calculation of its income interest as it accrues, dividends when they are received and capital gains and losses when they are realized. Trust income that is paid or becomes payable to a Vanguard ETF in a calendar year is generally included in income for the taxation year of the Vanguard ETF that ends in the calendar year. Trust income paid or payable to a Vanguard ETF by a Canadian-resident trust may have the character of ordinary property income, foreign source income, dividends received from a taxable Canadian corporation or capital gains.

Foreign source income received directly by a Vanguard ETF is generally received net of any taxes withheld in the foreign jurisdiction. The foreign taxes so withheld are included in the calculation of the Vanguard ETF's income, but may within certain limits be claimed as a deduction by the Vanguard ETF in the calculation of its income or, if the Vanguard ETF makes designations in respect of the foreign source income, as a foreign tax credit by Unitholders.

Gains or losses realized by a Vanguard ETF on the disposition of securities held by it constitute capital gains or capital losses unless the Vanguard ETF is considered to be trading or dealing in securities, or otherwise carrying on a business of buying and selling securities, or has acquired the securities in a transaction or transactions considered to be an adventure in the nature of trade. The Manager has advised counsel that each Vanguard ETF purchases securities (other than derivative instruments) with the objective of earning dividends and income thereon and takes the position that gains and losses realized on the disposition of its securities (other than gains and losses on certain derivative instruments) are capital gains and capital losses. Generally, a gain and loss from a cash settled option, futures contract, forward contract and other derivative instrument is treated on account of income rather than as a capital gain or loss unless the derivative is used by a Vanguard ETF as a hedge to limit its gain or loss on a specific capital asset or group of capital assets held by the Vanguard ETF.

A Vanguard ETF that invests in foreign denominated securities must calculate its adjusted cost base and proceeds of disposition in Canadian dollars based on the conversion rate on the date the securities were purchased and sold, as applicable. Capital gains realized during a taxation year are reduced by capital losses realized during the year. In certain circumstances, a capital loss realized by a Vanguard ETF may be denied or suspended and, therefore, may not be available to offset capital gains. For example, a capital loss realized by a Vanguard ETF will be suspended if, during the period that begins 30 days before and ends 30 days after the date on which the capital loss was realized, the Vanguard ETF (or a person affiliated with the Vanguard ETF for the purposes of the Tax Act) acquires a property that is the same as or is identical to the particular property on which the loss was realized and owns that property at the end of the period.

If a Vanguard ETF holds a "non-portfolio property" (as defined in the Tax Act), the Vanguard ETF will be a "SIFT trust" for the purposes of the Tax Act and will generally be subject to tax under Part I of the Tax Act at corporate income tax rates on its "non-portfolio earnings" (as defined in the Tax Act), which includes income from non-portfolio property and net taxable capital gains realized on the disposition of non-portfolio property, even when the non-portfolio earnings are paid or payable to Unitholders. The Declaration of Trust requires each Vanguard ETF to restrict its investments and activities so its non-portfolio earnings and thus SIFT tax liability are immaterial; however, the Vanguard ETFs cannot give any assurance in this regard.

## **Taxation of Unitholders (other than Registered Plans)**

### ***Distributions***

A Unitholder (other than a Registered Plan) is required to include in the calculation of income for tax purposes, the amount of any income and the taxable portion of any capital gains of the Vanguard ETF that is paid or payable to the Unitholder in the year, whether or not such amounts are paid in cash or reinvested in additional Units. The non-taxable portion of any capital gains of a Vanguard ETF that is paid or payable to the Unitholder in the year is not included in the Unitholder's income and, provided the Vanguard ETF makes the appropriate designation on its

tax return, does not reduce the adjusted cost base of the Unitholder's Units of that Vanguard ETF. Any other non-taxable distribution, such as a return of capital, reduces the Unitholder's adjusted cost base. A Unitholder is deemed to realize a capital gain to the extent that the adjusted cost base of the Unitholder's Units would otherwise become a negative amount and the adjusted cost base is nil immediately thereafter.

Each Vanguard ETF may, and is expected to, designate, to the extent permitted by the Tax Act, the portion of the net income of the Vanguard ETF distributed to Unitholders that may reasonably be considered to consist of: (i) taxable dividends (including eligible dividends) received or considered to be received by the Vanguard ETF on shares of taxable Canadian corporations; and (ii) net taxable capital gains realized or considered to be realized by the Vanguard ETF. Any amount so designated is deemed for tax purposes to be received or realized by Unitholders in the year as a taxable dividend and as a taxable capital gain, respectively. The dividend gross-up and tax credit treatment normally applicable to taxable dividends (including eligible dividends) paid by a taxable Canadian corporation applies to amounts designated as taxable dividends. Capital gains so designated are subject to the general rules relating to the taxation of capital gains described below. In addition, a Vanguard ETF may make designations in respect of its foreign source income, if any, so that Unitholders may be able to claim a foreign tax credit (in accordance with and subject to the general limitations under the Tax Act) for foreign taxes paid directly by the Vanguard ETF and not deducted by it. A loss realized by a Vanguard ETF may not be allocated to, and may not be treated as a loss of the Unitholders of the Vanguard ETF. A Unitholder who receives a distribution of "non-portfolio earnings" from a Vanguard ETF is deemed to receive an eligible dividend from a Canadian corporation for tax purposes at the time the distribution is received. The dividend gross-up and tax credit treatment normally applicable to eligible dividends paid by a taxable Canadian corporation applies.

Individuals and certain trusts may be subject to an alternative minimum tax in respect of taxable dividends (including eligible dividends) received or considered to be received from taxable Canadian corporations and realized capital gains.

### ***Disposition of Units***

Generally, a Unitholder (other than a Registered Plan) realizes a capital gain (or loss) on the sale, redemption, exchange or other disposition of a Unit to the extent that the proceeds of disposition for the Unit exceed (or are less than) the total of the adjusted cost base to the Unitholder of the Unit and any reasonable costs of disposition. In general, the adjusted cost base of all Units of a particular Vanguard ETF held by the Unitholder at a particular time is the total amount paid for all Units of the Vanguard ETF currently and previously held by the Unitholder (including brokerage commissions paid and the amount of reinvested distributions) less any distributions of capital and less the adjusted cost base of any Units of the Vanguard ETF previously disposed of by the Unitholder. The adjusted cost base to a Unitholder of one Unit is the average adjusted cost base of all identical Units owned by the Unitholder as capital property at that time.

When a Unitholder disposes of a Unit of a Vanguard ETF on the redemption of the Unit for cash or on the exchange of the Unit for Baskets of Securities and cash, the Unitholder's proceeds of disposition is expected to be an amount equal to the cash received by the Unitholder plus the fair market value of the Baskets of Securities less any capital gain of the Vanguard ETF that is distributed by the Vanguard ETF to the Unitholder as part of the redemption price or exchange price for the Unit; however, the Unitholder is advised to confirm this information with the Manager. Any capital gains so distributed must be included in the calculation of the Unitholder's income in the manner described above. For tax purposes, the cost of the securities acquired by the Unitholder on the exchange of the Unit will generally be the fair market value of such securities at that time.

Legislative proposals released by the Minister of Finance (Canada) on July 30, 2019 proposed amendments to the Tax Act that would (a) deny a mutual fund trust a deduction for any income of the mutual fund trust designated to a Unitholder on a redemption of units, where the Unitholder's proceeds of disposition are reduced by the designation, and (b) deny a mutual fund trust a deduction for the portion of a capital gain of the mutual fund trust designated to a Unitholder on a redemption of units that is greater than the Unitholder's accrued gain on those units, where the Unitholder's proceeds of disposition are reduced by the designation. The first of those two proposed amendments would be effective, for all mutual fund trusts, for taxation years of a mutual fund trust beginning on or

after March 19, 2019. The second such proposed amendment would be effective (i) for taxation years of a mutual fund trust which is listed on a designated stock exchange in Canada and in continuous distribution, beginning on or after March 20, 2020 and (ii) for taxation years of all other mutual fund trusts, beginning on or after March 19, 2019. If such proposed amendments to the Tax Act are enacted in their current form, any income or taxable capital gains that would otherwise have been designated to redeeming Unitholders may be made payable to the remaining, non-redeeming Unitholders to ensure the mutual fund trust will not be liable for non-refundable income tax thereon. Accordingly, the amounts of taxable distributions made to Unitholders of a Vanguard ETF may be greater than they would have been in the absence of such amendments.

### ***Taxation of Capital Gains and Capital Losses***

One-half of any capital gain realized by a Unitholder (other than a Registered Plan) and the amount of any net taxable capital gains realized or considered to be realized by a Vanguard ETF and designated by the Vanguard ETF in respect of the Unitholder is included in the Unitholder's income as a taxable capital gain. One-half of a capital loss may be deducted from taxable capital gains subject to and in accordance with detailed rules in the Tax Act.

### **Taxation of Registered Plans**

A Registered Plan that holds Units of a Vanguard ETF and the holder/annuitant/subscriber of that Registered Plan will generally not be subject to tax on the value of the Units or the income or capital gains distributed by the Vanguard ETF or a gain realized on the disposition of the Units provided the Units are: (i) qualified investments for the Registered Plan; (ii) in the case of certain Registered Plans, not prohibited investments for the Registered Plan and not used in a transaction that constitutes an advantage in relation to the Registered Plan; and (iii) not used as security for a loan.

In the case of a disposition of Units of a Vanguard ETF by a Registered Plan in exchange for a Basket of Securities of the Vanguard ETF or a distribution *in specie* on the termination of a Vanguard ETF, the Registered Plan may receive securities. The securities so received may or may not be qualified investments for the Registered Plan and may or may not be prohibited investments for the Registered Plan. Investors should consult their own tax counsel for advice on whether or not such securities would be qualified investments and not prohibited investments for Registered Plans.

### **International Information Reporting**

Generally, investors will be required to provide their dealer with information related to their citizenship, tax residency and, if applicable, foreign tax identification number. If an investor, or their controlling persons, is identified as a U.S. citizen or a foreign (including U.S.) tax resident, additional details about the investor, or their controlling persons, and their investment in a Vanguard ETF may be reported to the CRA unless the investment is held in a Registered Plan. The CRA is expected to provide that information to the relevant foreign tax authority if the relevant foreign country has signed an exchange of financial account information agreement with Canada.

## **ELIGIBILITY FOR INVESTMENT**

It is intended that the securities of the Vanguard ETFs will at all relevant times be qualified investments for trusts governed by Registered Plans.

Notwithstanding the foregoing, the holder of a tax-free savings account or registered disability savings plan, a subscriber of a registered education savings plan or the annuitant under a registered retirement savings plan or registered retirement income fund will be subject to a penalty tax in respect of Units held by such tax-free savings account, registered disability savings plan, registered education savings plan, registered retirement savings plan or registered retirement income fund, as the case may be, if the Units of the Vanguard ETF are a "prohibited investment" for such plan trusts for the purposes of the Tax Act. The Units of a Vanguard ETF will not be a

“prohibited investment” for trusts governed by a tax-free savings account, registered disability savings plan, registered education savings plan, registered retirement savings plan or registered retirement income fund unless the holder of the tax-free savings account or registered disability savings plan, subscriber of the registered education savings plan or the annuitant under the registered retirement savings plan or registered retirement income fund, as applicable, does not deal at arm’s length with the Vanguard ETF for purposes of the Tax Act, or has a “significant interest” (as defined in the Tax Act) in the Vanguard ETF, subject to the application of the 24 month safe harbour described above in “Income Tax Considerations –Taxation of the Vanguard ETFs”.

Securities received on the redemption of Units of the Vanguard ETFs may not be qualified investments for trusts governed by Registered Plans.

## **ORGANIZATION AND MANAGEMENT DETAILS OF THE VANGUARD ETFs**

### **Manager of the Vanguard ETFs**

Vanguard Investments Canada Inc., a registered portfolio manager, investment fund manager and commodity trading manager, is the trustee and manager of the Vanguard ETFs. The Manager is a wholly-owned indirect subsidiary of The Vanguard Group, Inc., which is a registered investment advisor in the U.S. with offices based in Valley Forge, Pennsylvania. The Vanguard Group, Inc. is wholly-owned by the U.S. registered investment companies that are part of the Vanguard family of mutual funds. The head office of the Vanguard ETFs and the Manager is located at 22 Adelaide Street West, Suite 2500, Toronto, Ontario M5H 4E3.

### ***Duties and Services Provided by the Manager***

The Manager acts as investment fund manager of the Vanguard ETFs pursuant to the terms of the Management Agreement and has the exclusive authority to manage the business and affairs of the Vanguard ETFs, to make all decisions regarding the business of the Vanguard ETFs and to bind the Vanguard ETFs. The Manager may delegate certain of its powers to its affiliates and to third parties where, in the discretion of the Manager, it would be in the best interests of the Vanguard ETFs to do so.

The Manager is responsible for providing, or causing to be provided, management, administrative, portfolio advisory and investment management services to the Vanguard ETFs. The Manager’s duties include, without limitation:

- (i) authorizing the payment of, and paying, the operating expenses incurred on behalf of the Vanguard ETFs that are the responsibility of the Vanguard ETFs;
- (ii) providing office space, facilities and personnel;
- (iii) preparing financial statements, financial and accounting information and tax returns as required by the Vanguard ETFs;
- (iv) ensuring that Unitholders are provided with financial statements (including interim and annual financial statements) and other reports as are required by applicable law from time to time;
- (v) ensuring that the Vanguard ETFs comply with regulatory requirements and applicable stock exchange listing requirements;
- (vi) preparing the Vanguard ETFs’ reports, including interim and annual MRFPs, and delivering such reports to Unitholders and the securities regulatory authorities;
- (vii) determining the amount of distributions to be made by the Vanguard ETFs;

- (viii) communicating with Unitholders and calling meetings of Unitholders as required;
- (ix) ensuring that the NAV per Unit is calculated and published;
- (x) administering the purchase, exchange and redemption of Units;
- (xi) negotiating contractual agreements with third party providers of services, including the Designated Brokers, the Dealers, the Custodian, the Registrar and Transfer Agent, the Accounting Agent, the auditor, legal counsel and printers; and
- (xii) providing such other managerial and administrative services as may be reasonably required for the ongoing business and administration of the Vanguard ETFs.

### ***Details of the Management Agreement***

Pursuant to the Management Agreement, the Manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of Unitholders and the applicable Vanguard ETF and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in similar circumstances. The Management Agreement provides that the Manager will not be liable in any way for any default, failure or defect in any of the securities held by a Vanguard ETF if it has satisfied the duties and the standard of care, diligence and skill set forth above. The Manager will incur liability, however, in cases of wilful misconduct, bad faith, breach of the Manager's standard of care or any material breach or default by it of its obligations under the Management Agreement.

The Management Agreement may be terminated by any of the Vanguard ETFs or by the Manager upon 60 days' prior written notice. The Manager is deemed to have resigned if it becomes bankrupt or insolvent, if its assets are seized or confiscated by a public or government authority, in the event that it ceases to be resident in Canada for purposes of the Tax Act or if it no longer holds the necessary registrations to enable it to carry out its obligations under the Management Agreement. If the Manager resigns, it may appoint its successor but, unless its successor is an affiliate of the Manager, its successor must be approved by the Unitholders. If the Manager is in material default of its obligations under the Management Agreement and such default has not been cured within 30 days after notice of same has been given to the Manager, the Trustee may remove the Manager and appoint a successor manager, subject to any required Unitholder approval.

The Manager is entitled to fees for its services as manager under the Management Agreement as described under "Fees and Expenses – Management Fee". The Manager and each of its directors, officers, employees and agents (collectively, the "Indemnified Parties") are indemnified by each Vanguard ETF for all liabilities, costs and expenses incurred in connection with any action, suit or proceeding that is proposed or commenced, or other claim that is made, against one or more Indemnified Parties in the exercise of the Manager's duties as manager. However, none of the Indemnified Parties will be entitled to indemnification under the Management Agreement if the liability, cost or expense results from the Manager's wilful misconduct, bad faith or material breach of its obligations under the Management Agreement or if there has been a failure by the Manager or any person retained by the Manager to meet the standard of care set out in the Management Agreement.

The management services of the Manager under the Management Agreement are not exclusive and nothing in the Management Agreement prevents the Manager from providing similar services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the Vanguard ETFs) or from engaging in other activities. See "Conflicts of Interest" below.

### ***Officers and Directors of the Manager of the Vanguard ETFs***

The name and municipality of residence of each of the directors and executive officers of the Manager, and their principal occupations, are as follows:

Name and Municipality of Residence	Position with the Manager	Principal Occupation Within Preceding Five Years
Kathleen C. Bock Newtown, Pennsylvania, U.S.	Director, Chair, Managing Director, Chief Executive Officer <sup>(1)</sup> and Principal	Chair, Managing Director and ultimate designated person of the Manager since October 2018; Director and Principal of the Manager since June 2014; Principal of The Vanguard Group, Inc.
Catherine Chamberlain Toronto, Ontario	Director, Chief Compliance Officer, Secretary and Head of Legal and Compliance	Director of the Manager since October 2018; Chief Compliance Officer, Secretary and Head of Legal and Compliance of the Manager since July 2014
Christine M. Buchanan Pennington, New Jersey, U.S.	Chief Financial Officer and Director	Director and Chief Financial Officer of the Manager since December 2020; Principal of The Vanguard Group, Inc. and Treasurer of each of the investment companies served by The Vanguard Group, Inc. since October, 2017; Partner, KPMG LLP since 1993

<sup>(1)</sup>Ms. Bock has also been appointed the Chief Executive Officer of the Manager for the limited purpose of signing this prospectus.

### Portfolio Manager

Vanguard Investments Canada Inc., a registered portfolio manager, is the portfolio manager of the Vanguard ETFs. Under the Management Agreement, the Portfolio Manager is responsible for providing, or causing to be provided, portfolio management services to the Vanguard ETFs and has the authority to engage the services of sub-advisers in connection with any investment advice and/or portfolio management services required by the Vanguard ETFs. The Portfolio Manager has engaged the services of The Vanguard Group, Inc. as Sub-advisor in respect of the Vanguard ETFs.

### Sub-advisor

The Vanguard Group, Inc. acts as sub-advisor to the Vanguard ETFs pursuant to the terms of the Sub-advisory Agreement and provides all portfolio management services to the Portfolio Manager in respect of the Vanguard ETFs. The Sub-advisor is a registered investment advisor in the U.S. with offices based in Valley Forge, Pennsylvania. The Sub-advisor also serves as an investment advisor to the Vanguard family of U.S. mutual funds as well as other pooled investment vehicles and other accounts. The Sub-advisor is, indirectly, the parent of the Manager, and is wholly-owned by the U.S. registered investment companies that are part of the Vanguard family of mutual funds.

The individuals of the Sub-advisor principally responsible for providing advice in respect of the Vanguard ETFs are as follows:

Name and Title	Years with Sub-advisor	Vanguard ETFs	Notes
Antonio Picca Portfolio Manager	3	Vanguard Global Momentum Factor ETF, Vanguard Global Value Factor ETF, Vanguard Global Minimum Volatility ETF, Vanguard Conservative Income ETF Portfolio and Vanguard All-Equity ETF Portfolio	Mr. Picca has worked in investment management since 2015. He has been with Vanguard since 2017, and has co-managed the Vanguard ETFs since their inception in February 2018. Prior to joining Vanguard, he was a research associate on the strategy research team of Dimensional

Name and Title	Years with Sub-advisor	Vanguard ETFs	Notes
			Fund Advisors. He has a B.S. from Bocconi University, a M.S. from the London School of Economics and an M.B.A. and joint Ph.D. from the University of Chicago Booth School of Business and Department of Economics.
Christine Franquin Portfolio Manager	19	Vanguard Conservative Income ETF Portfolio, Vanguard Conservative ETF Portfolio, Vanguard Balanced ETF Portfolio, Vanguard Growth ETF Portfolio and Vanguard All-Equity ETF Portfolio	Ms. Franquin has managed investment portfolios since 2000. She has a B.A. from the Universitaire Facultelten Sint Ignatius Antwerpen, Belgium, a J.D. from the University of Liege, Belgium and a M.S. from Clark University.
Justin E. Hales Portfolio Manager	15	Vanguard Conservative Income ETF Portfolio, Vanguard Conservative ETF Portfolio, Vanguard Balanced ETF Portfolio, Vanguard Growth ETF Portfolio and Vanguard All-Equity ETF Portfolio	Mr. Hales has worked in investment management since 2007 and has managed investment portfolios since 2014. He has a B.A. from the University of Maryland.
Jeffrey Miller Portfolio Manager	20	Vanguard Conservative Income ETF Portfolio, Vanguard Conservative ETF Portfolio, Vanguard Balanced ETF Portfolio, Vanguard Growth ETF Portfolio and Vanguard All-Equity ETF Portfolio	Mr. Miller has managed investment portfolios since 2007. He has a B.A. from Pennsylvania State University and a M.B.A. from Drexel University.
Michael Perre Portfolio Manager	30	Vanguard Conservative Income ETF Portfolio, Vanguard Conservative ETF Portfolio, Vanguard Balanced ETF Portfolio, Vanguard Growth ETF Portfolio and Vanguard All-Equity ETF Portfolio	Mr. Perre began his career with the Sub-advisor in 1990 and he has managed investment portfolios since 1999. He earned a B.A. in finance from Saint Joseph's University and an M.B.A. from Villanova University.
Anatoly Shtekhman Portfolio Manager	13	Vanguard Retirement Income ETF Portfolio	Mr. Shtekhman has managed investment portfolios since 2016. Mr. Shetkhman has a B.S. from the University of Scranton, a M.S. from Boston College and an M.B.A. from The Wharton School of the University of Pennsylvania. Mr. Shetkhman is a Chartered Financial Analyst.

Name and Title	Years with Sub-advisor	Vanguard ETFs	Notes
Fei Xu Portfolio Manager	16	Vanguard Retirement Income ETF Portfolio	Mr. Xu managed investment portfolios since 2017. Mr. Xu has a B.S. from Peking University, a M.S. from the University of California and an M.B.A. from Duke University. Mr. Xu is a Chartered Financial Analyst.

### *Details of the Sub-advisory Agreement*

Under the terms of the Sub-advisory Agreement, the Sub-advisor is responsible for managing and investing the cash and other assets of each Vanguard ETF in accordance with each Vanguard ETF's investment objective, strategies and restrictions and applicable securities legislation. In connection with its services, the Sub-advisor identifies and makes all day-to-day investment decisions relating to the securities to be included in each Basket of Securities and the securities to be acquired or sold and, to the extent necessary, executes portfolio transactions. The Sub-advisor also negotiates and administers all derivative instruments that a Vanguard ETF may use.

The Sub-advisor is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Portfolio Manager and each Vanguard ETF and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in similar circumstances. The Sub-advisory Agreement provides that, so long as the Sub-advisor has met its standard of care, it will not be liable for any loss or damage arising directly or indirectly out of any act or omission done or suffered by the Sub-advisor in the performance of its duties. The Sub-advisor will incur liability, however, where it fails to meet its standard of care, diligence and skill as prescribed by the Sub-advisory Agreement.

The Sub-advisory Agreement may be terminated by mutual agreement of the Portfolio Manager and the Sub-advisor. In addition, the Sub-advisor may terminate the Sub-advisory Agreement by written notice to the Portfolio Manager. The Portfolio Manager may terminate the Sub-advisory Agreement by written notice to the Sub-advisor, subject to the prior written consent of the Sub-advisor (which consent shall not be unreasonably withheld). If the Sub-advisor is no longer permitted under any applicable law to perform its obligations under the Sub-advisory Agreement, the Portfolio Manager may terminate the Sub-advisory Agreement immediately upon written notice to the Sub-advisor.

If the Sub-advisory Agreement is terminated or the Sub-advisor resigns, the Portfolio Manager shall appoint a successor sub-advisor to carry out the applicable portfolio management activities in respect of the Vanguard ETFs. Any successor sub-advisor may be a third party portfolio manager or it may be an affiliate or associate of the Manager.

The Sub-advisor is entitled to receive a fee from the Portfolio Manager for its services under the Sub-advisory Agreement.

The portfolio management services of the Sub-advisor under the Sub-advisory Agreement are not exclusive and the Sub-advisory Agreement does not prevent the Sub-advisor from providing similar portfolio management services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the Vanguard ETFs) or from engaging in other activities. See "Conflicts of Interest" below.

The Portfolio Manager has agreed that it will be responsible for the investment advice that the Sub-advisor provides to the Vanguard ETFs and for any losses that the Vanguard ETFs may incur if the Sub-advisor breaches its standard of care. As the Sub-advisor is located in the U.S., and as all or a substantial portion of its assets are located outside of Canada, there may be difficulty enforcing any legal rights against it.

## Brokerage Arrangements

Decisions as to the purchase and sale of portfolio securities are made by the Sub-advisor and are the ultimate responsibility of the Manager. Decisions as to the execution of all portfolio transactions, including selection of market, dealer or broker and the negotiation, where applicable, of commissions or spreads are made by the Sub-advisor. The Sub-advisor and the Manager define best execution as “the process of executing securities transactions for clients in such a manner that the client’s total cost or proceeds in each transaction is the most favourable under the circumstances”.

Factors considered when selecting a broker for a specific transaction may include execution capability, commission rate, willingness to commit capital, anonymity and responsiveness, the nature of the market for the security, the timing or size and type of the transaction, the reputation, experience and financial stability of the broker, the quality of the services rendered in other transactions, financial strength metrics, business continuity and trade settlement capabilities. Best execution does not obligate the Sub-advisor to seek the lowest commission rate available on any individual trade, as the rate of commissions is only one component of best execution. A higher commission rate may be determined reasonable in light of the total costs of execution services provided.

The Sub-advisor does not currently execute brokerage transactions involving client brokerage commissions of the Vanguard ETFs that are directed to a broker-dealer in return for the provision of any good or service by the broker-dealer or a third party.

## Conflicts of Interest

The management services of the Manager under the Management Agreement are not exclusive and nothing in the Management Agreement prevents the Manager from providing similar management services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the Vanguard ETFs) or from engaging in other activities. The portfolio management services of the Sub-advisor under the Sub-advisory Agreement are not exclusive and nothing in the Sub-advisory Agreement prevents the Sub-advisor from providing similar portfolio management services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the Vanguard ETFs) or from engaging in other activities.

Investments in securities purchased by the Sub-advisor on behalf of a Vanguard ETF and other investment funds managed by the Manager and advised by the Sub-advisor will be allocated to the Vanguard ETF and such other investment funds according to trade allocation procedures designed to ensure that no fund is intentionally favoured at the expense of another fund and all aggregated orders are conducted in a fair and equitable manner. These allocation policies include *pro rata* allocation as well as specific procedures for the allocation of partially filled allocated orders.

The Management Agreement acknowledges that the Manager may provide services to the Vanguard ETFs in other capacities, provided that the terms of any such arrangement are no less favourable to the Vanguard ETFs than those that would be obtained from parties that are at arm’s length for comparable services.

No Designated Broker or Dealer has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus and, as such, the Designated Brokers and the Dealers do not perform many of the usual underwriting activities in connection with the distribution by the Vanguard ETFs of their Units under this prospectus. Units of a Vanguard ETF do not represent an interest or an obligation of any Designated Broker, any Dealer or any affiliate thereof and a Unitholder does not have any recourse against any such parties in respect of amounts payable by a Vanguard ETF to such Designated Brokers or Dealers.

One or more registered dealers acts or may act as a Designated Broker, a Dealer and/or a market maker. These relationships may create actual or perceived conflicts of interest that investors should consider in relation to an investment in a Vanguard ETF. In particular, by virtue of these relationships, these registered dealers may profit from the sale and trading of Units. The Designated Broker, as market maker of the Vanguard ETFs in the secondary

market, may therefore have economic interests that differ from, and may be adverse to, those of Unitholders. Any such registered dealer and its affiliates may, at present or in the future, engage in business with a Vanguard ETF, with the issuers of securities making up the investment portfolio of a Vanguard ETF or with the Manager or any funds sponsored by the Manager or its affiliates, including by making loans, entering into derivative transactions or providing advisory or agency services. In addition, the relationship between any such registered dealer and its affiliates and the Manager and its affiliates may extend to other activities, such as being part of a distribution syndicate for other funds sponsored by the Manager or its affiliates.

### **Independent Review Committee**

As required by NI 81-107, the Manager has established an IRC to review all conflicts of interest matters identified and referred to the IRC by the Manager relating to the investment funds managed by the Manager, including the Vanguard ETFs. The IRC reviews and gives its approval or recommendations as to the conflict of interests matters referred to it. A conflict of interest matter is a situation where a reasonable person would consider the Manager or an entity related to the Manager to have an interest that conflicts with the Manager's ability to act in good faith and in the best interest of the Vanguard ETFs. The IRC is also required to approve certain mergers involving the Vanguard ETFs and any change of the auditor of the Vanguard ETFs.

The IRC must have all independent members. The Manager considers that an individual is independent if the individual is not a director, officer or employee of any of the Manager, the Sub-advisor, an affiliate of the Manager or an affiliate of the Sub-advisor. In addition, the individual must be independent of management and free from any interest and any business or other relationship that could, or could reasonably be perceived to, materially interfere with the individual's ability to act with the view to the best interest of the Vanguard ETFs.

The members of the IRC are as follows:

Roger W. Roble  
Susan Wolburgh Jenah  
Robert J. Zutz (Chair)

The IRC has a written charter that sets out its powers, duties and responsibilities. Additionally, pursuant to NI 81-107, the IRC assesses, at least annually, the adequacy and effectiveness of the following:

- (i) the Manager's policies and procedures regarding conflict of interest matters;
- (ii) any standing instructions that the IRC gave to the Manager for conflict of interest matters related to the Vanguard ETFs;
- (iii) the compliance of the Manager and each Vanguard ETF with any conditions imposed by the IRC in a recommendation or approval it has provided to the Manager; and
- (iv) the independence and compensation of its members, the IRC's effectiveness as a committee and the contribution of each member to the IRC.

The IRC prepares a report for Unitholders, at least annually, of its activities. Such report is made available on the Manager's website at [www.vanguardcanada.ca](http://www.vanguardcanada.ca) or, at the request of a Unitholder and at no cost, by calling 1-877-410-7275. A copy will also be available at [www.sedar.com](http://www.sedar.com).

Each member of the IRC is paid an annual retainer of \$35,000 (\$40,000 for the Chair) to serve on the IRC. This annual retainer includes attendance at four meetings per year. Each IRC member also receives a payment of \$1,500 per meeting for any additional substantive meetings (over and above the four standard meetings) required in the course of a year. A portion of the retainer and meeting fees paid to each member is allocated to each Vanguard ETF.

## **Trustee**

Pursuant to the Declaration of Trust, the Manager is also the trustee of each Vanguard ETF.

The trustee may resign upon 90 days' notice to Unitholders and the Manager. If the trustee resigns or if it becomes incapable of acting as trustee, the trustee may appoint a successor trustee and its resignation shall become effective upon the acceptance of such appointment by its successor. If no successor has been appointed within 90 days, the Vanguard ETFs will be terminated.

The Declaration of Trust provides that the trustee shall act honestly, in good faith and in the best interests of each Vanguard ETF and shall perform its duties to the standard of care that a reasonably prudent person would exercise in the circumstances. In addition, the Declaration of Trust contains other customary provisions limiting the liability of the trustee and indemnifying the trustee in respect of certain liabilities incurred by it in carrying out the trustee's duties.

At any time during which the Manager is the trustee, the Manager will receive no fee in respect of the provision of services as trustee.

## **Custodian**

State Street Trust Company Canada, at its principal offices in Toronto, Ontario, is Custodian of the assets of the Vanguard ETFs pursuant to the Custodian Agreement. The Custodian has a qualified foreign sub-custodian in each jurisdiction in which the Vanguard ETFs have securities. The Manager or the Custodian may terminate the Custodian Agreement at any time upon 60 days' prior written notice.

The Custodian is entitled to receive fees from the Manager as described under "Fees and Expenses" and to be reimbursed for all expenses and liabilities that are properly incurred by the Custodian in connection with the activities of the Vanguard ETFs.

## **Auditor**

The auditor of the Vanguard ETFs is PricewaterhouseCoopers LLP, Chartered Professional Accountants, at 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2.

## **Transfer Agent and Registrar**

State Street Trust Company Canada, at its principal office in Toronto, Ontario, is the Registrar and Transfer Agent for the Units of the Vanguard ETFs. The register of the Vanguard ETFs is kept in Toronto. In addition to maintaining the register, the Registrar and Transfer Agent is also responsible for certain aspects of the day-to-day administration of the Vanguard ETFs.

## **Promoter**

The Manager has taken the initiative in founding and organizing the Vanguard ETFs and is, accordingly, the promoter of the Vanguard ETFs within the meaning of securities legislation of certain provinces and territories of Canada. The Manager, in its capacity as manager of the Vanguard ETFs, receives compensation from the Vanguard ETFs. See "Fees and Expenses".

## **Accounting Agent**

State Street Fund Services Toronto Inc., at its principal offices in Toronto, Ontario, is the Accounting Agent. The Accounting Agent is responsible for certain aspects of the day-to-day administration of the Vanguard

ETFs, including NAV calculations, accounting for net income and net realized capital gains of the Vanguard ETFs and maintaining the books and records of the Vanguard ETFs.

### **CALCULATION OF NET ASSET VALUE**

The NAV and NAV per Unit of a Vanguard ETF are calculated by the Accounting Agent as of the Valuation Time on each Valuation Date. The NAV of a Vanguard ETF on a particular date is equal to the aggregate value of the assets of that Vanguard ETF less the aggregate value of the liabilities of that Vanguard ETF, including any accrued management fees and any income, net realized capital gains or other amounts payable to Unitholders on or before such date, all expressed in Canadian dollars. The NAV per Unit on any day is obtained by dividing the NAV of a Vanguard ETF on such day by the number of Units of that Vanguard ETF then outstanding.

### **Valuation Policies and Procedures of the Vanguard ETFs**

In determining the value of the assets of any Vanguard ETF, securities, other than debt securities valued in accordance with the provisions of the following paragraph, shall be valued at the last sale price or official closing price reported at the Valuation Time on the Valuation Date on the principal stock exchange on which such securities are traded. The value of any securities listed, quoted or traded on a regulated market but acquired or traded at a premium or discount outside of or off the regulated market may be valued taking into account the level of premium or discount at the Valuation Date. If the security is normally quoted, listed or traded on or under the rules of more than one regulated market, the relevant regulated market shall be that which, in the opinion of the Manager, provides the fairest criterion of value for the investment. If a security's market price is not readily available or does not otherwise accurately reflect the fair value of the security, the security will be valued by another method that the Manager believes will better reflect fair value.

Debt securities traded on a regulated market shall be valued on the basis of valuations provided by a principal market maker or a pricing service, both of which generally utilize electronic data-processing techniques to determine valuations for normal institutional trading units of debt securities without exclusive reliance upon quoted prices.

The value of any investment that is not normally quoted, listed or traded on or under the rules of a regulated market shall be valued at its probable realization value estimated with care by the Manager, in consultation with the Sub-advisor, or by a competent person, firm or corporation appointed for such purpose by the Manager in consultation with the Sub-advisor.

Units or shares in collective investment schemes or investment funds that are not valued in accordance with the above provisions shall be valued on the basis of the latest available redemption price of such units or shares, after deduction of any redemption charges, as published by the collective investment scheme or investment fund.

Cash deposits and similar investments shall be valued at their face value together with accrued interest unless, in the opinion of the Manager, in consultation with the Sub-advisor, any adjustment should be made to reflect the fair value thereof.

Derivative instruments, including interest rate futures contracts and other financial futures contracts that are dealt in on a regulated market, shall be valued at the settlement price as at the Valuation Time as determined by the relevant regulated market, provided that where it is not the practice of the relevant regulated market to quote a settlement price, or if a settlement price is not available for any reason, such instruments shall be valued at their probable realization value estimated with care and in good faith by the Manager, in consultation with the Sub-advisor, or by a competent professional person, body, firm or corporation appointed for such purpose by the Manager.

Over-the-counter (OTC) derivatives shall be valued either using the counterparty's valuation or an alternative valuation, including valuation by the Manager or by an independent pricing vendor. OTC derivatives

shall be valued at least daily. If using the counterparty's valuation, such valuation must be approved or verified by a party independent of the counterparty on a weekly basis. If using an alternative valuation, the Manager will follow international best practice and adhere to the principles on valuation of OTC instruments established by bodies such as International Organization of Securities Commissions (IOSCO) and Alternative Investment Management Association (AIMA). In the event that the Manager opts to use an alternative valuation, the Manager will use a competent person appointed by the Manager or will use such other method approved by the Manager and such alternative valuation will be reconciled with the counterparty's valuation no less than on a monthly basis. Any significant differences to the counterparty valuation will be promptly investigated and explained. Forward foreign exchange and interest rate swaps that are OTC derivative contracts may be valued in accordance with the preceding provisions or alternatively by reference to freely available market quotations.

Certificates of deposit shall be valued by reference to the latest available sale price for certificates of deposit of like maturity, amount and credit risk at the Valuation Time or, if such price is not available, at the latest bid price or, if such price is not available or is not representative of the value of such certificate of deposit in the opinion of the Manager, at probable realization value estimated with care and in good faith by a competent person approved for the purpose by the Manager. Treasury bills and bills of exchange shall be valued with reference to prices ruling in the relevant markets for such instruments of like maturity, amount and credit risk at the Valuation Time.

The Manager shall be entitled to use the amortized cost method of valuation, whereby investments are valued at their cost of acquisition adjusted for amortization of premium or accretion of discount on the investments rather than at the current market value of the investments. Money market instruments in a non-money market fund may also be valued on an amortized basis.

When it is determined that market quotations either are not readily available or do not accurately reflect the value of a security, the security is priced at its fair value (the amount that the owner might reasonably expect to receive upon the current sale of the security). Each Vanguard ETF also will use fair value pricing if the value of a security that it holds has been materially affected by events occurring before the Valuation Time but after the close of the principal exchange or market on which the security is traded. This most commonly occurs with foreign securities, which may trade on foreign exchanges that close many hours before the Vanguard ETF's Valuation Time. Intervening events might be company-specific (e.g., earnings report or merger announcement) or country-specific or regional/global (e.g., natural disaster, economic or political news, act of terrorism or interest rate change). Intervening events include price movements in U.S. markets that exceed a specified threshold or that are otherwise deemed to affect the value of foreign securities. The Manager shall not have any liability in respect of a price reasonably believed by it to be accurate and indicative of current market value.

Estimated expenses of a Vanguard ETF shall be accrued daily.

The Manager may authorize third parties, including affiliates and the Accounting Agent, to perform some of the valuation functions and references to the Manager in the above valuation principles may, to the extent the Manager authorizes such parties to perform these functions, include these third parties.

Each portfolio transaction is reflected in the calculation of NAV per Unit no later than the calculation of NAV per Unit next made after the date on which the transaction becomes binding. The issue of Units will be reflected in the calculation of NAV per Unit next made after the subscription order for such Units is accepted. The exchange or redemption of Units will be reflected in the calculation of NAV per Unit next made after the exchange request or redemption request is accepted.

### **Reporting of Net Asset Value**

The Manager will publish the NAV and NAV per Unit for each Vanguard ETF following the Valuation Time on the Valuation Date on its website at [www.vanguardcanada.ca](http://www.vanguardcanada.ca).

## ATTRIBUTES OF THE UNITS

### Description of the Securities Distributed

Each Vanguard ETF is authorized to issue an unlimited number of redeemable, transferable Units, each of which represents an equal, undivided interest in that Vanguard ETF.

On December 16, 2004, the *Trust Beneficiaries' Liability Act, 2004* (Ontario) came into force. This statute provides that holders of units of a trust are not, as beneficiaries, liable for any default, obligation or liability of the trust if, when the default occurs or the liability arises: (i) the trust is a reporting issuer under the *Securities Act* (Ontario); and (ii) the trust is governed by the laws of Ontario. Each Vanguard ETF is a reporting issuer under the *Securities Act* (Ontario) and each Vanguard ETF is governed by the laws of Ontario by virtue of the provisions of the Declaration of Trust.

### Subscriptions

All orders to purchase Units directly from the Vanguard ETFs must be placed by Dealers or Designated Brokers. See "Purchases of Units – Issuance of Units".

### Certain Provisions of the Units

Each Unit of a Vanguard ETF entitles the owner to one vote at all meetings of Unitholders and is entitled to participate equally with all other Units of the Vanguard ETF with respect to all distributions made by the Vanguard ETF to Unitholders, other than management fee distributions and amounts paid on the exchange or redemption of Units. Units are issued only as fully paid and are non-assessable.

Unitholders will not have any right to vote Constituent Securities held by a Vanguard ETF.

### Exchange of Units for Baskets of Securities

On any Trading Day, Unitholders may exchange the Prescribed Number of Units (or a whole multiple thereof) for Baskets of Securities and cash. See "Exchange and Redemption of Units – Exchange of Units for Baskets of Securities".

### Redemption of Units for Cash

On any Trading Day, Unitholders may redeem Units of a Vanguard ETF in any number for cash at a redemption price per Unit equal to the lesser of (i) 95% of the closing price on the TSX for the Units on the effective day of redemption and (ii) the net asset value per Unit on the effective day of the redemption. With the consent of the Manager, Unitholders may also redeem the Prescribed Number of Units (or a whole multiple thereof) for cash at a redemption price equal to the aggregate NAV per Unit. See "Exchange and Redemption of Units – Redemption of Units for Cash".

### Modification of Terms

All rights attached to the Units of a Vanguard ETF may only be modified, amended or varied in accordance with the terms of the Declaration of Trust. See "Unitholder Matters – Amendments to the Declaration of Trust".

The Manager may amend the Declaration of Trust from time to time to redesignate the name of a Vanguard ETF or to create a new class or series of units of a Vanguard ETF without notice to existing Unitholders of the Vanguard ETFs, unless such amendment in some way affects the existing Unitholders' rights or the value of their investment.

## UNITHOLDER MATTERS

### Meetings of Unitholders

Except as otherwise required by law, meetings of Unitholders of a Vanguard ETF will be held if called by the Manager upon written notice of not less than 21 days, nor more than 50 days, before the meeting.

### Matters Requiring Unitholder Approval

Under the Declaration of Trust, Unitholders are entitled to vote on any matter that pursuant to Canadian securities legislation must be submitted to Unitholders for approval. Subject to any exemptive relief that may be obtained, NI 81-102 requires that Unitholders of a Vanguard ETF approve the following:

- (i) any change to the basis of the calculation of a fee or expense that is charged to the Vanguard ETF or directly to its Unitholders if such change could result in an increase in charges to the Vanguard ETF or its Unitholders, except where:
  - (a) the Vanguard ETF is at arm's length to the person or company charging the fee or expense;
  - (b) the Unitholders have received at least 60 days' prior written notice before the effective date of the change; and
  - (c) the right to notice described in (b) is disclosed in the prospectus of the Vanguard ETF;
- (ii) the introduction of a fee or expense to be charged to a Vanguard ETF or directly to its Unitholders by the Vanguard ETF or the Manager in connection with the holding of Units of the Vanguard ETF that could result in an increase in charges to Vanguard ETF or its Unitholders;
- (iii) any change to the Manager, unless the new manager of the Vanguard ETF is an affiliate of the Manager;
- (iv) any change to the fundamental investment objective of the Vanguard ETF;
- (v) the decrease in the frequency of the calculation of the Vanguard ETF's NAV per Unit;
- (vi) the undertaking by the Vanguard ETF of a reorganization with, or transfer of its assets to, another mutual fund, if the Vanguard ETF ceases to continue after the reorganization or transfer of assets and the transaction results in the Unitholders of the Vanguard ETF becoming securityholders in the other mutual fund, unless:
  - (a) the IRC of the Vanguard ETF has approved the change in accordance with NI 81-107;
  - (b) the Vanguard ETF is being reorganized with, or its assets are being transferred to, another mutual fund that is subject to NI 81-102 and NI 81-107 and managed by the Manager, or an affiliate of the Manager;
  - (c) the Unitholders have received at least 60 days' prior written notice before the effective date of the change;
  - (d) the right to notice described in (c) is disclosed in the prospectus of the Vanguard ETF; and
  - (e) the transaction complies with certain other requirements of applicable securities legislation; and

- (vii) the undertaking by the Vanguard ETF of a reorganization with, or acquisition of assets from, another mutual fund, if the Vanguard ETF continues after the reorganization or acquisition of assets, the transaction results in the securityholders of the other mutual fund becoming Unitholders of the Vanguard ETF and the transaction would be a material change to the Vanguard ETF.

In addition, the auditor of a Vanguard ETF may not be changed unless the IRC has approved the change and Unitholders have received at least 60 days' prior written notice before the effective date of the change.

Approval of Unitholders of a Vanguard ETF of any such matter will be given if a majority of the votes cast at a meeting of Unitholders of the Vanguard ETF duly called and held for the purpose of considering the same approve the related resolution.

### **Amendments to the Declaration of Trust**

The trustee may amend the Declaration of Trust from time to time but may not, without the approval of a majority of the votes of Unitholders of the Vanguard ETF voting at a meeting of Unitholders duly called for such purpose make any amendment relating to any matter in respect of which NI 81-102 requires a meeting, as set out above, or any amendment that will adversely affect the voting rights of Unitholders.

Unitholders are entitled to one vote per Unit held on the record date established for voting at any meeting of Unitholders.

### **Accounting and Reporting to Unitholders**

The fiscal year end of the Vanguard ETFs is March 31. The Vanguard ETFs will deliver or make available to Unitholders: (i) audited comparative annual financial statements; (ii) unaudited interim financial statements; and (iii) annual and interim MRFPs. Such documents are incorporated by reference into, and form an integral part of, this prospectus. See "Documents Incorporated by Reference".

Each Unitholder will also be mailed annually, by his, her or its broker, no later than March 31, information necessary to enable such Unitholder to complete an income tax return with respect to amounts paid or payable by each Vanguard ETF owned by such Unitholder in respect of the preceding taxation year of such Vanguard ETF.

The Manager will ensure that each Vanguard ETF complies with all applicable reporting and administrative requirements. The Manager will also ensure that adequate books and records are kept reflecting the activities of each Vanguard ETF. A Unitholder or his, her or its duly authorized representative has the right to examine the books and records of the applicable Vanguard ETF during normal business hours at the offices of the Accounting Agent. Notwithstanding the foregoing, a Unitholder shall not have access to any information that, in the opinion of the Manager, should be kept confidential in the interests of the Vanguard ETFs.

### **Permitted Mergers**

A Vanguard ETF may, without Unitholder approval, enter into a merger or other similar transaction that has the effect of combining that Vanguard ETF with any other investment fund or funds that have investment objectives, valuation procedures and fee structures that are similar to the Vanguard ETF, subject to:

- (i) approval of the merger by the IRC;
- (ii) compliance with certain merger pre-approval conditions set out in section 5.6 of NI 81-102; and
- (iii) written notice being sent to Unitholders at least 60 days before the effective date of the merger.

In connection with any such merger, the merging funds will be valued at their respective net asset values and Unitholders of the Vanguard ETF will be offered the right to redeem their Units for cash at the applicable NAV per Unit.

### **TERMINATION OF THE VANGUARD ETFS**

A Vanguard ETF may be terminated by the Manager on at least 60 days' notice to Unitholders of such termination and the Manager will issue a press release in advance thereof. The Manager may also terminate a Vanguard ETF if the trustee resigns or becomes incapable of acting and is not replaced. Upon such termination, the Constituent Securities, cash and other assets remaining after paying or providing for all liabilities and obligations of the Vanguard ETF shall be distributed *pro rata* among the Unitholders of the Vanguard ETF.

The rights of Unitholders to exchange and redeem Units described under "Exchange and Redemption of Units" will cease as and from the date of termination of that Vanguard ETF.

### **RELATIONSHIP BETWEEN THE VANGUARD ETFS AND DEALERS**

The Manager, on behalf of the Vanguard ETFs, may enter into various continuous distribution dealer agreements with registered dealers (that may or may not be Designated Brokers) pursuant to which the Dealers may subscribe for Units of one or more of the Vanguard ETFs as described under "Purchases of Units – Issuance of Units".

No Designated Broker or Dealer has been involved in the preparation of this prospectus or has performed any review or any independent due diligence of the contents of this prospectus and, as such, the Designated Brokers and the Dealers do not perform many of the usual underwriting activities in connection with the distribution by the Vanguard ETFs of their Units under this prospectus.

### **PRINCIPAL HOLDERS OF SECURITIES**

CDS & Co., the nominee of CDS, is the registered holder of the Units of all of the Vanguard ETFs, which it holds for various brokers and other persons on behalf of their clients and others.

### **PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD**

The Manager has adopted a proxy voting policy with respect to Constituent Securities and other securities held by each Vanguard ETF and has delegated the management and administration of this policy to the Sub-advisor. The Sub-advisor on behalf of the Vanguard ETFs will vote such proxies in accordance with the proxy policies and procedures described below.

The complete proxy voting record of a Vanguard ETF for the annual period from July 1 to June 30 will be available free of charge to any Unitholder upon request at any time after August 31 following the end of that annual period by calling 1-877-410-7275 or on the Manager's website at [www.vanguardcanada.ca](http://www.vanguardcanada.ca).

#### **Proxy Voting Procedures and Guidelines**

The Vanguard ETFs adopted proxy voting procedures and guidelines to govern the proxy voting by each Vanguard ETF that invests in voting securities. In the disclosure below, "Vanguard ETF(s)" may also refer to Underlying Fund(s). The Manager, on behalf of the Vanguard ETFs, has delegated oversight of proxy voting to the Investment Stewardship Oversight Committee (the "**Committee**") of the Sub-advisor, made up of senior officers of the Sub-advisor, and subject to the operating procedures and guidelines described below. The Committee reports directly to the board of directors of the Sub-advisor. The Sub-advisor is subject to these procedures and guidelines to the extent that they call for the Sub-advisor to administer the voting process and

implement the resulting voting decisions, and for these purposes the guidelines have been approved by the board of directors of the Sub-advisor.

The overarching objective in voting is simple: to support proposals and director nominees that maximize the value of a Vanguard ETF's investments - and those of its Unitholders - over the long term. Although the goal is simple, the proposals the Vanguard ETFs receive are varied and frequently complex. As such, the guidelines provide a framework for assessing each proposal and seek to ensure that each vote is cast in the best interest of each Vanguard ETF. Under the guidelines, each proposal is evaluated on its merits, based on the particular facts and circumstances as presented.

### ***Investment Stewardship Team***

The Investment Stewardship Team of the Sub-advisor (the “**Investment Stewardship Team**”) administers the day-to-day operation of the Vanguard ETFs' proxy voting process, overseen by the Committee. Although most votes will be determined based on the individual circumstances of each Vanguard ETF and in accordance with the guidelines as adopted by each of the Vanguard ETFs, there may be circumstances when the Investment Stewardship Team will refer proxy issues to the Committee for consideration. In addition, at any time, the Manager may elect to use its discretionary authority to vote proxies. The Investment Stewardship Team performs the following functions: (i) managing and conducting due diligence of proxy voting vendors; (ii) reconciling share positions; (iii) analyzing proxy proposals using factors described in the guidelines; (iv) determining and addressing potential or actual conflicts of interest that may be presented by a particular proxy; and (v) voting proxies.

### ***Investment Stewardship Oversight Committee***

The Committee works with the Investment Stewardship Team to provide reports and other guidance to the Manager regarding proxy voting by the Vanguard ETFs. The Committee has an obligation to exercise its decision-making authority subject to the fiduciary standards of good faith, fairness, and the Sub-advisor's code of ethics. There may be instances when the Committee is called upon to determine how to apply the proxy voting procedures and guidelines in the best interest of a Vanguard ETF's Unitholders. The Manager reviews the procedures and guidelines annually.

### ***Proxy Voting Principles***

The Sub-advisor's investment stewardship activities are grounded in four principles of good governance:

- (i) *Board composition*: The Sub-advisor believes good governance begins with a great board of directors. Its primary interest is to ensure that the individuals who represent the interests of all shareholders are independent, committed, capable, and appropriately experienced.
- (ii) *Oversight of strategy and risk*: The Sub-advisor believes that boards are responsible for effective oversight of a company's long-term strategy and any relevant and material risks.
- (iii) *Executive compensation*: The Sub-advisor believes that performance-linked compensation (or remuneration) policies and practices are fundamental drivers of sustainable, long-term value.
- (iv) *Governance structures*: The Sub-advisor believes that companies should have in place governance structures to ensure that boards and management serve in the best interests of the shareholders they represent.

### ***Evaluation of Proxies***

For ease of reference, the procedures and guidelines often refer to all Vanguard ETFs. However, the processes and practices seek to ensure that proxy voting decisions are suitable for individual Vanguard ETFs. For most proxy proposals, particularly those involving corporate governance, the evaluation could result in the

Vanguard ETFs having a common interest in the matter and, accordingly, each Vanguard ETF casting votes in the same manner. In other cases, however, a Vanguard ETF may vote differently from other Vanguard ETFs if doing so is in the best interest of the individual Vanguard ETF.

The guidelines do not permit the Manager or the Sub-advisor to delegate voting discretion to a third party that does not serve as a fiduciary for the Vanguard ETFs. Because many factors bear on each decision, the guidelines incorporate factors that should be considered in each voting decision. A Vanguard ETF may refrain from voting some or all of its shares or vote in a particular way if doing so would be in that Vanguard ETF's and its Unitholders' best interests. These circumstances may arise, for example, if the expected cost of voting exceeds the expected benefits of voting, if exercising the vote would result in the imposition of trading or other restrictions, or if a Vanguard ETF (or all funds advised by the Sub-advisor or any of its affiliates or subsidiaries, in the aggregate) were to own more than the permissible maximum percentage of a company's stock (as determined by the company's governing documents or by applicable law, regulation, or regulatory agreement).

In evaluating proxy proposals, the Sub-advisor considers information from many sources, including, but not limited to, an investment advisor unaffiliated with the Sub-advisor that has investment and proxy voting authority with respect to funds advised by the Sub-advisor that hold shares in the applicable company, the management or shareholders of a company presenting a proposal, and independent proxy research services. The Sub-advisor will give substantial weight to the recommendations of the company's board, absent guidelines or other specific facts that would support a vote against management. Additionally, data from proxy advisors serve as one of many inputs into its research process.

While serving as a framework, the guidelines cannot contemplate all possible proposals with which a Vanguard ETF may be presented. In the absence of a specific guideline for a particular proposal (e.g., in the case of a transactional issue or contested proxy), the Investment Stewardship Team, under the supervision of the Committee, will evaluate the matter and cast each Vanguard ETF's vote in a manner that is in the best interest of each Vanguard ETF, subject to the individual circumstances of the Vanguard ETF.

### ***Conflicts of Interest***

The Sub-advisor takes seriously its commitment to avoid potential conflicts of interest. Funds advised by the Sub-advisor invest in thousands of publicly listed companies worldwide. Those companies may include clients, potential clients, vendors, or competitors. Some companies may employ trustees, former executives, or family members of personnel of the Sub-advisor who have direct involvement in the Sub-advisor's Investment Stewardship program.

The Sub-advisor's approach to mitigating conflicts of interest begins with the Vanguard ETFs' proxy voting procedures. The procedures require that voting personnel act as fiduciaries, and must conduct their activities at all times in accordance with the following standards: (i) Vanguard ETF Unitholders' interests come first; (ii) conflicts of interest must be avoided; (iii) and compromising situations must be avoided.

The Sub-advisor maintains an important separation between the Investment Stewardship Team and other groups within the Sub-advisor that are responsible for sales, marketing, client service, and vendor/partner relationships. Proxy voting personnel are required to disclose potential conflicts of interest, and must recuse themselves from all voting decisions and engagement activities in such instances. In certain circumstances, the Sub-advisor may refrain from voting shares of a company, or may engage an independent third-party fiduciary to vote proxies.

### ***Environmental and Social Proposals***

Proposals in this category, initiated primarily by shareholders, typically request that a company enhance its disclosure or amend certain business practices. These resolutions are evaluated in the context of the general corporate governance principle that a company's board has ultimate responsibility for providing effective ongoing oversight of relevant sector- and company-specific risks, including those related to environmental and social

matters. Each proposal will be evaluated on its merits and supported when there is a logically demonstrable linkage between the specific proposal and long-term shareholder value of the company. Some of the factors considered when evaluating these proposals include the materiality of the issue, the quality of the current disclosures/business practices, and any progress by the company toward the adoption of best practices and/or industry norms.

#### ***Voting in Markets Outside Canada and the United States***

Corporate governance standards, disclosure requirements, and voting mechanics vary greatly among the markets outside Canada and the United States in which the Vanguard ETFs may invest. Each Vanguard ETF's votes will be used, where applicable, to support improvements in governance and disclosure by each Vanguard ETF's portfolio companies. Matters presented by portfolio companies domiciled outside Canada and the United States will be evaluated in the foregoing context, as well as in accordance with local market standards and best practices. Votes will be cast for each Vanguard ETF in a manner philosophically consistent with the principles, while taking into account differing practices by market.

In many other markets voting proxies will result in a Vanguard ETF being prohibited from selling the shares for a period of time due to requirements known as "share-blocking" or reregistration. Generally, the value of voting is unlikely to outweigh the loss of liquidity imposed by these requirements. In such instances, the Vanguard ETFs will generally abstain from voting.

The costs of voting (e.g., custodian fees, vote agency fees) in other markets may be substantially higher than for Canadian or U.S. holdings. As such, a Vanguard ETF may limit its voting on foreign holdings in instances in which the issues presented are unlikely to have a material impact on Unitholder value.

#### ***Voting Shares of a Company Subject to an Ownership Limitation***

Certain companies have provisions in their governing documents or other agreements that restrict stock ownership in excess of a specified limit. Typically, these ownership restrictions are included in the governing documents of real estate investment trusts, but may be included in other companies' governing documents. A company's governing documents normally allow the company to grant a waiver of these ownership limits, which would allow a Vanguard ETF to exceed the stated ownership limit. Sometimes a company will grant a waiver without restriction. From time to time, a company may grant a waiver only if a Vanguard ETF (or Vanguard ETFs) agrees to not vote the company's shares in excess of the normal specified limit. In such a circumstance, a Vanguard ETF may refrain from voting shares if owning the shares beyond the company's specified limit is in the best interests of the Vanguard ETF and its Unitholders.

In addition, applicable law may require prior regulatory approval to permit ownership of certain regulated issuer's voting securities above certain limits or may impose other restrictions on owners of more than a certain percentage of a regulated issuer's voting shares. The Manager's board of directors has authorized the funds advised by the Sub-advisor to vote shares above these limits in the same proportion as votes cast by the issuer's entire shareholder base (i.e., mirror vote) or to refrain from voting excess shares if mirror voting is not practicable. Further, the Manager's board of directors has adopted policies that will result in certain funds mirror voting a higher proportion of the shares they own in a regulated issuer in order to permit certain other funds (generally advised by managers not affiliated with the Sub-advisor) to mirror vote none, or a lower proportion of, their shares in such regulated issuer.

#### ***Voting on a Vanguard ETF's Holdings of Vanguard ETFs or Vanguard Funds***

Certain Vanguard ETFs may, from time to time, own securities of another Vanguard ETF or a Vanguard fund. If the other Vanguard ETF or Vanguard fund submits a matter to a vote of its shareholders, the Vanguard ETF shall not vote the shares it holds of the other Vanguard ETF or Vanguard fund and the Manager, in its discretion, may arrange for such securities to be voted by the Unitholders.

### ***Securities Lending***

There may be occasions when the Sub-advisor needs to restrict lending of and/or recall securities that are out on loan in order to vote in a shareholder meeting. The Sub-advisor has processes to monitor securities on loan and to evaluate any circumstances that may require it to restrict and/or recall the stock. In making this decision, the Sub-advisor considers:

- (i) the subject of the vote and whether, based on the Sub-advisor's knowledge and experience, the Sub-advisor believes the topic is potentially material to the corporate governance and/or long term performance of the company;
- (ii) the Vanguard ETFs' individual and/or aggregate equity investment in a company, and whether the Sub-advisor estimates that voting Vanguard ETFs' shares would affect the shareholder meeting outcome; and
- (iii) the long-term impact to Vanguard ETF Unitholders, evaluating whether the Sub-advisor believes the benefits of voting a company's shares would outweigh the benefits of stock lending revenues in a particular instance.

### **MATERIAL CONTRACTS**

The following contracts can reasonably be regarded as material to purchasers of Units:

- (i) Declaration of Trust, as described under the subheading "Organization and Management Details of the Vanguard ETFs - Trustee";
- (ii) Management Agreement, as described under the subheading "Organization and Management Details of the Vanguard ETFs - Details of the Management Agreement";
- (iii) Sub-advisory Agreement, as described under the subheading "Organization and Management Details of the Vanguard ETFs - Details of the Sub-advisory Agreement"; and
- (iv) Custodian Agreement, as described under the subheading "Organization and Management Details of the Vanguard ETFs - Custodian".

Copies of the agreements referred to above may be inspected during business hours at the principal office of the Manager.

### **LEGAL AND ADMINISTRATIVE PROCEEDINGS**

The Vanguard ETFs are not involved in any legal proceedings, nor is the Manager aware of existing or pending legal or arbitration proceedings involving any Vanguard ETF.

### **EXPERTS**

Osler, Hoskin & Harcourt LLP, legal counsel to the Vanguard ETFs and the Manager, has provided certain legal opinions on the principal Canadian federal income tax considerations that apply to an investment in the Vanguard ETFs by an individual resident in Canada. See "Income Tax Considerations" and "Eligibility for Investment".

PricewaterhouseCoopers LLP, Chartered Professional Accountants, the auditor of the Vanguard ETFs, has consented to the incorporation by reference of its report on the Vanguard ETFs dated June 19, 2020. PricewaterhouseCoopers LLP, Toronto, Canada has confirmed that it is independent with respect to the Vanguard ETFs within the meaning of the Chartered Professional Accountants of Ontario CPA Code of Professional Conduct.

## EXEMPTIONS AND APPROVALS

Each Vanguard ETF has obtained exemptive relief from the Canadian securities regulatory authorities to permit the following practices:

- (i) the purchase by a Unitholder of more than 20% of the Units of any Vanguard ETF through purchases on a recognized stock exchange without regard to the takeover bid requirements of applicable Canadian securities legislation, provided that any such Unitholder, and any person acting jointly or in concert with the Unitholder, provides the Manager with an undertaking not to exercise any votes attached to Units that represent more than 20% of the votes attached to all outstanding Units of that Vanguard ETF at any meeting of Unitholders;
- (ii) to permit a Vanguard ETF to borrow cash for a period not longer than 45 days and, if required by the lender, to provide a security interest over any of its portfolio assets as a temporary measure to fund the portion of any distributions payable to Unitholders that represents amounts that have not yet been received by the Vanguard ETF and, in any event, does not exceed 5% of the net assets of the Vanguard ETF;
- (iii) to permit a Vanguard ETF to purchase securities from or sell securities to another Vanguard ETF, another fund for which the Manager acts as the investment fund manager and portfolio manager that is not a reporting issuer and/or an account managed by the Manager for a client that is not a responsible person and over which the Manager has discretionary authority (each an “Inter-Fund Trade”);
- (iv) to permit an Inter-Fund Trade to be executed at the last sale price, as defined in the Universal Market Integrity Rules of the Investment Industry Regulatory Organization of Canada, prior to the execution of the trade in lieu of the closing sale price contemplated by the definition of “current market price of the security” in NI 81-107 on that trading day;
- (v) to relieve the Vanguard ETFs from the requirement to include in its prospectus a certificate of an underwriter;
- (vi) to permit the Vanguard ETFs to hold as cover, in respect of the requirement under section 2.8(1)(d) of NI 81-102 that a mutual fund must not open or maintain a long position in a standardized future, unless the mutual fund holds cash cover in an amount that, together with margin on account for the specified derivative and the market value of the specified derivative, is not less than, on a daily mark-to-market basis, the underlying market exposure of the specified derivative, one or more receivables (each, a “Receivable”) of the fund arising as a result of a declaration or payment of a distribution, dividend or other payment on one or more securities held by the Vanguard ETF in order to equitize the Receivable during the period from the date that the Vanguard ETF becomes entitled to receive the Receivable until the date that the Receivable is actually received by the Vanguard ETF, thereby permitting the Vanguard ETF to seek to track its applicable index in respect of the Receivable or to otherwise invest the amount of the Receivable, as applicable, provided that for each long position in a standardized future that a fund opens or maintains in order to equitize a Receivable, the Vanguard ETF holds, on each trading day, a combination of the amount of the Receivable, cash cover and margin or collateral posted by the Vanguard ETF in connection with its obligation under that futures position that, in the aggregate, has a value that is not less than, on a daily mark-to-market basis, the underlying market exposure of the standardized future; and
- (vii) to permit a Vanguard ETF that invests a portion of its portfolio assets in T+3 Securities to settle primary market trades in Units of such Vanguard ETF no later than the third business day after the date upon which pricing for the Units is determined.

## **PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION OF UNITS**

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase exchange-traded funds within 48 hours after the receipt of a confirmation of a purchase of such securities. In several of the provinces and territories of Canada, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation, or non-delivery of the ETF Facts, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory.

However, the Manager has obtained exemptive relief from the requirement in securities legislation to include an underwriter's certificate in the prospectus under a decision pursuant to NP 11-203. As such, purchasers of securities of the Vanguard ETFs will not be able to rely on the inclusion of an underwriter's certificate in the prospectus or any amendment for the statutory rights and remedies that would otherwise have been available against an underwriter that would have been required to sign an underwriter's certificate.

Purchasers should refer to the applicable provisions of the securities legislation and the decisions referred to above for the particulars of their rights or consult with a legal advisor.

## **DOCUMENTS INCORPORATED BY REFERENCE**

During the period in which the Vanguard ETFs are in continuous distribution, additional information will be available in:

- (i) the most recently filed comparative annual financial statements of the Vanguard ETFs, together with the accompanying report of the auditor;
- (ii) any interim financial statements of the Vanguard ETFs filed after the most recently filed comparative annual financial statements of the Vanguard ETFs;
- (iii) the most recently filed annual MRFP of the Vanguard ETFs;
- (iv) any interim MRFP of the Vanguard ETFs filed after that most recently filed annual MRFP of the Vanguard ETFs; and
- (v) the most recently filed ETF Facts of the Vanguard ETFs.

These documents will be incorporated by reference into this prospectus, which means that they legally form part of this prospectus just as if they were printed as part of this prospectus. These documents may be obtained upon request, at no cost, by calling 1-877-410-7275, or by contacting a registered dealer. These documents and other information about the Vanguard ETFs are also available from the Vanguard ETFs website at [www.vanguardcanada.ca](http://www.vanguardcanada.ca) and are publicly available at [www.sedar.com](http://www.sedar.com). Any documents set forth above, if filed by a Vanguard ETF after the date of this prospectus and before the termination of distribution of such Vanguard ETF, are deemed to be incorporated by reference in this prospectus.

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**CERTIFICATE OF THE VANGUARD ETFs, THE TRUSTEE, MANAGER AND PROMOTER**

Dated: January 25, 2021

This prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut.

**VANGUARD INVESTMENTS CANADA INC.  
as Trustee and Manager of the Vanguard ETFs**

*(Signed) "Kathleen C. Bock"*  
KATHLEEN C. BOCK  
Chief Executive Officer

*(Signed) "Christine M. Buchanan"*  
CHRISTINE M. BUCHANAN  
Chief Financial Officer

**On behalf of the Board of Directors of Vanguard Investments Canada Inc.**

*(Signed) "Kathleen C. Bock"*  
KATHLEEN C. BOCK  
Director

*(Signed) "Catherine M. Chamberlain"*  
CATHERINE M. CHAMBERLAIN  
Director

*(Signed) "Christine M. Buchanan"*  
CHRISTINE M. BUCHANAN  
Director

**VANGUARD INVESTMENTS CANADA INC.  
as Promoter of the Vanguard ETFs**

*(Signed) "Kathleen C. Bock"*  
KATHLEEN C. BOCK  
Chief Executive Officer