



FTSE benchmarks at a glance

FTSE Group (“FTSE”) is a world leader in the creation and management of indexes. FTSE calculates and manages a comprehensive range of equity, fixed income, real estate and investment strategy indexes, on both standard and custom bases. The FTSE Global Equity Index Series covers more than 7,400 securities in 47 countries and captures 98% of the world’s investable market capitalization.

FTSE’s benchmark methodology

FTSE uses transparent rules in determining inclusion in its indexes. Committees periodically review the indexes to ensure they remain objective and accurately reflect their target markets. Stocks are screened for liquidity and adjusted for free float, so benchmarks reflect the shares available in the open market.

Vanguard ETFs® and their FTSE benchmarks

ETF	Ticker	Target index	Management fee ¹	Management expense ratio ²
Vanguard FTSE Canada Index ETF	VCE	FTSE Canada Index	0.05%	0.05%
Vanguard FTSE Canada All Cap Index ETF	VCN	FTSE Canada All Cap Index	0.05%	0.06%
Vanguard FTSE Canadian High Dividend Yield Index ETF	VDY	FTSE Canada High Dividend Yield Index	0.20%	0.22%
Vanguard FTSE Canadian Capped REIT Index ETF	VRE	FTSE Canada All Cap Real Estate Capped 25% Index	0.35%	0.38%
Vanguard FTSE Global All Cap ex Canada Index ETF	VXC	FTSE Global All Cap ex Canada China A Inclusion Index	0.25%	0.27%
Vanguard FTSE Developed All Cap ex North America Index ETF	VIU	FTSE Developed All Cap ex North America Index	0.20%	0.23%
Vanguard FTSE Developed All Cap ex North America Index ETF (CAD-hedged)	VI	FTSE Developed All Cap ex North America Hedged to CAD Index	0.20%	0.23%
Vanguard FTSE Developed All Cap ex U.S. Index ETF	VDU	FTSE Developed All Cap ex US Index	0.20%	0.21%
Vanguard FTSE Developed All Cap ex U.S. Index ETF (CAD-hedged)	VEF	FTSE Developed All Cap ex US Hedged to CAD Index	0.20%	0.21%
Vanguard FTSE Developed Europe All Cap Index ETF	VE	FTSE Developed Europe All Cap Index	0.20%	0.22%
Vanguard FTSE Developed Europe All Cap Index ETF (CAD-hedged) ³	VEH	FTSE Developed Europe All Cap Hedged to CAD Index	0.22%	—
Vanguard FTSE Developed Asia Pacific All Cap Index ETF	VA	FTSE Developed Asia Pacific All Cap Index	0.20%	0.22%
Vanguard FTSE Developed Asia Pacific All Cap Index ETF (CAD-hedged) ³	VAH	FTSE Developed Asia Pacific All Cap Hedged to CAD Index	0.23%	—
Vanguard FTSE Emerging Markets All Cap Index ETF	VEE	FTSE Emerging Markets All Cap China A Inclusion Index	0.23%	0.24%

¹ The management fee is equal to the fee paid by the Vanguard ETF to Vanguard Investments Canada Inc. and does not include applicable taxes or other fees and expenses of the Vanguard ETF. For any Vanguard ETF which invests in underlying Vanguard fund(s), there shall be no duplication of management fees chargeable in connection with the Vanguard ETF and its investment in the Vanguard fund(s).

² The management expense ratio (MER) is the audited MER as of December 31, 2016, including waivers and absorptions and is expressed as an annualized percentage of the daily average net asset value. The MER without any absorptions or waivers would have been 0.05% for VCE, 0.06% for VCN, 0.22% for VDY, 0.38% for VRE, 0.27% for VXC, 0.23% for VIU, 0.24% for VI, 0.21% for VDU, 0.21% for VEF, 0.23% for VE, 0.24% for VA, and 0.24% for VEE. Vanguard Investments Canada Inc. expects to continue absorbing or waiving certain fees indefinitely but may, in its discretion, discontinue this practice at any time.

³ The inception date for VEH and VAH was October 3, 2016; MER information is not available.

What Vanguard looks for in a benchmark provider

At Vanguard, we aim to provide best-in-class ETFs based on appropriate benchmarks. That's why we use a rigorous process to evaluate and select benchmarks we feel provide precise and accurate representations of the market segments our ETFs seek to track.

Best practices for benchmark construction

While approaches to benchmark construction vary, many benchmark providers are adopting the index construction best practices that Vanguard has promoted for years, including:

- **Objectivity.** The benchmark's construction is transparent and determined objectively.
- **Accurate reflection of the market.** The benchmark is the best representation of the target market or market segment, and includes only shares and bonds available on the open market.
- **Market-cap buffer zones.** Market capitalization divisions overlap, with no hard cutoff points (equity benchmarks).
- **Multi-factor style analysis.** Growth and value stocks are categorized using multiple criteria (equity benchmarks).
- **Timely and efficient construction.** The benchmark's rebalancing approach reflects market changes in an orderly fashion.



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