



Vanguard®

Vanguard Global Minimum Volatility ETF

Product brief

A global equity portfolio that seeks long-term growth with less volatility than the global equity market

Product summary

- A long-only, broadly diversified investment strategy that invests in developed and emerging market equities.
- A portfolio that seeks lower absolute risk than the broad global market but with the potential for better risk-adjusted returns.
- An actively managed fund with a flexible investment strategy that can adapt to changing market conditions to meet its minimum volatility objective.

Key facts

Ticker	VVO
Management fee ¹	0.35%
Investment universe ²	FTSE Global All Cap Index
Inception date	June 14, 2016
Exchange	Toronto Stock Exchange
Currency	CAD

What is minimum volatility investing?

Minimum volatility investing attempts to capture a significant share of stock market performance, while avoiding the sharpest market highs and lows. This approach allows investors to maintain exposure to equities, with the potential for improving risk-adjusted returns.

Why Vanguard Global Minimum Volatility ETF?

Active management. The portfolio management team selects stocks that display a combination of factors that can result in lower portfolio volatility. The ETF's dynamic quantitative approach is designed to minimize volatility while limiting exposure to common risk factors, even in changing market environments.

Low costs. Investors earn more when they pay less. The ETF's annual management fee is just 0.35%, which compares favourably with the industry average management fee of 0.89% for actively managed mutual funds and 0.65% for actively managed ETFs.³

Global diversification. A global portfolio offers potentially lower volatility and increased factor exposure compared with a single-country or regional portfolio. Our ETF provides broad diversification, with exposure to large-, mid- and small-capitalization stocks across developed and emerging markets.

Currency hedging. Our portfolio managers will generally seek to hedge most of the ETF's currency exposure back to the Canadian dollar, with the aim of further reducing volatility.

Who manages the ETF?

Vanguard Global Minimum Volatility ETF is managed by Vanguard Quantitative Equity Group (QEG), which operates from Vanguard's global headquarters in Valley Forge, Pennsylvania. QEG manages about \$33 billion across a wide range of active equity investments. Its investment approach is defined by rigorous research, vigilant risk management, discipline and low costs.

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.

² The Vanguard Global Minimum Volatility ETF is actively managed and does not seek to track the performance of a benchmark. Benchmark data is used for reference only.

³ The figures provided are a straight average, as of December 31, 2015. The average management fee for industry mutual funds was provided by Investor Economics and includes Series F mutual funds only and excludes ETFs, funds with performance fees, money market funds, funds with management fees charged at account level, hedge funds, index funds and LSVCC funds. The average management fee for industry ETFs was provided by Bloomberg and Vanguard and excludes funds with performance fees, funds with management fees charged at account level and index funds.

How we build the portfolio

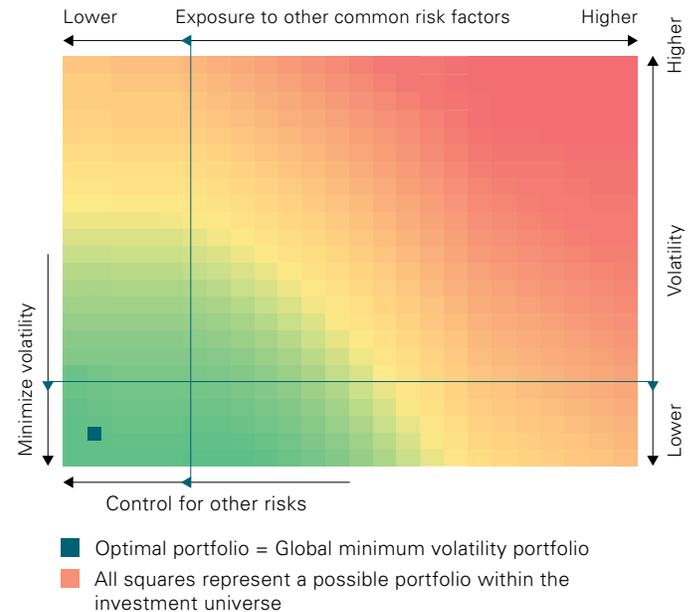
Portfolio managers select stocks from developed and emerging markets that display a combination of factors that can result in lower portfolio volatility, given a prudent set of risk controls.

The process is illustrated in the chart to the right, which shows the universe of all possible portfolios. Those that minimize volatility lie along the bottom section. The additional risk controls are to ensure the portfolio is sufficiently diversified and liquid. Portfolios that meet these requirements lie in the bottom-left section. Our investment models then identify the most appropriate portfolio given these restrictions.

Risk management is an integrated part of our process

Vanguard's Risk Management Group (RMG) supports the investment process by providing high-quality analysis, insight and reporting that leads to informed risk taking and objective global risk management. RMG reports directly to Vanguard's chief investment officer, which provides an additional, independent layer of risk control to the investment process.

Creating a minimum volatility portfolio



Source: Vanguard. Chart represents Vanguard's proprietary factor portfolio construction process and is for illustration purposes only.

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Commissions, management fees, and expenses all may be associated with investments in a Vanguard ETF®. Investment objectives, risks, fees, expenses, and other important information are contained in the prospectus; please read it before investing. Vanguard ETFs® are managed by Vanguard Investments Canada Inc., an indirect wholly owned subsidiary of The Vanguard Group, Inc., and are available across Canada through registered dealers.

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All investments are subject to risk, including the possible loss of principal. Diversification does not ensure a profit or protect against a loss in a declining market. Foreign investing involves additional risks, including currency fluctuations and political uncertainty.



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