



*For more information, contact the Vanguard PR Hotline at 610-669-5002*

## **PRESS RELEASE**

### **SIX VANGUARD TSX-LISTED INTERNATIONAL EQUITY ETFs TO BROADEN DIVERSIFICATION WITH ALL-CAP EXPOSURE**

- Six ETFs to receive new names
- Access to China A-shares proposed for Vanguard FTSE Emerging Markets Index ETF and Vanguard FTSE All-World ex Canada Index ETF
- Management fee reductions announced for Europe and Asia Pacific ETFs
- Two existing developed markets ETFs to provide exposure to Canada and exclude only the U.S.
- Preliminary prospectus filed for two new developed markets ETFs that would exclude both Canada and the U.S.

TORONTO (June 2, 2015)— Vanguard Investments Canada Inc. today announced a series of changes to its Canadian ETF line-up. The firm is proposing to broaden the diversification of six Vanguard TSX-listed international equity index ETFs and move them to all-capitalization benchmarks. The proposed changes, which would occur over several months, will also give Vanguard FTSE Emerging Markets Index ETF and Vanguard FTSE All-World ex Canada Index ETF exposure to China A-shares. Currently, no similar broad-based TSX-listed index ETFs offer access to these shares.

These proposed changes are subject to receipt of all required unitholder approvals\*, and follow closely index changes to the U.S.-listed Vanguard ETFs in which the six Vanguard TSX-listed ETFs invest. The ETFs will move from FTSE benchmarks containing large- and mid-capitalization stocks to broader FTSE benchmarks that include small-capitalization stocks. If the proposed changes are approved, Vanguard will rename the affected TSX-listed ETFs. The ETF ticker symbols will remain unchanged. The following table summarizes the proposed benchmark and name changes.

Vanguard ETF™	TSX ticker	Current FTSE benchmark	Proposed FTSE benchmark	Proposed new name
Vanguard FTSE Emerging Markets Index ETF	VEE	FTSE Emerging Index	FTSE Emerging Markets All Cap China A Inclusion Index**	Vanguard FTSE Emerging Markets All Cap Index ETF
Vanguard FTSE All-World ex Canada Index ETF	VXC	FTSE All-World ex Canada Index	FTSE Global All Cap ex Canada China A Inclusion Index	Vanguard FTSE Global All Cap ex Canada Index ETF
Vanguard FTSE Developed Europe Index ETF	VE	FTSE Developed Europe Index	FTSE Developed Europe All Cap Index	Vanguard FTSE Developed Europe All Cap Index ETF
Vanguard FTSE Developed Asia Pacific Index ETF	VA	FTSE Developed Asia Pacific Index	FTSE Developed Asia Pacific All Cap Index	Vanguard FTSE Developed Asia Pacific All Cap Index ETF
Vanguard FTSE Developed ex North America Index ETF	VDU	FTSE Developed ex North America Index	FTSE Developed All Cap ex US Index	Vanguard FTSE Developed All Cap ex U.S. Index ETF
Vanguard FTSE Developed ex North America Index ETF (CAD-hedged)	VEF	FTSE Developed ex North America Hedged CAD Index	FTSE Developed All Cap ex US Hedged to CAD Index	Vanguard FTSE Developed All Cap ex U.S. Index ETF (CAD-hedged)

### All-cap exposure

Exposure to small-caps will move investors in the TSX-listed ETFs closer to complete global market-cap weightings and provide broader diversification. Small-cap stocks will account for approximately 10% of each benchmark.

“We believe this will benefit investors because an all-cap approach produces more complete exposure to the respective markets and increases diversification,” said Atul Tiwari, managing director of Vanguard Investments Canada Inc.

The ETFs will join Vanguard FTSE Canada All Cap Index ETF (TSX ticker: VCN), Vanguard U.S. Total Market Index ETF (TSX ticker: VUN), Vanguard U.S. Total Market Index ETF (CAD-hedged) (TSX ticker: VUS), Vanguard FTSE Canadian High Dividend Yield Index ETF (TSX ticker: VDY) and Vanguard FTSE Canadian Capped REIT Index ETF (TSX ticker: VRE), in offering investors all-cap exposure.

### China A-shares

Through the addition of China A-shares to the U.S.-listed Vanguard FTSE Emerging Markets ETF (NYSE: VWO), investors in the TSX-listed Vanguard FTSE Emerging Markets Index ETF and Vanguard FTSE All-World ex Canada Index ETF will gain exposure to a key emerging economy and the second-largest share market in the world by market cap.

The new benchmark for the TSX-listed Vanguard FTSE Emerging Markets Index ETF includes China A-shares at around a 6% weighting, and the new benchmark for the Vanguard FTSE All-World ex Canada Index ETF includes the shares at an approximately 0.55% weighting. Vanguard recently received a quota for China A-shares, which provide exposure to China's largest issuers and a level of diversification that isn't otherwise accessible in the market.

\*\*\*

"As the first broad-market Canadian ETFs to announce exposure to China A-shares, the funds will benefit investors with more diversification, deeper emerging markets exposure and greater access to the growth potential of Chinese equities," Mr. Tiwari said.

### **Existing developed markets ETFs**

Management fee reductions to 0.20% from 0.23% for the Vanguard FTSE Developed Europe Index ETF and Vanguard FTSE Developed Asia Pacific Index ETF became effective June 1, 2015.

Additionally, Vanguard FTSE Developed ex North America Index ETF and Vanguard FTSE Developed ex North America Index ETF (CAD-hedged) will now offer all-cap exposure to developed markets excluding only the U.S., and will be renamed accordingly. The new target benchmark for the two ETFs will include Canada as an 8% weighting.

### **New developed markets ETFs**

Vanguard Investments Canada Inc. filed a preliminary prospectus with the Canadian securities regulators for two new developed market ETFs: Vanguard FTSE Developed All Cap ex North America Index ETF and Vanguard FTSE Developed All Cap ex North America Index ETF (CAD-hedged). These ETFs would follow the FTSE Developed All Cap ex North America Index, and FTSE Developed All Cap ex North America Hedged to CAD Index.

The proposed ETFs have an estimated management fee of 0.20%. They would provide investors with exposure to developed markets excluding both Canada and the U.S., and would follow all-capitalization benchmarks. The new offerings would bring to 23 the number of ETFs offered by Vanguard Investments Canada Inc.

### **Additional transition details**

The management fees paid by investors in the affected TSX-listed ETFs will range from 0.20% to 0.25%. New management expense ratios (MERs) will be recalculated for interim Management Reports of Fund Performance (MRFPs) as at the end of June 2015.

The benchmark changes will be staggered over several months in order to ensure an orderly and cost effective transition. Additionally, Vanguard FTSE Emerging Markets Index ETF, Vanguard FTSE Developed ex North America Index ETF and Vanguard FTSE Developed ex North America Index ETF (CAD-hedged) will each follow a transition index for a short period. Vanguard will issue a press release when each ETF begins to track its new index.

Vanguard Investments Canada Inc. does not expect the transitions to result in capital gains distributions to the ETFs' unitholders.

### **About Vanguard**

Vanguard Investments Canada Inc. is a wholly owned indirect subsidiary of The Vanguard Group, Inc. and manages \$5 billion (CAD) in assets. The Vanguard Group, Inc. is one of the world's largest investment management companies and a leading provider of company-sponsored retirement plan services. Vanguard manages more than \$3.3 trillion (USD) in global assets, including more than \$470 billion (USD) in global ETF assets. Vanguard has offices in the United States, Canada, Europe, Australia and Asia. The firm offers more than 160 funds to U.S. investors and more than 100 additional funds, including ETFs, to clients in the other markets in which the firm operates.

Vanguard operates under a unique operating structure. Unlike firms that are publicly held or owned by a small group of individuals, The Vanguard Group, Inc. is owned by Vanguard's U.S.-domiciled funds and ETFs. Those funds, in turn, are owned by Vanguard clients. This unique mutual structure aligns Vanguard interests with those of its investors and drives the culture, philosophy, and policies throughout the Vanguard organization worldwide. As a result, Canadian investors benefit from Vanguard's stability and experience, low-cost investing, and client focus. For more information, please visit [vanguardcanada.ca](http://vanguardcanada.ca).

# # #

\* The Manager has the discretion not to proceed with any of the proposed changes if it considers it to be in the best interest of unitholders to not implement the change.

\*\* FTSE Emerging Markets All Cap China A Inclusion Index comprises large-, mid- and small-cap securities of the FTSE Emerging All Cap Index and FTSE China A All Cap Index. The weight of the FTSE China A All Cap Index in the FTSE Emerging Markets All Cap China A Inclusion Index will be adjusted by the quota available to international investors.

\*\*\*China A-shares quota obtained by Vanguard Investments Australia through a Renminbi Qualified Foreign Institutional Investor (RQFII) license.

All asset figures are as of May 31, 2015, unless otherwise noted.

Source: Vanguard

**Commissions, management fees and expenses all may be associated with the Vanguard ETFs™. The Canadian ETFs are only offered by prospectus. The prospectus contains important detailed information about the securities being offered. Copies are available from Vanguard Investments Canada Inc. at [www.vanguardcanada.ca](http://www.vanguardcanada.ca). Please read the**

**prospectus before investing. ETFs are not guaranteed, their values change frequently, and past performance may not be repeated.**

**A preliminary prospectus relating to Vanguard FTSE Developed All Cap ex North America Index ETF and Vanguard FTSE Developed All Cap ex North America Index ETF (CAD-hedged) (the "Vanguard ETFs") has been filed with certain Canadian securities commissions or similar authorities. You cannot buy units of the Vanguard ETFs until the relevant securities commissions or similar authorities issue receipts for the prospectus of the Vanguard ETFs and until the Vanguard ETFs have been listed for trading on TSX.**

"FTSE®" is a trademark of London Stock Exchange Group companies and is used by FTSE under licence. These trademarks have been licenced for use by Vanguard. None of the Vanguard ETFs are sponsored, endorsed, sold or promoted by any of the aforementioned trademark owners and the related index providers and their respective affiliates or their third party licensors and these entities bear no liability and make no claim, prediction, representation, warranty or condition regarding the advisability of buying, selling or holding units in the Vanguard ETFs.

All investments, including those that seek to track indexes, 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. While ETFs are designed to be as diversified as the original indexes they seek to track and can provide greater diversification than an individual investor may achieve independently, any given ETF may not be a diversified investment.