PRESS RELEASE

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VANGUARD ANNOUNCES RESULTS OF FINANCIAL ADVISOR COMPENSATION SURVEY

Key findings highlight a disconnect between how advisors are paid and how investors think they are paid.

TORONTO (September 4, 2013)— Vanguard Investments Canada Inc. announced today the results of a Vanguard-sponsored survey on advisor compensation that shows, while investors see great value in the services provided by advisors, there are disconnects between what advisors are paid and what their clients think they are paying. Vanguard partnered with Rogers Publishing Limited to compile the survey.

“As the survey indicates, it appears investors could benefit from a clearer picture of the amount and type of compensation they pay to advisors,” said Atul Tiwari, Managing Director of Vanguard Investments Canada. “Advisors have an opportunity to educate investors on the value they provide, in advance of the implementation of new Client Relationship Model reforms which will mandate greater fee transparency. We believe that this is a positive development for both advisors and investors.”

The online survey of nearly 1,000 Canadian investors and more than 800 Canadian advisors was conducted in February and March 2013 by Rogers Publishing in partnership with Vanguard Investments Canada. *Advisor’s Edge* magazine, a publication of Rogers Publishing, will publish the findings of the survey over the next four months, starting with this week’s issue.

Some of the key results include that 35% of investors said they don’t know how much they pay their advisor annually. And 83% agreed or strongly agreed that their advisor’s pay is worth it— no matter how the advisor is paid.

Also, 43% of investors said their advisor received a salary or a combination of salary and commission, fee or bonus. In contrast, advisors revealed that only 20% were paid at least partly by salary, and just 2% said they received only a salary.

Interestingly, advisors believe that their compensation structure is going to change over the next five to ten years, with a shift away from commissions to fee-based compensation. Commissions currently account for the largest portion of compensation— about 67% of an advisor’s annual income.

However, advisors expect that percentage to fall over the next decade to 55%, with fee-based income rising to about 30% of annual income in 2023 from 17% now. Investors are also embracing the fee-based model, with over 50% of indicating that they'd be willing to pay a fee for some of the services advisors offer.

"As we have seen in the U.S. and other parts of the world, advisors are moving away from transactional, commission-based business models, to fee-based, holistic wealth planning models," said Jason McIntyre, Head of Distribution for Vanguard Investments Canada.

Vanguard firmly believes in the value of the advice that financial advisors provide, and supports the fee-based model for the transparency that it affords investors. Low-cost investing is central to the fee-based model. The less clients pay, the more they keep, enabling advisors to attribute more of their fee structure to their true value as wealth managers and behavioural coaches. For more information, visit vanguardcanada.ca/advisorsalpha.

About Vanguard

Vanguard Investments Canada Inc. is a wholly owned indirect subsidiary of The Vanguard Group, Inc. and manages more than $1 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 $2.5 trillion in global assets, including $285 billion 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 80 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 is owned by Vanguard's US-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.

About Rogers Publishing

Rogers Publishing Limited (RPL) (TSX: RCI; NYSE: RCI), a division of Rogers Media Inc., produces many well-known consumer magazines such as Maclean's, Chatelaine, Flare, Hello! Canada, L'actualité and Canadian Business, and is the leading publisher of a number of marketing, medical and financial publications.

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