

Why do we exist?

To take a stand for all investors, to treat them fairly and to give them the best chance for investment success.

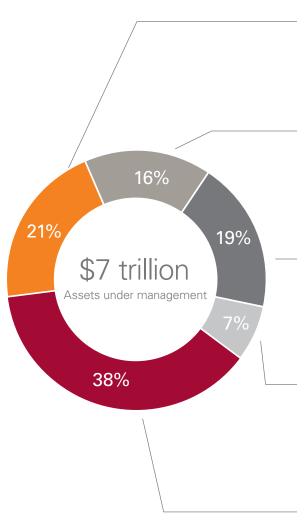
# Vanguard at a glance

Vanguard was founded in Valley Forge, Pennsylvania, in 1975 on a simple but revolutionary idea—that an investment company should manage the funds it offers in the sole interest of its clients. Today, the Vanguard organization worldwide manages more than \$7 trillion in assets through our 21 office locations. We offer 191 funds in the United States, and 224 funds outside the United States, including 39 ETFs and four mutual funds through our Canadian subsidiary, Vanguard Investments Canada Inc. Vanguard serves more than 20 million investors worldwide.



## Who we serve

Vanguard serves investors around the world through a variety of channels, including directly, through advisors and through company retirements plans.



### Financial advisors (U.S.)

Vanguard offers products, programs and services that help advisors serve their clients and grow their businesses.

### Institutions (U.S.)

Thousands of corporations, institutions, retirement plans and consultants rely on Vanguard to manage their assets and help keep their investment programs on track.

### ETFs (U.S. and non-U.S.)

Vanguard brings its disciplined, low-cost approach to exchange-traded funds (ETFs), offering millions of investors the opportunity for flexibility and broad diversification.

## Global investors (non-U.S.)

Investors and financial advisors in Canada and around the world benefit from Vanguard's low costs, client focus and time-tested investment philosophy.

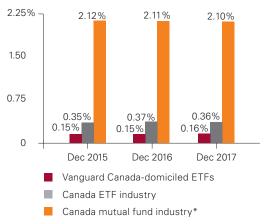
### Individuals (U.S.)

Millions of individuals come to Vanguard on their own for help reaching investment goals and building long-term wealth.

# Why costs matter

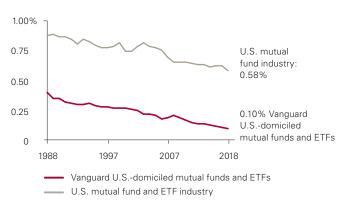
Investors can't control the markets, but they can control the costs of investing. Providing low-cost investments isn't a pricing strategy for us. It's how we do business. Vanguard's scale also helps to keep costs low. As our assets under management increase globally, we can reduce expense ratios for the investors in our funds.

### Average Canada MERs, 2015-2017



Sources: The management expense ratios (MERs) are asset-weighted-average MERs as of December 31 of the calendar year shown using data compiled from management reports of fund performance. The Canada ETF and mutual fund industry MERs were calculated by Strategic Insight and Morningstar. The mutual fund industry average MER calculations include load and no load series A, T and advisor series mutual funds and exclude ETFs, funds with performance fees, money market funds, funds with management fees charged at account level, hedge funds, index funds and LSVCC funds. Without waivers and absorptions, the Vanguard Canada-domiciled ETF average MERs would have been higher. Vanguard Investments Canada Inc. expects to continue absorbing or waiving certain fees indefinitely but may, in its discretion, discontinue this practice at any time.

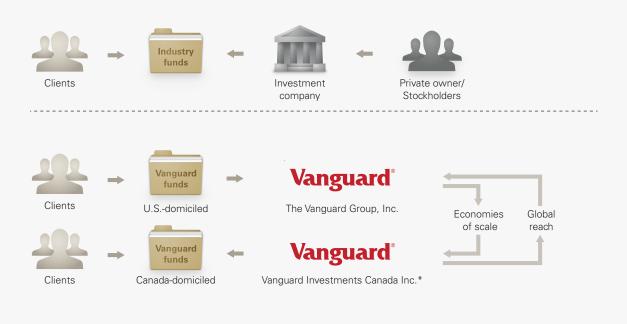
#### Average U.S. expense ratios, 1988-2018



Sources: Vanguard, Morningstar, Inc. and Lipper, a Thomson Reuters Company. Asset-weighted averages for U.S. only, as of December 31, 2018.

<sup>\*</sup> Vanguard Investments Canada Inc. introduced four new mutual fund products in early 2018.

# Vanguard is different from the rest—and here's how our investors benefit.



<sup>\*</sup> Vanguard Investments Canada Inc. is a wholly owned indirect subsidiary of The Vanguard Group, Inc.

## Why does ownership matter?

All mutual funds are owned by their unitholders—but the unitholders typically don't own the companies that manage the funds. Instead, nearly all investment management companies are owned by third parties—either stockholders, in the case of publicly traded firms, or private interests. Of course, these owners expect to make a profit from their enterprise. Predictably, this arrangement can lead to conflicts of interest. What's best for fund unitholders isn't necessarily what's best for the management companies' owners.

Vanguard is a very different kind of investment firm—founded on the simple but revolutionary idea that a mutual fund management company should be managed in the sole interest of its funds' investors. Rather than being publicly traded or owned by a small group of individuals, The Vanguard Group, Inc., is owned by its U.S.-domiciled funds and ETFs. Those funds, in turn, are owned by their investors.

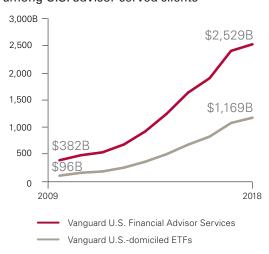
This unique mutual structure aligns our interests with those of our investors and drives the culture, philosophy and policies throughout the Vanguard organization worldwide. As a result, Canadian investors benefit from Vanguard's low costs, client focus, stability and experience.

## Recent efforts to reach investors

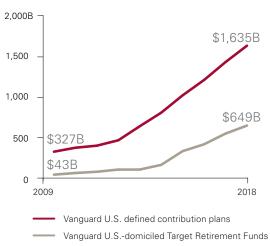
In the years since the global financial crisis, Vanguard has set upon a strategy to broaden and deepen relationships with investors across a wide range of funds and services.

## Vanguard asset growth...

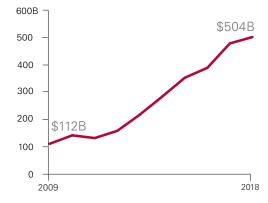
among U.S. advisor-served clients



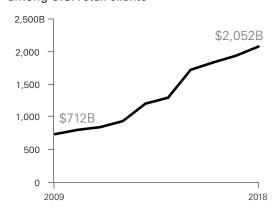
among U.S. retirement investors



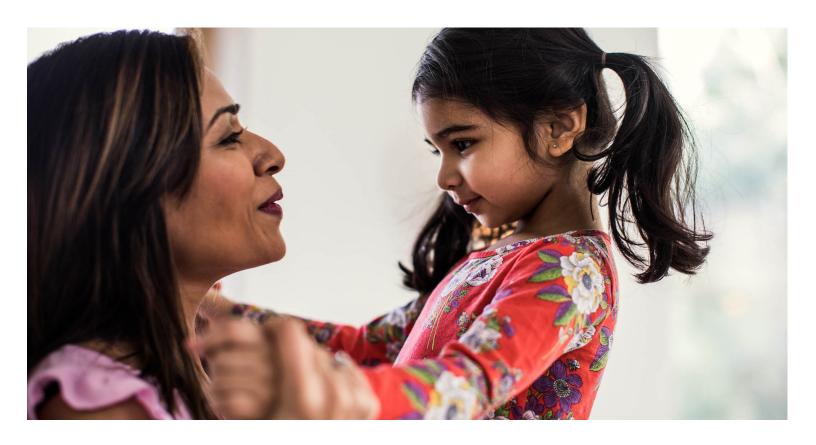
among non-U.S. clients



among U.S. retail clients

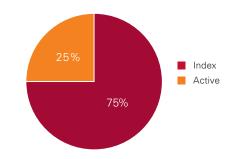


Source: Vanguard. Data as of December 31, 2018.



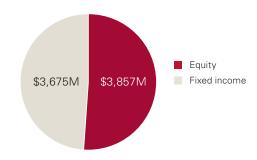
## Vanguard investor trends...

### Vanguard global AUM, index and active



#### Source: Vanguard. Data as of February 29, 2019.

### Vanguard Canada-domiciled ETFs



Source: Vanguard. Data as of February 29, 2019.

# Our investment philosophy

Successful investment management companies base their business on a core investment philosophy, and Vanguard is no different. Our philosophy is simple, enduring and based on four key principles.



### Create clear, appropriate investment goals.

An appropriate investment goal should be measurable and attainable. Success should not depend upon outsize investment returns, nor upon impractical saving or spending requirements.



## Develop a suitable asset allocation using broadly diversified funds.

A sound investment strategy starts with an asset allocation suitable for the portfolio's objective. The allocation should be built upon reasonable expectations for risk and returns, and should use diversified investments to avoid exposure to unnecessary risks.



#### Minimize cost.

Markets are unpredictable. Costs are forever. The lower your costs, the greater your share of an investment's return. And research suggests that lower-cost investments have tended to outperform higher-cost alternatives.



#### Maintain perspective and long-term discipline.

Discipline and perspective are the qualities that can help investors remain committed to their long-term investment programs through periods of market uncertainty.

## Vanguard as an innovator

Vanguard has been a pioneer in the fund industry since our founding in the United States in 1975. We continue to look for new ways to reduce the cost and complexity of investing.

### 1975

Client ownership in the United States

### 1976

First index mutual fund in the United States

### 1977

No load: First "virtual" mutual fund company in the United States

### 1995

Vanguard.com, a truly virtual operation in the United States

### 2001

Vanguard ETFs® in the United States: Unique share-class structure

### 2011

Vanguard ETFs in Canada: A price disruption

### 2014

First all-world ex-Canada ETF

### 2016

Launch of Vanguard's first actively managed ETFs in Canada

### 2018

Vanguard introduces four new mutual fund products for the Canadian market Vanguard launches three asset-allocation ETFs and an international high-yield dividend ETF

### **Connect with Vanguard®** > vanguardcanada.ca

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