



## Vanguard Canada to Change Index for Two ETFs

TORONTO (June 1, 2021) — Vanguard Investments Canada Inc. today announced plans to change the index tracked by two of its Canadian ETFs on or about September 17, 2021.

Vanguard U.S. Dividend Appreciation Index ETF (TSX ticker symbol: VGG) will change its index to the S&P U.S. Dividend Growers Index from the NASDAQ US Dividend Achievers Select Index.

Vanguard U.S. Dividend Appreciation Index ETF (CAD-hedged) (TSX ticker symbol: VGH) will change its index to the S&P U.S. Dividend Growers Index (CAD-hedged) from the NASDAQ US Dividend Achievers Select Index (CAD-hedged).

The change to each index aligns with the investment objectives and strategies of the ETFs and the ETFs will, following the change, provide unitholders with substantially the same exposure to the asset class to which the ETFs were exposed prior to the change. These ETFs offer exposure to U.S. common stocks of companies with a track record of increasing their dividends over time.

These changes reflect an ongoing due diligence process to give Vanguard's Canadian investors the best chance for investment success. Based on our continual analysis, Vanguard believes S&P's approach to dividend investing in these new indices will provide additional benefits to unitholders in the form of greater transparency as well as provide the following new features:

- **Free-float adjustments to ensure each index will count only shares that are available to investors.** The indices will exclude closely held shares, such as those held by members of a company founder's family.
- **A three-day rebalance window to help manage transaction costs and minimize tracking error.** The periodic changes to add, remove, or rebalance the constituent securities in each index will take place over three days instead of one day.

- **Buffered yield screens intended to minimize excessive turnover.** At each annual rebalance, all dividend-paying stocks in the investible universe are ranked in order of dividend yield with the highest-yielding at the top. A stock will not be eligible for first-time admission to the index if its dividend yield is in the top 25%. During subsequent rebalances, any stock already in the index may remain unless its yield is in the top 15%.

### **Vanguard's approach to index selection**

Based on deep indexing experience and expertise, Vanguard believes investors benefit from indices that are objective, transparent, investable, and representative of the risk and return characteristics of the target market. As such, the firm has developed and adheres to a multi-dimensional process to evaluate and select indices for funds and ETFs.

The suitability of each fund's index is based on index construction methodology, market coverage, classification criteria, rebalancing schedule, cost, and other standards. Vanguard also regularly assesses index providers to ensure their data integrity processes and risk management practices support their ability to provide the timely, accurate, and high-quality data required to develop and administer indices on an ongoing basis. The firm places a high value on the objectivity, credibility, and independence offered by index providers.

### **About Vanguard**

Canadians own CAD \$60 billion in Vanguard assets, including Canadian and U.S.-domiciled ETFs and Canadian mutual funds. Vanguard Investments Canada Inc. manages CAD \$38 billion in assets (as of April 30, 2021) with 37 Canadian ETFs and four mutual funds currently available. 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 USD \$7.8 trillion (CAD \$9.5 trillion) in global assets, including over USD \$1.9 trillion (CAD \$2.3 trillion) in global ETF assets (as of April 30, 2021). Vanguard has offices in the United States, Canada, Mexico, Europe and Australia. The firm offers 439 funds, including ETFs, to its more than 30 million investors worldwide.

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).

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### [Important information](#)

**Commissions, management fees, and expenses all may be associated with investment funds. Investment objectives, risks, fees, expenses, and other important information are contained in the prospectus; please read it before investing. Investment funds are not guaranteed, their values change frequently, and past performance may not be repeated. Vanguard funds are managed by Vanguard Investments Canada Inc. and are available across Canada through registered dealers.**

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