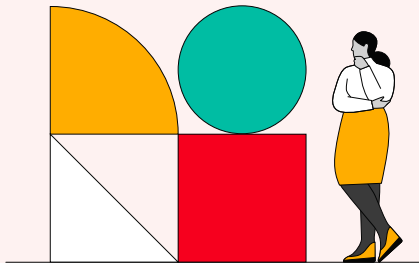


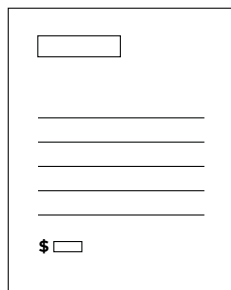
Total Cost Reporting under CRM3: A clearer view of your investment costs



What is Total Cost Reporting?

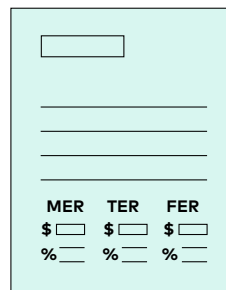
Beginning with annual reports covering the 2026 calendar year, enhanced reporting requirements known as **Total Cost Reporting**, under the **Client Relationship Model Phase 3 (CRM3)**, will provide investors with a more complete view of the costs associated with their investment funds.

What's changing?



Before

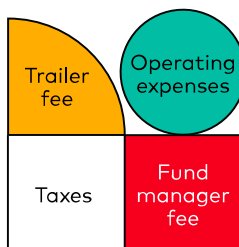
All cost are embedded in the fund returns



After

- More detailed annual cost information (FER)
- Costs shown in both percentages and dollar amounts
- Greater transparency into the total cost of owning investment funds

Key terms



MER

Management expense ratio

Ongoing costs of managing and operating a fund.

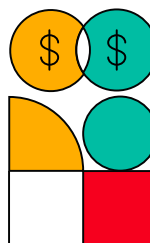
+

TER

Trading expense ratio

Costs related to buying and selling securities inside the fund.

=



FER

Fund expense ratio

A combined measure that includes both MER and TER.



**IMPORTANT
TO KNOW**

Total Cost Reporting **≠** New fees

Total Cost Reporting does not create new fees, the costs reported have always existed. What is changing is how these costs are disclosed.

Why greater cost transparency matters



Transparency

It gives you clearer, more complete cost information so you can better understand the total cost of investing in funds.



Decision-making

It may make it easier to compare costs across funds and product providers.



Value

It supports more informed questions and conversations with your advisor about fees, services, and investment outcomes.

Questions?

Speak with your advisor to explore how Vanguard's lower fee products can support your long-term investment success.

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