

Dividend-focused Investing

An all-weather investment strategy

The role of dividends in portfolios

Investing in dividend-focused strategies can provide current income with the potential for higher risk-adjusted returns. They can also offer some level of cushioning on the downside during periods of market volatility.



Improved returns

Dividend-growth strategies have produced higher returns, with less volatility than the global equity market, as shown by the chart on the next page.



Reduced volatility

Dividend-focused strategies offer lower volatility, with dividend paying stocks showing lower volatility than non-dividend payers.

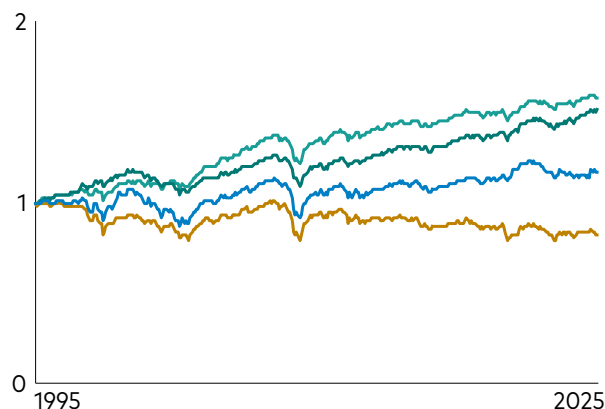


Downside mitigation

Dividend-focused strategies can help cushion market sell-offs, while also capturing upside when markets rebound.

Returns of global stocks by dividend policy

Return multiple



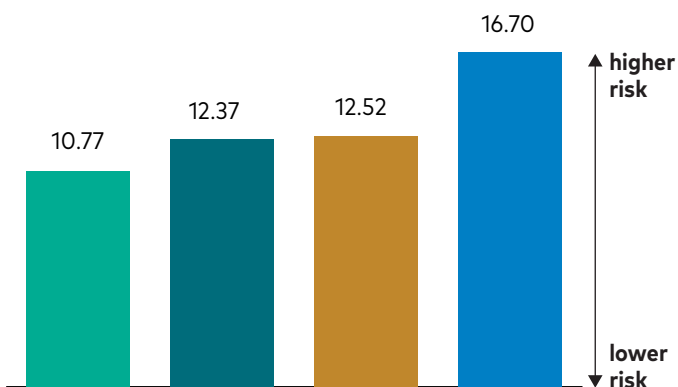
■ Dividend payers ex cutters ■ Global stocks ■ Dividend cutters ■ Non-dividend payers

Source: Wellington Management Company.

Notes: Returns based on monthly equal-weighted geometric average of total returns of MSCI All Country World Index component stocks with components reconstituted monthly. | Wellington Management determines which securities would be considered in each of the dividend categories based on taking the MSCI All Country World Index and separating into three categories of companies: 1) those who do not pay dividends, 2) those who have paid a dividend but cut it and, 3) those who have a dividend but never cut it. **PAST PERFORMANCE DOES NOT PREDICT FUTURE PERFORMANCE.** | Data shown on log scale | For illustrative purposes only. | Chart data: 31 December 1995 – 31 December 2025

Volatility of global stocks by dividend policy

Average annualized standard deviation (%)



Understand the difference between yield and growth



High-dividend payers (yield)

- High level of current income.
- Mature companies with high-quality balance sheets.
- Dividend stream can be susceptible to market downturns.



Dividend growers (growth)

- Tends to have a higher P/E and growth rate than high-dividend payers.
- Consistent income stream across market cycles.
- Companies with the willingness and ability to grow their dividend.



The power of compounding

In addition to income, dividends also contribute to long-term growth through compounding. Each dividend payment can be reinvested, increasing the number of shares held and further increasing future dividend payments. This compounds over time, making dividends a key driver of long-term growth.

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equity strategies managed
for Canadian investors

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PASSIVE INDEX - HIGH-DIVIDEND YIELD

VDY
MER 0.22%¹

Vanguard FTSE Canadian High Dividend Yield Index ETF

VIDY
MER 0.32%¹

Vanguard FTSE Developed ex North America High Dividend Yield Index ETF

VUDV
Management fee
0.28%²

Vanguard U.S. High Dividend Yield Index ETF

VUDH
Management fee
0.28%²

Vanguard U.S. High Dividend Yield Index ETF (CAD-hedged)

PASSIVE INDEX - DIVIDEND GROWTH

VGG
MER 0.31%¹

Vanguard U.S. Dividend Appreciation Index ETF

VGH
MER 0.32%¹

Vanguard U.S. Dividend Appreciation Index ETF (CAD-hedged)

VIGG
Management fee
0.28%²

Vanguard Developed ex-North America Dividend Appreciation Index ETF

GLOBAL ACTIVE - HIGH-DIVIDEND YIELD

VIC200
MER 0.53%¹

Vanguard Global Dividend Fund

¹ The management expense ratio (MER) is the MER as of the most recent fund year end, including waivers and absorptions, and is expressed as an annualized percentage of the daily average net asset value. Vanguard Investments Canada Inc. expects to continue absorbing or waiving certain fees indefinitely but may, in its discretion, discontinue this practice at any time. The management fee is equal to the fee paid by the Vanguard fund to Vanguard Investments Canada Inc. and does not include applicable taxes or other fees and expenses of the Vanguard fund. **(For any Vanguard fund which invests in underlying Vanguard fund(s), there shall be no duplication of management fees chargeable in connection with the Vanguard fund and its investment in the Vanguard fund(s).)**

² MER not yet available as the fund is new.

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