



PRESS RELEASE

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VANGUARD SHOWS COMMITMENT TO LOW-COST INVESTING, BY ANNOUNCING LOWER FEES ON 11 ETFs

TORONTO (October 7, 2014)—Vanguard Investments Canada Inc. announced today that it has lowered the management fees on more than half of its 21 Canadian exchange-traded funds (Vanguard ETFs™). This lowers the firm's asset-weighted average management fee -- already at an industry-leading low -- to 0.14%* from 0.19%.

“Our mission is to give investors in Canada and across the globe the best chance for investment success,” said Atul Tiwari, managing director of Vanguard Investments Canada Inc. “Low costs are a critical element in the investing equation. We are lowering the cost and complexity of investing worldwide and are pleased to further reduce investment costs for Canadian investors.”

Management fees for Vanguard's ETFs now start at 0.05% (see table below for new management fees). New management expense ratios (MERs) will be recalculated at the end of the year, as per regulations.

Since establishing the first indexed mutual fund in the U.S. in 1976, The Vanguard Group, Inc., now manages more than \$3 trillion (USD) globally, bringing the Vanguard way of investing to investors in Canada, Australia, Europe, Hong Kong and elsewhere. Vanguard, through its various entities, serves investors in more than 80 countries, and continues to bring down the cost of investing by, among other things:

- Lowering management fees on two of its Canada-domiciled international ETFs in August 2013.
- Reducing charges on 25 U.K. and Ireland-domiciled funds and ETFs in September, 2014.
- Reporting expense ratio declines on 22 U.S. ETFs through the first-half of 2014.

- Reducing expenses on more than half-a-dozen Australian funds and ETFs in 2012 and 2013.

Vanguard Investments Canada Inc. entered the Canadian market in December 2011, offering a suite of six low-cost ETFs. In 2012, the firm introduced an additional five ETFs, followed by five more in 2013, and another five in 2014. The firm, which now manages nearly \$3 billion (CAD) in ETF assets, won ETF Provider of the Year and Best Equity ETF awards in 2013 at the 19th annual Morningstar Canadian Investment Awards. Vanguard won Best Equity ETF for Vanguard U.S. Total Market Index ETF (CAD- hedged) (VUS).

“We are committed to providing high-quality products that will last for decades and play an enduring role in a portfolio,” Mr. Tiwari said. “Our disciplined approach to ETF development stems from the unique ownership structure of our parent company, The Vanguard Group, Inc. It is owned by its U.S.-domiciled mutual funds, and those funds, in turn, are owned by their investors. This structure aligns our interests with those of our investors and drives the culture, philosophy and policies throughout the Vanguard organization worldwide.”

New Vanguard ETF management fees

Vanguard ETF™	TSX ticker symbol	New annual management fee¹ (% of NAV)	Old annual management fee (% of NAV)
Vanguard FTSE Canada Index ETF	VCE	0.05%	0.09%
Vanguard FTSE Canada All Cap Index ETF	VCN	0.05%	0.12%
Vanguard FTSE Canadian High Dividend Yield Index ETF	VDY	0.20%	0.30%
Vanguard S&P 500 Index ETF	VFV	0.08% ²	0.15% ²

Vanguard S&P 500 Index ETF (CAD-hedged)	VSP	0.08% ²	0.15% ²
Vanguard FTSE Developed ex North America Index ETF	VDU	0.20% ²	0.28% ²
Vanguard FTSE Developed ex North America Index ETF (CAD-hedged)	VEF	0.20% ²	0.28% ²
Vanguard FTSE Emerging Markets Index ETF	VEE	0.23% ²	0.33% ²
Vanguard Canadian Aggregate Bond Index ETF	VAB	0.12%	0.20%
Vanguard Canadian Short-Term Bond Index ETF	VSB	0.10%	0.15%
Vanguard Canadian Short-Term Corporate Bond Index ETF	VSC	0.10%	0.15%

About Vanguard

Vanguard Investments Canada Inc. is a wholly owned indirect subsidiary of The Vanguard Group, Inc. and manages nearly \$3 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 \$3 trillion (USD) in global assets, including more than \$400 billion (USD) 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 100 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, 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.

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All asset figures are as of August 31, 2014, unless otherwise noted.

*As of September 30, 2014.

¹The table reflects management fees payable by the Vanguard ETFs to Vanguard Investments Canada Inc. effective as of October 7, 2014, as reported in the amendment to the prospectus of the Vanguard ETFs. New management expense ratios will be calculated at the end of the year. Vanguard expects that the MERs of the Vanguard ETFs will be substantially similar to their management fees, as it is expected that the only additional fees and expenses that will be borne by the Vanguard ETFs and included in the MER calculation will be any goods and services and/or harmonized sales tax payable by the Vanguard ETFs. Currently, Vanguard Investments Canada Inc. has agreed to reimburse the Vanguard ETFs for the ongoing operating expenses of the Vanguard ETFs' independent review committee. It may discontinue this practice at any time. MERs for ETFs are generally higher than management fees for ETFs.

²This Vanguard ETF invests primarily in one or more U.S.-domiciled Vanguard funds. To ensure that there is no duplication of management fees chargeable in connection with the Vanguard ETF™ and its investment in the Vanguard fund(s), the management fee payable by the Vanguard ETF to Vanguard Investments Canada Inc. set out above is reduced by the aggregate of the management fee payable by the Vanguard fund(s) to an affiliate of Vanguard Investments Canada Inc. and certain expenses of the Vanguard fund(s) that are paid directly by the Vanguard fund(s) (together, the "Vanguard fund total expense ratio"). The Vanguard fund(s) total expense ratio is embedded in the market value of the Vanguard fund(s) shares in which the Vanguard ETF invests.

Investors will usually pay brokerage fees to their dealer if they purchase or sell units of ETFs on Toronto Stock Exchange (TSX). If the units are purchased or sold on TSX, investors may pay more than the current net asset value when buying units of the ETF and may receive less than the current NAV when selling them. ETFs are priced continuously and bought and sold throughout the day in the secondary market, which entails paying additional costs such as bid/ask spreads. There are ongoing fees and expenses associated with owning units of an ETF. An ETF must prepare disclosure documents that contain key information about the fund. You can find more detailed information about the Vanguard ETFs™ in these documents at www.vanguardcanada.ca. ETFs are not guaranteed, their values change frequently and past performance may not be repeated. Vanguard ETFs are managed by Vanguard Investments Canada Inc. a wholly-owned indirect subsidiary of The Vanguard Group, Inc.

Investing in Vanguard ETFs involves risk, including the risk of error in tracking the underlying index. All investments, including those that seek to track an index, are subject to risk, including the possible loss of principal. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

Investments in bond funds are subject to interest rate, credit, and inflation risk. Foreign investing involves additional risks, including currency fluctuations and political uncertainty.

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