



VANGUARD ETF SERIES
(the “TRUST”)

A Hong Kong umbrella unit trust authorised under Section 104 of the Securities and Futures Ordinance (Cap.571) of Hong Kong comprising:

VANGUARD FTSE ASIA EX JAPAN INDEX ETF (Stock Code: 2805)
VANGUARD FTSE DEVELOPED EUROPE INDEX ETF (Stock Code: 3101)
VANGUARD FTSE JAPAN INDEX ETF (Stock Code: 3126)
VANGUARD FTSE ASIA EX JAPAN HIGH DIVIDEND YIELD INDEX ETF (Stock Code: 3085)
VANGUARD S&P 500 INDEX ETF (Stock Code: 3140)
(together, the “Sub-Funds”)

NOTICE TO UNITHOLDERS

Important

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This notice is important and requires your immediate attention.

If you are in doubt about the contents of this document, you should seek independent professional financial advice. SFC authorisation is not a recommendation or endorsement of the Trust or the Sub-Funds nor does it guarantee the commercial merits of the Trust or the Sub-Funds or their performance. It does not mean the Trust or any Sub-Fund is suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors.

All capitalized terms used in this document have the same meaning as in the prospectus of the Trust dated 28 April 2017 (the “Prospectus”), unless otherwise defined herein. The Manager accepts full responsibility for the accuracy of the information contained in this document and confirms that, having made all reasonable enquiries, to the best of its knowledge and belief there are no other facts the omission of which would make any statement in this document misleading as at the date of publication of this document.

Dear Unitholders

I. Amendments to the Prospectus – Changes to the Duties and Charges on creation and redemption of Units

We are writing to inform you that with effect on and from 5 May 2017, the amount of other Duties and Charges payable by Participating Dealers on creations and redemptions of Units in Vanguard FTSE Asia Ex Japan Index ETF, Vanguard FTSE Developed Europe Index ETF, Vanguard FTSE Japan Index ETF and Vanguard FTSE Asia Ex Japan High Dividend Yield Index ETF shall be amended as follows:

Sub-Fund	Previous amount of Duties and Charges until 4 May 2017	New amount of Duties and Charges from 5 May 2017 onwards
	(payable per creation or redemption application)	
Vanguard FTSE Asia Ex Japan Index ETF	Up to HKD\$104,000	Up to HKD\$180,000
Vanguard FTSE Japan Index ETF	Up to HKD\$29,000	Up to HKD\$28,500

Vanguard FTSE Developed Europe Index ETF	Up to HKD\$89,000	Up to HKD\$88,600
Vanguard FTSE Asia Ex Japan High Dividend Yield Index ETF	Up to HKD\$90,000	Up to HKD\$93,800

The Prospectus will be amended to reflect this scheme change.

II. Other amendments to the Trust Deed, Prospectus and Product Key Facts Statement (“KFS”)

With effect on and from 28 April 2017, the following changes will be made to the Prospectus, the KFS and Trust Deed:

1 Amendment to the definition of “Participating Dealer”

To allow the admission of Participating Dealers which are not a CCASS Participant, the Prospectus provides that the definition of “Participating Dealer” is amended to remove the requirement that the Participating Dealer is a CCASS Participant, and that references to a Participating Dealer shall also include, where the context admits, any agent of the Participating Dealer provided that such agent is a CCASS Participant.

The Trust Deed is also amended by way of Supplemental Deed No. 5 to reflect this amendment.

2 Connected Persons of the Manager as a Qualified Holder

To allow investment in the Sub-Funds by a U.S. Person (which may include a Connected Person of the Manager) with effect on and from 28 April 2017, the Prospectus is amended such that Units in a Sub-Fund may not be offered or sold in the U.S. or offered or sold to U.S. Persons, except where the Manager is reasonably satisfied that the proposed acquisition is by a U.S. Person (which may include a Connected Person of the Manager) who is a Qualified Holder.

An acquisition by such U.S. Person (which may include a Connected Person of the Manager) who is a Qualified Holder, will not, in the Manager’s reasonable opinion, materially prejudice the interests of Unitholders in any Sub-Fund (for example, by causing a material increase in the level of regulation applicable to any Sub-Fund in the United States or Hong Kong) and will not increase the costs and charges payable from any Sub-Fund, and is not in breach of applicable laws and regulations of the United States or Hong Kong from time to time in force and will not trigger any material registration or filing requirements on the Sub-Funds under any securities or financial derivatives law or regulation in the United States.

The Trust Deed is also amended by way of Supplemental Deed No. 5 to reflect this amendment.

3 Clarification amendments in relation to the fees of the Investment Advisor

The Prospectus clarifies that the Investment Advisor’s fees will be paid by The Vanguard Group, Inc as part of the transfer pricing arrangements between the Vanguard entities and is not a direct cost paid by the Unitholder.

4 Clarification amendments in relation to the establishment fees of Vanguard S&P 500 ETF

The Prospectus clarifies that the establishment fees and expenses of the Vanguard S&P500 Index ETF were borne by the Vanguard Group, Inc, and not the Manager.

5 Enhanced Risk Disclosure in relation to Vanguard FTSE Developed Europe Index ETF

The Prospectus provides enhancement to the risk factor “*Risks related to investing in European securities markets*” in respect of Vanguard FTSE Developed Europe Index ETF to include description of the higher volatility, liquidity, currency and default risks as a result of economic, political, regulatory, geopolitical, market, currency or other conditions in the region, including the exit of EU members from the Eurozone such as Brexit and the ongoing concerns on the sovereign debt risk of certain countries within the Eurozone.

6 Enhanced disclosure following the implementation of new statutory requirements in relation to automatic exchange of financial account information (AEOI)

The Prospectus provides enhanced disclosure following the implementation of new statutory requirements in relation to the automatic exchange of financial account information (“**AEOI**”). The Prospectus explains the impact that AEOI may have to the Sub-Funds and Unitholders, and the measures that may be taken to ensure compliance with AEOI. These include, but are not limited to, due diligence obligations on financial institutions (“**FI**”) to identify financial accounts held by tax residents of reportable jurisdiction, collect the reportable information of these accounts and furnish the information to the Inland Revenue Department (“**IRD**”). The IRD will then exchange the information with the tax authorities of the AEOI partner jurisdictions on an annual basis.

7 Enhanced disclosure relating to liquidity risks and liquidity risk management process

The Prospectus provides enhanced disclosure following the regulatory guidance in relation to liquidity risk management. The Manager has adopted a liquidity risk management process and maintains tools and methods for monitoring the liquidity of the Sub-Funds. The overall process involves appropriate oversight by management, measurement processes, regular assessment, on-going monitoring and internal control procedures.

The risk disclosure as set out in the section headed “Risk Factors” of the Prospectus will also be updated to include the relevant liquidity risk.

8 Update on information relating to the list of Participation Dealers

The Prospectus provides an update to the list of Participating Dealers for each Sub-Fund, and any references to “Initial Participating Dealers” for Vanguard S&P 500 Index ETF shall be replaced with “Participating Dealers”.

9 Update on information relating to the the on-going charges, tracking difference, past performance information and Underlying Indices in respect of each Sub-Fund

The Prospectus provides an update on the on-going charges and index information (including the 10 largest Index Securities) relating to the Underlying Indices of the Sub-Funds as at 31 March 2017.

The KFS provides updated information relating to on-going charges, the tracking difference of each Sub-Fund, past performance information, and the index information (including the 10 largest Index Securities) relating to the Underlying Indices of the Sub-Funds as at 31 March 2017.

10 Other amendments

The Prospectus will consolidate the previous 3 addenda dated 16 December 2015, 29 April 2016 and 14 October 2016, and shall be further amended with other enhanced disclosure and minor cosmetic amendments for clarity and consistency purposes, or to provide the most up-to-date information (including, an updated list of board of directors of the Manager, regulatory status of the Manager, cross references, a new definition of “1940 Act” and clarification amendments in relation to Vanguard S&P 500 Index ETF in the table headed “Sub-Fund Details” to reflect its listed status).

The amendments set out above do not require Unitholders' approval, as the Manager and the Trustee have certified that these amendments do not materially prejudice the interests of Holders in any Sub-Fund, do not to any material extent release the Trustee, the Manager or any other person from any liability to Holders under the Trust Deed and will not result in any increase in the amount of costs and charges payable from any Sub-Fund and borne by the Unitholders at the time the amendments take effect. There are also no changes in the operation and/or manner in which each Sub-Fund is managed. The costs and expenses incurred in connection with the amendments set out above will be borne by the Manager.

Hard copies of the Prospectus, the KFS of the Sub-Funds, the Trust Deed and all supplemental deeds are available for inspection at the Manager's office located at 48/F, The Center, 99 Queen's Road Central, Hong Kong (telephone number: +852 3409 8333) during normal office hours (Monday to Friday (excluding public holidays), from 9:00a.m. to 5:30p.m.).

If you have any queries or concerns regarding the above change, please direct them to your financial adviser or contact the Manager at the address or telephone number mentioned above.

Vanguard Investments Hong Kong Limited

5 April 2017