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MEDIA RELEASE

Vanguard launches the first S&P 500 exchange-traded fund listed on the Hong Kong Stock Exchange

Hong Kong 21 May 2015: Vanguard, the world's largest mutual fund company¹ and a leader in low-cost investing, is launching the Vanguard S&P 500 Index ETF (stock code: 3140) today, bringing the number of Vanguard ETF offerings in the Hong Kong market to five.

The new ETF, which will begin trading on the Hong Kong Stock Exchange (HKEx) today, is the first S&P 500 exchange-traded fund (ETF) listed in Hong Kong².

The Vanguard S&P 500 Index ETF provides Hong Kong investors with an opportunity to further diversify their portfolios with broad US equity exposure, which represents approximately 500 leading companies in leading industries of the US economy.

With a total expense ratio (TER) of 0.25% annually, it is the lowest cost US equity ETF available in Hong Kong².

The table below shows the top 10 companies represented in the index. The 10 largest holdings equal 17.1% of total net assets³.

Ten largest holdings of S&P 500³		
Rank	Company	%
1	Apple Inc	4.0%
2	Exxon Mobil Corp	1.9%
3	Microsoft Corp	1.8%
4	Johnson & Johnson	1.5%
5	Berkshire Hathaway B	1.4%
6	Wells Fargo & Co.	1.4%
7	General Electric Co.	1.4%
8	JPMorgan Chase & Co.	1.2%
9	Procter & Gamble Co.	1.2%
10	Pfizer Inc	1.2%
Total:		17.1%

Vanguard is the world's largest mutual fund manager¹ and second-largest global provider of ETFs⁴, with USD 477 billion in ETF assets worldwide. Vanguard is owned by its US-domiciled funds and ETFs, which, in turn, are owned by their investors. This mutual structure aligns Vanguard's interests with those of its investors.

Vanguard Asia Regional Managing Director Shelly Painter said:

“Today’s launch of the Vanguard S&P 500 Index ETF demonstrates our ongoing commitment to the Hong Kong market, and provides investors with another core building block to build a globally diversified portfolio.”

“As with the four ETFs we have previously launched, this product has a low total expense ratio, allowing investors to keep more of their returns.”

“Together with our existing line-up, Developed Europe (3101), Japan (3126), and Asia ex Japan (2805), with just four ETFs investors can access close to 80% of the world’s total equity market capitalisation representing around 2,200 stocks across 30 countries for a weighted-average TER of 0.26%⁵. Our equity income ETF, Asia ex Japan High Dividend Yield (3085), offers exposure to higher yielding stocks across Asia ex Japan with a TER as low as 0.45%.”

James Norris, Vanguard International Managing Director, said:

“Vanguard launched the world’s very first index fund in August 1976, and that fund was the S&P 500 Index Fund. Today Vanguard manages more than USD 400 billion in S&P 500 index assets.”

“Having marked The Vanguard Group’s 40th anniversary earlier this month, it is timely that the Vanguard S&P 500 Index ETF is now available on the Hong Kong Stock Exchange.”

“Over the past four decades, our foundational principles and investment philosophy have not changed. We put clients first, look after their interests and continue to push down the cost of investing. This explains why clients from around the world have entrusted us with over USD 3 trillion in assets.”

“The expansion of our ETF suite in Hong Kong provides investors with greater choice of low cost, risk controlled and well diversified portfolio construction tools.”

Editor’s Note:

For more information about the new Vanguard ETF and to access the product disclosure statement, visit www.vanguard.com.hk.

ETFs combine the broad diversification of conventional index mutual funds with the continual pricing and trading flexibility of individual stocks and bonds. ETFs are listed, bought and sold throughout the day on a regulated stock exchange. They measure themselves against a benchmark and thus typically aim to achieve the market return of securities that comprise an index.

ETFs often have lower total costs than mutual funds, and index investments typically have lower TERs than active investments. Low-cost index ETFs can mean that more of an investment’s returns go to investors, positioning them for greater long-term financial success.

About Vanguard Asia

The Vanguard Group, Inc., based in Valley Forge, Pennsylvania, in the United States, is owned by the U.S.-domiciled Vanguard mutual funds, which in turn are owned by the investors in those funds. This unique U.S. mutual structure aligns Vanguard’s interests with those of its investors and drives the culture, philosophy and policies throughout the Vanguard organisation worldwide, including Vanguard Investments Hong Kong Limited, Vanguard Investments Singapore Pte. Ltd. and Vanguard Investments Japan, Ltd. As a result, Asian investors benefit from Vanguard’s stability and experience, low-cost investing and client focus. Globally, Vanguard manages over USD 3 trillion in mutual fund, separately managed account and ETF assets. For more information about Vanguard Investments Hong Kong, visit www.vanguard.com.hk.

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¹Source: Morningstar, as at 31 March 2015. Based on global total net assets of mutual funds (including long-term and money market funds).

²Source: Morningstar, as at 22 April 2015.

³Source: S&P, as at 31 March 2015. Discrepancies due to rounding.

⁴Source: ETFGI, as at 31 March 2015.

⁵Based on a hypothetical equity portfolio consisting of Vanguard's S&P 500 Index ETF (55%), FTSE Developed Europe Index ETF (25%), FTSE Asia ex Japan Index ETF (10%) and FTSE Japan Index ETF (9%). Allocation may not equal 100% due to rounding.

All Vanguard asset figures are as at 31 March 2015, unless otherwise noted.

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The Vanguard FTSE Asia ex Japan Index ETF invests in securities markets that are considered to be emerging markets which involve a greater risk of loss than investing in more developed markets. The fund seeks to track the performance of the FTSE Asia Pacific ex Japan, Australia and New Zealand Index, before deduction of fees and expenses. It also employs a passively managed, index sampling strategy to gain exposure to developed and emerging equity markets in Asia (excluding Japan).

The Vanguard FTSE Asia ex Japan High Dividend Yield Index ETF invests in securities markets that are considered to be emerging markets which involve a greater risk of loss than investing in more developed markets. It also invests in high dividend yield securities which may offer a higher rate of dividend yield, but they are subject to risks that the dividend could be reduced or abolished, or the risks that the value of the securities could decline or have lower-than average potential for price appreciation. The fund seeks to track the performance of the FTSE Asia Pacific ex Japan, Australia and New Zealand High Dividend Yield Index, before deduction of fees and expenses. It also employs a passively managed, index sampling strategy to gain exposure to developed and emerging equity markets in Asia (excluding Japan).

The Vanguard FTSE Japan Index ETF concentrates its investment in the Japanese securities market which may involve a higher level of risks compared to investing in a more diversified portfolio/ strategy and a greater risk of loss than investing in other markets and may result in a higher risk of loss to the

ETF. The fund seeks to track the performance of the FTSE Japan Index, before deduction of fees and expenses. It also employs a passively managed, index sampling strategy to gain exposure to the equity market in Japan.

The Vanguard FTSE Developed Europe Index ETF invests in European securities markets which involve a greater risk of loss than investing in other markets and may result in a higher risk of loss to the ETF. The fund seeks to track the performance of the FTSE Developed Europe Index, before deduction of fees and expenses. It also employs a passively managed, index sampling strategy to gain exposure to developed equity markets in Europe.

The Vanguard S&P 500 Index ETF concentrates its investment in the U.S. securities market which may involve a higher level of risks compared to investing in a more diversified portfolio/ strategy and a greater risk of loss than investing in other markets and may result in a higher risk of loss to the ETF. The fund seeks to track the performance of the S&P 500 Index, before deduction of fees and expenses. It also employs a passively managed, full-replication strategy to gain exposure to the large-cap equity market in the U.S.

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