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MEDIA RELEASE

Leading global fund manager Vanguard launches three new ETFs

Three new low-cost ways for Hong Kong investors to build their portfolios

Hong Kong 13 June 2014: Vanguard, the world's largest mutual fund company¹ and a leader in low-cost investing, is expanding its product offering with three new Hong Kong-domiciled exchange traded funds (ETFs).

The new ETFs will begin trading on the Hong Kong Stock Exchange today and will bring the number of Vanguard ETF offerings in the Hong Kong market to four. In 2013, Vanguard introduced its first ETF in the market: Vanguard FTSE Asia ex Japan Index ETF (2805).

The low-cost offerings will provide Hong Kong investors an opportunity to diversify their portfolios across the developed markets of Europe and Japan, or to obtain exposure to higher yield stocks across the Asia region.

The three new ETFs break new ground for the Hong Kong ETF market²:

- The Vanguard FTSE Developed Europe Index ETF (3101) is the first ETF to provide European equity exposure.
- The Vanguard FTSE Japan Index ETF (3126) is the first physical, market-cap-weighted ETF to provide exposure to Japan equities.
- The Vanguard FTSE Asia ex Japan High Dividend Yield Index ETF (3085) is the first physical, market-cap-weighted Asia ex Japan high dividend yield index ETF.

Each of Vanguard's Hong-Kong domiciled ETFs has the lowest expense ratio in the market for its category² and the underlying investments are physical securities.

The table below provides additional details on the four ETFs of Vanguard.

ETF	Stock code	Fund detail	Total Expense Ratio	Launched
Vanguard FTSE Asia ex Japan Index ETF	2805	Provides exposure to stocks across 11 developed and emerging markets in Asia, excluding Japan; representing 9% of the global equity market capitalisation ³ . Employs an index sampling strategy to gain exposure to developed and emerging equity	0.38% annually	15 May 2013

		<p>markets in Asia, excluding Japan.</p> <p>The fund seeks to track the FTSE Asia Pacific ex Japan, Australia and New Zealand Index, before the deduction of fees and expenses.</p>		
Vanguard FTSE Developed Europe Index ETF	3101	<p>Provides exposure to large and mid cap stocks across 17 developed equity markets in Europe, representing 25% of the global equity market capitalisation³.</p> <p>Employs an index sampling strategy to gain exposure to developed equity markets in Europe.</p> <p>The fund seeks to track the performance of the FTSE Developed Europe Index, before deduction of fees and expenses.</p>	0.25% annually	13 June 2014
Vanguard FTSE Japan Index ETF	3126	<p>Provides exposure to large and mid-cap stocks in Japan, representing 8% of the global equity market capitalisation³.</p> <p>Employs an index sampling strategy to gain exposure to the equity market in Japan.</p> <p>The fund seeks to track the performance of the FTSE Japan Index, before deduction of fees and expenses.</p>	0.25% annually	13 June 2014
Vanguard FTSE Asia ex Japan High Dividend Yield Index ETF	3085	<p>Provides exposure to stocks that are characterised by higher-than-average dividend yields in Asia, excluding Japan.</p> <p>Employs an index sampling strategy to gain exposure to the stocks in developed and emerging Asia, excluding Japan.</p> <p>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.</p>	0.45% annually	13 June 2014

Vanguard, which launched the first index fund for U.S. individual investors in 1976, is the world's largest mutual fund manager¹ and the third-largest global provider of ETFs⁴. Vanguard is owned by its U.S.-domiciled funds and ETFs, which, in turn, are owned by their investors. This mutual ownership structure aligns Vanguard's interests with those of investors.

Shelly Painter, Vanguard Asia Regional Managing Director said:

“Today marks an important step forward for Vanguard in Hong Kong with the expansion of our ETF product line-up. We are developing core building block ETFs to help long-term investors assemble globally diversified portfolios.

Importantly these products give Hong Kong investors more choices and break new ground in the market by being the first physical-backed ETFs offering exposure to the developed European markets and to Japan.

In keeping with Vanguard's low-cost philosophy, the three new ETFs have low total expense ratios.”

James Norris, Vanguard International Managing Director said:

“Vanguard's approach—both with investing and in business—is to take a long-term view and understand the value of being well diversified across and within asset classes.

We are committed to building our presence in Hong Kong and across the region more broadly, and the expansion of our local ETF line-up today is another step along that journey.”

Mr. Norris noted that ETFs are one of the fastest growing product categories in the asset management industry, including Asia. In the last five years, assets in Asia-Pacific-region ETFs have more than tripled while the number of Asia Pacific-region ETFs also has increased more than three-fold⁵.

Editor's note:

For more information about the new Vanguard ETFs and to access a 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, based in Valley Forge, Pennsylvania, in the United States, is owned by the U.S.-domiciled Vanguard mutual funds and ETFs, which in turn are owned by their investors. This unique U.S. mutual ownership 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 more than USD \$2.8 trillion in mutual fund, separately managed account and ETF assets. For more information about Vanguard Investments Hong Kong Limited, visit www.vanguard.com.hk.

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¹Source: Morningstar, as at 31 January 2014. Based on global total net assets of mutual funds (including long-term and money market funds).

²Source: Morningstar, as at 26 May 2014. Based on ETFs listed on the Hong Kong Stock Exchange.

³Source: FTSE, as at 31 May 2014.

⁴Source: Morningstar, as at 28 February 2014.

⁵Source: ETFGI, as at 31 May 2014. ETFs represent assets of more than USD \$2.5 trillion globally.

All Vanguard asset figures are as at 31 March 2014, unless otherwise noted.

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