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PRESS RELEASE

VANGUARD NOW OFFERS THE LOWEST COST ETFs IN HONG KONG

Hong Kong, 17 October 2016 — Vanguard, the world’s largest mutual fund company, has reduced the total expense ratio (TER) of all its Hong Kong-listed exchange traded funds (ETFs) effective today. The five ETFs are now the lowest cost in their respective categories on the Hong Kong Stock Exchange.

The TERs of the five products are being reduced by 47% for the Asia ex Japan ETF, 28% for developed country ETFs, and 22% for the Asia ex Japan High Dividend ETF.

The TER reductions are as follows:

ETF	Ticker	Original TER	New TER	Reduction
Vanguard S&P 500 Index ETF	3140	0.25%	0.18%	28%
Vanguard FTSE Developed Europe Index ETF	3101	0.25%	0.18%	28%
Vanguard FTSE Japan Index ETF	3126	0.25%	0.18%	28%
Vanguard FTSE Asia ex-Japan Index ETF	2805	0.38%	0.20%	47%
Vanguard FTSE Asia ex-Japan High Dividend Yield Index ETF	3085	0.45%	0.35%	22%



These physically-backed ETFs make ideal building blocks for a well-diversified portfolio - giving investors broad access to the world's total equity market capitalization via the Hong Kong Stock Exchange. With just four of Vanguard's Hong Kong-listed ETFs (tickers: 3140, 3101, 3126, and 2805), investors could cover nearly 80% of the market cap of the FTSE Global All Cap index at a weighted average TER of 0.18%, compared with the industry average TER of Hong Kong ETFs of 0.34%¹, a saving of approximately 47% in fees.

“The TER cut is an example of Vanguard’s long-standing commitment to offering investors high-quality products and services while continually lowering costs. The firm’s economy of scale and unique ownership structure means it can deliver on this commitment,” said Charles Lin, Head of Greater China, Vanguard Investments Hong Kong Limited. “Our core purpose is to take a stand for all investors, to treat them fairly, and to give them the best chance for investment success.”

The Vanguard Group is owned by Vanguard’s US-domiciled funds and ETFs. Those funds in turn are owned by their investors. This means the firm does not need to generate profit through fund fees for shareholders or other owners. This unique mutual ownership structure aligns Vanguard’s interests with those of our investors, and drives the culture, philosophy and policies throughout the Vanguard organization worldwide.

Hong Kong is the latest market to benefit from Vanguard’s long history of reducing costs and increasing transparency. Earlier this month, the firm also lowered the management expense ratios of five of its funds in Australia. Those reductions apply to three wholesale managed funds and two ETFs.

“As the pioneer in low-cost investing, Vanguard sees increasing awareness in Asia of the

¹ Source: Morningstar Inc and Bloomberg. Data as of 31 August 2016. Based on the same category of ETFs on the HKEx.



vital role that investment cost plays in maximizing potential investment returns over the long term,” said James Martielli, Head of Portfolio Review, Asia, Vanguard Investments Hong Kong Limited. “We will continue to focus on providing the highest quality funds and service at the lowest reasonable price so that we can change the way people invest around the world.”

Vanguard research shows that lower-cost funds have tended to outperform higher-cost funds in the long run – in short, the lower the cost, the more investment returns investors get to keep in their pockets.

“Thanks to their transparency, diversification, low cost and tradability, ETF assets are growing continuously in Asia with an annual growth rate of 27.3% for the past 10 years²,” said Linda Luk, Managing Director, Retail & Intermediary Business, Asia, Vanguard Investments Hong Kong Limited. “As investors and financial advisors become better educated on how ETFs work, how they are designed, and the ways to incorporate them into investment portfolios, Vanguard believes the adoption and usage of ETFs will continue to increase.”

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 \$3.8 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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All asset figures are as of 31 August 2016, unless otherwise noted. Source: Vanguard.

² ETFGI Asia Pacific (ex-Japan) ETF and ETP industry insights, as of 31 August 2016.



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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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