



For more information strictly in relation to the factual contents of this press release, please contact:

Vanguard Hong Kong – Emily Leung, +852 3409 8368, emily_leung@vanguard.com.hk

Weber Shandwick – Steve Price, +852 2533 9957, sprice@webershandwick.com

PRESS RELEASE

VANGUARD, THE WORLD'S LARGEST MUTUAL FUND COMPANY¹, OFFICIALLY LAUNCHES WHOLLY-OWNED SUBSIDIARY IN SHANGHAI

Vanguard seeks to help Chinese investors achieve their financial goals through its world-renowned low-cost, diversified and long-term investment approach

Hong Kong, 25 May 2017 — Vanguard, the world's largest mutual fund company with US\$4.2 trillion² assets under management, today officially launched its Wholly Foreign-Owned Enterprise (WFOE) in China – Vanguard Investment Management (Shanghai) Limited – in the Shanghai Free Trade Zone.

The new entity enables Vanguard to bring its investment philosophy, which has revolutionized how the world invests, to China's vast population of investors.

The newly established WFOE office, located in the Shanghai World Financial Center and occupying approximately 1,271 gross square meters, will plan to carry out investment management, investment consulting, client liaising and servicing, marketing, investment research, investor education and business development. The WFOE's legal representative is Charles Lin, Vanguard's Head of China, and the general manager is Clare Zhao, Vanguard's Head of China Institutional Business.

"This new milestone solidifies our commitment to China," F. William McNabb III, Chairman and Chief Executive Officer of Vanguard, said. "Vanguard is pleased to extend our mission to Chinese investors: To take a stand for them, to treat them fairly, and to give them the best chance for investment success."

Vanguard has been serving institutional clients in China, including insurance, banking, asset managers and other financial institutions, for many years. In 2014, it set up a representative office in Beijing to facilitate communication between its institutional clients in China and its Hong Kong office, as well as work with regulators.

"Bringing our unique and proven investment approach to the millions of investors in China is an important initiative for Vanguard's international business," said Mr. McNabb III.

¹ Global Total Net Assets of Mutual Funds (including Long-Term and Money Market Funds), Morningstar, as of 31 March 2017.

² Source: Vanguard, as of 31 March 2017.



Unlike other investment management companies, Vanguard is not listed, nor is it privately held. Instead, it is owned by its US-domiciled mutual funds, which in turn are owned by their investors. This mutual structure means Vanguard is able to pass along profits to its fund investors in the form of lower expense ratios, as well as reinvest in the business to improve client experiences and outcomes. Research shows that investment cost is the one controllable variable that has the biggest impact on potential returns.

Vanguard has a long history of lowering investment costs. It has reduced the asset-weighted average expense ratio of its US funds from 0.68% in 1975 to 0.12%³ today – less than one-fifth of the US industry asset-weighted average of 0.62%. The company has successfully taken its low-cost strategy to international markets including Australia, Japan, Europe, Canada, Singapore, Hong Kong, and most recently, China.

“We are optimistic about the Chinese market and excited about the long-term opportunities to serve Chinese investors,” said Charles Lin, Managing Director, Country Head of China. “Our unique ownership structure and longstanding commitment to low-cost investing mean we are well positioned to serve the needs of Chinese investors. The launch of our WFOE is our first step to lowering the cost of investing in China and help Chinese investors reach their investment goals.”

As a pioneer in the asset management industry, Vanguard created the world’s first index fund for individuals in 1976, and has been a low-cost investing leader for more than 40 years.

“We would like to take this opportunity to thank the authorities and our business partners for supporting the establishment of our WFOE. We will continue working closely with them and look forward to providing long-term value to investors in China,” said Clare Zhao, General Manager of Vanguard Investment Management (Shanghai) Limited.

- The End -

About Vanguard

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., Vanguard Investments Japan, Ltd. and Vanguard Investment Management (Shanghai) Limited. As a result, Asian investors benefit from Vanguard’s stability and experience, low-cost investing and client focus. Globally, Vanguard manages over USD \$4.2 trillion (as of 31 Mar 2017) in mutual fund, separately managed

³ Sources: Vanguard, Morningstar, Inc., as of 31 December 2016.



account and ETF assets. For more information about Vanguard Investment Management (Shanghai) Limited, visit www.vanguardinvestments.com.cn

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