



## Vanguard introduces low-cost active funds in Australia

**20 February 2017:** Vanguard Australia today announced the expansion of its product offering to include low-cost active funds.

Vanguard has begun adding active funds to its product line-up in Australia with the initial launch of three quantitative active funds that complement existing index products and provide new options for advisers, investors and institutional clients to build low-cost investment portfolios.

In Australia, Vanguard has a 20 year history as a low-cost industry leader in index managed funds and Exchange Traded Funds (ETFs). The ability to offer active products in Australia has been facilitated in part by efforts across the global organisation to integrate investment management teams in different regions and allow investors to benefit from Vanguard's global scale and more than 40 years of experience in active funds management.

Vanguard Australia Managing Director Colin Kelton highlighted Vanguard's deep expertise in low-cost active funds management.

"While Vanguard was a pioneer in the development of index funds, the company has been offering active funds since inception in the US, and today Vanguard manages more than \$1.5 trillion in active assets globally," Mr Kelton said.

"Vanguard has a long-held conviction that there is a role for both index and active investments in a portfolio, and we are excited to offer Australian investors low-cost solutions in both active and index funds.

"Our first active products are quantitative equity strategies and they bear the hallmarks of all Vanguard funds, diversification and low cost."

The active products currently offered by Vanguard Australia are managed by Vanguard's Quantitative Equity Group and include the *Vanguard Global Quantitative Equity Fund*, *Vanguard Global Value Equity Fund*, and *Vanguard Global Minimum Volatility Fund*.

Providing low-cost, high quality funds that let investors keep more of their returns is the central tenet of Vanguard globally, as research consistently shows that keeping costs low can improve the odds of success across both index and active funds.

In Australia the average management cost of active equity funds is 1.23\* per cent, Vanguard's three quantitative equity offerings are all well below this average, with a management cost of 0.45 per cent per annum.

"At Vanguard, we like to maintain a focus on the bigger picture for investors - setting a financial plan and sticking to it with the aim of meeting long term goals- but we understand that performance history is a practical demonstration of how these characteristics have helped investors meet their goals," Mr Kelton said.

"In the case of Vanguard's active funds globally, the performance numbers speak for themselves. Over the last five years, 96 per cent of our funds have outperformed their industry peer group, and 93 per cent have outperformed over the last 10 years." \*\*

Vanguard Australia manages more than \$115 billion of assets for investors across 43 managed funds, 17 exchange traded funds and a range of separately managed accounts. Along with the launch of new active products, Vanguard will continue to expand its range of index funds and ETFs throughout 2017.



*\*Source: Vanguard analysis of Morningstar data, as at 31 December 2016*

*\*\*Source: Lipper, a Thomson Reuters Company. Number of Vanguard funds that outperformed their Lipper peer-group averages for periods ended December 31, 2016: For the five-year period, 224 of 265 Vanguard funds outperformed their Lipper averages. For the ten-year period, 183 of 198 Vanguard funds outperformed their Lipper averages. Results will vary for other time periods.*

#### **About Vanguard**

With more than AUD \$5.4 trillion in assets under management as of 31 December 2016, including more than AUD \$880 billion in ETFs, Vanguard is one of the world's largest global investment management companies. In Australia, Vanguard has been serving financial advisers, retail clients and institutional investors for more than 20 years.

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