



## ADVISER FUND UPDATE

Market Summary and Commentary for Individual Investors from Adviser Investments



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### In This Issue

- Vanguard Eliminates Signal Shares

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At the end of October, Vanguard completed a process it announced a year earlier and closed down its high-minimum Signal share class for good. But this isn't a sign of decay in Malvern or reason for investor dismay—it was simply another step in the fund giant's efforts to simplify its fund lineup and cut costs for index investors.

The Signal share class was mostly geared toward larger, institutional or advisory investors with its \$1 million buy-in requirement, and it offered lower expenses than Vanguard's Investor and Admiral share classes in return. But as Vanguard began cutting costs and reducing minimums on its Admiral shares while adding new Admiral shares to existing funds over the last few years, that Signal share class became redundant. Hence the move in October 2013, when Signal shares were closed to new investors and eight funds had their Signal shares converted into new Admirals.

The final step took place on October 24, when 17 index funds' Signal shares were merged out of existence into the affected funds' Admiral shares. In the table below, we've listed those funds, their now-defunct Signal ticker symbols, their new Admiral symbols and their expense ratios, which had already been identical for the two share classes for some time.

#### Farewell, Signals

Fund	Signal Ticker	Admiral Ticker	Expense Ratio
500 Index	VIFSX	VFIAX	0.05%
Balanced Index	VBASX	VBIAX	0.09%
Emerging Markets Stock Index	VERSX	VEMAX	0.15%
European Stock Index	VESSX	VEUSX	0.12%
Extended Market Index	VEMSX	VEXAX	0.10%
Growth Index	VIGSX	VIGAX	0.09%
Intermediate-Term Bond Index	VIBSX	VBILX	0.10%
Large-Cap Index	VLCSX	VLCAx	0.09%
Mid-Cap Index	VMISX	VIMAX	0.09%
Pacific Stock Index	VPASX	VPADx	0.12%
REIT Index	VGRSX	VGSLx	0.10%
Short-Term Bond Index	VBSSX	VBIRx	0.10%
Small-Cap Index	VSISX	VSMAX	0.09%

Total Bond Market Index	VBTSX	VBTLX	0.08%
Total International Stock Index	VTSGX	VTIAX	0.14%
Total Stock Market Index	VTSSX	VTSAX	0.05%
Value Index	VVISX	VVIAX	0.09%

Note: Expenses as of 9/30/14.  
Source: Vanguard.

While this move is irrelevant to most individual investors, who would not have been able to invest in Signal shares on their own, one place where smaller investors may notice a change is in their 401(k) plans, where Signal shares were commonly used. Vanguard says that the only possible difference one might see in an account following the move is in the number of shares owned, as the Signal and Admiral shares in some cases had disparate NAVs. But investors' overall dollar value invested in any affected fund should be the same post-transition.

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