



March 11, 2016

### **Vanguard Introduces Trio of Funds**

The last two weeks have been busy ones for Vanguard, with the introduction of three new funds for investors: Two international index funds and an actively managed bond offering that will go head-to-head with the firm's mammoth Total Bond Market Index fund. In addition, as we mentioned in [December](#) when it was announced, an actively managed emerging markets bond fund has also begun gathering assets, but for now it's an internal-only product living in the shadows—you won't find any details of the fund on Vanguard's website, hence "trio" in the title.

### **New International Dividend Funds**

On March 2, Vanguard brought its first dividend-focused international funds to the market: Vanguard International Dividend Appreciation Index and Vanguard International High Yield Index.

The funds, available to all investors, come in three share classes, including exchange-traded fund (ETF) shares. The ETF and Admiral shares of International High Dividend Yield Index carry a 0.30% expense ratio, while the Investor shares cost 0.40%. International Dividend Appreciation Index charges 0.25% for ETF and Admiral shares and 0.35% for Investor-class shares.

As its name suggests, International High Dividend Yield Index invests in stocks of companies paying out high dividends in the hope of generating current income for investors. The fund aims to track the performance of the FTSE All-World ex US High Dividend Yield Index, a fairly new benchmark comprised of more than 800 of the highest-yielding companies in the developed and emerging markets.

International Dividend Appreciation Index tracks the Nasdaq International Dividend Achievers Index, which includes more than 200 stocks in the developed and emerging markets that have a track record of increasing dividend payments every year.

Vanguard's new international offerings are intended to complement the firm's U.S.-focused funds with similar objectives: High Dividend Yield Index fund and ETF and Dividend Appreciation Index fund and ETF.

Both new international funds are managed by Justin E. Hales and Michael Perre. Hales and Perre also co-manage Global ex-U.S. Real Estate Index. Hales is also a manager on European Stock Index.

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With these new options, Vanguard is looking to capitalize on increasing investor interest in dividend stocks. How effectively these two new funds will meet their objectives and fit into a larger portfolio remains to be seen.

### **Core Bond**

This week, Vanguard followed through on its plan to launch Core Bond fund (on schedule, no less), which is an actively managed product designed to work as a one-stop or core fund for the fixed-income portion of investors' portfolios.

Vanguard tapped its internal Fixed Income Group to manage Core Bond, with duties split three ways between Gregory S. Nassour, Brian Quigley and Gemma Wright-Casparius. The portfolio will invest in a combination of government, agency and investment-grade bonds (65% of assets), medium-quality bonds (up to 30%) and high-yield or "junk" bonds (5%). (For more on the strategy, please see the [December 31, 2015 Adviser Fund Update](#).)

Core Bond is available in both Investor and Admiral shares. The Investor shares charge 0.25% in expenses and require a \$3,000 minimum investment, while the Admiral shares charge 0.15% and require a \$50,000 initial investment.

It will be interesting to see how the actively managed Core Bond compares to Vanguard's Total Bond Market Index, its most similar index analog at the firm.

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