

CEO Bill McNabb on what makes Vanguard different

I joined Vanguard in 1986, and what attracted me to the company was the incredible missionary zeal. When I interviewed, you could really feel a tremendous sense of energy around the idea that we were built to serve investors first and that zeal really permeated everything at Vanguard, and it was very attractive.

The other thing that really attracted me to Vanguard was this idea that we were really different than everybody else from an investment perspective. We had introduced the first index fund. We had introduced the idea that balance and diversification and cost were really important parts of the investment equation, and we had much more focus on that than our competitors did. But we were continuing to try to educate investors how to achieve their goals, and that really appealed to me.

Vanguard's unique in several ways. First, our corporate structure really sets us apart from any other investment firm. We're owned by our funds and, therefore, the investors in our funds, and what that does for investors is [that] it aligns our interests with those of the investor. We only serve those investors, and that structure has really determined everything we've done in our 40 years of existence.

Another thing that sets Vanguard apart is our value system. We believe that you must do the right thing for clients and everything has to be based on integrity, and that focus on values permeates [not only] how we treat each other at work, but very importantly, how we treat our clients.

And then finally, I think what's really differentiated Vanguard in the marketplace for a lot of investors is our focus on cost. Cost matters in the investment equation. It's the one variable you can control. All of our funds are very low-cost when compared to their peers, and that low cost has led to better returns over long periods of time for investors.*

The key idea that all investors should take away about Vanguard is we are singularly focused on doing what's right for them. Our structure really aligns our interest with those of the investor, and we like to say that strategy follows structure. So, everything that goes on at Vanguard is focused on doing what's best for clients.

Disclosures

*For the ten-year period ended December 31, 2015, 10 of 10 Vanguard money market funds, 49 of 52 Vanguard bond funds, 18 of 18 Vanguard balanced funds, and 109 of 122 Vanguard stock funds—for a total of 186 of 202 Vanguard funds—outperformed their Lipper peer-group averages. Only funds with a minimum ten-year history were included in the comparison. Source: Lipper, a Thomson Reuters Company.

Vanguard is client-owned. As a client owner, you own the funds that own Vanguard.

For more information about Vanguard funds, visit [vanguard.com](https://www.vanguard.com) to obtain a prospectus or, if available, a summary prospectus. Investment objectives, risks, charges, expenses, and other important information about a fund are contained in the prospectus; read and consider it carefully before investing.

To learn more about Vanguard's investment principles, visit <https://about.vanguard.com/what-sets-vanguard-apart/principles-for-investing-success/>.

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