



VANGUARD ETF SERIES
(the “TRUST”)

A Hong Kong umbrella unit trust authorised under Section 104 of the Securities and Futures Ordinance (Cap.571) of Hong Kong comprising:

VANGUARD FTSE ASIA EX JAPAN INDEX ETF

Stock code: 2805 – HKD counter

Stock code: 82805 – RMB counter

Stock code: 9805 – USD counter

VANGUARD FTSE DEVELOPED EUROPE INDEX ETF

Stock code: 3101 – HKD counter

Stock code: 83101 – RMB counter

Stock code: 9101 – USD counter

VANGUARD FTSE JAPAN INDEX ETF

Stock code: 3126 – HKD counter

Stock code: 83126 – RMB counter

Stock code: 9126 – USD counter

VANGUARD FTSE ASIA EX JAPAN HIGH DIVIDEND YIELD INDEX ETF

Stock code: 3085 – HKD counter

Stock code: 83085 – RMB counter

Stock code: 9085 – USD counter

VANGUARD S&P 500 INDEX ETF

Stock code: 3140 – HKD counter

Stock code: 83140 – RMB counter

Stock code: 9140 – USD counter

VANGUARD TOTAL CHINA INDEX ETF

Stock code: 83169 – RMB counter

Stock code: 3169 – HKD counter

Stock code: 9169 – USD counter

(together, the “Sub-Funds”)

NOTICE TO UNITHOLDERS

Important

The Stock Exchange of Hong Kong Limited, Hong Kong Exchanges and Clearing Limited, Hong Kong Securities Clearing Company Limited and the Securities and Futures Commission (the “SFC”) take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

This notice is important and requires your immediate attention.

If you are in doubt about the contents of this document, you should seek independent professional financial advice. SFC authorisation is not a recommendation or endorsement of the Trust or the Sub-Funds nor does it guarantee the commercial merits of the Trust or the Sub-Funds or their performance. It does not mean the Trust or any Sub-Fund is suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors.

*All capitalized terms used in this document have the same meaning as in the prospectus of the Trust dated 10 December 2019 as amended and supplemented from time to time (the “**Prospectus**”), unless otherwise defined herein. The Manager accepts full responsibility for the accuracy of the information contained in this document and confirms that, having made all reasonable enquiries, to the best of its knowledge and belief there are no other facts the omission of which would make any statement in this document misleading as at the date of publication of this document.*

Dear Unitholders,

Vanguard Investments Hong Kong Limited (the “**Manager**”), a wholly owned Hong Kong subsidiary of The Vanguard Group, Inc., will seek to implement an orderly exit from its exchange traded funds (“**ETF**”) business in Hong Kong.

Accordingly, the Manager is currently considering different possibilities with respect to the Trust and the Sub-Funds, which include the following options for an orderly exit: (i) appointing a new investment manager of the Trust and each Sub-Fund (such appointment being subject to approval of the Trustee and the SFC); or (ii) terminating, delisting and deauthorising the Sub-Funds in accordance with the Trust Deed and SFC Code on Unit Trusts and Mutual Funds.

In the meantime, the Manager will continue to operate the Trust and the Sub-Funds in its usual manner in accordance with the Prospectus and the Trust Deed, and will make a decision on the options taking into account the best interests of the Unitholders.

Context

Vanguard has taken the decision to exit its ETF business in Hong Kong in order to enable it to channel its human and financial capital in the region towards initiatives that are more closely aligned with its strategic focus and provide a long-term platform for scalable growth.

The business decision follows an extensive review by Vanguard of its international business for alignment with its strategic focus to expand its presence in international markets that offer the ability to directly reach individual investors – or positively impact individual investors through retail intermediaries – combined with access to the required scale and industry dynamics to enable the economic engine behind Vanguard’s unique low cost, end investor-orientated business model.

What’s next?

Depending on the option adopted by the Manager, the Manager estimates that the implementation of its decision could take up to 24 months. The Manager is committed to keeping you informed and updated of its decision on the options laid out above and will issue an announcement as soon as a decision is made (and in any event before 31 December 2020).

If you have any queries regarding this notice, please direct them to your financial adviser or contact the Manager at 48/F, The Center, 99 Queen’s Road Central, Hong Kong or telephone number (+852 3409 8333) during normal office hours (Monday to Friday (excluding public holidays), from 9:00a.m. to 5:30p.m.).

Vanguard Investments Hong Kong Limited

26 August 2020