
VANGUARD GLOBAL ADVISERS, LLC
100 Vanguard Boulevard Malvern, PA 19355

October 24, 2024

This brochure provides information about the qualifications and business practices of Vanguard Global Advisers, LLC (“VGA”). If you have any questions about the contents of this brochure, please contact us at 1-877-662-7447. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about VGA also is available on the SEC’s website at www.adviserinfo.sec.gov.

VGA is a registered investment adviser with the SEC. Registration does not imply a certain level of skill or training.

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MATERIAL CHANGES

This amendment to the Vanguard Global Advisers, LLC (“VGA”, “us”, “we”, or “our”) Brochure is dated October 24, 2024, and replaces the brochure, which was filed March 27, 2024. The brochure has been updated to reflect the following material change:

September 25, 2024, the Federal Court of Australia issued a judgement order (the “Order”) against Vanguard Investments Australia Ltd (“VIA”), an SEC registered affiliate of VGA, in connection with a claim alleging misrepresentations in relations to certain environmental, social and governance exclusionary screens that were applied to investments made by the Vanguard Ethically Conscious Global Aggregate Bond Index Fund (the “Fund”). The Fund is an Australian registered managed investment scheme for which VIA is the responsible entity. Pursuant to the Order, VIA is required to: (i) pay a pecuniary penalty to the Commonwealth of Australia; (ii) publish a public notice disclosing information related to the penalty and the contraventions; and (iii) pay certain costs associated with the proceedings.

ADVISORY BUSINESS

VGA, a wholly owned subsidiary of The Vanguard Group, Inc. (“VGI” or “Vanguard”), is a Pennsylvania limited liability company formed in 2012 to provide fund management and/or advisory services to certain non-U.S. pooled investment vehicles that are not registered mutual funds. Pursuant to terms of the Global Services Agreement between VGI and VGA, VGI provides VGA with certain operational, administrative, executive and oversight services and products, which includes financial, legal and compliance support. In addition, VGI assigns and seconds to VGA its employees that are required to permit VGA to conduct its business.

As of December 31, 2023, VGA provided discretionary advisory services for (i) funds that are investment vehicles that operate pursuant to the European Communities Undertakings for Collective Investment in Transferable Securities (“UCITS”) in Ireland and the United Kingdom, (ii) trusts that replicate exchange indexes (*Fideicomisos que replican indices bursátiles*) that have issued trust index certificates (*certificados bursátiles indizados*) registered with the National Registry of Securities (Registro Nacional de Valores) maintained by the National Banking and Securities Commission (Comisión Nacional Bancaria y de Valores) in Mexico, (iii) funds established as trusts under the laws of the Canadian Province of Ontario, and (iv) unit trusts for Australian individual and institutional investors registered with Australia Securities and Investments Commission (each, a “Vanguard offshore fund” and collectively, the “Vanguard offshore funds”). As of December 31, 2023, collectively these Vanguard offshore funds accounted for approximately \$432.7 billion in assets.

VGA has the ability to offer both passive (i.e., indexing) and active discretionary investment advisory services that cover the U.S. or international markets.

Indexing.

Indexing is an investment strategy for tracking the performance of a specified market benchmark, or “index.” An index is a group of securities whose overall performance is used

as a standard to measure the investment performance of a particular market. There are many types of indexes. Some represent entire markets—such as the U.S. stock market or the U.S. bond market. Other indexes cover market segments—such as small-capitalization stocks or short-term bonds. An investor cannot invest directly in an index.

The index sponsor determines the securities to include in the index and the weighting of each security in the index. Under normal circumstances, the index sponsor will rebalance an index on a regular schedule. An index sponsor may carry out additional ad hoc index rebalances or delay or cancel a scheduled rebalance. Generally, the index sponsor does not provide any warranty, or accept any liability, with respect to the quality, accuracy, or completeness of either the target index or its related data. Errors made by the index sponsor may occur from time to time and may not be identified by the index sponsor for a period of time or at all. VGA does not provide any warranty or guarantee against such errors. Therefore, the gains, losses, or costs associated with the index sponsor's errors will generally be borne by the index fund and its shareholders.

There are two types of indexing strategies that VGA may use: replication and sampling. When using the replication methodology, VGA's portfolio managers generally will seek to hold the same stocks (or bonds) as those in the target index, and in approximately the same proportions. When using the sampling methodology, VGA's portfolio managers use variety of methods to select from the target index a representative sample of securities that resembles the target index in terms of key risk factors and other characteristics. Depending on the type of fund, these factors include, but are not limited to, industry weightings, country weightings, market capitalization, and other financial characteristics of stocks (for equity securities) and duration, cash flow, quality, and callability of bonds (for fixed income securities). Because a fund that samples does not hold all the securities of its target index, some of the securities are over- (or under-) weighted compared with the target index. To the extent that the sampling method is employed, VGA will manage the weightings within specific target limits.

Active Management.

VGA may also serve as investment adviser to Vanguard offshore funds that are actively managed. Actively managed funds do not seek to track the performance of a benchmark index; rather the portfolio managers try to outperform that index and peer funds through investment selection. When used, VGA's equity active management will generally employ quantitative computer modeling that seeks, depending on the particular investment mandate, to assess a number of factors when selecting a fund's securities including, but not limited to, an assessment of a stock's relative return potential, valuation, growth prospects, and risk profile.

VGA's active fixed income methodologies generally are based upon fundamental investment research, as well as research obtained from external investment organizations. VGA's portfolio managers rely on independent credit research, market forecasts, and their own

judgment and experience in selecting securities to buy and sell. The methodology uses information gathered from a wide variety of sources, both public and private, regarding short-term and long-term economic and financial market characteristics and trends. VGA's investment research includes both quantitative and fundamental methods of analysis. It also incorporates VGA's own investment philosophies, beliefs, and fiduciary approach to the investment advisory process. VGA's investment strategies and recommendations are based on methodologies that are approved and reviewed by internal committees composed of senior management.

In all cases, VGA's portfolio management operates in accordance with investment guidelines outlined in a fund's governing documents.

FEES AND COMPENSATION

VGA provides advisory services to certain Vanguard offshore funds pursuant to the terms of an investment advisory agreement with the sponsor, or manager, of the Vanguard offshore funds. Fees will be individually negotiated and payable in a manner and frequency according to the relevant agreement.

Vanguard offshore funds also incur brokerage and trading costs that are not reflected in the advisory fee or expense ratio, but are reflected in the fund's performance. A more detailed description of how VGA selects broker-dealers is included in this brochure in the section "Brokerage Practices."

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

VGA does not receive performance-based fees for advisory services provided to clients. Therefore, VGA does not engage in side-by-side management of clients with performance-based fees.

TYPES OF CLIENTS

This brochure describes the advisory services provided by VGA to the Vanguard offshore funds. Investors must satisfy investment minimums as may be disclosed in a fund's governing documents.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

As noted previously, VGA's indexing strategies follow the principles of replication and sampling. VGA's active management equity methodology is based upon quantitative modeling; its active fixed income analysis is based upon fundamental investment research and research from external investment organizations. The fundamental research uses information gathered from a wide variety of sources, both public and private, regarding short-term and long-term economic and financial market characteristics and trends. It also

incorporates VGA's own investment philosophies, beliefs, and fiduciary approach to the investment advisory relationship.

Indexing strategies generally are subject to the risks associated with the markets that such strategies track. Actively managed funds, in addition to the risks posed by the stocks or bonds themselves, are subject to the risk that poor security selection will result in underperformance compared with the relevant benchmark. All investments involve some risk, including possible loss of principal. VGA can make no guarantee that any particular asset allocation or investment strategy will meet a fund's particular investment objective or provide a particular investment return or a given level of income. Fluctuations in the financial markets and other factors may cause declines in the value of client accounts. Diversification does not ensure a profit or protect against a loss in a declining market. VGA cannot guarantee the future performance of its funds or accounts. Each fund's prospectus/supplement offers additional information about a particular investment strategy's specific risks.

The ability of VGA to purchase or dispose of certain fund client investments, or to exercise rights on behalf of clients, may be restricted or impaired because of limitations imposed by law, regulation, or by certain regulators or issuers. As a result, VGA on behalf of a client may be required to limit purchases, sell existing investments, or otherwise limit the exercise of shareholder rights by the client, including voting rights. These ownership limitations can impact a client's performance. For index fund clients, this impact generally takes the form of tracking error, which can arise when a fund is not able to acquire its desired amount of a security. For actively managed fund clients, this impact can result, for example, in missed investment opportunities otherwise desired by VGA. In those circumstances where ownership restrictions or limitations must be observed, VGA seeks to allocate limited investment opportunities equitably over time. If a security owned by a client nears an applicable ownership restriction and is required to limit its investment in a particular issuer, then VGA on behalf of the client may seek to obtain regulatory or corporate consents or ownership waivers.

Other options VGA, on behalf of a client, may pursue include seeking to obtain economic exposure to that issuer through alternative means, such as through a derivative instrument, which may be more costly than owning securities of the issuer directly, or through investment in a wholly-owned subsidiary which may be more costly than owning securities of the issuer directly. In the event a derivative, such as a swap, is used as an alternative means of exposure, VGA on behalf of a client is not able to guarantee the availability of derivatives necessary to allow economic exposure to the security, sector, or industry. This limited availability may have additional impacts to client performance. Additionally, use of derivatives as an alternative means of exposure subjects a client to derivatives-related risks.

DISCIPLINARY INFORMATION

On November 12, 2021, the South Korean Financial Services Commission imposed an administrative fine in the amount of \$19,177 (KRW 22.5 Million) on VGA in connection with one

incident during 2020 in which VGA sold a South Korean-listed security without corresponding ownership of the position, which is a practice that is prohibited under South Korean law.

On September 25, 2024, the Federal Court of Australia issued a judgement order (the “Order”) against Vanguard Investments Australia Ltd (“VIA”), an SEC registered affiliate of VGA, in connection with a claim alleging misrepresentations in relations to certain environmental, social and governance (“ESG”) exclusionary screens that were applied to constituent companies in the Vanguard Ethically Conscious Global Aggregate Bond Index Fund’s (the “Fund”) customized index. The Fund is an Australian registered managed investment scheme for which VIA is the responsible entity.

The composition of the Fund is based on the Bloomberg Barclays MSCI Global Aggregate SRI Exclusions Float Adjusted Index (the “Index”), which is a customized index that was designed by Bloomberg for the Fund. On July 25, 2023, the Australian Securities and Investment Commission (“ASIC”) filed civil penalty proceedings against VIA alleging that the description of the exclusionary screens in the Fund’s product disclosure statements did not provide a sufficiently detailed explanation that certain companies included in the Index lacked ESG research coverage. As such, the Fund had exposure to certain securities that investors may not have reasonably expected to be held by the Fund. In addition, ancillary statements made by VIA, in other public facing materials, were alleged to not have adequately disclosed the limitations of the Index’s ESG exclusionary screens.

Pursuant to the Order, VIA was required to: (i) pay a pecuniary penalty to the Commonwealth of Australia in the amount of AUD \$12,900,000 (equivalent to USD \$8,772,000); (ii) publish a public notice disclosing information related to the penalty and the contraventions; and (iii) pay certain costs associated with the proceedings.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

VGI is a Pennsylvania corporation and provides significant non-advisory services to the Vanguard offshore funds as well as to its U.S.-based mutual fund business. Only a small percentage of VGI personnel are engaged in providing investment advisory services.

Vanguard devotes the majority of its time and resources to the provision of corporate management, administrative, and distribution services to certain of its advisory clients. These services may include, as applicable: (1) accounting and financial services; (2) legal and regulatory support; (3) shareholder account maintenance (transfer agency); (4) monitoring and control of custodian relationships; (5) shareholder reporting; (6) review and evaluation of advisory and other services provided to the funds by third parties; and (7) trust services through Vanguard’s wholly-owned subsidiary, Vanguard Fiduciary Trust Company, a Pennsylvania non-depository trust company.

Vanguard Asset Management, Limited (“VAM”) is an English limited company that is authorized and regulated by the UK Financial Conduct Authority. VAM is an indirect wholly

owned subsidiary of VGI. VAM is licensed in the UK to conduct portfolio management and investment trading functions and serves as a distributor of certain Vanguard offshore funds. VAM is registered with the SEC as an “investment adviser” under registration number 801-107653.

Vanguard Investments UK, Limited (“VIUK”) is an English limited company that is authorized and regulated by the UK Financial Conduct Authority. VIUK is an indirect wholly owned subsidiary of VGI. VIUK serves as an authorized corporate director and operates the UK domiciled collective investment schemes. VIUK has appointed VGA to provide advisory services to such UK schemes. VIUK is an “exempt reporting adviser” registered in the U.S. with the SEC under registration number 802-108191.

Vanguard Group (Ireland) Limited (“VGIL”) is an Irish limited company that is regulated by the Central Bank of Ireland. VGIL is an indirect wholly owned subsidiary of VGI. VGIL was formed to provide, or to arrange for the provision of, management, administrative, and distribution services to Irish-domiciled collective investment schemes. VGIL has appointed VGA to provide advisory services to VGIL for the benefit of the Irish-domiciled collective investment schemes managed by VGIL. VIUK is an “exempt reporting adviser” registered in the U.S. with the SEC under registration number 802-112172.

VIGM, S.A. de C.V., Assor en Inversiones Independiente (“VIGM”) is a Sociedad Anonima de Capital Variable incorporated in Mexico. VIGM is an indirect subsidiary of VGI. VIGM was granted its investment advisory license with the Mexican Banking and Securities Commission (“CNBV”) and offers certain exchange-traded fund (“ETF”) products as well as investment advisory services to institutional and sophisticated investors in Mexico.

Vanguard Investments Canada Inc. (“VIC”) is a Canadian company and an indirect wholly owned subsidiary of VGI. VIC serves as trustee and investment fund manager of Canadian-domiciled Exchange-Traded Funds (“ETFs”) that are listed on the Toronto Stock Exchange and available for sale in Canada. VIC also serves as trustee and investment fund manager to a number of Canadian-domiciled pooled funds and mutual funds. VIC has appointed VGI to provide portfolio management to such ETFs and pooled funds pursuant to a sub-advisory agreement between VIC and VGI. VGI subsequently assigned the sub-advisory agreement to VGA, and VGA performs the portfolio management and other services described therein. VIC’s principal regulator is the Ontario Securities Commission. VIC is an “exempt reporting adviser” registered in the U.S. with the SEC under registration number 802-107926.

Vanguard Marketing Corporation (“VMC”) is a Pennsylvania corporation and a registered broker-dealer that is a wholly-owned subsidiary of VGI. VMC markets and distributes shares of Vanguard’s U.S. funds. VMC also provides marketing services and support to the Vanguard complex and products. VMC’s services to the U.S. funds are conducted in accordance with the terms and conditions of an SEC exemptive order, which permits the U.S. funds to internalize and jointly finance such activities. VMC does not receive transaction-based

compensation in connection with the distribution of the Vanguard U.S. funds. Certain members of VGI's management team and advisors are registered representatives of VMC.

Vanguard Investments Australia Ltd (“VIA”), an Australian corporation established in 1996, is an indirect subsidiary of VGI. VIA manages and administers unit trusts for Australian individual and institutional investors. VIA holds an Australian Financial Services License.

Vanguard Super Pty Ltd (“VSPL”), an Australian corporation established in 2020, is an indirect subsidiary of VGI and Zealous and wholly owned by Bellelisle, LLC. VSPL was formed to provide a direct offer within Australia's retirement savings sector (superannuation). The superannuation offer will expand coverage of VIA's Personal Investor platform and lay the foundation for crossover advice, including retail direct. VSPL is primarily regulated by the Australian Securities and Investment Commission and Australian Prudential Regulation Authority.

Vanguard Group Europe GmbH (“VGEG”), a limited private company incorporated in Germany in 2020, is an indirect subsidiary of VGI and wholly owned by Zealous, Inc. VGEG was formed to support the build of a digital, advice-led platform that will provide direct-to-consumer services to retail investors in Germany and potentially other European markets. In order to perform such activities, VGEG has applied for appropriate regulatory permissions from the Federal Financial Supervisory Authority (“BaFin”) in order to be classified as a Securities Trading Bank under the German Banking Act.

VGI Insurance, Inc. (“VGIII”), a Vermont pure captive insurance company established in 2011. VGIII was formed for the purpose of managing financial risks of the Funds, VGI, and VGI's subsidiaries. VGIII currently holds Vanguard's cybersecurity and medical stop-loss insurance policies. VGIII operates exclusively in the state of Vermont and is regulated by Vermont's Department of Financial Regulation.

VGA has other financial industry affiliations, including other U.S.-registered investment advisers that provide investment advice to U.S. retail clients. However, these other affiliations are not material to the services VGA provides to the Vanguard offshore funds.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING

Code of Ethics

VGA operates under a Code of Ethical Conduct (the “Code”) that complies with Rule 204A-1 of the Investment Advisers Act of 1940.

The Code sets forth fiduciary standards that apply to all personnel. The Code is reasonably designed to ensure personnel comply with applicable U.S. laws and incorporates, among other things, an insider trading policy and controls governing outside employment, receipt of gifts and political campaign donations. In addition to these safeguards, personnel that have access to information about Vanguard fund trading activity or client trading activity are subject to stringent trading restrictions described in more detail below and that are designed to ensure that personnel do not misuse fund and/or client information for their own benefit.

VGA will provide a copy of the Code to any client or prospective client upon request at no charge.

Please see the section of this Brochure entitled “Other Financial Industry Activities and Affiliations” for a discussion of VGA’s affiliations with other Vanguard entities, and how those affiliations may impact clients of VGA.

Personal Trading.

All Vanguard personnel are prohibited from taking personal advantage of their knowledge of recent or pending securities activities of Vanguard U.S. funds and offshore funds. In particular, employees are prohibited from purchasing or selling, directly or indirectly, any security or related security when they know that the security or related security is being purchased or sold, or considered for purchase or sale, by a Vanguard U.S. or offshore fund. This prohibition applies to all securities in which the person has acquired or will acquire beneficial ownership. These policies are set forth in both the Code and the Insider Trading Policy, which are subject to annual certification and to ongoing oversight by Vanguard’s Compliance Department. All Vanguard personnel and their spouses, unless otherwise exempted under the Code, are required to maintain their personal brokerage accounts through Vanguard Brokerage Services so any trading can be monitored by Vanguard’s Compliance Department.

Transactions in Vanguard offshore funds.

Vanguard employees are generally prohibited from purchasing shares of Vanguard offshore funds pursuant to the terms of the funds’ prospectuses and policies, as well as applicable law.

General trading restrictions for fund and investment access persons.

Vanguard Fund Access Persons are personnel who have access to nonpublic information regarding VGA’s impending purchases or sales of Securities, or nonpublic information regarding the portfolio holdings of any Vanguard Fund. Investment Access Persons are personnel involved in making securities recommendations, including the purchase or sale of securities for Vanguard funds, collectively as “access persons” are subject to additional trading and reporting restrictions. These restrictions include a requirement to pre-clear their personal transactions in covered securities or obtain prior approval from Vanguard’s Compliance Department in accordance with exemptions under the Code. The Code places additional limitations on the ability to purchase private placements. Access persons cannot

sell any security that the access person does not own or otherwise engage in "short-selling" activities. Access persons are prohibited from purchasing and then selling at a profit, or selling and then repurchasing at a lower price, any covered security or related security within 30 calendar days. Access persons are also required to abide by the 30-calendar day requirement when buying or selling Vanguard ETFs. If a fund access person realizes profits on such short-term trades, the fund access person must relinquish the profits to The Vanguard Group Foundation®, a charitable organization established by Vanguard.

All access persons are subject to trading restrictions when their purchases and sales of covered securities coincide with trades by a Vanguard fund and Vanguard offshore fund. The Compliance Department reserves the right to exempt from these restrictions fund access person trades that coincide with trading by certain Vanguard offshore funds (e.g., index funds). Generally, access persons are prohibited from purchasing or selling any security that a Vanguard fund has also purchased or sold within seven days of such Vanguard fund trade unless the security is subject to the de minimis exception. Fund Access Persons may buy up to US\$50,000 (or local currency equivalent), as well as sell up to US\$50,000 worth of a stock, in any rolling 30-day period, if the issuer has a market capitalization that exceeds US\$5 billion. Pre-clearance is still required for all Covered Securities trades regardless of whether they meet this exception. If such prohibited transaction occurs, the fund access person must relinquish any gain from the transaction to The Vanguard Group Foundation®.

Conflicts of Interest.

VGA seeks to avoid or minimize conflicts of interest through business and investment practices that are subject to policies and procedures designed to protect the interest of clients while maintaining VGA's fiduciary obligations.

Portfolio managers may manage multiple funds. Managing multiple accounts may give rise to potential conflicts of interest, including, for example, conflicts among investment strategies and conflicts in the allocation of investment opportunities. Managing multiple accounts also can raise concerns that some accounts would be favored over others. VGA manages these types of potential conflicts between funds through its policies and procedures, which include allocation policies and procedures, internal review processes, and oversight by directors and independent third parties.

VGA relies on trade allocation procedures and controls to ensure that all funds' or accounts' aggregated orders are conducted in a fair and equitable manner. These allocation policies address potential conflicts through a number of different practices including, but not limited to, pro rata allocation or specific procedures for the allocation of partially filled aggregated orders.

BROKERAGE PRACTICES

Broker Selection and Best Execution.

VGA has adopted a policy for best execution that is consistent with guidance from the SEC that an adviser has a fiduciary duty to seek best execution for its clients. VGA decides which securities to buy and sell on behalf of clients and selects brokers or dealers that will execute the trades on an agency basis, or the dealers with whom the trades will be affected on a principal basis. VGA selects broker-dealers from an approved counterparty list (or approved list) that VGA believes will provide “best execution.” Best execution does not necessarily mean paying the lowest spread or commission rate available. It means executing client transactions so that the client’s total cost (in the case of a purchase) or net proceeds (in the case of a sale) are the most favorable under the circumstances.

In seeking best execution, VGA may consider the full range of the firm’s services and other relevant factors as appropriate under the circumstances, such as the following:

- The costs associated with the transaction.
- The execution price of the transaction.
- The execution capabilities required by the size of the transaction.
- The financial responsibility of the firm.
- The ability and willingness of the firm to commit capital to facilitate the client’s portfolio transactions.
- The timing and speed of execution and confidentiality.
- The firm’s use of automation.
- The apparent familiarity of the firm with sources from which or to whom particular securities might be purchased or sold.
- The firm’s access to underwritten offerings and secondary markets.
- The firm’s ability to provide access to company management.
- The trading expertise, responsiveness, reputation, integrity, and perceived soundness of the firm.
- The market impact of the transaction.
- The reliability and accuracy of the firm’s communications and settlement processing.
- Other matters relevant to the selection of a broker-dealer for portfolio transactions for any client.

VGA evaluates best execution for client transactions by conducting a periodic analysis of the quality of brokerage executions for funds. VGA considers both the volume of shares and dollars traded per firm and where relevant the corresponding commissions paid. VGA reviews trading reports for evidence of suspicious activity including, but not limited to, unusual trading allocations across broker-dealers; abnormal commission rates; or allocations that could be evidence of a *quid pro quo* for other business relationships between VGA and the broker-dealer.

Soft Dollar Practices.

Client commission arrangements (also known as “soft dollar” arrangements) are used to describe the practice of advisers using trading commissions to acquire products and services from brokers in addition to the execution of trades. An adviser’s use of client assets to acquire

these products and services for the adviser's own benefit creates a conflict of interest and, if not appropriately circumscribed, could violate an adviser's duty to obtain best execution.

VGA has adopted a policy for client commission arrangements that is consistent with guidance from the SEC that an adviser does not violate its fiduciary duty solely by causing a fund to pay a broker or dealer a commission for effecting a transaction that exceeds the amount another broker or dealer would have charged for effecting the same transaction (paying up) if the adviser determines in good faith that the amount of the commission is reasonable in relation to the value of the brokerage and research services provided by the broker or dealer, viewed in terms of either that particular transaction or the adviser's overall responsibilities with respect to the fund. Although not prohibited from doing so under this policy, VGA generally would not cause a fund to pay a higher commission rate or spread (i.e., pay up) in order to obtain products or services in addition to execution of the trade. VGA may receive benefits from brokers that are provided at no charge in recognition of the volume of trades directed to the broker. If VGA believes that more than one broker can provide best execution, VGA may select the broker that, in addition to executing the trade, will provide products or services at no additional cost.

VGA does not currently enter into arrangements whereby brokers provide services, including materials or hardware or discounted rates, in consideration for a specified amount of brokerage, although it is legal to do so.

VGA's client commission policy is subject to the following additional requirements:

- Research and brokerage products and services obtained by VGA using fund commissions must be used directly or indirectly for the benefit of the funds managed by VGA.
- If products or services are used to benefit more than one client, VGA must allocate the benefits over time in a manner that is reasonably related to the trading commissions generated by each fund.
- If VGA receives from a broker-dealer a "mixed use" product or service -- one that can be used both to benefit funds and for other purposes that benefit only VGA -- VGA may use client commissions to pay only for that portion of the product or service that is used to benefit funds. The remainder must be paid for with hard dollars (cash). (An example of a mixed-use product would be portfolio performance reports used for both investment research and marketing purposes.)

Trade Aggregation.

Based on the investment mandates of the funds it manages, VGA may seek to achieve best execution by "batching" or aggregating the orders of two or more funds when it reasonably believes that aggregating is in the best interest of those funds or accounts.

By combining orders, VGA may be able to obtain better trade executions and prices. Purchased securities or sale proceeds that result from aggregation will be allocated among

the participating fund in an equitable manner. Although there may be no specified formula for allocating transactions, the allocation methods used (e.g., pro rata), and the results of such allocations, are subject to an internal order aggregation and allocation policy and procedures that are designed to ensure that all funds are treated in a fair and equitable manner.

CLIENT REFERRALS AND OTHER COMPENSATION

VGA receives no economic benefits from persons that are not clients for providing investment advisory services to its clients. VGA does not directly or indirectly compensate any person who is not a supervised person for client referrals.

CUSTODY

VGA does not retain custody of client funds or securities. Vanguard offshore funds have a custodian that is listed in the relevant fund's governing documents.

INVESTMENT DISCRETION

VGA provides discretionary advisory services to certain Vanguard offshore funds based on investment guidelines that are either set forth in the fund's governing documents (i.e., prospectuses and supplements. Any limitations on VGA's discretionary authority are set forth in those guidelines.

Please also see the description of VGA's advisory services under the heading "Advisory Business."

VOTING CLIENT SECURITIES

To the extent permitted by law, each Vanguard offshore fund advised by VGA retains the authority to vote proxies with respect to the shares of equity securities held in a portfolio advised by VGA. The relevant Board of each Vanguard offshore fund (the "Board") that invests in stocks and has proxy voting authority has adopted proxy voting procedures and guidelines to govern proxy voting by each fund. The Board has delegated oversight of proxy voting administration to a proxy voting group that is made up of Vanguard personnel that are not part of the investment advisory business. The proxy voting group is subject to oversight by the Investment Stewardship Oversight Committee (the "Committee"), which is composed of senior officers of Vanguard. This Committee reports directly to the Board of Vanguard-VGA, in its role as investment adviser, does not exercise discretionary proxy voting authority with respect to the securities held by the accounts it advises. Instead, the proxy voting group administers the voting process and implements the resulting voting decisions set forth in the Board's guidelines. VGA fund clients may obtain information about how the Vanguard offshore funds voted on any individual proxy, or obtain a copy of the proxy voting policy and

procedures, by submission of a written request to VGA through the client relationship manager.

VGA takes seriously its commitment to avoid potential conflicts of interest. The procedures require that voting personnel act as fiduciaries, and must conduct their activities at all times in accordance with the following standards: (i) fund shareholders' interests come first; (ii) conflicts of interest must be avoided; (iii) and compromising situations must be avoided. VGA maintains an important separation between the Proxy Voting Group and other groups within Vanguard that are responsible for sales, marketing, client service, and vendor/partner relationships. Proxy voting personnel are required to disclose potential conflicts of interest, and must recuse themselves from all voting decisions and engagement activities in such instances. In certain circumstances, Vanguard may refrain from voting shares of a company, or may engage an independent third-party fiduciary to vote proxies.

FINANCIAL INFORMATION

VGA is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.