

# Form CRS Conversation Starters

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## Given my financial situation, should I choose an investment advisory service? Why or why not?

### *An advisor might be a right fit for you if:*

- You have questions about investing.
- You want a smart strategy to save for things like: retirement, college tuition, buying a home, or starting a business.
- You don't enjoy making investment decisions, such as how your portfolio should be allocated, and how that allocation should change over time to meet your goals.
- You don't want to spend a lot of time monitoring your investments and rebalancing, re-allocating as needed.
- You have to make complex financial decisions (Social Security, health care funding, or withdrawing retirement savings) and want help with making these decisions.
- You are comfortable with paying for management and monitoring services.

### *You may not want an advisor if:*

- You have experience investing and like to take a more hands-on approach.
- You have a basic saving need that you can manage on your own.
- You don't want to pay for management and monitoring services.

If you're considering one of our advice programs, additional details can be found [here](#).

## How will you choose investments to recommend to me?

The investment methodology for our advice programs incorporate our own investment philosophies and beliefs, such as the benefits of low costs, diversification, and indexing. Our methodology is based on Vanguard's own fundamental research, as well as research obtained from a wide variety of external sources, both public and private. Our methodology is driven by long-term financial goals, not by market timing or short-term investment performance.

Rather than attempting to predict which investments will provide superior performance at any given time, we believe that we can provide the best opportunity for success by maintaining a broadly diversified Portfolio based on your risk profile.

Our lead recommendations will include Vanguard Funds or ETFs that meet our focus of broad diversification and exposure to different asset classes.

## What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?

Our financial advisors are registered investment advisor representatives with the SEC. They were required to pass certain qualification exams and maintain these registrations with our regulators through continuing education requirements. Some financial advisors may also be Certified Financial Planner professionals which also involves passing

qualification exams and ongoing education requirements. While these qualifications have certain industry standards to be met, we also ensure that our financial planners are trained and well-versed in our advice methodology and stay informed of the markets and economy in order to help keep your investment goals on track.

## Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

Under this program, you would be required to invest a minimum of \$500,000. That \$500,000 will be invested for you in accordance with your financial plan to start working, but there are advisory fees and underlying product fees that you will incur at certain points. As an advised client, your portfolio will leverage the ETF and Admiral share classes for most Vanguard Funds as our lead recommendation. These share classes typically have a lower expense ratio compared to the investor share class and in general range from 3 to 11 bps. Your advisory fee at

30 basis points would be \$37.50 on a quarterly basis (\$150 annually), and for purposes of this example we will use 8 bps for the average expense ratio. It would be reasonable to expect an additional 8 bps in investment expense ratios (actual amounts will vary based on your individual allocation). In this example, your \$500,000 investment would see an impact from fees and expense ratios of about \$1,900 on the year, which equates to about \$38 for every \$10,000 invested.

## How might your conflicts of interest affect me, and how will you address them?

First and foremost, as an advisory program offered through Vanguard Advisers, Inc., we have a fiduciary duty to put your interests ahead of our own which means we should always be acting in your best interest.

*Some potential conflicts of interest are:*

### Fees and compensation

Our advice programs are fee-only services and are not based on commissions. Our advisory fees are calculated based on your assets under management, and not based on payments from the products in which you are invested. However, the more assets there are in your advisory accounts, the more you will pay in fees, and we therefore have an incentive to encourage you to increase the assets in your account. For more details on our advisor compensation structure, please see the Vanguard Personal Advisor Select brochure.

### Use of proprietary products and investment accounts

Our lead investment recommendations will be in Vanguard Funds and ETFs. To enroll in our advice services it is also required that your accounts be held with one of our Vanguard affiliates. This means that our affiliates will receive compensation in the form of expense ratios and may receive account and transaction fees as well. Vanguard Funds are designed to provide diversification and performance at low-costs, in line with our advice investment methodology and therefore mitigate conflicts in using those products. In fact, advisors across the industry rely on Vanguard to meet their need for diversification and low cost.

### Advisor-Client relationship

In addition to being held to a fiduciary standard, our advisors are also subject to Vanguard's Code of Ethics policy which states that conflicts of interest must be avoided. The Code of Ethics addresses personal trading, other business activities, gifts and entertainment, and confidentiality of client information, among other topics. Also, our advisors are salaried employees and are not paid based on the investment products that they recommend to you. They have no incentive to recommend an investment product to you based on the impact to their pocket.

### Multiple advisory programs

You may qualify for more than one of our advisory services – each with different levels of fees and benefits – that will advise you to invest your enrolled assets in substantially the same portfolio.

If you would like to see more information about how Vanguard as a firm mitigates conflicts of interest, please see Form CRS.

## As a financial professional, do you have any disciplinary history? For what type of conduct?

If you have questions about a specific financial professional, you can find more information related to the financial professional's legal or financial disciplinary history using a free and simple search tool at [www.Investor.gov/CRS](http://www.Investor.gov/CRS) or <https://brokercheck.finra.org/>.

Vanguard Advisers, Inc., the advisor firm, was fined an administrative assessment in the past by the Pennsylvania Department of Banking and Securities. Due to an administrative filing error, one of our adviser representatives was not properly registered with the state.

**Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?**

You will have access to a dedicated advisor with whom you can speak with over the phone or virtually. This person will be a registered investment advisor. If you would like to speak with someone regarding the advisor's availability, service or other concerns you can contact us at 844-899-0113 and leave your name and a phone number where you can be reached. A member of our management team will contact you within two business days.