

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

Vanguard

PROSPECTUS

*Initial Public Offering and Continuous
Distribution*

January 12, 2026

This prospectus qualifies the distribution of units (the “Units”) of the following index-tracking exchange-traded funds (each a “Vanguard ETF” and together the “Vanguard ETFs”):

Vanguard U.S. High Dividend Yield Index ETF
Vanguard U.S. High Dividend Yield Index ETF (CAD-hedged)
Vanguard Developed ex-North America Dividend Appreciation Index ETF

Each of the Vanguard ETFs are exchange-traded mutual funds established as trusts under the laws of the Province of Ontario. Each Vanguard ETF seeks to track, to the extent reasonably possible and before fees and expenses, the performance of a broad widely-quoted market index (the “Index”). See “Investment Objectives”.

Vanguard Investments Canada Inc. (the “Manager”), a registered portfolio manager and investment fund manager, is the trustee, manager and portfolio manager of the Vanguard ETFs and is responsible for the administration of the Vanguard ETFs. See “Organization and Management Details of the Vanguard ETFs – Manager of the Vanguard ETFs” and “Organization and Management Details of the Vanguard ETFs – Portfolio Manager”. The Manager has retained Vanguard Global Advisers, LLC (the “Sub-advisor”) to act as sub-advisor to it in respect of the Vanguard ETFs. See “Organization and Management Details of the Vanguard ETFs – Sub-advisor”.

Investment Objectives

The investment objective of each Vanguard ETF is described in the applicable Vanguard ETF profile. See “ETF Profiles”.

Purchase and Listing of Units

Each Vanguard ETF issues Units on a continuous basis and there is no maximum number of Units that may be issued.

The Units of each Vanguard ETF have been conditionally approved for listing on the TSX. Subject to satisfying the TSX’s original listing requirements on or before December 18, 2026, Units of each Vanguard ETF will be listed on the TSX.

An investor may buy or sell Units of the Vanguard ETFs on any designated exchange on which the Vanguard ETFs trade through registered brokers or dealers in the province or territory where the investor resides. Investors may incur customary brokerage commissions in buying or selling Units. All orders to purchase Units directly from a Vanguard ETF must be placed by Dealers (defined herein) or the Designated Broker (defined herein). See “Purchases of Units”.

Additional Considerations

No person has been authorised by the Vanguard ETFs to give any information or make any representation concerning the Vanguard ETFs or in connection with the offering of Units other than those contained in this prospectus and, if given or made, such information or representation must not be relied on as having been given or made by the Vanguard ETFs.

The distribution of this prospectus and the offering of Units in certain jurisdictions may be restricted. Persons who receive this prospectus are required to inform themselves about, and to observe, any such restrictions. This prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation.

The distribution of this prospectus in certain jurisdictions may require that this prospectus is translated into the official language of those jurisdictions. Should any inconsistency arise between the translated version and the English version, the English version shall prevail.

The Units have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”). Subject to certain exceptions, the Units may not be offered or sold in the U.S. or offered or sold to “U.S. Persons” (as defined in the U.S. Securities Act). The Vanguard ETFs have not been and will not be registered under the U.S. Investment Company Act of 1940, as amended. The Manager has not been registered under the U.S. Investment Advisers Act of 1940.

No Dealer has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus.

For a discussion of the risks associated with an investment in Units of the Vanguard ETFs, see “Risk Factors”.

In the opinion of counsel, provided that a Vanguard ETF qualifies as a “mutual fund trust” within the meaning of the *Income Tax Act* (Canada), or the Units of the Vanguard ETF are listed on a “designated stock exchange” within the meaning of the *Income Tax Act* (Canada) (which includes the TSX), such Units will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, tax-free savings accounts, deferred profit sharing plans, registered disability savings plans and first home savings accounts (each referred to as a “**Registered Plan**”). Furthermore, pursuant to the Qualified Investments Tax Proposals (as defined herein), as of November 4, 2025, the Units of a Vanguard ETF will also be qualified investments for Registered Plans at any time that the Vanguard ETF is subject to, and substantially complies with, the requirements of National Instrument 81-102 – *Investment Funds* as the same may be amended from time to time. See “Income Tax Considerations”.

Registration of interests in, and transfer of, the Units will be made only through CDS Clearing and Depository Services Inc. Beneficial owners will not have the right to receive physical certificates evidencing their ownership.

While each Vanguard ETF will be a mutual fund under the securities legislation of certain provinces and territories of Canada, the Manager, on behalf of the Vanguard ETFs, has obtained exemptive relief from certain provisions of Canadian securities legislation applicable to conventional mutual funds. See “Exemptions and Approvals”.

Documents Incorporated by Reference

During the period in which the Vanguard ETFs are in continuous distribution, additional information about each Vanguard ETF is available in the most recently filed comparative annual financial statements, if any, any interim financial statements filed after the most recent comparative annual financial statements, the most recently filed annual management report of fund performance (“MRFP”), if any, any interim MRFP filed after the annual MRFP and the most recently filed ETF Facts of each Vanguard ETF. These documents are incorporated by reference into, and form an integral part of, this prospectus. See “Documents Incorporated by Reference” for further details.

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IMPORTANT TERMS

Unless otherwise indicated, all references to dollar amounts in this prospectus are to Canadian dollars and all references to times in this prospectus are to Toronto time.

Accounting Agent – State Street Fund Services Toronto Inc. or its successor.

Accounting Services Agreement – the accounting services agreement dated November 4, 2011 between the Manager and the Accounting Agent, as the same may be amended or restated from time to time.

ATR Rules – has the meaning ascribed thereto under “Risk Factors – General Risks Relating to an Investment in the Vanguard ETFs – Taxation of the Vanguard ETFs”.

Basket of Securities – means (a) Constituent Securities or portfolio assets determined by the Sub-advisor from time to time or (b) securities of one or more Vanguard ETFs or Vanguard Funds.

Qualified Investments Tax Proposals – the Tax Proposals released in the federal government’s 2025 budget relating to qualified investments.

Canadian securities legislation – the securities legislation in force in each province and territory of Canada, all regulations, rules, orders and policies made thereunder and all multilateral and national instruments adopted by the securities regulatory authorities, as the same may be amended, restated or replaced from time to time.

CAD – Canadian dollars.

Capital Gains Designation Limit – has the meaning ascribed thereto under “Risk Factors – General Risks Relating to an Investment in the Vanguard ETFs – Taxation of the Vanguard ETFs”.

Capital Gains Refund – has the meaning ascribed thereto under “Income Tax Considerations – Taxation of the Vanguard ETFs”.

CDS – CDS Clearing and Depository Services Inc.

CDS Participant – a registered dealer or other financial institution that is a participant in CDS and that holds Units on behalf of beneficial owners of Units.

Constituent Issuers – in relation to a particular a particular Index, means the issuers that are included from time to time in that Index as selected by the Index Provider.

Constituent Securities – in relation to a particular Index, means the specific class or series of securities of the Constituent Issuers included in that Index, and may include American Depositary Receipts and other negotiable financial instruments that represent such securities.

CRA – Canada Revenue Agency.

Custodian – State Street Trust Company Canada or its successor.

Custodian Agreement – the custodian agreement dated November 4, 2011 between the Manager, on behalf of the Vanguard ETFs, and the Custodian, as the same may be amended or restated from time to time.

Cut-Off Time – means, for a particular Trading Day, in the case of:

Vanguard U.S. High Dividend Yield Index ETF Vanguard Developed ex-North America Dividend Appreciation Index ETF	4:00 p.m. (Toronto time) on the Trading Day, or such later time as the Manager may agree to with the applicable Dealer(s)
Vanguard U.S. High Dividend Yield Index ETF (CAD-hedged)	10:00 a.m. (Toronto time) on the Trading Day, or such later time as the Manager may agree to with the applicable Dealer(s)

provided, however, that if a rebalancing of any Vanguard ETF's portfolio is to occur on a Trading Day because of a rebalancing event, the Cut-Off Time shall be 9:00 a.m. (Toronto time) on the applicable Trading Day or such later time as the Manager may agree to with the applicable Dealer(s). Notwithstanding the foregoing, in the case of a purchase by a Dealer of Units pursuant to a negotiated order, being any order that includes an alteration to the prescribed Basket of Securities, the Manager may give notice to the applicable Dealer that the Cut-Off Time for the particular Trading Day has been changed to an earlier time determined by the Manager in its discretion.

Dealer – a registered broker or dealer (that may or may not be a Designated Broker) that has entered, or will enter, into a continuous distribution dealer agreement with the Manager, on behalf of one or more Vanguard ETFs, and that subscribes for and purchases Units from such Vanguard ETFs as described under “Purchases of Units – Issuance of Units”.

Declaration of Trust – the master declaration of trust establishing the Vanguard ETFs dated November 4, 2011, as amended, as the same may be further amended or restated from time to time.

Designated Broker – a registered dealer that has entered, or will enter, into a designated broker agreement with the Manager, on behalf of one or more Vanguard ETFs, pursuant to which the Designated Broker agrees to perform certain duties in relation to those Vanguard ETFs.

Direct Investment Vanguard ETF – a Vanguard ETF that achieves its investment objective by holding directly the Constituent Securities of the applicable Index or by holding directly a subset of Constituent Securities and/or other securities that, in the aggregate, approximates the applicable Index in terms of primary risk factors and other key index characteristics. As of the date of this prospectus, all of the Vanguard ETFs are Direct Investment Vanguard ETFs except Vanguard U.S. High Dividend Yield Index ETF (CAD-hedged).

distribution payment date – a date, which is no later than the tenth business day following the applicable distribution record date, on which a Vanguard ETF pays a distribution to its registered Unitholders.

distribution record date – a date designated by the Manager as a record date for the determination of Unitholders of a Vanguard ETF entitled to receive a distribution.

ETF Relief – the decision granted under Canadian securities legislation to the Manager and the Vanguard ETFs granting relief from the requirement to include an underwriter's certificate in the prospectus of the Vanguard ETFs.

FTSE – FTSE International Limited, the Index Provider of the FTSE High Dividend Yield Index and the FTSE High Dividend Yield Index (CAD-hedged).

Index/Indices – a benchmark or index, provided by an Index Provider, that is used by a Vanguard ETF in relation to the Vanguard ETF's investment objective and includes, as required, a replacement or alternative benchmark or index that applies substantially similar criteria to those currently used by the Index Provider

for the benchmark or index and/or a successor index that is generally comprised of, or would be generally comprised of, the same Constituent Securities as the benchmark or index.

Index License Agreement – each agreement pursuant to which the Manager or VGI licenses or sublicenses one or more Indices for use by the Vanguard ETFs.

Index Provider – a provider of an Index, including, but not limited to, FTSE and S&P, with which, or in respect of which, the Manager or VGI has entered into licensing arrangements pursuant to an Index License Agreement to use the relevant Index and certain trademarks in connection with the operation of the applicable Vanguard ETFs.

International Vanguard ETF – Vanguard Developed ex-North America Dividend Appreciation Index ETF.

IRC – the Independent Review Committee of the Vanguard ETFs.

Management Agreement – the management agreement dated November 4, 2011 between Vanguard Investments Canada Inc., as trustee of the Vanguard ETFs, and the Manager, as the same may be amended or restated from time to time.

Manager – Vanguard Investments Canada Inc., a corporation established under the laws of Canada, or its successor.

MRFP – management report of fund performance as defined in NI 81-106.

NAV and **NAV per Unit** – in relation to a particular Vanguard ETF, the net asset value of the Vanguard ETF and the net asset value per Unit, calculated by the Accounting Agent as described in “Calculation of Net Asset Value”.

NI 81-102 – National Instrument 81-102 – *Investment Funds*, as the same may be amended, restated or replaced from time to time.

NI 81-106 – National Instrument 81-106 – *Investment Fund Continuous Disclosure*, as the same may be amended, restated or replaced from time to time.

NI 81-107 – National Instrument 81-107 – *Independent Review Committee for Investment Funds*, as the same may be amended, restated or replaced from time to time.

Plan Agent – State Street Trust Company Canada or its successor, as the plan agent under the Reinvestment Plan.

Plan Participant – a Unitholder that participates in any Reinvestment Plan.

Plan Units – additional Units acquired in the market by the Plan Agent under any Reinvestment Plan.

Portfolio Manager – Vanguard Investments Canada Inc., a corporation established under the laws of Canada, or its successor.

Prescribed Number of Units – in relation to a particular Vanguard ETF, the number of Units determined by the Manager from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes.

QFII – qualified foreign institutional investor.

Registered Plans – registered retirement savings plans, registered retirement income funds, registered education savings plans, tax-free savings accounts, deferred profit sharing plans, registered disability savings plans and first home savings accounts.

Registrar and Transfer Agent – State Street Trust Company Canada or its successor.

Reinvestment Plan – means any distribution reinvestment plan offered by the Manager for some or all of the Vanguard ETFs.

RQFII – renminbi qualified foreign institutional investor.

securities regulatory authorities – the securities commission or similar regulatory authority in each province and territory of Canada that is responsible for administering the Canadian securities legislation in force in such province or territory.

SIFT trust – a specified investment flow-through trust within the meaning of the Tax Act.

S&P – Standard & Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc., the Index Provider of the S&P Developed ex-North America Dividend Growers Index.

Sub-advisor – Vanguard Global Advisers, LLC, a corporation established under the laws of the Commonwealth of Pennsylvania, or its successor.

Sub-advisory Agreement – the sub-advisory agreement originally dated November 4, 2011, as amended, and as assigned to and assumed by the Sub-advisor as of December 31, 2021, as the same may be further amended and/or amended and restated from time to time.

T+3 Securities – securities, the trades in respect of which, customarily settle on the third business day after the date upon which pricing for the securities is determined.

Tax Act – the *Income Tax Act* (Canada) and the regulations issued thereunder, as the same may be amended from time to time.

Tax Proposals – all specific proposals to amend the Tax Act that have been publicly announced in writing by the Minister of Finance (Canada) prior to the date of this prospectus.

Trading Day – for each Vanguard ETF, unless otherwise agreed by the Manager, a day on which: (i) a session of which the primary listing exchange is held; and (ii) the primary markets or exchanges on which at least 75% of the securities held directly or indirectly by the Vanguard ETF by value are open for trading; and (iii) the Index Provider calculates and publishes data relating to the Index of the Vanguard ETF.

TSX – the Toronto Stock Exchange.

Underlying Fund – an exchange-traded fund managed by the Manager, an affiliate of the Manager or another investment fund manager in which a Vanguard ETF invests.

Unit – in relation to a particular Vanguard ETF, a redeemable, transferable unit of a Vanguard ETF, which represents an equal, undivided interest in a Vanguard ETF.

Unitholder – a beneficial holder of Units of a Vanguard ETF.

U.S. – the United States of America.

Valuation Date – each business day or any other day designated by the Manager on which the NAV and NAV per Unit of a Vanguard ETF is calculated.

Valuation Time – 4:00 p.m. (Toronto time) or such other time that the Manager deems appropriate on each Valuation Date.

Vanguard ETFs – collectively, Vanguard U.S. High Dividend Yield Index ETF, Vanguard U.S. High Dividend Yield Index ETF (CAD-hedged) and Vanguard Developed ex-North America Dividend Appreciation Index ETF, each an investment trust established under the laws of Ontario pursuant to the Declaration of Trust.

Vanguard Fund – an exchange-traded fund managed by the Manager or an affiliate of the Manager that is listed and traded on a stock exchange, other than a Vanguard ETF.

VGI – The Vanguard Group, Inc.

PROSPECTUS SUMMARY

The following is a summary of the principal features of the Units of the Vanguard ETFs and should be read together with the more detailed information and statements contained elsewhere in this prospectus or incorporated by reference in this prospectus.

Issuers:	<p>Vanguard U.S. High Dividend Yield Index ETF Vanguard U.S. High Dividend Yield Index ETF (CAD-hedged) Vanguard Developed ex-North America Dividend Appreciation Index ETF</p> <p>Each Vanguard ETF is an exchange-traded mutual fund established as a trust under the laws of Ontario. Vanguard Investments Canada Inc. is the trustee, manager and portfolio manager of the Vanguard ETFs.</p>
Continuous Distribution:	<p>Units of the Vanguard ETFs are being offered on a continuous basis and there is no maximum number of Units that may be issued.</p> <p>The Units of each Vanguard ETF have been conditionally approved for listing on the TSX. Subject to satisfying the TSX's original listing requirements on or before December 18, 2026, Units of each Vanguard ETF will be listed on the TSX.</p> <p>An investor may buy or sell Units of the Vanguard ETFs on any designated exchange on which the Vanguard ETFs trade through registered brokers or dealers in the province or territory where the investor resides.</p> <p>Investors may incur customary brokerage commissions in buying or selling Units. Accordingly, investors may trade Units in the same way as other securities listed on the TSX, including by using market orders and limit orders.</p> <p>The Vanguard ETFs issue Units directly to Designated Brokers and Dealers. See "Purchases of Units – Issuance of Units" and "Purchases of Units – Buying and Selling Units".</p>
Investment Objectives:	<p>The investment objectives of an investment fund describe the fundamental attributes of the investment fund that distinguish it from other investment funds. For a description of the general investment objectives applicable to the Vanguard ETFs, see "Investment Objectives". For a more detailed description of the investment objectives of a particular Vanguard ETF, see the applicable Vanguard ETF profile under "ETF Profiles".</p>
Investment Strategies:	<p>The investment strategies of an investment fund describe the strategies that the investment fund may use in pursuing its investment objectives. For a description of the general investment strategies applicable to the Vanguard ETFs, see "Investment Strategies". For a more detailed description of the investment strategies of a particular Vanguard ETF, see the applicable Vanguard ETF profile under "ETF Profiles".</p>
Special Considerations for Purchasers:	<p>The so-called "early warning" reporting requirements in Canadian securities legislation do not apply in connection with the acquisition of Units of the Vanguard ETFs. The Vanguard ETFs have obtained exemptive relief to permit Unitholders to acquire more than 20% of the Units of any Vanguard ETF through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian</p>

	<p>securities legislation, provided that any such Unitholder, and any person acting jointly or in concert with the Unitholder, provides the Manager with an undertaking not to exercise any votes attached to Units that represent more than 20% of the votes attached to all outstanding Units of the Vanguard ETF at any meeting of Unitholders.</p> <p>The Units of each Vanguard ETF are index participation units within the meaning of NI 81-102. Accordingly, mutual funds may purchase Units of these Vanguard ETFs without regard to the control or concentration restrictions of NI 81-102.</p> <p>Each Vanguard ETF that invests a portion of its portfolio assets in T+3 Securities has obtained exemptive relief from the securities regulatory authorities to permit such Vanguard ETF to settle primary market trades in Units of the Vanguard ETF no later than the third business day after the date upon which pricing for the Units is determined. This settlement cycle differs from the standard settlement cycle for secondary market trades in the Units of the Vanguard ETF, which customarily occurs no later than the first business day after the date upon which pricing for the Units is determined.</p> <p>See “Purchases of Units – Special Considerations for Unitholders”.</p>
<p>Risk Factors:</p>	<p>There are certain general risk factors inherent in an investment in the Vanguard ETFs, which are described under “Risk Factors – General Risks Relating to an Investment in the Vanguard ETFs”.</p> <p>The risk factors described under “Risk Factors – Additional Risks Relating to an Investment in each Vanguard ETF” apply to certain, but not all, Vanguard ETFs. For details as to which of these risk factors apply to a specific Vanguard ETF, see the applicable Vanguard ETF profile under “ETF Profiles”.</p>
<p>Income Tax Considerations:</p>	<p>This summary of Canadian tax considerations for the Vanguard ETFs and for Canadian resident Unitholders is subject in its entirety to the qualifications, limitations and assumptions set out in “Income Tax Considerations”. Prospective investors should consult their own tax advisors about their individual circumstances.</p> <p>Each year a Unitholder who is an individual (other than a trust) resident in Canada and who holds Units as capital property (all within the meaning of the Tax Act) is generally required to include in computing income for tax purposes the amount of any income and the taxable portion of any net realized capital gains of the Vanguard ETF that is paid or becomes payable to the Unitholder in the year, whether such amounts are paid in cash or reinvested in additional Units. Any non-taxable distributions from a Vanguard ETF (other than the non-taxable portion of any net realized capital gains of a Vanguard ETF) paid or payable to a Unitholder in a taxation year will reduce the adjusted cost base of the Unitholder’s Units of that Vanguard ETF. To the extent that a Unitholder’s adjusted cost base would otherwise be a negative amount, the negative amount will be deemed to be a capital gain realized by the Unitholder and the adjusted cost base of the Unit to the Unitholder will be nil immediately thereafter. A Unitholder will generally realize a capital gain (or loss) on the sale, redemption, exchange or other disposition of a Unit to the extent that the proceeds of disposition of the Unit exceed (or are less</p>

	<p>than) the aggregate of the adjusted cost base to the Unitholder of the Unit and any reasonable costs of disposition.</p> <p>See “Income Tax Considerations”.</p>
Exchanges and Redemptions:	<p>In addition to the ability to sell Units on the TSX, Unitholders may redeem Units in any number for cash for a redemption price equal to the lesser of (i) 95% of the closing price on the TSX for the Units on the effective day of redemption and (ii) the NAV per Unit on the effective day of the redemption or may exchange or redeem a Prescribed Number of Units (or a whole multiple thereof) for Baskets of Securities and cash or, in certain circumstances, for cash.</p> <p>See “Exchange and Redemption of Units”.</p>
Distributions:	<p>Cash distributions will be paid on a quarterly basis. Cash distributions consist primarily of income but may, at the Manager’s discretion, include net realized capital gains and/or return of capital. Each Vanguard ETF distributes a sufficient amount of net income and net realized capital gains to Unitholders for each taxation year so that the Vanguard ETF will not be liable for ordinary income tax. To the extent that a Vanguard ETF has not otherwise distributed a sufficient amount of its net income or net realized capital gains, a distribution will be paid to Unitholders at the end of the year and that distribution will be automatically reinvested in additional Units. Immediately following such reinvestment, the number of Units outstanding will be consolidated so that the NAV per Unit following the distribution and reinvestment is the same as it would have been if the distribution had not been paid. Non-resident Unitholders may have the number of Units reduced due to withholding tax. The tax treatment to Unitholders of distributions is discussed under the heading “Income Tax Considerations – Taxation of Unitholders (other than Registered Plans)”.</p> <p>See “Distribution Policy”. For information on the expected frequency of cash distributions of a particular Vanguard ETF, see the applicable Vanguard ETF profile under “ETF Profiles”.</p>
Distribution Reinvestment:	<p>The Manager has implemented a Reinvestment Plan under which cash distributions are used to acquire Plan Units and are credited to the account of the Plan Participant through CDS. A Unitholder may elect to participate in the Reinvestment Plan by contacting the CDS Participant through which the Unitholder holds his, her or its Units.</p> <p>See “Distribution Policy – Reinvestment Plan”.</p>

<p>Termination:</p>	<p>The Vanguard ETFs do not have a fixed termination date but may be terminated by the Manager upon not less than 60 days prior written notice to Unitholders.</p> <p>See “Termination of the Vanguard ETFs”.</p> <p>If an Index Provider ceases to calculate an Index or the Index License Agreement in respect of an Index is terminated, the Manager may: (i) terminate the applicable Vanguard ETF on not less than 60 days’ notice to Unitholders; (ii) change the investment objective of the applicable Vanguard ETF (subject to Unitholder approval as required in accordance with Canadian securities legislation); or (iii) make such other arrangement as the Manager considers appropriate and in the best interests of Unitholders of the Vanguard ETF in the circumstances.</p> <p>See “Investment Objectives – Termination of the Indices”.</p>
<p>Documents Incorporated by Reference:</p>	<p>During the period in which the Vanguard ETFs are in continuous distribution, additional information is available in the most recently filed comparative annual financial statements, if any, any interim financial statements filed after the most recent annual financial statements, the most recently filed annual MRFP, if any, any interim MRFP filed after the annual MRFP and the most recently filed ETF Facts for each Vanguard ETF. These documents are incorporated by reference into, and legally form an integral part of, this prospectus. These documents are publicly available on the Vanguard ETF’s website at www.vanguard.ca and may be obtained upon request, at no cost, by calling 1-877-410-7275 or by contacting a registered dealer. These documents and other information about the Vanguard ETFs are also publicly available at www.sedarplus.ca.</p> <p>See “Documents Incorporated by Reference”.</p>
<p>Eligibility for Investment:</p>	<p>The Units of a Vanguard ETF will be a “qualified investment” under the Tax Act for a Registered Plan at any time that the Vanguard ETF qualifies or is deemed to qualify as a “mutual fund trust” within the meaning of the Tax Act or that the Units of a Vanguard ETF are listed on a “designated stock exchange” within the meaning of the Tax Act, which includes the TSX. Furthermore, pursuant to the Qualified Investments Tax Proposals, as of November 4, 2025, the Units of a Vanguard ETF will also be qualified investments for a Registered Plan at any time that the Vanguard ETF is subject to, and substantially complies with, the requirements of NI 81-102. See “Income Tax Considerations”.</p> <p>Notwithstanding the foregoing, an annuitant of a registered retirement savings plan or registered retirement income fund, the holder of a tax-free savings account, registered disability savings plan or first home savings account, or a subscriber of a registered education savings plan may be subject to a penalty tax in respect of Units of a Vanguard ETF held by the Registered Plan if the Units of the Vanguard ETF are “prohibited investments” for such Registered Plan as determined under the Tax Act.</p> <p>Unitholders should consult their own tax advisors for advice on whether Units of a Vanguard ETF would be a “prohibited investment” under the Tax Act for their Registered Plan in their particular circumstances.</p> <p>See “Eligibility for Investment”.</p>

	ORGANIZATION AND MANAGEMENT OF THE VANGUARD ETFS
Manager:	<p>Vanguard Investments Canada Inc. is the manager of the Vanguard ETFs and is responsible for the administration and operations of the Vanguard ETFs. The Manager is a wholly-owned indirect subsidiary of VGI, which is a registered investment advisor in the U.S. with offices based in Valley Forge, Pennsylvania. VGI is wholly-owned by the U.S. registered investment companies that are part of the Vanguard family of mutual funds. The situs of administration of the Vanguard ETFs is at the head office of the Manager located at 22 Adelaide Street West, Suite 2500, Toronto, Ontario M5H 4E3.</p> <p>See “Organization and Management Details of the Vanguard ETFs – Manager of the Vanguard ETFs”.</p>
Trustee:	<p>Vanguard Investments Canada Inc. is the trustee of each Vanguard ETF pursuant to the Declaration of Trust and holds title to the assets of each Vanguard ETF in trust for the Unitholders.</p> <p>See “Organization and Management Details of the Vanguard ETFs – Trustee”.</p>
Portfolio Manager:	<p>Vanguard Investments Canada Inc. has been appointed portfolio manager to the Vanguard ETFs. The Portfolio Manager provides, or causes to be provided, investment management services with respect to the Vanguard ETFs. The Portfolio Manager has the authority to appoint sub-advisors to provide investment management services in respect of the Vanguard ETFs. The Portfolio Manager is responsible for the investment advice provided by the sub-advisor.</p> <p>See “Organization and Management Details of the Vanguard ETFs – Portfolio Manager”.</p>
Sub-advisor:	<p>Vanguard Global Advisers, LLC, a wholly-owned subsidiary of VGI, the indirect parent of the Manager, has been retained by the Portfolio Manager to act as sub-advisor to the Vanguard ETFs. The Sub-advisor manages the investment portfolios of the Vanguard ETFs, provides analysis and makes investment decisions. The Sub-advisor is a registered investment advisor in the U.S. with offices based in Malvern, Pennsylvania. As the Sub-advisor is located outside of Canada, it may be difficult to enforce legal rights against it.</p> <p>See “Organization and Management Details of the Vanguard ETFs – Sub-advisor”.</p>
Promoter:	<p>Vanguard Investments Canada Inc. has taken the initiative in founding and organizing the Vanguard ETFs and is, accordingly, the promoter of the Vanguard ETFs within the meaning of securities legislation of certain provinces and territories of Canada.</p> <p>See “Organization and Management Details of the Vanguard ETFs – Promoter”.</p>
Custodian:	<p>State Street Trust Company Canada, at its principal offices in Toronto, Ontario, is the Custodian of the assets of the Vanguard ETFs and holds those assets in safekeeping. The Custodian is entitled to receive fees from the Manager as described under “Fees and Expenses” and to be reimbursed for all expenses and liabilities that are properly incurred by the Custodian in connection with the activities of the Vanguard ETFs.</p>

	See "Organization and Management Details of the Vanguard ETFs – Custodian".
Registrar and Transfer Agent:	<p>State Street Trust Company Canada, at its principal office in Toronto, Ontario, is the Registrar and Transfer Agent for the Units of the Vanguard ETFs and maintains the register of registered Unitholders. The register of the Vanguard ETFs is kept in Toronto. The Registrar and Transfer Agent is also responsible for certain aspects of the day-to-day administration of the Vanguard ETFs.</p> <p>See "Organization and Management Details of the Vanguard ETFs – Transfer Agent and Registrar".</p>
Auditor:	<p>PricewaterhouseCoopers LLP, Chartered Professional Accountants, at its principal offices in Toronto, Ontario, is the auditor of the Vanguard ETFs. The auditor performs an audit of each of the Vanguard ETF's annual financial statements and provides an opinion as to whether they present fairly the Vanguard ETF's financial position, financial performance and cash flows. The auditor is independent of the Vanguard ETFs.</p> <p>See "Organization and Management Details of the Vanguard ETFs – Auditor".</p>
Accounting Agent:	<p>State Street Fund Services Toronto Inc., at its principal offices in Toronto, Ontario, is the Accounting Agent. The Accounting Agent is responsible for certain aspects of the day-to-day administration of the Vanguard ETFs, including NAV calculations, accounting for net income and net realized capital gains of the Vanguard ETFs and maintaining the books and records of the Vanguard ETFs.</p> <p>See "Organization and Management Details of the Vanguard ETFs – Accounting Agent".</p>

SUMMARY OF FEES AND EXPENSES

This table lists the fees and expenses payable in connection with an investment in the Vanguard ETFs. An investor may have to pay some of these fees and expenses directly. The Vanguard ETFs may pay some of these fees and expenses, which will therefore reduce the value of an investment in the Vanguard ETFs.

See "Fees and Expenses".

Fees and Expenses Payable by the Vanguard ETFs

<u>Type of Fee</u>	<u>Amount and Description</u>
Management Fee:	<p>Each Vanguard ETF pays a management fee, plus applicable taxes, to the Manager based on a specified annual rate and the NAV of the Vanguard ETF. For the annual management fee payable by a particular Vanguard ETF, see the applicable Vanguard ETF profile under "ETF Profiles". This management fee is calculated and accrued daily and is paid monthly. This management fee covers, at least in part, the Manager's costs associated with acting as the trustee and the manager of the applicable Vanguard ETF, the fee payable to the Sub-advisor for its portfolio management services and the other fees and expenses described below that are payable by the Manager in connection with each Vanguard ETF. See "Fees and Expenses – Fees and Expenses Payable by the Manager".</p>

Other Expenses: The only expenses payable by each Vanguard ETF are the applicable management fee, fees and expenses relating to the implementation and on-going operation of the IRC, brokerage expenses and commissions, the fees under any derivative instrument used by the Vanguard ETF, the cost of complying with new governmental or regulatory requirements introduced after the date the Vanguard ETF was established, any fee, cost or expense payable on or in respect of a distribution, issuance or sale of Units of the Vanguard ETF under or pursuant to the Vanguard ETF's public disclosure documents as required by Canadian securities legislation, any extraordinary expenses, any sales taxes on those expenses and any income, withholding or other taxes.

The Manager may decide, in its discretion, to pay for some of these operating expenses otherwise payable by a Vanguard ETF, rather than having the Vanguard ETF incur such operating expenses. The Manager has agreed to reimburse the Vanguard ETFs for the ongoing operating expenses of the IRC. The Manager expects to continue reimbursing these expenses, including compensation and expenses, indefinitely, but may, in its discretion, discontinue this practice at any time.

Fund of Fund Investments: If a Vanguard ETF holds securities of one or more Underlying Funds, the management fee of each Underlying Fund is indirectly paid by the Vanguard ETF in addition to the management fee payable by the Vanguard ETF directly to the Manager. If the management fee payable by the Vanguard ETF would duplicate a fee payable by the Underlying Fund for the same service, the management fee payable by the Vanguard ETF will be reduced to the extent of such duplication. Accordingly, there shall be no duplication of management fees chargeable in connection with the Vanguard ETF and its investment in the Underlying Funds.

Similarly, if a Vanguard ETF holds securities of one or more Underlying Funds, the expenses incurred by each Underlying Fund in connection with its operations are indirectly paid by the Vanguard ETF in addition to those operating expenses incurred directly by the Vanguard ETF. Where a Vanguard ETF holds securities of one or more Underlying Funds, the management expense ratio of the Vanguard ETF will include the expenses of such underlying investment(s).

Fees and Expenses Payable by the Manager

Type of Fee

Amount and Description

Other Expenses:

Other than the expenses payable by the Vanguard ETFs, as described above, the Manager is responsible for all of the other costs and expenses of the Vanguard ETFs. These costs and expenses include, but are not limited to, the fees payable to the Custodian, the Registrar and Transfer Agent, the Accounting Agent, the Sub-advisor, the auditor and other service providers retained by the Manager as described under “Organization and Management Details of the Vanguard ETFs – Manager of the Vanguard ETFs – Duties and Services to be Provided by the Manager” and any expenses that the Manager voluntarily reimburses to the Vanguard ETFs.

Fees and Expenses Payable Directly by Unitholders

Type of Fee

Amount and Description

Fee:

Unitholders who buy and sell their Units through the facilities of the TSX do not pay a fee directly to the Manager or the Vanguard ETF in respect of those purchases and sales.

If stated in the applicable designated broker agreement or dealer agreement, the Manager or a Vanguard ETF may charge the Designated Broker and/or Dealer a fee to offset certain transaction costs associated with an issue, exchange or redemption of Units of that Vanguard ETF to or by such Designated Broker and/or Dealer. See “Purchases of Units” and “Exchange and Redemption of Units”.

OVERVIEW OF THE LEGAL STRUCTURE OF THE VANGUARD ETFS

The Vanguard ETFs are exchange-traded funds established as trusts under the laws of the Province of Ontario. The Vanguard ETFs have been established pursuant to a master declaration of trust (the “Declaration of Trust”) dated November 4, 2011, as may be further amended or restated from time to time.

While each Vanguard ETF is a mutual fund under the securities legislation of certain provinces and territories of Canada, each Vanguard ETF has obtained exemptive relief from certain provisions of Canadian securities legislation applicable to conventional mutual funds. See “Exemptions and Approvals”.

The situs of administration of the Vanguard ETFs is the registered office of the Manager located at 22 Adelaide Street West, Suite 2500, Toronto, Ontario M5H 4E3.

The full legal name of each Vanguard ETF, as well as the exchange on which it is listed and its ticker symbol are set out below:

Legal Name	Exchange	Ticker Symbol
Vanguard U.S. High Dividend Yield Index ETF	TSX	VUDV
Vanguard U.S. High Dividend Yield Index ETF (CAD-hedged)	TSX	VUDH
Vanguard Developed ex-North America Dividend Appreciation Index ETF	TSX	VIGG

INVESTMENT OBJECTIVES

The investment objectives of an investment fund describe the fundamental attributes of the investment fund that distinguish it from other investment funds. For a description of the investment objectives of a particular Vanguard ETF, see the applicable Vanguard ETF profile under “ETF Profiles”. The fundamental investment objectives of a Vanguard ETF may not be changed except with the approval of its Unitholders. See “Unitholder Matters – Matters Requiring Unitholder Approval”.

Investment Objectives of Vanguard ETFs

Each Vanguard ETF seeks to track, to the extent reasonably possible and before fees and expenses, the performance of a broad widely-quoted market index. For a description of the Index tracked by a particular Vanguard ETF, see the applicable Vanguard ETF profile under “ETF Profiles”.

Termination of the Indices

The Index Providers calculate, determine and maintain the respective Indices. If an Index Provider ceases to calculate an Index or the Index License Agreement in respect of an Index is terminated, the Manager may: (i) terminate the applicable Vanguard ETF on not less than 60 days’ notice to Unitholders; (ii) change the investment objective of the applicable Vanguard ETF (subject to Unitholder approval as required in accordance with Canadian securities legislation); or (iii) make such other arrangement as the Manager considers appropriate and in the best interests of Unitholders of the Vanguard ETF in the circumstances.

Use of the Indices

The Manager and each Vanguard ETF are permitted to use the applicable Index pursuant to the applicable Index License Agreement. The Manager and the Vanguard ETFs do not accept responsibility for, or guarantee the accuracy and/or completeness of, the Indices or any data included in the Indices.

Change in an Index

The Manager may, subject to any required Unitholder approval, change the Index tracked by a Vanguard ETF to another widely-recognized index in order to provide investors with substantially the same exposure to the asset class to that which the Vanguard ETF is currently exposed. If the Manager changes the Index, or any index replacing such index, the Manager will issue a press release identifying the new index, describing its constituent securities and specifying the reasons for the change in the Index.

INVESTMENT STRATEGIES

The investment strategies of an investment fund describe the strategies that the investment fund may use in pursuing its investment objectives. The general investment strategies applicable to the Vanguard ETFs are described below. For a more detailed description of the investment strategies of a particular Vanguard ETF, see the applicable Vanguard ETF profile under “ETF Profiles”.

Principal Investment Strategies of the Vanguard ETFs

In order to achieve its investment objective, each Vanguard ETF may hold: the Constituent Securities of the applicable Index in approximately the same proportion as they are reflected in that Index; a broadly diversified subset of Constituent Securities and/or other securities selected by the Sub-advisor that, in the aggregate, approximates the applicable Index in terms of primary risk factors and other key index characteristics; and/or Underlying Funds that singly or in combination seek to track the applicable Index or an unhedged version of that Index. Securities regulators may allow index investment funds, such

as the Vanguard ETFs, to exceed the normal investment concentration limits if required to allow such investment funds to track the relevant index. In accordance with the regulatory requirements, each Vanguard ETF may track the applicable Index in this manner.

If a Vanguard ETF invests in one or more other Vanguard ETFs or Vanguard Funds that provide exposure to the Constituent Securities of the applicable Index or an unhedged version of that Index, the management fee of each other Vanguard ETF or Vanguard Fund is indirectly paid by the Vanguard ETF in addition to the management fee payable by the Vanguard ETF directly to the Manager. If the management fee payable by the Vanguard ETF would duplicate a fee payable by the other Vanguard ETF or Vanguard Fund for the same service, the management fee payable by the Vanguard ETF will be reduced to the extent of such duplication. Accordingly, in accordance with applicable securities legislation, including NI 81-102, there shall be no duplication of management fees chargeable in connection with the Vanguard ETF and its investment in the other Vanguard ETFs or Vanguard Funds. See “Fees and Expenses – Fees and Expenses Payable by the Vanguard ETFs – Management Fee”.

Similarly, if a Vanguard ETF invests in one or more other Vanguard ETFs or Vanguard Funds that provide exposure to the Constituent Securities of the applicable Index or an unhedged version of that Index, the expenses incurred by each other Vanguard ETF or Vanguard Fund in connection with its operations are indirectly paid by the Vanguard ETF in addition to those operating expenses incurred directly by the Vanguard ETF. See “Fees and Expenses – Fees and Expenses Payable by the Vanguard ETFs – Other Expenses”.

Securities Lending

A Vanguard ETF may enter into securities lending arrangements in accordance with NI 81-102 in order to generate additional income to enhance the NAV of a Vanguard ETF. A Vanguard ETF may lend securities to securities borrowers acceptable to it pursuant to the terms of a securities lending agreement between the Vanguard ETF’s securities lending agent and any such borrower under which: (i) the borrower will pay to the Vanguard ETF a negotiated securities lending fee and will make compensation payments to the Vanguard ETF equal to any distributions received by the borrower on the securities borrowed; (ii) the securities loans must qualify as “securities lending arrangements” for the purposes of the Tax Act; and (iii) the Vanguard ETF will receive collateral security. The securities lending agent is responsible for the ongoing administration of the securities loans, including the obligation to mark-to-market the collateral on a daily basis.

Under applicable securities legislation, the collateral posted by a securities borrower is required to have an aggregate value of not less than 102% of the market value of the loaned securities. The total value of the securities loaned by a Vanguard ETF at any time is not permitted to exceed 50% of the net asset value of the Vanguard ETF (excluding any collateral received from securities lending activities). Any cash collateral acquired by a Vanguard ETF is permitted to be itself invested only in the securities permitted under NI 81-102 that have a remaining term to maturity of no longer than 90 days.

Use of Derivative Instruments

A Vanguard ETF may use derivative instruments, including, but not limited to, options, futures, forward contracts, swaps, total return swaps, and debt-like securities, from time to time for hedging or investment purposes, provided that the use of such derivative instruments is in compliance with NI 81-102 and is consistent with the investment objective and investment strategies of the Vanguard ETF. For example, a Vanguard ETF may use futures or other derivative instruments to gain exposure to a particular Constituent Security or other security, to a class of Constituent Securities and/or other securities or to the applicable Index or underlying index in circumstances where the Sub-advisor has determined that synthetic exposure would be preferable to a direct investment. Derivatives also may be used for a variety of purposes that do not constitute speculation, such as risk management, seeking to stay fully invested, seeking to equitize any cash and dividend receivables, seeking to reduce transaction costs, seeking to simulate

investment in equity or debt securities or other investments, seeking to add value by using derivatives to more efficiently implement portfolio positions when derivatives are favourably priced relative to equity or debt securities or other investments seeking exposure levels to certain securities by Vanguard globally and for other purposes where Vanguard considers it is in the Fund's best interests to do so. In connection with its use of derivatives, a Vanguard ETF may purchase or hold cash and/or fixed-income and other instruments that it may pledge as collateral or margin to its counterparties or futures commission merchants.

Vanguard U.S. High Dividend Yield Index ETF (CAD-hedged) uses derivative instruments to seek to hedge the U.S. dollar or foreign currency exposure, as the case may be, of the securities included in its portfolio to the Canadian dollar.

Cash Management

From time to time, a Vanguard ETF may hold cash. The Vanguard ETF may hold this cash or invest it in money market instruments or securities of money market funds.

Extraordinary Events

For purposes of a merger or other transaction involving a Vanguard ETF, a Vanguard ETF may hold all or a significant portion of its assets in cash, money market instruments or securities of money market funds. As a result, in these limited circumstances, the Vanguard ETF may not be fully invested in accordance with its investment objective and, in a rising market, there could be a negative impact on performance relative to other fully invested exchange-traded funds with a similar objective.

Rebalancing Events

Whenever an Index Provider rebalances or adjusts an Index, including by adding securities to or subtracting securities from that Index, or whenever the Sub-advisor determines that there should be a change to the representative sample of the Index, the applicable Direct Investment Vanguard ETF will acquire and/or dispose of the appropriate number of securities, either through the Designated Broker or through other brokers in the open market.

Actions Affecting Constituent Issuers

From time to time, certain corporate or other actions may be taken or proposed by a Constituent Issuer or by a third party that could affect a Constituent Issuer of an Index. An example of such an action would be if a takeover bid or an issuer bid is made for a Constituent Security. In each such case, the Sub-advisor will determine, in its discretion, what steps, if any, the applicable Direct Investment Vanguard ETF will take to address the action. In exercising such discretion, the Sub-advisor will generally take those steps necessary to ensure that the Direct Investment Vanguard ETF continues to seek to track, to the extent reasonably possible and before fees and expenses, the applicable Index.

OVERVIEW OF THE SECTORS IN WHICH THE VANGUARD ETFS INVEST

For a description of the specific sectors a Vanguard ETF invests in, see the applicable Vanguard ETF profile under "ETF Profiles". For each Vanguard ETF, the applicable Vanguard ETF profile also provides details regarding the current Index Provider and the methodology used to construct the Index that the Vanguard ETF currently seeks to replicate.

INVESTMENT RESTRICTIONS

The Vanguard ETFs are subject to certain restrictions and practices contained in securities legislation, including NI 81-102. The Vanguard ETFs are managed in accordance with these restrictions

and practices, except as otherwise permitted by exemptions provided by Canadian securities regulatory authorities (see “Exemptions and Approvals”). A change to the investment objective of a Vanguard ETF would require the approval of the Unitholders. See “Unitholder Matters – Matters Requiring Unitholders Approval”.

Each Vanguard ETF is also restricted from making an investment or undertaking any activity that would result in such Vanguard ETF failing to qualify as a “mutual fund trust” within the meaning of the Tax Act. In addition, no Vanguard ETF may invest in any property or engage in any undertaking that would cause the Vanguard ETF to have “non-portfolio earnings” as defined in section 122.1 of the Tax Act in an amount that would result in the Vanguard Non-Index ETF paying a material amount of income tax.

Certain Vanguard ETFs have additional investment restrictions. For a description of the additional investment restrictions applicable to each Vanguard ETF, see the applicable Vanguard ETF profile under “ETF Profiles”.

Exemptions and Approvals

The Vanguard ETFs have obtained exemptive relief from the Canadian securities regulatory authorities to permit the following practices:

- (i) the purchase by a Unitholder of more than 20% of the Units of any Vanguard ETF through purchases on a recognized stock exchange without regard to the takeover bid requirements of applicable Canadian securities legislation, provided that any such Unitholder, and any person acting jointly or in concert with the Unitholder, provides the Manager with an undertaking not to exercise any votes attached to Units that represent more than 20% of the votes attached to all outstanding Units of that Vanguard ETF at any meeting of Unitholders;
- (ii) to permit a Vanguard ETF to borrow cash for a period not longer than 45 days and, if required by the lender, to provide a security interest over any of its portfolio assets as a temporary measure to fund the portion of any distributions payable to Unitholders that represents amounts that have not yet been received by the Vanguard ETF and, in any event, does not exceed 5% of the net assets of the Vanguard ETF;
- (iii) to permit a Vanguard ETF to purchase securities from or sell securities to another Vanguard ETF, another fund for which the Manager acts as the investment fund manager and portfolio manager that is not a reporting issuer and/or an account managed by the Manager for a client that is not a responsible person and over which the Manager has discretionary authority (each an “Inter-Fund Trade”);
- (iv) to permit a Vanguard ETF to hold as cover, in respect of the requirement under section 2.8(1)(d) of NI 81-102 that a mutual fund must not open or maintain a long position in a standardized future unless the mutual fund holds cash cover in an amount that, together with margin on account for the specified derivative and the market value of the specified derivative, is not less than, on a daily mark-to-market basis, the underlying market exposure of the specified derivative, one or more receivables (each, a “Receivable”) of the Vanguard ETF arising as a result of a declaration or payment of a distribution, dividend or other payment on one or more securities held by the Vanguard ETF in order to equitize the Receivable during the period from the date that the Vanguard ETF becomes entitled to receive the Receivable until the date that the Receivable is actually received by the Vanguard ETF, thereby permitting the Vanguard ETF to seek to track its applicable index in respect of the Receivable or to otherwise invest the amount of the Receivable, as applicable, provided that for each long position in a standardized future that a Vanguard ETF opens or maintains in order to equitize a Receivable, the Vanguard ETF holds, on each trading day, a combination of the amount of the Receivable, cash cover and margin or collateral posted by the Vanguard ETF in connection with its obligation under that futures position that, in the aggregate,

has a value that is not less than, on a daily mark-to-market basis, the underlying market exposure of the standardized future;

- (v) to permit an Inter-Fund Trade to be executed at the last sale price, as defined in the Universal Market Integrity Rules of the Canadian Investment Regulatory Organization, prior to the execution of the trade in lieu of the closing sale price contemplated by the definition of “current market price of the security” in NI 81-107 on that trading day;
- (vi) to relieve the Vanguard ETFs from the requirement to include in the prospectus a certificate of an underwriter;
- (vii) to permit a Vanguard ETF that invests a portion of its portfolio assets in T+3 Securities to settle primary market trades in Units of such Vanguard ETF no later than the third business day after the date upon which pricing for the Units is determined; and
- (viii) to permit a Vanguard ETF to purchase, exempt those purchases from part (b) of the definition of an “illiquid asset” in NI 81-102 and exclude holdings in these securities from consideration as an “illiquid asset” for the purpose of section 2.4 of NI 81-102 certain fixed income securities that qualify for, and may be traded pursuant to, the exemption from the registration requirements of the *Securities Act of 1933*, as amended (the “U.S. Securities Act”), as set out in Rule 144A of the U.S. Securities Act for resales of certain fixed income securities to “qualified institutional buyers” (as such term is defined in the U.S. Securities Act).

FEES AND EXPENSES

This section details the fees and expenses payable in connection with an investment in the Vanguard ETFs. An investor may pay some of these fees and expenses directly. The Vanguard ETFs may pay some of these fees and expenses, which will therefore reduce the value of an investment in the Vanguard ETFs.

Unitholders of a Vanguard ETF will receive at least 60 days’ prior written notice before the effective date of any change to the basis of the calculation of a fee or expense that is charged to the Vanguard ETF or directly to its Unitholders by person or company that is arm’s length to the Vanguard ETF if such change could result in an increase in charges to the Vanguard ETF or its Unitholders.

Fees and Expenses Payable by the Vanguard ETFs

Management Fee

Each Vanguard ETF pays a management fee, plus applicable taxes, to the Manager based on a specified annual rate and the NAV of the Vanguard ETF. For the annual management fee payable by a particular Vanguard ETF, see the applicable Vanguard ETF profile under “ETF Profiles”. This management fee is calculated and accrued daily and is paid monthly. This management fee covers, at least in part, the Manager’s costs associated with acting as the trustee and the manager of the applicable Vanguard ETF, the fee payable to the Sub-advisor for its portfolio management services and the other fees and expenses described below that are payable by the Manager in connection with each Vanguard ETF.

To encourage large investments in a Vanguard ETF by a particular Unitholder, the Manager may, in its discretion, agree to charge the Vanguard ETF a reduced management fee or operating expenses as compared to the management fee or operating expenses that would otherwise be charged to the Vanguard ETF, provided that the amount of the reduction is distributed periodically by the Vanguard ETF to the Unitholder as a management fee distribution. Any reduction will depend on a number of factors, including the amount invested, the NAV of the Vanguard ETF and the expected amount of account activity.

Management fee distributions will be paid first out of the net income and net realized capital gains of a Vanguard ETF and then out of capital. Any income tax consequences of a management fee distribution will generally be borne by the Unitholder who receives the distribution.

Other Expenses

The only expenses payable by each Vanguard ETF are the applicable management fee, fees and expenses related to the implementation and on-going operation of the IRC, brokerage expenses and commissions, the fees under any derivative instrument used by the Vanguard ETF, the cost of complying with any new government or regulatory requirements introduced after the date the Vanguard ETF was established, any fee, cost or expense payable on or in respect of a distribution, issuance or sale of Units of the Vanguard ETF under or pursuant to the Vanguard ETF's public disclosure documents as required by Canadian securities legislation, any extraordinary expenses, any sales taxes on these expenses and any income, withholding or other taxes.

The Manager may decide, in its discretion, to pay for some of these operating expenses otherwise payable by a Vanguard ETF, rather than having the Vanguard ETF incur such operating expenses. As of August 1, 2012, the Manager has agreed to reimburse the Vanguard ETFs for the ongoing operating expenses of the IRC. The Manager expects to continue reimbursing these expenses, including compensation and expenses, indefinitely, but may, in its discretion, discontinue this practice at any time.

Fund of Fund Investments

If a Vanguard ETF holds securities of one or more Underlying Funds, the management fee of each Underlying Fund is indirectly paid by the Vanguard ETF in addition to the management fee payable by the Vanguard ETF directly to the Manager. If the management fee payable by the Vanguard ETF would duplicate a fee payable by the Underlying Fund for the same service, the management fee payable by the Vanguard ETF will be reduced to the extent of such duplication. Accordingly, there shall be no duplication of management fees chargeable in connection with the Vanguard ETF and its investment in the other Vanguard ETFs or Vanguard Funds.

Similarly, if a Vanguard ETF holds securities of one or more Underlying Funds, the expenses incurred by each Underlying Fund in connection with its operations are indirectly paid by the Vanguard ETF in addition to those operating expenses incurred directly by the Vanguard ETF. Where a Vanguard ETF holds securities of one or more Underlying Funds, the management expense ratio of the Vanguard ETF will include the expenses of such underlying investment(s).

Fees and Expenses Payable by the Manager

Other than the expenses payable by the Vanguard ETFs, as described above, the Manager is responsible for all of the other costs and expenses of the Vanguard ETFs. These costs and expenses include, but are not limited to, all of the legal, accounting, printing and other costs and expenses not payable by the Vanguard ETFs and the fees payable to the Custodian, the Registrar and Transfer Agent, the Accounting Agent, the Sub-advisor, the auditor and other service providers retained by the Manager as described under "Organization and Management Details of the Vanguard ETFs – Manager of the Vanguard ETFs – Duties and Services to be Provided by the Manager" and any expenses that the Manager voluntarily reimburses to the Vanguard ETFs.

Fees and Expenses Payable Directly by Unitholders

Unitholders who buy and sell their Units through the facilities of the TSX do not pay a fee directly to the Manager or the Vanguard ETF in respect of those purchases and sales.

If stated in the applicable designated broker agreement or dealer agreement, the Manager or a Vanguard ETF may charge the Designated Broker and/or Dealer a fee to offset certain transaction costs associated with an issue, exchange or redemption of Units of that Vanguard ETF to or by such Designated Broker and/or Dealer. See “Purchases of Units” and “Exchange and Redemption of Units”.

At its sole discretion, the Manager may waive a portion of the management fees or absorb a portion of the operating expenses of certain Vanguard ETFs.

RISK FACTORS

In addition to the considerations set out elsewhere in this prospectus, the following are certain considerations relating to an investment in Units of a Vanguard ETF, including the case of Vanguard ETFs that invest in Underlying Funds, indirect risks arising as a result of its exposure to certain Underlying Funds, that prospective investors should consider before purchasing Units of a Vanguard ETF. The risk factors described under “Risk Factors – General Risks Relating to an Investment in the Vanguard ETFs” apply to each Vanguard ETF. The risk factors described under “Risk Factors – Additional Risks Relating to an Investment in each Vanguard ETF” apply to certain, but not all, Vanguard ETFs, and are listed in alphabetical order. For details as to which of these risk factors apply to a specific Vanguard ETF, see the applicable Vanguard ETF profile under “ETF Profiles”.

General Risks Relating to an Investment in the Vanguard ETFs

General Risks of Investments

The value of the underlying securities of a Vanguard ETF, whether held directly or indirectly, may fluctuate in accordance with changes in the financial condition of the issuers of those underlying securities (particularly those that are more heavily weighted in a particular Index), the condition of equity, debt and currency markets generally and other factors. The identity and weighting of the Constituent Issuers and Constituent Securities in the applicable Index or held by a Vanguard ETF may also change from time to time.

The risks inherent in investments in equity and debt securities, whether held directly or indirectly, include the risk that the financial condition of the issuers of the securities may become impaired or that the general condition of the stock or bond market may deteriorate (either of which may cause a decrease in the value of the Indices or Constituent Securities held by the applicable Vanguard ETF and, as a result, a decrease in the value of the Units of the Vanguard ETFs). Equity securities are susceptible to general stock market fluctuations and the financial condition of the issuer. Fixed income securities are susceptible to general interest rate fluctuations and to changes in investors’ perception of inflation expectations and the condition of the issuer. These investor perceptions are based on various and unpredictable factors, including expectations regarding government, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction and global or regional political, economic, banking and health crises.

Significant market disruptions, such as those caused by pandemics, natural or environmental disasters, war, acts of terrorism, trade tariffs or other protectionist measures with trading partners or other events, can adversely affect local and global markets and normal market operations. Market disruptions may exacerbate political, social and economic risks discussed above and in this prospectus. Additionally, market disruptions may result in increased market volatility; regulatory trading halts; closure of domestic or foreign exchanges, markets, or governments; or market participants operating pursuant to business continuity plans for indeterminate periods of time. Such events can be highly disruptive to economies and markets and significantly impact individual companies, sectors, industries, markets, currencies, interest and inflation rates, credit ratings, investor sentiment and other factors affecting the value of a Vanguard ETF’s investments and operation of a Vanguard ETF. These events could also result in the closure of businesses

that are integral to a Vanguard ETF's operations or otherwise disrupt the ability of employees of Vanguard ETF service providers to perform essential tasks on behalf of a Vanguard ETF.

Trading Price of Units

Units may trade in the market at a premium or a discount to the NAV per Unit. There can be no assurance that Units will trade at prices that reflect their NAV per Unit. The trading price of the Units will fluctuate in accordance with changes in the Vanguard ETF's NAV, as well as market supply and demand on the TSX, and other trading venues. However, given that Unitholders may subscribe for or exchange or redeem a Prescribed Number of Units at the NAV per Unit, the Manager believes that large discounts or premiums to the NAV per Unit of a Vanguard ETF should not be sustained. If a Unitholder purchases Units of a Vanguard ETF at a time when the market price of a Unit is at a premium to the NAV per Unit or sells Units of a Vanguard ETF at a time when the market price of a Unit is at a discount to the NAV per Unit, the Unitholder may sustain a loss.

Fluctuations in NAV

The NAV per Unit of a Vanguard ETF will vary according to, among other things, the value of the securities held by the Vanguard ETF. The Manager and the Vanguard ETF have no control over the factors that affect the value of the securities held by the Vanguard ETF, including factors that affect the equity markets generally, such as general economic and political conditions, fluctuations in interest rates and factors unique to each Constituent Issuer, such as changes in management, changes in strategic direction, achievement of strategic goals, mergers, acquisitions and divestitures, changes in distribution and dividend policies and other events.

Illiquid Securities

If a Vanguard ETF is unable to dispose of some or all of the securities held by it, that Vanguard ETF may experience a delay in the receipt of the proceeds of disposition until such time as it is able to dispose of such securities or may only be able to do so at prices which may not reflect the fair value of such investments. Likewise, if certain securities or Constituent Securities of the applicable Index are particularly illiquid, the Sub-advisor may be unable to acquire the number of securities necessary to track the weighting of such Constituent Securities in the Index and/or at a price acceptable to the Sub-advisor on a timely basis.

Use of Derivative Instruments

Each of the Vanguard ETFs may invest in or use derivative instruments for hedging or non-hedging purposes, including options, swaps, total return swaps, futures contracts, forward contracts, and debt-like securities, from time to time provided that the use of such derivative instruments is in compliance with NI 81-102, including any exemptive relief obtained by the Vanguard ETFs, and is consistent with the investment objective and strategy of the Vanguard ETF.

Vanguard U.S. High Dividend Yield Index ETF (CAD-hedged) uses derivative instruments to seek to hedge U.S. dollar or foreign currency exposure, as the case may be, of the securities included in the applicable underlying index to the Canadian dollar. In order to comply with applicable securities legislation, this Vanguard ETF may not be able to fully hedge their foreign exposure at all times.

In addition, the Vanguard ETFs may use futures or other derivative instruments to gain indirect exposure to one or more of the Constituent Securities, to other securities or to the applicable Index. Each Vanguard ETF may also use derivative instruments from time to time in accordance with NI 81-102 as described under "Investment Strategies".

The use of derivative instruments involves risks different from, and possibly greater than, the risks associated with investing directly in securities and other traditional investments. Risks associated with the use of derivatives include: (i) no guarantee that hedging to reduce risk will not result in a loss or that there will be a gain; (ii) no guarantee that a market will exist when the Vanguard ETF wants to complete the derivative contract, which could prevent the Vanguard ETF from reducing a loss or making a profit; (iii) securities exchanges may impose trading limits on options and futures contracts, and these limits may prevent the Vanguard ETF from completing the derivative contract; (iv) the Vanguard ETF could experience a loss if the other party to the derivative contract is unable to fulfill its obligations; (v) if the Vanguard ETF has an open position in an option, a futures contract, a swap contract or a forward contract with a dealer or counterparty who goes bankrupt, the Vanguard ETF could experience a loss and, for an open futures, swap or forward contract, a loss of margin deposits with that dealer or counterparty; and (vi) if a derivative is based on a stock market index and trading is halted on a substantial number of stocks in the index or there is a change in the composition of the index, there could be an adverse effect on the derivative. The inability to close out derivative positions could also have an adverse impact on a Vanguard ETF's ability to effectively implement its investment strategy.

If a Vanguard ETF uses derivative instruments for non-hedging purposes, NI 81-102 requires that the Vanguard ETF hold certain assets and/or cash to ensure that the Vanguard ETF is able to meet its obligations under the derivative contracts, to restrict the use of leverage by the Vanguard ETF and to limit any possible losses that could result from the use of derivative instruments.

There is no assurance that a Vanguard ETF's use of derivatives will be effective. There may be an imperfect historical correlation between the behaviour of the derivative instrument and the underlying investment. Any historical correlation may not continue for the period during which the derivative instrument is used.

Securities Lending

Each Vanguard ETF may enter into securities lending arrangements in accordance with NI 81-102 in order to generate additional income to enhance the NAV of a Vanguard ETF. In a securities lending transaction, a Vanguard ETF lends its securities to a borrower in exchange for a fee and the other party to the transaction delivers collateral to the Vanguard ETF in order to secure the transaction.

Securities lending comes with certain risks. If the other party to the transaction cannot complete the transaction, the Vanguard ETF may be exposed to the risk of loss should the other party default on its obligation to return the borrowed securities and the collateral be insufficient to reconstitute the portfolio of loaned securities. To minimize this risk, the other party must provide collateral that is worth at least 102% of the value of the Vanguard ETF's securities and of the type permitted by NI 81-102. The value of the collateral is monitored daily and adjusted appropriately by the securities lending agent of the Vanguard ETFs.

The Vanguard ETFs that enter into securities lending transactions may not commit more than 50% of their net asset value to securities lending transactions at any time and such transactions may be ended at any time.

Borrowing Risk

From time to time, a Vanguard ETF may borrow cash as a temporary measure to fund the portion of a distribution payable to its Unitholders that represents amounts that have not yet been received by the Vanguard ETF. Each Vanguard ETF is limited to borrowing up to the amount of the unpaid distribution and, in any event, not more than 5% of the net assets of that Vanguard ETF. There is a risk that a Vanguard ETF will not be able to repay the borrowed amount because it is unable to collect the distribution from the applicable issuer. Under these circumstances, the Vanguard ETF would be required to repay the borrowed amount by disposing of portfolio assets.

Legal and Regulatory Risk

Legal and regulatory risk is defined as the risk that changes to laws and regulations that could have negative impacts on the Vanguard ETFs or its operational costs. There can be no assurance that income tax, securities and other laws will not be changed and/or applied in a manner that adversely affects the Vanguard ETFs or the Unitholders. There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA respecting the treatment of mutual fund trusts, SIFT trusts, an investment in a non-resident trust or an investment by a Registered Plan will not be changed in a manner that adversely affects the Vanguard ETFs or the Unitholders.

Taxation of the Vanguard ETFs

The Vanguard ETFs are subject to certain tax risks generally applicable to Canadian investment funds, including the following.

It is anticipated that each of the Vanguard ETFs will qualify, or will be deemed to qualify, at all times as a “mutual fund trust” within the meaning of the Tax Act. For a Vanguard ETF to qualify as a “mutual fund trust”, it must comply on a continuous basis with certain requirements relating to the qualification of its Units for distribution to the public, the number of Unitholders and the dispersal of ownership of a particular class of its Units. If a Vanguard ETF does not qualify as a “mutual fund trust” under the Tax Act or were to cease to so qualify, the income tax considerations described under the heading “Income Tax Considerations” could be materially and adversely different in some respects. For example, if the Vanguard ETF does not qualify as a mutual fund trust within the meaning of the Tax Act throughout a taxation year, the Vanguard ETF may be liable to pay alternative minimum tax and/or tax under Part XII.2 of the Tax Act and would not be entitled to the Capital Gains Refund (as defined herein). Recent amendments to the Tax Act will exempt unit trusts from the alternative minimum tax regime if the total fair market value of the units of the trust that are listed on a designated stock exchange for purposes of the Tax Act (which includes the TSX) represents all or substantially all of the total fair market value of all the units of the trust. The Manager advised that each of the Vanguard ETFs is expected to qualify for this new exemption. In addition, if a Vanguard ETF does not qualify as a mutual fund trust, it may be subject to the “mark-to-market” rules under the Tax Act if more than 50% of the fair market value of the Units are held by “financial institutions” within the meaning of the Tax Act for purposes of the “mark-to-market” rules. In such a case, the Vanguard ETF will be required to recognize, on income account, any gains and losses accruing on certain types of debt obligations and equity securities that it holds at the end of each taxation year and also will be subject to special rules with respect to income inclusion on these securities. Any income arising from such treatment will be included in the amounts distributed to Unitholders. Each time a Vanguard ETF becomes or ceases to be a financial institution in accordance with the mark-to-market rules, the taxation year of the Vanguard ETF will be deemed to end immediately before that time, and gains or losses accrued on certain securities before that time will be deemed realized by the Vanguard ETF and will be distributed to Unitholders. A new taxation year for the Vanguard ETF will then begin, and for that and subsequent taxation years, for so long as not more than 50% of the Units of the Vanguard ETF are held by financial institutions, or the Vanguard ETF is a mutual fund trust within the meaning of the Tax Act, the Vanguard ETF will not be subject to the mark-to-market rules. As the Units are publicly-traded on an exchange and/or marketplace, the Vanguard ETF may not know with certainty who the owners of its Units are, or may have difficulty ascertaining the number of Units owned by any particular beneficial Unitholder, at any given point in time. Accordingly, there will be circumstances in which it will not be possible to control or may be difficult to identify whether the Vanguard ETF has, or has ceased to, become a “financial institution”. In addition, financial institutions such as Designated Brokers and Dealers and other market makers may hold Units of a Vanguard ETF for their own account and/or in connection with their market making activities. As a result, there can be no assurance that a Vanguard ETF that is not a “mutual fund trust” is not a “financial institution” or will not in the future become, or cease to be, a “financial institution” and no assurance as to when and to whom any distributions arising on the change in “financial institution” status of a Vanguard ETF will be made, or that the Vanguard ETF will not be required to pay tax on any undistributed income or taxable capital gains realized by the

Vanguard ETF on such event. This may result in additional or adverse tax consequences to the Vanguard ETF's Unitholders.

There can be no assurance that the CRA will agree with the tax treatment adopted by a Vanguard ETF in filing its tax return and the CRA could reassess that Vanguard ETF on a basis that results in tax being payable by that Vanguard ETF or in an increase in the taxable component of distributions considered to have been paid to Unitholders. A reassessment by the CRA may result in a Vanguard ETF being liable for unremitted withholding tax on prior distributions to non-resident Unitholders. Such liability may reduce the applicable NAV of, or trading price of, Units of the Vanguard ETF.

In certain circumstances, a Vanguard ETF may experience a "loss restriction event" for tax purposes, which generally will occur each time any person, together with other persons with whom that person is affiliated within the meaning of the Tax Act, or any group of persons acting in concert, acquires Units of the Vanguard ETF having a fair market value that is greater than 50% of the fair market value of all of the Units of the Vanguard ETF. If a Vanguard ETF experiences a "loss restriction event" for the purposes of the Tax Act, the taxation year of the Vanguard ETF will be deemed to end, and the Vanguard ETF will be deemed to realize its unrealized capital losses. The Vanguard ETF may elect to realize capital gains in order to offset its capital losses and non-capital losses, including undeducted losses from prior years. Any undeducted capital losses will expire and may not be deducted by the Vanguard ETF in future years and any undeducted non-capital losses in future years will be restricted, with the result that income and capital gains distributions in the future may be larger. The Declaration of Trust provides for the automatic distribution to Unitholders of a sufficient amount of income and capital gains of the Vanguard ETF for each taxation year (including a taxation year that is deemed to end by virtue of a loss restriction event) so that the Vanguard ETF will not be liable for ordinary income tax. These distributions must be included in the Unitholder's income for tax purposes. It may not be possible for a Vanguard ETF to determine if or when a loss restriction event has occurred. Therefore, there can be no assurances that a Vanguard ETF has not or will not in the future be subject to the loss restriction rules and there can be no assurances regarding when or to whom the distributions resulting from a loss restriction event will be made, or that a Vanguard ETF will not be required to pay tax notwithstanding such distributions. Trusts that qualify as "investment funds" as defined in the Tax Act for purposes of the loss restriction event rules are generally excepted from the application of such rules. An "investment fund" for this purpose includes a trust that meets certain conditions, including satisfying certain of the conditions necessary to qualify as a mutual fund trust for purposes of the Tax Act, and complying with certain investment diversification requirements. If a Vanguard ETF were not to qualify as an "investment fund", it could potentially have a loss restriction event and thereby become subject to the related tax consequences described above.

The statements in the previous paragraph apply equally to an Underlying Fund that is a Canadian trust held by a Vanguard ETF. A Vanguard ETF's after-tax return on its investment in an Underlying Fund could be adversely affected if the Underlying Fund did not qualify as an "investment fund", were to be subject to a "loss restriction event", or if the Underlying Fund experienced another adverse tax event.

The Tax Act contains rules concerning the taxation of publicly traded Canadian trusts and partnerships that own certain types of property defined as "non-portfolio property", or holds derivative instruments or any other property in the course of carrying on a business in Canada. A Vanguard ETF will be a "SIFT trust" if it holds a "non-portfolio property" (as defined in the Tax Act) or uses any property in the course of carrying on a business in Canada. A trust that is subject to these rules (including a Vanguard ETF) will generally be subject to tax at Canadian corporate income tax rates on income from a non-portfolio property and net taxable capital gains realized on the disposition of a non-portfolio property to the extent that such income is distributed to its investors. Unitholders who receive distributions from a Vanguard ETF of this income and gain are deemed to receive an eligible dividend from a Canadian corporation for tax purposes. The total of the tax payable by a Vanguard ETF on its non-portfolio earnings and the tax payable by a Unitholder on the distribution of those earnings will generally be more than the tax that would have been payable in the absence of the rules in the Tax Act applicable to a SIFT trust and its investors. The Vanguard ETFs will not be subject to tax under these rules as long as the Vanguard ETFs comply with their

investment restrictions in this regard. In particular, each of the Vanguard ETFs intends to take the position that it will not use any property in the course of carrying on a business in Canada and is expected to restrict its investments and activities so its non-portfolio earnings and thus SIFT tax liability is immaterial for each taxation year; however, no assurance can be given in this regard.

If a Vanguard ETF realizes capital gains as a result of a transfer or disposition of its property undertaken to permit an exchange or redemption of Units by a Unitholder, allocation of fund-level capital gains may be permitted pursuant to the Declaration of Trust. Based on certain rules in the Tax Act (the “ATR Rules”), a Vanguard ETF that is throughout a taxation year a mutual fund trust will be able to designate capital gains to Unitholders on an exchange or redemption of Units in an amount determined by a formula (the “Capital Gains Designation Limit”) that is based on (i) the amount of capital gains designated to Unitholders on an exchange or redemption of Units in the taxation year, (ii) the total amount paid for exchanges or redemptions of the Units in the taxation year, (iii) the Vanguard ETF’s NAV at the end of the taxation year and the end of the previous taxation year (if applicable), and (iv) the Vanguard ETF’s net taxable capital gains for the taxation year. In general, the formula contained in the ATR Rules is meant to limit the Vanguard ETF’s designation to an amount that does not exceed the portion of the Vanguard ETF’s taxable capital gains considered to be attributable to Unitholders that exchanged or redeemed their Units in the year. The Manager does not intend to allocate capital gains to exchanging or redeeming Unitholders in a manner that would result in the allocated amounts being non-deductible under the Tax Act. Any taxable capital gains that are not deductible by a Vanguard ETF under the ATR Rules may be made payable to non-redeeming or exchanging Unitholders of the Vanguard ETF so that the Vanguard ETF will not be liable for non-refundable income tax thereon. Accordingly, the amounts and taxable component of distributions to non-redeeming or exchanging Unitholders of a Vanguard ETF may be greater than would have been the case in the absence of the ATR Rules.

Under the Tax Act, the excessive interest and financing expenses limitation rules (the “EIFEL Rules”), if applicable to an entity, may limit the deductibility of interest and other financing-related expenses by the entity to the extent that such expenses, net of interest and other financing-related income, exceed a fixed ratio of the entity’s adjusted EBITDA. The EIFEL Rules and their application are highly complex, and there can be no assurances that the EIFEL Rules will not have adverse consequences to a Vanguard ETF or its Unitholders. In particular, if these rules were to apply to restrict deductions otherwise available to a Vanguard ETF, the taxable component of distributions paid by the Vanguard ETF to Unitholders may be increased, which could reduce the after-tax return associated with an investment in Units. Although certain investment funds that are considered to be “excluded entities” for purposes of the EIFEL Rules may be excluded from the application of the EIFEL Rules, there can be no assurance that a Vanguard ETF would qualify as an “excluded entity” for these purposes, and hence the Vanguard ETF could be subject to the EIFEL Rules.

A Vanguard ETF or an Underlying Fund may be subject to foreign withholding tax on securities of foreign issuers. There is no guarantee that the rate of withholding tax will not increase which may significantly affect returns.

Cease Trading of Units

Trading of Units on the TSX may be halted by the activation of individual or marketwide “circuit breakers” (which halt trading for a specific period of time when the price of a particular security or overall market prices decline or increase by a specified percentage). Trading of Units may also be halted if: (i) the Units are delisted from the TSX without first being listed on another exchange; or (ii) TSX officials determine that such action is appropriate in the interest of a fair and orderly market or to protect investors.

Ownership Limit Risk

The ability of a Vanguard ETF to purchase or dispose of investments in regulated industries, the derivatives markets, certain international markets, and certain issuers that limit ownership by a single

shareholder or group of related shareholders, or to exercise rights, may be restricted or impaired because of limitations on the aggregate level of permitted investment, including in a Vanguard Fund, the Manager and/or VGI, unless regulatory or corporate consents are obtained. As a result, a Vanguard ETF may be required to limit purchases, sell existing investments, or otherwise restrict or limit the exercise of shareholder rights by a Vanguard ETF in any such issuers (which may include Vanguard Funds), including voting rights. If a Vanguard ETF is required to limit its investment in a particular issuer, the Vanguard ETF may seek to obtain economic exposure to that issuer through alternative means, such as through a derivative such as but not limited to a total return swap, which may be more costly than owning securities of the issuer directly. Ownership restrictions and limitations could result in unanticipated tax consequences to a Vanguard ETF that may affect the amount, timing, and character of distributions to unitholders.

Cybersecurity Risk

Cybersecurity risk is defined as the risk of failing to identify, protect and/or respond to potential cyber threats and vulnerabilities. As the use of technology has become more prevalent in the course of business, the Vanguard ETFs have become potentially more susceptible to operational risks through breaches in cyber security. A breach in cyber security refers to both intentional and unintentional events that may cause a Vanguard ETF to lose proprietary information, suffer data corruption, or lose operational capacity. This in turn could cause a Vanguard ETF and/or the Manager to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, and/or financial loss. Cyber security breaches may involve unauthorized access to a Vanguard ETF's digital information systems (e.g., through "hacking" or malicious software coding), but may also result from outside attacks such as denial-of-service attacks (i.e., efforts to make network services unavailable to intended users). In addition, cyber security breaches of a Vanguard ETF's third-party service providers (e.g., administrators, transfer agents, custodians and sub-advisers) or issuers that a Vanguard ETF invests in can also subject a Vanguard ETF to many of the same risks associated with direct cyber security breaches.

A Vanguard ETF could be subject to operational and financial risks if it experiences a cybersecurity incident. The consequences of such an incident also could impact investors. The Manager has developed controls that seek to prevent attacks and/or mitigate the impacts of a successful attack.

The Manager's external advisors and third-party service providers are also subject to cyber risks. The Manager has processes to assess the cybersecurity programs of these third parties. Like with operational risk in general, the Manager has established risk management systems designed to reduce the risks associated with cyber security. However, there is no guarantee that such efforts will succeed, especially since the Manager does not directly control the cyber security systems of issuers or third-party service providers.

Designated Broker/Dealer Risk

As each Vanguard ETF only issues Units directly to applicable Designated Brokers and Dealers, in the event that a purchasing Designated Broker or Dealer is unable to meet its settlement obligations, the Vanguard ETF may incur resulting costs and losses. Furthermore, in the event that one or more Designated Brokers or Dealers that have substantial interests in Units of a Vanguard ETF withdraw from participation, the liquidity of the Units of the Vanguard ETF may decrease, which could adversely affect the market price of the Units and result in Unitholders incurring a loss on the purchase or sale of their investment.

Absence of an Active Market for the Units

The Units of each Vanguard ETF have been conditionally approved for listing on the TSX. Subject to satisfying the TSX's original listing requirements on or before December 18, 2026, Units of each Vanguard ETF will be listed on the TSX. There is no assurance that an active public market for the Units will develop or be sustained.

Geopolitical and Sanctions Risk

Geopolitical risk is defined as the risk that geopolitical events outside Canada, such as wars, terrorism, trade tariffs and other protectionist measures with trading partners, national security or health crises, could have broad impacts on securities, markets, and economics in Canada. To the extent sanctions are imposed in response to a geopolitical event, the value of, and ability to invest in, certain securities could be impacted.

Large Redemption Risk

Large redemption risk is defined as the risk that actions taken by the Manager (such as sub-advisor changes, changes to a Vanguard ETF's portfolio or to the Manager's advice or fund of fund methodology) or events unrelated to actions taken by the Manager (such as market volatility and shareholder activity) could lead to large redemptions from the Manager resulting in taxable gains distribution, increased commissions paid and/or delayed settlement.

Third Party Risk

Third party risk is defined as the risk of potential disruption to operations caused by a failure to identify, measure and/or mitigate risks of a third-party supplier. These risks could create Vanguard ETF or client impact and implications.

Index Investment Strategy and Passive Investment Risks

The value of the applicable Index of a Vanguard ETF may fluctuate in accordance with the financial condition of the Constituent Issuers that are represented in such Index (particularly those that are more heavily weighted), the value of the securities generally and other factors.

A Vanguard ETF may, in tracking an Index, have more of its net assets invested in one or more Constituent Issuers than is usually permitted for investment funds. In these circumstances, the Vanguard ETF may tend to be more volatile and less liquid than more diversified investment funds, as it is affected more by the performance of individual issuers.

Because the investment objective of each Vanguard ETF is to seek to track the performance of the applicable Index, the Sub-advisor will not attempt to take defensive positions in declining markets. Therefore, the adverse financial condition of a Constituent Issuer represented in an Index will not necessarily result in the elimination of exposure to its securities, whether direct or indirect, by a Vanguard ETF unless the Constituent Securities are removed from the applicable Index.

Risk of Deviation in Tracking the Applicable Index

Each Vanguard ETF will not track exactly the performance of the applicable Index because the total return generated by the Units will be reduced by the management fee paid or payable by the Vanguard ETF, the brokerage and commission costs incurred in acquiring and rebalancing the portfolio of securities held by the Vanguard ETF and certain other expenses paid or payable by the Vanguard ETF. These fees and expenses are not included in the calculation of the performance of the applicable Index.

Deviations in the tracking of the applicable Index by a Vanguard ETF could occur for a variety of other reasons, including, but not limited to, the ability of a Vanguard ETF to purchase or dispose of investments in regulated industries, the derivatives markets, certain international markets, and certain issuers that limit ownership by a single shareholder or group of related shareholders, or to exercise rights, because of restrictions or limitations on the aggregate level of investment in the issuer, including in a Vanguard Fund, the Manager and/or VGI. For example, where a Direct Investment Vanguard ETF tenders

securities under a successful takeover bid for less than all securities of a Constituent Issuer and the Constituent Issuer is not removed from the applicable Index, the Direct Investment Vanguard ETF may be required to buy replacement securities at a purchase price that may be more than the takeover bid price due to timing variances.

It is also possible that a Vanguard ETF may not closely track the performance of the applicable Index due to the temporary unavailability of certain Constituent Securities in the secondary market, the investment strategies and investment restrictions applicable to the Vanguard ETF, including the use of a sampling methodology, or due to other extraordinary circumstances.

Index Rebalancing and Subscription Risk

Adjustments to the Basket of Securities necessitated by a rebalancing event could affect the underlying market for the Constituent Securities of the applicable Index, which in turn would affect the value of that Index. Similarly, subscriptions for Units by Designated Brokers and Dealers may impact the market for the Constituent Securities of the Index, as the Designated Broker or the Dealer seeks to buy or to borrow the Constituent Securities to constitute the Baskets of Securities to be delivered to the Direct Investment Vanguard ETF as payment for the Units to be issued.

Calculation and Termination of the Indices

The Index Providers calculate, determine and maintain the respective Indices. The Indices were not created by the Index Providers for the exclusive use of the Vanguard ETFs. The Index Providers have the right to make adjustments to, or to cease to calculate, the applicable Indices without regard to the particular interests of the Manager, the Vanguard ETFs or the Unitholders.

If the computer or other facilities of an Index Provider or the TSX malfunction for any reason, calculation of value of one or more Indices and the determination by the Manager of the Prescribed Number of Units and Baskets of Securities for the applicable Vanguard ETF may be delayed, and trading in Units may be suspended, for a period of time.

With respect to a Vanguard ETF, if the Index Provider ceases to calculate the applicable Index or the Index License Agreement in respect of the applicable Index is terminated, the Manager may: (i) terminate the applicable Vanguard ETF on not less than 60 days' notice to Unitholders; (ii) change the investment objective of the applicable Vanguard ETF (subject to Unitholder approval as required in accordance with Canadian securities legislation); or (iii) make such other arrangement as the Manager considers appropriate and in the best interests of Unitholders of the Vanguard ETF in the circumstances.

Index Provider Risk

The Index Provider determines the securities to include in each applicable Index, the weighting of each security in the Index and the appropriate time to make changes to the composition of the Index. Generally, the Index Provider does not provide any warranty, or accept any liability, with respect to the quality, accuracy or completeness of either the applicable Index or its related data. Errors made by the Index Provider may occur from time to time and may not be identified by the Index Provider for a period of time or at all. The Manager does not provide any warranty or guarantee against such errors. Therefore, the gains, losses, or costs associated with an Index Provider's errors will generally be borne by the Vanguard ETF and its Unitholders.

Sampling Process Risk

Certain of the Vanguard ETFs employ a sampling process or may hold an Underlying Fund that employs a sampling process. A sampling process involves seeking to track the performance of the

applicable Index by holding a broadly diversified subset of Constituent Securities and/or other securities selected by the Sub-advisor that, in the aggregate, approximates the applicable Index in terms of primary risk factors and other key index characteristics. It is possible that the use of a sampling process may result in a greater deviation in performance relative to the applicable Index than a replication strategy in which only the Constituent Securities are held in the portfolio in approximately the same proportions as they are represented in the applicable Index.

Equity Investment Risk

Equities such as common shares give the holder part ownership in a company. The value of an equity security changes with the fortunes of the company that issued it. General market conditions and the health of the economy as a whole can also affect equity prices. Certain securities may be particularly sensitive to general market movements, which may result in a greater degree of price volatility for such securities and in the NAV of a Vanguard ETF that invests in such securities under specific market conditions and over time. Equity related securities that provide indirect exposure to the equity securities of an issuer, such as convertible debentures, can also be affected by equity risk.

Foreign Currency Denomination Risk

The portfolio of each Vanguard ETF will include a significant proportion of securities valued in foreign currencies. Vanguard U.S. High Dividend Yield Index ETF and Vanguard Developed ex-North America Dividend Appreciation Index ETF may not seek to hedge their exposure to foreign currencies back to the Canadian dollar. As a result, the returns of Vanguard U.S. High Dividend Yield Index ETF and Vanguard Developed ex-North America Dividend Appreciation Index ETF may, when compared to the returns of a portfolio that is hedged to the Canadian dollar, reflect changes in the relative value of the Canadian and applicable foreign currency. No assurance can be given that Vanguard U.S. High Dividend Yield Index ETF and Vanguard Developed ex-North America Dividend Appreciation Index ETF will not be adversely impacted by changes in foreign exchange rates or other factors.

Foreign Investment Risk

A Vanguard ETF's exposure to non-Canadian and non-U.S. issuers may expose the Vanguard ETF to unique risks compared to investing in securities of Canadian or U.S. issuers, including, among others, greater market volatility than Canadian or U.S. securities and less complete financial information than for Canadian or U.S. issuers. In addition, adverse political, economic or social developments, including the imposition of trade tariffs or other protectionist measures with trading partners, could undermine the value of a Vanguard ETF's investments or prevent a Vanguard ETF from realizing the full value of its investments. Finally, the value of the currency of the country in which a Vanguard ETF has invested could decline relative to the value of the Canadian dollar.

Additional Risks Relating to an Investment in each Vanguard ETF

In addition to the general risk factors, the following additional risk factors are inherent in an investment in certain, but not all, Vanguard ETFs and are listed in alphabetical order. For details as to which of these risk factors apply to a specific Vanguard ETF, see the applicable Vanguard ETF profile under "ETF Profiles".

Country/Regional Risk

There is a chance that world events – such as political upheaval, financial troubles, natural disasters, health crises, reduced government oversight as compared to Canada, difficulty in enforcing contractual obligations, currency volatility, government intervention in markets and the imposition of trade tariffs and other protectionist measures with trading partners – will adversely affect the value of securities

issued by companies in foreign countries or regions. Country/regional risk is especially high in emerging markets. An Index's, and therefore a Vanguard ETF's, heavy exposure to emerging markets subjects the Vanguard ETF to a higher degree of country/regional risk than that of more geographically diversified international funds.

A Vanguard ETF may file claims to recover withholding tax on dividend and interest income (if any) received from issuers in certain countries where such withholding tax reclaim is possible. Whether or when the Vanguard ETF will receive a withholding tax refund in the future is within the control of the tax authorities in such countries. Where the Vanguard ETF expects to recover withholding tax based on a continuous assessment of probability of recovery, the NAV of the Vanguard ETF generally includes accruals for such tax refunds. The Vanguard ETF will continue to evaluate tax developments for potential impact to the probability of recovery. If the likelihood of receiving refunds materially decreases, for example due to a change in tax regulation or approach, accruals in the Vanguard ETF's NAV for such refunds may need to be written down partially or in full, which will adversely affect that Vanguard ETF's NAV. Investors in the Vanguard ETF at the time an accrual is written down will bear the impact of any resulting reduction in NAV regardless of whether they were investors during the accrual period. Conversely, if a Vanguard ETF receives a tax refund that has not been previously accrued, investors in the Vanguard ETF at the time the claim is successful will benefit from any resulting increase in the Vanguard ETF's NAV. Investors who sold their Units prior to such time will not benefit from such NAV increase.

Credit Risk

There is chance that a bond issuer will fail to pay interest and principal in a timely manner or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline. Credit risk should be low for a Vanguard ETF that has exposure only to bonds that are of investment-grade quality.

Currency Risk

There is a chance that the value of a foreign investment, measured in Canadian dollars, will decrease because of unfavourable changes in currency exchange rates. Currency risk is especially high in emerging markets.

Currency Hedging Risk

Vanguard U.S. High Dividend Yield Index ETF (CAD-hedged) seeks to hedge its direct U.S. dollar or foreign currency exposure, as the case may be, back to the Canadian dollar by entering into currency forward transactions with financial institutions that have a "designated credit rating" as defined in NI 81-102. Although there is no assurance that these currency forward transactions will be effective, the Sub-advisor expects these currency forward transactions to be substantially effective.

Some deviations from the returns of the applicable Index are expected to occur as a result of the costs, risks or other performance impacts of this currency hedging strategy.

The effectiveness of this currency hedging strategy will, in general, be affected by the volatility of both the applicable Index or Constituent Securities and the volatility of the Canadian dollar relative to the currencies to be hedged. Increased volatility will generally reduce the effectiveness of the currency hedging strategy. The effectiveness of this currency hedging strategy may also be affected by any significant difference between Canadian dollar interest rates and foreign currency interest rates.

Emerging Markets Risk

There is a chance that the stocks of companies located in emerging markets will be substantially more volatile, and substantially less liquid, than the stocks of companies located in more developed foreign markets.

Investment Style Risk

There is a chance that returns from large-capitalization stocks will trail returns from the overall stock market. Large-capitalization stocks tend to go through cycles of doing better - or worse - than the stock market in general. These periods have, in the past, lasted for several years.

There is a chance that returns from dividend-paying stocks will trail returns from the global stock market. Dividend-paying stocks tend to go through cycles of doing better – or worse – than the global markets in general. These periods have, in the past, lasted for several years.

Non-Diversification Risk

In achieving its investment objectives, a Vanguard ETF may invest a large portion of its net assets in a smaller number of issuers. There is a chance that in these circumstances, the Vanguard ETF's performance may be hurt disproportionately by the poor performance of relatively few issuers or even a single issuer. This may also result in increased volatility of the NAV of the Vanguard ETF. Non-diversification risk is high in those Vanguard ETFs that tend to invest a relatively high percentage of their assets in its ten largest holdings and in its single largest holding.

Underlying Fund Risk

The securities of the Underlying Funds in which certain Vanguard ETFs invest may trade below, at or above their respective net asset values per security. The net asset value per security will fluctuate with changes in the market value of that investment fund's holdings. The trading prices of the securities of those investment funds will fluctuate in accordance with changes in the applicable fund's net asset value per security, as well as market supply and demand on the stock exchange on which those funds are listed and other trading venues.

If a Vanguard ETF purchases a security of an Underlying Fund at a time when the market price of that security is at a premium to the net asset value per security or sells a security at a time when the market price of that security is at a discount to the net asset value per security, the Vanguard ETF may sustain a loss.

Each U.S.-domiciled Underlying Fund managed by an affiliate of the Manager in which a Vanguard ETF invests is organized in the U.S. and expects to qualify each year for U.S. federal income tax treatment as a "regulated investment company" ("RIC") under Subchapter M of the U.S. Internal Revenue Code of 1986, as amended. This U.S. tax status means that each U.S.-domiciled Underlying Fund managed by an affiliate of the Manager will not be liable for U.S. federal tax on income and capital gains distributed to its investors. If a U.S.-domiciled Underlying Fund managed by an affiliate of the Manager were to fail to qualify as a RIC, it could be required to pay fund-level taxes on its income, which would result in a reduction in income available for distribution to a Vanguard ETF investing in the Vanguard Fund and a reduction in the net asset value of the Vanguard Fund's shares.

The risks of investing in an Underlying Fund include the risks associated with the securities in which the Underlying Fund invests, along with any other risks that the Underlying Fund is subject to. Accordingly, a Vanguard ETF that invests in an Underlying Fund takes on the risks of the Underlying Fund and its respective securities in proportion to its investment in the Underlying Fund. A Vanguard ETF that invests in

an Underlying Fund also takes on the risk that changes to the investment objectives, investment strategies, operations, structure or other changes to the Underlying Fund may result in a reduction in the net asset value of the Underlying Fund's securities or negative tax or other consequences for the Vanguard ETF.

RISK RATINGS OF THE VANGUARD ETFS

The Manager assigns a risk rating to each Vanguard ETF as an additional guide to help investors decide whether a Vanguard ETF is right for them. This information is only a guide. The Manager determines the risk rating for each Vanguard ETF in accordance with NI 81-102. The investment risk level of a Vanguard ETF is required to be determined in accordance with standardized risk classification methodology that is based on the historical volatility of the Vanguard ETF as measured by the 10-year standard deviation of the returns of the Vanguard ETF. Just as historical performance may not be indicative of future returns, a Vanguard ETF's historical volatility may not be indicative of its future volatility. Investors should be aware that other types of risk, both measurable and non-measurable, also exist.

Standard deviation is a statistical measure used to estimate the dispersion of a set of data around the average value of the data. In the context of investment returns, it measures the amount of variability of returns that has historically occurred relative to the average returns. The higher the standard deviation, the greater the variability of returns it has experienced in the past.

Using this methodology, the Manager assigns a risk rating to each Vanguard ETF as either low, low to medium, medium, medium to high, or high risk.

- Low – for funds with a level of risk typically associated with investments in Canadian fixed income funds and money market funds;
- Low to medium – for funds with a level of risk typically associated with investments in balanced funds and global or corporate fixed income funds;
- Medium – for funds with a level of risk typically associated with investments in equity portfolios diversified among a number of large-capitalization Canadian or international equity securities;
- Medium to high – for funds with a level of risk typically associated with investments in equity funds that may concentrate their investments in specific regions or specific sectors of the economy; and
- High – for funds with a level of risk typically associated with investments in equity portfolios that may concentrate their investments in specific regions or specific sectors of the economy where there is a substantial risk of loss (such as emerging markets or precious metals).

A Vanguard ETF's risk rating is determined by calculating its standard deviation for the most recent 10 years using monthly returns and assuming the reinvestment of all income and capital gains distributions in additional Units of the Vanguard ETF. For those Vanguard ETFs that do not have at least 10 years of performance history, the Manager uses a reference index that reasonably approximates or, for a newly established fund, that is reasonably expected to approximate, the standard deviation of the Vanguard ETF (or in certain cases a highly similar fund managed by the Manager) as a proxy. There may be times when the Manager believes this methodology produces a result that does not reflect a Vanguard ETF's risk based on other qualitative factors. As a result, the Manager may place the Vanguard ETF in a higher risk rating category, as appropriate. The Manager will review the risk rating for each Vanguard ETF on an annual basis or if there has been a material change to a Vanguard ETF's investment objectives or investment strategies.

A copy of the methodology used by the Manager to identify the investment risk levels of the Vanguard ETFs is available on request, at no cost, by calling 1-877-410-7275. The risk ratings set forth in

the table below do not necessarily correspond to an investor's risk tolerance assessment. Investors are advised to consult their financial advisor for advice regarding their personal circumstances.

The following chart sets out the risk rating of each Vanguard ETF and, if applicable, a description of the reference index used by the Vanguard ETF as a proxy for calculating the Vanguard ETF's risk rating if the Vanguard ETF does not have at least 10 years of performance history:

Vanguard ETF	Risk Rating	Reference Index
Vanguard U.S. High Dividend Yield Index ETF	Medium	The Vanguard U.S. High Dividend Yield Index ETF's risk classification is based on the return of the FTSE High Dividend Yield Index. The FTSE High Dividend Yield Index tracks the performance of common stocks of U.S. companies that are characterized by higher than average dividend yields.
Vanguard U.S. High Dividend Yield Index ETF (CAD-hedged)	Medium	The Vanguard U.S. High Dividend Yield Index ETF (CAD-hedged)'s risk classification is based on the return of the FTSE High Dividend Yield Index (CAD-hedged). The FTSE High Dividend Yield Index (CAD-hedged) tracks the performance of common stocks of U.S. companies that are characterized by higher than average dividend yields. The U.S. dollar exposure of the securities included in the Index are hedged back to the Canadian dollar.
Vanguard Developed ex-North America Dividend Appreciation Index ETF	Medium	The Vanguard Developed ex-North America Dividend Appreciation Index ETF's risk classification is based on the return of the S&P Developed ex-North America Dividend Growers Index. The S&P Developed ex-North America Dividend Growers Index is a float adjusted market capitalization weighted index that consists of common stocks in the S&P EPAC BMI that have followed a policy of consistently increasing dividends every year for at least 7 years, subject to a 4% company cap at the time of reconstitution.

DISTRIBUTION POLICY

The current expected frequency of the cash distributions on Units for each Vanguard ETF is described in the applicable Vanguard ETF profile under "ETF Profiles". The Manager may, in its sole discretion, change the frequency of such distributions, which change will be announced by the Manager in a press release. Cash distributions are expected to consist primarily of income but may, at the Manager's discretion, include net realized capital gains and/or return of capital.

Each Vanguard ETF distributes a sufficient amount of its net income and net realized capital gains to Unitholders for each taxation year so that the Vanguard ETF will not be liable for ordinary income tax. If, for any taxation year, after the cash distributions, if any, there would remain in the Vanguard ETF additional net income or net realized capital gains, a distribution will be paid to Unitholders at the end of the year and that distribution will be automatically reinvested in additional Units. Immediately following such reinvestment, the number of Units outstanding will be consolidated so that the NAV per Unit following the distribution and reinvestment is the same as it would have been if the distribution had not been paid. Non-resident Unitholders may have the number of Units reduced due to withholding tax.

A Unitholder whose subscription for Units has not yet settled on a distribution record date will not be entitled to receive the applicable distribution in respect of those Units. Subject to the ATR Rules, net realized capital gains may be distributed to Unitholders on the redemption or exchange of Units as part of the redemption or exchange price. Management fee distributions, if any, will be paid first out of the net income and net realized capital gains of a Vanguard ETF and then out of capital.

The tax treatment to Unitholders of distributions is discussed under the heading “Income Tax Considerations”.

Reinvestment Plan

The Manager has implemented a Reinvestment Plan under which cash distributions are used to purchase Plan Units in the market and are credited to the Plan Participant through CDS. A Unitholder who wishes to enrol in the Reinvestment Plan as of a particular distribution record date should notify his, her or its CDS Participant sufficiently in advance of that distribution record date to allow the CDS Participant to notify CDS by 5:00 p.m. (Toronto time) on that distribution record date.

Fractional Units

No fractional Plan Units will be delivered under the Reinvestment Plan. Payment in cash for any remaining uninvested funds may be made in lieu of delivering fractional Plan Units by the Plan Agent to CDS or a CDS Participant, on a monthly or quarterly basis, as the case may be. Where applicable, CDS will, in turn, credit the Plan Participant, via the applicable CDS Participant.

Amendments, Suspension or Termination of the Reinvestment Plan

Plan Participants will be able to terminate their participation in the Reinvestment Plan as of a particular distribution record date by notifying their CDS Participant no later than 4:00 p.m. (Toronto time) at least two business days prior to the applicable distribution record date. Beginning on the first distribution payment date after such notice is delivered, distributions to such Unitholders will be in cash. The form of termination notice will be available from CDS Participants and any expenses associated with the preparation and delivery of such termination notice will be for the account of the Plan Participant exercising its rights to terminate participation in the Reinvestment Plan.

The Manager is permitted to terminate the Reinvestment Plan, in its sole discretion, upon not less than 30 days' notice to the Plan Participants and the Plan Agent, subject to any required regulatory approval. The Manager is also permitted to amend, modify or suspend the Reinvestment Plan at any time, in its sole discretion, provided that it complies with certain requirements, and gives notice of such amendment, modification or suspension to the Plan Participants and the Plan Agent, subject to any required regulatory approval, which notice may be given by issuing a press release containing a summary description of the amendment or in any other manner that the Manager determines to be appropriate.

The Manager may from time to time adopt rules and regulations to facilitate the administration of the Reinvestment Plan. The Manager reserves the right to regulate and interpret the Reinvestment Plan as it deems necessary or desirable to ensure the efficient and equitable operation of the Reinvestment Plan.

Other Provisions

Participation in the Reinvestment Plan is restricted to Unitholders who are residents of Canada for the purposes of the Tax Act or “Canadian partnerships” as defined in the Tax Act. Immediately upon becoming a non-resident of Canada or ceasing to be a Canadian partnership, a Plan Participant is required to notify his, her or its CDS Participant and terminate participation in the Reinvestment Plan.

The automatic reinvestment of distributions under the Reinvestment Plan does not relieve Plan Participants of any income tax applicable to the distributions. See “Income Tax Considerations”.

PURCHASES OF UNITS

Continuous Distribution

Units of the Vanguard ETFs are being offered on a continuous basis and there is no maximum number of Units that may be issued.

Designated Brokers

The Manager, on behalf of each Vanguard ETF, has entered, or will enter, into a designated broker agreement with a Designated Broker pursuant to which the Designated Broker has agreed, or will agree, to perform certain duties relating to the Vanguard ETFs including, without limitation: (i) to subscribe for a sufficient number of Units to satisfy the original listing requirements of the TSX; (ii) to subscribe for Units on an ongoing basis in connection with any rebalancing event or other action as described under “Investment Strategies – Rebalancing Events” and “Investment Strategies – Actions Affecting Constituent Issuers” and when cash redemptions of Units occur as described under “Redemption of Units”; and (iii) to post a liquid two-way market for the trading of Units on the TSX.

The designated broker agreement provides that the Manager may from time to time and, in any event not more than once quarterly, require the Designated Broker to subscribe for Units of a Vanguard ETF for cash in a dollar amount not to exceed 0.30% of the NAV of the Vanguard ETF. The number of Units issued will be the subscription amount divided by the NAV per Unit next determined following the delivery by the Manager of a subscription notice to the Designated Broker. Payment for the Units must be made by the Designated Broker by no later than the second Trading Day after the subscription notice has been delivered or, upon notice to the Designated Broker, within a shorter period determined by the Manager.

Dealers

The Manager, on behalf of each Vanguard ETF, has entered or will enter into various continuous distribution dealer agreements with registered dealers (that may or may not be Designated Brokers) pursuant to which the Dealers may subscribe for Units of the Vanguard ETFs.

Issuance of Units

To Designated Brokers and Dealers

Generally, all orders to purchase Units directly from a Vanguard ETF must be placed by the Designated Broker or by a Dealer. Each Vanguard ETF reserves the absolute right to reject any subscription order placed by the Designated Broker or by a Dealer. No fees are payable by a Vanguard ETF to the Designated Broker or a Dealer in connection with the issuance of Units. On the issuance of Units and if stated in the applicable designated broker agreement or dealer agreement, the Manager or a Vanguard ETF may charge a fee to the Designated Broker and/or Dealer to offset the expenses incurred in issuing the Units to such Designated Broker and/or Dealer.

After the initial issuance of Units to the Designated Broker to satisfy the original listing requirements of the TSX, on any Trading Day, a Dealer (who may also be a Designated Broker) may place a subscription order for the Prescribed Number of Units (or a whole multiple thereof) of a Vanguard ETF. If a subscription order is received by the Manager by the applicable Cut-Off Time on a Trading Day, the Vanguard ETF will issue to the Designated Broker or the Dealer the Prescribed Number of Units (or a whole multiple thereof)

based on the NAV per Unit determined on such Trading Day. If a subscription order is not received by the applicable Cut-Off Time on a Trading Day, the subscription order will be deemed to be received only on the next Trading Day.

For each Prescribed Number of Units issued, a Dealer must deliver payment consisting of, in the Sub-advisor's discretion: (i) one Basket of Securities and cash in an amount sufficient so that the value of the securities and the cash received is equal to the aggregate NAV per Unit of the Prescribed Number of Units next determined following the receipt of the subscription order; (ii) cash in an amount equal to the aggregate NAV per Unit of the Prescribed Number of Units next determined following the receipt of the subscription order; or (iii) a combination of securities and cash, as determined by the Manager, in an amount sufficient so that the value of the securities and cash received is equal to the aggregate NAV per Unit of the Prescribed Number of Units next determined following the receipt of the subscription order.

The Manager will make available to the Designated Brokers and the Dealers information as to the Prescribed Number of Units and the Basket of Securities for each Vanguard ETF for each Trading Day. The Manager may, in its discretion, increase or decrease the Prescribed Number of Units from time to time.

Units may also be issued by a Vanguard ETF to the Designated Broker or Dealers in a number of other circumstances as required for the operation of the Vanguard ETF.

To Unitholders

Units may be issued by a Vanguard ETF to Unitholders on the automatic reinvestment of certain distributions as described under "Distribution Policy" and "Income Tax Considerations – Taxation of the Vanguard ETFs".

Buying and Selling Units

The Units of each Vanguard ETF have been conditionally approved for listing on the TSX. Subject to satisfying the TSX's original listing requirements on or before December 18, 2026, Units of each Vanguard ETF will be listed on the TSX and investors may buy or sell Units on the TSX through registered brokers and dealers in the province or territory where the investor resides. Accordingly, investors may trade Units in the same way as other securities listed on the TSX, including by using market orders and limited orders. Investors may incur customary brokerage commissions in buying or selling Units. The Vanguard ETFs issue Units directly to the Designated Brokers and the Dealers. No fees are paid by a Unitholder to the Manager or the Vanguard ETFs in connection with the buying or selling of Units on the TSX.

From time to time, as may be agreed by a prospective purchaser and the Designated Brokers and the Dealers, the Designated Brokers and the Dealers may agree to accept Constituent Securities as payment for Units from a prospective purchaser.

Special Considerations for Unitholders

The so-called "early warning" reporting requirements in Canadian securities legislation do not apply in connection with the acquisition of Units of the Vanguard ETFs. The Vanguard ETFs have obtained exemptive relief from the securities regulatory authorities to permit Unitholders to acquire more than 20% of the Units of any Vanguard ETF through purchases on the TSX, without regard to the takeover bid requirements of applicable Canadian securities legislation, provided that any such Unitholder, and any person acting jointly or in concert with the Unitholder, provides the Manager with an undertaking not to exercise any votes attached to Units that represent more than 20% of the votes attached to all outstanding Units of the Vanguard ETF at any meeting of Unitholders.

The Units of each Vanguard ETF are index participation units within the meaning of NI 81-102. Accordingly, mutual funds may purchase Units of the Vanguard ETFs without regard to the control or concentration restrictions of NI 81-102.

Each Vanguard ETF that invests a portion of its portfolio assets in T+3 Securities has obtained exemptive relief from the securities regulatory authorities to permit such Vanguard ETF to settle primary market trades in Units of the Vanguard ETF no later than the third business day after the date upon which pricing for the Units is determined. This settlement cycle differs from the standard settlement cycle for secondary market trades in the Units of the Vanguard ETF, which customarily occurs no later than the first business day after the date upon which pricing for the Units is determined.

Non-Resident Unitholders

At no time may (i) non-residents of Canada, (ii) partnerships that are not Canadian partnerships or (iii) a combination of non-residents of Canada and such partnerships (all as defined in the Tax Act) be the beneficial owners of a majority of the Units of a Vanguard ETF at any time during which more than 10% of the property of the Vanguard ETF consists of certain “taxable Canadian property” (as defined in the Tax Act). The Manager shall inform the Registrar and Transfer Agent of this restriction. The Manager may require declarations as to the jurisdictions in which a beneficial owner of Units is resident and, if a partnership, its status as a Canadian partnership. If the Manager becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 40% of the Units of a Vanguard ETF then outstanding are, or may be, non-residents and/or partnerships that are not Canadian partnerships, or that such a situation is imminent, the Manager may make a public announcement thereof. If the Manager determines that more than 40% of such Units are beneficially held by non-residents and/or partnerships that are not Canadian partnerships, the Manager may send a notice to such non-resident Unitholders and partnerships, chosen in inverse order to the order of acquisition or in such manner as the Manager may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 30 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Manager with satisfactory evidence that they are not non-residents or partnerships other than Canadian partnerships within such period, the Manager may, on behalf of such Unitholders, sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale, the affected holders shall cease to be beneficial holders of Units and their rights shall be limited to receiving the net proceeds of sale of such Units.

Notwithstanding the foregoing, the Manager may determine not to take any of the actions described above if the Manager reasonably determines that the failure to take any such action would not adversely impact the status of the Vanguard ETF as a mutual fund trust for purposes of the Tax Act or, alternatively, may take such other action or actions as may be necessary to maintain the status of the Vanguard ETF as a mutual fund trust for purposes of the Tax Act.

The Units of the Vanguard ETFs are not designed for, nor intended to be held by, “U.S. Persons” (as defined in the U.S. Securities Act). If the Manager becomes aware that a U.S. Person is a beneficial owner of Units, the Manager may cause the Vanguard ETF to redeem the Units held by such U.S. Person at a redemption price equal to the NAV per Unit on the effective day of such redemption.

Registration and Transfer through CDS

Registration of interests in, and transfers of, the Units will be made only through the book-entry only system administered by CDS. Units must be purchased, transferred and surrendered for exchange or redemption only through a CDS Participant. All rights of a Unitholder must be exercised through, and all payments or other property to which such Unitholder is entitled will be made or delivered by, CDS or the CDS Participant through which the Unitholder holds such Units. Upon purchase of any Units, the Unitholder will receive only the customary confirmation. All distributions and redemption proceeds in respect of Units will be made or paid initially to CDS, which payments will be forwarded by CDS to the CDS Participants

and, thereafter, by such CDS Participants to the applicable Unitholders. References in this prospectus to a Unitholder means, unless the context otherwise requires, the owner of the beneficial interest in such Units.

Neither the Vanguard ETFs nor the Manager will have any liability for: (i) any aspect of the records maintained by CDS relating to the beneficial interests in the Units or the book-entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS, whether contained in this prospectus or otherwise, or made or given with respect to the rules and regulations of CDS or any action taken by CDS or at the direction of the CDS Participants. The rules governing CDS provide that it acts as the agent and depository for the CDS Participants. As a result, CDS Participants must look solely to CDS and persons, other than CDS Participants, having an interest in the Units must look solely to CDS Participants for payment made by the Vanguard ETF to CDS.

The ability of a Unitholder to pledge such Units or otherwise take action with respect to such owner's interest in such Units (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The Vanguard ETFs have the option to terminate registration of the Units through the book-entry only system, in which case certificates for Units in fully registered form will be issued to Unitholders or to their nominees.

EXCHANGE AND REDEMPTION OF UNITS

Redemption of Units in any Number for Cash

On any Trading Day, Unitholders may redeem Units of any Vanguard ETF in any number for cash at a redemption price per Unit equal to the lesser of (i) 95% of the closing price on the TSX for the Units on the effective day of redemption and (ii) the NAV per Unit on the effective day of the redemption. Because Unitholders will generally be able to sell Units at the full market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions, Unitholders are advised to consult their brokers, dealers or investment advisors before redeeming their Units for cash. No fees or expenses are paid by a Unitholder to the Manager or the Vanguard ETFs in connection with selling Units on the TSX.

In order for a cash redemption to be effective on a Trading Day, a cash redemption request in the form prescribed by the Manager from time to time must be delivered through a CDS Participant by 9:00 a.m. (Toronto time) on that day to the Manager. If a cash redemption request is received after 9:00 a.m. (Toronto time) on a Trading Day, the cash redemption request will be effective only on the next Trading Day. Payment of the redemption price will be made (i) by no later than the third Trading Day after the effective day of the redemption, in the case of a Vanguard ETF that invests a portion of its portfolio assets in T+3 Securities, (ii) by no later than the second Trading Day after the effective day of the redemption, in the case of a Vanguard ETF that does not invest a portion of its portfolio assets in T+3 Securities, or (iii) in each case, such shorter period than (i) or (ii) as may be determined by the Manager. The cash redemption request forms may be obtained from the Manager.

Unitholders that redeem Units on or prior to a distribution record date but whose redemption of Units has not settled on or before the distribution record date will be entitled to receive the applicable distribution in respect of those Units.

In connection with the redemption of Units, a Vanguard ETF will generally dispose of securities or other assets in order to fund the required redemption proceeds. Subject to the ATR Rules, the redemption price paid to a Unitholder may include capital gains realized by the Vanguard ETF. The remaining portion of the exchange or redemption price will be proceeds of redemption.

The Manager reserves the right to cause a Vanguard ETF to redeem the Units held by a Unitholder at a price equal to the NAV per Unit on the effective date of such redemption if the Manager believes it is in the best interests of the Vanguard ETF to do so.

Exchange or Redemption of Prescribed Number of Units

On any Trading Day, Unitholders may exchange the Prescribed Number of Units (or a whole multiple thereof) for Baskets of Securities and cash. To effect an exchange of Units, a Unitholder must submit an exchange request in the form prescribed by the Manager from time to time to the Manager or as the Manager may otherwise direct by the applicable Cut-Off Time on a Trading Day. The exchange price will be equal to the aggregate NAV per Unit of the Prescribed Number of Units on the effective day of the exchange request, generally payable by delivery of Baskets of Securities (constituted prior to the receipt of the exchange request) and cash. On an exchange, the applicable Units will be redeemed.

Alternatively, but only with the prior consent of the Manager, Unitholders may redeem the Prescribed Number of Units (or a whole multiple thereof) for cash. To effect a redemption of a Prescribed Number of Units (or a whole multiple thereof), a Unitholder must submit a redemption request in the form prescribed by the Manager from time to time to the applicable Vanguard ETF at its head office or as the Manager may otherwise direct by the applicable Cut-Off Time on a Trading Day. The redemption price will be equal to the aggregate NAV per Unit of the Prescribed Number of Units on the effective date of the redemption request, payable by delivery of cash.

If an exchange or redemption request is received by the applicable Cut-Off Time in respect of a Trading Day, the exchange or redemption order will be effective on that Trading Day. An exchange or redemption request received after the applicable Cut-Off Time on a Trading Day for that Vanguard ETF will be effective only on the next Trading Day. Settlement of exchanges or redemptions for Baskets of Securities and/or cash, as the case may be, will be made (i) by no later than the third Trading Day after the effective day of the exchange or redemption request, in the case of a Vanguard ETF that invests a portion of its portfolio assets in T+3 Securities, (ii) by no later than the second Trading Day after the effective day of the exchange or redemption request, in the case of a Vanguard ETF that does not invest a portion of its portfolio assets in T+3 Securities, or (iii) in such shorter period as may be determined by the Manager.

The Manager will make available to the Designated Brokers and the Dealers information as to the Prescribed Number of Units and the Basket of Securities for each Vanguard ETF for each Trading Day. The Manager may, in its discretion, increase or decrease the Prescribed Number of Units from time to time.

A Unitholder that exchanges or redeems Units during the period that is one business day prior to a distribution record date until that distribution record date will be entitled to receive the applicable distribution in respect of those Units. Subject to the ATR Rules, the exchange or redemption price paid to a Unitholder may include capital gains realized by the Vanguard ETF. The remaining portion of the exchange or redemption price will be proceeds of redemption.

If Constituent Securities or other securities are cease traded at any time by order of a securities regulatory authority or other relevant regulator or stock exchange, the delivery of such securities to a Unitholder on an exchange may be postponed until such time as the transfer of the securities is permitted by law.

Requests for Exchange and Redemption

A Unitholder submitting an exchange or redemption request is deemed to represent to the Vanguard ETF and the Manager that: (i) it has full legal authority to tender the Units for exchange or redemption and to receive the proceeds of the exchange or redemption; and (ii) the Units have not been loaned or pledged and are not the subject of a repurchase agreement, securities lending agreement or a similar arrangement that would preclude the delivery of the Units to the Vanguard ETF. The Manager

reserves the right to verify these representations at its discretion. Generally, the Manager will require verification with respect to an exchange or redemption request if there are unusually high levels of exchange or redemption activity or short interest in the applicable Vanguard ETF. If the Unitholder, upon receipt of a verification request, does not provide the Manager with satisfactory evidence of the truth of the representations, the Unitholder's exchange or redemption request will not be considered to have been received in proper form and will be rejected.

Suspension of Exchanges and Redemptions

The Manager may suspend the exchange and/or redemption of Units or the payment of the exchange or redemption price of a Vanguard ETF: (i) during any period when normal trading is suspended on a stock exchange or other market on which securities owned by the Vanguard ETF are listed and traded, if these securities represent more than 50% by value or underlying market exposure of the total assets of the Vanguard ETF, without allowance for liabilities, and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the Vanguard ETF; or (ii) with the prior permission of the securities regulatory authorities. The suspension shall apply to all requests for exchange or redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall be advised by the Manager of the suspension and that the exchange or redemption will be effected at a price determined on the first Valuation Date following the termination of the suspension. All such Unitholders shall have, and shall be advised that they have, subject to the prior consent of the Manager, the right to withdraw their requests for exchange or redemption. The Vanguard ETF shall not accept a subscription order for Units during any period when exchanges and/or redemptions are suspended. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with the official rules and regulations promulgated by any government body having jurisdiction over the Vanguard ETFs, any declaration of suspension made by the Manager shall be conclusive.

Costs Associated with Exchanges and Redemptions

If stated in the applicable designated broker agreement or dealer agreement, the Manager or a Vanguard ETF may charge to the Designated Broker and/or Dealer a fee to offset certain transaction costs associated with the issue, exchange or redemption of Units of a Vanguard ETF by such Designated Broker and/or Dealer.

Exchange and Redemption of Units through CDS Participants

The exchange and redemption rights described above must be exercised through the CDS Participant through which the owner holds Units. Beneficial owners of Units should ensure that they provide exchange and/or redemption instructions to the CDS Participants through which they hold Units sufficiently in advance of the cut-off times set by CDS Participants to allow such CDS Participants to notify CDS and for CDS to notify the Manager or as the Manager may direct prior to the relevant Cut-Off Time.

Short Term Trading

The Manager does not believe that it is necessary to impose any short-term trading restrictions on the Vanguard ETFs at this time, as the Vanguard ETFs are exchange-traded funds that are primarily traded in the secondary market.

INCOME TAX CONSIDERATIONS

In the opinion of Borden Ladner Gervais LLP, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations under the Tax Act for the Vanguard ETFs and for a prospective investor in a Vanguard ETF that, for the purpose of the Tax Act at all relevant times, is an individual (other than a trust), is resident in Canada, holds Units of a Vanguard ETF as capital property, has not entered into with respect to Units a “derivative forward agreement” within the meaning of subsection 248(1) of the Tax Act, and is not affiliated and deals at arm’s length with the Vanguard ETF. This summary is based on the current provisions of the Tax Act, the Tax Proposals and counsel’s understanding of the current published administrative policies and assessing practices of the CRA. This summary does not take into account or anticipate any other changes in law whether by legislative, administrative or judicial action and it does not take into account provincial, territorial or foreign income tax legislation or considerations, which may differ from the considerations described below.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units. The income and other tax consequences of investing in Units will vary depending on an investor’s particular circumstances including the province or territory in which the investor resides or carries on business. Prospective investors should therefore consult their own tax advisors about their individual circumstances. This summary is based on the assumptions that (i) none of the issuers of securities held by a Vanguard ETF will be a foreign affiliate of the Vanguard ETF or any Unitholder, (ii) none of the securities held by a Vanguard ETF will be a “tax shelter investment” within the meaning of section 143.2 of the Tax Act, (iii) none of the securities held by a Vanguard ETF will be an interest in a non-resident trust other than an “exempt foreign trust” as defined in section 94 of the Tax Act, (iv) none of the securities held by a Vanguard ETF will be an “offshore investment fund property” as defined in section 94.1 of the Tax Act, and (v) no Vanguard ETF will enter into any arrangement where the result is a “dividend rental arrangement” for the purposes of the Tax Act.

Status of the Vanguard ETFs

This summary is also based on the assumption that each Vanguard ETF will qualify or be deemed to qualify as a “mutual fund trust” within the meaning of the Tax Act at all material times. The Manager has advised counsel that it expects each Vanguard ETF to so qualify. If a Vanguard ETF is not a mutual fund trust at any time or for any period of time, the tax considerations for a Vanguard ETF and a prospective investor in a Vanguard ETF could be materially different than described below.

Taxation of the Vanguard ETFs

Each of the Vanguard ETFs will elect to have a taxation year that ends on December 15 of each calendar year. Each Vanguard ETF is subject to tax under Part I of the Tax Act on its net income, including net taxable capital gains, as calculated under the Tax Act for a taxation year (after deducting available loss carryforwards) to the extent that it is not paid or payable to Unitholders. A Vanguard ETF that is a mutual fund trust throughout its taxation year is entitled to a refund (“Capital Gains Refund”) of its tax liability on its net realized capital gains equal to an amount determined by formula under the Tax Act based on the redemption of Units during the year and accrued gains on the Vanguard ETF’s assets. The Capital Gains Refund may be, and in practice is expected to be applied to eliminate the maximum amount of the Vanguard ETF’s tax liability in the years that it is available. The Declaration of Trust requires each Vanguard ETF to distribute a sufficient amount of its net income and net realized capital gains, if any, for each taxation year to Unitholders so that the Vanguard ETF will not be liable in any taxation year for income tax under Part I of the Tax Act (after taking into account any entitlement to a Capital Gains Refund and on the assumption that the Vanguard ETF is not a “SIFT trust”).

Each Vanguard ETF is required to calculate its net income, including net taxable capital gains, in Canadian dollars, for each taxation year according to the rules in the Tax Act. Net income, including net

taxable capital gains, is affected by fluctuations in the value of the Canadian dollar relative to foreign currency where amounts of income, expense, cost or proceeds of disposition are denominated in foreign currency. A Vanguard ETF is generally required to include in the calculation of its income interest as it accrues, dividends when they are received and capital gains and losses when they are realized. Trust income that is paid or becomes payable to a Vanguard ETF in a calendar year is generally included in income for the taxation year of the Vanguard ETF that ends in the calendar year. Trust income paid or payable to a Vanguard ETF by a Canadian-resident trust may have the character of ordinary property income, foreign source income, dividends received from a taxable Canadian corporation or capital gains. However, business income and non-portfolio earnings paid to a Vanguard ETF by a Canadian-resident, publicly-traded trust that is a "SIFT trust" are treated as taxable dividends received from a Canadian resident corporation when received. If a Vanguard ETF owns 10% or more of the securities of a class of a U.S.-domiciled Vanguard Fund (which is a foreign trust), the Vanguard ETF will generally be required to include in the calculation of its income its proportionate share of the U.S.-domiciled Vanguard Fund's undistributed net income (including net taxable capital gains), as calculated under the Tax Act.

Foreign source income received directly by a Vanguard ETF is generally received net of any taxes withheld in the foreign jurisdiction. Some capital gains received or earned by a Vanguard ETF may also be subject to foreign taxes. The foreign taxes so withheld are included in the calculation of the Vanguard ETF's income, but may, within certain limits, be claimed as a deduction by the Vanguard ETF in the calculation of its income or, if the Vanguard ETF makes designations in respect of the foreign source income, as a foreign tax credit by Unitholders. In addition, for a Vanguard ETF that invests in a U.S.-domiciled Vanguard Fund, dividends, other income and some capital gains received or earned by the U.S.-domiciled Vanguard Fund on non-U.S. securities may be subject to withholding taxes imposed by a non-U.S. government. Neither the Vanguard ETF nor its Unitholders are entitled to recover withholding taxes paid by an underlying U.S.-domiciled Vanguard Fund, whether by refund, tax deduction or tax credit.

Gains or losses realized by a Vanguard ETF on the disposition of securities held by it constitute capital gains or capital losses unless the Vanguard ETF is considered to be trading or dealing in securities, or otherwise carrying on a business of buying and selling securities, or has acquired the securities in a transaction or transactions considered to be an adventure in the nature of trade. The Manager has advised counsel that each Vanguard ETF purchases securities (other than derivative instruments) with the objective of earning dividends and income thereon and takes the position that gains and losses realized on the disposition of its securities (other than gains and losses on certain derivative transactions) are capital gains and capital losses. Generally, a gain and loss from a cash settled option, futures contract, forward contract and other derivative instrument is treated on account of income rather than as a capital gain or loss unless the derivative is used by a Vanguard ETF as a hedge to limit its gain or loss on a specific capital asset or group of capital assets held by the Vanguard ETF and there is sufficient linkage. Vanguard U.S. High Dividend Yield Index ETF (CAD-Hedged) intends to take the position that gains or losses in respect of foreign currency hedges entered into in respect of its CAD-hedged Units will constitute capital gains and capital losses if the portfolio securities being hedged are capital property to the Vanguard ETF and there is sufficient linkage.

A Vanguard ETF that invests in foreign denominated securities must calculate its adjusted cost base and proceeds of disposition in Canadian dollars based on the conversion rate on the date the securities were purchased and sold, as applicable. Capital gains realized during a taxation year are reduced by capital losses realized during the year. In certain circumstances, a capital loss realized by a Vanguard ETF may be denied or suspended and, therefore, may not be available to offset capital gains. For example, a capital loss realized by a Vanguard ETF will be suspended if, during the period that begins 30 days before and ends 30 days after the date on which the capital loss was realized, the Vanguard ETF (or a person affiliated with the Vanguard ETF for the purposes of the Tax Act) acquires a property that is the same as or is identical to the particular property on which the loss was realized and owns that property at the end of the period.

A Vanguard ETF will be able to designate capital gains to Unitholders on an exchange or redemption of Units up to the Capital Gains Designation Limit. The Manager does not intend to allocate capital gains to exchanging or redeeming Unitholders in a manner that would result in the allocated amounts being non-deductible under the ATR Rules.

A trust, such as a Vanguard ETF, is subject to a “loss restriction event” for the purposes of the Tax Act each time a person or partnership becomes a “majority-interest beneficiary” of the trust for the purposes of the Tax Act, which generally occurs when a beneficiary of the trust and its affiliates have beneficial interests in the trust of more than 50% of the fair market value of the trust. However, no one will be or become a “majority interest beneficiary” of a Vanguard ETF if the Vanguard ETF qualifies as an “investment fund” under the Tax Act by satisfying certain investment diversification restrictions. If a Vanguard ETF experiences a loss restriction event, the taxation year of a Vanguard ETF will be deemed to end, and the Vanguard ETF will be deemed to realize its capital losses. A Vanguard ETF may elect to realize capital gains in order to offset its capital losses and non-capital losses, including undeducted losses from prior years. Any undeducted capital losses and non-capital losses will expire and may not be deducted by a Vanguard ETF in future years. The Declaration of Trust provides for the automatic distribution to Unitholders of a sufficient amount of income and capital gains of a Vanguard ETF for each taxation year (including a taxation year that is deemed to end by virtue of the loss restriction rules) so that the Vanguard ETF will not be liable for ordinary income tax. The Declaration of Trust provides that any such distribution is automatically reinvested in Units of a Vanguard ETF and the Units of the Vanguard ETF are immediately consolidated to the pre-distribution NAV.

If a Vanguard ETF holds a “non-portfolio property” (as defined in the Tax Act) at any time during its taxation year, the Vanguard ETF will be a “SIFT trust” and will generally be subject to tax under Part I of the Tax Act at corporate income tax rates on its “non-portfolio earnings” (as defined in the Tax Act), which includes income from non-portfolio property and net taxable capital gains realized on the disposition of non-portfolio property, even when the non-portfolio earnings are paid or payable to Unitholders. The Declaration of Trust requires each Vanguard ETF to restrict its investments and activities so its non-portfolio earnings and thus SIFT tax liability are immaterial; however, the Vanguard ETFs cannot give any assurance in this regard.

Taxation of Unitholders (other than Registered Plans)

Distributions

A Unitholder is required to include in the calculation of income for tax purposes, the amount of any income and the taxable portion of any capital gains of the Vanguard ETF that is paid or payable to the Unitholder in the year, whether or not such amounts are paid in cash or reinvested in additional Units. Provided that an election is made by a Vanguard ETF to have a taxation year that ends on December 15 of each calendar year, amounts paid or payable by a Vanguard ETF to a Unitholder after December 15 and before the end of the calendar year are deemed to have been paid or become payable to the Unitholder on December 15.

The non-taxable portion of any capital gains of a Vanguard ETF that is paid or payable to the Unitholder in the year is not included in the Unitholder’s income and, provided the Vanguard ETF makes the appropriate designation on its tax return, does not reduce the adjusted cost base of the Unitholder’s Units of that Vanguard ETF. Any other non-taxable distribution, such as a return of capital, reduces the Unitholder’s adjusted cost base. A Unitholder is deemed to realize a capital gain to the extent that the adjusted cost base of the Unitholder’s Units would otherwise become a negative amount and the adjusted cost base is nil immediately thereafter.

The likelihood that a Vanguard ETF will pay a capital gains distribution to Unitholders in a year is greater if the Vanguard ETF has a high portfolio turnover rate in the year, including as a result of a change in the Index tracked by the Vanguard ETF, a change in the Constituent Securities in the Index or a change

in the investment strategy by which the Vanguard ETF achieves its investment objective. A high portfolio turnover rate does not correlate to the performance of a Vanguard ETF.

Each Vanguard ETF may, and is expected to, designate, to the extent permitted by the Tax Act, the portion of the net income of the Vanguard ETF distributed to Unitholders that may reasonably be considered to consist of: (i) taxable dividends (including eligible dividends) received or considered to be received by the Vanguard ETF on shares of taxable Canadian corporations; and (ii) net taxable capital gains realized or considered to be realized by the Vanguard ETF. Any amount so designated is deemed for tax purposes to be received or realized by Unitholders in the year as a taxable dividend and as a taxable capital gain, respectively. The dividend gross-up and tax credit treatment normally applicable to taxable dividends (including eligible dividends) paid by a taxable Canadian corporation applies to amounts designated as taxable dividends. Capital gains so designated are subject to the general rules relating to the taxation of capital gains described below. In addition, a Vanguard ETF may make designations in respect of its foreign source income, if any, so that Unitholders may be able to claim a foreign tax credit (in accordance with and subject to the general limitations under the Tax Act) for foreign taxes paid or deemed to be paid by the Vanguard ETF and not deducted by it. A loss realized by a Vanguard ETF may not be allocated to, and may not be treated as a loss of the Unitholders of the Vanguard ETF. A Unitholder who receives a distribution of "non-portfolio earnings" from a Vanguard ETF is deemed to receive an eligible dividend from a Canadian corporation for tax purposes at the time the distribution is received. The dividend gross-up and tax credit treatment normally applicable to eligible dividends paid by a taxable Canadian corporation applies.

Individuals and certain trusts may be subject to alternative minimum tax in respect of taxable dividends (including eligible dividends) received or considered to be received from taxable Canadian corporations and realized capital gains.

Disposition of Units

Generally, a Unitholder realizes a capital gain (or loss) on the sale, redemption, exchange or other disposition of a Unit to the extent that the proceeds of disposition for the Unit exceed (or are less than) the total of the adjusted cost base to the Unitholder of the Unit and any reasonable costs of disposition. In general, the adjusted cost base of all Units of a particular Vanguard ETF held by the Unitholder at a particular time is the total amount paid for all Units of the Vanguard ETF currently and previously held by the Unitholder (including brokerage commissions paid and the amount of reinvested distributions) less any distributions of capital and less the adjusted cost base of any Units of the Vanguard ETF previously disposed of by the Unitholder. The adjusted cost base to a Unitholder of one Unit is the average adjusted cost base of all identical Units owned by the Unitholder as capital property at that time.

Subject to the ATR Rules, when a Unitholder redeems Units of a Vanguard ETF for cash or exchanges Units of the Vanguard ETF for a Basket of Securities and cash, the Vanguard ETF may allocate and designate capital gains to the Unitholder as partial payment of the redemption or exchange price, as applicable. Any capital gains so allocated and designated must be included in the calculation of the Unitholder's income in the manner described above and will reduce the Unitholder's proceeds of disposition. For tax purposes, the cost of the securities acquired by the Unitholder on the exchange of the Unit will generally be the fair market value of such securities at that time.

Taxation of Capital Gains and Capital Losses

One-half of any capital gain realized by a Unitholder and the amount of any net taxable capital gains realized or considered to be realized by a Vanguard ETF and designated by the Vanguard ETF in respect of the Unitholder is included in the Unitholder's income as a taxable capital gain. One-half of a capital loss may be deducted from taxable capital gains subject to and in accordance with detailed rules in the Tax Act.

International Information Reporting

Pursuant to the Foreign Account Tax Compliance Act (as implemented in Canada by the Canada-United States Enhanced Tax Information Exchange Agreement and Part XVIII of the Tax Act, collectively referred to as “FATCA”) and the OECD’s Common Reporting Standard (as implemented in Canada by Part XIX of the Tax Act and referred to as “CRS”), generally, investors will be required to provide their dealer with information related to their citizenship, tax residency and, if applicable, a foreign taxpayer identification number. If an investor (i) is identified as a “Specified U.S. Person” for FATCA purposes (including a U.S. resident or a U.S. citizen residing in Canada or other non-U.S. country); (ii) is identified as a tax resident of a country other than Canada or the U.S.; or (iii) does not provide the required information and indicia of U.S. or non-Canadian status is present, information about the investor and his, her or its investment in a Vanguard ETF will be reported to the CRA, unless the investment is held in a Registered Plan. The CRA will provide that information to the U.S. Internal Revenue Service (“IRS”) in the case of “Specified U.S. Persons” or investors who do not provide the requested information and indicia of U.S. status is present, and, in all other cases, the relevant foreign tax authority of any country that is a signatory of the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information or that has otherwise agreed to a bilateral information exchange with Canada under the CRS.

Investment income received by a Vanguard ETF from sources within foreign countries may be subject to foreign withholding taxes. Canada has entered into tax treaties with certain foreign countries which may entitle a Vanguard ETF to a reduced rate of tax on such income. Some countries require the filing of a tax reclaim or other forms, which could include requests for information about the Unitholders, to receive the benefit of the reduced tax rate. A Vanguard ETF may provide the required information about the Unitholders to foreign tax authorities in order to reclaim foreign income tax owing to a Vanguard ETF.

Taxation of Registered Plans

A Registered Plan that holds Units of a Vanguard ETF and the holder/annuitant/subscriber of that Registered Plan will generally not be subject to tax on the value of the Units or the income or capital gains distributed by the Vanguard ETF or a gain realized on the disposition of the Units provided the Units are: (i) qualified investments for the Registered Plan; (ii) in the case of certain Registered Plans, not prohibited investments for the Registered Plan and not used in a transaction that constitutes an advantage in relation to the Registered Plan; and (iii) not used as security for a loan.

Tax Implications of the Vanguard ETFs’ Distribution Policy

The NAV per Unit of a Vanguard ETF may reflect income and capital gains accrued or realized by the Vanguard ETF before the Unit was acquired by a Unitholder. In particular, this may be the case when Units are acquired late in the year, or shortly before a distribution. The income and taxable portion of capital gains paid or payable to a Unitholder must be included in the calculation of the Unitholder’s income in the manner described above, even if it relates to a period before the Unitholder owned the Units and may have been reflected in the price paid by the Unitholder for the Units. Further, where a Unitholder acquires Units in a calendar year after December 15 of such year, such Unitholder may become taxable on income earned or capital gains realized in the taxation year ending on December 15 of such calendar year but that had not been made payable before the Units were acquired.

ELIGIBILITY FOR INVESTMENT

In the opinion of Borden Ladner Gervais LLP, the Units of a Vanguard ETF will be a qualified investment under the Tax Act for a Registered Plan at any time that the Vanguard ETF qualifies or is deemed to qualify as a “mutual fund trust” within the meaning of the Tax Act or that the Units are listed on a “designated stock exchange” within the meaning of the Tax Act, which includes the TSX. Furthermore, pursuant to the Qualified Investments Tax Proposals, as of November 4, 2025, the Units of a Vanguard

ETF will also be qualified investments for a Registered Plan at any time that the Vanguard ETF is subject to, and substantially complies with, the requirements of NI 81-102.

A Unit of a Vanguard ETF that is a qualified investment may nevertheless be a prohibited investment for a Registered Plan that is a tax-free savings account, registered retirement savings plan, registered retirement income fund, registered education savings plan, registered disability savings plan or first home savings account. Generally, the Units of a Vanguard ETF will not be a prohibited investment under the Tax Act at any time for such a Registered Plan unless the holder, annuitant or subscriber, as the case may be (together with non-arm's length persons and partnerships, including the Registered Plan) directly or indirectly holds Units having a fair market value of 10% or more of all the Units of the Vanguard ETF. However, under a safe harbour for newly established mutual funds, the Units of a Vanguard ETF will not be a prohibited investment under the Tax Act for such a Registered Plan at any time during the first 24 months of existence if at all times during that period the Vanguard ETF qualifies or is deemed to qualify as a "mutual fund trust" within the meaning of the Tax Act and remains in substantial compliance with the requirements of NI 81-102. Investors should consult their own tax advisor for advice on whether or not Units would be prohibited investments for their Registered Plans.

A Registered Plan may acquire securities from a Vanguard ETF on the redemption of Units of the Vanguard ETF or on the termination of a Vanguard ETF. The securities so received may or may not be qualified investments for the Registered Plan and may or may not be prohibited investments for the Registered Plan. Investors should consult their own tax counsel for advice on whether or not such securities would be qualified investments and not prohibited investments for their Registered Plans.

ORGANIZATION AND MANAGEMENT DETAILS OF THE VANGUARD ETFs

Manager of the Vanguard ETFs

Vanguard Investments Canada Inc., a registered portfolio manager, investment fund manager and commodity trading manager, is the trustee and manager of the Vanguard ETFs. The Manager is a wholly-owned indirect subsidiary of VGI, which is a registered investment advisor in the U.S. with offices based in Valley Forge, Pennsylvania. VGI is wholly-owned by the U.S. registered investment companies that are part of the Vanguard family of mutual funds. The head office of the Vanguard ETFs and the Manager is located at 22 Adelaide Street West, Suite 2500, Toronto, Ontario M5H 4E3.

Duties and Services Provided by the Manager

Pursuant to the Management Agreement, the Manager has been appointed as the investment fund manager of the Vanguard ETFs and has the exclusive authority to manage the business and affairs of the Vanguard ETFs, to make all decisions regarding the business of the Vanguard ETFs and to bind the Vanguard ETFs. The Manager may delegate certain of its powers to its affiliates and to third parties where, in the discretion of the Manager, it would be in the best interests of the Vanguard ETFs to do so.

The Manager is responsible for providing, or causing to be provided, management, administrative, portfolio advisory and investment management services to the Vanguard ETFs. The Manager's duties include, without limitation:

- (i) authorizing the payment of, and paying, the operating expenses incurred on behalf of the Vanguard ETFs that are the responsibility of the Vanguard ETFs;
- (ii) providing office space, facilities and personnel;
- (iii) preparing financial statements, financial and accounting information and tax returns as required by the Vanguard ETFs;

- (iv) ensuring that Unitholders are provided with financial statements (including interim and annual financial statements) and other reports as are required by applicable law from time to time;
- (v) ensuring that the Vanguard ETFs comply with regulatory requirements and applicable stock exchange listing requirements;
- (vi) preparing the Vanguard ETFs' reports, including interim and annual MRFPs, and delivering such reports to Unitholders and the securities regulatory authorities;
- (vii) determining the amount of distributions to be made by the Vanguard ETFs;
- (viii) communicating with Unitholders and calling meetings of Unitholders as required;
- (ix) ensuring that the NAV per Unit is calculated and published;
- (x) administering the purchase, exchange and redemption of Units;
- (xi) negotiating contractual agreements with third party providers of services, including the Designated Brokers, the Dealers, the Custodian, the Registrar and Transfer Agent, the Accounting Agent, the auditor, legal counsel and printers; and
- (xii) providing such other managerial and administrative services as may be reasonably required for the ongoing business and administration of the Vanguard ETFs.

Details of the Management Agreement

Pursuant to the Management Agreement, the Manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of Unitholders and the applicable Vanguard ETF and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in similar circumstances. The Management Agreement provides that the Manager will not be liable in any way for any default, failure or defect in any of the securities held by a Vanguard ETF if it has satisfied the duties and the standard of care, diligence and skill set forth above. The Manager will incur liability, however, in cases of wilful misconduct, bad faith, breach of the Manager's standard of care or any material breach or default by it of its obligations under the Management Agreement.

The Management Agreement may be terminated by any of the Vanguard ETFs or by the Manager upon 60 days' prior written notice. The Manager is deemed to have resigned if it becomes bankrupt or insolvent, if its assets are seized or confiscated by a public or government authority, in the event that it ceases to be resident in Canada for purposes of the Tax Act or if it no longer holds the necessary registrations to enable it to carry out its obligations under the Management Agreement. If the Manager resigns, it may appoint its successor but, unless its successor is an affiliate of the Manager, its successor must be approved by the Unitholders. If the Manager is in material default of its obligations under the Management Agreement and such default has not been cured within 30 days after notice of same has been given to the Manager, the Trustee may remove the Manager and appoint a successor manager, subject to any required Unitholder approval.

The Manager is entitled to fees for its services as manager under the Management Agreement as described under "Fees and Expenses – Management Fee". The Manager and each of its directors, officers, employees and agents (collectively, the "Indemnified Parties") are indemnified by each Vanguard ETF for all liabilities, costs and expenses incurred in connection with any action, suit or proceeding that is proposed or commenced, or other claim that is made, against one or more Indemnified Parties in the exercise of the Manager's duties as manager. However, none of the Indemnified Parties will be entitled to indemnification under the Management Agreement if the liability, cost or expense results from the Manager's wilful

misconduct, bad faith or material breach of its obligations under the Management Agreement or if there has been a failure by the Manager or any person retained by the Manager to meet the standard of care set out in the Management Agreement.

The management services of the Manager under the Management Agreement are not exclusive and nothing in the Management Agreement prevents the Manager from providing similar services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the Vanguard ETFs) or from engaging in other activities. See “Conflicts of Interest” below.

Officers and Directors of the Manager of the Vanguard ETFs

The name and municipality of residence of each of the directors and executive officers of the Manager, and their principal occupations, are as follows:

Name and Municipality of Residence	Position with the Manager	Principal Occupation Within Preceding Five Years
Kathleen C. Bock Newtown, Pennsylvania, U.S.A.	Director, Chair, Managing Director, Chief Executive Officer ⁽¹⁾ , Ultimate Designated Person and Principal	Chair, Managing Director and Ultimate Designated Person of the Manager since October 2018; Director and Principal of the Manager since June 2014; Principal of VGI.
Christine M. Buchanan Bryn Mawr, Pennsylvania, U.S.A.	Director	Director of the Manager since December 2020; Principal of VGI and Chief Financial Officer of each of the investment companies served by VGI since October 2017; prior thereto, Chief Financial Officer of the Manager from December 2020 to March 2022.
Catherine Chamberlain Toronto, Ontario	Director and Head of Legal and Compliance, Americas	Director of the Manager since October 2018; Head of Legal and Compliance of the Manager since July 2014; Chief Compliance Officer of the Manager from July 2014 to July 2022.
Teresa Tropea Vaughan, Ontario	Chief Compliance Officer and Head of Compliance, Anti Money Laundering Officer and Privacy Officer	Chief Compliance Officer and Head of Compliance of the Manager since July 2022; Anti Money Laundering Officer and Privacy Officer of the Manager since March 2021.
Jo Mohan, Toronto, Ontario	Chief Financial Officer	Ms. Mohan has been employed by Vanguard UK from September 2019 to the present. Ms. Mohan has held the following roles: Chief Financial Officer of the Manager since November 2025; Director of Finance for Vanguard International from June 2023 to July 2025; Business Partner of Vanguard Europe from June 2022 to June 2023; Senior Manager of Vanguard Europe from March 2022 to September 2022; Strategy Analyst of Vanguard Europe from May 2021 to March 2022; and Finance Analyst of Vanguard Europe from September 2019 to April 2021.

⁽¹⁾ Ms. Bock has also been appointed the Chief Executive Officer of the Manager for the limited purpose of signing this prospectus.

Portfolio Manager

Vanguard Investments Canada Inc., a registered portfolio manager, is the portfolio manager of the Vanguard ETFs. Under the Management Agreement, the Portfolio Manager is responsible for providing, or causing to be provided, portfolio management services to the Vanguard ETFs and has the authority to engage the services of sub-advisers in connection with any investment advice and/or portfolio management services required by the Vanguard ETFs. The Portfolio Manager has engaged the services of Vanguard Global Advisers, LLC as Sub-advisor in respect of the Vanguard ETFs.

Sub-advisor

Vanguard Global Advisers, LLC has been retained by the Portfolio Manager pursuant to the Sub-advisory Agreement to provide all portfolio management services to the Portfolio Manager in respect of the Vanguard ETFs. The Sub-advisor is a registered investment advisor in the U.S. with offices based in Malvern, Pennsylvania. The Sub-advisor also serves as an investment advisor to certain pooled investment vehicles in Ireland, the United Kingdom and Mexico and other accounts. The Sub-advisor is a wholly-owned subsidiary of VGI, which is the indirect parent of the Manager.

The individual of the Sub-advisor principally responsible for providing advice in respect of the Vanguard ETFs is as follows:

Name and Title	Years with Sub-advisor ¹	Vanguard ETFs	Notes
Michael Perre Portfolio Manager	35	Vanguard U.S. High Dividend Yield Index ETF, Vanguard U.S. High Dividend Yield Index ETF (CAD-hedged) and Vanguard Developed ex-North America Dividend Appreciation Index ETF	Mr. Perre has managed investment portfolios since 1999. He earned a B.A. in finance from Saint Joseph's University and an M.B.A. from Villanova University.

¹ This represents the number of years with the Sub-advisor or the Sub-advisor's indirect parent, VGI.

Details of the Sub-advisory Agreement

Under the terms of the Sub-advisory Agreement, the Sub-advisor is responsible for managing and investing the cash and other assets of each Vanguard ETF in accordance with each Vanguard ETF's investment objective, strategies and restrictions and applicable securities legislation. In connection with its services, the Sub-advisor identifies and makes all day-to-day investment decisions relating to the securities to be included in each Basket of Securities and the securities to be acquired or sold in connection with any rebalancing event and, to the extent necessary, executes portfolio transactions. The Sub-advisor also negotiates and administers all derivative instruments that a Vanguard ETF may use.

The Sub-advisor is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Portfolio Manager and each Vanguard ETF and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in similar circumstances. The Sub-advisory Agreement provides that, so long as the Sub-advisor has met its standard of care, it will not be liable for any loss or damage arising directly or indirectly out of any act or omission done or suffered by the Sub-advisor in the performance of its duties. The Sub-advisor will incur liability, however, where it fails to meet its standard of care, diligence and skill as prescribed by the Sub-advisory Agreement.

The Sub-advisory Agreement may be terminated by mutual agreement of the Portfolio Manager and the Sub-advisor. In addition, the Sub-advisor may terminate the Sub-advisory Agreement by written

notice to the Portfolio Manager. The Portfolio Manager may terminate the Sub-advisory Agreement by written notice to the Sub-advisor, subject to the prior written consent of the Sub-advisor (which consent shall not be unreasonably withheld). If the Sub-advisor is no longer permitted under any applicable law to perform its obligations under the Sub-advisory Agreement, the Portfolio Manager may terminate the Sub-advisory Agreement immediately upon written notice to the Sub-advisor.

If the Sub-advisory Agreement is terminated or the Sub-advisor resigns, the Portfolio Manager shall appoint a successor sub-advisor to carry out the applicable portfolio management activities in respect of the Vanguard ETFs. Any successor sub-advisor may be a third party portfolio manager or it may be an affiliate or associate of the Manager.

The Sub-advisor is entitled to receive a fee from the Portfolio Manager for its services under the Sub-advisory Agreement.

The portfolio management services of the Sub-advisor under the Sub-advisory Agreement are not exclusive and the Sub-advisory Agreement does not prevent the Sub-advisor from providing similar portfolio management services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the Vanguard ETFs) or from engaging in other activities. See "Conflicts of Interest" below.

The Portfolio Manager has agreed that it will be responsible for the investment advice that the Sub-advisor provides to the Vanguard ETFs and for any losses that the Vanguard ETFs may incur if the Sub-advisor breaches its standard of care. As the Sub-advisor is located in the U.S., and as all or a substantial portion of its assets are located outside of Canada, there may be difficulty enforcing any legal rights against it.

Brokerage Arrangements

Decisions as to the purchase and sale of portfolio securities are made by the Sub-advisor and are the ultimate responsibility of the Manager. Decisions as to the execution of all portfolio transactions, including selection of market, dealer or broker and the negotiation, where applicable, of commissions or spreads are made by the Sub-advisor. The Sub-advisor and the Manager define best execution as "the process of executing securities transactions for clients in such a manner that the client's total cost or proceeds in each transaction is the most favourable under the circumstances".

Factors considered when selecting a broker for a specific transaction may include execution capability, commission rate, willingness to commit capital, anonymity and responsiveness, the nature of the market for the security, the timing or size and type of the transaction, the reputation, experience and financial stability of the broker, the quality of the services rendered in other transactions, financial strength metrics, business continuity and trade settlement capabilities. Best execution does not obligate the Sub-advisor to seek the lowest commission rate available on any individual trade, as the rate of commissions is only one component of best execution. A higher commission rate may be determined reasonable in light of the total costs of execution services provided.

The Sub-advisor does not currently execute brokerage transactions involving client brokerage commissions of the Vanguard ETFs that are directed to a broker-dealer in return for the provision of any good or service by the broker-dealer or a third party.

Conflicts of Interest

The management services of the Manager under the Management Agreement are not exclusive and nothing in the Management Agreement prevents the Manager from providing similar management services to other investment funds and other clients (whether or not their investment objectives and policies

are similar to those of the Vanguard ETFs) or from engaging in other activities. The portfolio management services of the Sub-advisor under the Sub-advisory Agreement are not exclusive and nothing in the Sub-advisory Agreement prevents the Sub-advisor from providing similar portfolio management services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the Vanguard ETFs) or from engaging in other activities.

Investments in securities purchased by the Sub-advisor on behalf of a Vanguard ETF and other investment funds managed by the Manager and advised by the Sub-advisor will be allocated to the Vanguard ETF and such other investment funds according to trade allocation procedures designed to ensure that no fund is intentionally favoured at the expense of another fund and all aggregated orders are conducted in a fair and equitable manner. These allocation policies include *pro rata* allocation as well as specific procedures for the allocation of partially filled allocated orders.

The Management Agreement acknowledges that the Manager may provide services to the Vanguard ETFs in other capacities, provided that the terms of any such arrangement are no less favourable to the Vanguard ETFs than those that would be obtained from parties that are at arm's length for comparable services.

No Designated Broker or Dealer has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus and, as such, the Designated Brokers and the Dealers do not perform many of the usual underwriting activities in connection with the distribution by the Vanguard ETFs of their Units under this prospectus. Units of a Vanguard ETF do not represent an interest or an obligation of any Designated Broker, any Dealer or any affiliate thereof and a Unitholder does not have any recourse against any such parties in respect of amounts payable by a Vanguard ETF to such Designated Brokers or Dealers.

One or more registered dealers act or may act as a Designated Broker, a Dealer and/or a market maker. These relationships may create actual or perceived conflicts of interest that investors should consider in relation to an investment in a Vanguard ETF. In particular, by virtue of these relationships, these registered dealers may profit from the sale and trading of Units. The Designated Broker, as market maker of the Vanguard ETFs in the secondary market, may therefore have economic interests that differ from, and may be adverse to, those of Unitholders. Any such registered dealer and its affiliates may, at present or in the future, engage in business with a Vanguard ETF, with the issuers of securities making up the investment portfolio of a Vanguard ETF or with the Manager or any funds sponsored by the Manager or its affiliates, including by making loans, entering into derivative transactions or providing advisory or agency services. In addition, the relationship between any such registered dealer and its affiliates and the Manager and its affiliates may extend to other activities, such as being part of a distribution syndicate for other funds sponsored by the Manager or its affiliates.

Independent Review Committee

As required by NI 81-107, the Manager has established an IRC to review all conflicts of interest matters identified and referred to the IRC by the Manager relating to the investment funds managed by the Manager, including the Vanguard ETFs. The IRC reviews and gives its approval or recommendations as to the conflict of interests matters referred to it. A conflict of interest matter is a situation where a reasonable person would consider the Manager or an entity related to the Manager to have an interest that conflicts with the Manager's ability to act in good faith and in the best interest of the Vanguard ETFs. The IRC is also required to approve certain mergers involving the Vanguard ETFs and any change of the auditor of the Vanguard ETFs.

The IRC must have all independent members. The Manager considers that an individual is independent if the individual is not a director, officer or employee of any of the Manager, VGI or the Sub-advisor, or an affiliate of the Manager, VGI or the Sub-advisor. In addition, the individual must be independent of management and free from any interest and any business or other relationship that could,

or could reasonably be perceived to, materially interfere with the individual's ability to act with the view to the best interest of the Vanguard ETFs.

The members of the IRC are as follows:

Roger W. Roble (Chair)
Sue Lemon
Paul Bourque

The IRC has a written charter that sets out its powers, duties and responsibilities. Additionally, pursuant to NI 81-107, the IRC assesses, at least annually, the adequacy and effectiveness of the following:

- (i) the Manager's policies and procedures regarding conflict of interest matters;
- (ii) any standing instructions that the IRC gave to the Manager for conflict of interest matters related to the Vanguard ETFs;
- (iii) the compliance of the Manager and each Vanguard ETF with any conditions imposed by the IRC in a recommendation or approval it has provided to the Manager; and
- (iv) the independence and compensation of its members, the IRC's effectiveness as a committee and the contribution of each member to the IRC.

The IRC prepares a report for Unitholders, at least annually, of its activities. Such report is made available on the Vanguard ETF's website at www.vanguard.ca or, at the request of a Unitholder and at no cost, by calling 1-877-410-7275. A copy will also be available at www.sedarplus.ca.

Each member of the IRC is paid an annual retainer of \$40,000 (\$45,000 for the Chair) to serve on the IRC. This annual retainer includes attendance at four meetings per year. Each IRC member receives a payment of \$1,500 per meeting for any additional substantive meetings (over and above the four standard meetings) required in the course of a year. A portion of the retainer and meeting fees (as applicable) paid to each member is allocated amongst the Vanguard ETFs and other mutual funds managed by the Manager equally.

The Manager has agreed to reimburse the Vanguard ETFs for the ongoing operating expenses of the IRC. The Manager expects to continue reimbursing these expenses, including compensation and expenses, indefinitely, but may, in its discretion, discontinue this practice at any time.

Because the Vanguard ETFs are new, during the financial year ended December 31, 2024, the Vanguard ETFs did not pay any compensation and expenses to IRC members.

Trustee

Pursuant to the Declaration of Trust, the Manager is also the trustee of each Vanguard ETF.

The trustee may resign upon 90 days' notice to Unitholders and the Manager. If the trustee resigns or if it becomes incapable of acting as trustee, the trustee may appoint a successor trustee and its resignation shall become effective upon the acceptance of such appointment by its successor. If no successor has been appointed within 90 days, the Vanguard ETFs will be terminated.

The Declaration of Trust provides that the trustee shall act honestly, in good faith and in the best interests of each Vanguard ETF and shall perform its duties to the standard of care that a reasonably prudent person would exercise in the circumstances. In addition, the Declaration of Trust contains other

customary provisions limiting the liability of the trustee and indemnifying the trustee in respect of certain liabilities incurred by it in carrying out the trustee's duties.

At any time during which the Manager is the trustee, the Manager will receive no fee in respect of the provision of services as trustee.

Custodian

State Street Trust Company Canada, at its principal offices in Toronto, Ontario, is Custodian of the assets of the Vanguard ETFs pursuant to the Custodian Agreement. The Custodian has a qualified foreign sub-custodian in each jurisdiction in which the Vanguard ETFs have securities. The Manager or the Custodian may terminate the Custodian Agreement at any time upon 60 days' prior written notice.

The Custodian is entitled to receive fees from the Manager as described under "Fees and Expenses" and to be reimbursed for all expenses and liabilities that are properly incurred by the Custodian in connection with the activities of the Vanguard ETFs.

Securities Lending Agent

In the event that a Vanguard ETF engages in securities lending, the custodian or a sub-custodian will act as the securities lending agent for the Vanguard ETF.

Auditor

The auditor of the Vanguard ETFs is PricewaterhouseCoopers LLP, Chartered Professional Accountants, at 18 York Street, Suite 2500, Toronto, Ontario, Canada M5J 0B2.

Transfer Agent and Registrar

State Street Trust Company Canada, at its principal office in Toronto, Ontario, is the Registrar and Transfer Agent for the Units of the Vanguard ETFs. The register of the Vanguard ETFs is kept in Toronto. In addition to maintaining the register, the Registrar and Transfer Agent is also responsible for certain aspects of the day-to-day administration of the Vanguard ETFs.

Promoter

The Manager has taken the initiative in founding and organizing the Vanguard ETFs and is, accordingly, the promoter of the Vanguard ETFs within the meaning of securities legislation of certain provinces and territories of Canada. The Manager, in its capacity as manager of the Vanguard ETFs, receives compensation from the Vanguard ETFs. See "Fees and Expenses".

Accounting Agent

State Street Fund Services Toronto Inc., at its principal offices in Toronto, Ontario, is the Accounting Agent. Under the Accounting Services Agreement, the Accounting Agent is responsible for certain aspects of the day-to-day administration of the Vanguard ETFs, including NAV calculations, accounting for net income and net realized capital gains of the Vanguard ETFs and maintaining the books and records of the Vanguard ETFs.

Designated Website

An investment fund is required to post certain regulatory disclosure documents on a designated website. The designated website of the Vanguard ETFs can be found at the following location: www.vanguard.ca.

CALCULATION OF NET ASSET VALUE

The NAV and NAV per Unit of a Vanguard ETF are calculated by the Accounting Agent as of the Valuation Time on each Valuation Date. The NAV of a Vanguard ETF on a particular date is equal to the aggregate value of the assets of that Vanguard ETF less the aggregate value of the liabilities of that Vanguard ETF, including any accrued management fees and any income, net realized capital gains or other amounts payable to Unitholders on or before such date, all expressed in Canadian dollars. The NAV per Unit on any day is obtained by dividing the NAV of a Vanguard ETF on such day by the number of Units of that Vanguard ETF then outstanding.

Valuation Policies and Procedures of the Vanguard ETFs

In determining the value of the assets of any Vanguard ETF, securities, other than debt securities valued in accordance with the provisions of the following paragraph, shall be valued at the last sale price or official closing price reported at the Valuation Time on the Valuation Date on the principal stock exchange on which such securities are traded. The value of any securities listed, quoted or traded on a regulated market but acquired or traded at a premium or discount outside of or off the regulated market may be valued taking into account the level of premium or discount at the Valuation Date. If the security is normally quoted, listed or traded on or under the rules of more than one regulated market, the relevant regulated market shall be that which, in the opinion of the Manager, provides the fairest criterion of value for the investment. If a security's market price is not readily available or does not otherwise accurately reflect the fair value of the security, the security will be valued by another method that the Manager believes will better reflect fair value.

Debt securities traded on a regulated market shall be valued on the basis of valuations provided by a principal market maker or a pricing service, both of which generally utilize electronic data-processing techniques to determine valuations for normal institutional trading units of debt securities without exclusive reliance upon quoted prices.

The value of any investment that is not normally quoted, listed or traded on or under the rules of a regulated market shall be valued at its probable realization value estimated with care by the Manager, in consultation with the Sub-advisor, or by a competent person, firm or corporation appointed for such purpose by the Manager in consultation with the Sub-advisor.

Units or shares in collective investment schemes or investment funds that are not valued in accordance with the above provisions shall be valued on the basis of the latest available redemption price of such units or shares, after deduction of any redemption charges, as published by the collective investment scheme or investment fund.

Cash deposits and similar investments shall be valued at their face value together with accrued interest unless, in the opinion of the Manager, in consultation with the Sub-advisor, any adjustment should be made to reflect the fair value thereof.

Derivative instruments, including interest rate futures contracts and other financial futures contracts that are dealt in on a regulated market, shall be valued at the settlement price as at the Valuation Time as determined by the relevant regulated market, provided that where it is not the practice of the relevant regulated market to quote a settlement price, or if a settlement price is not available for any reason, such

instruments shall be valued at their probable realization value estimated with care and in good faith by the Manager, in consultation with the Sub-advisor, or by a competent professional person, body, firm or corporation appointed for such purpose by the Manager.

Over-the-counter ("OTC") derivatives shall be valued either using the counterparty's valuation or an alternative valuation, including valuation by the Manager or by an independent pricing vendor. OTC derivatives shall be valued at least daily. If using the counterparty's valuation, such valuation must be approved or verified by a party independent of the counterparty on a weekly basis. If using an alternative valuation, the Manager will follow international best practice and adhere to the principles on valuation of OTC instruments established by bodies such as International Organization of Securities Commissions (IOSCO) and Alternative Investment Management Association (AIMA). In the event that the Manager opts to use an alternative valuation, the Manager will use a competent person appointed by the Manager or will use such other method approved by the Manager and such alternative valuation will be reconciled with the counterparty's valuation no less than on a monthly basis. Any significant differences to the counterparty valuation will be promptly investigated and explained. Forward foreign exchange and interest rate swaps that are OTC derivative contracts may be valued in accordance with the preceding provisions or alternatively by reference to freely available market quotations.

Certificates of deposit shall be valued by reference to the latest available sale price for certificates of deposit of like maturity, amount and credit risk at the Valuation Time or, if such price is not available, at the latest bid price or, if such price is not available or is not representative of the value of such certificate of deposit in the opinion of the Manager, at probable realization value estimated with care and in good faith by a competent person approved for the purpose by the Manager. Treasury bills and bills of exchange shall be valued with reference to prices ruling in the relevant markets for such instruments of like maturity, amount and credit risk at the Valuation Time.

The Manager shall be entitled to use the amortized cost method of valuation, whereby investments are valued at their cost of acquisition adjusted for amortization of premium or accretion of discount on the investments rather than at the current market value of the investments. Money market instruments in a non-money market fund may also be valued on an amortized basis.

When it is determined that market quotations either are not readily available or do not accurately reflect the value of a security, the security may be priced at its fair value (the amount that the owner might reasonably expect to receive upon the current sale of the security). Each Vanguard ETF may use fair value pricing in a variety of circumstances, including but not limited to, situations when the value of a security in a Vanguard ETF's portfolio has been materially affected by events occurring before the Valuation Time but after the close of the market on which the security is principally traded (such as a corporate action or other news that may materially affect the price of a security) or trading in a security has been suspended or halted. This most commonly occurs with foreign securities, which may trade on foreign exchanges that close many hours before the Vanguard ETF's Valuation Time. Intervening events might be company-specific (e.g., earnings report or merger announcement) or country-specific or regional/global (e.g., natural disaster, economic or political news, act of terrorism or interest rate change). Intervening events include price movements in U.S. markets that are deemed to affect the value of foreign securities. The Manager shall not have any liability in respect of a price reasonably believed by it to be accurate and indicative of current market value.

Estimated expenses of a Vanguard ETF shall be accrued daily.

The Manager may authorize third parties, including affiliates and the Accounting Agent, to perform some of the valuation functions and references to the Manager in the above valuation principles may, to the extent the Manager authorizes such parties to perform these functions, include these third parties.

Each portfolio transaction is reflected in the calculation of NAV per Unit no later than the calculation of NAV per Unit next made after the date on which the transaction becomes binding. The issue of Units

will be reflected in the calculation of NAV per Unit next made after the subscription order for such Units is accepted. The exchange or redemption of Units will be reflected in the calculation of NAV per Unit next made after the exchange request or redemption request is accepted.

Reporting of Net Asset Value

The Manager will publish the NAV and NAV per Unit for each Vanguard ETF following the Valuation Time on the Valuation Date on the Vanguard ETF's website at www.vanguard.ca.

ATTRIBUTES OF THE UNITS

Description of the Securities Distributed

Each Vanguard ETF is authorized to issue an unlimited number of redeemable, transferable Units, each of which represents an equal, undivided interest in that Vanguard ETF.

On December 16, 2004, the *Trust Beneficiaries' Liability Act, 2004* (Ontario) came into force. This statute provides that holders of units of a trust are not, as beneficiaries, liable for any default, obligation or liability of the trust if, when the default occurs or the liability arises: (i) the trust is a reporting issuer under the *Securities Act* (Ontario); and (ii) the trust is governed by the laws of Ontario. Each Vanguard ETF is or will be a reporting issuer under the *Securities Act* (Ontario) prior to the initial issuance of Units to the public and each Vanguard ETF is governed by the laws of Ontario by virtue of the provisions of the Declaration of Trust.

Subscriptions

Generally, all orders to purchase Units directly from the Vanguard ETFs must be placed by Dealers or Designated Brokers. See "Purchases of Units – Issuance of Units".

Certain Provisions of the Units

Each Unit of a Vanguard ETF entitles the owner to one vote at all meetings of Unitholders and is entitled to participate equally with all other Units of the Vanguard ETF with respect to all distributions made by the Vanguard ETF to Unitholders, other than management fee distributions and amounts paid on the exchange or redemption of Units. Units are issued only as fully paid and are non-assessable.

Unitholders will not have any right to vote Constituent Securities held by a Vanguard ETF.

Exchange of Units for Baskets of Securities

On any Trading Day, Unitholders may exchange the Prescribed Number of Units (or a whole multiple thereof) for Baskets of Securities and cash. See "Exchange and Redemption of Units – Exchange or Redemption of Prescribed Number of Units".

Redemption of Units for Cash

On any Trading Day, Unitholders may redeem Units of a Vanguard ETF in any number for cash at a redemption price per Unit equal to the lesser of (i) 95% of the closing price on the TSX for the Units on the effective day of redemption and (ii) the NAV per Unit on the effective day of the redemption. With the consent of the Manager, Unitholders may also redeem a Prescribed Number of Units (or a whole multiple thereof) for cash at a redemption price equal to the aggregate NAV per Unit. See "Exchange and Redemption of Units – Redemption of Units in any Number for Cash".

Modification of Terms

All rights attached to the Units of a Vanguard ETF may only be modified, amended or varied in accordance with the terms of the Declaration of Trust. See “Unitholder Matters – Amendments to the Declaration of Trust”.

The Manager may amend the Declaration of Trust from time to time to redesignate the name of a Vanguard ETF or to create a new class or series of units of a Vanguard ETF without notice to existing Unitholders of the Vanguard ETFs, unless such amendment in some way affects the existing Unitholders' rights or the value of their investment.

UNITHOLDER MATTERS

Meetings of Unitholders

Except as otherwise required by law, meetings of Unitholders of a Vanguard ETF will be held if called by the Manager upon written notice of not less than 21 days nor more than 50 days before the meeting.

Matters Requiring Unitholder Approval

Under the Declaration of Trust, Unitholders are entitled to vote on any matter that pursuant to Canadian securities legislation must be submitted to Unitholders for approval. Subject to any exemptive relief that may be obtained, NI 81-102 requires that Unitholders of a Vanguard ETF approve the following:

- (i) any change to the basis of the calculation of a fee or expense that is charged to the Vanguard ETF or directly to its Unitholders if such change could result in an increase in charges to the Vanguard ETF or its Unitholders, except where:
 - (a) the Vanguard ETF is at arm's length to the person or company charging the fee or expense;
 - (b) the Unitholders have received at least 60 days' prior written notice before the effective date of the change; and
 - (c) the right to notice described in (b) is disclosed in the prospectus of the Vanguard ETF;
- (ii) the introduction of a fee or expense to be charged to a Vanguard ETF or directly to its Unitholders by the Vanguard ETF or the Manager in connection with the holding of Units of the Vanguard ETF that could result in an increase in charges to Vanguard ETF or its Unitholders;
- (iii) any change to the Manager, unless the new manager of the Vanguard ETF is an affiliate of the Manager;
- (iv) any change to the fundamental investment objective of the Vanguard ETF;
- (v) the decrease in the frequency of the calculation of the Vanguard ETF's NAV per Unit;
- (vi) the undertaking by the Vanguard ETF of a reorganization with, or transfer of its assets to, another mutual fund, if the Vanguard ETF ceases to continue after the reorganization or transfer of assets and the transaction results in the Unitholders of the Vanguard ETF becoming securityholders in the other mutual fund, unless:
 - (a) the IRC of the Vanguard ETF has approved the change in accordance with NI 81-107;

- (b) the Vanguard ETF is being reorganized with, or its assets are being transferred to, another mutual fund that is subject to NI 81-102 and NI 81-107 and managed by the Manager, or an affiliate of the Manager;
 - (c) the Unitholders have received at least 60 days' prior written notice before the effective date of the change;
 - (d) the right to notice described in (c) is disclosed in the prospectus of the Vanguard ETF; and
 - (e) the transaction complies with certain other requirements of applicable securities legislation; and
- (vii) the undertaking by the Vanguard ETF of a reorganization with, or acquisition of assets from, another mutual fund, if the Vanguard ETF continues after the reorganization or acquisition of assets, the transaction results in the securityholders of the other mutual fund becoming Unitholders of the Vanguard ETF and the transaction would be a material change to the Vanguard ETF.

In addition, the auditor of a Vanguard ETF may not be changed unless the IRC has approved the change and Unitholders have received at least 60 days' prior written notice before the effective date of the change.

Approval of Unitholders of a Vanguard ETF of any such matter will be given if a majority of the votes cast at a meeting of Unitholders of the Vanguard ETF duly called and held for the purpose of considering the same approve the related resolution.

Amendments to the Declaration of Trust

The trustee may amend the Declaration of Trust from time to time but may not, without the approval of a majority of the votes of Unitholders of the Vanguard ETF voting at a meeting of Unitholders duly called for such purpose make any amendment relating to any matter in respect of which NI 81-102 requires a meeting, as set out above, or any amendment that will adversely affect the voting rights of Unitholders.

Unitholders are entitled to one vote per Unit held on the record date established for voting at any meeting of Unitholders.

Accounting and Reporting to Unitholders

The fiscal year end of the Vanguard ETFs is December 31. The Vanguard ETFs will deliver or make available to Unitholders: (i) audited comparative annual financial statements; (ii) unaudited interim financial statements; and (iii) annual and interim MRFPs. Such documents are incorporated by reference into, and form an integral part of, this prospectus. See "Documents Incorporated by Reference".

Each Unitholder will also be mailed annually, by his, her or its broker, no later than March 31, information necessary to enable such Unitholder to complete an income tax return with respect to amounts paid or payable by each Vanguard ETF owned by such Unitholder in respect of the preceding taxation year of such Vanguard ETF.

The Manager will ensure that each Vanguard ETF complies with all applicable reporting and administrative requirements. The Manager will also ensure that adequate books and records are kept reflecting the activities of each Vanguard ETF. A Unitholder or his, her or its duly authorized representative has the right to examine the books and records of the applicable Vanguard ETF during normal business hours at the offices of the Accounting Agent. Notwithstanding the foregoing, a Unitholder shall not have

access to any information that, in the opinion of the Manager, should be kept confidential in the interests of the Vanguard ETFs.

Permitted Mergers

A Vanguard ETF may, without Unitholder approval, enter into a merger or other similar transaction that has the effect of combining that Vanguard ETF with any other investment fund or funds that have investment objectives, valuation procedures and fee structures that are similar to the Vanguard ETF, subject to:

- (i) approval of the merger by the IRC;
- (ii) compliance with certain merger pre-approval conditions set out in section 5.6 of NI 81-102; and
- (iii) written notice being sent to Unitholders at least 60 days before the effective date of the merger.

In connection with any such merger, the merging funds will be valued at their respective net asset values and Unitholders of the Vanguard ETF will be offered the right to redeem their Units for cash at the applicable NAV per Unit.

TERMINATION OF THE VANGUARD ETFS

A Vanguard ETF may be terminated by the Manager on at least 60 days' notice to Unitholders of such termination and the Manager will issue a press release in advance thereof. The Manager may also terminate a Vanguard ETF if the trustee resigns or becomes incapable of acting and is not replaced or if the Index Provider ceases to calculate the applicable Index or the Index License Agreement in respect of the applicable Index is terminated, as described above under "Investment Objectives – Termination of the Indices". Upon such termination, the Constituent Securities, cash and other assets remaining after paying or providing for all liabilities and obligations of the Vanguard ETF shall be distributed *pro rata* among the Unitholders of the Vanguard ETF.

The rights of Unitholders to exchange and redeem Units described under "Exchange and Redemption of Units" will cease as and from the date of termination of that Vanguard ETF.

RELATIONSHIP BETWEEN THE VANGUARD ETFS AND DEALERS

The Manager, on behalf of the Vanguard ETFs, may enter into various continuous distribution dealer agreements with registered dealers (that may or may not be Designated Brokers) pursuant to which the Dealers may subscribe for Units of one or more of the Vanguard ETFs as described under "Purchases of Units – Issuance of Units".

No Designated Broker or Dealer has been involved in the preparation of this prospectus or has performed any review or any independent due diligence of the contents of this prospectus and, as such, the Designated Brokers and the Dealers do not perform many of the usual underwriting activities in connection with the distribution by the Vanguard ETFs of their Units under this prospectus.

PRINCIPAL HOLDERS OF SECURITIES

CDS & Co., the nominee of CDS, is the registered holder of the Units of all of the Vanguard ETFs, which it holds for various brokers and other persons on behalf of their clients and others.

PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD

The Manager has adopted a proxy voting policy with respect to Constituent Securities and other securities held by each Vanguard ETF. The Manager has delegated the management and administration of this policy to the Sub-advisor, and the Sub-advisor has further delegated these responsibilities to VGI. In such capacity, VGI will provide services to vote proxies on behalf of the Vanguard ETFs in accordance with the proxy voting policies and procedures described below.

The complete proxy voting record of a Vanguard ETF for the annual period from July 1 to June 30 will be available free of charge to any Unitholder upon request at any time after August 31 following the end of that annual period by calling 1-877-410-7275 or on the Vanguard ETF's website at www.vanguard.ca.

Proxy Voting Procedures, Policies and Guidelines

The Vanguard ETFs adopted proxy voting procedures and policies to govern the proxy voting by each Vanguard ETF that invests in voting securities. In the disclosure below, "Vanguard ETF(s)" may also refer to Underlying Fund(s). The investment stewardship team of the Sub-advisor provides voting services for the portion of the portfolio of a Vanguard ETF sub-advised by the Sub-advisor and is subject to the operating procedures and policies described below.

The overarching objective in voting is simple: to support proposals and director nominees that maximize the long-term investment returns of a Vanguard ETF's investments - and those of its Unitholders. Although the goal is simple, the proposals the Vanguard ETFs receive are varied and frequently complex. As such, the proxy voting policies and guidelines provide a framework for assessing each proposal and seek to ensure that each vote is cast in the best interest of each Vanguard ETF. Under the guidelines, each proposal is evaluated on its merits, based on the particular facts and circumstances presented at the company in question.

Investment Stewardship Team

The investment stewardship team administers the day-to-day operation of the Vanguard ETFs' proxy voting process, overseen by the Committee. The investment stewardship team, along with shared service providers for the team, performs the following functions: (i) managing and conducting due diligence of proxy voting vendors; (ii) oversight and maintenance of custody voting accounts and ballot transmissions; (iii) analyzing proxy proposals using factors described in the voting policies and guidelines; (iv) determining and addressing potential or actual conflicts of interest that may be presented by a particular proxy; and (v) voting proxies. The investment stewardship team also prepares periodic and special reports to the Manager, and proposes amendments to the procedures and policies.

Investment Stewardship Oversight Committee

The Committee works with the investment stewardship team to provide reports and other guidance to the Manager regarding proxy voting by the Vanguard ETFs. The Committee works with the investment stewardship team to provide reports and other guidance to the Manager regarding proxy voting by the Funds, and may advise the investment stewardship team on how to apply the proxy voting procedures, policies and guidelines in the best interest of the Unitholders of each Vanguard ETF. There may be instances when the Committee is called upon to determine how to apply the proxy voting procedures, policies and guidelines in the best interest of each Vanguard ETF's Unitholders. The Manager reviews the procedures and policies annually.

Proxy Voting Principles

The Sub-advisor's investment stewardship activities are grounded in four principles of good governance:

- (i) *Board composition and effectiveness*: Good governance begins with a company's board of directors. The investment stewardship team's primary focus is ensuring individuals who serve as board members are independent and experienced.
- (ii) *Board oversight of strategy and risk*: Boards should work to prevent risks from becoming governance failures. When the investment stewardship team discusses strategy and risk with portfolio companies, it does so to understand how the board of directors oversees the strategy and identifies and governs material risks to long-term investment returns.
- (iii) *Executive compensation (or remuneration)*: Sound performance-linked compensation programs drive long-term returns. The investment stewardship team looks for companies to provide clear disclosure about their compensation practices, the board's oversight of those practices and how they are aligned with long-term investment returns.
- (iv) *Shareholder rights*: The investment stewardship team believes that a well-functioning capital markets system requires that companies have in place governance structures that safeguard and support foundational rights for shareholders.

Evaluation of Proxies

For ease of reference, the procedures, policies and guidelines often refer to all Vanguard ETFs. However, the processes and practices seek to ensure that proxy voting decisions are suitable for individual Vanguard ETFs. For most proxy proposals, particularly those involving corporate governance, the evaluation could result in the Vanguard ETFs having a common interest in the matter and, accordingly, each Vanguard ETF casting votes in the same manner. In other cases, however, a Vanguard ETF may vote differently from other Vanguard ETFs if doing so is in the best interest of the individual Vanguard ETF.

The voting policies do not permit the Manager or the Sub-advisor to delegate voting discretion to a third party that does not serve as a fiduciary for the Vanguard ETFs. Because many factors bear on each decision, the voting policies incorporate factors that should be considered in each voting decision. A Vanguard ETF may refrain from voting some or all of its shares or vote in a particular way if doing so would be in that Vanguard ETF's and its Unitholders' best interests. These circumstances may arise, for example, if the expected cost of voting exceeds the expected benefits of voting, if exercising the vote would result in the imposition of trading or other restrictions, or if a Vanguard ETF (or all funds advised by the Sub-advisor or any of its affiliates or subsidiaries, in the aggregate) were to own more than the permissible maximum percentage of a company's stock (as determined by the company's governing documents or by applicable law, regulation, or regulatory agreement).

In evaluating proxy proposals, the investment stewardship team considers information from many sources, which could include, but is not limited to, the perspectives of the company, management or shareholders presenting a proposal, independent proxy research services, or proprietary research. Additionally, data and recommendations from proxy advisors serve as one of many inputs into its research process. The Vanguard ETFs may utilize automated voting for matters that are clearly addressed by the Vanguard ETF's procedures, proxy voting policies, and guidelines.

While serving as a framework, the voting policies cannot contemplate all possible proposals with which a Vanguard ETF may be presented. In the absence of a specific guideline for a particular proposal (e.g., in the case of a transactional issue or contested proxy), the investment stewardship team, under the supervision of the Committee, will evaluate the matter and cast each Vanguard ETF's vote in a manner that is in the best interest of each Vanguard ETF, subject to the individual circumstances of the Vanguard ETF.

Conflicts of Interest

The approach to mitigating conflicts of interest begins with the Vanguard ETFs' proxy voting procedures. The procedures require that voting personnel act as fiduciaries, and must conduct their activities at all times in accordance with the following standards: (i) Vanguard ETF Unitholders' interests come first; (ii) conflicts of interest must be avoided; (iii) and compromising situations must be avoided.

An important separation is maintained between the investment stewardship team and groups within VGI and the Sub-advisor 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, shares of a particular company may not be voted or an independent third party fiduciary may be engaged to vote proxies.

Shareholder Proposals

Shareholder proposals are evaluated in the context of the general corporate governance principle that a company's board has ultimate responsibility for providing effective ongoing oversight of relevant sector- and company-specific risks, including those related to environmental and social matters. Each proposal will be evaluated on its merits and in the context of the particular facts and circumstances at the company in question and supported when there is a logically demonstrable linkage between the specific proposal and long-term shareholder value of the company. Some of the factors considered when evaluating these proposals include the materiality of the issue, the quality of the current disclosures/business practices, and any progress by the company toward the adoption of best practices and/or industry norms.

Voting in Markets Outside Canada and the United States

Corporate governance standards, disclosure requirements, and voting mechanics vary greatly among the markets outside Canada and the United States in which the Vanguard ETFs may invest. Each Vanguard ETF's votes will be used, where applicable, to support improvements in governance and disclosure by each Vanguard ETF's portfolio companies. Matters presented by portfolio companies domiciled outside Canada and the United States will be evaluated in the foregoing context as well as in accordance with local market standards and best practices. Votes will be cast for each Vanguard ETF in a manner philosophically consistent with the principles, while taking into account differing practices by market.

In some markets, voting proxies will result in a Vanguard ETF being prohibited from selling the shares for a period of time due to requirements known as "share-blocking" or reregistration. Generally, the value of voting is unlikely to outweigh the loss of liquidity imposed by these requirements. In such instances, the Vanguard ETFs will generally abstain from voting.

The costs of voting (e.g., custodian fees, vote agency fees) in other markets may be substantially higher than for Canadian or U.S. holdings. As such, a Vanguard ETF may limit its voting on foreign holdings in instances in which the issues presented are unlikely to have a material impact on Unitholder value.

Voting Shares of a Company Subject to an Ownership Limitation

Certain companies have provisions in their governing documents or other agreements that restrict stock ownership in excess of a specified limit. Typically, these ownership restrictions are included in the governing documents of real estate investment trusts, but may be included in other companies' governing documents. A company's governing documents normally allow the company to grant a waiver of these ownership limits, which would allow a Vanguard ETF to exceed the stated ownership limit. Sometimes a company will grant a waiver without restriction. From time to time, a company may grant a waiver only if a Vanguard ETF (or Vanguard ETFs) agrees to not vote the company's shares in excess of the normal

specified limit. In such a circumstance, a Vanguard ETF may refrain from voting shares if owning the shares beyond the company's specified limit is in the best interests of the Vanguard ETF and its Unitholders. In addition, applicable law may require prior regulatory approval to permit ownership of certain regulated issuer's voting securities above certain limits or may impose other restrictions on owners of more than a certain percentage of a regulated issuer's voting shares. The Manager's board of directors has authorized the funds advised by the Sub-advisor to vote shares above these limits in the same proportion as votes cast by the issuer's entire shareholder base (i.e., mirror vote) or to refrain from voting excess shares if mirror voting is not practicable.

Voting on a Vanguard ETF's Holdings of Other Vanguard ETFs or Vanguard Funds

Certain Vanguard ETFs may, from time to time, own securities of another Vanguard ETF or a Vanguard Fund. If the other Vanguard ETF or Vanguard Fund submits a matter to a vote of its shareholders, the Vanguard ETF shall not vote the shares it holds of the other Vanguard ETF or Vanguard Fund and the Manager, in its discretion, may arrange for such securities to be voted by the Unitholders.

Securities Lending

There may be occasions when the Sub-advisor and its affiliates need to restrict lending of and/or recall securities that are out on loan for a Vanguard ETF to vote in a shareholder meeting. The Sub-advisor and its affiliates have processes to monitor securities on loan and to evaluate any circumstances that may require it to restrict and/or recall the stock. The considerations for restricting or recalling a stock include:

- (i) the subject of the vote and whether, based on VGI's knowledge and experience, VGI believes the topic is potentially material to the corporate governance and/or long term performance of the company;
- (ii) the Vanguard ETFs' individual and/or aggregate equity investment in a company, and whether VGI estimates that voting Vanguard ETFs' shares would affect the shareholder meeting outcome; and
- (iii) the long-term impact to Vanguard ETF Unitholders, evaluating whether VGI believes the benefits of voting a company's shares would outweigh the benefits of stock lending revenues in a particular instance.

MATERIAL CONTRACTS

The following contracts can reasonably be regarded as material to purchasers of Units:

- (i) Declaration of Trust, as described under the subheading "Organization and Management Details of the Vanguard ETFs – Trustee";
- (ii) Management Agreement, as described under the subheading "Organization and Management Details of the Vanguard ETFs – Manager of the Vanguard ETFs – Details of the Management Agreement";
- (iii) Sub-advisory Agreement, as described under the subheading "Organization and Management Details of the Vanguard ETFs – Sub-advisor – Details of the Sub-advisory Agreement";
- (iv) Custodian Agreement, as described under the subheading "Organization and Management Details of the Vanguard ETFs – Custodian"; and
- (v) each Index License Agreement, as described under the subheading "Investment Objectives – Investment Objectives of Vanguard ETFs".

Copies of the agreements referred to above may be inspected during business hours at the principal office of the Manager.

LEGAL AND ADMINISTRATIVE PROCEEDINGS

The Vanguard ETFs are not involved in any legal proceedings, nor is the Manager aware of existing or pending legal or arbitration proceedings involving any Vanguard ETF.

EXPERTS

Borden Ladner Gervais LLP, legal counsel to the Vanguard ETFs and the Manager, has provided certain legal opinions regarding the principal Canadian federal income tax considerations that apply to an investment in the Units by a Canadian resident individual and by a Registered Plan. See "Income Tax Considerations" and "Eligibility for Investment".

PricewaterhouseCoopers LLP, Toronto, Canada, has advised that it is independent with respect to the Vanguard ETFs within the meaning of the Chartered Professional Accountants of Ontario CPA Code of Professional Conduct.

EXEMPTIONS AND APPROVALS

Each Vanguard ETF has obtained exemptive relief from the Canadian securities regulatory authorities to permit the following practices:

- (i) the purchase by a Unitholder of more than 20% of the Units of any Vanguard ETF through purchases on a recognized stock exchange without regard to the takeover bid requirements of applicable Canadian securities legislation, provided that any such Unitholder, and any person acting jointly or in concert with the Unitholder, provides the Manager with an undertaking not to exercise any votes attached to Units that represent more than 20% of the votes attached to all outstanding Units of that Vanguard ETF at any meeting of Unitholders;
- (ii) to permit the Vanguard ETF to borrow cash for a period not longer than 45 days and, if required by the lender, to provide a security interest over any of its portfolio assets as a temporary measure to fund the portion of any distributions payable to Unitholders that represents amounts that have not yet been received by the Vanguard ETF and, in any event, does not exceed 5% of the net assets of the Vanguard ETF;
- (iii) to permit a Vanguard ETF to purchase securities from or sell securities to another Vanguard ETF, another fund for which the Manager acts as the investment fund manager and portfolio manager that is not a reporting issuer and/or an account managed by the Manager for a client that is not a responsible person and over which the Manager has discretionary authority (each an "Inter-Fund Trade");
- (iv) to permit a Vanguard ETF to hold as cover, in respect of the requirement under section 2.8(1)(d) of NI 81-102 that a mutual fund must not open or maintain a long position in a standardized future unless the mutual fund holds cash cover in an amount that, together with margin on account for the specified derivative and the market value of the specified derivative, is not less than, on a daily mark-to-market basis, the underlying market exposure of the specified derivative, one or more receivables (each, a "Receivable") of the Vanguard ETF arising as a result of a declaration or payment of a distribution, dividend or other payment on one or more securities held by the Vanguard ETF in order to equitize the Receivable during the period from the date that the Vanguard ETF becomes entitled to receive the Receivable until the date that the Receivable is actually received by the Vanguard ETF, thereby permitting the Vanguard ETF to seek to track its applicable

index in respect of the Receivable or to otherwise invest the amount of the Receivable, as applicable, provided that for each long position in a standardized future that a Vanguard ETF opens or maintains in order to equitize a Receivable, the Vanguard ETF holds, on each trading day, a combination of the amount of the Receivable, cash cover and margin or collateral posted by the Vanguard ETF in connection with its obligation under that futures position that, in the aggregate, has a value that is not less than, on a daily mark-to-market basis, the underlying market exposure of the standardized future;

- (v) to permit an Inter-Fund Trade to be executed at the last sale price, as defined in the Universal Market Integrity Rules of the Canadian Investment Regulatory Organization, prior to the execution of the trade in lieu of the closing sale price contemplated by the definition of “current market price of the security” in NI 81-107 on that trading day;
- (vi) to relieve the Vanguard ETFs from the requirement to include in the prospectus a certificate of an underwriter;
- (vii) to permit a Vanguard ETF that invests a portion of its portfolio assets in T+3 Securities to settle primary market trades in Units of such Vanguard ETF no later than the third business day after the date upon which pricing for the Units is determined; and
- (viii) to permit a Vanguard ETF to purchase, exempt those purchases from part (b) of the definition of an “illiquid asset” in NI 81-102 and exclude holdings in these securities from consideration as an “illiquid asset” for the purpose of section 2.4 of NI 81-102 certain fixed income securities that qualify for, and may be traded pursuant to, the exemption from the registration requirements of the U.S. Securities Act as set out in Rule 144A of the U.S. Securities Act for resales of certain fixed income securities to “qualified institutional buyers” (as such term is defined in the U.S. Securities Act).

OTHER MATERIAL FACTS

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PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION OF UNITS

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase exchange-traded funds within 48 hours after the receipt of a confirmation of a purchase of such securities. In several of the provinces and territories of Canada, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation, or non-delivery of the ETF Facts, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory.

However, the Manager has obtained the ETF Relief and as such, purchasers of securities of the Vanguard ETFs will not be able to rely on the inclusion of an underwriter's certificate in the prospectus or any amendment for the statutory rights and remedies that would otherwise have been available against an underwriter that would have been required to sign an underwriter's certificate.

Purchasers should refer to the applicable provisions of the securities legislation and the decisions referred to above for the particulars of their rights or consult with a legal advisor.

DOCUMENTS INCORPORATED BY REFERENCE

During the period in which the Vanguard ETFs are in continuous distribution, additional information is available in:

- (i) the most recently filed comparative annual financial statements, if any, of the Vanguard ETFs, together with the accompanying report of the auditor;
- (ii) any interim financial statements of the Vanguard ETFs filed after the most recently filed comparative annual financial statements of the Vanguard ETFs;
- (iii) the most recently filed annual MRFP of the Vanguard ETFs;
- (iv) any interim MRFP of the Vanguard ETFs filed after that most recently filed annual MRFP of the Vanguard ETFs; and
- (v) the most recently filed ETF Facts of the Vanguard ETFs.

These documents are incorporated by reference into the prospectus, which means that they legally form part of this document just as if they were printed as part of this document. An investor can get a copy of these documents upon request and at no cost by calling 1-877-410-7275 or by contacting a registered dealer.

These documents are available on the Vanguard ETF's website at www.vanguard.ca.

These documents and other information about the Vanguard ETFs are available on the Internet at www.sedarplus.ca.

In addition to the documents listed above, any documents of the type described above that are filed on behalf of the Vanguard ETFs after the date of this prospectus and before the termination of the distribution of the Vanguard ETFs are deemed to be incorporated by reference into this prospectus.

ETF PROFILES

This section of the prospectus contains descriptions of each Vanguard ETF in the form of individual profiles.

Vanguard U.S. High Dividend Yield Index ETF (“VUDV”)

ETF Details

Primary Listing Exchange	TSX
Ticker Symbol	VUDV
Annual Management Fee	0.28% of NAV
Risk Rating	Medium

Investment Objectives

Vanguard U.S. High Dividend Yield Index ETF seeks to track, to the extent reasonably possible and before fees and expenses, the performance of a U.S. equity index that measures the investment return of common stocks of U.S. companies that are characterized by higher than average dividend yields. Currently, Vanguard U.S. High Dividend Yield Index ETF seeks to track the FTSE High Dividend Yield Index (or any successor thereto). It invests directly or indirectly primarily in stocks of U.S. companies.

The Index

The FTSE High Dividend Yield Index is a market capitalization-weighted index that is focused on higher than average dividend income. Index constituents are selected from the FTSE U.S. All Cap Index.

Investment Strategies Specific to the ETF

In order to achieve its investment objective, Vanguard U.S. High Dividend Yield Index ETF employs a “passive management” - or indexing - investment approach designed to track the performance of the FTSE High Dividend Yield Index. Vanguard U.S. High Dividend Yield Index ETF invests all, or substantially all, of its assets in the stocks that make up the FTSE High Dividend Yield Index, holding each stock in approximately the same proportion as its weighting in the Index. In the alternative, Vanguard U.S. High Dividend Yield Index ETF may use a sampling methodology to invest in a broadly diversified collection of securities that, in the aggregate, approximates the full FTSE High Dividend Yield Index in terms of key characteristics.

Vanguard U.S. High Dividend Yield Index ETF may also employ the investment strategies as described under “Investment Strategies”.

Overview of the Sectors in which the Vanguard ETF Invests

Vanguard U.S. High Dividend Yield Index ETF seeks to track the performance of the FTSE High Dividend Yield Index. The FTSE High Dividend Yield Index is a market capitalization-weighted index that aims to capture the performance of common stocks of U.S. companies that are characterized by higher than average dividend yields. Vanguard U.S. High Dividend Yield Index ETF invests in a diversified group of the highest yielding dividend and distribution paying U.S. listed companies across all industries other than real estate and related sectors, such as real estate investment trusts and real estate investment and services.

Investment Restrictions Specific to the ETF

Vanguard U.S. High Dividend Yield Index ETF is subject to the general restrictions applicable to each Vanguard ETF as described under “Investment Restrictions”.

Risk Factors

In addition to the risk factors described under the heading “Risk Factors – General Risks Relating to an Investment in the Vanguard ETFs”, the following risk factors described more fully under the heading “Risk Factors – Additional Risks Relating to an Investment in each Vanguard ETF” are applicable to the Vanguard U.S. High Dividend Yield Index ETF:

- Country/Regional Risk
- Currency Risk
- Investment Style Risk

Distribution Policy

Vanguard U.S. High Dividend Yield Index ETF expects to pay cash distributions on a quarterly basis. Additional information on the distribution policy applicable to Vanguard U.S. High Dividend Yield Index ETF is available under “Distribution Policy”.

Vanguard U.S. High Dividend Yield Index ETF (CAD-hedged) (“VUDH”)

ETF Details

Primary Listing Exchange	TSX
Ticker Symbol	VUDH
Annual Management Fee	0.28% of NAV ⁽¹⁾
Risk Rating	Medium

⁽¹⁾ This Vanguard ETF may invest in one or more other Underlying Funds. If this Vanguard ETF holds securities of one or more Underlying Funds, the management fee of each Underlying Fund (the “Underlying Fund Management Fee”) is indirectly paid by the Vanguard ETF in addition to the management fee payable by the Vanguard ETF directly to the Manager. To ensure that there is no duplication of management fees chargeable in connection with the Vanguard ETF and its investment in the Underlying Funds managed by the Manager or an affiliate of the Manager, as the case may be, the management fee payable by the Vanguard ETF to the Manager set out above is reduced by the aggregate of the Underlying Fund Management Fee payable by the Underlying Funds to the Manager or an affiliate of the Manager, as the case may be, in connection with the applicable holdings of the Vanguard ETF. As at the date of this Prospectus, the Underlying Fund Management Fee payable by the Underlying Funds managed by the Manager, or an affiliate of the Manager, as applicable, is not higher than the management fee of the Vanguard ETF set out in the above table.

Investment Objectives

Vanguard U.S. High Dividend Yield Index ETF (CAD-hedged) seeks to track, to the extent reasonably possible and before fees and expenses, the performance of a U.S. equity index that measures the investment return of common stocks of U.S. companies that are characterized by higher than average dividend yields, which Index is hedged to the Canadian dollar. Currently, Vanguard U.S. High Dividend Yield Index ETF (CAD-hedged) seeks to track the FTSE High Dividend Yield Index (CAD-hedged) (or any successor thereto). It invests directly or indirectly primarily in stocks of U.S. companies and uses derivative instruments to seek to hedge the U.S. dollar exposure of the securities included in the FTSE High Dividend Yield Index to the Canadian dollar.

The Index

The FTSE High Dividend Yield Index (CAD-hedged) is a market capitalization-weighted index that is focused on higher than average dividend income, with the U.S. dollar exposure of the securities included in the FTSE High Dividend Yield Index hedged to the Canadian dollar.

Investment Strategies Specific to the ETF

In order to achieve its investment objective, Vanguard U.S. High Dividend Yield Index ETF (CAD-hedged) employs a “passive management” - or indexing - investment approach designed to track the performance of the FTSE High Dividend Yield Index (CAD-hedged). Vanguard U.S. High Dividend Yield Index ETF (CAD-hedged) invests all, or substantially all, of its assets in the stocks that make up the FTSE High Dividend Yield Index (CAD-hedged), holding each stock in approximately the same proportion as its weighting in the Index. It also uses derivative instruments to seek to hedge the U.S. dollar exposure of the securities included in the FTSE High Dividend Yield Index to the Canadian dollar. In the alternative or in addition to investing in a Vanguard Fund, Vanguard U.S. High Dividend Yield Index ETF (CAD-hedged) may use a sampling methodology to invest in a broadly diversified collection of securities that, in the aggregate, approximates the full FTSE High Dividend Yield Index (CAD-hedged) in terms of key characteristics.

Vanguard U.S. High Dividend Yield Index ETF (CAD-hedged) may also employ the investment strategies as described under “Investment Strategies”.

Overview of the Sectors in which the Vanguard ETF Invests

Vanguard U.S. High Dividend Yield Index ETF (CAD-hedged) seeks to track the performance of the FTSE High Dividend Yield Index (CAD-hedged). The FTSE High Dividend Yield Index (CAD-hedged) is a market capitalization-weighted index that aims to capture the performance of common stocks of U.S. companies that are characterized by higher than average dividend yields, with the U.S. dollar exposure of the securities included in the FTSE High Dividend Yield Index hedged to the Canadian dollar. Vanguard U.S. High Dividend Yield Index ETF (CAD-hedged) invests in a diversified group of the highest yielding dividend and distribution paying U.S. listed companies across all industries other than real estate and related sectors, such as real estate investment trusts and real estate investment and services.

Investment Restrictions Specific to the ETF

Vanguard U.S. High Dividend Yield Index ETF (CAD-hedged) is subject to the general restrictions applicable to each Vanguard ETF as described under “Investment Restrictions”.

Risk Factors

In addition to the risk factors described under the heading “Risk Factors – General Risks Relating to an Investment in the Vanguard ETFs”, the following risk factors described more fully under the heading “Risk Factors – Additional Risks Relating to an Investment in each Vanguard ETF” are applicable to the Vanguard U.S. High Dividend Yield Index ETF (CAD-hedged):

- Country/Regional Risk
- Currency Risk
- Currency Hedging Risk
- Investment Style Risk
- Underlying Fund Risk

Distribution Policy

Vanguard U.S. High Dividend Yield Index ETF (CAD-hedged) expects to pay cash distributions on a quarterly basis. Additional information on the distribution policy applicable to Vanguard U.S. High Dividend Yield Index ETF (CAD-hedged) is available under “Distribution Policy”.

Vanguard Developed ex-North America Dividend Appreciation Index ETF (“VIGG”)

ETF Details

Primary Listing Exchange	TSX
Ticker Symbol	VIGG
Annual Management Fee	0.28% of NAV
Risk Rating	Medium

Investment Objectives

Vanguard Developed ex-North America Dividend Appreciation Index ETF seeks to track, to the extent reasonably possible and before fees and expenses, the performance of a broad international equity index that measures the investment return of common stocks of companies that have a history of increasing dividends over time, with a focus on companies located in developed markets, excluding Canada and the U.S. Currently, Vanguard Developed ex-North America Dividend Appreciation Index ETF seeks to track the S&P Developed ex-North America Dividend Growers Index (or any successor thereto). It invests directly or indirectly primarily in common stocks of international companies.

The Index

The S&P Developed ex-North America Dividend Growers Index is a float adjusted market capitalization weighted index that consists of common stocks in the S&P EPAC BMI that have followed a policy of consistently increasing dividends every year for at least 7 years, subject to a 4% company cap at the time of reconstitution. The Index excludes the top 25% highest yielding eligible companies from the Index.

Investment Strategies Specific to the ETF

In order to achieve its investment objective, Vanguard Developed ex-North America Dividend Appreciation Index ETF employs a “passive management” - or indexing - investment approach designed to track the performance of the S&P Developed ex-North America Dividend Growers Index. Vanguard Developed ex-North America Dividend Appreciation Index ETF invests all, or substantially all, of its assets in the stocks that make up the S&P Developed ex-North America Dividend Growers Index, holding each stock in approximately the same proportion as its weighting in the S&P Developed ex-North America Dividend Growers Index. In the alternative, Vanguard Developed ex-North America Dividend Appreciation Index ETF may use a sampling methodology to invest in a broadly diversified collection of securities that, in the aggregate, approximates the S&P Developed ex-North America Dividend Growers Index in terms of key characteristics.

Vanguard Developed ex-North America Dividend Appreciation Index ETF may also employ the investment strategies as described under “Investment Strategies”.

Overview of the Sectors in which the Vanguard ETF Invests

Vanguard Developed ex-North America Dividend Appreciation Index ETF seeks to track the performance of the S&P Developed ex-North America Dividend Growers Index. The S&P Developed ex-North America Dividend Growers Index is a float adjusted market capitalization weighted index that consists of common stocks in the S&P EPAC BMI that have followed a policy of consistently increasing dividends every year for

at least 7 years, subject to a 4% company cap at the time of reconstitution. Vanguard Developed ex-North America Dividend Appreciation Index ETF will invest in international common stocks that have a history of increasing dividends, other than stocks of companies in the real estate and related sectors, such as real estate investment trusts.

Investment Restrictions Specific to the ETF

Vanguard Developed ex-North America Dividend Appreciation Index ETF is subject to the general restrictions applicable to each Vanguard ETF as described under “Investment Restrictions”.

Risk Factors

In addition to the risk factors described under the heading “Risk Factors – General Risks Relating to an Investment in the Vanguard ETFs”, the following risk factors described more fully under the heading “Risk Factors – Additional Risks Relating to an Investment in each Vanguard ETF” are applicable to the Vanguard Developed ex-North America Dividend Appreciation Index ETF:

- Country/Regional Risk
- Currency Risk
- Investment Style Risk

Distribution Policy

Vanguard Developed ex-North America Dividend Appreciation Index ETF expects to pay cash distributions on a quarterly basis. Additional information on the distribution policy applicable to Vanguard Developed ex-North America Dividend Appreciation Index ETF is available under “Distribution Policy”.



Independent auditor's report

To the Unitholder and Trustee of

Vanguard U.S. High Dividend Yield Index ETF

Vanguard U.S. High Dividend Yield Index ETF (CAD-hedged)

Vanguard Developed ex-North America Dividend Appreciation Index ETF
(individually, a Fund)

Our opinion

In our opinion, the accompanying financial statement of each Fund presents fairly, in all material respects, the financial position of each Fund as at January 12, 2026 in accordance with those requirements of IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) relevant to preparing a statement of financial position.

What we have audited

The financial statement of each Fund comprises the statement of financial position as at January 12, 2026 and the notes to the financial statement, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statement* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers LLP
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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Independence

We are independent of each Fund in accordance with the ethical requirements that are relevant to our audit of the financial statement in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter – basis of accounting

We draw to users' attention the fact that the financial statement of each Fund does not comprise a full set of financial statements prepared in accordance with IFRS Accounting Standards. Our opinion is not modified in respect of this matter.

Responsibilities of management

Management is responsible for the preparation and fair presentation of the financial statement of each Fund in accordance with those requirements of IFRS Accounting Standards relevant to preparing a statement of financial position, and for such internal control as management determines is necessary to enable the preparation of a financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is responsible for assessing the ability of each Fund to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate any Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of each Fund.

Auditor's responsibilities for the audit of the financial statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole for each Fund is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statement of each Fund.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statement of each Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of each Fund.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of each Fund to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statement of each Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause any Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statement of each Fund, including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

January 12, 2026

**VANGUARD U.S. HIGH DIVIDEND YIELD INDEX ETF
STATEMENT OF FINANCIAL POSITION**

As at January 12, 2026

Assets

Current Assets

Cash	\$	100
Net Assets attributable to holders of redeemable units	\$	<u>100</u>

Number of redeemable units outstanding (Note 2)		4
Net Assets attributable to holders of redeemable units per Unit	\$	25

The accompanying notes are an integral part of the financial statements.

Approved on behalf of the Board of Directors of Vanguard Investments Canada Inc., as the Manager and Trustee of Vanguard U.S. High Dividend Yield Index ETF

(signed) "Kathleen C. Bock"
Director

(signed) "Catherine Chamberlain"
Director

**VANGUARD U.S. HIGH DIVIDEND YIELD INDEX ETF (CAD-HEDGED)
STATEMENT OF FINANCIAL POSITION**

As at January 12, 2026

Assets

Current Assets

Cash	\$	100
Net Assets attributable to holders of redeemable units	\$	<u>100</u>

Number of redeemable units outstanding (Note 2)		4
Net Assets attributable to holders of redeemable units per Unit	\$	25

The accompanying notes are an integral part of the financial statements.

Approved on behalf of the Board of Directors of Vanguard Investments Canada Inc., as the Manager and Trustee of Vanguard U.S. High Dividend Yield Index ETF (CAD-hedged)

(signed) "Kathleen C. Bock"
Director

(signed) "Catherine Chamberlain"
Director

**VANGUARD DEVELOPED EX-NORTH AMERICA DIVIDEND APPRECIATION INDEX ETF
STATEMENT OF FINANCIAL POSITION**

As at January 12, 2026

Assets

Current Assets

Cash	\$	100
Net Assets attributable to holders of redeemable units	\$	<u>100</u>

Number of redeemable units outstanding (Note 2)		4
Net Assets attributable to holders of redeemable units per Unit	\$	25

The accompanying notes are an integral part of the financial statements.

Approved on behalf of the Board of Directors of Vanguard Investments Canada Inc., as the Manager and Trustee of Vanguard Developed ex-North America Dividend Appreciation Index ETF

(signed) "Kathleen C. Bock"
Director

(signed) "Catherine Chamberlain"
Director

VANGUARD U.S. HIGH DIVIDEND YIELD INDEX ETF
VANGUARD U.S. HIGH DIVIDEND YIELD INDEX ETF (CAD-HEDGED)
VANGUARD DEVELOPED EX-NORTH AMERICA DIVIDEND APPRECIATION INDEX ETF

NOTES TO STATEMENTS OF FINANCIAL POSITION
As at January 12, 2026

1. Establishment of the New Vanguard ETFs and authorized units

Vanguard U.S. High Dividend Yield Index ETF, Vanguard U.S. High Dividend Yield Index ETF (CAD-hedged) and Vanguard Developed ex-North America Dividend Appreciation Index ETF (collectively, the "New Vanguard ETFs") were each established on January 12, 2026 as an open-ended trust under the laws of the Province of Ontario pursuant to the Declaration of Trust dated January 12, 2026, as amended and consolidated from time to time.

Each of the New Vanguard ETFs are authorized to issue an unlimited number of redeemable, transferable Units, representing an equal, undivided interest in the New Vanguard ETF's net assets.

Vanguard U.S. High Dividend Yield Index ETF seeks to track, to the extent reasonably possible and before fees and expenses, the performance of a U.S. equity index that measures the investment return of common stocks of U.S. companies that are characterized by higher than average dividend yields. Currently, Vanguard U.S. High Dividend Yield Index ETF seeks to track the FTSE High Dividend Yield Index (or any successor thereto). It invests directly or indirectly primarily in stocks of U.S. companies.

Vanguard U.S. High Dividend Yield Index ETF (CAD-hedged) seeks to track, to the extent reasonably possible and before fees and expenses, the performance of a U.S. equity index that measures the investment return of common stocks of U.S. companies that are characterized by higher than average dividend yields, which Index is hedged to the Canadian dollar. Currently, Vanguard U.S. High Dividend Yield Index ETF (CAD-hedged) seeks to track the FTSE High Dividend Yield Index (CAD-hedged) (or any successor thereto). It invests directly or indirectly primarily in stocks of U.S. companies and uses derivative instruments to seek to hedge the U.S. dollar exposure of the securities included in the FTSE High Dividend Yield Index to the Canadian dollar.

Vanguard Developed ex-North America Dividend Appreciation Index ETF seeks to track, to the extent reasonably possible and before fees and expenses, the performance of a broad international equity index that measures the investment return of common stocks of companies that have a history of increasing dividends over time, with a focus on companies located in developed markets, excluding Canada and the U.S. Currently, Vanguard Developed ex-North America Dividend Appreciation Index ETF seeks to track the S&P Developed ex-North America Dividend Growers Index (or any successor thereto). It invests directly or indirectly primarily in common stocks of international companies.

Vanguard Investments Canada Inc. (the "Manager") is the trustee, manager and portfolio manager of the New Vanguard ETFs and is responsible for the administration of the New Vanguard ETFs. The address of the New Vanguard ETFs' registered office is 22 Adelaide Street West, Suite 2500, Toronto, ON M5H 4E3.

The Manager has retained Vanguard Global Advisers, LLC (the "Sub-Advisor"), to act as sub-advisor to the New Vanguard ETFs. The Sub-Advisor manages the investment portfolios of the New Vanguard ETFs, provides analysis and makes investment decisions.

The statements of financial position were authorized for issuance by the Board of Directors of the Manager on January 12, 2026.

2. Material Accounting Policy Information:

The statements of financial position have been prepared in compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") relevant to preparing such a statement on the historical cost convention.

(i) Functional and Presentation Currency:

The financial activities of each of the New Vanguard ETFs are measured using the currency of the primary economic environment where the New Vanguard ETFs operate. The statements of financial position are presented in Canadian dollars, which is the functional currency and presentation currency of the New Vanguard ETFs. Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rates of exchange prevailing at the measurement date.

(ii) Net Assets Attributable to Holders of Redeemable Units:

Units of the New Vanguard ETFs, which are considered puttable instruments, are classified as financial liabilities unless the criteria for equity classification has been met. The New Vanguard ETFs' Units are not considered equity because they include a cash redemption feature, which may cause cash flows on redemption that are not substantially based on profit or loss, changes in net assets or changes in fair value of net assets and are therefore classified as liabilities.

The net asset value ("NAV") is the value of total assets of each of the New Vanguard ETFs less the value of its total liabilities determined, on each valuation day, in accordance with Part 14 of National Instrument 81-106 *Investment Fund Continuous Disclosure* for the purpose of processing unitholder transactions. Net assets are determined in accordance with IFRS Accounting Standards. As of January 12, 2026, each of the New Vanguard ETFs' NAV is equal to its net assets.

(iii) Issue of units:

4 units of each of the New Vanguard ETFs were issued for cash consideration of \$100 in each of the New Vanguard ETFs on January 12, 2026 to Vanguard Investments Canada Inc.

(iv) Financial Instruments:

Financial instruments include financial assets and liabilities such as fixed income and equity securities, open-ended investment funds and derivatives, cash and other receivables and payables.

(v) Classification and measurement:

Cash is measured at amortized cost, which approximates its fair value.

(vi) Recognition and derecognition

Purchases and sales of financial instruments are recognized at their trade date, being the date on which the purchase or sale is executed. Financial instruments are initially recognized when the Funds become party to the contractual provisions of the instrument. Financial instruments are derecognized when the contractual rights to the cash flows from the instruments expire, or when substantially all the risks and rewards of ownership have been transferred.

(vii) Cash:

Cash is composed of demand deposits with financial institutions.

(viii) Capital Management:

The capital of each of the New Vanguard ETFs are represented by the net assets attributable to holders of redeemable units. Units of each of the New Vanguard ETFs are issued and redeemed at the then current NAV per Unit at the option of the Unitholder. Unitholders are entitled to distributions when they hold Units of the respective New Vanguard ETFs on its distribution record date. The Manager manages the portfolio assets of each of the New Vanguard ETFs in accordance with its investment objective, including managing their liquidity in order to fund anticipated redemptions.

3. Financial Instrument Risk

The New Vanguard ETFs' investments in financial instruments create a direct exposure to a variety of risks.

The Manager seeks to minimize potential adverse effects of risk on the New Vanguard ETFs' performance by employing professional, experienced portfolio advisors; by daily monitoring of the New Vanguard ETFs' positions and market events; by diversifying the investment portfolio within the constraints of the investment objectives; and by periodically using derivatives to economically hedge certain risk exposures.

Credit risk

Credit risk is the risk that a counterparty to a transaction or an issuer of a financial instrument will fail to pay interest and principal when due, or that perceptions of the issuer's ability to make such payments will cause the price of an investment to decline.

Credit risk may also arise from assets of the Fund which are substantially all held by the custodian. Bankruptcy or insolvency of the custodian may cause certain rights with respect to securities and other positions held to be delayed or limited. As of January 7, 2026, the custodian has a long-term credit rating of AA from Standard & Poor's. As a result, the credit risk is considered limited.

Liquidity risk

Liquidity risk is the risk that sufficient cash cannot be raised to meet liabilities when due. One of the key liquidity factors influencing the Funds is exposure to cash redemptions of redeemable units. Hence the Funds invest the large majority of their assets in securities or underlying investment funds for which the large majority of their underlying assets are invested in securities that are traded in active markets and can ordinarily be readily disposed. To meet redemption requests and raise cash from the portfolio, daily reports of share capital activity are provided by the Administrator to facilitate the daily cash forecast, cash monitoring and portfolio management processes.

4. Related Party Transactions

(a) Management fees and expenses:

Each of the New Vanguard ETFs pay a management fee, plus applicable taxes, to the Manager based on the annual rate set forth in the table below applied to the NAV. The management fee is calculated and accrued daily and is paid monthly.

New Vanguard ETF	Annual Management Fee
Vanguard U.S. High Dividend Yield Index ETF	0.28%
Vanguard U.S. High Dividend Yield Index ETF (CAD-hedged)	0.28%
Vanguard Developed ex-North America Dividend Appreciation Index ETF	0.28%

The only expenses payable by the New Vanguard ETFs are the management fee, fees and expenses relating to the implementation and on-going operation of the independent review committee, brokerage expenses and commissions, the fees under any derivative instrument used by the New Vanguard ETFs, the cost of complying with any new governmental or regulatory requirements introduced after the date the New Vanguard ETFs were established, any fee, cost or expense payable on or in respect of a distribution, issuance or sale of Units of the New Vanguard ETFs under or pursuant to the New Vanguard ETFs' public disclosure documents as required by Canadian securities legislation, any extraordinary expenses, any sales taxes on those expenses and any income, withholding or other taxes. The Manager has discretion to absorb operating expenses otherwise payable by the New Vanguard ETFs, rather than having the New Vanguard ETFs incur such operating expenses. This absorption of operating expenses may be terminated at any time. All costs related to the initial issuance of the New Vanguard ETFs are paid by the Manager.

(b) Manager's investment in the New Vanguard ETFs:

As of the date hereof, in order to establish each of the New Vanguard ETFs, the Manager contributed a total of \$100 in exchange for Units of each of the New Vanguard ETFs.

CERTIFICATE OF THE VANGUARD ETFS, THE TRUSTEE, MANAGER AND PROMOTER

Dated: January 12, 2026

This prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut.

**VANGUARD INVESTMENTS CANADA INC.
as Trustee and Manager of the
Vanguard ETFs**

(signed) "Kathleen C. Bock"
KATHLEEN C. BOCK
Chief Executive Officer

(signed) "Jo Mohan"
JO MOHAN
Chief Financial Officer

On behalf of the Board of Directors of Vanguard Investments Canada Inc.

(signed) "Kathleen C. Bock"
KATHLEEN C. BOCK
Director

(signed) "Christine M. Buchanan"
CHRISTINE M. BUCHANAN
Director

(signed) "Catherine M. Chamberlain"
CATHERINE M. CHAMBERLAIN
Director

**VANGUARD INVESTMENTS CANADA INC.
as Promoter of the
Vanguard ETFs**

(signed) "Kathleen C. Bock"
KATHLEEN C. BOCK
Chief Executive Officer