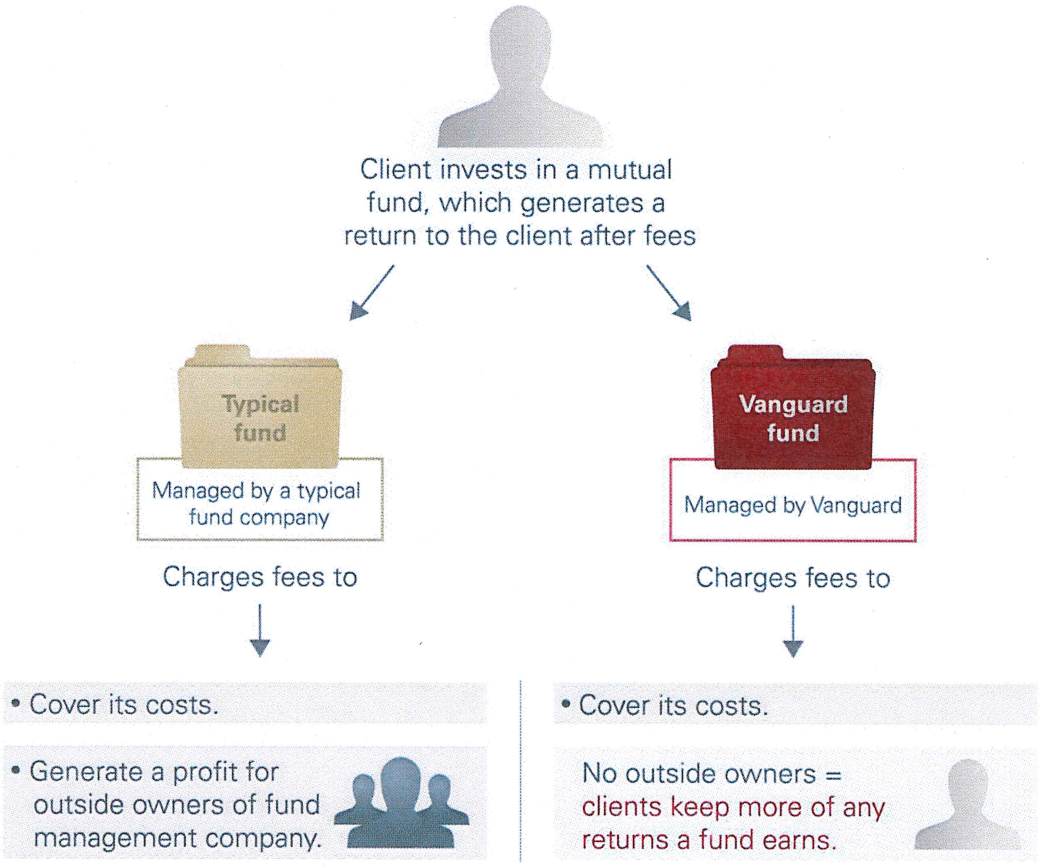
Vanguard is different from the rest–and here's how your participants benefit



The typical fund management company is owned by third parties, either public or private stockholders, not by the funds it serves. The fund management companies have to charge fund investors fees that are high enough to generate profits of the companies' owners. In contrast, the Vanguard funds own the management company known as Vanguard—a unique arrangement that eliminates conflicting loyalties. Under its agreement with the funds, Vanguard must operate "at –cost"—it can charge the funds only enough to cover its cost of operations. No wonder Vanguard's average fund expense ratio in 2014 was 0.18%, less than one-fifth that of the 1.02% industry average. That means Vanguard fund investors keep more of any return their funds earn.

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Board	Meeting Date	Item #
DCIC	2.9.16	1