



## New non-U.S. fixed income building block for funds of funds

Vanguard today filed a registration statement with the Securities and Exchange Commission for the proposed launch of **Vanguard Total International Bond II Index Fund** in early 2020. The fund will serve as an underlying investment for Vanguard Target Retirement Funds and other funds of funds. Shares of the new fund will not be available for direct purchase by investors.

The new fund will mirror the investment strategy of Vanguard Total International Bond Index Fund and will seek to track the same benchmark index, the Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index (USD Hedged). It is designed primarily as an investment vehicle to provide non-U.S. bond market exposure for the \$800 billion Vanguard Target Retirement series and the \$47.5 billion Vanguard LifeStrategy Funds.\*

Funds of funds regularly rebalance assets among underlying funds to maintain their target asset allocations. The introduction of the Total International Bond II Index Fund will allow Vanguard to fully segregate the assets, cash flows, and transaction costs produced by funds of funds from those generated by direct investors.

The addition of the new fund will not alter the Target Retirement glide path or the asset class and sub-asset class exposures, investment methodology, expense ratios, or advisory structure of any of the affected products.

Upon launch, the Total International Bond II Index Fund will receive the non-U.S. fixed income allocation of all new cash flows into the Target Retirement Funds, Institutional Target Retirement Funds, and LifeStrategy Funds. For the Target Retirement Trusts, the non-U.S. fixed income allocation of both new cash flows and existing assets will go into the Total International Bond II Index Fund immediately when the new fund is launched.

The funds of funds' existing allocations to non-U.S. bonds will be moved to the Total International Bond II Index Fund opportunistically over time in a prudent and tax-sensitive manner.

Consistent with the advisory structure for the existing Total International Bond Index Fund, Vanguard Fixed Income Group will be the advisor for the new fund.

The portfolio manager who will oversee the Total International Bond II Index Fund is Joshua C. Barrickman, CFA, a Vanguard principal and head of Fixed Income Indexing Americas. He has advised Vanguard Total International Bond Index Fund since its inception in 2013 and Vanguard Short-Term Inflation-Protected Securities Index Fund since its inception in 2012. He also serves as portfolio manager for Vanguard Total Bond Market II Index Fund. Mr. Barrickman has worked in investment management since 1999. He earned a B.S. from Ohio Northern University and an M.B.A. from Lehigh University.

To learn more about the new fund, read our [announcement](#).

If you would like more information, please contact your Vanguard representative.

\*The Target Retirement series includes 12 Target Retirement Fund portfolios, 12 Institutional Target Retirement Fund portfolios, and 48 Target Retirement Trust Portfolios. The LifeStrategy Fund series includes four portfolios.