
Vanguard fees fall to as low as two cents per \$1,000

By Editorial Staff Fri, Apr 29, 2016

The expense ratio reductions span five fund share classes (Investor, Admiral, ETF, Institutional, and Institutional Plus) across five fund categories: Domestic stock index, domestic bond index, balanced index, managed payout, and tax-managed.

Vanguard has announced expense ratio reductions for several of its funds, including the world's two largest bond funds and two largest stock funds, the Valley Forge-based direct marketer of mutual funds and ETFs said in a release this week.

The funds and their expense ratio reductions included:

Vanguard Total Bond Market Index Fund. The world's largest bond fund, with \$158 billion in assets, reduced its expense ratio for Investor Shares by four basis points, to 0.16%; for Admiral Shares, by one basis point, to 0.06%; for ETF Shares, by one basis point, to 0.06%; for Institutional Shares, by one basis point, to 0.05%; and for Institutional Plus Shares, by one basis point, to 0.04%.

Investor Shares have a \$1,000 to \$3,000 investment minimum, depending on the fund, Admiral Shares have an investment minimum of \$10,000 to \$100,000, depending on the fund, and Institutional Shares have a \$5 million investment minimum.

Vanguard Total Bond Index II Fund. The world's second-largest bond fund, with \$96.3 billion in assets, reduced its expense ratio for Investor Shares by one basis point, to 0.09%. For Institutional Shares, the expense ratio fell by three basis points, to 0.02%.

Vanguard Total Stock Market Index Fund. The world's largest stock fund, with \$418 billion in assets, reduced its expense ratio for Investor Shares by one basis point, to 0.16%.

Vanguard 500 Index Fund. The industry's oldest stock index fund and the world's second-largest stock fund, with \$227.5 billion in assets, reduced its expense ratio for Investor Shares by one basis point, to 0.16%.

Vanguard clients pay an average asset weighted expense ratio (the average shareholders actually pay) of 0.13%, which is five basis points below the firm's average expense ratio of 0.18%, the Vanguard release said.

Other fee reductions

Seventeen Admiral Shares and fourteen ETF Shares also reported expense ratio reductions. Eighty-nine Vanguard funds, including 51 index funds and 38 actively managed funds, offer Admiral Shares. These shares represent combined assets of \$1.2 trillion, or more than a third of Vanguard U.S. mutual fund assets.

Seventy of Vanguard's index funds offer ETF shares, with combined assets of \$506.7 billion. Three duration-specific bond ETFs saw their expense ratio drop one basis point, to 0.09%. These included:

- The \$18.6 billion Vanguard Short-Term Bond Index ETF (Ticker: BSV)
- The \$8.5 billion Vanguard Intermediate-Term Bond Index ETF (Ticker: BIV)
- The \$2 billion Vanguard Long-Term Bond Index ETF (Ticker: BLV).

Expense ratio reductions of one basis point (to 0.08%) were also reported for:

- The \$20 billion Vanguard Growth ETF (VUG)
- The \$19.8 billion Vanguard Value ETF (VTV)
- The \$13.6 billion Vanguard Mid-Cap Fund ETF (VO)
- The \$11.8 billion Vanguard Small Cap ETF (VB)

The expense ratio reductions span five fund share classes (Investor, Admiral, ETF, Institutional, and Institutional Plus) across five fund categories: Domestic stock index, domestic bond index, balanced index, managed payout, and tax-managed.

Vanguard investors saved \$71 million as a result of lower expense ratios reported for 73 shares classes offered by a variety of Vanguard mutual funds, the firm said in its release. Vanguard said its clients saved about \$215 million in fiscal 2015 on investments in shares of 200 funds.