

Vanguard launches emerging markets gov't bond index fund

By Editor Test *Wed, May 15, 2013*

Following the subscription period, the fund will seek to track the Barclays USD Emerging Markets Government RIC Capped Index. The fund will invest solely in U.S. dollar-denominated emerging markets bonds.

Vanguard Emerging Markets Govt. Bond Index Fund			
Share class	Min. initial investment	Est. expense ratio	Purchase fee
Investor	\$3,000	0.50%	0.75%
Admiral	\$10,000	0.35%	
Institutional	\$5 million	0.30%	
ETF Shares (VWOB)	N/A	0.35%	

Source: Vanguard, May 2013.

Vanguard's new Emerging Markets Government Bond Index Fund, the company's first international fixed income offering for U.S. investors, is now accepting investments during a subscription period that will extend through the end of business on May 30, 2013.

During this period, the fund will invest in money market instruments as it accumulates sufficient assets to construct a representative, diversified portfolio. The fund's ETF shares (VWOB) are scheduled to begin trading in early June.

Following the subscription period, the fund will seek to track the Barclays USD Emerging Markets Government RIC Capped Index. The fund will invest solely in U.S. dollar-denominated emerging markets bonds. The benchmark includes about 560 government, agency, and local authority issuers. When necessary, the index will limit weightings of individual debt issuers to meet IRS investment company diversification requirements.

The expense ratios for the ETF, Investor, Admiral, and Institutional Shares of Vanguard Emerging Markets Government Bond Index Fund will range from 0.30% to 0.50%, as shown in the following table. This compares with an expense ratio of 1.21% for the average emerging markets bond fund (source: Lipper, as of December 31, 2012). The fund will assess a purchase fee of 0.75% on all non-ETF shares to help offset the higher transaction costs associated with buying emerging markets bonds.

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