Vanguard Launches New Index ETFs

By Editor Test *Tue, Sep 14, 2010*

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Vanguard has introduced eight new index mutual funds and nine new exchange-traded funds (ETFs) based on S&P domestic stock benchmarks, including an S&P 500 Index ETF with an expense ratio of only six basis points, an industry low for that type of ETF.

With the expansion, Vanguard offers 55 ETFs, including eight new equity funds as well as ETFs targeting the growth and value segments of the S&P 500 Index and the growth, value, and blend segments of the S&P MidCap 400 and SmallCap 600 Indexes.

Vanguard's $23 billion in ETF net cash flow through August led the industry. Cash flow into Vanguard's equity ETFs has been particularly strong, accounting for 74% of Vanguard's total ETF cash flow and 51% of the industry's equity ETF positive cash flow, according to Bloomberg. Vanguard's ETF assets under management have jumped 60% since August 2009, rising from $71 billion to $113 billion.

In the coming months, Vanguard plans to introduce 11 additional index funds with ETF Shares. On the equity side, Vanguard will add a suite of seven funds with ETF Shares to offer exposure to value, growth, and blend segments of the U.S. stock market based on the large-cap Russell 1000 Index series and the small-cap Russell 2000 Index series. A broad market fund and ETF seeking to track the Russell 3000 Index will also be offered.

On the bond side, Vanguard will offer three new municipal bond index funds with traditional and exchange-traded shares, tracking benchmarks in the S&P National AMT-Free Municipal Bond Index series. The expense ratio for Vanguard's new municipal ETFs is estimated to be 0.12%.

Vanguard has also filed for a new real estate fund, which will be benchmarked to the S&P Global ex-U.S. Property Index. Vanguard Global ex-U.S. Real Estate Index Fund will offer Investor Shares, Institutional Shares, Signal Shares, and ETF Shares.

These planned products will bring Vanguard's ETF stable to 66 offerings, including suites of domestic stock ETFs based on benchmarks from MSCI, S&P, and Russell.

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