



## VANGUARD EXCHANGE-TRADED FUNDS

### DISTRIBUTION REINVESTMENT PLAN

#### 1. Introduction

Each Vanguard Exchange-Traded Fund set forth from time to time on Schedule A hereto (each, a “**Fund**”) has established this distribution reinvestment plan (the “**Plan**”) to provide beneficial holders of trust units (“**Units**”) of the Fund with a means to reinvest distributions on such Units declared and payable to them in additional Units, as described in the Plan.

Distributions on Units, including Units purchased under the Plan (“**Plan Units**”), will be reinvested on behalf of Unitholders (as defined below) under this distribution reinvestment plan by State Street Trust Company Canada (the “**Plan Agent**”) as the agent of each Fund, on the terms and conditions contained in the Plan. Vanguard Investments Canada Inc. (the “**Manager**”), as trustee and/or manager of the Funds, may deliver an amended Schedule A to the Plan Agent from time to time to add additional Funds to, or remove Funds from, the Plan.

A Unitholder who wishes to enrol in the Plan as of a particular Distribution Record Date (as defined below) must notify the CDS Participant (as defined below) through which that Unitholder holds Units sufficiently in advance of that Distribution Record Date to allow such CDS Participant to notify CDS (as defined below) by 5:00 p.m. (Toronto time) on that Distribution Record Date.

#### 2. Defined Terms

As used herein, the following terms have the following meanings:

“**Business Day**” means any day on which the Plan Agent’s offices are generally open for the transaction of commercial business, but does not in any event include a Saturday, Sunday, civic or statutory holiday in the Province of Ontario or a day on which securities listed on the TSX do not trade.

“**CDS**” means CDS Clearing and Depository Services Inc. and includes any successor corporation or any other depository acting or subsequently appointed by a Fund as the depository in respect of Units of the Fund.

“**CDSX**” means the electronic communication system between the CDS Participants and the Plan Agent.

“**CDS Participant**” means a participant in the CDS depository service, including a broker, dealer, bank or other financial institution.

“**Distribution Record Date**” means any date designated by the Manager as a record date for the determination of Unitholders of a Fund entitled to receive a Distribution.

**“Distribution Payment Date”** means, with respect to a Distribution declared on a Distribution Record Date, the day on which the applicable Fund pays such Distribution to its Unitholders.

**“Distribution”** means, with respect to a Fund, an income distribution, which may include a return of capital, payable in cash by the Fund on its Units in respect of a specific Distribution Record Date.

**“Plan”** means the distribution reinvestment plan described herein.

**“Plan Agent”** means State Street Trust Company Canada or its successors or permitted assigns or any replacement plan agent hereunder, as agent under the Plan.

**“Plan Participant”** means, with respect to a Fund, a Unitholder who has notified the Manager and the Plan Agent via the applicable CDS Participant that such Unitholder wishes to participate in the Plan in respect of any Distribution.

**“Plan Unit”** means, with respect to a Fund, a Unit purchased under the Plan by the Plan Agent for a Plan Participant.

**“Tax Act”** means the Income Tax Act (Canada) and includes the regulations promulgated thereunder.

**“TSX”** means Toronto Stock Exchange.

**“Units”** means, with respect to a Fund, the trust units of the Fund listed on the TSX.

**“Unitholder”** means, with respect to a Fund, any holder of Units recorded on the register of Units of the Fund and, in the case of Units registered in the name of CDS, includes any beneficial owner of such Units.

### **3. Distribution Reinvestment Plan**

Any eligible Unitholder may enrol in the Plan by notifying the CDS Participant through which the Unitholder holds its Units of such Unitholder’s intention to participate in the Plan. Under the Plan, Distributions will be used to acquire Plan Units in the market and will be credited to the account of the Plan Participant through CDS. In order to enrol in the Plan, a Unitholder must provide his, her or its CDS Participant with sufficient advance notice so that the CDS Participant can, on behalf of such Plan Participant, elect on line via CDSX no later than 5:00 p.m. (Toronto time) on each applicable Distribution Record Date in respect of the next expected Distribution in which the Unitholder wishes to participate. These elections are received in aggregate directly by the Plan Agent via CDSX. If this election via CDSX is not received by the Plan Agent by the applicable deadline, the Unitholder will not participate in the Plan for that Distribution.

Participation in the Plan is restricted to Unitholders who are residents of Canada for the purposes of the Tax Act. Partnerships (other than “Canadian partnerships” as defined in the Tax Act) are not eligible to participate in the Plan. Upon becoming a non-resident of Canada or a partnership (other than a Canadian partnership), a Plan Participant shall notify his, her or its CDS Participant and shall terminate participation in the Plan immediately. The Plan Agent will not have

any duty to inquire into the residency status or partnership status of Plan Participants, nor will the Plan Agent be required to know the residency status or partnership status of Plan Participants other than as notified by CDS or the Manager.

#### **4. Administration**

On each Distribution Payment Date, the Fund shall pay to the Plan Agent, on behalf of the Plan Participants, all amounts paid as Distributions in respect of the Units (including Plan Units) for which Plan Participants were beneficial owners as of the applicable Distribution Record Date. The Plan Agent shall purchase Plan Units for the Plan Participants as described below under “Purchase of Units by Plan Agent”.

Plan Units purchased by the Plan Agent will be credited to the Plan Participant’s account via the applicable CDS Participant through whom a Plan Participant holds Units.

#### **5. Purchase of Units by Plan Agent**

Distributions payable to the Plan Participants will be applied, on behalf of Plan Participants, to purchase Plan Units in the Canadian open market, including through the facilities of the TSX, the TSX Venture Exchange and/or any other alternative Canadian market. The Plan Agent shall purchase Units through a broker-dealer designated by the Plan Agent, which broker-dealer may be an affiliate of the Plan Agent<sup>1</sup>. Such broker-dealer shall purchase such Units in the Canadian open market during the five Business Day period following the applicable Distribution Payment Date. The price of such Plan Units shall be the average of the price paid (excluding brokerage commissions, fees and all transaction costs) per Unit for all Units purchased by the Plan Agent.

The Plan Units purchased in the market will be allocated on a *pro rata* basis to the Plan Participants based on their respective entitlement to the Distributions used to purchase Plan Units.

#### **6. Insufficient Funds**

The Plan Agent shall not be obligated to purchase any Units in the event that it has insufficient funds in order to carry out its duties.

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<sup>1</sup> As of the date hereof, the broker-dealer designated by the Plan Agent is State Street Global Markets Canada Inc., a registered investment dealer and member of the Investment Industry Regulatory Organization of Canada and an affiliate of the Plan Agent. State Street Global Markets Canada Inc. is acting as an investment dealer and is not acting as a fiduciary to the Funds or to any Unitholder (regardless of any relationship between the Plan Agent and the Funds). State Street Global Markets Canada Inc. will charge brokerage commissions, fees and/or transaction costs for such trading services and such commissions, fees and/or transaction costs are in addition to, and not in lieu of, any compensation the Plan Agent receives as Plan Agent.

## **7. Fractional Units**

No fractional Plan Units will be purchased or sold under the Plan. Payments in cash for any remaining uninvested funds may be made in lieu of fractional Plan Units by the Plan Agent to CDS or the applicable CDS Participant on a monthly or quarterly basis, as the case may be. Where applicable, CDS will, in turn, credit the Plan Participant via the applicable CDS Participant.

## **8. Termination of Participation**

A Plan Participant may voluntarily terminate his, her or its participation in the Plan by notifying his, her or its CDS Participant no later than 4:00 p.m. (Toronto time) at least two (2) Business Days immediately prior to the applicable Distribution Record Date. If notice is received after this deadline, participation will continue for that Distribution only. Future Distributions will be made in cash to such Unitholders.

## **9. Certificates**

Certificates representing Plan Units purchased under the Plan will not be issued to Plan Participants.

## **10. Voting of Plan Units**

Plan Units may be voted in the same manner as the Plan Participants' other Units may be voted.

## **11. Statements of Account**

A Plan Participant will receive, from his, her or its CDS Participant, for tax reporting purposes, confirmation of the number of Plan Units purchased by or sold for him, her or it under the Plan in accordance with the CDS Participant's usual practice.

## **12. Commissions and Administrative Costs**

All commissions, administrative costs and brokerage fees and/or transaction costs for trading services payable in connection with the operation of the Plan, the purchase of Plan Units or the sale of Plan Units will be paid for by the Manager on behalf of each applicable Fund.

## **13. Responsibilities of the Funds, the Manager and the Plan Agent**

None of the Funds, the Manager nor the Plan Agent shall be liable for any act done by any of them in good faith or for any good faith omission to act, in either case in connection with the Plan. In particular, none of the Funds, the Manager nor the Plan Agent shall have any liability with respect to:

- (a) the prices at which Plan Units are purchased or sold for the Plan Participants' accounts or the times at which such purchases or sales are made; and

- (b) any action or responsibility of CDS or any CDS Participant in relation to the Plan, or otherwise, including, without limitation: (i) any aspect of the records relating to, or payments made on account of, beneficial ownership interests of the Units held by and registered in the name of CDS or any CDS Participant; and (ii) any authority, advice or representation made or given by CDS or any CDS Participant to the Plan Agent or otherwise, including any representation with respect to the rules of CDS, and any action taken or to be taken by CDS or any CDS Participant.

None of the Funds, the Manager nor the Plan Agent can assure a gain or protect against loss as a result of Plan Participants holding Plan Units.

#### **14. Amendments, Suspension or Termination of Plan and Plan Agent**

The Manager may terminate the Plan with respect to any Fund, in its sole discretion, upon not less than 30 days notice to: (i) the Plan Participants, via the CDS Participants through which the Plan Participants hold their Units; (ii) the Plan Agent; and (iii) the TSX (if applicable). The Manager may also amend, modify or suspend the Plan with respect to any Fund at any time, in its sole discretion, provided that it complies with certain requirements and gives notice of that amendment, modification or suspension (which notice may be given by issuing a press release containing a summary description of the amendment, modification or suspension or in any other manner that the Manager determines appropriate) to: (i) CDS Participants through which the Plan Participants hold their Units; (ii) the Plan Agent; and (iii) the TSX (if applicable). The Plan will terminate automatically with respect to any Fund upon the termination of such Fund.

The Manager may adopt additional rules and regulations to facilitate the administration of the Plan, subject to the approval of the TSX (if required by the TSX rules).

#### **15. Rules and Regulations**

The Manager may from time to time adopt rules and regulations to facilitate the administration of the Plan. The Manager reserves the right to regulate and interpret the Plan as it deems necessary or desirable to ensure the efficient and equitable operation of the Plan.

#### **16. No Personal Liability**

No Unitholder of a Fund will have any personal liability and no resort will be had to, nor recourse or satisfaction sought from, the property or assets of any Unitholder of a Fund for any liability whatsoever to any person in connection with the property of such Fund or its affairs, including for satisfaction of any obligations or claims of such Fund arising out of or in connection with the Plan. The property and assets of such Fund only are intended to be liable and subject to levy or execution for satisfaction of any such obligations or claims.

#### **17. Currency**

All references in this Plan to dollar amounts refer to Canadian dollars.

**18. Notices**

All notices required to be given to Plan Participants by a Fund will be given to CDS, to be further provided to the CDS Participants through which the Plan Participants hold their Units of such Fund.

Written communications to the Plan Agent should be addressed to:

State Street Trust Company Canada  
c/o State Street Bank and Trust Company  
200 Clarendon Street, 16th Floor  
Boston, Massachusetts 02116  
Attention: Dan Venis, Assistant Vice-President  
Facsimile: (617) 937-8139

Written communications to any Fund or the Manager should be addressed to:

Vanguard Investments Canada Inc.  
22 Adelaide Street West, Suite 2500  
Toronto, Ontario M5H 4E3  
Attention: Catherine Chamberlain  
Facsimile: Fax: (416)-263-7124

Plan Date: November 8, 2012

## Schedule A

### Vanguard Exchange-Traded Funds

January 9, 2020

<b>Fund</b>	<b>Implementation Date</b>
1. Vanguard FTSE Canada Index ETF	November 8, 2012
2. Vanguard FTSE Canadian High Dividend Yield Index ETF	November 8, 2012
3. Vanguard FTSE Canadian Capped REIT Index ETF	November 8, 2012
4. Vanguard Canadian Aggregate Bond Index ETF	November 8, 2012
5. Vanguard Canadian Short-Term Bond Index ETF	November 8, 2012
6. Vanguard Canadian Short-Term Corporate Bond Index ETF	November 8, 2012
7. Vanguard S&P 500 Index ETF	November 8, 2012
8. Vanguard S&P 500 Index ETF (CAD-hedged)	November 8, 2012
9. Vanguard U.S. Total Market Index ETF (CAD-hedged)	November 8, 2012
10. Vanguard FTSE Developed ex North America Index ETF (CAD-hedged)	November 8, 2012
11. Vanguard FTSE Emerging Markets All Cap Index ETF (formerly Vanguard FTSE Emerging Markets Index ETF)	November 8, 2012
12. Vanguard FTSE Canada All Cap Index ETF	August 12, 2013
13. Vanguard U.S. Total Market Index ETF	August 12, 2013
14. Vanguard U.S. Dividend Appreciation Index ETF	August 12, 2013
15. Vanguard U.S. Dividend Appreciation Index ETF (CAD-hedged)	August 12, 2013
16. Vanguard FTSE Developed ex North America Index ETF	August 12, 2013
17. Vanguard FTSE Global All Cap ex Canada Index ETF (formerly Vanguard FTSE All-World ex Canada Index ETF)	July 8, 2014
18. Vanguard FTSE Developed Europe All Cap Index ETF (formerly Vanguard FTSE Developed Europe Index ETF)	July 8, 2014
19. Vanguard FTSE Developed Asia Pacific All Cap Index ETF (formerly Vanguard FTSE Developed Asia Pacific Index ETF)	July 8, 2014
20. Vanguard U.S. Aggregate Bond Index ETF (CAD-hedged)	July 8, 2014
21. Vanguard Global ex-U.S. Aggregate Bond Index ETF (CAD-hedged)	July 8, 2014
22. Vanguard FTSE Developed All Cap ex North America Index ETF	December 8, 2015
23. Vanguard FTSE Developed All Cap ex North America Index ETF (CAD-hedged)	December 8, 2015
24. Vanguard Global Liquidity Factor ETF	June 22, 2016
25. Vanguard Global Minimum Volatility ETF	June 22, 2016

26. Vanguard Global Momentum Factor ETF	June 22, 2016
27. Vanguard Global Value Factor ETF	June 22, 2016
28. Vanguard FTSE Developed Europe All Cap Index ETF (CAD-hedged)	October 11, 2016
29. Vanguard FTSE Developed Asia Pacific All Cap Index ETF (CAD-hedged)	October 11, 2016
30. Vanguard Canadian Government Bond Index ETF	February 7, 2017
31. Vanguard Canadian Corporate Bond Index ETF	February 7, 2017
32. Vanguard Canadian Short-Term Government Bond Index ETF	February 7, 2017
33. Vanguard Canadian Long-Term Bond Index ETF	February 7, 2017
34. Vanguard Conservative ETF Portfolio	February 1, 2018
35. Vanguard Balanced ETF Portfolio	February 1, 2018
36. Vanguard Growth ETF Portfolio	February 1, 2018
37. Vanguard FTSE Developed ex North America High Dividend Yield Index ETF	August 28, 2018
38. Vanguard Conservative Income ETF Portfolio	February 5, 2019
39. Vanguard All-Equity ETF Portfolio	February 5, 2019
40. Vanguard Global Aggregate Bond Index ETF (CAD-hedged)	January 9, 2020