

Form CRS Conversation Starters

Given my financial situation, should I choose a brokerage service?

Why or why not?

- If you have experience investing and want to choose and manage your own investments, rather than pay a financial advisor, then a brokerage service might be right for you.
- Our brokerage service offers an inexpensive way to direct your own investments without the help of a financial advisor, either online or by phone.
- We offer educational materials and tools to help you determine what products might be best for you, but ultimately the investment decisions are yours.
- If you don't feel comfortable doing your own research and making your own investment decisions, or simply would rather have someone else manage your portfolio, then you may want to consider a fee-based financial advisor.

How will you choose investments to recommend to me?

Vanguard Marketing Corporation (VMC), a broker-dealer doing business as Vanguard Brokerage Services® (VBS®), provides point-in-time recommendations for certain brokerage products, accounts and services and relating to account transfers and rollovers. Unless we affirmatively state that we are making a recommendation, we aren't providing a recommendation. We do not provide ongoing monitoring services and don't exercise discretion over VBS accounts. When we provide you with a recommendation, we must act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations and services that we provide you. We also offer a number of online resources and online tools that can help you make your own investment decisions.

What is your relevant experience, including your licenses, education, and other qualifications?

What do these qualifications mean?

Generally, our representatives are registered with FINRA. They obtain certain licenses through qualification exams

facilitated by FINRA that demonstrate their competency in the particular security activities in which they will participate. They are also required to attend ongoing continuing education training.

Help me understand how fees and costs might affect my investments.

If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

You may work with our representatives or use our online tools to learn what investments are available for you to choose.

Your costs will vary depending on the investment choices you make and the channel (e.g., online or by phone) through which you place your orders. There may be costs associated with placing a transaction, such as a commission or a mutual fund purchase or redemption fee. There may be ongoing costs depending on a specific product you may choose to purchase, such as an expense ratio for a mutual fund or an ETF (exchange-traded fund). Here are a few examples.

There are no commissions charged for Vanguard mutual funds and Vanguard ETFs® bought or sold online. There is a \$25 broker-assisted commission for each Vanguard mutual fund and Vanguard ETF trade placed over the phone. See our commission and fee schedules for details and exclusions. Another cost involved is the expense ratio, which is the annual cost of running a fund. The expense ratio will have an impact on your returns during the period of time you own the fund. The higher the expense ratio, the greater the impact will be on your investment returns. To see how costs and the annual rate of return can impact a hypothetical \$10,000 investment in a mutual fund or an ETF, view the product information page on [vanguard.com](https://www.vanguard.com). For example, you can compare the illustrations for the two funds and the two ETFs found at the links below.

investor.vanguard.com/mutual-funds/profile/fees/vtsax
investor.vanguard.com/mutual-funds/profile/fees/vbtlx
investor.vanguard.com/etf/profile/fees/vti
investor.vanguard.com/etf/profile/fees/bnd

There is a \$25 broker-assisted commission for purchasing or selling individual stocks or ETFs and mutual funds from companies other than Vanguard by phone. See our commission and fee schedules for details and exclusions. For example, if you chose to buy four stocks by phone, you would be charged four separate broker-assisted commissions for a total of \$100, meaning you would have \$9,900 available to invest. If you chose to do the same four trades online, you would have the full \$10,000 to invest.

For individual bond and CD (certificate of deposit) trades in the secondary market, there is a commission charge of \$1 per \$1,000 face amount of the bond or CD. In addition, a \$25 broker-assisted commission will apply to certain fixed income transactions completed by phone. If you were to invest \$10,000 in a bond or CD, your cost would be \$10,000 plus a \$10 commission. An additional \$25 broker-assisted commission would be charged for certain fixed income transactions completed by phone. New issue bonds and CDs can be purchased commission-free. See our commission and fee schedules for details.

We also charge an annual account service fee, which can be waived under certain conditions. See our commission and fee schedules for exclusions.

You can view our complete commission and fee schedules online.

How might your conflicts of interest affect me, and how will you address them?

Our employee compensation practices create a financial incentive for our sales professionals to have clients transfer their cash and securities to Vanguard and to enroll in our proprietary advice services. Sales professionals who are paid hourly wages are eligible to receive annual increases to those wages based on discretionary factors, including the number of Vanguard advice service implementations, the amount of new client assets transferred to Vanguard that are attributable to the sales professional, the percentage of inbound calls that lead to a needs assessment, and the percentage of advice service consultations completed. These sales professionals are also eligible for an annual payment from an enterprise-wide compensation plan. This plan is made available to all qualifying employees of Vanguard, not just sales professionals. Payments from the plan are determined based on an employee's level in the organization as well as a multiplier based on overall company performance during the prior three years.

Salaried sales professionals participating in the corporate bonus program are eligible to receive salary increases based on discretionary factors, including the number of Vanguard advice service implementations, the amount of new client assets transferred to Vanguard that are attributable to the sales professional, the number of high-quality client interactions attempted by the employee, and the percentage of advice service consultations completed. These sales professionals are eligible for an annual payment from the enterprise-wide compensation plan detailed above. These sales professionals are also eligible for an annual bonus where payments are based on the same discretionary factors.

Salaried sales professionals participating in the sales incentive plan are eligible to receive salary increases based on discretionary factors, including the sales professional's achievement of goals related to Vanguard advice service implementations and the amount of new client assets transferred to Vanguard that are attributable to the sales professional, the sales professional's general experience level, and the sales professional's demonstration of employee competencies as established by Human Resources. These sales professionals are eligible for an annual payment from the enterprise-wide compensation plan detailed above. These sales professionals are also eligible for bonuses where payments are based on nondiscretionary and discretionary factors. The nondiscretionary factors include the number of Vanguard advice service implementations and the amount of new client assets transferred to Vanguard that are attributable to the sales professional. The discretionary factors include demonstrating employee competencies as established by Human Resources, adherence to risk measures (supervisory, security and privacy procedures and compliance with regulatory standards), professional sales skills and implementation of key business initiatives.

VMC addresses these conflicts of interest by maintaining policies and procedures requiring that our sales professionals act in your best interest, reasonably supervising their activities, providing sales professionals with training, and disclosing these conflicts so that you can make informed decisions.

Our employees are also subject to Vanguard's Code of Ethics Policy, which addresses personal trading, other business activities, gifts and entertainment, and confidentiality of client information, among other topics. Generally, VBS does not trade from its own account or its own inventory of securities.

As a financial professional, do you have any disciplinary history? For what type of conduct?

Yes, VMC has disciplinary history. You can research VMC or our financial professionals using a free, simple search tool at [Investor.gov/CRS](https://investor.gov/CRS) or brokercheck.finra.org.

Who is my primary contact person?

Is he or she a representative of an investment advisor or a broker-dealer?

Whom can I talk to if I have concerns about how this person is treating me?

Most of our brokerage clients are not assigned a dedicated representative. Generally, our VBS representatives are registered with FINRA. You may speak with a representative by calling 877-662-7447 Monday through Friday from 8 a.m. to 8 p.m., Eastern time.

If you are assigned a dedicated representative, their name will be displayed on the landing page when you log in to your account at vanguard.com.

If you have concerns about an interaction you've had with a VMC representative, you can ask to speak with a Team Leader or other member of the management team.

Vanguard Brokerage Services is a division of Vanguard Marketing Corporation, member FINRA and SIPIC.

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