

# VFMF

## Vanguard U.S. Multifactor ETF

### Analyst Report

The Vanguard U.S. Multifactor ETF is an actively managed fund that seeks to invest in companies based on value, quality, and price momentum. VFMF, like Vanguard's other actively managed factor ETFs, relies on a quantitative methodology to evaluate U.S. companies of all sizes and uses a rules-based screen to ensure diversification and to mitigate exposure to less liquid stocks. The fund's managers try to identify those stocks that exhibit a low price compared to fundamentals, solid financial health compared to rivals, and strong price momentum. Money managers have long recognized that certain factors, when deployed during certain market conditions, consistently rewarded investors. There are macroeconomic trends like economic growth and inflation, as well as fairly predictable performance patterns for certain types of stocks. For example, so-called value stocks — defined as companies with low share prices relative to their fundamentals — have historically outperformed the market over the long-term. Over time, money managers have devised methodologies to identify and exploit factors such as volatility, value, quality, growth, and price momentum. Factor ETFs have proliferated in recent years and there are many active and passive ETF options that target different factors. Some funds combine factors while others target a single factor. VFMF holds a significantly narrower universe of stocks than Vanguard's Russell 3000 ETF, a passive index-tracking fund that draws from the same universe of stocks. VFMF's fees are quite low for active management, but after decades of drilling investors in the futility of stock-picking, it remains to be seen whether Vanguard can convince investors that some managers can consistently beat the market after all. While VFMF holds hundreds of U.S. stocks, its holdings are still more concentrated than the benchmark, making the ETF less appealing as a core portfolio holding. However, for investors with a strong factor conviction and confidence in Vanguard's money managers, VFMF makes for a good addition to a diversified U.S. equity portfolio. While VFMF is a good way to compare price, it is not a substitute for a full analysis of the fund's holdings and performance.



### ESG Themes and Scores

6.14/10	35.37%	11.96%
ESG Rate	Global Percentile	Peer Percentile

### Performance Data

	VFMF	ETF Database Category Average	Factset Segment Average
1 Month	2.95%	4.13%	4.21%
3 Month	6.28%	6.45%	7.05%
YTD Return	14.43%	11.13%	9.10%
1 Year Return	34.39%	25.73%	18.29%
3 Year Return	22.95%	14.70%	10.51%
5 Year Return	12.93%	4.61%	4.59%

### Top 5 Holdings

Symbol	Holding	% Assets
MU	Micron Technology, Inc.	1.21%
NEM	Newmont Corporation	0.88%
MO	Altria Group, Inc.	0.87%
CSCO	Cisco Systems, Inc.	0.84%
BNY	Bank of New York Mellon Corp	0.84%

### Vitals

Issuer	Vanguard
Brand	Vanguard
Structure	ETF
Expense Ratio	0.18%
Inception	Feb 13, 2018
Index Tracked	N/A

### ETF Database Themes

Category	All Cap Equities
Asset Class	Equity
Asset Class Size	Multi-Cap
Asset Class Style	Blend
Region (General)	North America
Region (Specific)	U.S.

### FactSet Classifications

Segment	Equity: U.S. - Total Market
Category	Size and Style
Focus	Total Market
Niche	Broad-based
Strategy	Active
Weighting	Proprietary