

VFMV

Vanguard U.S. Minimum Volatility ETF

Analyst Report

The Vanguard U.S. Minimum Volatility Factor ETF is an actively managed fund that aims to invest in U.S. stocks that are less susceptible to wide price gyrations. VFMV 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. Money managers have long recognized that certain factors, when deployed during certain market conditions, consistently reward 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, like VFMV, target a single factor. VFMV's portfolio can be expected to diverge from its Russell 3000 benchmark. For example, VFMV 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. The size and industry breakdown of the portfolio will vary widely from the benchmark. VFMV'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. For investors who want to minimize volatility for a reasonable price, VFMV makes a good complement to a core portfolio holding in U.S. equities. While VFMV is competitively priced, investors should compare fees, performance, and portfolio against other U.S. min vol funds, both active and passive.



ESG Themes and Scores

6.18/10

ESG Rate

36.77%

Global Percentile

13.48%

Peer Percentile

Performance Data

	VFMV	ETF Database Category Average	Factset Segment Average
1 Month	0.18%	3.45%	2.49%
3 Month	2.59%	10.77%	9.67%
YTD Return	7.05%	11.76%	9.05%
1 Year Return	12.05%	23.62%	17.56%
3 Year Return	13.53%	11.81%	9.37%
5 Year Return	9.44%	4.39%	4.68%

Top 5 Holdings

Symbol	Holding	% Assets
CSCO	Cisco Systems, Inc.	1.68%
ADI	Analog Devices, Inc.	1.57%
JNJ	Johnson & Johnson	1.56%
TXN	Texas Instruments Incorporated	1.55%
QCOM	QUALCOMM Incorporated	1.51%

Vitals

Issuer	Vanguard
Brand	Vanguard
Structure	ETF
Expense Ratio	0.13%
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