

VFVA

Vanguard U.S. Value Factor ETF

Analyst Report

The Vanguard U.S. Value Factor ETF aims to invest in U.S. stocks that are priced cheaply compared with their fundamental value. Investors familiar with Vanguard's enormously popular Vanguard Value ETF (VTV), which debuted in 2004, may wonder why Vanguard would launch a rival U.S. value ETF. The biggest difference is management style: VTV tracks an index, while VFVA is actively managed. This might come as something of a surprise to Bogleheads, those devotees of the late Vanguard founder Jack Bogle, a pioneer and champion of passive investing. But Vanguard has been steadily adding to its active ETF lineup. Another key difference between VTV and VFVA is in the portfolio. Both invest in U.S. value stocks, but VTV is limited to large cap companies while VFVA invests across the size spectrum. VFVA 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 VFVA, target a single factor. VFVA's fees are quite low for active management and the fund has attracted significant assets since its 2018 launch. But after decades of drilling investors in the futility of stock-picking, it remains to be seen whether Vanguard's managers can consistently beat with a strong value -priced fund, VFVA portfolio holding in



ESG Themes and Scores

6.18/10

ESG Rate

36.8%

Global Percentile

68.59%

Peer Percentile

Performance Data

	VFVA	ETF Database Category Average	Factset Segment Average
1 Month	3.44%	3.45%	2.95%
3 Month	8.01%	10.77%	7.48%
YTD Return	9.86%	11.76%	9.63%
1 Year Return	27.95%	23.62%	18.52%
3 Year Return	16.13%	11.81%	9.20%
5 Year Return	10.40%	4.39%	4.09%

Top 5 Holdings

Symbol	Holding	% Assets
CVS	CVS Health Corporation	1.04%
EOG	EOG Resources, Inc.	0.89%
CI	Cigna Group	0.87%
BMJ	Bristol-Myers Squibb Company	0.83%
GM	General Motors Company	0.82%

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 Value
Category	Size and Style
Focus	Total Market
Niche	Value
Strategy	Active
Weighting	Proprietary