

VMBS

Vanguard Mortgage-Backed Securities ETF

Analyst Report

This ETF provides exposure to the mortgage backed security slice of the bond market, a corner of the finance world that has seen its share of troubles over the past few years. While MBS funds were at the heart of the subprime crisis, this product invests in liquid, stable bonds that are unlikely to default, pay out solid rates of interest, and provide valuable diversification benefits to a portfolio. Due to these benefits, most investors should consider adding some MBS holdings to their portfolio, albeit in a very small amount. Although VMBS is the cheapest of the three, it also is the least popular and as such may not be appropriate for traders who are seeking tight bid ask spreads and high levels of liquidity. However, the fund does offer significant benefits in terms of total diversification as it holds well over 300 securities in total, by far the most in the Category. Thanks to this impressive diversification as well as the fund's rock bottom expense ratio, long-term investors should consider buying this fund if they are looking for higher levels of exposure to the MBS market.

ESG Themes and Scores

N/A

ESG Rate

N/A

Global Percentile

N/A

Peer Percentile

Performance Data

	VMBS	ETF Database Category Average	Factset Segment Average
1 Month	0.11%	0.34%	0.63%
3 Month	0.57%	0.72%	0.32%
YTD Return	1.07%	1.08%	1.24%
1 Year Return	5.42%	5.12%	5.19%
3 Year Return	4.66%	3.55%	2.72%
5 Year Return	0.60%	0.59%	0.36%

Top 5 Holdings

Symbol	Holding	% Assets
Other	U.S. Dollar	2.20%
Other	GNMA II TBA 30yr 5% March Delivery 5.000% 01-NOV-	0.44%
Other	UMBS TBA 30yr 2% March Delivery 2.000% 01-DEC-2049	0.43%
Other	UMBS TBA 30yr 2.5% March Delivery 2.500% 01-JUL-	0.34%
Other	UMBS TBA 30yr 5% March Delivery 5.000% 01-DEC-2055	0.32%

Vitals

Issuer	Vanguard
Brand	Vanguard
Structure	ETF
Expense Ratio	0.03%
Inception	Nov 19, 2009
Index Tracked	Bloomberg US MBS - Float Adjusted

ETF Database Themes

Category	Mortgage Backed Securities
Asset Class	Bond
Asset Class Size	N/A
Asset Class Style	N/A
Region (General)	North America
Region (Specific)	U.S.

FactSet Classifications

Segment	Fixed Income: U.S. - Government, Mortgage-backed Investment Grade
Category	Government, Mortgage-backed
Focus	Investment Grade
Niche	Broad Maturities
Strategy	Vanilla
Weighting	Market Value

