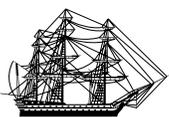
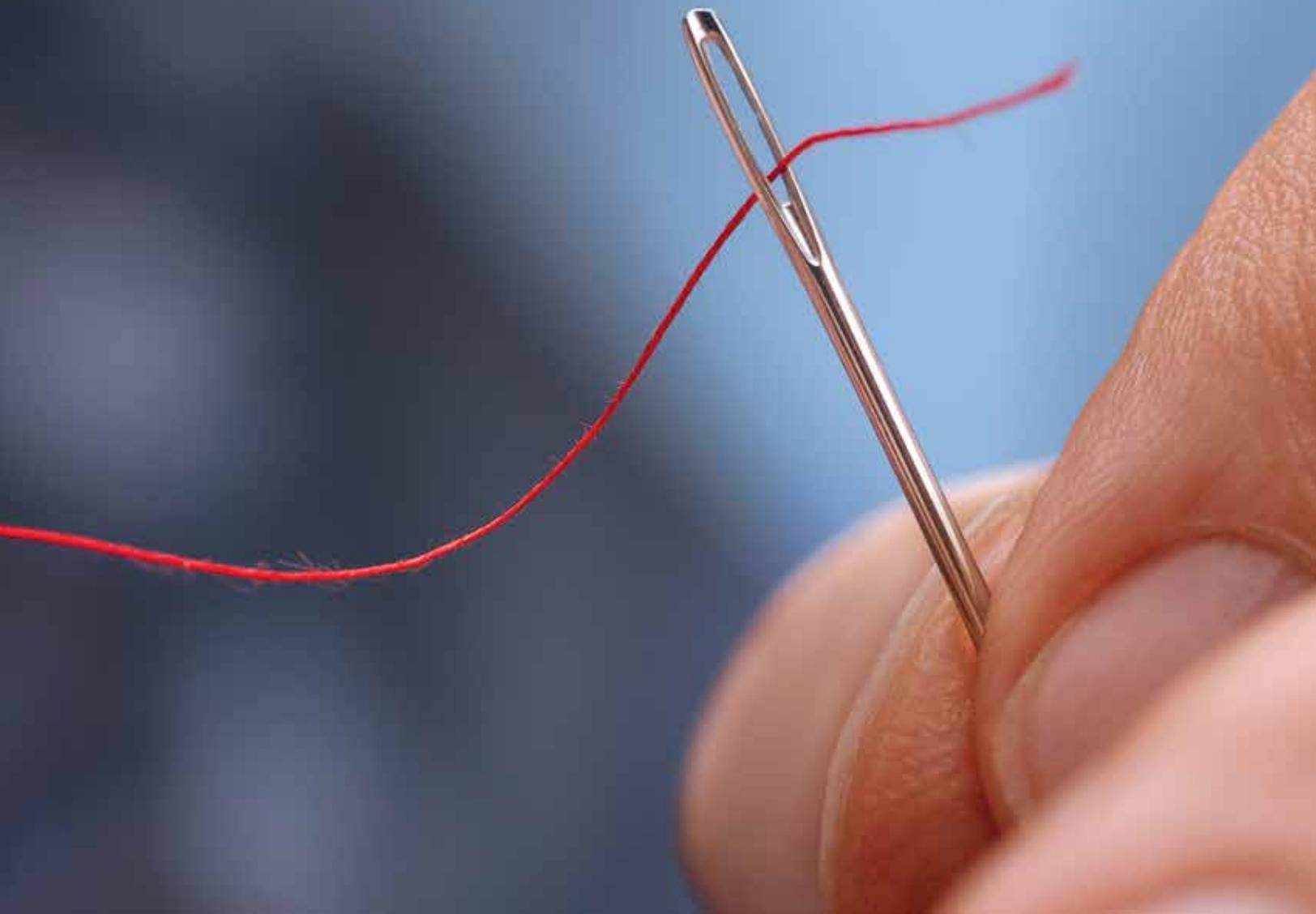
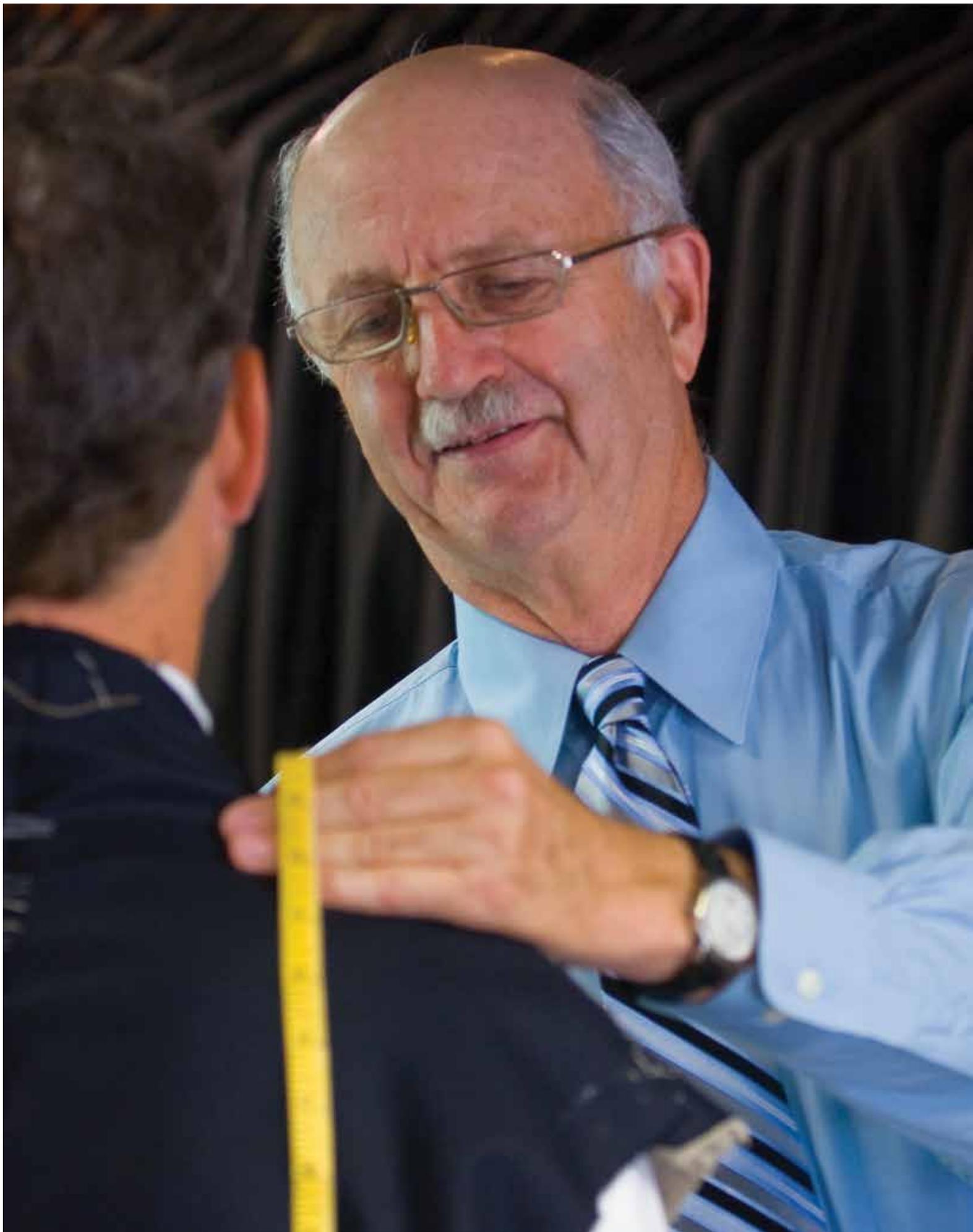


Learn how your financial advisor adds value

Investor education



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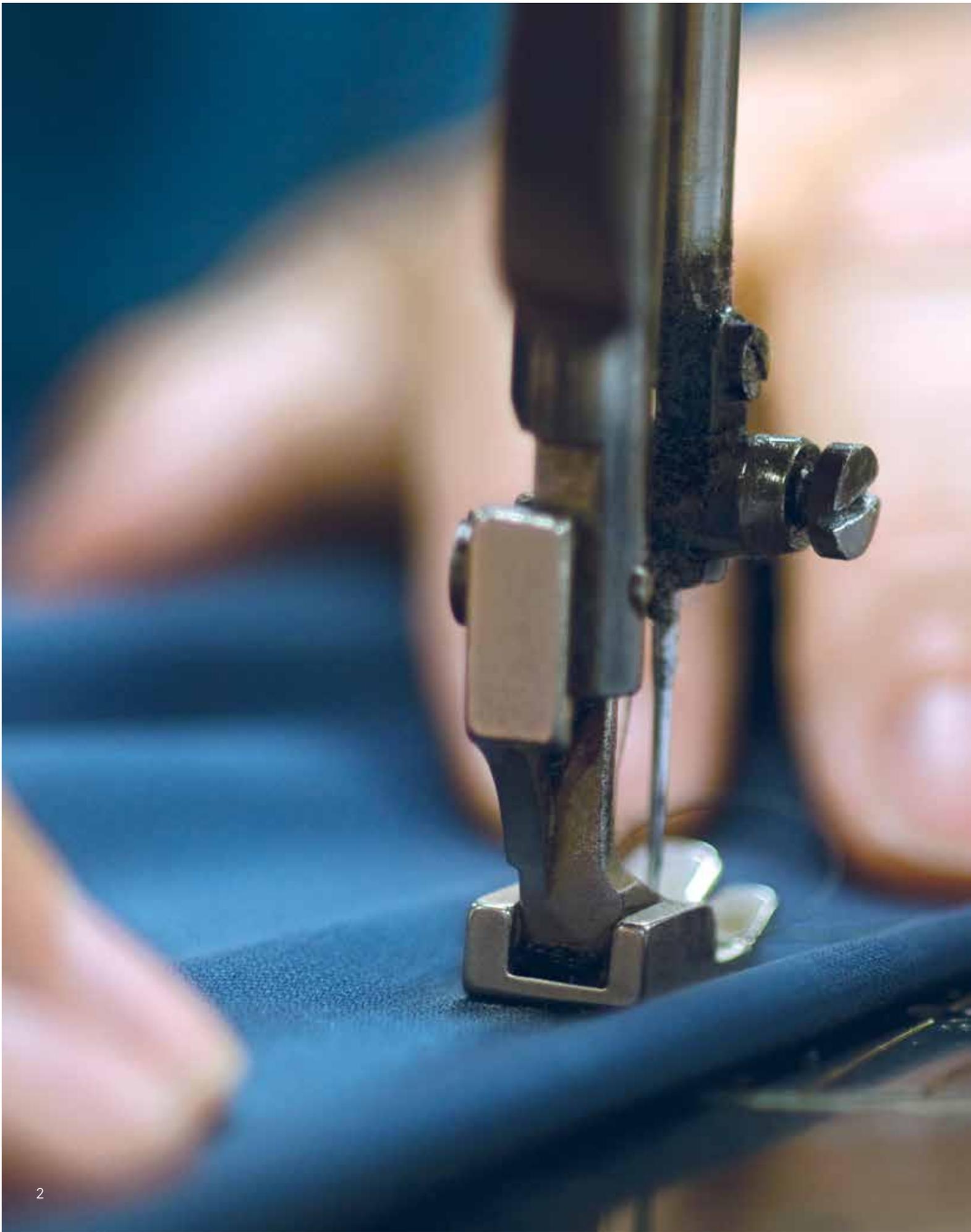


The value of partnership

Many people find it difficult to invest on their own, particularly as they amass wealth and their financial situations become more complex. That's when professional financial advice can help.

An experienced financial advisor provides customized portfolio management and discipline that can better position you to reach your long-term investment objectives. A good financial advisor will also build a relationship with you that goes beyond traditional financial planning and results in a more valuable financial life-planning approach.

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Financial advisors' knowledge of the investment process

Financial advisors don't merely pick stocks—they carefully analyze your personal circumstances and assess the market environment as they develop your investment plan.

A skilled financial advisor has the training and insight to:

- Understand your goals, your dreams, and your reasons for investing.
- Help create an investment strategy that can meet your short- and long-term needs.
- Make sense of an array of investments—from traditional stocks and bonds to exchange-traded funds, retirement accounts, and other investment vehicles—and determine how they fit into your financial plan.

- Act as an effective behavioral coach to keep you focused on your objectives.

You can trust an experienced financial advisor who offers the discipline, strategic planning, and continuous monitoring that will help ensure that your portfolio is positioned for success whether the market is booming or fraught with uncertainty.

The importance of an investment strategy

A carefully planned investment strategy is a practical way that you and your financial advisor can make sure you maintain the direction and discipline you need to reach your investment goals.

The first step in creating an investment strategy is to work with your financial advisor to understand your current situation and decide what you want to accomplish with your portfolio. Together with your financial advisor, you will need to determine your investment goals, risk tolerance, and time horizon.

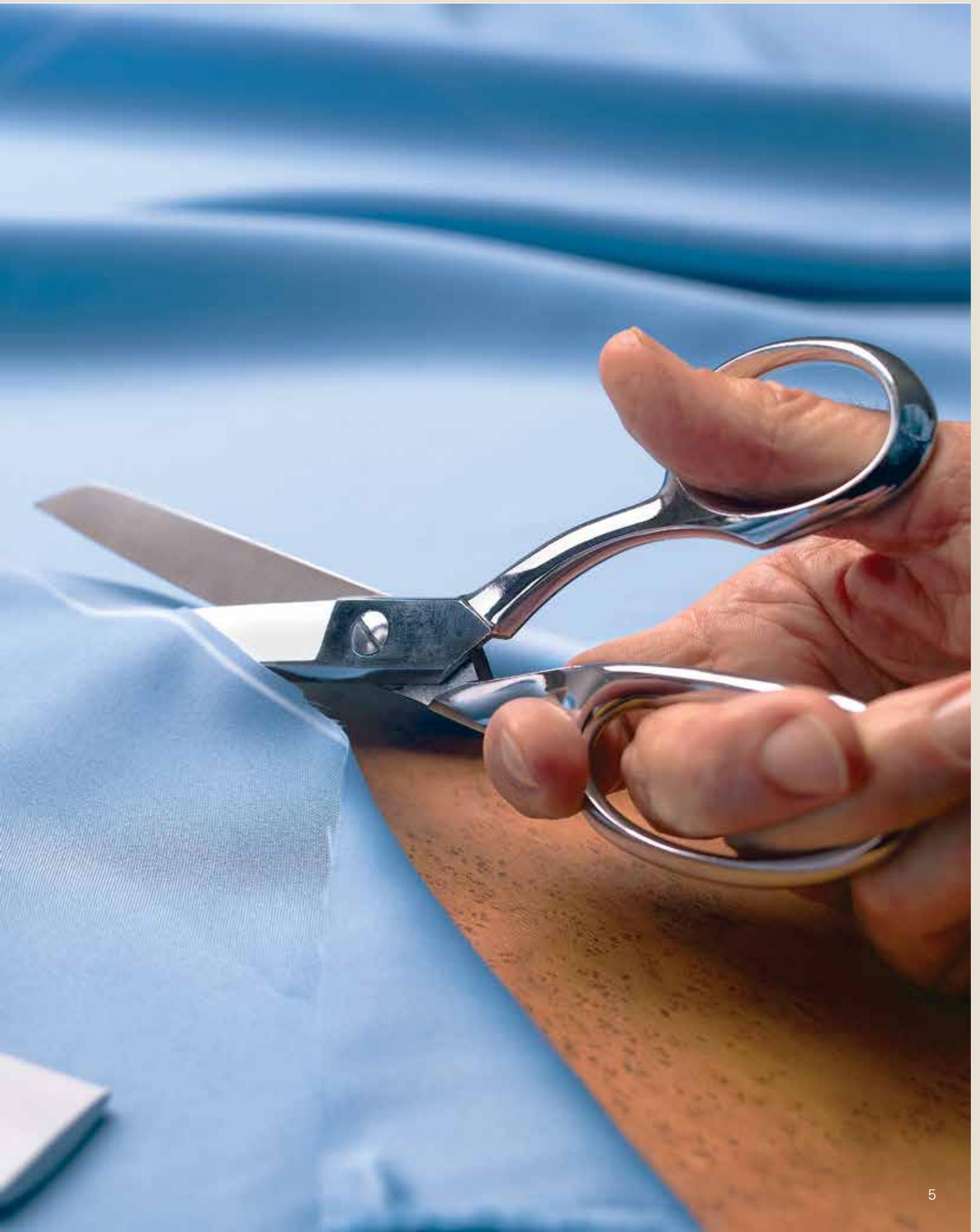
Your financial advisor will ask you questions about your current investments, the amount you plan to invest, your investment time frame, the level of risk you're comfortable with, and the return you expect from your portfolio.

Periodically, your financial advisor will revisit your investment strategy to ensure that your portfolio is on track and to make any necessary adjustments.

Understanding your investment philosophy

Together with your financial advisor, you'll clarify your beliefs as an investor and define your investment philosophy.

Your financial advisor will help you identify your attitudes toward investment risk, asset allocation, diversification, trading, investment costs, and other issues that define what's important to you as an investor. Establishing your unique investment philosophy will help guide the fundamental decisions you and your financial advisor make about your portfolio.





The allocation of assets

Asset allocation is a critical factor in determining the long-term returns of your portfolio. Asset allocation also helps you and your financial advisor determine the trade-off between risk and return for your particular needs.

Your financial advisor will consider a number of factors when developing an asset allocation that's appropriate for you, including:

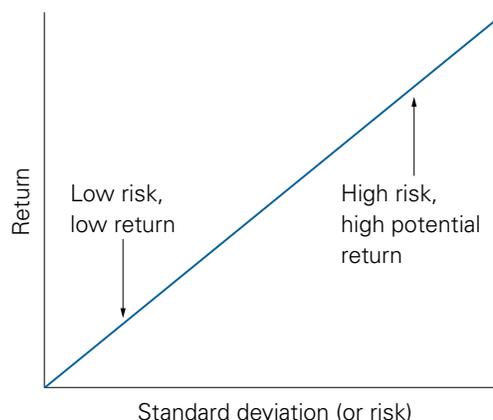
Your investment goals. Your financial advisor will need to understand your short- and long-term objectives—for example, a home purchase, education, retirement, or business financing—to create an allocation that helps you reach your goals.

Your risk tolerance. Do you lose sleep when the markets slide? Or do you shrug off a market slide as the normal course of business on Wall Street? Your financial advisor can help you understand your emotional reactions to the risks of investing and can help you create a plan that suits your investment temperament.

Your comfort with risk versus return. The concept of risk/return suggests that low levels of investment risk will result in

low returns, while high levels of risk will generate higher returns. Of course, there are no guarantees. While increased risk offers the possibility of higher returns, it also can lead to bigger losses. Balancing the risk you are willing to accept with the investment returns you need or want is something your financial advisor will discuss with you.

The figure below illustrates the relationship between risk and return.



Determining the amount of investment risk you can tolerate is essential to establishing an asset allocation. Your financial advisor will examine your income, investable assets, and investment goals—even your attitude about risk—to determine the risk/return trade-off that’s right for you.

Your time horizon. In order for your financial advisor to tailor your portfolio to your goals, it’s important to define your financial time horizon. A portfolio invested to finance retirement in 20 years would include a different selection of securities than a portfolio intended to finance an imminent retirement. For example, a growth-oriented investor seeking to maximize his or her long-term return potential may be willing to tolerate the large short-term price fluctuations that can occur with a concentration in stocks. On the other hand, an investor with short-term goals might be more likely to choose a bond-oriented allocation that’s more suitable for generating income. Your financial advisor will work closely with you to establish an allocation to meet your particular needs.

Diversification. Your financial advisor will generally build your portfolio using a variety of asset classes to achieve a high level of diversification and long-term stability.

Periodic rebalancing is essential

Your needs, goals, and time horizon change over time. So, too, does the market. One of the ways your financial advisor adds value to your investment plan is by monitoring and periodically rebalancing the asset allocation of your portfolio.

Your investment policy statement will spell out how often and under what circumstances you and your financial advisor will review your investment plan to make sure it stays on track to meet your short- and long-term investment goals.

Asset allocation can influence average returns

Holding more stocks in a portfolio has historically resulted in higher average annual returns but greater risk. The chart on the next page illustrates how a portfolio made up of 100% stocks delivered an average annual return of 10.1%, significantly higher than the 5.3% average annual return of a 100% bond portfolio. The trade-off for that significantly larger return was a much greater exposure to the risk of loss.

There is no guarantee that any particular asset allocation or mix of funds will meet your investment objectives or provide you with a given level of income. Diversification does not ensure a profit or protect against a loss.

Range of annual returns, 1926–2018



Past performance is not a guarantee of future results. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

Source: Vanguard. As of December 31, 2018.

Note: Stocks are represented by the Standard & Poor's 90 Index from 1926 to March 3, 1957; the S&P 500 Index from March 4, 1957, through 1974; the Dow Jones Wilshire 5000 Index from 1975 to April 22, 2005; the MSCI US Broad Market Index from April 23, 2005, to June 2, 2013; and the CRSP US Total Market Index thereafter. Bonds are represented by the S&P High Grade Corporate Index from 1926 through 1968, the Citigroup High Grade Index from 1969 through 1972, the Lehman Brothers U.S. Long Credit AA Index from 1973 through 1975, the Bloomberg Barclays U.S. Aggregate Bond Index from 1976 through 2009, and the Bloomberg Barclays U.S. Aggregate Float Adjusted Index thereafter.

All investments involve risk. Investments in bond funds are subject to interest rate, credit, and inflation risk.

The positioning of your portfolio

Investment expenses and taxes can significantly erode the value of your portfolio. A low-cost, tax-efficient portfolio can be the foundation for long-term investment success.

The value of tax efficiency

The implementation of tax-efficient strategies is an important way that your financial advisor can add value to your portfolio. Your financial advisor can choose from a wide array of products—including tax-deferred and tax-efficient investments and annuities—and techniques, such as managing capital gains, tax-loss harvesting, and more.

One of the most common ways to control taxes is through asset location. The basic approach involves placing assets in a combination of taxable and tax-deferred accounts to minimize taxes and maximize returns. Your financial advisor can help develop an asset location strategy based on your short- and long-term goals, income, tax bracket, and asset allocation.

Costs matter

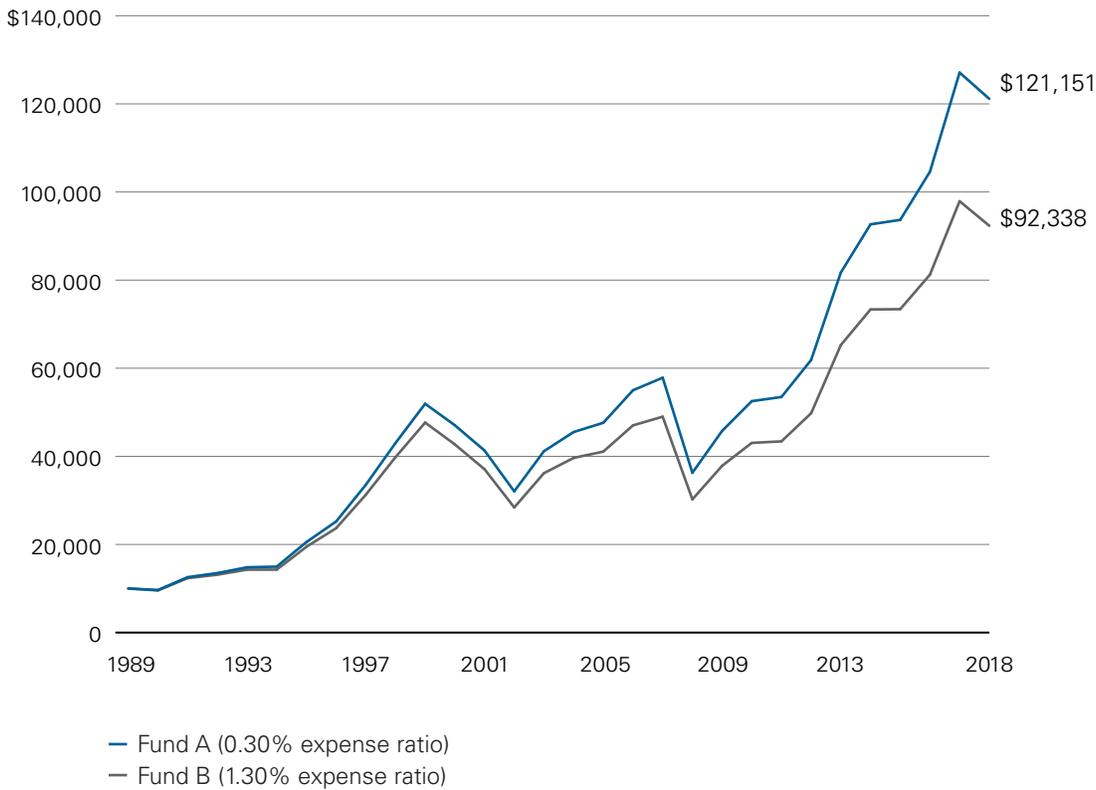
Never underestimate the importance of investment expenses. Simply stated, investment costs eat into your returns. The adjacent chart illustrates how costs can affect investment returns for two mutual funds with different expense ratios. Based on a hypothetical initial investment of \$10,000 in each fund made on December 31, 1989, the lower-cost mutual fund would have returned \$28,813 more than the higher-cost fund over the period ended December 31, 2018.

Your financial advisor understands the nature of investment costs and can be instrumental in ensuring that your investments are as cost-effective as possible.

Tax-loss harvesting involves certain risks, including, among others, the risk that the new investment could perform worse than the original investment, and that transaction costs could offset the tax benefit. There may also be unintended tax implications. We recommend that you consult a tax advisor before taking action.

How lower fund costs can help you over the long run

Hypothetical account values (based on a \$10,000 initial investment)



Past performance is not a guarantee of future results.

Source: Vanguard.

Note: The pattern of returns shown here is based on the deduction of expense ratios from the actual performance (including reinvestment of dividends) of the S&P 500 Index from December 31, 1989, to December 31, 2018. **This example is hypothetical and does not represent any particular investment, as you cannot invest directly in an index.**

There may be other material differences between products that must be considered prior to investing.

The value of planning for a lifetime

As you enter retirement, your financial advisor's ability to help you establish an efficient spending plan while positioning your portfolio for sustained growth can ensure that you enjoy a confident retirement.

Establishing the right spending plan

As you approach retirement, you'll face important decisions about how to spend from your portfolio. By implementing an efficient, tax-advantaged retirement spending strategy, your advisor can provide significant value by potentially increasing your wealth and extending the life of your portfolio.

Choosing the appropriate retirement allocation

As you near retirement, it's natural to become a more conservative investor with a desire to preserve your capital. Your advisor can help you understand the difference between income and total-return investing strategies, and why maintaining a balanced approach to generating income and capital appreciation is key to preserving your portfolio throughout your retirement.

The advantage of a comprehensive approach

Most investors think of financial advisors as investment counselors whose only job is to manage their finances and help them reach their investment goals. A good financial advisor will look beyond just a client's investments to incorporate a holistic wealth management approach that includes tax planning, retirement saving and spending advice, estate planning, behavioral coaching, and more.

A financial advisor who offers such a comprehensive life-planning approach can add an enormous amount of value by guiding you through the many complicated financial challenges you'll face throughout your life.

Take advantage of all the expertise your financial advisor has to offer. Share your dreams and goals to build a valuable relationship that goes beyond traditional financial planning to encompass your whole life.



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For more information about Vanguard funds or Vanguard ETFs, contact your financial advisor to obtain a prospectus or, if available, a summary prospectus. Investment objectives, risks, charges, expenses, and other important information are contained in the prospectus; read and consider it carefully before investing.

Investors cannot invest directly in an index. All investments are subject to risk.

Financial advisors: Visit advisors.vanguard.com or call 800-997-2798.