

Dividend appreciation index products make benchmark change

Based on our ongoing product due diligence, Vanguard recently selected S&P Dow Jones Indices LLC (S&P DJI) as the benchmark provider for two dividend-focused index funds:

Vanguard Dividend Appreciation Index Fund's Admiral™ and ETF share classes will now seek to track the S&P U.S. Dividend Growers Index rather than the Nasdaq US Dividend Achievers Select Index.

Vanguard International Dividend Appreciation Index Fund's Admiral and ETF share classes will now seek to track the S&P Global Ex-U.S. Dividend Growers Index rather than the Nasdaq International Dividend Achievers Select Index.

The new benchmarks, effective September 20, 2021, are fully transparent to investors and the marketplace and are based on methodologies that align with contemporary index construction best practices.

Key features of the new benchmarks:

- Buffered yield screens.
- Free-float adjustments.
- A three-day rebalance window.

Dividend Appreciation Index Fund benchmark comparison

	Dividend Appreciation Index Fund Admiral Shares	Old benchmark: Nasdaq US Dividend Achievers Select Index	New benchmark: S&P U.S. Dividend Growers Index
Characteristics			
Holdings	247	247	268
Weighted average market cap	\$284.0 billion	\$284.1 billion	\$280.7 billion
Weighted median market cap	\$170.5 billion	\$170.5 billion	\$164.8 billion
Dividend yield (%)*	1.72	1.72	1.73
Sector weightings (%)**			
Information technology	19.41	19.57	19.48
Industrials	15.61	15.63	15.37
Health care	15.47	15.50	14.39
Consumer staples	14.29	14.38	13.13
Financials	13.98	14.00	14.91
Consumer discretionary	11.03	11.05	11.20
Materials	4.09	4.09	5.36
Utilities	2.99	2.99	3.28
Communication services	2.78	2.78	2.88
Energy	0.00	0.00	0.00
Real estate	0.00	0.00	0.00
Top 10 holdings (weight %)***			
Microsoft Corporation	4.45	4.45	4.59
Johnson & Johnson	3.67	3.68	3.82
JPMorgan Chase & Co.	3.72	3.73	3.62
UnitedHealth Group Incorporated	3.19	3.19	3.30
Visa Inc. Class A	3.00	3.14	3.24
Procter & Gamble Company	2.83	2.84	2.94
Home Depot, Inc.	2.84	2.84	2.90
Comcast Corporation Class A	2.24	2.24	2.33
Abbott Laboratories	1.81	1.81	1.88
Coca-Cola Company	1.96	1.96	1.82

Sources: FactSet and S&P DJI, as of August 31, 2021.

*Dividend yield is the expected dividend per share divided by the current share price. It is determined by either an internal estimate of the growth rate or a third-party estimate. If the third-party estimate is negative, or if there is no third-party estimate and the current value is negative, no dividend yield is calculated.

**Sector categories are based on the Global Industry Classification System (GICS) methodology.

***The holdings listed exclude any temporary cash investments and equity index products.

International Dividend Appreciation Index Fund benchmark comparison

	International Dividend Appreciation Index Fund Admiral Shares	Old benchmark: Nasdaq International Dividend Achievers Select Index	New benchmark: S&P Global Ex-U.S. Dividend Growers Index
Characteristics			
Holdings	290	286	351
Weighted average market cap	\$114.1 billion	\$113.9 billion	\$114.7 billion
Weighted median market cap	\$65.2 billion	\$65.2 billion	\$57.9 billion
Emerging markets (%)	26.09	26.44	16.81
Developed markets (%)	73.29	73.56	83.19
Dividend yield*(%)	1.49	1.50	1.72
Top country weightings (%)			
Switzerland	17.16	17.23	17.32
Japan	15.68	15.74	17.61
India	13.78	13.83	7.15
Canada	9.21	9.24	11.69
Germany	8.66	8.68	6.34
United Kingdom	7.09	7.12	7.88
China	6.12	6.14	4.98
Hong Kong	4.73	4.75	4.45
Denmark	2.57	2.58	5.89
Australia	2.41	2.41	3.30
France	1.90	1.91	2.99
South Africa	1.28	1.43	0.00
Sector weightings (%)**			
Information technology	19.07	19.10	14.88
Health care	16.48	16.54	22.40
Industrials	14.78	14.84	13.39
Consumer staples	14.12	14.18	13.71
Financials	11.93	12.15	14.20
Materials	6.16	6.19	5.98
Communication services	5.01	5.03	6.69
Consumer discretionary	4.49	4.65	3.36
Energy	4.25	4.27	2.31
Real estate	1.57	1.58	1.83
Utilities	1.46	1.46	1.25
Top 10 holdings (weight %)***			
Nestlé S.A.	4.27	4.29	4.23
Roche Holding Ltd	4.32	4.34	4.15
Novartis AG	3.80	3.81	3.97
SAP SE	3.47	3.48	3.47
Novo Nordisk A/S Class B	0.00	0.00	3.47
AIA Group Limited	2.71	2.72	3.00
Tencent Holdings Ltd.	2.57	2.58	2.77
Keyence Corporation	2.74	2.75	2.54
Sanofi	0.00	0.00	2.43
Toronto-Dominion Bank	0.00	0.00	2.40

Sources: FactSet and S&P DJI, as of August 31, 2021.

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