

The Wall Street Journal

## Vanguard Ratchets Up Index-Fund Price Battle

Indexing giant lowers bar for investors to get into cheaper admiral shares of some funds

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Nov. 19, 2018

Vanguard Group is lowering the minimum amount customers need to invest to get cheaper prices on more than three dozen of its index funds.

The \$5.3 trillion indexing giant's move is the latest salvo in its push to lure investors from rivals as asset managers come under pressure to slash the costs of funds.

Starting Monday, the firm is lowering the minimum investments for admiral shares—a share class that has lower fees than regular investor classes—to \$3,000 from \$10,000 for 38 index mutual funds. The funds make up the majority of Vanguard's index funds that are available to individual investors and include some of the industry's largest stock and bond index funds.

Vanguard became the world's second-largest asset manager after [BlackRock](#) Inc. BLK 1.17% by launching some of the cheapest funds in the industry. Rivals have sought to match or undercut Vanguard on fees, pushing down customers' costs of investing in basic portfolios of stocks and bonds. Now the Malvern, Pa., firm faces a challenge: how to keep growing as the market for low-cost funds that track markets gets more crowded.

After record flows for the firm in 2017, Vanguard's net inflows this year have been slowing. Aside from having more investment choices, investors have also turned more cautious as they question the longevity of a decadelong bull market.

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Under new Chief Executive Mortimer J. ‘Tim’ Buckley, who took the helm this year, Vanguard is looking to invest more in the firm’s financial advice business and looking to press further overseas.

Meanwhile, other firms have aggressively rolled out cheap funds.

Earlier this year, Fidelity Investments took steps to cut pricing on stock and bond index mutual funds and launched what it advertised as zero-fee index funds.

A spokeswoman said Vanguard’s latest changes weren’t a response to Fidelity’s steps.

Vanguard’s move could reduce expense ratios for investors transferred into admiral shares by between 15% and 71%, depending on the specific fund in which they are investing. The firm is also launching new admiral shares on five index funds with those new minimums.

The firm created admiral shares in 2000 to give discounted pricing to investors who invested larger amounts of money in certain funds. Over the years, the mutual-fund company has reduced minimum investments tied to that share class.

Its latest changes affect only index funds. The minimum requirement that investors must make to qualify for admiral shares of funds run by teams that make investments of their choosing, rather than those that track markets, remains at \$50,000.