

Understanding the risks: Vanguard LifeStrategy model portfolio service

The model portfolio service

Vanguard's model portfolio service (MPS) offers a range of model portfolio solutions for advisers and their clients. Our MPS solutions enable you to delegate your investment management responsibilities. Our service gives you the opportunity to spend more time to plan your clients' financial future and deepen your relationships. We handle the investment management of your client portfolios. As the client's adviser, you retain the full responsibility of determining the suitability of Vanguard's MPS for your client. This will depend on the client's investment objective, risk appetite and their capacity to absorb financial loss.

Who is the Vanguard LifeStrategy MPS aimed at?

Vanguard's LifeStrategy MPS may be suitable if:

- You want to delegate some or all of your investment management responsibilities to Vanguard.
- You would like Vanguard to take responsibility for portfolio rebalancing.
- You are looking to strengthen your client relationships through the agent-as-client framework.
- Your client's investments meet the applicable platform minimums.

Vanguard's LifeStrategy MPS may be suitable for your client if:

- They are looking for potential capital growth.
- They are willing to take investment risk.
- They have some investment knowledge.

- They are retired and looking to draw an income from their portfolio's capital.

Vanguard's LifeStrategy MPS **may not be suitable** if:

- You prefer to maintain your clients' portfolios yourself.
- You would like the discretionary fund manager to have a directly contracted relationship with your clients (reliance-on-others framework).

Vanguard's LifeStrategy MPS **may not be suitable** for your client if:

- They have no capacity for capital loss.
- Their investment horizon is less than five years.
- They wish to access their portfolio on a non-advised basis.
- They are using their portfolio for hedging purposes.
- They are looking to receive a natural yield from their chosen portfolio.

You can find more details in our [target market documentation](#). Your clients should go through a risk profiling process to determine their attitude to risk and capacity for loss, culminating in a risk-reward profile. The Vanguard LifeStrategy model portfolio chosen should be appropriate for the client's risk-reward profile.

Clients should be fully and clearly informed of the risks associated with investing. Below is a summary of the risks associated with investing via a model portfolio including the main risks of investing in the underlying funds.

Investment risk information

The value of investments, and the income from them, may fall or rise and investors may get back less than they invested. The price or value of investments may fluctuate significantly. The value of equities and bonds can be affected by factors such as stock market movements, interest rates, credit spreads and volatility. Other driving factors include political, economic news, company earnings and significant corporate events.

Model risk

This is the potential for errors in the model's design, incorrect inputs or misinterpretation of results.

Risks related to the underlying funds

The below represent the main risks of investing in the underlying funds. For further information on the risks of the underlying funds, please refer to the prospectus and KIID of the underlying funds. The KIID for each fund is available, alongside the prospectus via Vanguard's website <https://global.vanguard.com/>

Emerging markets risk

Emerging markets are generally more sensitive to economic and political conditions than developed markets. Other factors include greater 'Liquidity Risk', restrictions on investment or transfers of assets and failed/delayed delivery of securities or payments to the Fund.

Concentration risk

Investment risk is concentrated in specific sectors, countries, currencies or companies. This means the Fund is more sensitive to any localised economic, market, political or regulatory events

Liquidity risk

Lower liquidity means there are insufficient buyers or sellers to allow the Fund to sell or buy investments readily. This could cause the Fund to incur higher costs when buying or selling investments or could mean that the Fund is not able to buy or sell investments when it would like to do so.

Counterparty risk

The insolvency of any institutions providing services such as safekeeping of assets or acting as counterparty to derivatives or other instruments, may expose the Fund to financial loss.

Currency exchange risk

Movements in currency exchange rates can adversely affect the return of your investment.

What is the Vanguard LifeStrategy MPS?

The Vanguard LifeStrategy MPS offers a range of model portfolio solutions that are designed to maximise an investor's risk-adjusted return. Investors can choose from five distinct model portfolios, each with a different balance of potential risk and return based on their equity and bond mix.

The LifeStrategy MPS follows Vanguard's foundational investment principles* for portfolio construction, which we believe is important for long-term investment success.

Vanguard uses its low-cost index funds as building blocks to construct the LifeStrategy MPS. This results in a range of model portfolios providing diversified exposure to equity and bond markets globally.

We rebalance the LifeStrategy MPS on a three-monthly basis to ensure that clients' investments remain aligned with their risk and return objectives.

Vanguard LifeStrategy MPS is available in two ranges:

1. Classic

The Vanguard LifeStrategy MPS Classic range is made up of five equity-bond weightings. Each portfolio has a non-market capitalisation-weighted tilt to the UK equity and UK bond markets.

2. Global

The Vanguard LifeStrategy MPS Global range offers a global market capitalisation-weighted approach to portfolio construction. As with the LifeStrategy MPS Classic range, five equity-bond portfolio choices are available, but without the tilt to the UK equity and UK bond markets.

*Vanguard's four principles for long-term, successful investing: Goals (create clear, appropriate investment goals); balance (setting a suitable asset allocation), costs (look to minimise to keep more of the investment return), discipline (maintain a long-term perspective).

What is the rebalancing schedule for Vanguard LifeStrategy MPS?

The rebalancing schedule is March/June/September/December.

What benchmark can I use to assess the performance of the model portfolios?

Each LifeStrategy MPS seeks to achieve market-like performance that is consistent with its equity and bond weightings.

MPS Classic range

- Vanguard LifeStrategy 20% Equity MPS Classic
- Vanguard LifeStrategy 40% Equity MPS Classic
- Vanguard LifeStrategy 60% Equity MPS Classic
- Vanguard LifeStrategy 80% Equity MPS Classic
- Vanguard LifeStrategy 100% Equity MPS Classic

MPS Global range

- Vanguard LifeStrategy 20% Equity MPS Global
- Vanguard LifeStrategy 40% Equity MPS Global
- Vanguard LifeStrategy 60% Equity MPS Global
- Vanguard LifeStrategy 80% Equity MPS Global
- Vanguard LifeStrategy 100% Equity MPS Global

Vanguard publishes [monthly factsheets and quarterly reports](#) that provide the performance and a breakdown of each model portfolio.

How are the Vanguard LifeStrategy MPS constructed?

The LifeStrategy MPS invest in Vanguard's low-cost index funds (see listing below). We use these funds as building blocks to construct portfolios with a mix of equities and bonds for a range of risk profiles.

The LifeStrategy Classic and LifeStrategy Global MPS ranges use the same index funds. The LifeStrategy Classic MPS range of MPS will have a higher allocation to UK equities and UK bonds.

Fund listing:

1. Vanguard FTSE U.K. All Share Index Unit Trust GBP Acc
2. Vanguard U.S. Equity Index Fund GBP Acc
3. Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund GBP Acc
4. Vanguard Pacific ex-Japan Stock Index Fund GBP Acc
5. Vanguard Japan Stock Index Fund GBP Acc
6. Vanguard Emerging Markets Stock Index Fund GBP Acc
7. Vanguard Global Bond Index Fund GBP Hedged Acc
8. Vanguard U.K. Government Bond Index Fund GBP Acc
9. Vanguard U.K. Investment Grade Bond Index Fund GBP Acc
10. Vanguard U.K. Inflation-Linked Gilt Index Fund GBP Acc
11. Vanguard Euro Government Bond Index Fund GBP Hedged Acc
12. Vanguard Euro Investment Grade Bond Index Fund GBP Hedged Acc
13. Vanguard U.S. Government Bond Index Fund GBP Hedged Acc
14. Vanguard U.S. Investment Grade Credit Index Fund GBP Hedged Acc
15. Vanguard Japan Government Bond Index Fund GBP Hedged Acc

Important information

This is directed at professional investors and should not be distributed to, or relied upon by, retail investors.

For further information on the investment policies and risks of the model portfolio(s), please refer to the prospectus and KIID of the underlying funds before making any final investment decisions. The KIID for each fund is available, alongside the prospectus via Vanguard's website <https://global.vanguard.com/>

This is designed for use by, and is directed only at, persons resident in the UK.

The information contained herein is not to be regarded as an offer to buy or sell or the solicitation of any offer to buy or sell securities in any jurisdiction where such an offer or solicitation is against the law, or to anyone to whom it is unlawful to make such an offer or solicitation, or if the person making the offer or solicitation is not qualified to do so. The information is general in nature and does not constitute legal, tax, or investment advice. Potential investors are urged to consult their professional advisers on the implications of making an investment in, holding or disposing of shares and/or units of, and the receipt of distribution from any investment.

The Authorised Corporate Director for Vanguard LifeStrategy Funds ICVC is Vanguard Investments UK, Limited. Vanguard Asset Management, Limited is a distributor of Vanguard LifeStrategy Funds ICVC

The Manager of the Ireland domiciled funds may determine to terminate any arrangements made for marketing the shares in one or more jurisdictions in accordance with the UCITS Directive, as may be amended from time-to-time.

For investors in UK domiciled funds, a summary of investor rights can be obtained via <https://www.vanguard.co.uk/content/dam/intl/europe/documents/en/Vanguard-InvestorsRightsSummaryUKFUNDSJan22.pdf> and is available in English.

For investors in Ireland domiciled funds, a summary of investor rights can be obtained via <https://www.ie.vanguard/content/dam/intl/europe/documents/en/vanguard-investors-rights-summary-irish-funds-jan22.pdf> and is available in English, German, French, Spanish, Dutch and Italian.

Issued by Vanguard Asset Management Limited, which is authorised and regulated in the UK by the Financial Conduct Authority.

©2025 Vanguard Asset Management Limited. All rights reserved.

Connect with Vanguard®

global.vanguard.com

Vanguard