

Vanguard®

Vanguard LifeStrategy® 40% Equity Fund

Quarterly report

30 June 2025



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

Market commentary

Vanguard LifeStrategy® 40% Equity Fund

As at 30 June 2025

Highlights

1
UK employment weakened.

2
The European Central Bank cut its interest rate as inflation fell.

3
Tariffs weighed on US growth.

In Q2 2025, trade and policy uncertainty dominated headlines. Trade distortions caused economic activity to soften in the US but improve in the euro area and the UK. While inflation fell below target in the euro area and was benign in the US, it remained elevated in the UK. During the quarter, the European Central Bank (ECB) and the Bank of England (BoE) cut their key lending rates, while the US Federal Reserve (Fed) kept rates unchanged.

In the UK, growth expanded by 0.7% (quarter-on-quarter) in Q1, while Q2 survey data suggested the uptick was due to one-off effects. Employment showed signs of cooling, with the unemployment rate edging up. Annual headline inflation rose to 3.4% in May, up from March's 2.6%. Despite this, the BoE cut interest rates from 4.50% to 4.25% in May on economic growth concerns.

Euro area economic activity expanded by 0.6% (quarter-on-quarter) in Q1. As in the UK, the growth uptick was due to one-off trade distortions, as recent survey data pointed to a

return to more modest growth in Q2. With headline inflation falling to 1.9% in March, below the ECB's 2% target, the ECB cut its policy rate twice to 2.0% from 2.5%.

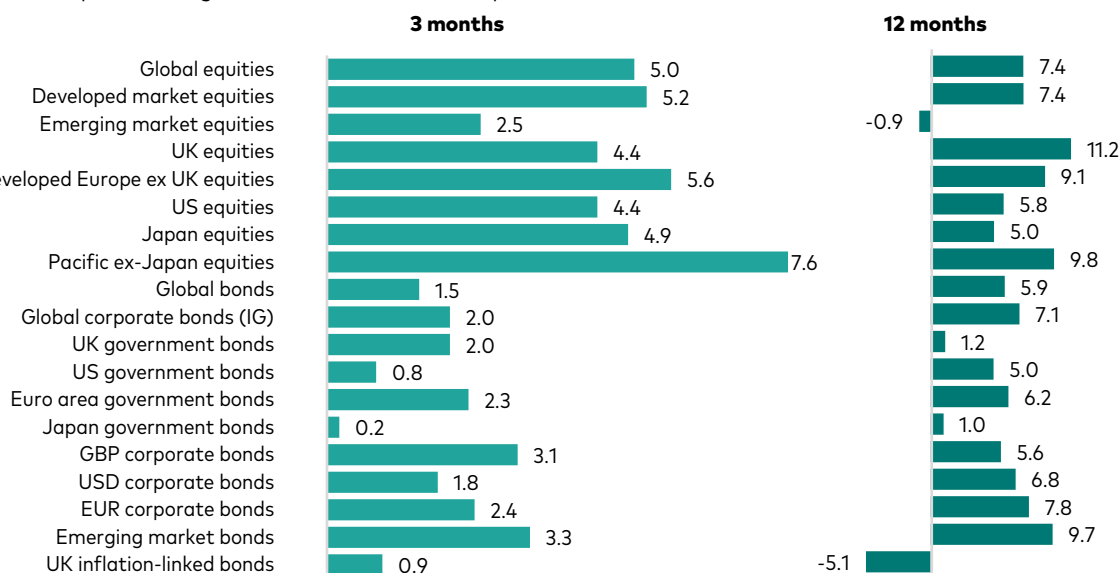
Lastly, the US economy contracted by 0.2% (quarter-on-quarter, annualised) in Q1. Elevated policy uncertainty, trade tensions and the front-loading of imports all weighed on economic activity. Survey indicators suggested a marginal rebound in Q2. Tariffs have yet to materially impact inflation, with the Fed's preferred inflation measure, the annual Core Personal Consumption Expenditures (PCE) Index, edging down from 2.7% in March to 2.5% in May. Similarly, headline PCE fell from 2.3% to 2.1% over the same period. With the economic outlook clouded by uncertainty, the Fed opted to keep interest rates unchanged, leaving the federal funds target range at 4.25-4.50% at the end of Q2.

Source: Vanguard and Bloomberg, as at 23 June 2025.

Regional market performance

Equity and bond market total returns: 3 months and 12 months to 30 June 2025 (%).

The market returns displayed here are not reflective of the underlying funds that make up LifeStrategy portfolios and are intended to provide a high-level overview of market performance (in GBP)



Past performance is not a reliable indicator of future results.

Source: Vanguard as at 30 June 2025. Total returns in GBP. Indices used: FTSE All World Net Tax TR GBP; FTSE Developed Index - Net Tax TR GBP; FTSE E/N Emerging Markets Net TRI GBP; FTSE All-Share Index Total Return; FTSE Developed Europe ex UK Net Tax GBP Index; S&P 500 GBP Net Total Return Index; MSCI Japan Net Total Return GBP Index; MSCI Pacific ex Japan Net Total Return GBP Index; Bloomberg Global Aggregate Float-Adjusted and Scaled; Bloomberg Global Agg Float Adjusted Corp TR Index Value Hedged GBP; Bloomberg GA GBP Govt Float Adj Total Return Index Value Unhedged GBP; Bloomberg GA USD Govt Float Adj Total Return Index Value Hedged GBP; Bloomberg GA EUR Govt Float Adj Total Return Index Value Hedged GBP; Bloomberg Japan Government Float Adjusted Bond TR Hedged GBP; Bloomberg Sterling Aggregate: Corporate Total Return Index Hedged GBP; Bloomberg Global Agg Corp - United States Dollar TR Index Hedged GBP; Bloomberg Euro Aggregate Corporate Total Return Index Value Hedged GBP; J.P. Morgan EMBI Global Diversified Hedged GBP; Bloomberg UK Gvt ILB Float Adjusted Total Return Index Unhedged GBP.

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Fund commentary

Vanguard LifeStrategy® 40% Equity Fund

As at 30 June 2025

Highlights

1
The LifeStrategy 40% Equity Fund recorded a 3.20% return.

2
US equities rebounded from a steep, tariff-led early quarter sell-off.

3
UK corporate bonds outperformed most other bond markets.

The LifeStrategy 40% Equity Fund recorded a return of 3.20% in the second quarter of 2025.

The Fund's performance was primarily driven by its equity exposure to the developed world (ex-UK), UK and US equities, with a notable contribution from emerging markets. Fixed income also contributed positively, with global bonds and UK government bonds also making important contributions.

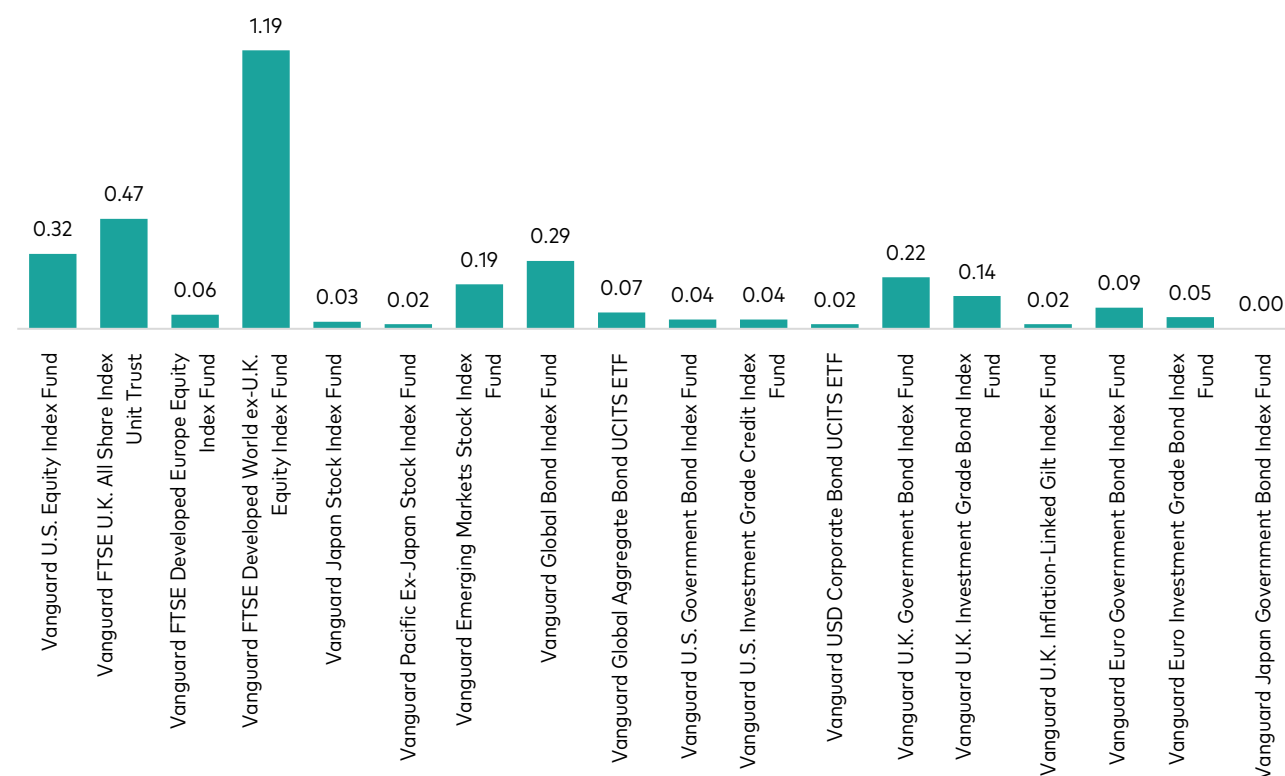
In equities, the UK gained on positive Q1 2025 economic growth, new trade deals and an interest-rate cut. The US market rebounded strongly in Q2, recovering from a steep sell-off early in the quarter sparked by the announcement of new trade tariffs. US market confidence was buoyed by positive news on the economy, corporate earnings and easing trade tensions following the initial tariff announcements. Meanwhile, the softer US dollar provided broad support for emerging market equities. Elsewhere, euro area equity markets gains were supported by two interest rate cuts, plans to increase defence spending and

easing trade tensions. Lastly, Japanese shares rose on corporate reforms and trade talk progress.

In fixed income markets, the quarter marked a shift in investor focus from central bank actions to broader fiscal and credit fundamentals. Geopolitical and trade tensions eased, while inflation showed signs of softening. UK gilts delivered a robust quarterly return, driven by a high starting yield and a Bank of England rate cut. Meanwhile, investment-grade bonds made healthy gains, particularly UK and euro area corporate debt. Credit spread tightening was supported by an attractive starting yield and a relative lack of supply. Euro area government bonds also advanced on European Central Bank rate cuts and softening inflation. In the US, the Federal Reserve maintained a cautious stance. However, growing concerns about US government debt sustainability was realised when credit ratings agency Moody's downgraded the country's sovereign debt rating. US Treasury performance lagged other major government bond markets.

Performance contribution of underlying Vanguard funds in Q2 2025 (%)

Vanguard LifeStrategy 40% Equity Fund (accumulation shares)



Past performance is not a reliable indicator of future results.

Source: Vanguard as at 30 June 2025.

Total returns in GBP, net of underlying fund fees with income reinvested. Basis of fund performance is NAV to NAV.

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Fund factsheet

Vanguard LifeStrategy® 40% Equity Fund

As at 30 June 2025

Total fund assets: £5,645mn

Investment objective and policy summary

- The Fund seeks to hold investments that will pay out money and increase in value through a portfolio comprising approximately 40% shares and 60% bonds.
- The Fund will have exposure to shares of UK companies and non-UK companies (including emerging markets (i.e. countries that are progressing toward becoming advanced, usually shown by some development in financial markets, the existence of some form of stock exchange and a regulatory body)), and to Sterling-denominated and non-Sterling denominated bonds (including government bonds, index-linked bonds and UK investment-grade bonds). The UK will generally form one of the largest single country exposures for shares and bonds.

Fund performance

Annualised performance*

%, GBP, net of OCF, as at 30 June 2025

	YTD	1m	3m	6m	1yr	3yrs	5yrs	10yrs	Since inc.
LifeStrategy 40% Equity Fund-Acc.	2.73	1.55	3.20	2.73	5.50	4.89	2.64	4.64	5.40

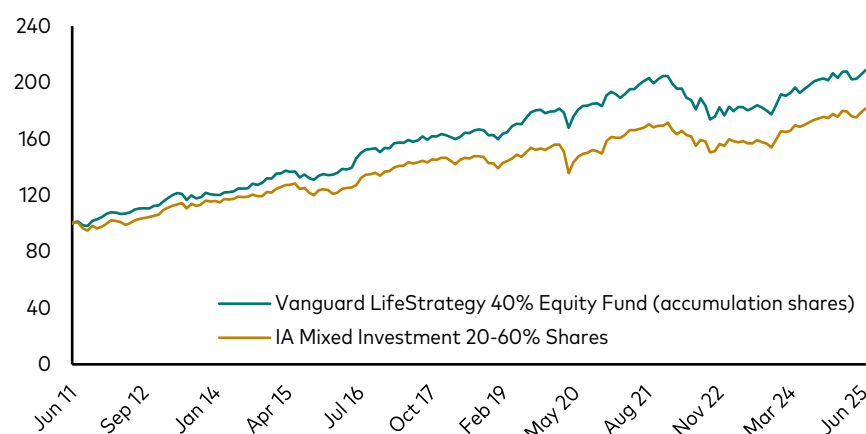
12-month return to:

%, GBP, net of OCF

	30 Jun 2016	30 Jun 2017	30 Jun 2018	30 Jun 2019	30 Jun 2020	30 Jun 2021	30 Jun 2022	30 Jun 2023	30 Jun 2024	30 Jun 2025
LifeStrategy 40% Equity Fund-Acc.	10.24	8.03	3.91	6.60	4.78	8.31	-8.87	0.54	8.81	5.50
IA Mixed Investment 20-60% Shares	2.26	11.91	2.49	3.02	-0.71	11.82	-7.15	1.15	9.50	5.78

Cumulative performance (since inception)

%, GBP, net of OCF, 23 Jun 2011 to 30 Jun 2025



Past performance is not a reliable indicator of future results.

Source: Vanguard

*Figures in the table above for periods less than one year are cumulative returns. All other figures represent annual returns.

Performance figures include the reinvestment of all dividends and any capital gains distributions. Basis of fund performance is NAV to NAV with gross income invested.

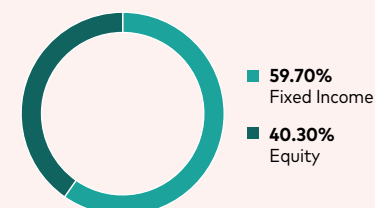
Data shown is for the Vanguard LifeStrategy 40% Equity Fund GBP Gross Accumulation share class.

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Fund information

Asset allocation



Fund facts

Investment structure	UCITS
Domicile	UK
UK Reporting Status	Yes
Inception date	23/06/2011
Use of income	Accumulating
ISA eligible	Yes
SRRI ¹	4
IA Sector	Mixed Investment 20-60% Shares

Fees

Ongoing Charges Figure (OCF²) 0.22%

Purchase information

ISIN	GB00B3ZHN960
SEDOL	B3ZHN96
Bloomberg ticker	VGSL40A
Base currency	GBP

Risk ratings³

Defaqto	4
Dynamic Planner	4
EValue (1-10, 15 years)	4
Finametrica	41-53
Oxford Risk (of 5)	2
Oxford Risk (of 7)	3
Synaptic (1-5)	3.0
Synaptic (1-10)	5

¹Synthetic Risk and Reward Indicator is used to indicate the level of risk of a UCITS fund on a scale of 1 to 7, with 1 representing low risk and 7 representing high risk.

²The Ongoing Charges Figure (OCF) covers administration, audit, depository, legal, registration and regulatory expenses incurred in respect of the Funds. When you invest with any fund manager, you pay a number of charges, starting with the Annual Management Charge (AMC) which covers the fund manager's costs of managing the fund. The AMC plus ongoing running costs and other operational expenses make up the fund's total 'ongoing charges figure'.

³Defaqto data as at April 2025; Dynamic Planner data as at Q2 2025; EValue data as at Q2 2025; FinaMetrica data as at 31 March 2025; Oxford Risk data as at 24 January 2025; Synaptic data as at Q2 2025.

Fund factsheet (continued)

Vanguard LifeStrategy® 40% Equity Fund

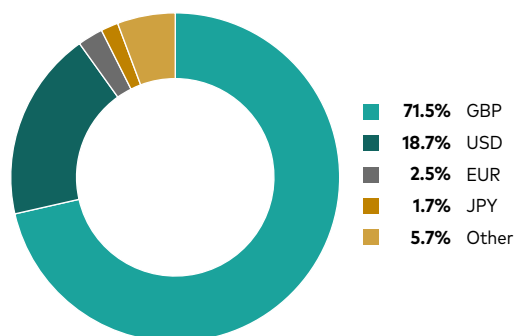
As at 30 June 2025

Fund breakdowns

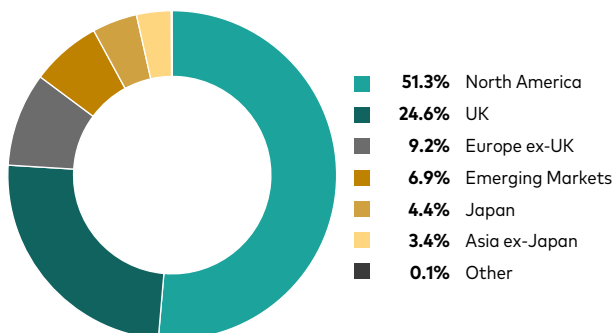
Breakdown of underlying funds

Equity allocation	(%)
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	19.5
Vanguard FTSE U.K. All Share Index Unit Trust	9.9
Vanguard U.S. Equity Index Fund	5.9
Vanguard Emerging Markets Stock Index Fund	3.2
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	1.1
Vanguard Japan Stock Index Fund	0.5
Vanguard Pacific Ex-Japan Stock Index Fund	0.2
Fixed income allocation	
Vanguard Global Bond Index Fund	19.1
Vanguard U.K. Government Bond Index Fund	11.0
Vanguard U.K. Investment Grade Bond Index Fund	4.9
Vanguard Global Aggregate Bond UCITS ETF	4.9
Vanguard U.S. Government Bond Index Fund	4.8
Vanguard U.K. Inflation-Linked Gilt Index Fund	4.0
Vanguard Euro Government Bond Index Fund	3.7
Vanguard U.S. Investment Grade Credit Index Fund	2.5
Vanguard Euro Investment Grade Bond Index Fund	2.1
Vanguard USD Corporate Bond UCITS ETF	1.5
Vanguard Japan Government Bond Index Fund	1.2

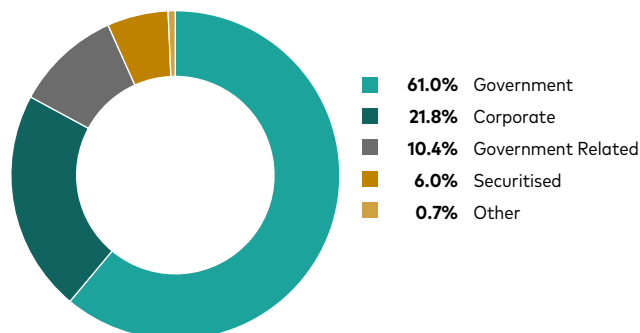
Fund currency breakdown



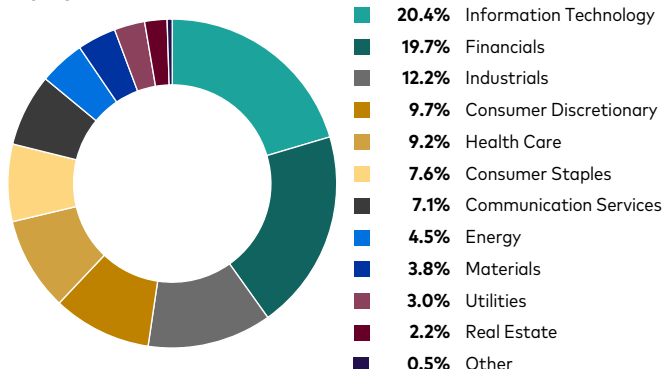
Equity regional breakdown



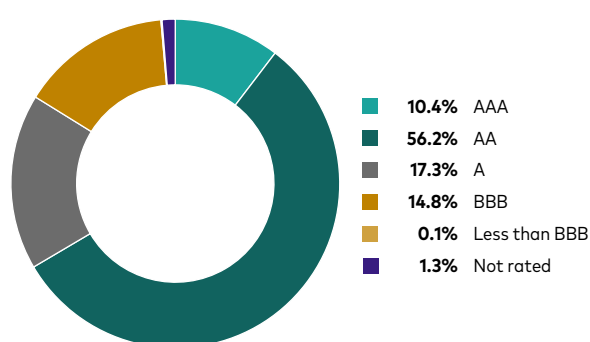
Fixed income Issuer breakdown¹



Equity sector breakdown



Fixed income quality breakdown



Equity characteristics²

Number of stocks	6,477
Median market cap (GBP mn)	69.35
Equity yield (%)	2.16
P/E ratio (x)	20.82

Fixed income characteristics³

Number of bonds	24,590
Yield-to-worst (%)	3.84
Duration (%)	7.19

Data shown is for the Vanguard LifeStrategy 40% Equity Fund GBP Gross Accumulation share class.

Source: Vanguard (Data as of 30/06/2025)

¹ Issuer breakdown: Sovereign / Government includes Sovereign, Treasury. Government Related includes Provincials, Municipals, Agencies, Local Authority, Supranational. Corporate includes Financial Institutions, Industrials, Utilities. Securitised includes ABS, CMBS, Mortgage Backed Pass through.

² Calculated as the weighted average across the equity allocation.

³ Calculated as the weighted average across the bond allocation.

Note: Fund and asset class weights should add up to 100%; however, there may be differences due to rounding.

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Key investment risks

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

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.

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.

Credit risk. The issuer of a financial asset held within the Fund may not pay income or repay capital to the Fund when due.

Inflation risk. The value of your investments may not be worth as much in the future due to changes in purchasing power resulting from inflation.

Use of derivatives. The use of derivatives could increase or reduce exposure to underlying assets and result in greater fluctuations of the Fund's net asset value.

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.

Past performance is not a reliable indicator of future results.

Some funds invest in emerging markets which can be more volatile than more established markets. As a result the value of your investment may rise or fall.

Investments in smaller companies may be more volatile than investments in well-established blue chip companies.

The Vanguard LifeStrategy® Funds may invest in Exchange Traded Fund (ETF) shares.

ETF shares can be bought or sold only through a broker. Investing in ETFs entails stockbroker commission and a bid-offer spread which should be considered fully before investing.

Funds investing in fixed interest securities carry the risk of default on repayment and erosion of the capital value of your investment and the level of income may fluctuate. Movements in interest rates are likely to affect the capital value of fixed interest securities. Corporate bonds may provide higher yields but as such may carry greater credit risk increasing the risk of default on repayment and erosion of the capital value of your investment. The level of income may fluctuate and movements in interest rates are likely to affect the capital value of bonds.

The Funds may use derivatives in order to reduce risk or cost and/or generate extra income or growth. The use of derivatives could increase or reduce exposure to underlying assets and result in greater fluctuations of the Fund's net asset value. A derivative is a financial contract whose value is based on the value of a financial asset (such as a share, bond, or currency) or a market index.

For further information on risks please see the "Risk Factors" section of the prospectus on our website at <https://global.vanguard.com>.

Important information

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

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