

Risk Rating

Vanguard Global Balanced Fund

July 2021



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Executive summary

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Summary

We conclude the following Risk Ratings for the Vanguard Global Balanced Fund:

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Assessment

The Defaqto methodology involves using both quantitative and qualitative inputs in order to risk rate a fund:

1. Input 1 - Historic volatility of the fund
2. Input 2 - Forecast the fund's future volatility
3. Input 3 - Discussion with the fund manager

Our methodology requires us to take the highest of the relevant historic and stochastic volatilities.

Since our profiles are overlapping and not contiguous, we have some discretion as to whether a fund is rated in the upper or the lower profile of the highest data point.

Our assessment has been considered by our Investment Committee, and has taken into account some of Vanguard's suggestions when arriving at our risk ratings.

Investment Committee Summary

Historic Volatility

Historic volatilities of up to 5 years have been used.

Stochastic (future) volatility

Our analysis has been based on holdings data provided by Vanguard.

Global Balanced Fund

Risk rated on 04 August 2021

Mandate

Vanguard Global Balanced Fund seeks to provide long-term capital growth together with some current income.

The fund seeks to achieve its investment objective by investing primarily in a combination of equity securities of companies (approximately two-thirds of the portfolio) and fixed income securities (approximately one-third of the portfolio). The fund’s holdings may be selected from all economic sectors and industry groups, and located anywhere in the world, providing exposure to a broad range of developed and emerging markets.

The fund employs an active management strategy. Its independent sub-adviser follows a distinct approach in managing the fund’s assets to maintain a balance between its equity and fixed income components.

Investment Committee Notes

We used fund holdings supplied by Vanguard to calculate all stochastic measures. This fund could be risked rated as a 5 or a 6. Through discussion with Vanguard in which the Defaqto methodology and their approach were considered, both Defaqto and Vanguard believe that this fund is most appropriately risk rated as a 6.

Conclusion/Risk Rating



Next review

September 2021

Defaqto Risk Ruler

