Vanguard

OCTOBER 2025

ACTIVE FIXED INCOME

Emerging Markets Bond Fund in a nutshell

This is a marketing communication

An emerging market bond portfolio designed to outperform by identifying diversified sources of alpha while avoiding the potential for significant drawdowns.

Key highlights

1. **Consistent returns.** The fund aims to achieve consistent long-term outperformance by identifying opportunities in fixed income securities of various maturities, yields and credit qualities.

2. **Broad investment spectrum for strong diversification potential.** The fund provides exposure to a diversified set of issuers with different credit quality, risk factors and duration sensitivities. In addition to emerging market sovereign exposure, we also use various levers of alpha outside the benchmark, such as local rates, currencies and corporates (within strict limits). This allows us to focus on relative value opportunities across asset classes as well as supporting our best ideas.

3. **Focus on security selection and avoid large directional bets.** Our robust investment process heavily relies on security selection rather than large macro calls. This means we identify the most attractive bond for a given country, within a diversified universe ranging from high beta names all the way to the most idiosyncratic issuers. As such, we are able to deliver a true to label product given the expected risk/return profile.

4. **Extensive risk management.** Our dedicated risk management team runs extensive stress testing and tightly monitors the level of correlated risk across our portfolio to reduce its directionality and avoid large drawdowns.

Key attributes

Low cost
The ongoing charges figure (OCF) is 0.60% versus a peer group average of 1.06%[1].

Benchmark
J.P. Morgan EMBI Global Diversified Index

Investment talent
Managed by Vanguard Fixed Income Group.

1 Source: Vanguard and Morningstar. Data as at 31 December 2024. The ongoing charges figure (OCF) refers to the Investor GBP and EUR hedged Acc share class. The OCF covers the fund manager's costs of managing the fund. It does not include dealing costs or additional costs such as audit fees. Morningstar peer group average OCF for IA Sector = Global Emerging Market Bond – Hard Currency.
Please read the risk factors section in the prospectus, available on our website.

Investment process

Portfolio construction

Global macro/ asset class drivers

We do not rely on large macro bets but a robust macro framework to help us understand relative value and risk management

Country allocation

Rigorous fundamental research to identify improving stories and avoid "crisis countries"

Security selection

Separating alpha from market risk (beta)

Focus on deviations away from fair value and mispricing of bonds

Risk management

For professional investors only (as defined under the MiFID II Directive) investing for their own account (including management companies (fund of funds) and professional clients investing on behalf of their discretionary clients). In Switzerland for professional investors only. Not to be distributed to the public.

About Vanguard's Fixed Income Group

Vanguard is one of the largest fixed income managers in the world and has over 40 years of experience managing active fixed income portfolios, having launched our first active bond fund in 1982. The Fixed Income Group's experience includes experts on economics, interest rates, industry sectors, risk, trading and security analysis.

Vanguard Fixed Income Group's (FIG) philosophy emphasises rigorous and consistent portfolio construction, driven by analysis, to achieve highly controlled and cost-effective investment results for clients.

Since inception, FIG has continuously sought to refine techniques for delivering consistent performance, tightening risk control and maintaining transparency in order to ensure they are capturing the critical drivers of performance and distinguished clientele.

The September 2017 launch of the Vanguard Global Credit Bond Fund in Europe marked the group's first active fixed income product offering outside the US.

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.

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.

The Vanguard Emerging Markets Bond Fund may use derivatives, including for investment purposes, in order to reduce risk or cost and/or generate extra income or growth. For all other funds they will be used 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.

Some funds invest in securities which are denominated in different currencies. Movements in currency exchange rates can affect the return of investments.

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.

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 (for UK, Channel Islands, Isle of Man investors) and to the KID (for European investors) before making any final investment decisions. The KIID and KID for this fund are available in local languages, alongside the prospectus via Vanguard's website https://global.vanguard.com/.

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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 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.

For Dutch investors only: The fund(s) referred to in this document are listed in the AFM register as defined in section 1:107 Dutch Financial Supervision Act (Wet op het financieel toezicht).For details of the Risk indicator for each fund listed in this document, please see the fact sheet(s) which are available from Vanguard via our website https://www.nl.vanguard/professional/product.

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