

GLOBAL EQUITY FUND

Quarterly update

LOW-COST ACTIVE
EQUITY

Vanguard Global Equity Fund is an actively managed fund that can invest anywhere in the world. Its two independent sub-advisers follow distinct, yet complementary approaches in managing approximately equal portions of the fund's assets. Baillie Gifford is a growth investor with a long-term perspective. Wellington is a value manager seeking to take advantage of opportunities created by behavioural biases.

Highlights

- Equity markets moved lower.
- European and emerging-market stocks were among the laggards.
- Value stocks largely outperformed growth stocks.
- The Vanguard Global Equity Fund underperformed its benchmark.
- Baillie Gifford and Wellington continue to find investment opportunities.

Market overview

Volatility surged as Russia's invasion of Ukraine and rising inflationary pressures dominated global equity markets in the first quarter of 2022. In January, rising prices and the prospect of less accommodative monetary policy were already weighing on market sentiment. By the end of February, Russia's invasion of Ukraine had injected substantial uncertainty into global equity markets. Energy prices soared, helping to push consumer prices to multi-decade highs across much of the world. Some central banks, including those in the US and UK, raised short-term interest rates. The European Central Bank (ECB) continued to reduce its bond purchases, and financial markets expected the ECB to raise interest rates later this year. Stocks regained some ground in March but finished the quarter in negative territory, with European and emerging-market stocks among the laggards. The rising interest-rate environment helped value stocks to largely outperform growth stocks.

Fund performance

The Vanguard Global Equity Fund returned -5.92% over the quarter and trailed its benchmark, the FTSE All World Net Tax (UK

UCITS) Index in GBP, which returned -2.47%¹.

Wellington outperformed while Baillie Gifford trailed the benchmark. The Wellington portion of the fund delivered positive returns both in terms of positive sector allocation and security selection. Wellington's security selection in consumer discretionary and energy contributed positively to performance, while security selection in telecommunications and utilities detracted.

Security selection was the main detractor led by Baillie Gifford. Within the Baillie Gifford portion of the fund, security selection in technology and consumer discretionary detracted, while security selection in materials contributed positively. Baillie Gifford's exposure to growth stocks also detracted.

At the individual stock level, the largest held detractors were Prosus and Shopify.

Shares in Prosus, the global internet group, have been weak amid ongoing regulatory concerns impacting its c.29% stake in Tencent, the Chinese technology and entertainment firm, as well as the recent stress in equity markets following Russia's invasion of Ukraine and the subsequent sanctions placed on Russia. Prosus has

¹ Source: Vanguard, as at 31 March 2022.

exposure to Russia through investments in VK Group and Avinto. However, they are not material to the overall group-level revenues or to the investment team's investment case. Baillie Gifford believes that Prosus provides access to a unique portfolio of fast-growing investments in emerging economies across food delivery, educational technology and digital payments, among others. Despite recent share-price weakness, Baillie Gifford remains confident in the management team and its ability to create long-term value.

The share price of Canadian ecommerce firm Shopify was down from its November peak and was nearly back to its pre-pandemic level in the first quarter. Shares fell in response to the company announcing plans to invest into growth initiatives, which have been met with scepticism by the market.

The top individual contributors over the quarter were Canadian Natural Resources and Rio Tinto.

Canadian Natural Resources is a Canadian oil and natural gas company. The company demonstrated strong cash flow from its long-life, low-decline asset base, reported fourth-quarter production rates above market forecasts and raised its dividend ahead of consensus. Wellington continues to favour the competitive dynamic within the oil sands industry and large upfront capital requirements which create significant barriers to entry.

Rio Tinto has benefitted from the rising prices of metals, mainly iron ore, copper and aluminium. The conflict in Ukraine and subsequent economic sanctions placed on Russia have severely impacted the world's supply of commodities. Baillie Gifford believes the company has an attractive free cash flow yield, while earnings growth accelerating the prospects for greater profits and dividends sent shares higher. Rio Tinto paid out the second-biggest dividend in the history of the FTSE 100 for the 2021 financial year – which was welcomed by shareholders.

Activity

The fund's underweight exposure to industrials was reduced driven by an increase in industrials holdings held by Wellington. On a regional basis, the fund's overweight exposure to Asia Pacific increased while its

underweight exposure to the US slightly increased. Within the Asia Pacific region, Wellington added to its Japan exposure.

The Wellington team initiated a position in British multinational consumer goods company Unilever. The team believed the stock was valued at attractive levels after multiple years of negative estimate revisions, compounded recently by a failed bid for a large consumer healthcare firm as well as inflationary cost pressures.

Wellington sold its position in US multinational networking hardware and software company Cisco Systems. This followed strong performance, with Wellington using the proceeds as a source of funds to add to more attractive opportunities.

Baillie Gifford's Global Alpha team initiated a position in Analog Devices, which specialises in high performance semiconductors. The investment team believes that Analog Devices will benefit from trends in digitisation, electrification and communications. The firm is helping to realise new technologies such as 5G and electric vehicles and Baillie Gifford believes the market underappreciates the longevity of this opportunity.

Baillie Gifford sold its position in Zillow which is the largest online real estate portal in the US. Baillie Gifford believed the growth outlook was less attractive and reinvested the proceeds in other higher conviction ideas.

Outlook

Baillie Gifford is accustomed to market volatility. The Global Alpha team has been assessing the portfolio across several dimensions in the context of the changing economic environment and it has confidence in the long-term growth prospects of the companies in which it invests. In periods of heightened equity market volatility, experience has taught the team to remain patient and steadfast in its approach.

Wellington is finding many opportunities based on a combination of good value and underlying fundamentals turning positive, which it believes should benefit investors over the coming years.

Key fund facts (as at 31 March 2022)

Investment managers: Baillie Gifford Overseas Ltd,
Wellington Management Company LLP

Inception date: 25 May 2016

Domicile: United Kingdom

Benchmark: FTSE All World Index

Ongoing charges figure¹: 0.48%

Fund AUM: GBP 329m

Number of holdings: 197

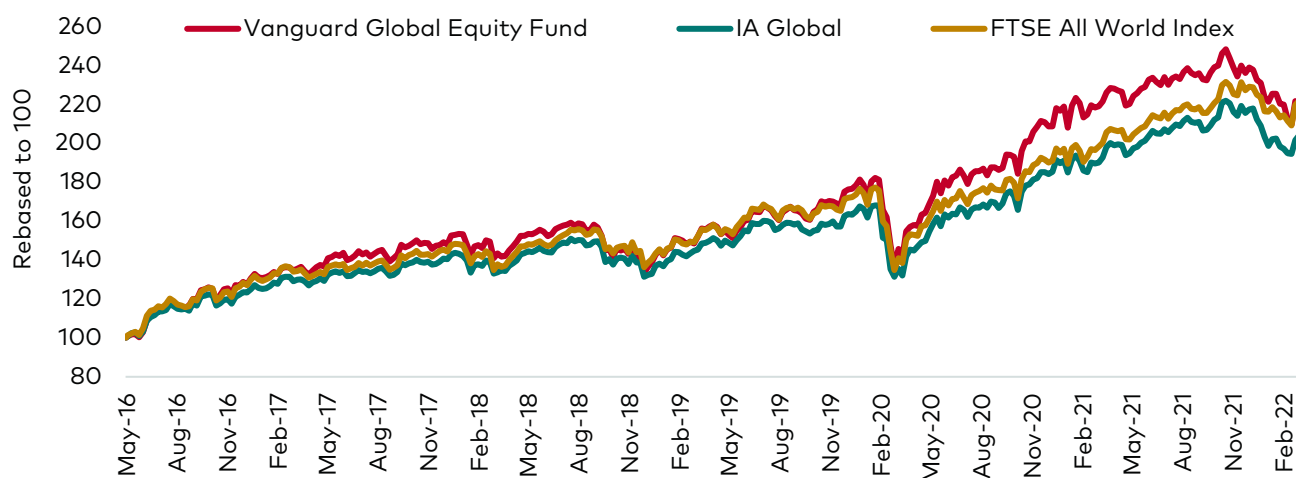
Median market cap: GBP 34.3B

PE ratio: 17.7X

Equity yield (dividend): 1.5%

ISIN: GB00BZ82ZT69

Fund performance (as at 31 March 2022)



Cumulative (%)	YTD	3m	1 year	3 yr (ann.)	5 yr (ann.)	Since inception
Fund	-5.92	-5.92	2.26	13.74	10.55	14.75
Peer Group	-5.78	-5.78	6.98	12.10	9.70	13.12
Benchmark	-2.47	-2.47	12.51	13.59	10.68	14.70

Year on year (%)	1 Apr 2017 - 31 Mar 2018	1 Apr 2018 - 31 Mar 2019	1 Apr 2019 - 31 Mar 2020	1 Apr 2020 - 31 Mar 2021	1 Apr 2021 - 31 Mar 2022
Fund	5.75	6.08	-3.35	48.90	2.26
Peer Group	4.33	8.66	-7.04	43.03	6.98
Benchmark	2.60	10.44	-6.47	39.27	12.51

Past performance is not a reliable indicator of future results.

Source: Vanguard and Morningstar, as at 31 March 2022. Peer group is IA Global. Performance figures include the reinvestment of all dividends and any capital gains distributions. The performance data does not take account of the commissions and costs incurred in the issue and redemption of shares. Basis of fund performance NAV to NAV. Basis of index performance is total return. All performance is calculated in GBP, net of fees.

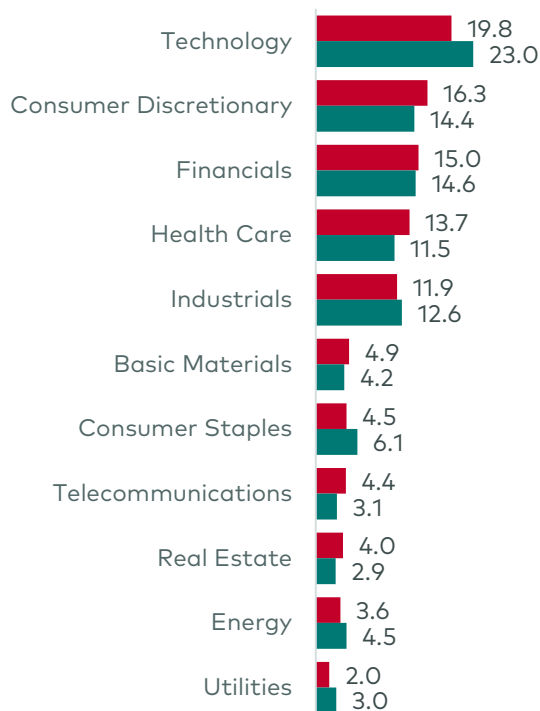
¹The Ongoing Charges Figure (OCF) covers the fund manager's costs of managing the fund. It does not include dealing costs or additional costs such as audit fees.

Top 10 fund holdings (% exposure, as at 31 March 2022)

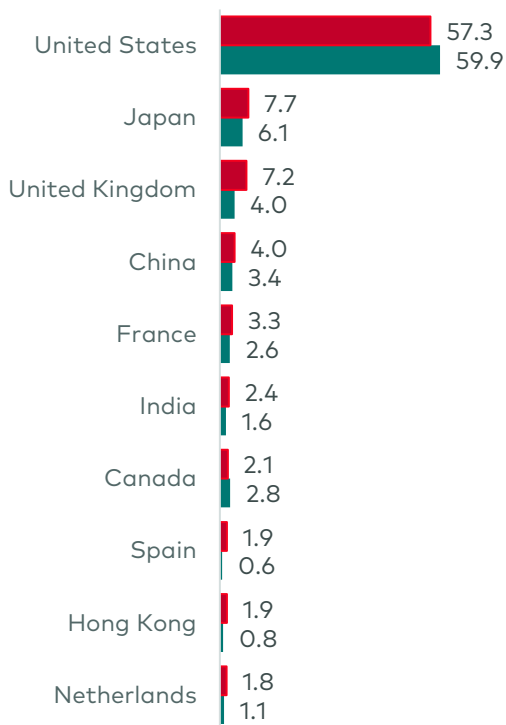
Company	%
Reliance Industries Ltd.	1.8
Alphabet Inc.	1.8
Anthem Inc.	1.5
Microsoft Corp.	1.4
Moody's Corp.	1.3
CRH plc	1.3
Martin Marietta Materials Inc.	1.2
T-Mobile US Inc.	1.1
Rio Tinto	1.1
Taiwan Semiconductor Manufacturing Co. Ltd.	1.0

Breakdown (as at 31 March 2022)

Sector exposure (%)



Region exposure (%)



■ Fund ■ Benchmark

Source: Vanguard, as at 31 March 2022.

Performance analysis

Top contributors 3-month (%)

Company name	Portfolio weight	Bench weight	3-month return	Total effect
Canadian Natural Resources Limited	0.9	0.0	52.4	0.3
Reliance Industries Limited	1.8	0.0	11.0	0.2
Schlumberger N.V. (Schlumberger Limited)	0.5	0.1	42.3	0.2
Rio Tinto plc	1.1	0.1	32.3	0.2
BHP Group Limited	1.0	0.0	31.7	0.2

Top detractors 3-month (%)

Company name	Portfolio weight	Bench weight	3-month return	Total effect
Prosus N.V.	1.0	0.1	-33.5	-0.40
Shopify Inc.	0.5	0.0	-49.5	-0.40
Sea Ltd. (Singapore)	0.5	0.0	-44.9	-0.40
Coupang Inc.	0.5	0.0	-38.1	-0.30
Sberbank Russia PJSC	0.1	0.0	-76.0	-0.30

Top contributors 12-month (%)

Company name	Portfolio weight	Bench weight	12-month return	Total effect
Canadian Natural Resources Limited	0.9	0.0	119.4	0.60
Reliance Industries Limited	1.8	0.0	31.0	0.30
BHP Group Limited	1.0	0.0	31.7	0.20
Albemarle Corporation	0.7	0.0	59.8	0.20
Exelon Corporation	0.7	0.1	63.4	0.20

Top detractors 12-month (%)

Company name	Portfolio weight	Bench weight	12-month return	Total effect
Alibaba Group Holding Ltd.	0.3	0.0	-49.7	-0.80
Sea Ltd. (Singapore)	0.5	0.0	-43.8	-0.50
Prudential plc	0.8	0.1	-23.3	-0.40
Ryanair Holdings Plc	0.8	0.0	-19.6	-0.40
Ping An Insurance (Group) Company of China Ltd.	0.7	0.1	-35.0	-0.30

Past performance is not a reliable indicator of future results.

The portfolio attribution data shown above is provided by FactSet based on information provided by Vanguard about the fund's daily portfolio holdings as of the market close. Because the fund buys and sells stocks throughout the trading day and not necessarily at the market close, the attribution data shown above is an estimate and may not precisely reflect actual attribution information.

Source: FactSet, as at 31 March 2022. FactSet is a holdings-based attribution tool. Portfolio transactions are valued at closing price, which may cause some slight deviations with the fund return (based on NAV).

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.

Reference in this document to specific securities should not be construed as a recommendation to buy or sell these securities, but is included for the purposes of illustration only.

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 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.

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

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

Important information

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

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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