

## GLOBAL CREDIT BOND FUND

## Quarterly update

LOW-COST ACTIVE  
FIXED INCOME

Marketing communication

**The Vanguard Global Credit Bond Fund is an actively managed fixed income solution investing primarily in a diversified portfolio of global investment-grade fixed income securities. The fund is managed by Vanguard's Fixed Income Group and aims to generate a diversified, consistent level of return and income over the long term.**

**Highlights**

- Performance of fixed income markets was mixed over the first quarter amid divergence between the US and Europe.
- US bond yields declined over the period, while European bond yields rose.
- In credit markets, investment-grade spreads broadly widened.
- The Vanguard Global Credit Bond Fund outperformed its benchmark.
- The fund remains cautiously overweight to high-quality credit.

**Market overview**

Performance of fixed income markets was mixed in the first quarter of 2025, amid a divergence between a risk-off theme in the US and stronger growth in Europe.

In the US, bond yields declined amid persistent market concerns about the US administration's tariff policies and their potential impact on economic growth. Survey data showed US consumer confidence declining to its lowest level in four years.

In the euro area, bond yields rose sharply following Germany's announcement of a new €1 trillion fiscal spending plan that includes significant increases in defence and infrastructure spending.

Inflation in developed markets remained above central bank targets. In the US, headline inflation eased to 2.8% in February, from 2.9% in December. In the euro area, inflation fell to 2.3% in February, from 2.4% in December. Meanwhile, in the UK, headline inflation rose to 2.8% in February, from 2.5% in December.

The US Federal Reserve kept rates on hold over the quarter. Meanwhile, the European Central Bank cut interest rates by 25 basis points (bps) in both January and March, while acknowledging the heightened level of trade policy uncertainty. The Bank of England (BoE) cut rates by 25 bps in February. After keeping interest rates on hold at its March meeting in a move widely anticipated by

markets, the BoE's hawkish tone sent UK government bond (gilt) yields higher.

Government bond yields trended broadly lower over the quarter, although there was some divergence between regions and maturities. In the US, 2- and 10-year Treasury yields both declined by 36 bps<sup>1</sup>. In the UK, the yield curve steepened, with the 2-year yield declining by 18 bps while the 10-year yield climbed 18 bps<sup>2</sup>. In the euro area, the 2-year yield edged down by 3 bps, while the 10-year yield increased by 37 bps<sup>3</sup>.

In corporate credit markets, investment-grade (IG) credit spreads widened, in line with the general risk-off sentiment in markets. US dollar- and sterling-denominated IG spreads widened by 14 bps and 15 bps, respectively, while euro-denominated IG spreads tightened by 4 bps<sup>4</sup>. Emerging market (EM) IG and EM high-yield (HY) spreads widened by 16 bps and 42 bps, respectively<sup>5</sup>.

**Fund performance and positioning**

The Vanguard Global Credit Bond Fund returned 1.76% in the first quarter, outperforming its benchmark, the Bloomberg Global Aggregate Credit Index (USD Hedged), which returned 1.60%<sup>6</sup>.

The largest contributors to returns included: the fund's bias towards European IG credit versus US IG credit; the fund's holdings in Celanese, a US European real estate investment trusts (REITs). The largest detractors from performance included

<sup>1, 2, 3, 4, 5</sup> Vanguard and Bloomberg, for the period 31 December 2024 to 31 March 2025.

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beta exposure, as US credit spreads widened over the quarter; and certain EM sovereigns, including Columbia and Turkey.

In terms of positioning, we reduced the fund's bias towards European rates and are long UK gilts. We remain cautiously underweight to Japan rates, with a short position in the front-end of the yield curve.

In credit markets, we remain cautiously overweight to high-quality credit, with a view to add attractive new issues. Our focus remains on well-capitalised companies with strong balance sheets. The fund holds an overweight to European IG credit versus US IG credit, although European credit spreads have tightened. We are also seeing value in Australian dollar credit and have been adding to our position. We continue to have a bias towards non-cyclical versus cyclical issuers, and financials versus non-financials. We also have a slight overweight exposure to UK utilities.

We remain cautious on HY credit and have been adding opportunistically as spreads have widened over the last couple of months. In EM, we are constructive and have been adding selectively to fundamentally strong names.

## Outlook

Geopolitics are playing a larger role in financial markets, and there is a greater focus on their impact on monetary policy. Developed market central banks have begun to cut interest rates, although the outlook for further rate cuts looks less certain given economic and trade policy uncertainties.

At the start of April, the US announced fresh rounds of tariff measures, which led to a sell-off in equities and a broader move downwards in bond yields, as markets perceived the tariffs to be negative for economic growth.

Credit spreads overall remain tight, although we have seen some spread widening in conjunction with the global risk-off sentiment. European IG spreads were on a tightening trend for most of the first quarter but have seen some widening since the tariff announcements in early April. However, European companies continue to be supported by robust fundamentals and a supportive technical backdrop, with net supply in 2025 expected to be flat or slightly lower than in 2024.

In HY corporates, valuations have improved given the spread widening seen so far this year. We continue to be cautious given that a recessionary outcome would see lower-quality sectors become more vulnerable, although yields at current levels are likely to offset some of the spread widening.

<sup>6</sup> Source: Bloomberg, for the period 31 December 2024 to 31 March 2025.

## Vanguard Global Credit Bond Fund Investor USD Hedged

### Key fund facts (as at 31 March 2025)

**Investment manager:** Vanguard Global Advisers, LLC

**Inception date:** 14 September 2017

**Domicile:** Ireland

**Benchmark:** Bloomberg Global Aggregate Credit Index  
Hedged in USD

**Peer group:** EAA Fund Global Corporate Bond - USD Hedged

**Ongoing charges figure<sup>1</sup>:** 0.35%

**Fund AUM:** USD 1,766m

**Number of holdings:** 1618

**Yield to worst:** 4.8%

**Average coupon:** 4.2%

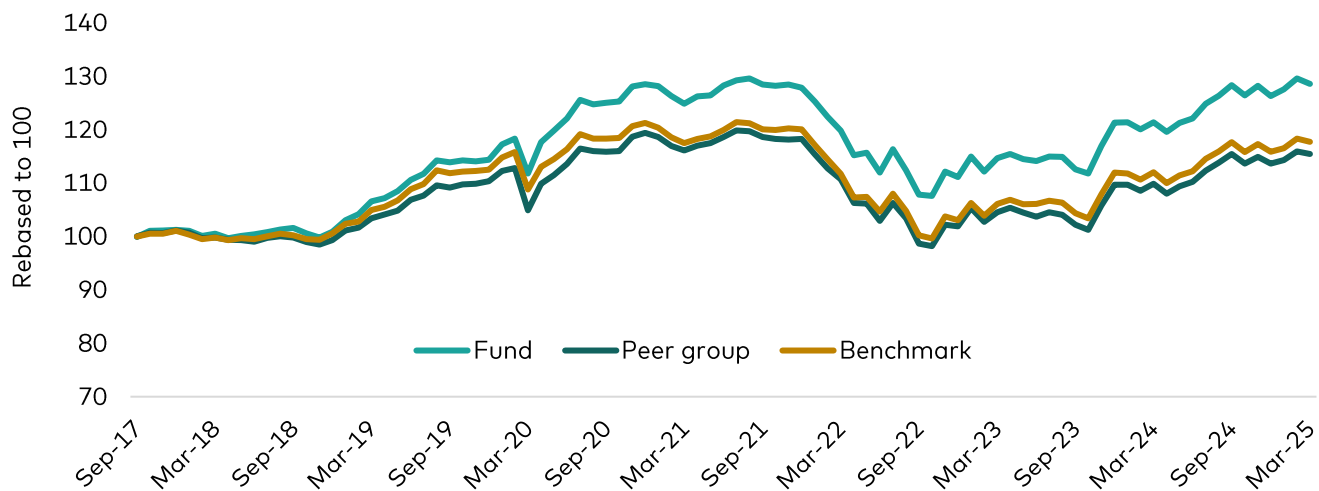
**Average maturity:** 8.8 years

**Average quality:** A-

**Average duration:** 5.9 years

**ISIN:** IE00BYV1RD15

### Fund performance (Cumulative % growth, USD, 14 September 2017 to 31 March 2025)



Cumulative return (%) as at 31 March 2025	YTD	3 month	1 year	3 yr (ann.)	5 yr (ann.)	Since inception (ann.)
Fund	1.76	1.76	5.87	2.38	2.83	3.39
Peer group	3.13	3.13	4.83	0.77	1.49	0.87
Benchmark	1.60	1.60	5.12	1.76	1.59	2.19

Calendar year return (%)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Fund	--	--	--	-0.39	13.38	12.39	-0.50	-13.09	9.14	4.15
Peer group	-4.22	3.56	9.25	-4.47	10.21	10.54	-3.34	-16.88	9.31	0.21
Benchmark	-0.13	5.69	5.36	-0.47	11.85	7.78	-0.95	-14.22	8.68	3.52

12-month return (%) to:	31 Mar 2016	31 Mar 2017	31 Mar 2018	31 Mar 2019	31 Mar 2020	31 Mar 2021	31 Mar 2022	31 Mar 2023	31 Mar 2024	31 Mar 2025
Fund	--	--	--	6.05	4.89	11.66	-4.03	-4.29	5.89	5.87
Peer group	0.92	1.35	6.63	-0.11	-1.18	13.86	-6.35	-8.02	4.72	4.83
Benchmark	1.04	3.55	2.82	5.16	3.70	7.98	-4.90	-5.07	5.59	5.12

#### Past performance is not a reliable indicator of future results.

Source: Vanguard and Morningstar. 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 USD, net of fees. Performance figures shown may be calculated in a currency that differs from the currency of the share class that you are invested in. As a result, returns may decrease or increase due to currency fluctuations. <sup>1</sup>The 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.

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## Vanguard Global Credit Bond Fund Institutional EUR Hedged

### Key fund facts (as at 31 March 2025)

**Investment manager:** Vanguard Global Advisers, LLC

**Inception date:** 14 September 2017

**Domicile:** Ireland

**Benchmark:** Bloomberg Global Aggregate Credit Index Hedged in EUR

**Peer group:** EAA Fund Global Corporate Bond - EUR Hedged

**Ongoing charges figure<sup>1</sup>:** 0.35%

**Fund AUM:** EUR 1,635m

**Number of holdings:** 1618

**Yield to worst:** 4.8%

**Average coupon:** 4.2%

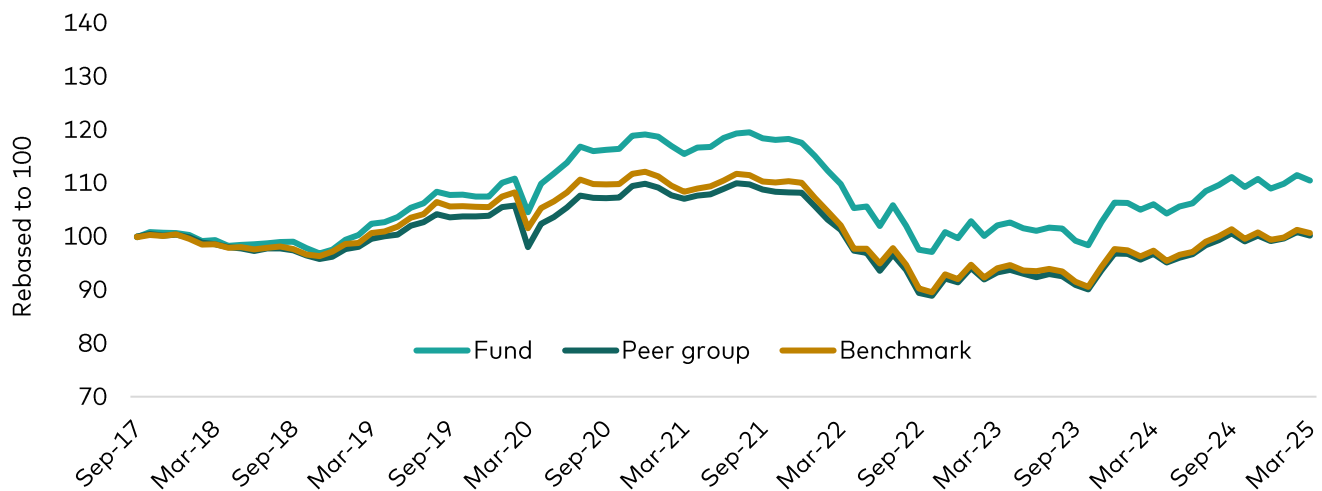
**Average maturity:** 8.8 years

**Average quality:** A-

**Average duration:** 5.9 years

**ISIN:** IE00BF7MPP31

### Fund performance (Cumulative % growth, EUR, 14 September 2017 to 31 March 2025)



Cumulative return (%) as at 31 March 2025	YTD	3 month	1 year	3 yr (ann.)	5 yr (ann.)	Since inception (ann.)
Fund	1.38	1.38	4.15	0.19	1.10	1.33
Peer group	1.07	1.07	3.54	-0.07	0.57	0.03
Benchmark	1.23	1.23	3.35	-0.49	-0.18	0.08

Calendar year return (%)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Fund	--	--	--	-3.06	10.21	10.80	-1.30	-15.22	6.68	2.48
Peer group	-1.04	4.09	3.17	-4.13	7.98	5.76	-1.54	-15.51	5.90	2.42
Benchmark	-0.44	4.08	3.32	-3.24	8.61	6.27	-1.83	-16.39	6.13	1.77

12-month return (%) to:	31 Mar 2016	31 Mar 2017	31 Mar 2018	31 Mar 2019	31 Mar 2020	31 Mar 2021	31 Mar 2022	31 Mar 2023	31 Mar 2024	31 Mar 2025
Fund	--	--	--	3.10	2.13	10.41	-4.87	-7.04	3.88	4.15
Peer group	-0.89	2.83	0.40	1.03	-1.58	9.24	-5.40	-7.91	3.78	3.54
Benchmark	0.36	1.89	0.61	2.10	0.88	6.77	-5.79	-7.87	3.48	3.35

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Source: Vanguard and Morningstar. 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 EUR, net of fees. Performance figures shown may be calculated in a currency that differs from the currency of the share class that you are invested in. As a result, returns may decrease or increase due to currency fluctuations. <sup>1</sup>The 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.

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## Vanguard Global Credit Bond Fund Investor GBP Hedged

### Key fund facts (as at 31 March 2025)

**Investment manager:** Vanguard Global Advisers, LLC

**Inception date:** 14 September 2017

**Domicile:** Ireland

**Benchmark:** Bloomberg Global Aggregate Credit Index Hedged in GBP

**Peer group:** IA Global Corporate Bond

**Ongoing charges figure<sup>1</sup>:** 0.35%

**Fund AUM:** GBP 1,368m

**Number of holdings:** 1618

**Yield to worst:** 4.8%

**Average coupon:** 4.2%

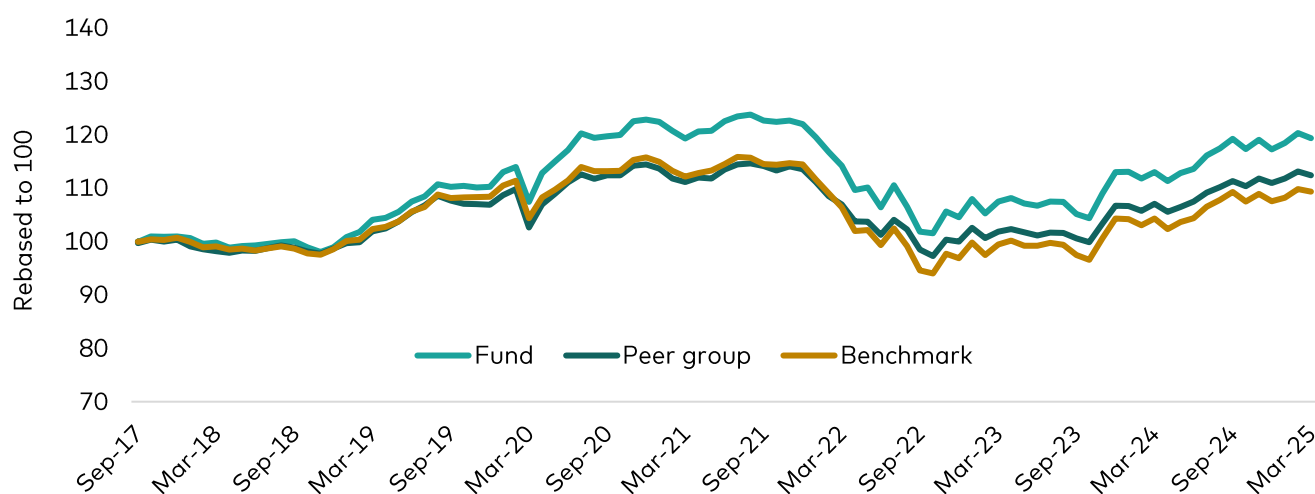
**Average maturity:** 8.8 years

**Average quality:** A-

**Average duration:** 5.9 years

**ISIN:** IE00BYV1RG46

### Fund performance (Cumulative % growth, GBP, 14 September 2017 to 31 March 2025)



Cumulative return (%) as at 31 March 2025	YTD	3 month	1 year	3 yr (ann.)	5 yr (ann.)	Since inception (ann.)
Fund	1.80	1.80	5.60	1.48	2.13	2.38
Peer group	1.27	1.27	4.94	1.66	1.83	1.56
Benchmark	1.65	1.65	4.84	0.90	0.93	1.19

Calendar year return (%)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Fund	--	--	--	-2.01	11.50	11.41	-0.68	-14.32	8.08	3.78
Peer group	1.08	13.39	3.31	-1.66	8.36	7.04	-0.79	-11.94	6.72	4.01
Benchmark	0.21	5.33	4.22	-2.13	9.97	6.83	-1.13	-15.34	7.64	3.13

12-month return (%) to:	31 Mar 2016	31 Mar 2017	31 Mar 2018	31 Mar 2019	31 Mar 2020	31 Mar 2021	31 Mar 2022	31 Mar 2023	31 Mar 2024	31 Mar 2025
Fund	--	--	--	4.24	3.24	11.03	-4.23	-5.91	5.18	5.60
Peer group	3.30	8.52	0.32	3.77	0.73	8.29	-3.75	-4.80	5.15	4.94
Benchmark	1.16	3.03	1.55	3.29	1.99	7.44	-5.10	-6.56	4.87	4.84

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Vanguard Global Credit Bond Fund

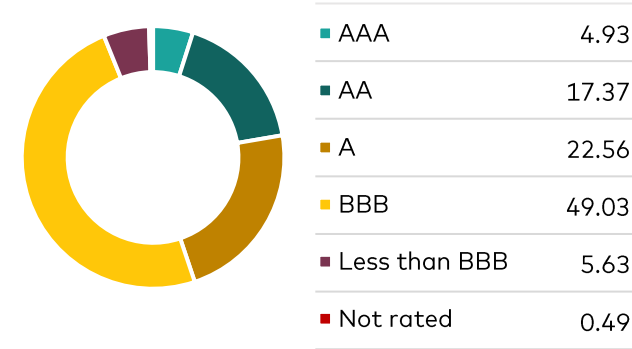
Fund breakdown (as at 31 March 2025)

Distribution by issuer (% of bonds)

	Fund %
Financial institutions	33.1
Industrials	27.0
Treasury/federal	16.4
Utilities	7.6
Sovereign	5.3
Agencies	4.3
Supranational	2.9
Local Authority	2.6
Provincials/Municipals	0.1
Asset Backed Security	0.0
Other	-0.9
Cash	1.6

The allocations are subject to circumstances such as timing differences between trade and settlement dates of underlying securities, that may result in negative weightings. The fund may also employ certain derivative instruments for cash management or risk management purposes that may also result in negative weightings. Allocations are subject to change. Cash includes physical cash on the account, cash like instruments (such as ultra-short term treasury bonds) and derivative instruments.

Distribution by credit quality (% of bonds)



Credit quality ratings for each issue are obtained from Bloomberg using ratings derived from Moody's Investors Service, Fitch Ratings, and Standard & Poor's. When ratings from all three agencies are available, the median rating is used. When ratings are available from two of the agencies, the lower rating is used. When one rating is available, that rating is used.

Source: Vanguard, as at 31 March 2025.

## 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. The performance data does not take account of the commissions and costs incurred in the issue and redemption of shares.

Performance figures shown may be calculated in a currency that differs from the currency of the share class that you are invested in. As a result, returns may decrease or increase due to currency fluctuations.

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.

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 Vanguard Global Credit 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 Funds 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>.

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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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