

GLOBAL EMERGING MARKETS FUND

LOW-COST ACTIVE
EQUITY

Quarterly update

Vanguard Global Emerging Markets Fund is an actively managed fund. Two traditional, bottom-up active managers, each with a complementary style, are blended together to deliver long-term capital growth in a core emerging markets fund. Pzena is a deep value manager and Baillie Gifford is a growth manager.

Highlights

- Emerging market equities were modestly down over the quarter.
- China and Taiwan drove emerging market returns.
- Consumer discretionary and telecommunications were the top-performing sectors.
- The Vanguard Global Emerging Markets Fund outperformed its benchmark.
- The managers see attractive long-term growth prospects for emerging markets.

Market overview

Global financial markets performed unevenly in the first quarter of 2025. Most global equity markets fell. Early in the quarter, the release of a new artificial intelligence (AI) model by Chinese AI startup DeepSeek caused the share price of US technology companies to sell off heavily. More persistently throughout the quarter, concerns relating to US trade tariffs drove US equities to post steep declines. As the quarter came to a close, the prospect of "Liberation Day" and further tariffs weighed on the broader US equity market. In contrast, UK and European equities recorded positive returns for the quarter, during which Germany announced plans to significantly raise its spending on defence and infrastructure.

Emerging market equities delivered mixed but generally positive performance, navigating geopolitical tensions and shifting investor sentiment. China equities advanced, supported by AI developments and new stimulus measures to stabilise its economy. Brazil outperformed following interest rate hikes to combat inflation, while South Africa benefitted from interest rate cuts aimed at boosting growth. Mexico gained from a delay to US tariffs and South Korea rebounded as chipmakers saw improved pricing. Broader strength in Latin America was underpinned by resilient domestic demand and commodity exposure, while parts of Asia showed solid recovery momentum. India experienced some volatility due to external headwinds but began stabilising towards quarter end. Taiwan was the largest detractor from benchmark performance over the quarter.

Performance and positioning

The Vanguard Global Emerging Markets Fund returned 2.61% over the quarter and outperformed its benchmark, the FTSE Emerging Net Tax (UK UCITS) Index, which returned -0.85%¹.

At the overall fund level, stock selection within the technology and consumer staples sectors boosted returns. Meanwhile, stock selection within the consumer discretionary and telecommunications sectors detracted from returns. On a country basis, an underweight position in Taiwan boosted returns, while an underweight position in China detracted from returns.

Both Pzena and Baillie Gifford outperformed.

Pzena's outperformance was driven by strong stock selection within the industrials and consumer staples sectors. This was partially offset by stock selection within the consumer discretionary and basic materials sectors.

Baillie Gifford's outperformance was driven by strong stock selection in the technology sector. From an allocation standpoint, an overweight exposure to the consumer discretionary sector boosted returns. Meanwhile, negative stock selection in the telecommunications sector and an overweight exposure to the technology sector detracted from returns.

The largest held positive contributors over the quarter were Taiwan Semiconductor Manufacturing Company (TSMC) and Weichai Power.

The fund's underweight position to TSMC, a multinational semiconductor manufacturing and design company, contributed to the fund's overall

¹ Source: Vanguard, as at 31 March 2025. Performance is calculated net of fees, on a NAV-to-NAV basis with gross income reinvested.

performance. The share price of TSMC declined following the release of DeepSeek's AI model which caused some investors to reconsider the overall demand for computing power. Additionally, tariff concerns weighed on TSMC's share price.

The share price of Weichai Power, a Chinese developer and manufacturer of diesel engines, rose after the company exceeded full-year earnings expectations, driven by cost reductions and a favourable product mix. It also benefitted from a supportive heavy-duty truck trade-in policy and strong demand for large-body engines.

The largest held detractors over the quarter were Natura & Co and Globant.

The share price of Natura & Co, a Brazilian cosmetics company, declined due to a challenging quarter. While top-line growth was positive, margins fell short of expectations.

The share price of Globant, a strategic IT services provider founded in Argentina but headquartered in Luxembourg, declined due to weaker 2025 earnings guidance. It was also impacted by macroeconomic headwinds in Latin America and slower growth from key clients, such as Disney.

Activity

Pzena initiated a position in Pacific Basin Shipping, a maritime transport company engaged in international dry bulk shipping, following recent share price weakness. The investment team at Pzena believes that the company benefits from market-leading scale.

Pzena trimmed its position in Abu Dhabi Commercial Bank, one of the leading banks in the United Arab Emirates, following strong performance. The bank surpassed earnings expectations driven by robust loan growth stemming from state-owned enterprise infrastructure projects.

Baillie Gifford initiated a position in Globant, the IT and software development company founded in Argentina mentioned above. With businesses increasingly prioritising IT modernisation, the investment team at Baillie Gifford believes that Globant's specialised capabilities and strong track record position it well to capitalise on global tech investment.

Baillie Gifford exited its position in Cemex, a multinational cement producer based in Mexico, due to concerns about its long-term return potential despite solid operational performance.

Outlook

Pzena remains optimistic about emerging markets as investors have shifted away from heavily concentrated US indices in favour of more attractively valued global markets. The investment team believes the portfolio remains resilient and continues to focus on undervalued, fundamentally strong businesses with significant growth potential. Pzena has identified opportunities in Brazil which are currently trading at depressed valuations versus history.

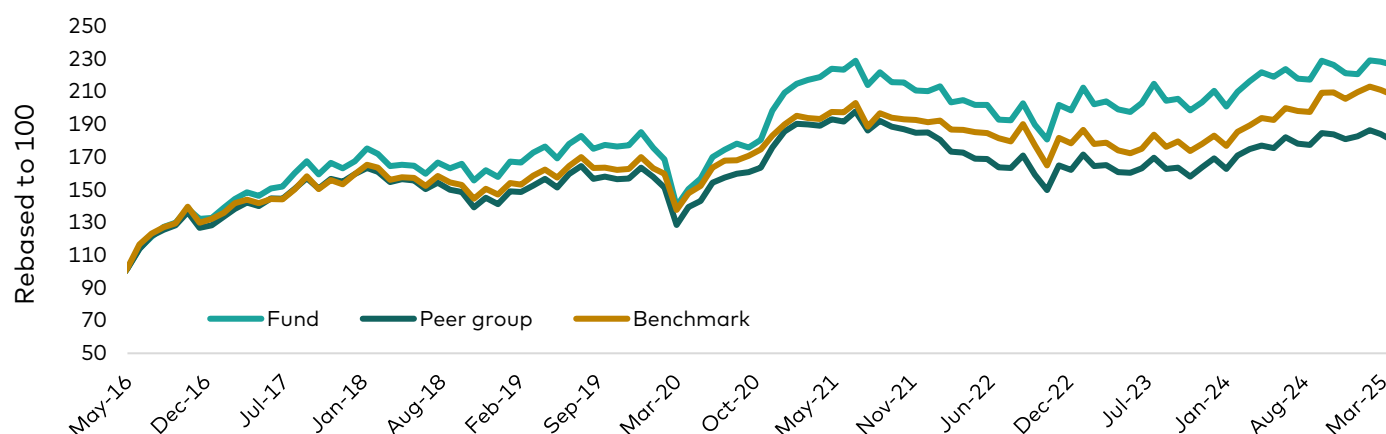
The team at Baillie Gifford believes that the dominance of US large caps has been fuelled by financial strength, but the emergence of high-quality, low-cost Chinese AI through Deepseek is reshaping the landscape. In this environment, diversification has never been more important, and the broad, dynamic nature of emerging markets offers that advantage. The team believes the portfolio is well-placed for long-term success, regardless of short-term market shifts, ensuring that adaptability and resilience remain core investment principles and equipping the portfolio to navigate the evolving market landscape.

Key fund facts (as at 31 March 2025)

Investment managers: Baillie Gifford Overseas Ltd.
Pzena Investment Management LLC
Inception date: 25 May 2016
Domicile: United Kingdom
Benchmark: FTSE Emerging Net Tax (UK UCITS) Index in GBP
Peer group: IA Global Emerging Markets
Ongoing charges figure¹: 0.78%

Fund AUM: GBP 419m
Number of holdings: 126
Median market cap: GBP 24.8B
PE ratio: 11.6X
Equity yield (dividend): 3.6%
ISIN: GB00BZ82ZY13

Fund performance (Cumulative % growth, GBP, 25 May 2016 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*	2.61	2.61	4.60	3.38	10.07	9.67
Baillie Gifford	1.45	1.45	4.90	2.23	7.83	9.60
Pzena	3.69	3.69	8.56	8.42	15.90	11.36
Peer group	-1.42	-1.42	3.02	1.41	7.00	6.87
Fund relative to peer group	4.05	4.05	1.61	1.87	3.01	2.80
Benchmark	-0.85	-0.85	9.85	3.69	8.60	8.62
Fund relative to benchmark	3.46	3.46	-5.25	-0.31	1.47	1.05

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*	--	--	10.91	4.89	-18.85	56.34	-6.44	-0.46	6.12	4.60
Peer group	-8.14	35.55	8.87	-1.33	-15.88	47.27	-8.69	-4.42	5.94	3.02
Benchmark	-9.10	35.19	8.47	1.64	-13.26	40.49	-3.54	-4.18	5.89	9.85

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. Basis of fund performance NAV to NAV. Basis of index performance is total return. All performance is calculated in GBP, net of fees. Note that small daily changes to cash balances and manager weights mean the fund return is not a simple average of the subadvisor returns over the quarter.

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.

*Effective 12 August 2024, Vanguard removed Oaktree as a subadvisor. Performance figures prior to this date incorporate returns from Oaktree.

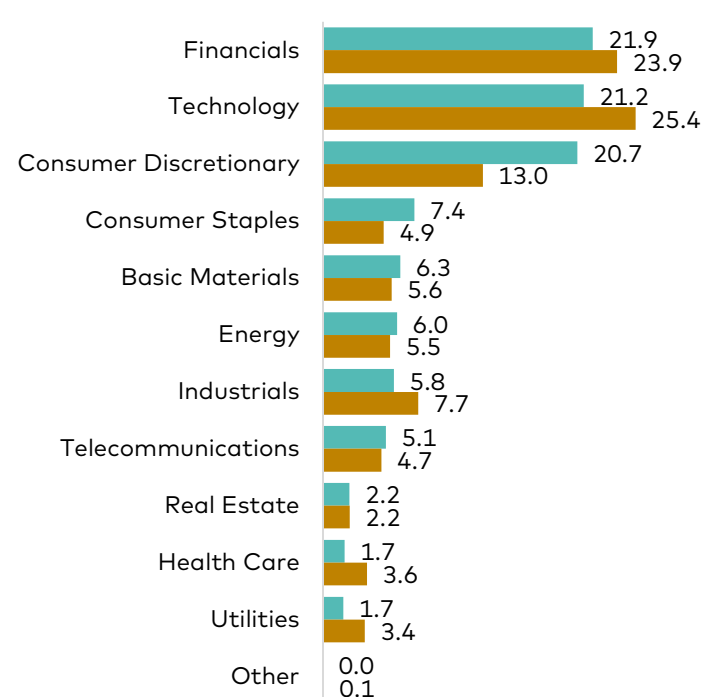
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Top 10 fund holdings (% exposure, as at 31 March 2025)

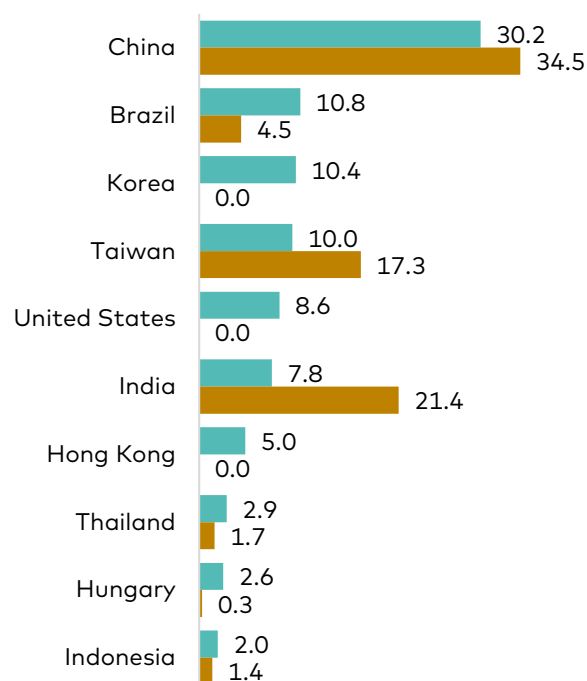
Company	%
Taiwan Semiconductor Manufacturing Co Ltd	5.6
Tencent Holdings Ltd	4.4
Alibaba Group Holding Ltd	3.9
Samsung Electronics Co Ltd	3.4
MercadoLibre Inc	1.8
Bank Rakyat Indonesia Persero Tbk PT	1.8
Baidu Inc	1.7
China Merchants Bank Co Ltd	1.6
WH Group Ltd	1.6
China Overseas Land & Investment Ltd	1.6

Breakdown (as at 31 March 2025)

Sector exposure (%)



Regional exposure – top 10 regions (%)



■ Fund ■ Benchmark

Source: Vanguard, as at 31 March 2025.

Benchmark: FTSE Emerging Net Tax (UK UCITS) Index in GBP.

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Performance analysis¹

Top contributors 3-month (%)

Company name	Portfolio weight	Bench Weight	3-month return	Total effect
Taiwan Semiconductor Manufacturing Company Limited	5.9	8.4	-18.5	0.7
Weichai Power Co. Ltd.	1.4	0.1	33.6	0.4
WH Group Limited	1.6	0.0	18.5	0.3
Samsung Electronics Co. Ltd.	4.2	0.0	5.8	0.3
AMBEV S.A.	1.4	0.1	21.5	0.2

Top detractors 3-month (%)

Company name	Portfolio weight	Bench weight	3-month return	Total effect
Xiaomi Corporation	0.0	1.4	38.2	-0.4
BYD Company Limited	0.0	0.9	41.3	-0.3
Globant S.A.	0.3	0.0	-46.6	-0.2
Natura &Co Holding S.A.	1.0	0.0	-18.1	-0.2
Accton Technology Corporation	0.6	0.1	-28.6	-0.2

Top contributors 12-month (%)

Company name	Portfolio weight	Bench weight	12-month return	Total effect
Sea Limited	0.9	0.0	137.8	0.5
WH Group Limited	1.6	0.0	49.1	0.5
China Merchants Bank Co. Ltd.	1.7	0.4	55.4	0.5
Alibaba Group Holding Limited	4.1	3.6	83.3	0.3
Hon Hai Precision Industry Co. Ltd.	0.1	0.7	-5.8	0.3

Top detractors 12-month (%)

Company name	Portfolio weight	Bench weight	12-month return	Total effect
Samsung Electronics Co. Ltd.	4.2	0.0	-35.9	-2.3
Xiaomi Corporation	0.0	1.4	224.2	-0.9
Natura &Co Holding S.A.	1.0	0.0	-52.1	-0.8
PT Bank Rakyat Indonesia (Persero) Tbk.	1.9	0.2	-35.2	-0.7
Meituan	1.0	1.4	-9.8	-0.7

Past performance is not a reliable indicator of future results.

¹ Weights are as at the end of the reporting period, but the total effect is based on positions held over the full period.

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 2025. 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).

Note: performance attribution is sourced from FactSet, therefore the portfolio weights shown may differ from those on the previous page.

Benchmark: FTSE Emerging Net Tax (UK UCITS) Index in GBP.

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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.

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.

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

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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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