

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

- Global stocks rallied strongly from their October lows to post strong gains in Q4.
- The US and Europe were the top-performing regions over the period.
- Growth stocks performed better than value stocks.
- The Vanguard Global Equity Fund outperformed its benchmark.
- Wellington and Baillie Gifford remain focused on bottom-up research and long-term outlooks.

Market overview

Global equity markets experienced significant volatility in the fourth quarter of 2023. They continued to lose ground early on, amid concerns that interest rates might remain elevated for an extended period. Equity markets went on to post strong gains, however, as inflation remained on a downward trend and economic growth softened. These factors led markets to anticipate that interest rates had reached their peak and that cuts were likely not too far down the road.

Fund performance

The Vanguard Global Equity Fund returned +6.72% over the quarter and outperformed its benchmark, the FTSE All World Net Tax (UK UCITS) Index in GBP, which returned +6.27%¹.

Baillie Gifford outperformed while Wellington underperformed. Security selection was the main contributor at the fund level, led by positive security selection within the consumer discretionary and basic materials sectors. Selection in financials, however, weighed on returns, as did the fund's underweight allocation to technology.

Baillie Gifford's outperformance was driven by positive security selection, with the industrials and technology sectors providing

the largest contributions. The fund's underweight allocation to technology detracted from performance. From a regional lens, stock selection in North America and Europe boosted performance.

Wellington's underperformance was primarily driven by the team's underweight to the technology sector and stock selection within communications. Meanwhile, selection within the technology sector boosted performance, as did the overweight allocation to, and strong selection within, industrials. From a regional perspective, security selection in North America and Europe detracted the most.

At the individual stock level, the largest held positive contributors over the quarter were Ryanair and CRH.

The share price of Ryanair, the European low-cost airline, rallied as the company was seen to reap the benefit of its capacity expansion during the pandemic years. During the quarter, the company reported strong profits due to record summer traffic, coupled with higher fares that have offset higher fuel costs. The company has also reduced its cost per passenger compared to 2019.

The share price of CRH, an international group of diversified building materials businesses,

¹ Source: Vanguard, as at 31 December 2023.

rose after its most recent earnings update, reflecting positive momentum and strong commercial progress in key markets. Management also announced the acquisition of a portfolio of cement and ready-mixed concrete assets from Martin Marietta Materials, as well as a deal to acquire leading Australian building materials business Adbri.

The largest held detractors from the fund's performance were Ping An Insurance and Schlumberger.

The share price of Ping An Insurance, the Chinese insurance group, fell due to ongoing concerns surrounding China's property market and lacklustre economic recovery. Additionally, the Chinese government recently flagged Ping An as a systemically important insurance operator, increasing the likelihood of national service elements coming into play.

The share price of Schlumberger, the US oilfield services company, fell during the period as energy sector returns dropped from Q3 levels and into negative territory as natural gas and crude oil prices moved lower. The company reported third-quarter results that were in line with expectations and management stated they expect continued revenue growth driven by year-end sales.

Activity

Wellington initiated a position in T-Mobile, the US wireless network operator, as the team's conviction in the company's favourable competitive structure increased.

Wellington eliminated its position in UCB, a Belgian biopharmaceutical company, given greater downside risk from the erosion of revenue and an increased expense base to support the launch of its new arthritis medication.

Baillie Gifford initiated a position in CATL, a Chinese manufacturer of lithium-ion battery cells. The company has a dominant market share in areas poised to grow through electric vehicle uptake and demand for energy storage. Baillie Gifford believes the

magnitude and duration of the growth opportunity is defensible due to the company's partnerships with traditional automakers such as Volkswagen and Ford.

Baillie Gifford sold its position in Illumina, a gene sequencing company, following a period of regulatory scrutiny and management changes at the company. While Illumina has played a key part in lowering the costs of gene sequencing, competition is rising and management's failed acquisition attempt has caused Baillie Gifford to lose confidence in the board.

Outlook

The team at Wellington continues to seek out opportunities amid pockets of weakness in the market, leaning into broader Wellington resources to research and analyse opportunities appropriately. In the team's experience, rarely does value outperform for any sustained stretch based on being too cheap alone, but rather on the combination of value and fundamentals turning positive. The team continues to find opportunities that fall into this camp.

The team at Baillie Gifford remains focused on identifying the specific opportunities where it sees the greatest underappreciation of the potential strength and duration of growth, while leveraging its ability to invest across the growth spectrum. The team's investment in future innovation, as measured by the ratio of research and development spending to sales across the portfolio, remains well ahead of the broader market, as companies continue to sow the seeds for long-term growth despite the more challenging macro environment.

Key fund facts (as at 31 December 2023)

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

Inception date: 25 May 2016

Domicile: United Kingdom

Benchmark: FTSE All World Net Tax (UK UCITS) Index in GBP

Ongoing charges figure¹: 0.48%

Fund AUM: GBP 425m

Number of holdings: 193

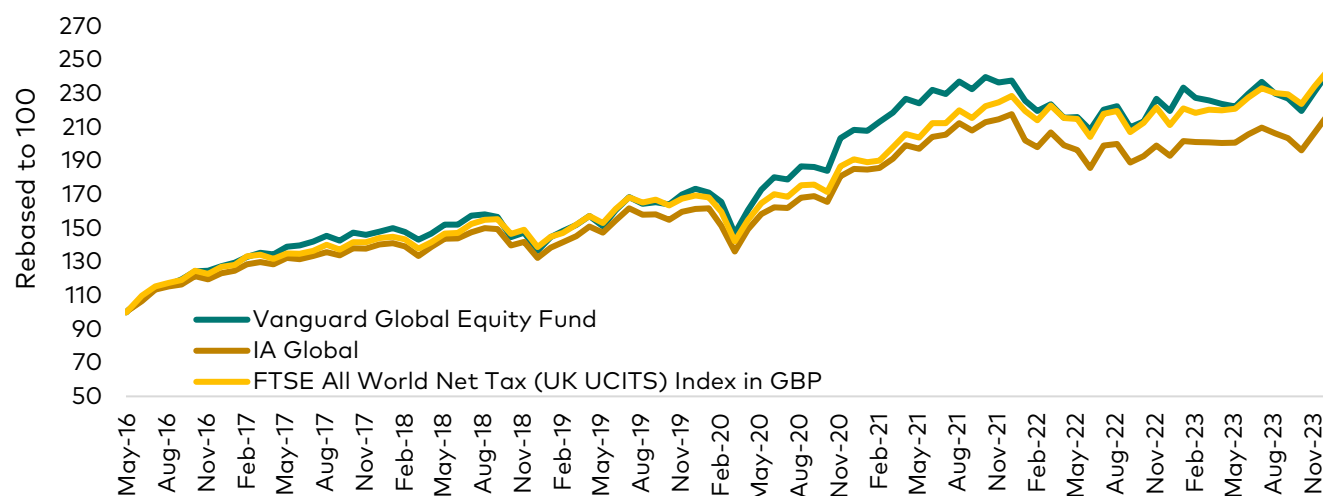
Median market cap: GBP 37.2B

PE ratio: 19.2X

Equity yield (dividend): 1.5%

ISIN: GBO0BZ82ZT69

Fund performance (Cumulative % growth, GBP, 25 May 2016 to 31 December 2023)



Cumulative (%)	YTD	3 month	1 year	3 yr (ann.)	5 yr (ann.)	Since inception (ann.)
Fund	10.40	6.72	10.40	5.16	12.16	12.36
<i>Baillie Gifford</i>	13.25	9.00	13.25	-0.59	10.68	12.38
<i>Wellington</i>	7.40	4.45	7.40	10.22	13.04	12.03
Peer group	12.66	6.91	12.66	5.50	10.46	10.77
<i>Fund relative to peer group</i>	-2.26	-0.19	-2.26	-0.34	1.70	1.59
Benchmark	15.39	6.27	15.39	8.50	11.92	12.44
<i>Fund relative to benchmark</i>	-4.99	0.45	-4.99	-3.34	0.24	-0.08

Year on year (%)	1-Jan-19 to 31-Dec-19	1-Jan-20 to 31-Dec-20	1-Jan-21 to 31-Dec-21	1-Jan-22 to 31-Dec-22	1-Jan-23 to 31-Dec-23
Fund	27.03	20.17	14.00	-7.60	10.40
Peer group	22.01	14.81	17.57	-11.34	12.66
Benchmark	21.98	12.71	19.73	-7.54	15.39

Past performance is not a reliable indicator of future results.

Source: Vanguard and Morningstar, as at 31 December 2023. 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. 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.

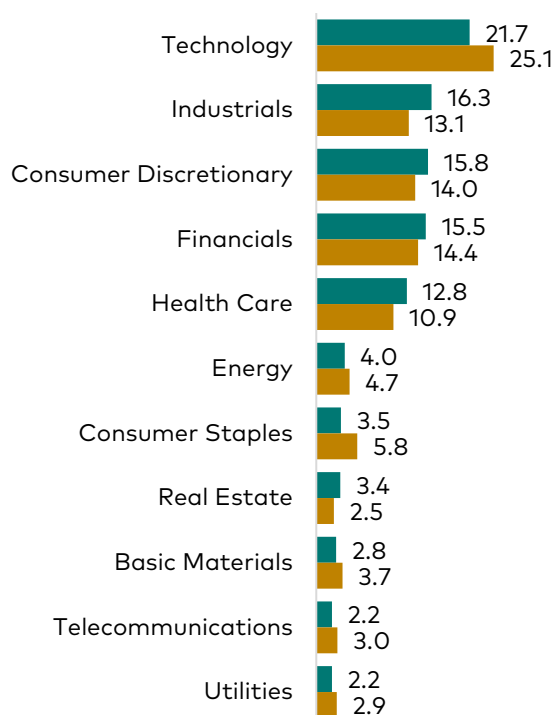
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Top 10 fund holdings (% exposure, as at 31 December 2023)

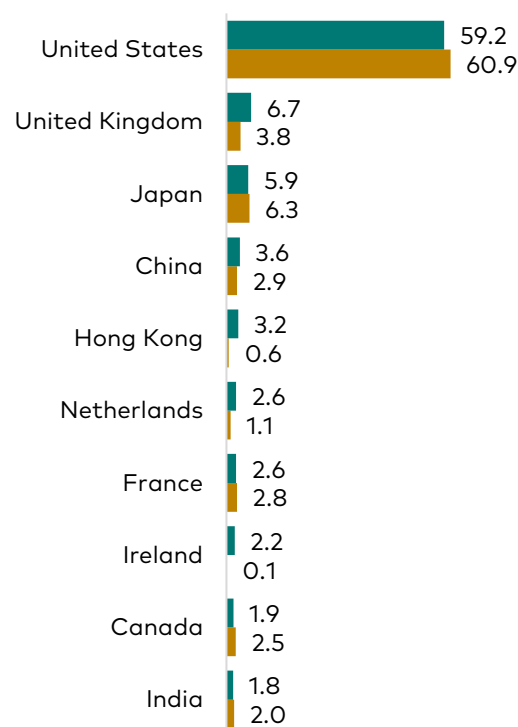
Company	%
Alphabet Inc.	2.8
Microsoft Corp.	2.1
CRH plc	1.8
Ryanair Holdings plc	1.7
Martin Marietta Materials Inc.	1.7
Amazon.com Inc.	1.7
Elevance Health Inc.	1.6
Moody's Corp.	1.6
AIA Group Ltd.	1.3
Meta Platforms Inc.	1.3

Breakdown (as at 31 December 2023)

Sector exposure (%)



Regional exposure – top 10 regions (%)



■ Fund ■ Benchmark

Source: Vanguard, as at 31 December 2023.
Benchmark: FTSE All World 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
Ryanair Holdings plc	1.7	0.0	28.6	0.3
Exxon Mobil Corporation	0.0	0.6	-18.1	0.2
Shopify Inc.	0.7	0.0	36.7	0.2
CRH public limited company	1.8	0.1	21.6	0.2
Moody's Corp.	1.6	0.1	18.5	0.2

Top detractors 3-month (%)

Company name	Portfolio weight	Bench weight	3-month return	Total effect
Ping An Insurance (Group) Company of China Ltd.	0.1	0.1	-24.3	-0.1
Schlumberger N.V.	0.7	0.1	-14.1	-0.1
New York Community Bancorp Inc.	0.6	0.0	-12.1	-0.1
Broadcom Inc.	0.0	0.7	29.1	-0.1
Microsoft Corporation	2.1	4.1	14.3	-0.1

Top contributors 12-month (%)

Company name	Portfolio weight	Bench weight	12-month return	Total effect
CRH public limited company	1.8	0.1	70.8	0.7
Ryanair Holdings plc	1.7	0.0	63.3	0.6
Meta Platforms Inc.	1.3	1.2	177.5	0.5
Shopify Inc.	0.7	0.0	111.8	0.3
Martin Marietta Materials Inc.	1.7	0.1	40.2	0.3

Top detractors 12-month (%)

Company name	Portfolio weight	Bench weight	12-month return	Total effect
NVIDIA Corporation	0.5	1.7	14.9	-1.2
Apple Inc.	0.0	4.2	40.4	-0.9
Elevance Health Inc.	1.6	0.2	-12.1	-0.5
Charles Schwab Corporation	0.9	0.2	-20.7	-0.4
FMC Corporation	0.4	0.0	-51.0	-0.4

Past performance is not a reliable indicator of future results.

¹Weights 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 December 2023. 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).

Benchmark: FTSE All World Net Tax (UK UCITS) Index in GBP

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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>.

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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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