

GLOBAL EQUITY INCOME FUND

Quarterly update

LOW-COST ACTIVE
EQUITY

Vanguard Global Equity Income Fund is an actively managed core fund. Its two independent sub-advisers follow distinct yet complementary approaches in managing the Fund's assets. Wellington is a traditional bottom-up manager, while Vanguard's Quantitative Equity Group utilises a quantitative approach to find securities with an attractive combination of quality, valuation and yield.

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 Income Fund underperformed its benchmark.
- Amid volatility, Wellington found opportunities to buy high-quality companies.

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 Income Fund returned +4.07% over the quarter and underperformed its benchmark, the FTSE Developed Net Tax (UK UCITS) Index in GBP, which returned +6.74%¹.

As an income-focused fund, the underperformance this quarter was not surprising as high-dividend stocks underperformed the broader market.

Both the Wellington and Vanguard's Quantitative Equity Group sleeves underperformed. At the overall fund level, the underweight allocation to the technology sector detracted the most, while the overweight position in energy also weighed on

returns. Strong stock selection within energy and financials boosted performance. From a regional lens, the fund's security selection in North America detracted, while an out-of-benchmark position in emerging markets boosted performance.

Similar to the overall fund's performance drivers, Wellington's underperformance was primarily driven by an underweight exposure to the technology sector and an overweight to the energy sector. Stock selection within real estate and energy, however, contributed positively to performance.

At the individual stock level, Cisco Systems and Pfizer were the largest held detractors from returns.

The share price of Cisco Systems, a provider of enterprise networking, cloud and security products, fell during the period, despite reporting earnings that beat consensus estimates. Cisco issued a disappointing revenue forecast for the upcoming quarter, citing a slowdown in new product orders as clients continue to draw down existing inventory.

The share price of Pfizer, the US multinational pharmaceutical and biotechnology company, declined over the period after lowering growth expectations throughout its business,

¹ Source: Vanguard, as at 31 December 2023.

including 2024 expectations within its Covid-19 products. The company also reported mixed results in a study of a compound being tested for its use to combat obesity.

UBS and Crown Castle were the top held contributors.

The share price of UBS, the multinational investment bank and financial services company based in Switzerland, rose during the period as the integration of Credit Suisse, including the retention of Credit Suisse client assets, continued to progress. Management also delivered positive signalling on the timing of material share buybacks.

The share price of Crown Castle, real estate investment trust and provider of shared communications infrastructure, also increased. This was after Elliott Investment Management confirmed a multi-billion-dollar position in the company and sent a letter to the board calling for significant leadership changes and a review of its secondary business.

Activity

Wellington initiated a position in Deere, a US agricultural machinery manufacturer. The team believes Deere has a strong and sustainable competitive advantage rooted in its brand, technology and best-in-class dealer network. In Wellington's view, management, over the last few years, has leveraged these attributes to drive pricing power, with better cost and capital management materially improving financial returns.

Wellington eliminated its position in TJX, a US multinational, low-cost retailer, following a period of strong outperformance. TJX has benefited from its position as a low-cost operator in an inflationary environment and from its operational improvements, which were designed to deal with higher logistics costs.

Activity from Vanguard's Quantitative Equity Group was driven by the analysis of individual stocks in its model. The team bought new holdings in Nomura and Munich Re, while eliminating Aflac and MS&AD Insurance from the fund's holdings.

Outlook

Wellington notes market participants' expectation of a soft economic landing, while remaining aware that, historically, the market has seen more significant trade-offs between growth and taming inflation/wages. The team continues to position the portfolio for multiple scenarios and believes that the companies in which it invests can properly weather a wide range of outcomes.

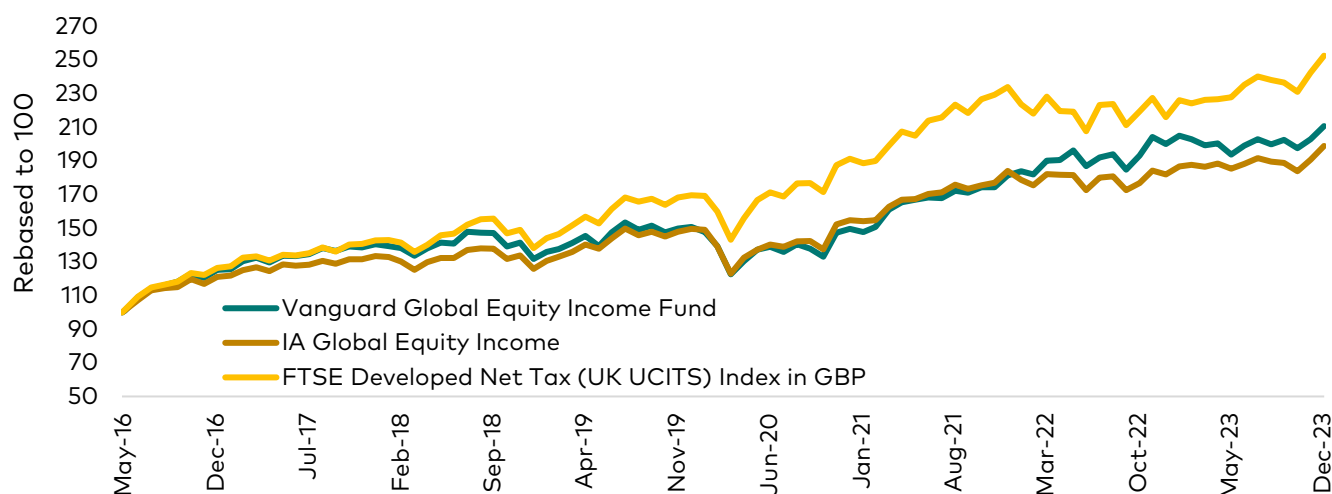
Wellington is watching for the possibility that growth and inflation stay high, reversing hopes for an interest rate cut. In addition, the team is aware that the tighter financial conditions imposed by central banks in the past couple of years could take effect after a longer-than-expected lag, pushing economies into recession.

Key fund facts (as at 31 December 2023)

Investment managers: Vanguard Quantitative Equity Group, Wellington Management Company LLP
Inception date: 25 May 2016
Domicile: United Kingdom
Benchmark: FTSE Developed Net Tax (UK UCITS) Index in GBP
Ongoing charges figure¹: 0.48%

Fund AUM: GBP 311m
Number of holdings: 137
Median market cap: GBP 73.4B
PE ratio: 11.3X
Equity yield (dividend): 3.8%
ISIN: GB00BZ82ZW98

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	5.39	4.07	5.39	12.11	9.86	10.31
<i>Vanguard Quantitative Equity Group</i>	7.54	5.02	7.54	12.98	11.48	11.91
<i>Wellington</i>	3.36	3.54	3.36	11.65	8.76	9.32
Peer group	9.26	5.35	9.26	8.73	9.59	9.47
<i>Fund relative to peer group</i>	-3.87	-1.28	-3.87	3.38	0.27	0.84
Benchmark	16.92	6.74	16.92	9.71	12.82	12.97
<i>Fund relative to benchmark</i>	-11.53	-2.67	-11.53	2.40	-2.96	-2.66

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	14.54	-0.84	21.32	10.19	5.39
Peer group	18.98	3.35	18.94	-1.10	9.26
Benchmark	22.72	12.82	22.25	-7.62	16.92

Past performance is not a reliable indicator of future results.

Source: Vanguard and Morningstar, as at 31 December 2023. Peer group is IA Global Equity Income. 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.

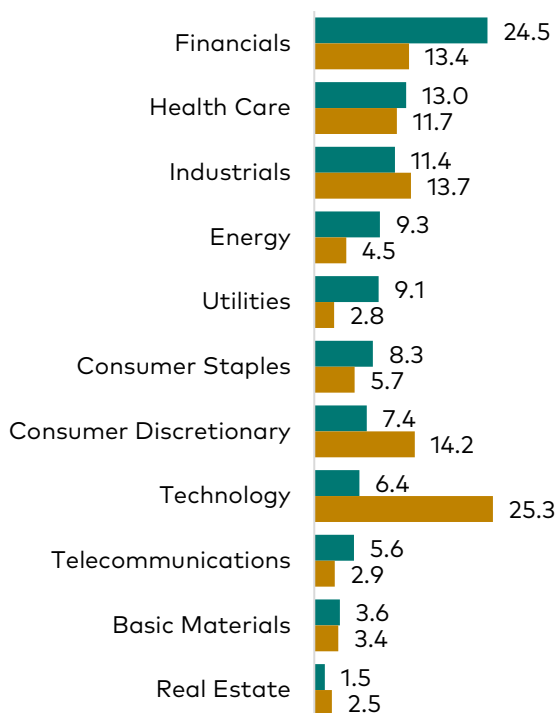
This document is directed at professional investors and should not be distributed to, or relied upon by retail investors. This document is designed for use by, and is directed only at persons resident in the UK.

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

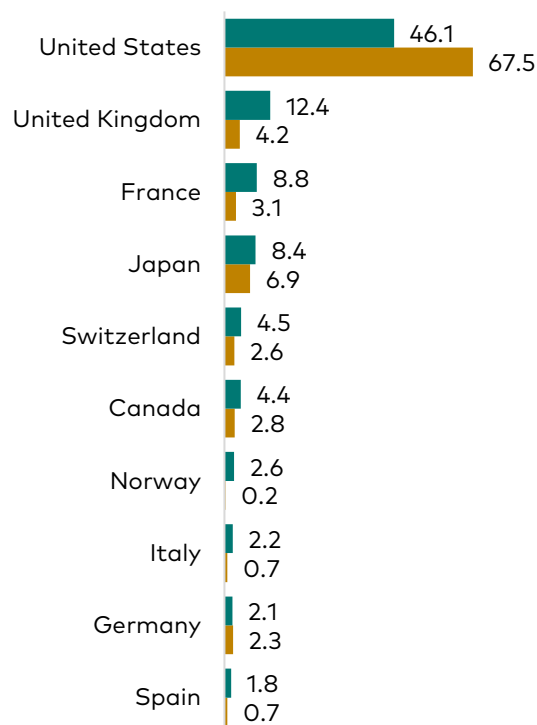
Company	%
TotalEnergies SE	2.2
Novartis AG	2.2
AXA SA	2.1
Cisco Systems Inc.	2.0
Johnson & Johnson	2.0
Home Depot Inc.	1.9
Philip Morris International Inc.	1.9
Bank of America Corp.	1.8
Merck & Co. Inc.	1.7
BAE Systems plc	1.7

Breakdown (as at 31 December 2023)

Sector exposure (%)



Regional exposure – top 10 regions (%)



■ Fund ■ Benchmark

Source: Vanguard, as at 31 December 2023.
Benchmark: FTSE Developed Net Tax (UK UCITS) Index in GBP

This document is directed at professional investors and should not be distributed to, or relied upon by retail investors. This document is designed for use by, and is directed only at persons resident in the UK.

Performance analysis¹

Top contributors 3-month (%)

Company name	Portfolio weight	Bench weight	3-month return	Total effect
UBS Group AG	1.6	0.2	19.7	0.2
QUALCOMM Incorporated	1.2	0.3	25.5	0.2
Bank of America Corporation	1.8	0.4	18.7	0.2
SCREEN Holdings Co. Ltd.	0.5	0.0	66.1	0.2
CROWN CASTLE INTL CORP	1.4	0.1	21.5	0.2

Top detractors 3-month (%)

Company name	Portfolio weight	Bench weight	3-month return	Total effect
Cisco Systems Inc.	2.0	0.3	-9.4	-0.3
Microsoft Corporation	1.1	4.6	14.3	-0.3
Pfizer Inc.	1.3	0.3	-15.8	-0.3
Exelon Corporation	1.1	0.1	-8.2	-0.2
Coterra Energy Inc.	1.1	0.0	-9.0	-0.2

Top contributors 12-month (%)

Company name	Portfolio weight	Bench weight	12-month return	Total effect
UBS Group AG	1.6	0.2	61.5	0.5
Industria de Diseno Textil S.A.	1.5	0.1	59.8	0.5
Ares Management Corporation	1.4	0.0	69.3	0.5
SCREEN Holdings Co. Ltd.	0.5	0.0	159.8	0.3
BAE Systems plc	1.7	0.1	33.3	0.2

Top detractors 12-month (%)

Company name	Portfolio weight	Bench weight	12-month return	Total effect
NVIDIA Corporation	0.0	1.9	219.9	-1.3
Pfizer Inc.	1.3	0.3	-44.5	-1.2
Apple Inc.	0.0	4.6	40.4	-0.9
Microsoft Corporation	1.1	4.6	49.3	-0.8
Meta Platforms Inc.	0.0	1.3	177.5	-0.8

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 Developed Net Tax (UK UCITS) Index in GBP

This document is directed at professional investors and should not be distributed to, or relied upon by retail investors. This document is designed for use by, and is directed only at persons resident in the UK.

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 Vanguard Global Equity Income Fund - Charges are deducted from capital (not income). Whilst this may increase the level of income paid, it will result in capital erosion and will constrain growth

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/>.

This document is designed for use by, and is directed only at persons resident in the UK.

The information contained in this document is not to be regarded as an offer to buy or sell or the solicitation of any offer to buy or sell securities in any jurisdiction where such an offer or solicitation is against the law, or to anyone to whom it is unlawful to make such an offer or solicitation, or if the person making the offer or solicitation is not qualified to do so. The information in this document is general in nature and does not constitute legal, tax, or investment advice. Potential investors are urged to consult their professional advisers on the implications of making an investment in, holding or disposing of shares and /or units of, and the receipt of distribution from any investment.

The Authorised Corporate Director for Vanguard Investments Funds ICVC is Vanguard Investments UK, Limited. Vanguard Asset Management, Limited is a distributor of Vanguard Investments Funds ICVC.

For investors in UK domiciled funds, a summary of investor rights can be obtained via <https://www.vanguard.co.uk/content/dam/intl/europe/documents/en/Vanguard-InvestorsRightsSummaryUKFUNDSJan22.pdf> and is available in English.

London Stock Exchange Group companies include FTSE International Limited ("FTSE"), Frank Russell Company ("Russell"), MTS Next Limited ("MTS"), and FTSE TMX Global Debt Capital Markets Inc. ("FTSE TMX"). All rights reserved. "FTSE®", "Russell®", "MTS®", "FTSE TMX®" and "FTSE Russell" and other service marks and trademarks related to the FTSE or Russell indexes are trademarks of the London Stock Exchange Group companies and are used by FTSE, MTS, FTSE TMX and Russell under licence. All information is provided for information purposes only. No responsibility or liability can be accepted by the London Stock Exchange Group companies nor its licensors for any errors or for any loss from use of this publication. Neither the London Stock Exchange Group companies nor any of its licensors make any claim, prediction, warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the FTSE or Russell indexes or the fitness or suitability of the indexes for any particular purpose to which they might be put.

Issued by Vanguard Asset Management Limited, which is authorised and regulated in the UK by the Financial Conduct Authority.

© 2024 Vanguard Asset Management Limited. All rights reserved.