

GLOBAL EQUITY INCOME FUND

LOW-COST ACTIVE
EQUITY

Quarterly update

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 financial markets performed unevenly over the quarter.
- Developed markets, led by the US, were the strongest performers over the period.
- Growth stocks outperformed value stocks.
- The Vanguard Global Equity Income Fund underperformed its benchmark.
- Wellington continues to seek opportunities to invest in attractively valued businesses as it looks to capture both income and capital appreciation.

Market overview

Global financial markets performed unevenly in the fourth quarter of 2024. US equities posted gains amid resilient economic growth and optimism about future tax cuts and deregulation. The US Federal Reserve's signalling of less enthusiasm for further interest rate cuts, however, trimmed those returns and hurt bond prices. Weaker economic growth outside the US contributed to negative returns from many regions, notably European equities.

Fund performance

The Vanguard Global Equity Income Fund returned 2.64% over the quarter and underperformed its benchmark, the FTSE Developed Net Tax (UK UCITS) Index in GBP, which returned 6.55%¹.

As an income-focused fund, the underperformance this quarter can be attributed to high-dividend stocks underperforming the broader market.

At the overall fund level, an underweight allocation to the technology sector and negative stock selection in the consumer discretionary sector detracted, while positive stock selection in the utilities and consumer staples sectors boosted returns. At a regional level, negative stock selection in North America detracted from performance and strong stock selection in emerging markets boosted returns.

Both Wellington and Vanguard Quantitative Equity Group underperformed the benchmark over the quarter.

Wellington's underperformance was driven primarily by an underweight allocation to the technology and consumer discretionary sectors, while an overweight allocation to the financials sector and positive stock selection in the utilities sector boosted returns.

At the individual stock level, Elevance Health and Crown Castle were among the largest held detractors.

The share price of Elevance Health, a US health insurance company, declined during the period as the company reported third-quarter results that fell short of expectations due to worse-than-anticipated payment challenges for Medicaid, the US government's health insurance programme. The decline was driven by a decrease in Medicaid membership and a temporary imbalance between Medicaid payments and increased member health needs.

The share price of Crown Castle, a mobile infrastructure provider and real estate investment trust in the US, fell after the company announced third-quarter earnings that slightly missed market expectations. Additionally, the Sprint/T-Mobile merger and slower 5G carrier activity led to a short-term pause in organic growth.

¹ Source: Vanguard, as at 31 December 2024. Performance is calculated net of fees, on a NAV-to-NAV basis with gross income reinvested.

Ares Management and Darden Restaurants were the largest held positive contributors during the quarter.

The share price of Ares Management, a US asset management company, rose due to an increase in realised income from significant fundraising momentum and robust fund performance. Ares is a diversified asset manager in the private credit space, and the company's capital-light model and high returns allow for both growth and capital returns.

The share price of Darden Restaurants, which owns and operates restaurant chains based in the US and Canada, outperformed due to an increase in store sales over the year. Additionally, a partnership with delivery service Uber Eats is expected to increase profits. Wellington is encouraged by Darden's history of capital discipline, strong balance sheet management and a disciplined approach to mergers, acquisitions and partnerships.

Activity

Wellington initiated a new position in Talanx, a German insurance and financial services provider. The investment team bought its position at an attractive valuation and has confidence in the company's growing cashflows and potential to enhance cash returns to shareholders.

Wellington eliminated its position in automotive services provider LKQ Corp due to the complexity of its business operations. The investment team felt there was a mismatch in the management team's execution and the investment team's expectations. The investment team sees better risk/reward opportunities elsewhere in the portfolio.

Vanguard's Quantitative Equity Group's activity was driven by the analysis of individual stocks in its model. The team bought holdings in Aflac Incorporated, a US insurance company, and Edison International, a US public utility company. It eliminated its holdings in the German financial services firm Munich Reinsurance Company, and HP Inc, the US personal computer and printer business spun out of Hewlett-Packard.

Outlook

Wellington notes that the outperformance of the technology sector and other growth stocks continued into the fourth quarter, despite ongoing macroeconomic and geopolitical risks. Defensive sectors like healthcare, utilities, consumer staples, energy and materials lagged. Though the portfolio achieved strong absolute returns and significantly outperformed the broader market in terms of income in 2024, it couldn't match the tech-driven market in terms of total returns.

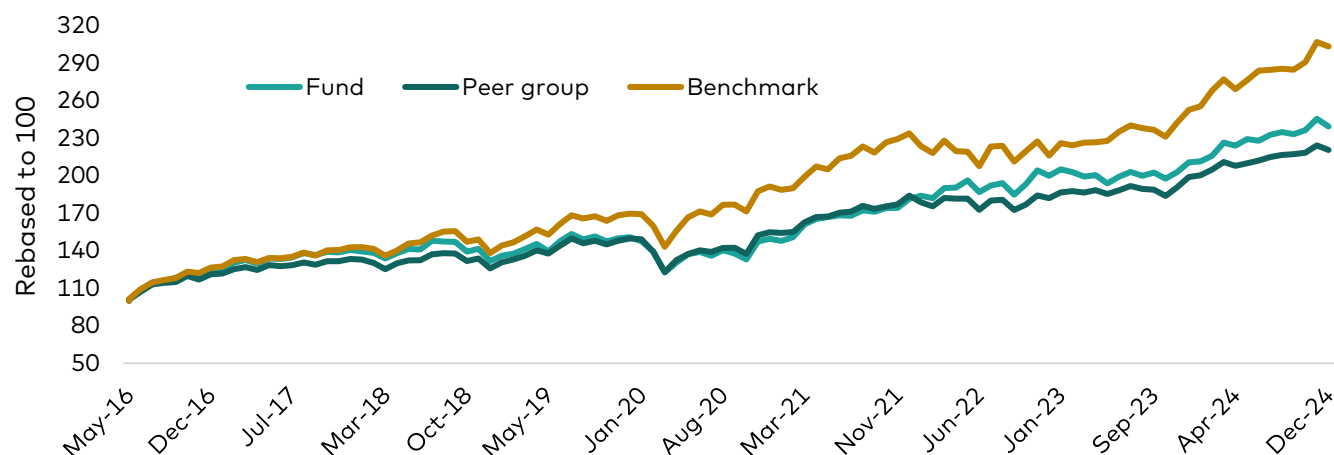
The narrowness of the market enabled the investment team to acquire positions in attractive, stable companies at better valuations, especially in the healthcare and consumer staples sectors. Despite elevated market levels, the portfolio maintains a compelling valuation and income spread. The team's strategy focuses on constructing a portfolio of attractively valued, high-quality equities for income and capital appreciation, rather than predicting short-term market movements. Historically, starting from high valuation levels results in poor long-term equity returns and the team is confident in its portfolio's defensive stance, its potential for strong absolute income and total returns and its ability to provide downside protection compared to the broader equity market.

Key fund facts (as at 31 December 2024)

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
Peer group: IA Global Equity Income
Ongoing charges figure¹: 0.48%

Fund AUM: GBP 438m
Number of holdings: 139
Median market cap: GBP 66.4B
PE ratio: 14.9X
Equity yield (dividend): 3.6%
ISIN: GB00BZ82ZW98

Fund performance (Cumulative % growth, GBP, 25 May 2016 to 31 December 2024)



Cumulative return (%) as at 31 December 2024	YTD	3 month	1 year	3 yr (ann.)	5 yr (ann.)	Since inception (ann.)
Fund	13.57	2.64	13.57	9.67	9.67	10.68
Vanguard Quantitative Equity Group	15.66	4.37	15.66	10.39	11.55	12.34
Wellington	12.03	1.55	12.03	9.17	8.42	9.63
Peer group	10.89	1.54	10.89	6.21	8.05	9.63
Fund relative to peer group	2.68	1.10	2.68	3.45	1.62	1.05
Benchmark	20.09	6.55	20.09	9.06	12.34	13.78
Fund relative to benchmark	-6.52	-3.91	-6.52	0.61	-2.66	-3.09

12-month return (%) to:	31 Dec 2015	31 Dec 2016	31 Dec 2017	31 Dec 2018	31 Dec 2019	31 Dec 2020	31 Dec 2021	31 Dec 2022	31 Dec 2023	31 Dec 2024
Fund	--	--	12.28	-6.33	14.54	-0.84	21.32	10.19	5.39	13.57
Peer group	2.51	24.40	10.21	-5.70	18.98	3.35	18.94	-1.10	9.26	10.89
Benchmark	5.24	28.69	12.83	-3.21	22.72	12.82	22.25	-7.62	16.92	20.09

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.

¹ 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.

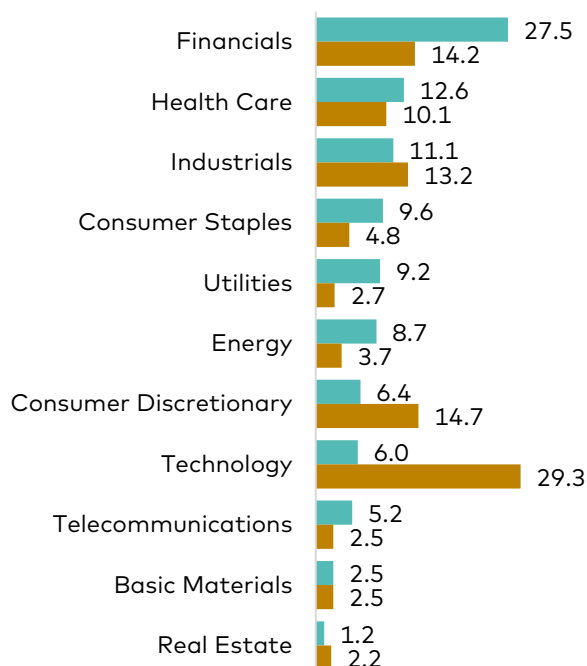
This document is directed at professional investors and should not be distributed to, or relied upon by retail investors. This document is designed for use by, and is directed only at persons resident in the UK.

Top 10 fund holdings (% exposure, as at 31 December 2024)

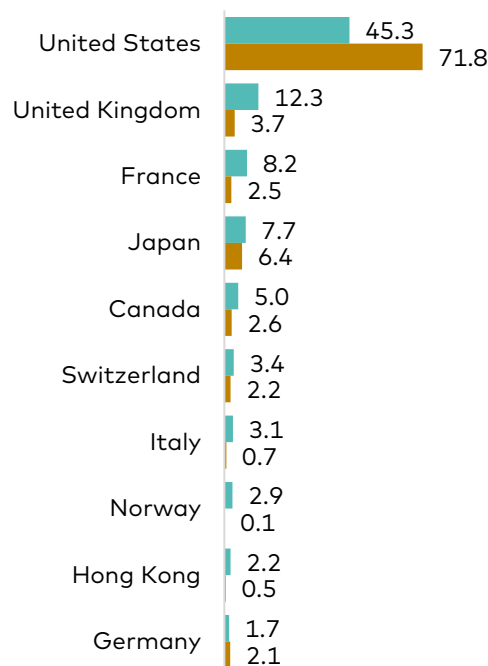
Company	%
Merck & Co Inc	2.0
Johnson & Johnson	2.0
Bank of America Corp	1.9
Philip Morris International Inc	1.8
FinecoBank Banca Fineco SpA	1.7
Novartis AG	1.7
AstraZeneca PLC	1.7
TotalEnergies SE	1.7
Cisco Systems Inc	1.6
Deere & Co	1.6

Breakdown (as at 31 December 2024)

Sector exposure (%)



Regional exposure – top 10 regions (%)



■ Fund ■ Benchmark

Source: Vanguard, as at 31 December 2024.

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
Darden Restaurants Inc.	1.2	0.0	22.9	0.2
Bank of America Corporation	2.0	0.4	19.3	0.2
Cisco Systems Inc.	1.7	0.3	20.0	0.2
Ares Management Corporation	1.6	0.1	22.3	0.2
Novo Nordisk A/S	0.0	0.4	-21.2	0.1

Top detractors 3-month (%)

Company name	Portfolio weight	Bench weight	3-month return	Total effect
Tesla Inc.	0.0	1.6	65.3	-0.6
NVIDIA Corporation	0.0	4.5	18.4	-0.5
Amazon.com Inc.	0.0	2.9	26.1	-0.5
Apple Inc.	0.0	5.1	15.2	-0.4
Alphabet Inc.	0.0	2.9	22.2	-0.4

Top contributors 12-month (%)

Company name	Portfolio weight	Bench weight	12-month return	Total effect
Vistra Corp.	0.4	0.1	267.8	0.6
Taiwan Semiconductor Manufacturing Company Limited	1.2	0.0	75.6	0.6
Ares Management Corporation	1.6	0.1	55.4	0.5
Tokio Marine Holdings Inc.	0.9	0.1	52.4	0.4
Philip Morris International Inc.	1.9	0.3	36.7	0.3

Top detractors 12-month (%)

Company name	Portfolio weight	Bench weight	12-month return	Total effect
NVIDIA Corporation	0.0	4.5	176.1	-3.0
TotalEnergies SE	1.8	0.2	-13.2	-0.7
Meta Platforms Inc.	0.0	1.8	68.8	-0.6
Amazon.com Inc.	0.0	2.9	47.0	-0.6
Apple Inc.	0.0	5.1	32.8	-0.6

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 2024. 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 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.

© 2025 Vanguard Asset Management Limited. All rights reserved.
Reference number: 4194363