



Vanguard LifeStrategy®

More clarity for your clients

This document is directed at professional investors and should not be distributed to, or relied upon by retail investors.

The value of investments, and the income from them, may fall or rise and investors may get back less than they invested.

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1.

Sophisticated funds and model portfolios in a straightforward package

Vanguard LifeStrategy is designed to provide clear value to investors and advisers alike.

Our flagship multi-asset range includes three risk-mapped funds and model portfolio ranges with five different equity-to-bond ratios, from 20% equity to 100% equity, each designed to cater for different client goals and preferences.

Advisers can choose to use LifeStrategy in either fund or model portfolio formats, both of which are constructed and managed by Vanguard, giving advisers more time back to focus on building stronger relationships with clients.



Through a single multi-asset solution, advisers can access up to 24,000 securities, 45+ countries and more than 35 currencies¹ across a broad range of index funds and ETFs. What's more, we manage the regular rebalancing of funds and model portfolios to keep investments aligned with clients' financial goals.

Advisers can also enjoy the peace of mind that comes from knowing Vanguard is a global leader in providing multi-asset solutions for investors. With £750 billion

invested in our multi-asset solutions around the world, we have a proven track record of developing, risk-managing and overseeing multi-asset funds².

The key feature that all our multi-asset solutions have in common is their outward simplicity. Multi-asset investing does not need to be complicated. In our view, a straightforward, diversified, low-cost approach should serve our investors well.

"The fact LifeStrategy (fund range) has gone on for 10 years means it has a track record and gives us far more confidence to recommend the fund and strategies to clients."

Robin Dale, SMG Financial Management

More value to advisers

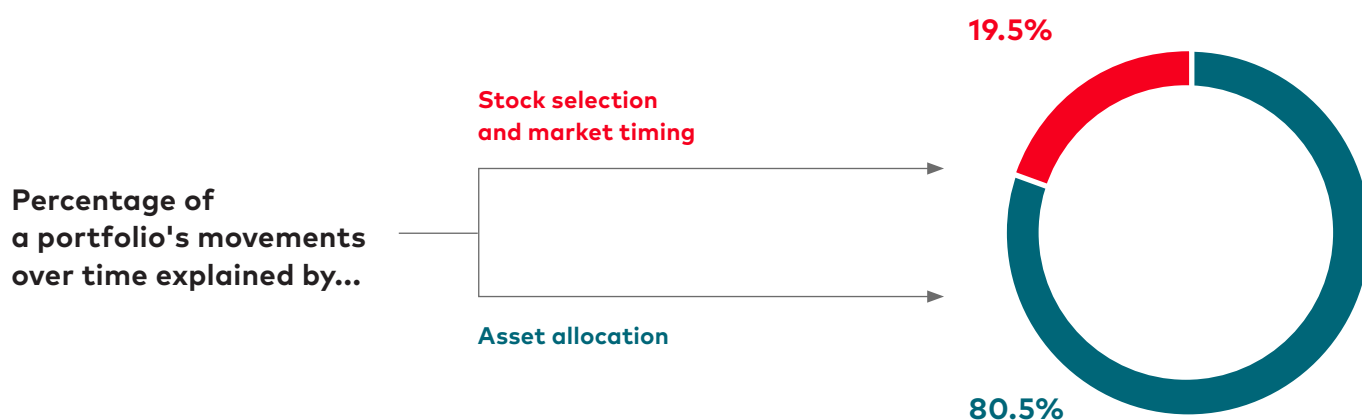
We recognise advisers are contending with increasingly complex and varied client needs, while investment markets are dynamic, and dealing with regulation can be onerous. Against this backdrop, time has become an adviser's most valuable commodity and spending it efficiently has never been more important.

Our research suggests clients greatly value the uniquely human skills advisers offer in providing the peace of mind that comes from knowing their investments are being managed well. Clients also value the emotional support and guidance that advisers can give through sometimes difficult economic conditions which can affect important financial decisions. At the same time,

advised clients tend to favour automation for portfolio-related tasks such as asset allocation and rebalancing³.

Research also tells us that, when it comes to investing, it is asset allocation that determines most of a portfolio's long-term performance and return variability⁴.

This is the beauty of LifeStrategy. Once the appropriate equity-to-bond ratio has been identified for the client, based on their goals and preference for risk, advisers can leave the ongoing management to one of the world's largest asset managers, and spend more time building and strengthening client relationships.



¹ Source: Vanguard, as at 31 March 2022.

² Source: Vanguard, data as at 30 April 2022.

³ Source: Vanguard. See P. Costa and J. E. Henshaw, 2021: 'Quantifying the investor's view on the value of human and robo advice.'

⁴ For example, see Gary P. Brinson, L. Randolph Hood, and Gilbert L. Beebower, 1995. 'Determinants of portfolio performance.' Financial Analysts Journal 51(1):133–8. (Feature Articles, 1985–1994).

2.

Based on clear principles

LifeStrategy is built on Vanguard's four principles for investment success, which are to think about goals, stay balanced, keep costs low and be disciplined.

By following these simple principles, we believe investors have a better chance of achieving investment success.





Goals

The first step towards investment success is to clearly define the client's goals, including their financial goals, investment time horizon and tolerance for risk. Once set, it is the adviser's responsibility to identify a solution that aligns with the client's goals and risk tolerance.

LifeStrategy offers a range of equity-to-bond ratios that will help to cater for clients' different risk tolerances, time horizons and financial goals. Perhaps clients are nearing retirement and require a solution with a very low risk profile – i.e. maybe they only want 20% invested in equities and 80% in bonds. Or maybe they've got more time and are happy to take on extra risk in pursuit of higher returns with an 80% equity portfolio.



Balance

When the appropriate balance of equities and bonds has been identified, broad market diversification across global investment markets will ensure that clients' investments are exposed across key global asset and sub-asset classes, allowing them to participate in stronger-performing markets and sectors, while offsetting the negative impact of weaker-performing ones.

LifeStrategy is designed to deliver a well-diversified exposure to global equity and fixed income markets, using Vanguard index funds as the building blocks.



Low costs

Our research has shown that low-cost solutions have a higher probability of outperforming costlier ones, spanning both active and index strategies⁵. If the cost is high, investors simply get to keep less of their returns. That's why Vanguard solutions, including our LifeStrategy offering, will always maintain low fees in order to deliver maximum value to investors.

"One reason why I would recommend Vanguard LifeStrategy to a client is because of value."

Kunle Olafare, SK Financial



Discipline

Staying disciplined is one of the hardest aspects of investing. The regular rebalancing feature of LifeStrategy funds and model portfolios means we will always keep clients' investments aligned with their risk and return objectives, ensuring they don't drift from their target asset allocation.

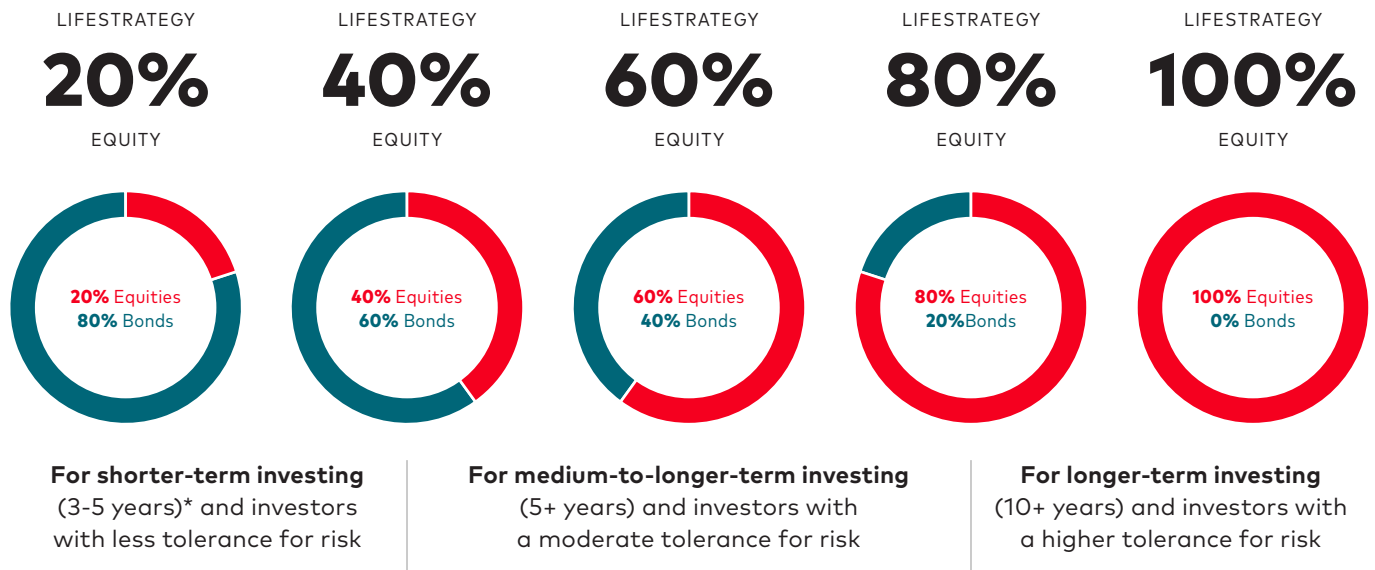
⁵ Source: Vanguard. See Plagge, Walker, Hon and Corlett-Roy, 2021, 'The case of low-cost index-fund investing.'

3.



Providing a clear choice for advisers

LifeStrategy funds and model portfolios are, by design, outwardly simple – making investing more straightforward. The five equity-to-bond ratios offer different risk-and-return profiles that satisfy the needs of many investors. The simplicity of LifeStrategy is intended to provide a clear choice for advisers and their clients, while also offering clarity to investors regarding the allocation of their investments.



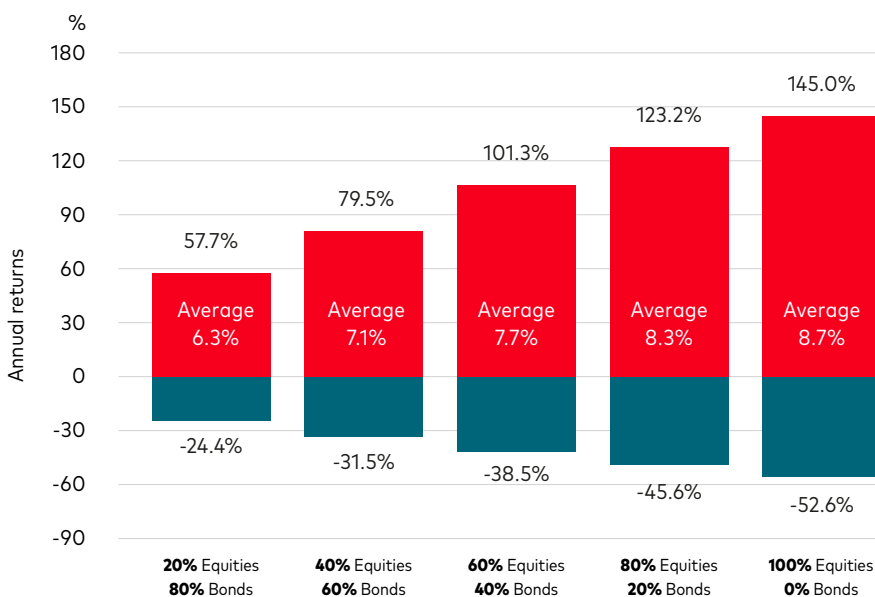
*Vanguard believes that anything less than a three-year time horizon is saving, not investing. We did not design this range for investors with less than a three-year time horizon.

Getting the balance right

The right choice for investors will depend on their investment goals and their attitude to risk. As the graph below shows, typically, the more risk investors are prepared to take through global equity markets, the higher the potential reward and the potential

loss, while the average annual return calculated over a 100-year period trends upwards with higher equity allocations. Of course, that doesn't necessarily mean that this will happen in the future, since past performance is never a predictor of future returns.

Best, worst and average returns for various equity/bond allocations over 100 years



Past performance is not a reliable indicator of future results.

Source: Vanguard. Notes: Reflects the maximum and minimum calendar year returns, along with the average annualised return, from 1901–2020, for various stock and bond allocations, rebalanced annually. Equities are represented by the DMS UK Equity Total Return Index from 1901 to 1969; thereafter, equities are represented by the MSCI UK. Bond returns are represented by the DMS UK Bond Total Return Index from 1901–1985; the FTSE UK Government Index from Jan 1986–Dec 2000 and the Bloomberg Barclays Sterling Aggregate thereafter. Returns are in sterling, with income reinvested, to 31 December 2020.



Selecting the right vehicle

Let's face it, few investors are the same. Some will like the simplicity of a single fund that provides exposure to more than 24,000 individual securities spread across global equity and bonds markets. Others will appreciate the transparency of being able to see beneath the bonnet and understand how each underlying fund contributes to the performance of their investment.

That is why LifeStrategy is available in fund and model portfolio formats. We believe it is important to make sure financial advisers have the choice of solutions and services they need to best serve their clients.

LIFESTRATEGY FUNDS	LIFESTRATEGY MPS* CLASSIC	LIFESTRATEGY MPS GLOBAL
See a single fund on your statement	See all 15 – 18 funds on your statement	See all 15 – 18 funds on your statement
Portfolio rebalances daily	Portfolio rebalances quarterly	Portfolio rebalances quarterly
OCF** of 0.22%	All-in cost of 0.21-0.22%***	All-in cost of 0.22-0.23%***
Includes a tilt to UK equity and bond markets	Includes a tilt to UK equity and bond markets	No tilt to UK equity and bond markets

*Model Portfolio Solution

**As at 31 May 2022. 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.

***As at 31 May 2022. All-in costs include Ongoing Charges Figures (OCF) and an annual portfolio management fee that covers the discretionary management of the managed portfolio service, ongoing oversight, and regular rebalancing of the portfolios. The portfolio management fee is exclusive of VAT and any adviser, platform, or dealing charges. The OCF covers the fund manager's costs of managing the fund. It does not include dealing costs or additional costs such as audit fees.

Global market cap weighted or a home bias?

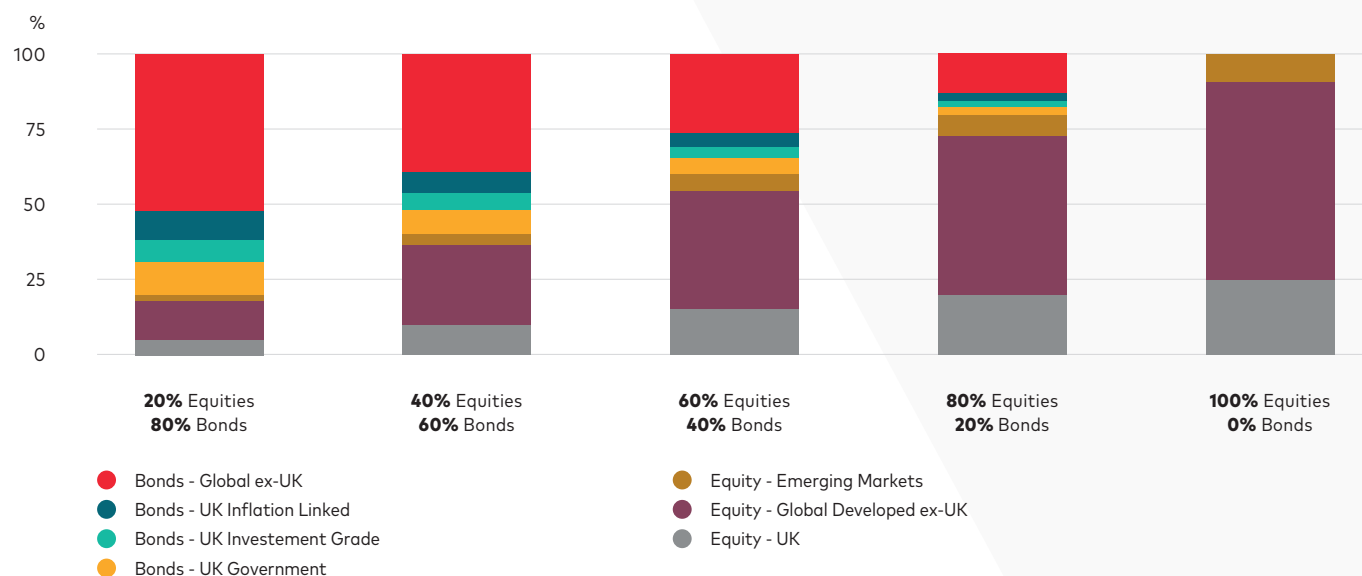
The LifeStrategy fund range and the 'classic' model portfolio range include a tilt towards UK equity and bond markets, otherwise known as a 'home bias'. This means that investors are more exposed to UK markets than a purely market cap weighted approach. The 'global' model portfolio range offers market cap-weighted exposure to global investment markets without the tilt to UK markets.

The inclusion of a home bias within the fund range and the classic model portfolio range stems from a historic preference for domestic investments among UK investors⁶.

The home bias within the LifeStrategy fund range and the classic model portfolio range includes a 25% weighting to UK equities and a 35% weighting to UK bonds.

⁶Source: Vanguard. See: S. J. Donaldson, H. Ahluwalia, G. Renzi-Ricci, V. Zhu and A. Aleksandrovich, 2021. 'Global equity investing: The benefits of diversification and sizing your allocation.'

The 'classic' LifeStrategy target allocation



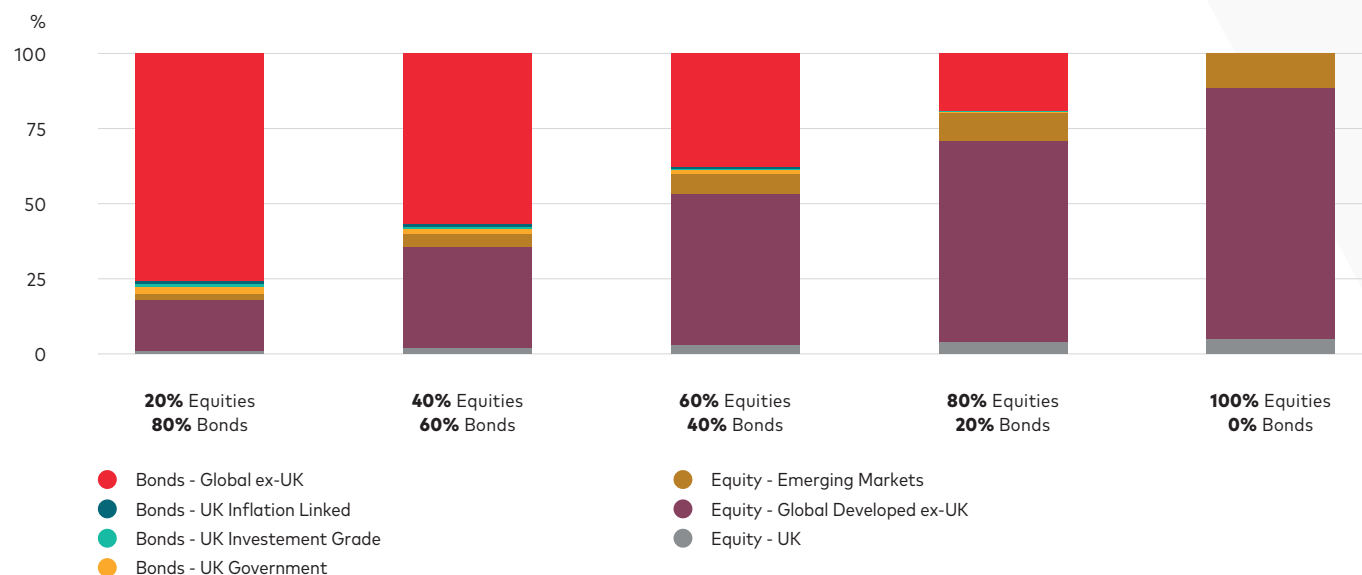
Source: Vanguard as at 30 April 2022.

A global market cap-weighted approach

The global version of the LifeStrategy model portfolio range provides global, market cap weighted portfolios without the tilt towards UK markets. This approach

might typically suit investors looking for greater exposure to the US and other international markets.

The 'global' target allocation



Source: Vanguard as at 30 April 2022.

Whether choosing 'classic' or 'global,' advisers should consider various factors, including currency, return expectations, liability hedging and regulatory

conditions before settling on the mix that is most appropriate for their clients.

4.

All-in-one solutions

LifeStrategy investors enjoy a level of product diversification that would be more expensive to achieve by investing in individual funds. Using Vanguard index funds and ETFs as the building blocks, LifeStrategy offers exposure to around 45 countries and 11 equity sectors, with the multi-asset portfolios providing exposure to high-quality corporate bonds ranging from AAA to BBB.



"In the case of our LifeStrategy range, its outward simplicity is intentional – we handle the inner complexities and difficult decisions on behalf of clients, which is part of their value as an all-in-one investment solution."

Mohneet Dhir, Multi-asset Product Specialist, Vanguard Europe

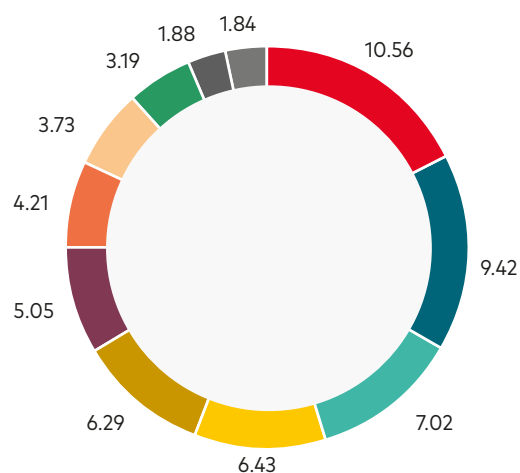
Example: LifeStrategy 60% Equity Fund

The LifeStrategy 60% Equity Fund represents the midrange of our LifeStrategy funds with the most balanced exposure to global equity and bond markets. It provides investors with a balanced portfolio of 60% equities and 40% bonds with a tilt towards UK equity and bond markets. Through one single fund investors

have exposure to 18 individual Vanguard index funds and ETFs and more than 24,000 underlying securities⁷.

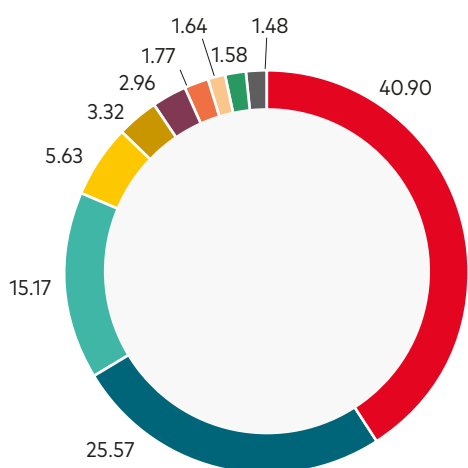
INDIVIDUAL FUNDS	WEIGHTING
Vanguard Global Bond Index Fund	19.40%
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	19.20%
Vanguard U.S. Equity Index Fund	15.50%
Vanguard FTSE U.K. All Share Index Unit Trust	15.10%
Vanguard U.K. Government Bond Index Fund	5.20%
Vanguard Emerging Markets Stock Index Fund	4.70%
Vanguard U.K. Inflation-Linked Gilt Index Fund	4.10%
Vanguard U.K. Investment Grade Bond Index Fund	3.60%
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	3.10%
Vanguard Global Aggregate Bond UCITS ETF	3.10%
Vanguard Japan Stock Index Fund	1.60%
Vanguard U.S. Investment Grade Credit Index Fund	1.20%
Vanguard U.S. Government Bond Index Fund	1.20%
Vanguard Euro Government Bond Index Fund	1.10%
Vanguard Pacific Ex-Japan Stock Index Fund	0.80%
Vanguard Japan Government Bond Index Fund	0.60%
Vanguard Euro Investment Grade Bond Index Fund	0.50%

⁷Source: Vanguard, as at 31 March 2022.



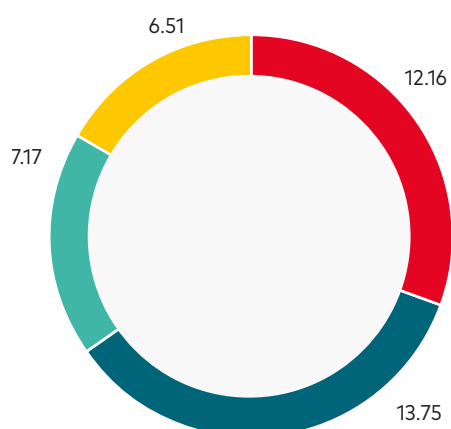
Sector breakdown - equities (%)

- Information Technology
- Financials
- Health Care
- Consumer Discretionary
- Industrials
- Consumer Staples
- Communication Services
- Materials
- Energy
- Real Estate
- Utilities



Country breakdown - equities and fixed income (%)

- United States
- United Kingdom
- Other
- Japan
- France
- Germany
- China
- Canada
- Australia
- Switzerland



Fixed income exposure (%)

- AAA
- AA
- A
- BBB

Source: Vanguard, as at 31 March 2022. .Please note all weights should add up to 100%; however, there may be differences due to rounding. This is the same for all funds.

Keeping clients' investments on track

The job of Vanguard's investment experts is to make sure the fund or model portfolio doesn't drift out of line with the target balance of equities and bonds. To do this, our global investment teams continuously monitor every portfolio - rebalancing them back to their target allocation and risk profile.

This process happens automatically, from an adviser's perspective, as part of a daily or quarterly process depending on whether the client is invested in a fund or a model portfolio. The regular rebalancing feature not only saves advisers valuable time from doing this manually, but also helps guard against any tendency to chase returns by moving into and out of the best and worst-performing assets based on recent past performance.



5.

Clear and dependable governance

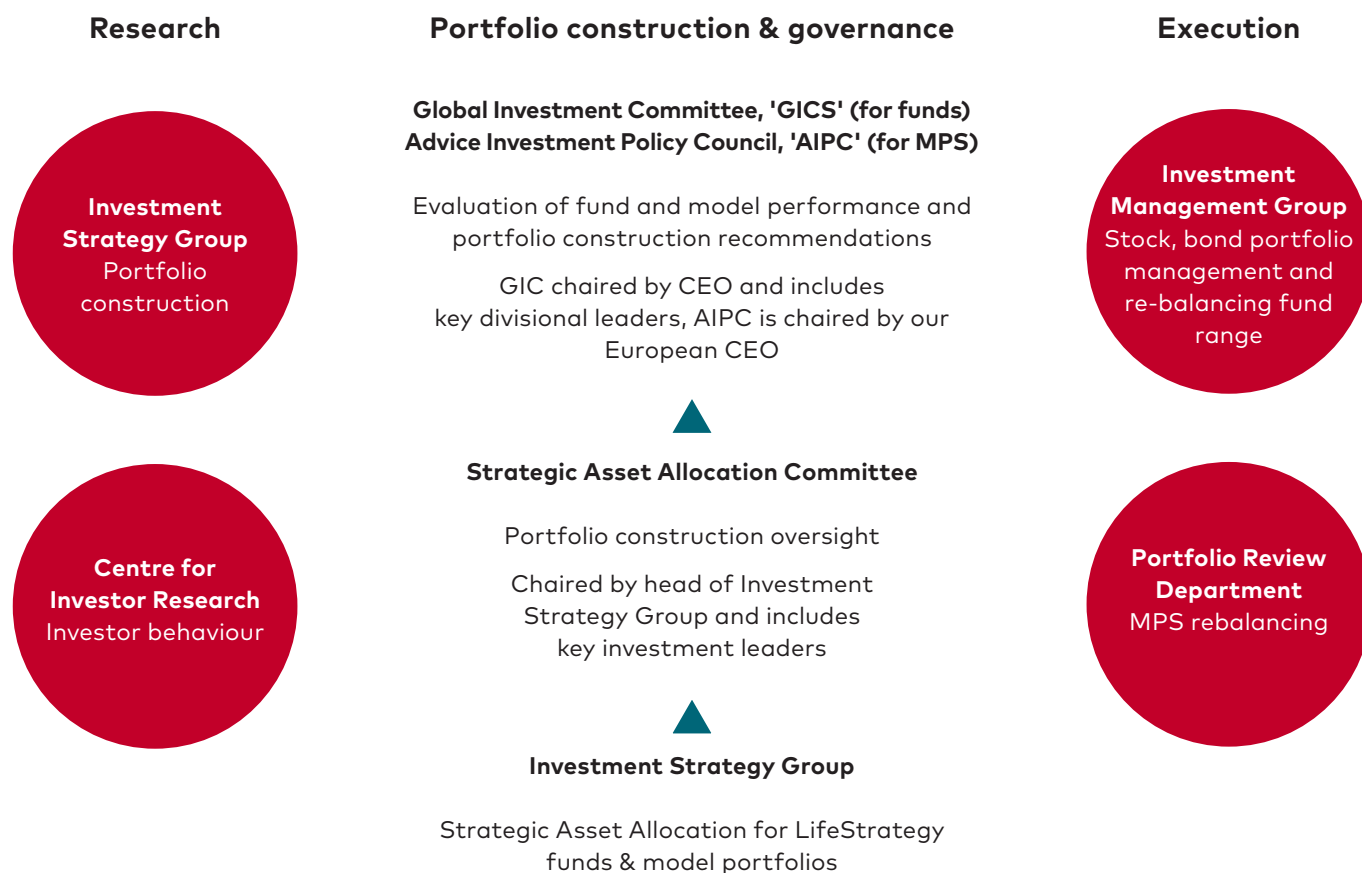
With more than 45 years of index-fund management experience and portfolio construction expertise, advisers can rest assured that their clients' savings are in good hands when investing with Vanguard.



Every fund, portfolio, or solution we offer has gone through a meticulous design process; is subject to the same governance and monitoring standards; and enjoys the same global, 24/7 trading capabilities.

It is this powerful combination of global research, governance and trading teams that together deliver value to over 30 million investors worldwide⁸.

The three pillars of expertise



⁸Source: Vanguard, as at 31 April 2022.

6.

Supporting adviser businesses with multi- asset solutions

Our LifeStrategy funds and model portfolio solutions are at the heart of Vanguard's growing family of high-value multi-asset solutions.



Vanguard's aim is to make the world of multi-asset investing accessible to more advisers and their clients. It's part of our ongoing commitment to delivering more value to investors and our appreciation for the value delivered by trusted financial advisers.

Vanguard LifeTarget model portfolios, for example, are designed to precisely target more specific outcomes for investors. And our active Vanguard SustainableLife funds reflect clients' growing desire for sustainable solutions.

Delivering more for advisers and their clients



1 Serving as a diversified core investment

Broadly diversified, low-cost, static-allocation solutions may serve as suitable accumulation components for a broader investment programme.



2 Assisting product suitability

Well-constructed and implemented funds and model portfolios may give advisers more time and resources to focus on their clients and to ensure the solutions align closely to their financial situation, return objectives and risk



3 Enhancing the adviser's role as client coach

Simple, packaged solutions may help advisers to help their clients avoid common behaviours that tend to reduce investor returns or increase investor risk, such as market timing and chasing top-performing funds.



4 Serving a variety of client types

The range of fixed allocations means that you can find a fund or model portfolio that's appropriate for many different kinds of clients. The low cost and low maintenance of these funds and model portfolios allow advisers to serve more investors profitably.

7.



Clear value to advisers and investors

Vanguard LifeStrategy applies several investment best practices to give advisers funds and model portfolios they can use to add real value for their clients. The funds and model portfolios include strategic asset allocation, broad diversification and automatic rebalancing, which carefully balances risk, return and cost.

"Investing is about staying the course, keeping things simple, keeping costs down and just letting the markets do what the markets do. That's exactly what LifeStrategy captures."

Krupesh Kotecha, Balance: Wealth Planning

Broad diversification

Maintains investors' exposure across key global asset and sub-asset classes, allowing the investor to participate in the stronger-performing markets and sectors while mitigating the negative impact of weaker performing ones.

Cost effective

LifeStrategy uses Vanguard's low-cost index funds as building blocks and benefits from Vanguard's economies of scale. This means that the LifeStrategy range can deliver a sophisticated all-in-one investment solution at a relatively low cost.

Disciplined rebalancing

Disciplined and regular rebalancing is designed to maintain target allocation objectives and minimise portfolio drift.

High quality fixed income

Our solutions include high quality fixed income to act as an important 'shock-absorber', reducing the impact of equity market downturns.

Strong foundations

LifeStrategy funds and model portfolios use a variety of low-cost index funds that provide broad exposure to sub-asset classes such as UK, European, global or emerging market equities and global and UK fixed income.

Real expertise

With 45 years of experience since we were founded in 1975, Vanguard has consistently driven innovation in the investment market. We are one of the largest asset managers in the world with almost £6 trillion in assets under management. We have been managing multi-asset funds since 1994 with £750 billion in assets under management⁹.

⁹Source: Vanguard, data as at 30 April 2022.

Key risks

- The value of equities can be affected by daily stock market movements. Other influential factors include political and economic news, company earnings and significant corporate events.
- The funds may not fully track their index due to the implementation strategy. For example, the timing of dividend payments and cash flows are some of the events that could lead to a mismatch in performance.
- 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.
- Please also read the risk factors section in the prospectus and the Key Investor Information Document, both of which are available on the Vanguard website.

Always here to support you

At Vanguard we are here to offer continuing support to our adviser partners. Visit our Vanguard 360 site and download co-branded, client-facing templates to use in client consultations – along with valuable risk-assessment tools and useful commentary and newsletters.

Visit **Vanguard 360** [↗](#)



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.

The Vanguard LifeStrategy® Funds may invest in Exchange Traded Fund (ETF) shares.

ETF shares can be bought or sold only through a broker. Investing in ETFs entails stockbroker commission and a bid-offer spread which should be considered fully before investing.

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 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.

For further information on risks please see the "Risk Factors" section of the prospectus on our website at global.vanguard.com 

Important information

This is a marketing communication.

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 global.vanguard.com 

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