Vanguard

Presented to you by

Investing made simple: **Vanguard LifeStrategy® funds**

All-in-one portfolios built from Vanguard's exceptional value index funds

The value of investments, and the income from them, may fall or rise and investors may get back less than they invested. If you have any questions related to your investment decision or the suitability or appropriateness for you of the products or services described in this brochure, please contact an independent financial adviser.

Vanguard Asset Management Limited

As part of the Vanguard Group Inc, Vanguard Asset Management Limited draws on over 45 years of investing experience.

We aim to treat investors fairly and to offer low-cost, uncomplicated investments designed to help individual investors achieve their investment goals.

You will find a glossary of key terms at the end of this guide.

Sophisticated portfolios in a straight forward package

Life is risky and complicated enough, so we've tried to make the LifeStrategy funds straightforward and easy to understand. It's also why we've built our all-in-one funds using simple index-tracking funds as the underlying components. Our research[1] shows that index funds tend to be less volatile than active funds. The fact that index funds generally operate with lower costs than actively managed funds also means we can offer them at a low cost.

The funds combine over 45 years of Vanguard's index investing experience with its expertise on constructing portfolios of different investments.

In other words, the funds are all-in-one solutions that benefit from our investment experience, delivered at the low-cost level that investors have come to expect from Vanguard. You pick the fund that is right for your circumstances and we'll take care of the rest, leaving you to focus on the things that matter to you.

"We believe investment companies should manage their funds exclusively in the interest of their investors. This is the only way to be truly aligned with your investors."

Sean Hagerty
Managing Director, Vanguard

1 The case for low-cost index-fund investing, Dr.Jan-Carl Plagge et al. 2022. This research is not available to personal investors for regulatory reasons.

Investment expertise

It seems that the world keeps getting busier, with more demands on our time every day. Who has the time, knowledge or resources to create or look after a varied portfolio of investments?

Now there's a solution: a range of five straightforward investment portfolios from Vanguard, one of the world's largest and most well-respected investment managers.

Investing made simple

Broad global mix of investments keeps your portfolio diversified

The funds invest internationally for you across several key investment types, allowing you to participate in the stronger-performing assets while helping to offset the impact of weaker-performing ones.

Low cost means you keep more of your investment returns

Using Vanguard's low-cost index funds as building blocks means that the funds deliver a sophisticated all-in-one portfolio at a relatively low cost. When costs are lower, you get to keep more of your investment returns.

Expert fund managers maintain the portfolios, so you don't have to

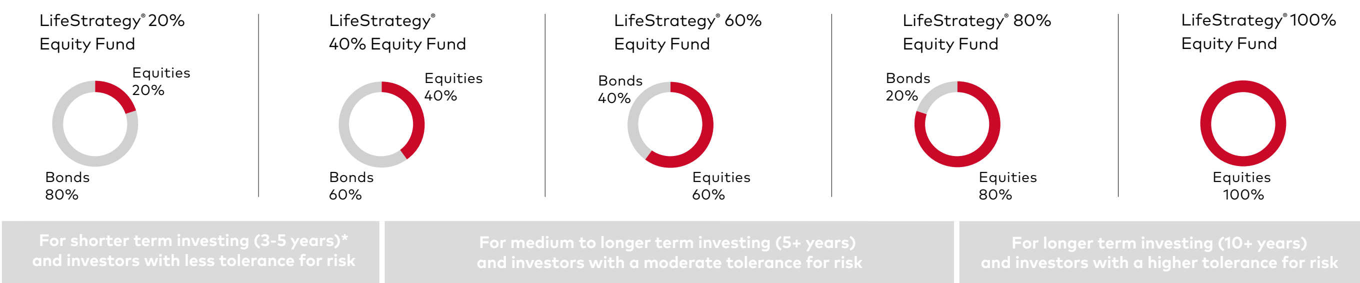
Vanguard's investment experts look after the portfolios for you and make sure they don't drift out of line with their target balance of equities and bonds. This means that you always know what is in your portfolio and can rest assured that the balance of equities and bonds is as expected.

The funds at a glance:

Vanguard LifeStrategy funds include a family of portfolios with different levels of potential risk and return. Each fund offers a diversified blend of shares and bonds, built using Vanguard's underlying low-cost index funds. They provide professionally constructed and diversified portfolios designed to help you meet your goals, whatever your attitude to risk.

About equities and bonds

Equities represent a share of ownership of a listed public company. They trade on a stock exchange and the price can be quite volatile on a daily basis. Bonds, on the other hand, represent a promise by a government or company to pay a certain amount of interest over a given period and to repay the sum borrowed at the end of the period. The chart on page 7 shows how equities and bonds have behaved over 100 years, but remember that past performance is never a useful predictor of future returns.



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

Equities and bonds – what do they do?

No doubt you've heard there's no reward without risk. That's as true of investing as it is of anything else in life. You can't control what happens in the markets, but understanding the historical patterns of equities and bonds can help you handle risk in your own portfolio and to select the right LifeStrategy fund for you.

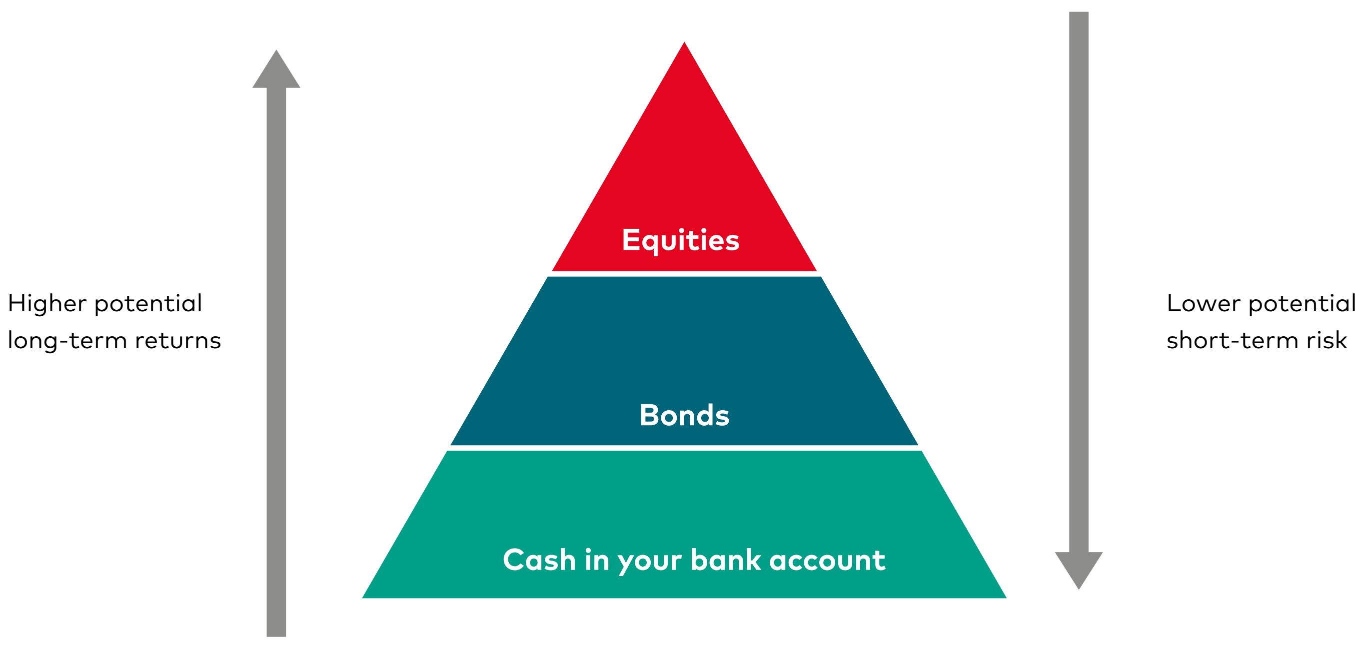
Getting the balance right for you

Achieving long-term financial goals means accepting the trade-off between risk and reward, and appreciating the historical characteristics of different types of investment.

Equities have historically offered higher long-term returns than bonds (see overleaf), but they also carry more risk. But always remember that historical returns are never a reliable predictor of future results. The value of investments, and the income from them, may fall or rise and investors may get back less than they invested.

The mix of equities and bonds that you choose will depend on how much risk you're willing to take. And that depends on why you're investing, and when you need your money.

The risk/return hierarchy



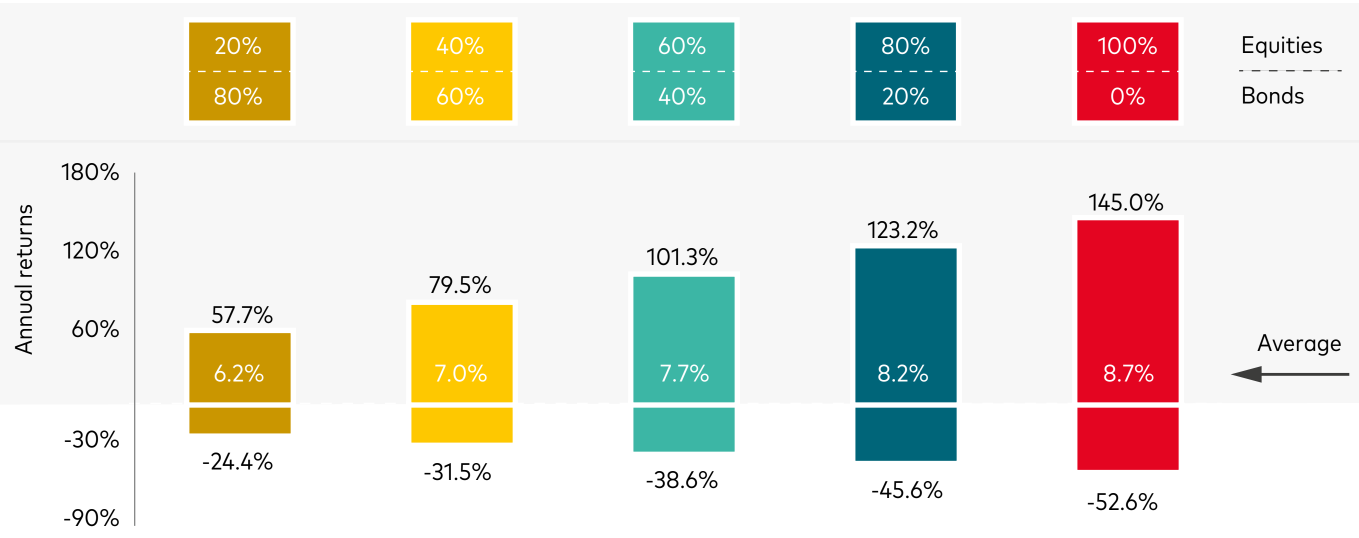
Understanding the historical risk-return trade-off

The graph shows the long-term relationship between risk and return for diversified equity/bond portfolios.

While a higher allocation to equities has resulted in some much bigger gains, it also shows bigger losses. Of course, that doesn't necessarily mean that this will happen in the future, since past performance is never a predictor of future returns.

Everyone is different so you need to think about how much investment risk you are willing and able to take and still sleep at night.

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



Past performance is not a reliable indicator of future results.

Notes: Reflects the maximum and minimum calendar year returns, along with the average annualised return, from 1901-2022, 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 Sterling Aggregate thereafter. Returns are in sterling, with income reinvested, to 31 December 2022.

Source: Vanguard.

Diversification: a broad mix can reduce risk

In order to reduce your risk, you need to diversify – that is, spread your portfolio across a broad mix of assets. Diversifying your portfolio can help smooth out market ups and downs: so returns from better performing assets help to offset those that aren't performing so well.

Investment markets move in different cycles, reflecting the underlying strength of the economy, industry trends and investor sentiment. Individual assets also move differently according to external factors. So for example, during hard economic times many people will stop buying luxury items and companies that make them might experience a fall in sales, but makers of essential items, like food, may not.

How LifeStrategy provides diversification

The role of index funds

Vanguard LifeStrategy funds are built using our range of low-cost, uncomplicated index funds, which hold all, or a broad sample of, the securities in the market index they track. This automatically ensures the risk of a single security is minimised within the portfolio.

Ensuring a broad mix

The equity portion of each of the funds includes a diverse array of securities from across the globe, helping to offset any potential weakness in a single region or country. The bond portions include a careful mix of global bonds, UK inflation-linked bonds, UK government bonds and UK investment grade bonds. Together these blends provide a high level of diversification, one that would be very difficult and costly to achieve by individual investors buying single index funds.

Keeping portfolios on track

Overcoming the problem of drift

Over time, different assets perform differently. This means that investments that perform well will grow as a percentage of the portfolio, while those that perform poorly will shrink. Left uncorrected, this drift may mean that you end up with more (or less) risk than originally intended. To ensure the portfolio aligns with its target risk and return characteristics, it must be periodically rebalanced to its original target.

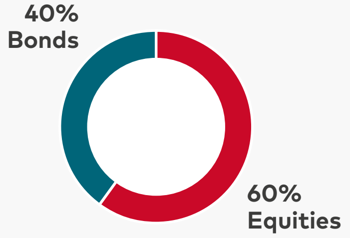
Vanguard LifeStrategy funds help you by sticking to the target blend of equities and bonds without having to continuously monitor and manually rebalance the portfolio. This helps keep your portfolio on track.

Guarding against return chasing

Sticking to the predetermined target also helps to guard against the tendency to chase returns by moving into and out of the best and worst-performing sectors based upon recent past performance.

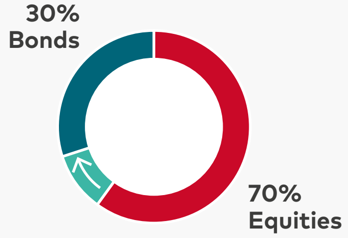
1

A portfolio has a target blend of 60% equities and 40% bonds.



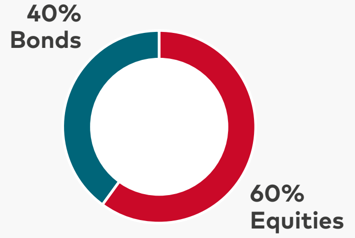
2

Equities perform well over a given period, which means that the portfolio is out of balance with a lot more equities than the investor is comfortable with. The fund manager sells some equities and buys some bonds.



3

The portfolio returns to its target allocation that matches the investor's desired risk/return profile.



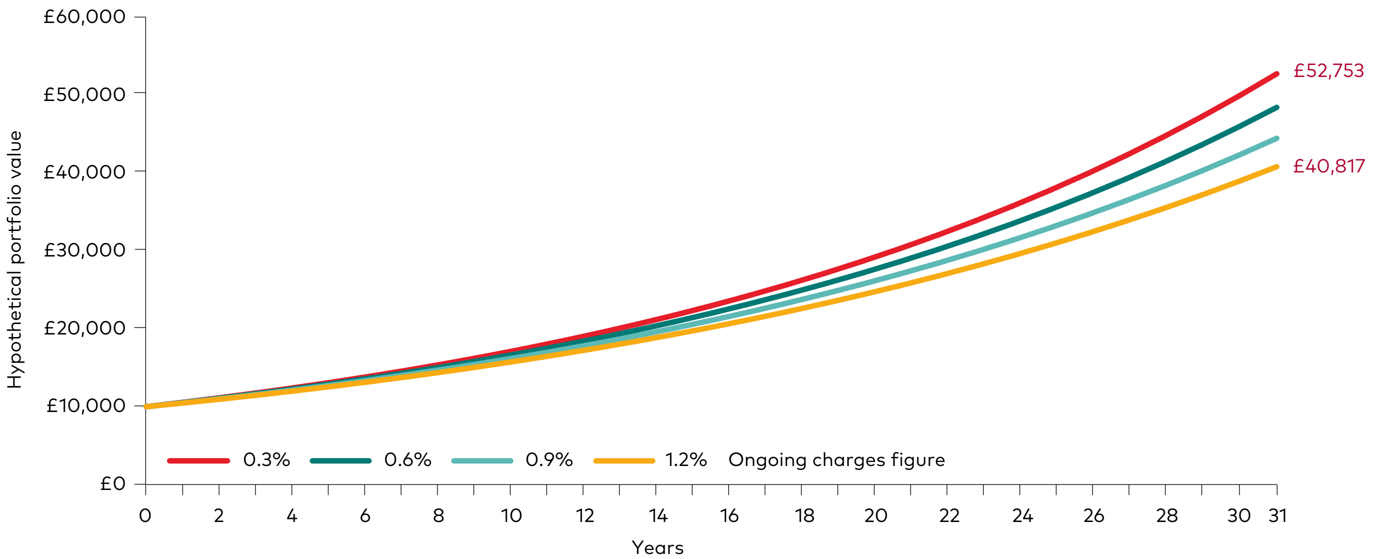
The importance of costs

Costs matter in investing because every penny you pay in charges comes out of your investment. The lower the charges the more of the investment return you keep.

Using a hypothetical example (which does not represent any particular investment), the graph illustrates the potential impact of costs on an initial investment of £10,000 over a 30-year period.

This graph assumes 6% average growth per annum which is compounded year on year. As this shows, an ongoing charges figure (OCF) of 0.3% compared to an OCF of 1.2% could potentially lead to savings of £11,936 over a 30-year period.

Growth of a £10,000 initial investment over a 30 year period, assuming 6% growth per annum



Note: This hypothetical example assumes an investment of £10,000 over 30 years. Annual compounding is used for both the assumption of 6% average growth p.a. and the investment costs. Costs are applied to average annual growth of 6% for each year. As it is a hypothetical, this example does not represent any particular investment.

Source: Vanguard.

This example assumes a growth rate of 6%, but in reality returns may vary and you may get a lower return from a fund with lower investment costs.

Low costs mean you keep more

Vanguard focuses on low-cost, uncomplicated funds with the aim of giving investors their best chance of achieving their investment goals. That's why we aim to provide the best-value investment funds. With the OCF set at 0.22%, we believe the Vanguard LifeStrategy funds offer one of the most cost effective investment solutions available to UK investors.

So, what do these costs mean?

Ongoing charges figure

When you invest with any fund manager, you will have to pay some running costs. These include an 'ongoing charges figure' which covers the fund manager's costs of managing the fund over the year. For further information about charges please see the sections entitled "Buying Shares", "Redeeming Shares", "Charges and Expenses", "Dilution Levy" and Appendix 1 of the Prospectus on our website at global.vanguard.com.

	OCF†
LifeStrategy 20% Equity Fund	0.22%
LifeStrategy 40% Equity Fund	0.22%
LifeStrategy 60% Equity Fund	0.22%
LifeStrategy 80% Equity Fund	0.22%
LifeStrategy 100% Equity Fund	0.22%

† Data as at 1 January 2023.

Why Vanguard?

Vanguard is a different kind of investment company. It was founded in the United States in 1975 on a simple but revolutionary idea: that an investment company should manage its funds solely in the interests of its clients.

Rather than being publicly traded or owned by a small group of individuals, The Vanguard Group is owned by Vanguard's US-domiciled funds. Those funds, in turn, are owned by their investors. While we cannot replicate this structure in Europe, we believe that this mutual structure aligns Vanguard's interests with those of our investors globally and drives the culture, philosophy and policies throughout the Vanguard organisation worldwide. As a result, investors benefit from Vanguard's stability and experience, low costs and client focus.

It's what we stand for: value to investors.

What sets us apart

Transparency

We focus on being clear on everything we do – this means communicating to you clearly about costs and charges and how our products work – so you should always know where you stand.

Fairness

Vanguard takes a fair approach to costs – for example, how we manage our charges.

Putting you first

The Vanguard Group Inc.'s mutual structure and philosophy means we can focus on clients' needs over the long term.

Exceptional value

Vanguard aims to offer the the highest value products at very low costs and recognises that you deserve the best deal possible.

Key terms

Active funds – An investment management approach where the manager selects securities from the investment universe prescribed by a fund's investment objective. The goal of an actively managed fund is to beat, rather than simply match, the return from a particular market index or benchmark.

Annual management charge/ongoing charges figure – 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.

Assets, asset classes – A category of securities that exhibit similar characteristics. Examples include equities, bonds, cash or property.

Bonds – A loan certificate issued by a government, public company or other body. The issuer agrees to repay the original amount borrowed after an agreed time (when the bond matures). Bonds usually repay a fixed interest rate (known as the coupon) over a specified time.

Diversification – A strategy that helps to protect against risk by spreading investments across different asset classes or sectors.

Equities – Ordinary company shares. A stock or other security representing an ownership interest in a company.

Index fund – An investment fund that aims to closely match the returns of a specified market index. The fund may hold all the securities in the particular index or apply a mathematical model to purchase a sample of securities that will perform as closely as possible to the index.

Mutual or pooled fund – An investment vehicle where a number of individual investors pool their money to invest in a professionally managed fund.

Portfolio – A combination of investments held in one place. A portfolio is frequently created to meet particular investment objectives, such as providing capital growth or regular income.

Risk – The chance that an investment's actual return will differ from expectations. Risk comes in many forms, including market risk (the chance that returns will fluctuate) and shortfall risk (the possibility that a portfolio will fail to meet longer-term financial goals). Investors should decide on their individual risk tolerance and use this as a guide to building their investment portfolio.

Risk tolerance, risk appetite, risk profile or risk/reward trade-off – The extent to which individual investors are prepared to accept volatility in their investment portfolios in return for receiving potentially higher returns.

Securities – Freely tradable assets that are quoted on an exchange including shares, bonds and derivatives.

Transaction costs – The costs involved in buying or selling equities, bonds or other securities.

Volatility – The extent to which investments or interest rates fluctuate over time.

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