

Vanguard LifeStrategy Model Portfolios

Quarterly Newsletter

30 June 2022

This quarterly newsletter is designed to give Vanguard LifeStrategy investors an insight into how the Model Portfolios are constructed and what's been happening the global economy and world markets. The model portfolios were launched on the 1st June 2022, near the end of the quarter.

The Vanguard LifeStrategy Model Portfolios are designed to meet a range of investors' needs. Each of the five Model Portfolios has a different target weighting of equities and bonds, with the aim of delivering a range of risk and return outcomes for investors.

Vanguard rebalances the Model Portfolios to their target allocations to ensure that they continue to meet investor needs. This means investors can focus on working with their advisers to review their goals and circumstances, confident in the knowledge that the target weightings will stay on track.

Economic background

In the second quarter (Q2) of 2022, inflation in major advanced economies continued to rise, causing central banks to signal a tighter monetary policy stance than previously expected. Meanwhile, global growth momentum continued to slow.

In the UK, gross domestic product (GDP) grew by 0.8% quarter on quarter (QoQ) in Q1 2022, suggesting that an increase in the cost of living was beginning to weigh on economic growth. Since then, conditions have continued to deteriorate with the level of output declining in April. Consumer confidence is at an all-time low and we expect real living standards to contract by around 2% this year. Given this pessimistic backdrop, we assign a 45% probability to the UK

slipping into recession later this year. Headline inflation rose to 9.1%¹ year on year (YoY) in May, marking a new 40-year high. While food and energy inflation were the main contributors, the figures reflected broad-based gains. Core inflation fell to 5.9%² (YoY) in May. The UK labour market remained tight with the unemployment rate below 4% and vacancies remaining elevated relative to historic norms. The Bank of England raised interest rates by 50 basis points to 1.25% in the second quarter. Meanwhile, the Chancellor announced a package to tackle the cost-of-living crisis, which totalled £15 billion and targeted low-income households.

In the euro area, GDP increased by 0.6% (QoQ) in Q1. Growth continued to be challenged by the war in Ukraine, which has resulted in higher energy prices, reduced confidence and tighter financial conditions. The potential for an abrupt end to Russian natural gas supply remains an important risk. We assign a 45% probability that the euro area will be in recession later this year. Headline inflation jumped to 8.5% (YoY) in June, marking a fresh record, and core inflation hit 3.7%³ (YoY). Labour market pressures were building, with the unemployment rate falling to a record low of 6.6% in May. The European Central Bank left monetary policy broadly unchanged in Q2 but has signalled it will stop quantitative easing purchases and start to raise interest rates from Q3 onwards. The bank said that it will also accelerate the development of a 'spread-fighting' tool⁴ to limit risks of fragmentation⁵.

¹ UK Headline Inflation is CPI Inflation, Source: Office of National Statistics as of May 2022.

² UK Core Inflation is CPI Inflation, Source: Office of National Statistics as of May 2022.

³ Euro area core inflation is CPI inflation, Source: Eurostat as of June 2022.

⁴ Intended to prevent the spreads between bond yields widening.

⁵ Diverging financing costs between different countries.

The US economy contracted by 1.6% (QoQ, seasonally adjusted annual rate) in Q1, due to negative contributions from net trade and inventories, while consumption and investment were strong. Recent activity data also pointed to a weak Q2 and we place a 40% probability that the US will be in recession in the next 12 months. US headline inflation accelerated to a fresh 40-year high of 8.5%⁶ (YoY) in May, with food and energy remaining the key drivers. Core customer price index (CPI) also came in at 6.0% (YoY) driven broadly across goods and services. The US labour market remained strong, with job creation in May coming in higher than expected. The unemployment rate was unchanged at 3.6%, just above its pre-pandemic low. The US Federal Reserve raised the target for its federal funds rate⁷ by 125 basis points in Q2, including one 75-basis-point hike in June, the largest single interest rate increase since November 1994.

In China, growth in Q2 was set back by strict lockdowns to tackle the most recent outbreak of Covid-19. Weak business and consumer confidence is disrupting the credit transmission channel, manifesting in low demand for credit. An over-emphasis on supply-side stimulus at the expense of demand-side income support has created a weak economic backdrop for the second half of this year. However, retail sales, industrial production and fixed asset investment all improved in May, suggesting the start of an economic recovery. The People's Bank of China cut its five-year loan prime rate from 4.6% to 4.45%, effective immediately for new home mortgages.

Key takeaway

What should investors do in response to these developments?

Many investors change their portfolios in a bid to take advantage of the latest news. However, it's very difficult to time these changes effectively. In practice, shifting your portfolio in response to short-term events may lead to little more than increased trading costs.

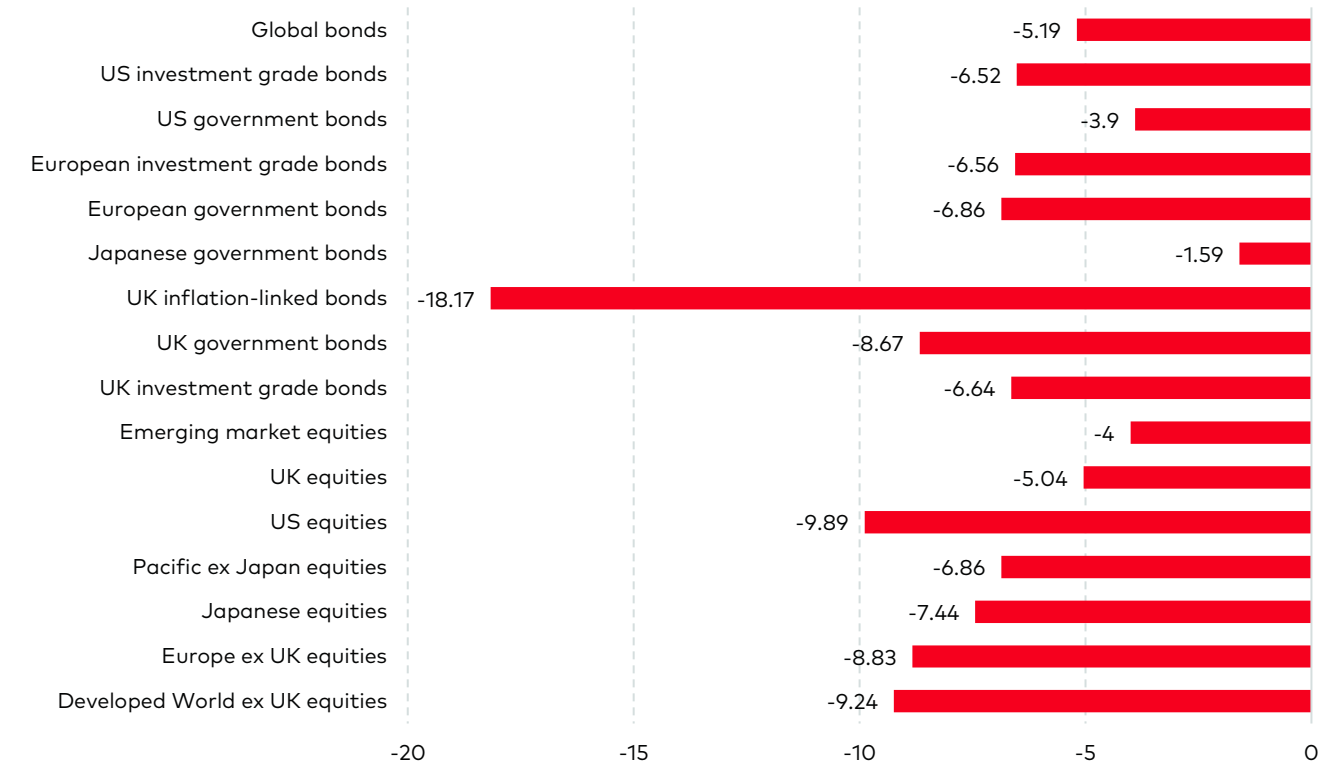
At Vanguard, we believe that investors will usually be better served by identifying the appropriate asset allocation to suit their goals, then sticking with it and tuning out short-term noise. By regularly rebalancing back to target weights, the LifeStrategy® Model Portfolios are built to reflect this belief. See the back page for more on Vanguard's principles for investing success.

⁶ US Headline Inflation is CPI Inflation, Source: Bureau of Labor statistics as of May 2022.

⁷ The interest rate that US banks charge each other to lend Model Portfolios overnight.

Market performance

Equity and bond market total returns in Q2 2022 (%)



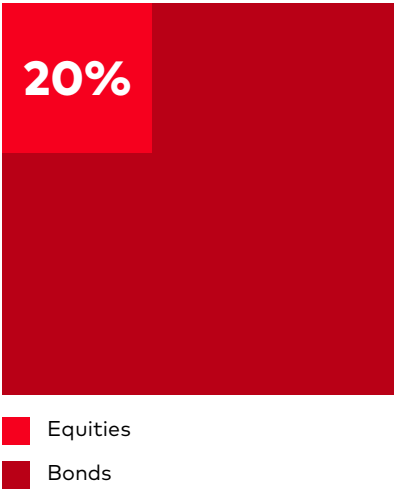
Past performance is not a reliable indicator of future results.
Source: Vanguard as at 30 June 2022. Total returns in GBP. Indices used:
The above displays broad equity and bond market returns and does not reflect the performance of the model portfolio range.
Bloomberg Barclays EUR Government Float Adjusted Bond Index Hedged; Bloomberg Barclays EUR Non-Government Float Adjusted Bond Index Hedged; Bloomberg Barclays Global Aggregate Float Adjusted Index Hedged; Bloomberg Barclays Global Aggregate USD Credit Float Adjusted Bond Index Hedged; Bloomberg Barclays GBP Non-Government Float Adjusted Bond Index; Bloomberg Barclays Japan Government Float Adjusted Bond Index Hedged; Bloomberg Barclays U.K. Government Float Adjusted Bond Index; Bloomberg Barclays U.K. Government Inflation-Linked Float Adjusted Bond Index; Bloomberg Barclays U.S. Government Float Adjusted Bond Index Hedged; FTSE All-Share Index; FTSE Developed Europe ex U.K. Index; FTSE Developed ex U.K. Index; MSCI Emerging Markets Index; MSCI Japan Index; MSCI Pacific ex Japan Index; S&P Total Market Index Net TR.

Model Portfolio performance

Performance will be published after one year from inception date.

Vanguard LifeStrategy 20% Equity MPS Classic

Target weighting



Ongoing charges figure

0.23%

Credit rating breakdown – bonds (%)

AAA	24.04
AA	27.44
A	13.88
BBB	12.47
Less than BBB	0.01
NR	0.56

Maturity breakdown – bonds (%)

Under 1 year	0.36
1-5 years	28.17
5-10 years	21.32
Over 10 years	28.55

Underlying funds

Fund	Weight (%)
Vanguard Global Bond Index Fund GBP Hedged Acc	39.2
Vanguard U.K. Government Bond Index Fund GBP Acc	10.0
Vanguard U.S. Equity Index Fund GBP Acc	9.7
Vanguard U.K. Inflation-Linked Gilt Index Fund GBP Acc	9.0
Vanguard U.K. Investment Grade Bond Index Fund GBP Acc	7.0
Vanguard FTSE U.K. All Share Index Unit Trust GBP Acc	4.9
Vanguard U.S. Government Bond Index Fund GBP Hedged Acc	3.6
Vanguard U.S. Investment Grade Credit Index Fund GBP Hedged Acc	3.5
Vanguard Euro Government Bond Index Fund GBP Hedged Acc	3.0
Cash	2.0
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund GBP Acc	1.9
Vanguard Emerging Markets Stock Index Fund GBP Acc	1.8
Vanguard Euro Investment Grade Bond Index Fund GBP Hedged Acc	1.6
Vanguard Japan Government Bond Index Fund GBP Hedged Acc	1.4
Vanguard Japan Stock Index Fund GBP Acc	0.9
Vanguard Pacific ex-Japan Stock Index Fund GBP Acc	0.5

Regional breakdown

Fund	Weight (%)
U.S.	35.9
U.K.	32.6
Developed Europe ex-U.K.	16.5
Japan	5.5
Emerging markets	4.0
Pac Basin ex-Japan	2.3
Other ¹	1.1

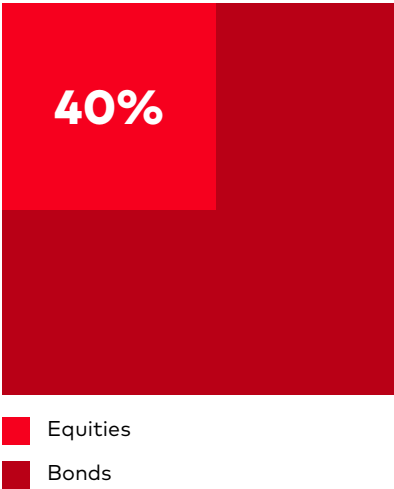
Source: Vanguard as at 30 June 2022.

¹ "Other" regional exposures come from fixed income allocations to Supranational bonds.

Note: figures may not add up to 100 due to rounding.

Vanguard LifeStrategy 40% Equity MPS Classic

Target weighting



Ongoing charges figure

0.22%

Credit rating breakdown – bonds (%)

AAA	18.04
AA	20.57
A	10.41
BBB	9.36
Less than BBB	0.01
NR	0.42

Maturity breakdown – bonds (%)

Under 1 year	0.27
1-5 years	21.13
5-10 years	15.99
Over 10 years	21.41

Underlying funds

Fund	Weight (%)
Vanguard Global Bond Index Fund GBP Hedged Acc	29.4
Vanguard U.S. Equity Index Fund GBP Acc	19.4
Vanguard FTSE U.K. All Share Index Unit Trust GBP Acc	9.8
Vanguard U.K. Government Bond Index Fund GBP Acc	7.5
Vanguard U.K. Inflation-Linked Gilt Index Fund GBP Acc	6.7
Vanguard U.K. Investment Grade Bond Index Fund GBP Acc	5.3
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund GBP Acc	3.8
Vanguard Emerging Markets Stock Index Fund GBP Acc	3.5
Vanguard U.S. Government Bond Index Fund GBP Hedged Acc	2.7
Vanguard U.S. Investment Grade Credit Index Fund GBP Hedged Acc	2.6
Vanguard Euro Government Bond Index Fund GBP Hedged Acc	2.3
Cash	2.0
Vanguard Japan Stock Index Fund GBP Acc	1.7
Vanguard Euro Investment Grade Bond Index Fund GBP Hedged Acc	1.2
Vanguard Japan Government Bond Index Fund GBP Hedged Acc	1.1
Vanguard Pacific ex-Japan Stock Index Fund GBP Acc	1.0

Regional breakdown

Fund	Weight (%)
U.S.	39.1
U.K.	30.5
Developed Europe ex-U.K.	14.8
Emerging markets	5.2
Japan	5.2
Pac Basin ex-Japan	2.4
Other ¹	0.9

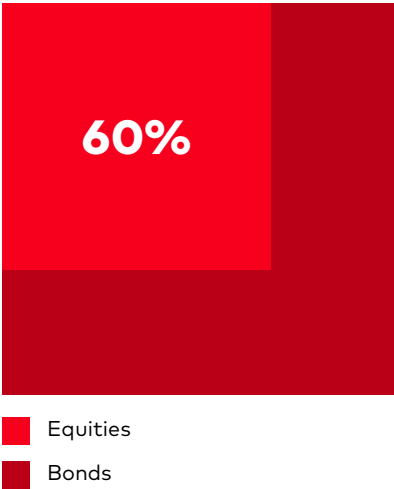
Source: Vanguard as at 30 June 2022.

¹ "Other" regional exposures come from fixed income allocations to Supranational bonds.

Note: figures may not add up to 100 due to rounding.

Vanguard LifeStrategy 60% Equity MPS Classic

Target weighting



Underlying funds

Fund	Weight (%)
Vanguard U.S. Equity Index Fund GBP Acc	29.1
Vanguard Global Bond Index Fund GBP Hedged Acc	19.6
Vanguard FTSE U.K. All Share Index Unit Trust GBP Acc	14.7
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund GBP Acc	5.7
Vanguard Emerging Markets Stock Index Fund GBP Acc	5.3
Vanguard U.K. Government Bond Index Fund GBP Acc	5.0
Vanguard U.K. Inflation-Linked Gilt Index Fund GBP Acc	4.5
Vanguard U.K. Investment Grade Bond Index Fund GBP Acc	3.5
Vanguard Japan Stock Index Fund GBP Acc	2.6
Cash	2.0
Vanguard U.S. Government Bond Index Fund GBP Hedged Acc	1.8
Vanguard U.S. Investment Grade Credit Index Fund GBP Hedged Acc	1.8
Vanguard Pacific ex-Japan Stock Index Fund GBP Acc	1.5
Vanguard Euro Government Bond Index Fund GBP Hedged Acc	1.5
Vanguard Euro Investment Grade Bond Index Fund GBP Hedged Acc	0.8
Vanguard Japan Government Bond Index Fund GBP Hedged Acc	0.7

Ongoing charges figure

0.22%

Credit rating breakdown – bonds (%)

AAA	12.02
AA	13.72
A	6.94
BBB	6.24
Less than BBB	0.01
NR	0.28

Maturity breakdown – bonds (%)

Under 1 year	0.18
1-5 years	14.08
5-10 years	10.66
Over 10 years	14.28

Regional breakdown

Fund	Weight (%)
U.S.	42.2
U.K.	28.5
Developed Europe ex-U.K.	13.0
Emerging markets	6.4
Japan	4.9
Pac Basin ex-Japan	2.4
Other ¹	0.6

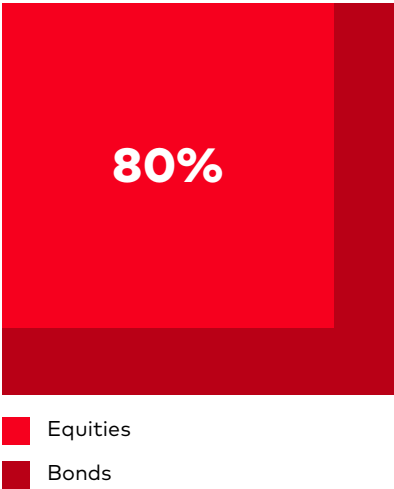
Source: Vanguard as at 30 June 2022.

¹ "Other" regional exposures come from fixed income allocations to Supranational bonds.

Note: figures may not add up to 100 due to rounding.

Vanguard LifeStrategy 80% Equity MPS Classic

Target weighting



Ongoing charges figure

0.21%

Credit rating breakdown – bonds (%)

AAA	6.01
AA	6.86
A	3.47
BBB	3.12
Less than BBB	0.00
NR	0.14

Maturity breakdown – bonds (%)

Under 1 year	0.09
1-5 years	7.05
5-10 years	5.33
Over 10 years	7.13

Underlying funds

Fund	Weight (%)
Vanguard U.S. Equity Index Fund GBP Acc	38.8
Vanguard FTSE U.K. All Share Index Unit Trust GBP Acc	19.6
Vanguard Global Bond Index Fund GBP Hedged Acc	9.8
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund GBP Acc	7.6
Vanguard Emerging Markets Stock Index Fund GBP Acc	7.0
Vanguard Japan Stock Index Fund GBP Acc	3.4
Vanguard U.K. Government Bond Index Fund GBP Acc	2.5
Vanguard U.K. Inflation-Linked Gilt Index Fund GBP Acc	2.2
Cash	2.0
Vanguard Pacific ex-Japan Stock Index Fund GBP Acc	1.9
Vanguard U.K. Investment Grade Bond Index Fund GBP Acc	1.8
Vanguard U.S. Government Bond Index Fund GBP Hedged Acc	0.9
Vanguard U.S. Investment Grade Credit Index Fund GBP Hedged Acc	0.9
Vanguard Euro Government Bond Index Fund GBP Hedged Acc	0.8
Vanguard Euro Investment Grade Bond Index Fund GBP Hedged Acc	0.4
Vanguard Japan Government Bond Index Fund GBP Hedged Acc	0.4

Regional breakdown

Fund	Weight (%)
U.S.	45.4
U.K.	26.5
Developed Europe ex-U.K.	11.3
Emerging markets	7.6
Japan	4.6
Pac Basin ex-Japan	2.4
Other ¹	0.3

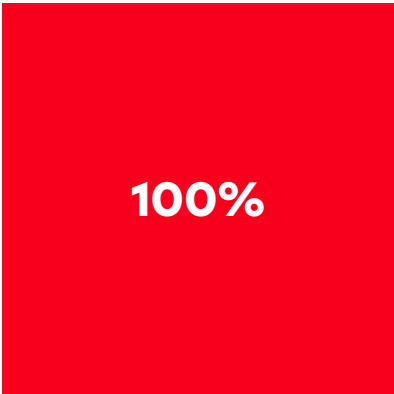
Source: Vanguard as at 30 June 2022.

¹ "Other" regional exposures come from fixed income allocations to Supranational bonds.

Note: figures may not add up to 100 due to rounding.

Vanguard LifeStrategy 100% Equity MPS Classic

Target weighting



- Equities
- Bonds

Ongoing charges figure

0.21%

Underlying funds

Fund	Weight (%)
Vanguard U.S. Equity Index Fund GBP Acc	48.5
Vanguard FTSE U.K. All Share Index Unit Trust GBP Acc	24.5
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund GBP Acc	9.5
Vanguard Emerging Markets Stock Index Fund GBP Acc	8.8
Vanguard Japan Stock Index Fund GBP Acc	4.3
Vanguard Pacific ex-Japan Stock Index Fund GBP Acc	2.4
Cash	2.0

Regional breakdown

Fund	Weight (%)
U.S.	48.5
U.K.	24.5
Developed Europe ex-U.K.	9.5
Emerging markets	8.8
Japan	4.3
Pac Basin ex-Japan	2.4
Other ¹	0.0

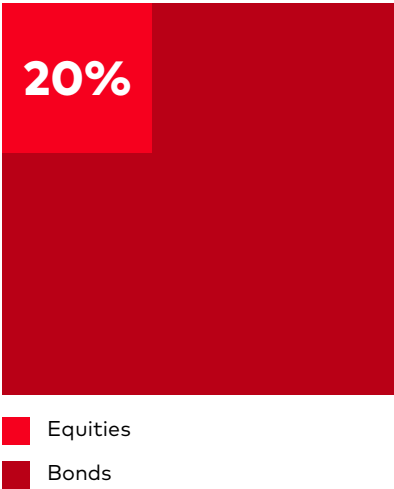
Source: Vanguard as at 30 June 2022.

¹ "Other" regional exposures come from fixed income allocations to Supranational bonds.

Note: figures may not add up to 100 due to rounding.

Vanguard LifeStrategy 20% Equity MPS Global

Target weighting



Underlying funds

Fund	Weight (%)
Vanguard Global Bond Index Fund GBP Hedged Acc	39.2
Vanguard U.S. Equity Index Fund GBP Acc	12.3
Vanguard U.S. Government Bond Index Fund GBP Hedged Acc	10.0
Vanguard U.S. Investment Grade Credit Index Fund GBP Hedged Acc	9.8
Vanguard Euro Government Bond Index Fund GBP Hedged Acc	8.5
Vanguard Euro Investment Grade Bond Index Fund GBP Hedged Acc	4.4
Vanguard Japan Government Bond Index Fund GBP Hedged Acc	4.0
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund GBP Acc	2.4
Vanguard Emerging Markets Stock Index Fund GBP Acc	2.2
Cash	2.0
Vanguard Japan Stock Index Fund GBP Acc	1.1
Vanguard FTSE U.K. All Share Index Unit Trust GBP Acc	1.0
Vanguard U.K. Government Bond Index Fund GBP Acc	1.0
Vanguard U.K. Inflation-Linked Gilt Index Fund GBP Acc	0.8
Vanguard U.K. Investment Grade Bond Index Fund GBP Acc	0.7
Vanguard Pacific ex-Japan Stock Index Fund GBP Acc	0.6

Ongoing charges figure

0.23%

Credit rating breakdown – bonds (%)

AAA	32.01
AA	12.68
A	18.24
BBB	14.84
Less than BBB	0.03
NR	0.60

Regional breakdown

Fund	Weight (%)
U.S.	51.2
Developed Europe ex-U.K.	25.3
Japan	8.3
U.K.	5.2
Emerging markets	4.5
Pac Basin ex-Japan	2.5
Other ¹	1.1

Maturity breakdown – bonds (%)

Under 1 year	0.38
1-5 years	33.13
5-10 years	22.99
Over 10 years	21.89

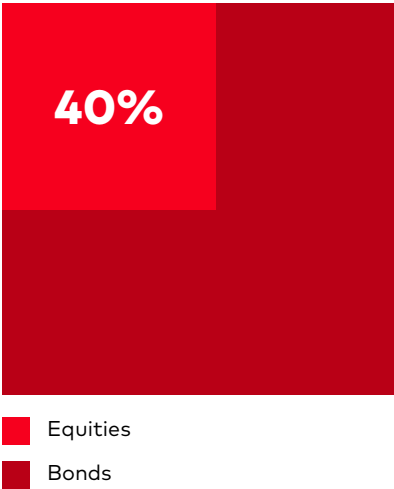
Source: Vanguard as at 30 June 2022.

¹ "Other" regional exposures come from fixed income allocations to Supranational bonds.

Note: figures may not add up to 100 due to rounding.

Vanguard LifeStrategy 40% Equity MPS Global

Target weighting



Ongoing charges figure

0.23%

Credit rating breakdown – bonds (%)

AAA	24.01
AA	9.52
A	13.68
BBB	11.13
Less than BBB	0.02
NR	0.45

Maturity breakdown – bonds (%)

Under 1 year	0.28
1-5 years	24.85
5-10 years	17.25
Over 10 years	16.42

Underlying funds

Fund	Weight (%)
Vanguard Global Bond Index Fund GBP Hedged Acc	29.4
Vanguard U.S. Equity Index Fund GBP Acc	24.6
Vanguard U.S. Government Bond Index Fund GBP Hedged Acc	7.5
Vanguard U.S. Investment Grade Credit Index Fund GBP Hedged Acc	7.3
Vanguard Euro Government Bond Index Fund GBP Hedged Acc	6.4
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund GBP Acc	4.8
Vanguard Emerging Markets Stock Index Fund GBP Acc	4.5
Vanguard Euro Investment Grade Bond Index Fund GBP Hedged Acc	3.3
Vanguard Japan Government Bond Index Fund GBP Hedged Acc	3.0
Vanguard Japan Stock Index Fund GBP Acc	2.2
Vanguard FTSE U.K. All Share Index Unit Trust GBP Acc	2.0
Cash	2.0
Vanguard Pacific ex-Japan Stock Index Fund GBP Acc	1.2
Vanguard U.K. Government Bond Index Fund GBP Acc	0.8
Vanguard U.K. Inflation-Linked Gilt Index Fund GBP Acc	0.6
Vanguard U.K. Investment Grade Bond Index Fund GBP Acc	0.5

Regional breakdown

Fund	Weight (%)
U.S.	53.7
Developed Europe ex-U.K.	22.0
Japan	7.6
Emerging markets	6.2
U.K.	5.1
Pac Basin ex-Japan	2.6
Other ¹	0.9

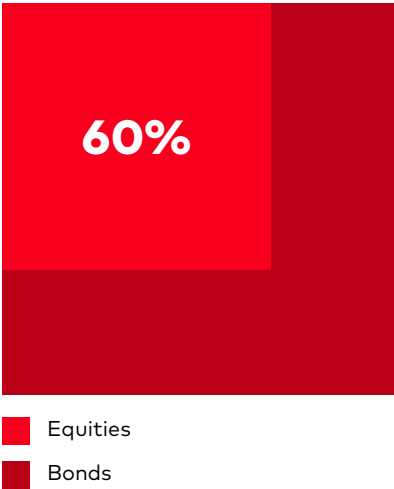
Source: Vanguard as at 30 June 2022.

¹ "Other" regional exposures come from fixed income allocations to Supranational bonds.

Note: figures may not add up to 100 due to rounding.

Vanguard LifeStrategy 60% Equity MPS Global

Target weighting



Underlying funds

Fund	Weight (%)
Vanguard U.S. Equity Index Fund GBP Acc	36.8
Vanguard Global Bond Index Fund GBP Hedged Acc	19.6
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund GBP Acc	7.2
Vanguard Emerging Markets Stock Index Fund GBP Acc	6.7
Vanguard U.S. Government Bond Index Fund GBP Hedged Acc	5.0
Vanguard U.S. Investment Grade Credit Index Fund GBP Hedged Acc	4.9
Vanguard Euro Government Bond Index Fund GBP Hedged Acc	4.2
Vanguard Japan Stock Index Fund GBP Acc	3.2
Vanguard FTSE U.K. All Share Index Unit Trust GBP Acc	3.0
Vanguard Euro Investment Grade Bond Index Fund GBP Hedged Acc	2.2
Vanguard Japan Government Bond Index Fund GBP Hedged Acc	2.0
Cash	2.0
Vanguard Pacific ex-Japan Stock Index Fund GBP Acc	1.9
Vanguard U.K. Government Bond Index Fund GBP Acc	0.5
Vanguard U.K. Investment Grade Bond Index Fund GBP Acc	0.4
Vanguard U.K. Inflation-Linked Gilt Index Fund GBP Acc	0.4

Ongoing charges figure

0.23%

Credit rating breakdown – bonds (%)

AAA	16.01
AA	6.34
A	9.12
BBB	7.42
Less than BBB	0.01
NR	0.30

Maturity breakdown – bonds (%)

Under 1 year	0.19
1-5 years	16.57
5-10 years	11.50
Over 10 years	10.95

Regional breakdown

Fund	Weight (%)
U.S.	56.3
Developed Europe ex-U.K.	18.7
Emerging markets	7.8
Japan	6.8
U.K.	5.1
Pac Basin ex-Japan	2.8
Other ¹	0.6

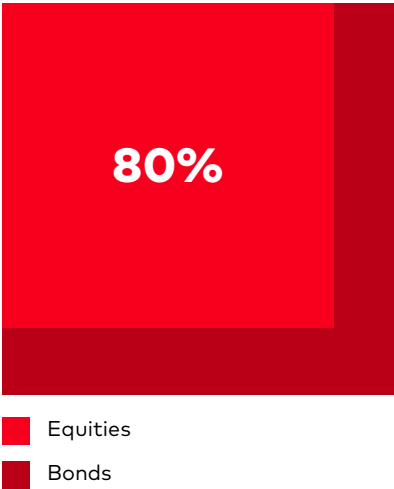
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Vanguard LifeStrategy 80% Equity MPS Global

Target weighting



Ongoing charges figure

0.22%

Credit rating breakdown – bonds (%)

AAA	8.01
AA	3.18
A	4.56
BBB	3.71
Less than BBB	0.01
NR	0.15

Maturity breakdown – bonds (%)

Under 1 year	0.09
1-5 years	8.29
5-10 years	5.75
Over 10 years	5.48

Underlying funds

Fund	Weight (%)
Vanguard U.S. Equity Index Fund GBP Acc	49.1
Vanguard Global Bond Index Fund GBP Hedged Acc	9.8
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund GBP Acc	9.6
Vanguard Emerging Markets Stock Index Fund GBP Acc	8.9
Vanguard Japan Stock Index Fund GBP Acc	4.3
Vanguard FTSE U.K. All Share Index Unit Trust GBP Acc	3.9
Vanguard Pacific ex-Japan Stock Index Fund GBP Acc	2.5
Vanguard U.S. Government Bond Index Fund GBP Hedged Acc	2.5
Vanguard U.S. Investment Grade Credit Index Fund GBP Hedged Acc	2.4
Vanguard Euro Government Bond Index Fund GBP Hedged Acc	2.1
Cash	2.0
Vanguard Euro Investment Grade Bond Index Fund GBP Hedged Acc	1.1
Vanguard Japan Government Bond Index Fund GBP Hedged Acc	1.0
Vanguard U.K. Government Bond Index Fund GBP Acc	0.3
Vanguard U.K. Investment Grade Bond Index Fund GBP Acc	0.2
Vanguard U.K. Inflation-Linked Gilt Index Fund GBP Acc	0.2

Regional breakdown

Fund	Weight (%)
U.S.	58.9
Developed Europe ex-U.K.	15.4
Emerging markets	9.5
Japan	6.1
U.K.	5.0
Pac Basin ex-Japan	2.9
Other ¹	0.3

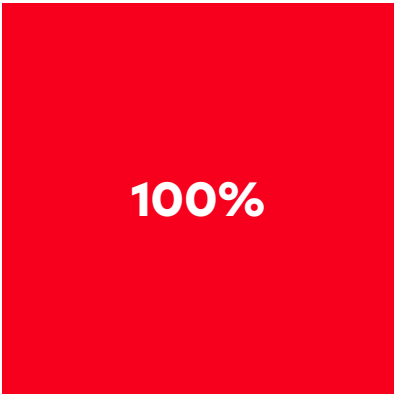
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Vanguard LifeStrategy 100% Equity MPS Global

Target weighting



- Equities
- Bonds

Ongoing charges figure

0.22%

Underlying funds

Fund	Weight (%)
Vanguard U.S. Equity Index Fund GBP Acc	61.4
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund GBP Acc	12.1
Vanguard Emerging Markets Stock Index Fund GBP Acc	11.1
Vanguard Japan Stock Index Fund GBP Acc	5.4
Vanguard FTSE U.K. All Share Index Unit Trust GBP Acc	4.9
Vanguard Pacific ex-Japan Stock Index Fund GBP Acc	3.1
Cash	2.0

Regional breakdown

Fund	Weight (%)
U.S.	61.4
Developed Europe ex-U.K.	12.1
Emerging markets	11.1
Pac Basin ex-Japan	5.4
U.K.	4.9
Japan	3.1
Other ¹	0.0

Source: Vanguard as at 30 June 2022.

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Vanguard's principles for investing success

It's easy to be swayed by the latest developments in the markets or the economy, manager ratings or the performance of an individual security or strategy. However, instead of getting caught up in investment noise, we believe that investors stand a better chance of success if they remain focused on the things they can control. We believe there are four fundamental principles that can help investors stay on track.

Vanguard's LifeStrategy® Funds embody these principles and have been carefully constructed to give investors of all risk appetites the best chance of investment success.

1 Goals

Create clear, appropriate investment goals

An appropriate investment goal should be measurable and attainable. Success should not depend upon outsized investment returns, nor upon impractical saving or spending requirements.

3 Costs

Minimise cost

You can't control the markets, but you can control the bite of costs and taxes. The lower your costs, the greater your share of an investment's return. In addition, Vanguard research suggests that lower-cost investments have tended to outperform higher-cost alternatives.

2 Balance

Develop a suitable asset allocation using broadly diversified funds

A sound investment strategy starts with an asset allocation suitable for the portfolio's objective. The allocation should be built upon reasonable expectations for risk and returns, and should use diversified investments to avoid exposure to unnecessary risks.

4 Discipline

Maintain perspective and long-term discipline

Investing can provoke strong emotions. In the face of market turmoil, some investors may find themselves making impulsive decisions or, conversely, becoming paralysed, unable to implement an investment strategy or to rebalance a portfolio as needed. Discipline and perspective can help investors remain committed to their long-term plans.

Investment risk

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.

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 <https://global.vanguard.com>.

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For further information on the fund's investment policy, please refer to the Key Investor Information Document ("KIID"). The KIID and the Prospectus for this fund is available from Vanguard via our website <https://www.vanguardinvestor.co.uk>.

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