

Vanguard LifeStrategy MPS Global

Quarterly Newsletter

31 March 2024

This quarterly newsletter is designed to give Vanguard LifeStrategy investors an insight into how the model portfolios are performing and what's been happening in the global economy and financial markets.

Economic background

In the first quarter of 2024, major central banks held rates at record highs as economic activity gained momentum and inflation rates continued to fall.

The United Kingdom (UK) economy slipped into recession (defined as two consecutive quarters of economic contraction) in the final quarter of 2023. Economic growth, measured by the change in value of all the goods and services produced in the economy (also known as gross domestic product, or GDP), contracted by 0.3% in the fourth quarter of 2023, following a previous contraction of 0.1% in the third quarter. The latest data suggest the UK economy grew by 0.1% for the full-year 2023. Surveys of economic activity in the manufacturing and services sectors¹ suggest that momentum picked up slightly in the first quarter of 2024.

Annual headline inflation (which measures the change in prices for goods and services over 12 months) dropped significantly, slowing to 3.4% in February, down from 4.0% in December. Core inflation, which excludes volatile energy, food, alcohol and tobacco prices, slowed to 4.5% in February, down from 5.1% in December 2023 and 6.1% in September 2023. However, wage growth remained elevated, posing a key risk to the inflation outlook. The Bank of England kept the Bank Rate unchanged at 5.25% at its February and March meetings.

The euro area economy stagnated in the fourth quarter of 2023, recording a 0% growth rate having contracted by 0.1% in the third quarter. That means the region avoided a recession by its technical definition. Annual headline inflation continued to fall, slowing to 2.4% in the 12 months to March from 2.9% in December and 4.3% in September. Core inflation, which excludes energy, food, alcohol and tobacco prices, fell to 2.9% in the 12 months to March, down from its 5.7% peak in March 2023. The European Central Bank kept its key interest rate unchanged at 4% at its January and March meetings.

In the United States (US), economic growth slowed to 3.4% in the fourth quarter of 2023 from 4.9% in the third quarter. For full-year 2023, US GDP grew by 2.5%, higher than the 1.9% increase registered in 2022. Inflation continued to show signs of slowing, with annual headline inflation at 3.2% in the 12 months to February, down from 3.4% in December 2023. Core inflation, which excludes food and energy prices, also slowed, dropping to 3.8% in February from 3.9% in December 2023. The US Federal Reserve kept its target interest rate range unchanged at 5.25-5.5% at its January and March meetings.

In China, the economy grew 5.2% in 2023 versus the previous year. However, the country's economy lost momentum in the fourth quarter of 2023, driven primarily by a downturn in the property sector. Inflation, as measured by the Consumer Price Index, rose by 0.7% in the 12 months to February. The People's Bank of China kept monetary policy largely unchanged in the first quarter of 2024.

¹ Source: Composite Purchasing Managers' Index (PMI) for February and March 2024.

The performance of the portfolios is driven by the performance of their respective holdings of shares (equities) and bonds (fixed income). Equities represent a stake in the ownership of companies. Bonds 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.

LifeStrategy Global Q1 Commentary

The LifeStrategy Global model portfolios delivered positive returns across the range in the first quarter (Q1) of 2024, with the higher-risk, higher equity portfolios outperforming those with higher bond allocations. Returns ranged from +1.46% in the 20% Equity portfolio up to +8.82% in the 100% Equity portfolio¹.

The positive performance of LifeStrategy Global portfolios in Q1 was driven by exposure to equity markets in the US, Europe and Japan. The US equity market was the second-best performing equity market in Q1, after Japan. However, US stocks contributed most to returns because it is the largest equity exposure across the range. US stocks rallied in Q1, driven by market optimism around the potential growth of artificial intelligence (AI). Nvidia and Microsoft were the main beneficiaries given their high-profile ties to the development of AI technology. Equities in Europe also contributed to the portfolios' positive performance as the economic outlook improved.

Fixed income detracted from performance for the 20%, 40%, 60% and 80% LifeStrategy Global model portfolios. As expectations for interest rate cuts in the first half of 2024 diminished, yields² on longer-maturity government bonds increased, reflecting a fall in prices. In the 100% Equity portfolio, the Asia Pacific ex-Japan equity exposure contributed least to performance.

US equity valuations (the market's view of how much company shares are worth) have rarely been this high. Since 1950, they have only reached this level during the dot-com bubble and the post-Covid reopening. Even before the Q1 rally, US share prices were about 30% above our estimated range for what is 'fair value'³ for those shares (as of 31 December 2023).

A fall in interest rates could help to close the valuation gap, but we think it's much more likely that the gap would close through falling share prices.

At the same time, the higher-for-longer interest rate outlook is a positive development for long-term bond investors. That's why having a mix of assets across global shares and bonds can help smooth returns over time with the better-performing investments helping to offset those that perform less well.

There may yet be further volatility in markets in 2024, given the transition to a higher interest-rate environment is not yet complete. But patient multi-asset investors, who maintain discipline with an allocation to global equities and bonds, are likely to be rewarded over the long term. Furthermore, because it is challenging to time financial markets, we believe investors should stay the course and maintain a long-term perspective (of at least five years) to have the best chance of investment success.

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.

¹ Source: Vanguard. Data between 1 January and 31 March 2024.

² The yield measures the interest from bonds as a proportion of the price.

³ What Vanguard thinks of as fair value for shares is based on Vanguard's US fair-value cyclically-adjusted price-earnings (CAPE) ratio. The CAPE ratio, which considers current share prices relative to 10-year inflation-adjusted earnings per share, is a common metric for valuing US shares. Vanguard's statistical model adjusts the CAPE measure for the level of inflation and interest rates. The statistical model includes equity-earnings yields, 10-year trailing inflation and 10-year US Treasury yields estimated from January 1940 to January 2024. Currently, valuations are above our range of fair-value estimates. Sources: Vanguard calculations, based on data from [Robert Shiller's website](#), the U.S. Bureau of Labor Statistics, the Federal Reserve Board, Refinitiv, and Global Financial Data.

Past performance is not a reliable indicator of future return.

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Market performance

Equity and bond market total returns in Q1 2024 (%)

The market returns displayed here are not reflective of the underlying funds that make up LifeStrategy portfolios and are intended to provide a high-level overview of market performance (in GBP).



Past performance is not a reliable indicator of future results.

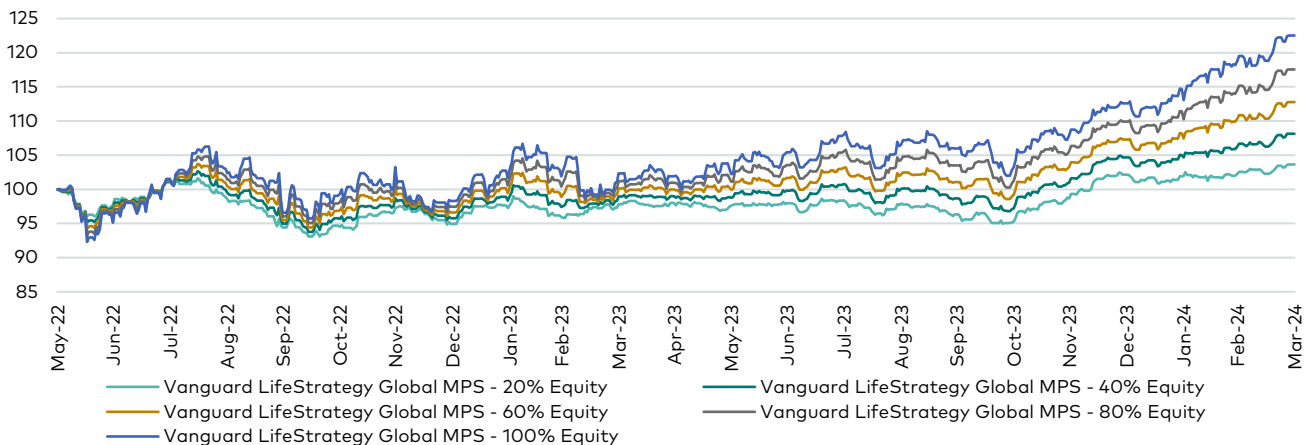
Source: Vanguard as at 31 March 2024. Total returns in GBP. Indices used:

Bloomberg EUR Government Float Adjusted Bond Index Hedged; Bloomberg EUR Non Government Float Adjusted Bond Index Hedged; Bloomberg Global Aggregate Float Adjusted and Scaled Index Hedged; Bloomberg Global Aggregate USD Credit Float Adjusted Bond Index Hedged; Bloomberg GBP Non Government Float Adjusted Bond Index; Bloomberg Japan Government Float Adjusted Bond Index Hedged; Bloomberg UK Government Float Adjusted Bond Index; Bloomberg UK Government Inflation Linked Float Adjusted Bond Index; Bloomberg US Government Float Adjusted Bond Index Hedged; FTSE All Share Index; FTSE Developed Europe ex UK Index; FTSE Developed ex UK Index; MSCI Emerging Markets Index; MSCI Japan Index; MSCI Pacific ex Japan Index; S&P Total Market Index Net TR.

Model Portfolios performance (net of all-in costs)

LifeStrategy Global

Cumulative % Growth, GBP, since inception* to 31 March 2024



* Inception date: 30 May 2022.

All-in costs

All-in costs include Ongoing Charges Figures (OCFs) 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 changes.

Each share class of a fund has an Ongoing Charges Figure which is based on projected expenses for a given period. We review these projections regularly to make sure they are appropriate. The OCF covers administration, audit, depositary, legal, registration and regulatory expenses incurred in respect of the funds. The funds' Authorised Corporate Director will usually pay those fees out of its periodic annual management charge (AMC), which means that the OCF will normally equal the AMC. There may, however, be certain extraordinary expenses which cause the OCF to exceed the AMC.

The OCF does not include portfolio transaction costs incurred by a fund or the cost of subscribing for, or redeeming, shares or units in a fund. For a full disclosure of all costs and charges, please visit our website: global.vanguard.com/portal/site/portal/ucits-mifidprii

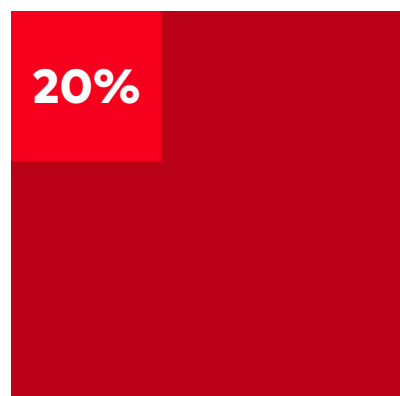
Please see individual model portfolio performance tables for further information.

Past performance is not a reliable indicator of future results.

Source: Vanguard as at 31 March 2024. Performance shown is cumulative and includes 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 with gross income reinvested. All performance is calculated in GBP.

Vanguard LifeStrategy 20% Equity MPS Global

Target weighting



- Equities
- Bonds

All-in cost

0.23%

Credit rating breakdown – bonds (%)

AAA	13.06
AA	44.92
A	22.56
BBB	18.39
Less than BBB	0.00
Not rated	1.08

Maturity breakdown – bonds (%)

Under 1 year	0.56
1-5 years	44.08
5-10 years	29.60
Over 10 years	25.75

Past performance as at 31 March 2024 (accumulation shares)

Period	Fund return, net of all-in costs (%)
Since inception* (cumulative)	3.61
3 month	1.46
6 month	7.58
YTD	1.46
1 year (annualised)	5.93
1 Apr 2023 - 31 Mar 2024	5.93
1 Apr 2022 - 31 Mar 2023	-5.71
1 Apr 2021 - 31 Mar 2022	-
1 Apr 2020 - 31 Mar 2021	-
1 Apr 2019 - 31 Mar 2020	-

* Inception date: 30 May 2022.

¹ Please note all weights should add up to 100%, however, there may be differences due to rounding. This is the same for all funds.

² "Other" regional exposures come from fixed income allocations to supranational bonds.

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Source: Vanguard as at 31 March 2024. Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. 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 with gross income reinvested. All performance is calculated in GBP, net of all-in costs. Numbers relating to rating, asset class or sector exposure may not add up to 100% due to rounding.

Underlying funds¹

Fund	Weight (%)
Vanguard Global Bond Index Fund GBP Hedged Acc	39.21
Vanguard U.S. Equity Index Fund GBP Acc	12.69
Vanguard U.S. Government Bond Index Fund GBP Hedged Acc	10.64
Vanguard U.S. Investment Grade Credit Index Fund GBP Hedged Acc	9.93
Vanguard Euro Government Bond Index Fund GBP Hedged Acc	8.81
Vanguard Euro Investment Grade Bond Index Fund GBP Hedged Acc	4.83
Vanguard Japan Government Bond Index Fund GBP Hedged Acc	3.14
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund GBP Acc	2.41
Vanguard Emerging Markets Stock Index Fund GBP Acc	2.06
Vanguard Japan Stock Index Fund GBP Acc	1.07
Vanguard FTSE U.K. All Share Index Unit Trust GBP Acc	0.86
Vanguard U.K. Government Bond Index Fund GBP Acc	0.85
Vanguard U.K. Investment Grade Bond Index Fund GBP Acc	0.52
Vanguard Pacific ex-Japan Stock Index Fund GBP Acc	0.51
Vanguard U.K. Inflation-Linked Gilt Index Fund GBP Acc	0.47
Cash	2.00

Equity sector exposures¹

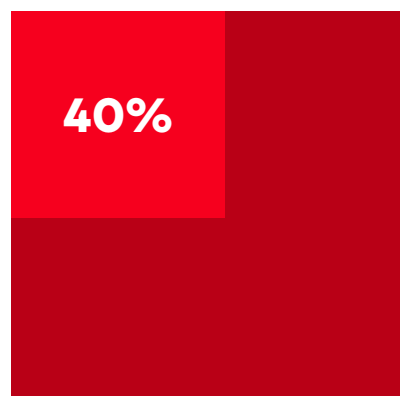
Sector	Weight (%)
Financials	16.11
Industrials	11.37
Information Technology	23.02
Consumer Discretionary	11.78
Health Care	11.52
Consumer Staples	6.15
Materials	3.88
Communication Services	7.10
Energy	4.10
Utilities	2.38
Real Estate	2.58
Other	0.00

Regional breakdown¹

Region	Weight (%)
UK	4.36
North America	53.74
Europe ex-UK	26.86
Japan	6.94
Pacific basin ex-Japan	2.32
Emerging markets	4.34
Other ²	1.44

Vanguard LifeStrategy 40% Equity MPS Global

Target weighting



- Equities
- Bonds

All-in cost

0.23%

Credit rating breakdown – bonds (%)

AAA	13.06
AA	44.91
A	22.56
BBB	18.39
Less than BBB	0.00
Not rated	1.08

Maturity breakdown – bonds (%)

Under 1 year	0.56
1-5 years	44.08
5-10 years	29.60
Over 10 years	25.75

Past performance as at 31 March 2024 (accumulation shares)

Period	Fund return, net of all-in costs (%)
Since inception* (cumulative)	8.13
3 month	3.29
6 month	9.58
YTD	3.29
1 year (annualised)	9.26
1 Apr 2023 - 31 Mar 2024	9.26
1 Apr 2022 - 31 Mar 2023	-4.60
1 Apr 2021 - 31 Mar 2022	-
1 Apr 2020 - 31 Mar 2021	-
1 Apr 2019 - 31 Mar 2020	-

* Inception date: 30 May 2022.

¹ Please note all weights should add up to 100%, however, there may be differences due to rounding. This is the same for all funds. ² "Other" regional exposures come from fixed income allocations to supranational bonds.

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Underlying funds¹

Fund	Weight (%)
Vanguard Global Bond Index Fund GBP Hedged Acc	29.40
Vanguard U.S. Equity Index Fund GBP Acc	25.37
Vanguard U.S. Government Bond Index Fund GBP Hedged Acc	7.98
Vanguard U.S. Investment Grade Credit Index Fund GBP Hedged Acc	7.45
Vanguard Euro Government Bond Index Fund GBP Hedged Acc	6.61
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund GBP Acc	4.82
Vanguard Emerging Markets Stock Index Fund GBP Acc	4.12
Vanguard Euro Investment Grade Bond Index Fund GBP Hedged Acc	3.62
Vanguard Japan Government Bond Index Fund GBP Hedged Acc	2.36
Vanguard Japan Stock Index Fund GBP Acc	2.14
Vanguard FTSE U.K. All Share Index Unit Trust GBP Acc	1.72
Vanguard Pacific ex-Japan Stock Index Fund GBP Acc	1.03
Vanguard U.K. Government Bond Index Fund GBP Acc	0.64
Vanguard U.K. Investment Grade Bond Index Fund GBP Acc	0.39
Vanguard U.K. Inflation-Linked Gilt Index Fund GBP Acc	0.35
Cash	2.00

Equity sector exposures¹

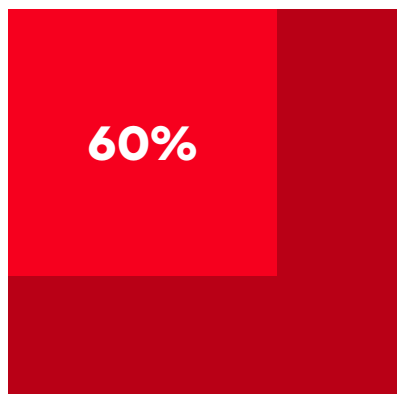
Sector	Weight (%)
Financials	16.12
Industrials	11.37
Information Technology	23.02
Consumer Discretionary	11.78
Health Care	11.52
Consumer Staples	6.15
Materials	3.89
Communication Services	7.10
Energy	4.10
Utilities	2.38
Real Estate	2.58
Other	0.00

Regional breakdown¹

Region	Weight (%)
UK	4.36
North America	56.48
Europe ex-UK	23.22
Japan	6.57
Pacific basin ex-Japan	2.40
Emerging markets	5.88
Other ²	1.08

Vanguard LifeStrategy 60% Equity MPS Global

Target weighting



- Equities
- Bonds

All-in cost

0.22%

Credit rating breakdown – bonds (%)

AAA	13.06
AA	44.91
A	22.56
BBB	18.39
Less than BBB	0.00
Not rated	1.08

Maturity breakdown – bonds (%)

Under 1 year	0.56
1-5 years	44.09
5-10 years	29.60
Over 10 years	25.75

Past performance as at 31 March 2024 (accumulation shares)

Period	Fund return, net of all-in costs (%)
Since inception* (cumulative)	12.78
3 month	5.13
6 month	11.58
YTD	5.13
1 year (annualised)	12.66
1 Apr 2023 - 31 Mar 2024	12.66
1 Apr 2022 - 31 Mar 2023	-3.52
1 Apr 2021 - 31 Mar 2022	-
1 Apr 2020 - 31 Mar 2021	-
1 Apr 2019 - 31 Mar 2020	-

* Inception date: 30 May 2022.

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Underlying funds¹

Fund	Weight (%)
Vanguard U.S. Equity Index Fund GBP Acc	38.05
Vanguard Global Bond Index Fund GBP Hedged Acc	19.59
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund GBP Acc	7.24
Vanguard Emerging Markets Stock Index Fund GBP Acc	6.18
Vanguard U.S. Government Bond Index Fund GBP Hedged Acc	5.32
Vanguard U.S. Investment Grade Credit Index Fund GBP Hedged Acc	4.97
Vanguard Euro Government Bond Index Fund GBP Hedged Acc	4.41
Vanguard Japan Stock Index Fund GBP Acc	3.21
Vanguard FTSE U.K. All Share Index Unit Trust GBP Acc	2.58
Vanguard Euro Investment Grade Bond Index Fund GBP Hedged Acc	2.42
Vanguard Japan Government Bond Index Fund GBP Hedged Acc	1.57
Vanguard Pacific ex-Japan Stock Index Fund GBP Acc	1.54
Vanguard U.K. Government Bond Index Fund GBP Acc	0.43
Vanguard U.K. Investment Grade Bond Index Fund GBP Acc	0.26
Vanguard U.K. Inflation-Linked Gilt Index Fund GBP Acc	0.23
Cash	2.00

Equity sector exposures¹

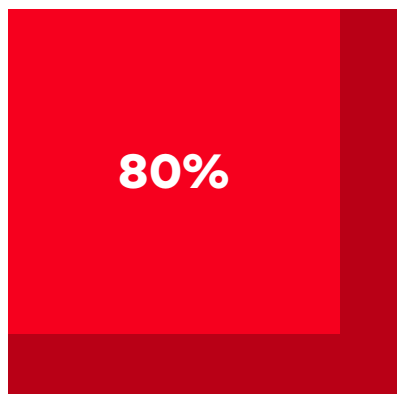
Sector	Weight (%)
Financials	16.12
Industrials	11.37
Information Technology	23.02
Consumer Discretionary	11.78
Health Care	11.52
Consumer Staples	6.15
Materials	3.89
Communication Services	7.10
Energy	4.10
Utilities	2.38
Real Estate	2.58
Other	0.00

Regional breakdown¹

Region	Weight (%)
UK	4.37
North America	59.22
Europe ex-UK	19.59
Japan	6.20
Pacific basin ex-Japan	2.47
Emerging markets	7.43
Other ²	0.72

Vanguard LifeStrategy 80% Equity MPS Global

Target weighting



- Equities
- Bonds

All-in cost

0.22%

Credit rating breakdown – bonds (%)

AAA	13.06
AA	44.91
A	22.57
BBB	18.38
Less than BBB	0.00
Not rated	1.08

Maturity breakdown – bonds (%)

Under 1 year	0.56
1-5 years	44.08
5-10 years	29.60
Over 10 years	25.76

Past performance as at 31 March 2024 (accumulation shares)

Period	Fund return, net of all-in costs (%)
Since inception* (cumulative)	17.57
3 month	6.97
6 month	13.59
YTD	6.97
1 year (annualised)	16.15
1 Apr 2023 - 31 Mar 2024	16.15
1 Apr 2022 - 31 Mar 2023	-2.45
1 Apr 2021 - 31 Mar 2022	-
1 Apr 2020 - 31 Mar 2021	-
1 Apr 2019 - 31 Mar 2020	-

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Underlying funds¹

Fund	Weight (%)
Vanguard U.S. Equity Index Fund GBP Acc	50.75
Vanguard Global Bond Index Fund GBP Hedged Acc	9.80
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund GBP Acc	9.65
Vanguard Emerging Markets Stock Index Fund GBP Acc	8.24
Vanguard Japan Stock Index Fund GBP Acc	4.28
Vanguard FTSE U.K. All Share Index Unit Trust GBP Acc	3.43
Vanguard U.S. Government Bond Index Fund GBP Hedged Acc	2.66
Vanguard U.S. Investment Grade Credit Index Fund GBP Hedged Acc	2.48
Vanguard Euro Government Bond Index Fund GBP Hedged Acc	2.20
Vanguard Pacific ex-Japan Stock Index Fund GBP Acc	2.05
Vanguard Euro Investment Grade Bond Index Fund GBP Hedged Acc	1.21
Vanguard Japan Government Bond Index Fund GBP Hedged Acc	0.79
Vanguard U.K. Government Bond Index Fund GBP Acc	0.21
Vanguard U.K. Investment Grade Bond Index Fund GBP Acc	0.13
Vanguard U.K. Inflation-Linked Gilt Index Fund GBP Acc	0.12
Cash	2.00

Equity sector exposures¹

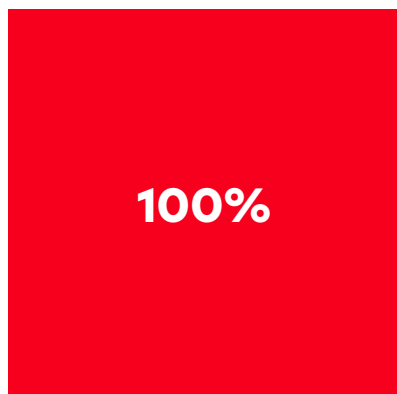
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Health Care	11.52
Consumer Staples	6.15
Materials	3.88
Communication Services	7.10
Energy	4.10
Utilities	2.38
Real Estate	2.58
Other	0.00

Regional breakdown¹

Region	Weight (%)
UK	4.37
North America	61.98
Europe ex-UK	15.95
Japan	5.83
Pacific basin ex-Japan	2.54
Emerging markets	8.97
Other ²	0.36

Vanguard LifeStrategy 100% Equity MPS Global

Target weighting



- Equities
- Bonds

All-in cost

0.22%

Past performance as at 31 March 2024 (accumulation shares)

Period	Fund return, net of all-in costs (%)
Since inception* (cumulative)	22.49
3 month	8.82
6 month	15.61
YTD	8.82
1 year (annualised)	19.72
1 Apr 2023 - 31 Mar 2024	19.72
1 Apr 2022 - 31 Mar 2023	-1.41
1 Apr 2021 - 31 Mar 2022	-
1 Apr 2020 - 31 Mar 2021	-
1 Apr 2019 - 31 Mar 2020	-

* Inception date: 30 May 2022.

Underlying funds¹

Fund	Weight (%)
Vanguard U.S. Equity Index Fund GBP Acc	63.43
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund GBP Acc	12.06
Vanguard Emerging Markets Stock Index Fund GBP Acc	10.30
Vanguard Japan Stock Index Fund GBP Acc	5.35
Vanguard FTSE U.K. All Share Index Unit Trust GBP Acc	4.29
Vanguard Pacific ex-Japan Stock Index Fund GBP Acc	2.57
Cash	2.00

Equity sector exposures¹

Sector	Weight (%)
Financials	16.12
Industrials	11.37
Information Technology	23.02
Consumer Discretionary	11.78
Health Care	11.52
Consumer Staples	6.15
Materials	3.89
Communication Services	7.10
Energy	4.10
Utilities	2.38
Real Estate	2.58
Other	0.00

Regional breakdown¹

Region	Weight (%)
UK	4.38
North America	64.72
Europe ex-UK	12.31
Japan	5.46
Pacific basin ex-Japan	2.62
Emerging markets	10.51

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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® Model Portfolios embody these principles and have been carefully constructed to give investors of all risk appetites the best chance of investment success.

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.

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.

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.

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 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.

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.

Some funds invest in securities which are denominated in different currencies. Movements in currency exchange rates can affect the return of investments.

For further information on risks of the underlying funds please see the "Risk Factors" section of the prospectus on our website at <https://global.vanguard.com>.

Important information

For further information on the investment policies and risks of the model portfolio(s), please refer to the prospectus and KIID of the underlying funds before making any final investment decisions. The KIID for each fund is available, alongside the prospectus via Vanguard's website <https://global.vanguard.com/>.

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