

Vanguard LifeStrategy® Funds

Quarterly Newsletter

31 December 2023

Economic background

In the fourth quarter of 2023, global growth and inflation slowed as major central banks kept interest rates at record highs.

In the United Kingdom, after modest growth in the first half of the year, the economy contracted in the last six months of 2023. Economic growth, measured by the change in value of gross domestic product (GDP), contracted by 0.1% in the third quarter. Surveys of economic activity in the manufacturing and services sectors¹ suggest further weakness in the fourth quarter. Annual headline inflation (which measures the change in prices for goods and services over 12 months) dropped significantly, slowing to 3.9% in November, down from 4.6% in October and 6.7% in September. Core inflation, which excludes volatile energy, food, alcohol and tobacco prices, slowed to 5.1% in November, down from 5.7% in October and 6.1% in September. However, wage growth remained elevated, with regular pay growing at an annualised pace of above 7%, posing a key risk to the inflation outlook. The Bank of England kept the Bank Rate unchanged at 5.25% at its November and December meetings.

The euro area economy continued to weaken in the fourth quarter of 2023, with surveys of the manufacturing and services sectors suggesting activity slowed as the impact of higher interest rates and tighter fiscal policy began to take effect. Annual headline inflation continued to fall, slowing to 2.4% in the 12 months to November before rising to 2.9% in the 12 months to December – still a significant decline from a peak of 10.6% in October 2022. Core inflation, which excludes energy, food, alcohol and tobacco prices, fell to 3.6% in the 12 months to November 2023, down from its 5.7% peak in March earlier this year. The European Central Bank kept its interest rate unchanged at 4% at its October and December meetings.

In the United States, the economy showed resilience throughout 2023 with annualised quarterly economic growth rates of 2.2% in the first quarter, 2.1% in the second quarter and 4.9% in the third quarter of the year. Growth figures for the fourth quarter are expected to be lower but remain positive heading into 2024. Inflation continued to

show signs of slowing with annual headline inflation falling to 3.1% in the 12 months to November, down from a high of 9.1% in June 2022. Core inflation, which excludes food and energy prices, also slowed, dropping to 4.0% in November. The US Federal Reserve kept its interest rate unchanged at 5.25-5.5% at its November and December meetings.

In China, the economy grew by 1.3% quarter-on-quarter in the third quarter, up from 0.8% in the second quarter. The latest data suggest economic activity was subdued in the fourth quarter amid ongoing challenges in the property market, a sluggish labour market recovery and lingering softness in domestic demand. In contrast to most major economies, where inflation has been above central banks' target levels, inflation in China has been below target. China's consumer price index fell to -0.5% in the 12 months to November, down from 2.1% in the 12 months to January 2023. The People's Bank of China kept monetary policy largely unchanged in the fourth quarter.

¹Source: Composite Purchasing Managers' Index (PMI) for November and December 2023.

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.

Portfolio commentary

The LifeStrategy funds had a strong finish to 2023 with all five portfolios delivering positive returns during the final quarter (Q4) of the year. The best-performing portfolio in Q4 was the 20% Equity portfolio (+6.72%)¹ and the weakest-performing was the 100% Equity portfolio (+5.62%)². The positive performance across the five portfolios was driven by the strong returns across global equity and bond markets.

The strong performance of LifeStrategy funds in Q4 was driven mainly by exposure to global bond markets for the 20% Equity and 40% Equity portfolios, while exposure to the US equity market was the largest positive contributor to returns for the 60% Equity, 80% Equity and 100% Equity portfolios.

Looking only at bond exposures, global bonds were the largest positive contributor to returns across the fund range. The strong performance of global bonds can be attributed to a rise in bond prices during the quarter, owing to the market's expectation that interest rate cuts could come in early 2024 in response to falling inflation. Bond prices tend to fall when interest rates rise because existing bonds paying lower interest become less attractive. As prices fall, bond yields (which show the income as a proportion of the price) rise and vice versa. The fourth quarter of 2023 was one of the best performance quarters for bond markets in recent years with all bond markets delivering positive returns³. Japan government bonds delivered the smallest (positive) contribution to bond returns.

US equities led global share markets in Q4 as lower-than-expected US inflation data and the US central bank's decision to hold its main interest rate target boosted investor sentiment. All of the underlying equity holdings within the LifeStrategy funds delivered positive returns during the quarter, with the Pacific ex-Japan exposure delivering the smallest positive contribution.

Outlook

Investors have experienced a challenging few years as central banks raised interest rates sharply to tame inflation, leading to losses in bonds and sharp swings in share prices. While we think interest rates may need to remain elevated for some time to bring inflation under control, there is a silver lining for investors.

A return to a more 'normal' environment for interest rates (where they are above the rate of inflation) is a positive development. It should help investors achieve their financial goals, because it will set a solid foundation for long-term returns from assets such as bonds and shares over the next decade.

The higher-for-longer interest rate outlook is a positive development for long-term bond investors. The change in the outlook over the past few years, particularly for bonds, shows the benefits of sticking to a long-term plan despite the temptation to react to short-term moves in prices. Investors who abandoned markets in response to recent losses in bonds and share price volatility may miss out on the opportunity to make back their losses in the years ahead.

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.

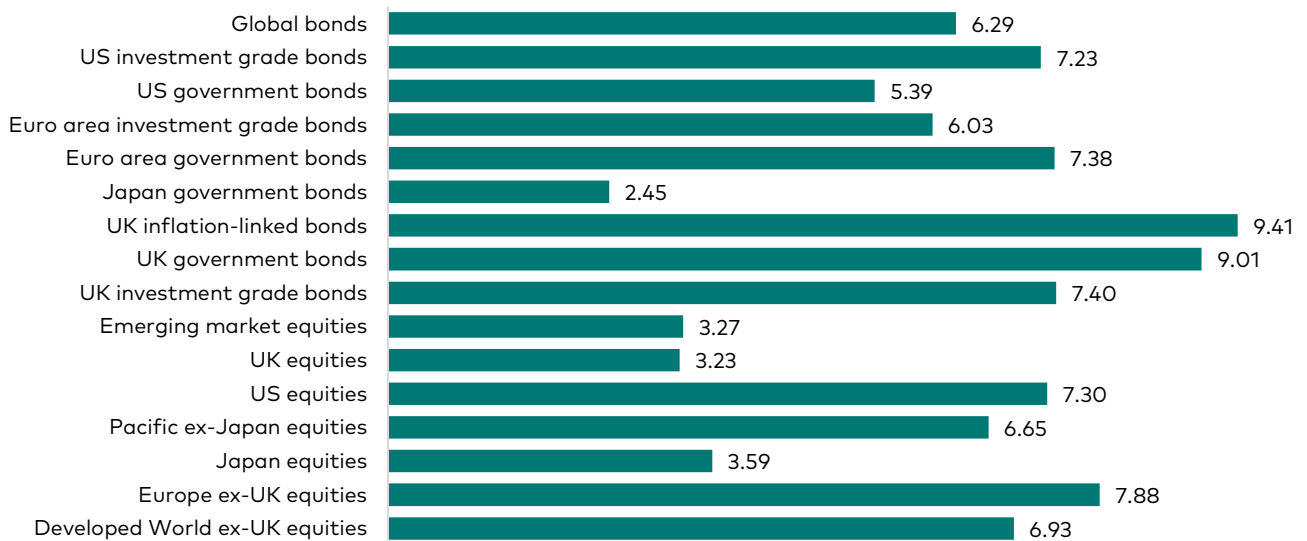
At Vanguard, we believe that investors will usually be better served by identifying the appropriate asset allocation to suit their goals, then sticking with it and tuning out short-term noise. By regularly rebalancing back to target weights, the LifeStrategy funds are built to reflect this belief. See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

^{1,2} Source: Vanguard. Data between 1 October to 31 December.

³ Source: Bloomberg. Global bond performance based on the Bloomberg Global Aggregate Float Adjusted and Scaled Index GBP Hedged (meaning the aim is to minimise the risks associated with changes in exchange rates). Data between 1 October and 31 December 2023.

Market performance

Equity and bond market total returns in Q4 2023 (%)

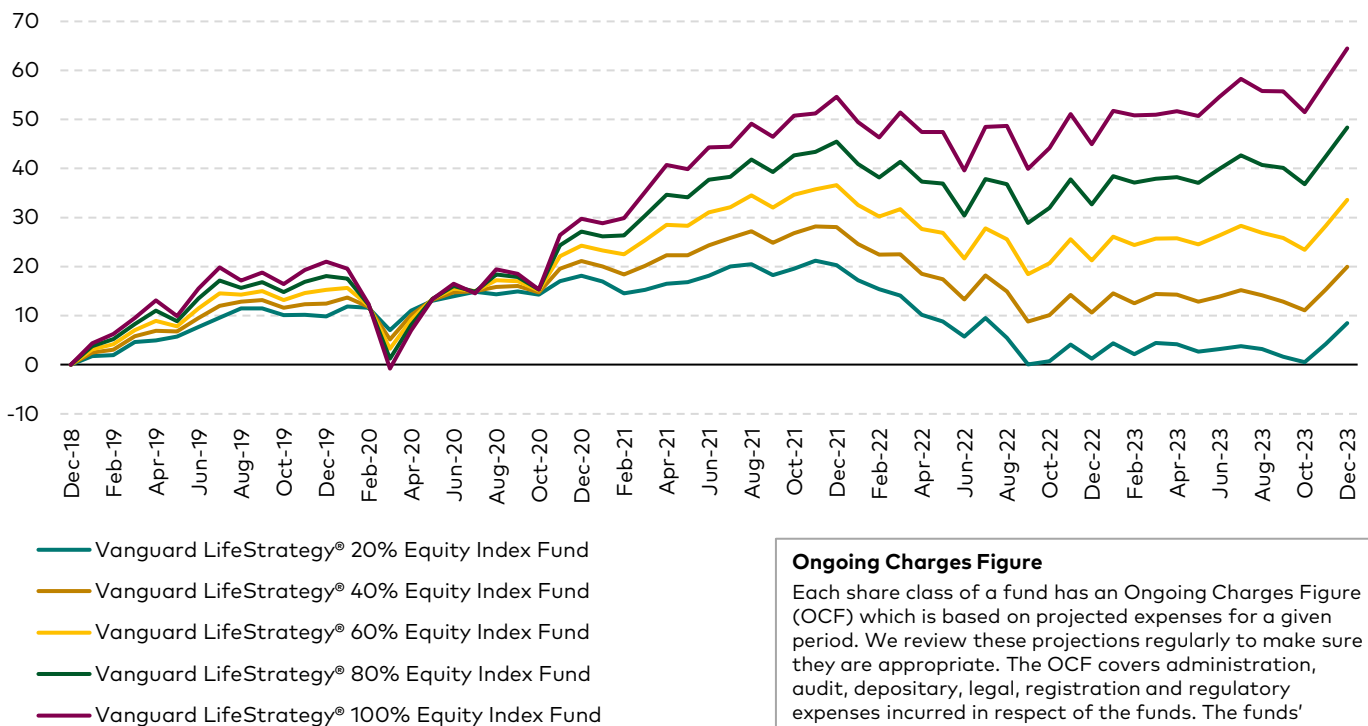


Past performance is not a reliable indicator of future results.

Source: Vanguard as at 31 December 2023. 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 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 U.K. Government Float Adjusted Bond Index; Bloomberg U.K. Government Inflation-Linked Float Adjusted Bond Index; Bloomberg U.S. Government Float Adjusted Bond Index Hedged; FTSE All-Share Index; FTSE Developed Europe ex U.K. Index; MSCI Emerging Markets Index; MSCI Japan Index; MSCI Pacific ex Japan Index; S&P Total Market Index Net TR.

5-year fund performance (net of OCF)

Cumulative % growth, GBP, 1 Jan 2019 to 31 Dec 2023



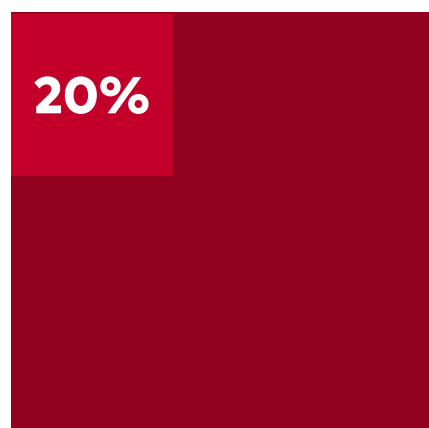
Ongoing Charges Figure

Each share class of a fund has an Ongoing Charges Figure (OCF) 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-mifid-priips

Past performance is not a reliable indicator of future results.
 Performance shown is cumulative and includes the reinvestment of all dividends and any capital gains distributions. Basis of fund performance NAV to NAV. All performance is calculated in GBP.
 Source: Vanguard as at 31 December 2023.

Vanguard LifeStrategy 20% Equity Fund

Target weighting



- Equities
- Bonds

Ongoing charges figure **0.22%**

Number of underlying holdings **26,143**

Fund AUM

£1,374,014,050

Risk rating¹

Defaqto	2
Distribution Technology	3
EValue (Risk Benchmark EV Standard 1-10, over 15 years, accumulation share classes)	2.08
FinaMetrica (Best Fit range)	14-40
Oxford (risk band of 5)	1.3
Oxford (risk band of 7)	1.7
Synaptic (Strategic asset allocation: risk scale 1 - 10)	3
Synaptic (Strategic asset allocation: risk scale 1 - 5)	2.4

Credit rating breakdown – bonds (%)

AAA	8.64
AA	43.77
A	14.51
BBB	12.77
Less than BBB	0.00
Not rated	0.60

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Underlying funds²

Equity allocation	Weight (%)
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	13.5
Vanguard FTSE U.K. All Share Index Unit Trust	5.0
Vanguard Emerging Markets Stock Index Fund	1.5
Bond allocation	
Vanguard Global Bond Index Fund	18.6
Vanguard U.K. Government Bond Index Fund	13.1
Vanguard Global Aggregate Bond UCITS ETF	12.7
Vanguard U.K. Investment Grade Bond Index Fund	7.5
Vanguard U.K. Inflation-Linked Gilt Index Fund	6.3
Vanguard U.S. Government Bond Index Fund	6.2
Vanguard U.S. Investment Grade Credit Index Fund	5.8
Vanguard Euro Government Bond Index Fund	5.2
Vanguard Euro Investment Grade Bond Index Fund	2.9
Vanguard Japan Government Bond Index Fund	1.7

Underlying asset classes²

Equity allocation	Weight (%)
North American equities	9.7
UK equities	4.9
European ex-UK equities	1.9
Emerging market equities	1.5
Japan equities	1.0
Asia ex-Japan equities	0.7
Bond allocation	
Global bonds	31.2
UK gilts	12.7
UK corporate bonds	7.9
UK index-linked bonds	6.4
US government bonds	6.2
US corporate bonds	5.9
European government bonds	5.2
European corporate bonds	2.9
Japan government bonds	1.9

Sector breakdown – equities (%)

Information Technology	3.6
Financials	3.4
Industrials	2.2
Health Care	2.2
Consumer Discretionary	2.1
Consumer Staples	1.7
Communication Services	1.2
Energy	1.1
Materials	1.1
Utilities	0.6
Real Estate	0.5
Other	0.1

Past performance as at 31 December 2023 (accumulation shares)

Period	Fund return, net of OCF (%)
Since Inception (annualised)*	3.83
3 Month	6.72
6 Month	5.15
YTD	7.17
1 Year (annualised)	7.17
3 Year (annualised)	-2.80
5 Year (annualised)	1.64
1 Jan 2023 - 31 Dec 2023	7.17
1 Jan 2022 - 31 Dec 2022	-15.84
1 Jan 2021 - 31 Dec 2021	1.83
1 Jan 2020 - 31 Dec 2020	7.51
1 Jan 2019 - 31 Dec 2019	9.86

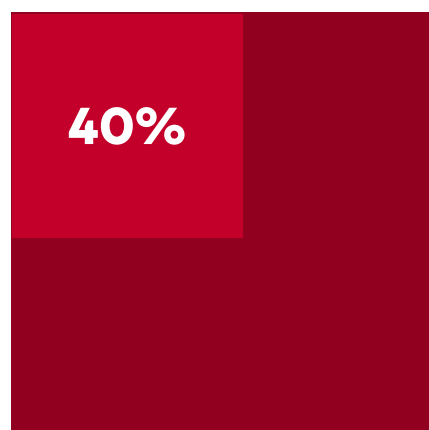
*Inception date: 23 June 2011

¹ Defaqto data as at 1 October 2023; Distribution Technology data as at Q3 2023; EValue data as at Q4 2023; FinaMetrica data as at 31 January 2021; Oxford data as at 5 January 2023; Synaptic data as at Q4 2023. These as-at dates are the same for every fund.

² Please note all weights should add up to 100%; however, there may be differences due to rounding. This is the same for all funds.

Vanguard LifeStrategy 40% Equity Fund

Target weighting



- Equities
- Bonds

Ongoing charges figure **0.22%**

Number of underlying holdings **30,668**

Fund AUM

£6,337,929,111

Risk rating¹

Defaqto	4
Distribution Technology	4
EValue (Risk Benchmark EV Standard 1-10, over 15 years, accumulation share classes)	4.08
FinaMetrica (Best Fit range)	41-53
Oxford (risk band of 5)	2.0
Oxford (risk band of 7)	2.7
Synaptic (Strategic asset allocation: risk scale 1 - 10)	4
Synaptic (Strategic asset allocation: risk scale 1 - 5)	2.7

Credit rating breakdown – bonds (%)

AAA	6.30
AA	32.79
A	10.85
BBB	9.49
Less than BBB	0.00
Not rated	0.47

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Underlying funds²

Equity allocation	Weight (%)
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	19.2
Vanguard FTSE U.K. All Share Index Unit Trust	10.1
Vanguard U.S. Equity Index Fund	5.8
Vanguard Emerging Markets Stock Index Fund	3.1
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	1.2
Vanguard Japan Stock Index Fund	0.6
Vanguard Pacific Ex-Japan Stock Index Fund	0.3

Bond allocation

Vanguard Global Bond Index Fund	18.9
Vanguard U.K. Government Bond Index Fund	9.8
Vanguard U.K. Investment Grade Bond Index Fund	5.5
Vanguard Global Aggregate Bond UCITS ETF	5.1
Vanguard U.K. Inflation-Linked Gilt Index Fund	4.6
Vanguard U.S. Government Bond Index Fund	4.5
Vanguard Euro Government Bond Index Fund	3.8
Vanguard U.S. Investment Grade Credit Index Fund	2.7
Vanguard Euro Investment Grade Bond Index Fund	2.1
Vanguard USD Corporate Bond UCITS ETF	1.6
Vanguard Japan Government Bond Index Fund	1.3

Underlying asset classes²

Equity allocation	Weight (%)
North American equities	19.9
UK equities	9.9
European ex-UK equities	3.9
Emerging market equities	3.1
Japan equities	2.0
Asia ex-Japan equities	1.3

Bond allocation

Global bonds	24.0
UK gilts	9.6
UK corporate bonds	5.6
UK index-linked bonds	4.7
US government bonds	4.6
US corporate bonds	4.2
European government bonds	3.7
European corporate bonds	2.1
Japan government bonds	1.4

Sector breakdown – equities (%)

Information Technology	7.3
Financials	6.9
Industrials	4.5
Health Care	4.4
Consumer Discretionary	4.2
Consumer Staples	3.3
Communication Services	2.5
Energy	2.3
Materials	2.1
Utilities	1.2
Real Estate	1.0
Other	0.2

Past performance as at 31 December 2023 (accumulation shares)

Period	Fund return, net of OCF (%)
Since Inception (annualised)*	5.33
3 Month	6.35
6 Month	5.34
YTD	8.45
1 Year (annualised)	8.45
3 Year (annualised)	-0.31
5 Year (annualised)	3.71

1 Jan 2023 - 31 Dec 2023	8.45
1 Jan 2022 - 31 Dec 2022	-13.61
1 Jan 2021 - 31 Dec 2021	5.73
1 Jan 2020 - 31 Dec 2020	7.71
1 Jan 2019 - 31 Dec 2019	12.45

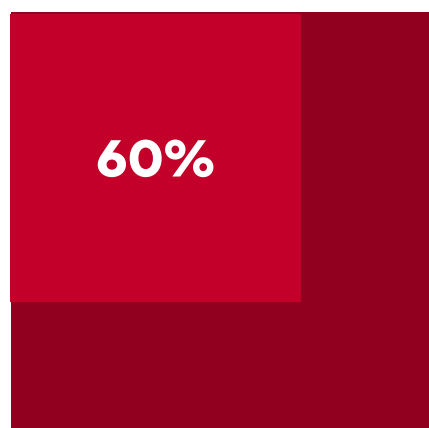
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Vanguard LifeStrategy 60% Equity Fund

Target weighting



- Equities
- Bonds

Ongoing charges figure **0.22%**

Number of underlying holdings **29,217**

Fund AUM

£14,337,559,060

Risk rating¹

Defaqto	5
Distribution Technology	5
EValue (Risk Benchmark EV Standard 1-10, over 15 years, accumulation share classes)	6.21
FinaMetrica (Best Fit range)	54-65
Oxford (risk band of 5)	2.9
Oxford (risk band of 7)	3.9
Synaptic (Strategic asset allocation: risk scale 1 - 10)	6
Synaptic (Strategic asset allocation: risk scale 1 - 5)	3.5

Credit rating breakdown – bonds (%)

AAA	4.54
AA	21.62
A	7.27
BBB	6.41
Less than BBB	0.00
Not rated	0.36

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Underlying funds²

Equity allocation	Weight (%)
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	19.2
Vanguard U.S. Equity Index Fund	15.8
Vanguard FTSE U.K. All Share Index Unit Trust	14.8
Vanguard Emerging Markets Stock Index Fund	4.6
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	3.2
Vanguard Japan Stock Index Fund	1.6
Vanguard Pacific Ex-Japan Stock Index Fund	0.8
Bond allocation	
Vanguard Global Bond Index Fund	19.1
Vanguard U.K. Government Bond Index Fund	6.3
Vanguard U.K. Investment Grade Bond Index Fund	4.2
Vanguard Global Aggregate Bond UCITS ETF	3.0
Vanguard U.K. Inflation-Linked Gilt Index Fund	2.7
Vanguard U.S. Government Bond Index Fund	1.3
Vanguard U.S. Investment Grade Credit Index Fund	1.2
Vanguard Euro Government Bond Index Fund	1.1
Vanguard Euro Investment Grade Bond Index Fund	0.6
Vanguard Japan Government Bond Index Fund	0.4

Underlying asset classes²

Equity allocation	Weight (%)
North American equities	29.7
UK equities	14.8
European ex-UK equities	5.9
Emerging market equities	4.6
Japan equities	3.0
Asia ex-Japan equities	1.8
Bond allocation	
Global bonds	22.3
UK gilts	6.1
UK corporate bonds	4.4
UK index-linked bonds	2.7
US government bonds	1.3
US corporate bonds	1.2
European government bonds	1.1
European corporate bonds	0.6
Japan government bonds	0.5

Sector breakdown – equities (%)

Information Technology	10.7
Financials	10.3
Industrials	6.9
Health Care	6.7
Consumer Discretionary	6.3
Consumer Staples	5.0
Communication Services	3.7
Energy	3.4
Materials	3.2
Utilities	1.7
Real Estate	1.6
Other	0.3

Past performance as at 31 December 2023 (accumulation shares)

Period	Fund return, net of OCF (%)
Since Inception (annualised)*	6.87
3 Month	6.14
6 Month	5.73
YTD	10.14
1 Year (annualised)	10.14
3 Year (annualised)	2.44
5 Year (annualised)	5.96

1 Jan 2023 - 31 Dec 2023	10.14
1 Jan 2022 - 31 Dec 2022	-11.22
1 Jan 2021 - 31 Dec 2021	9.93
1 Jan 2020 - 31 Dec 2020	7.84
1 Jan 2019 - 31 Dec 2019	15.24

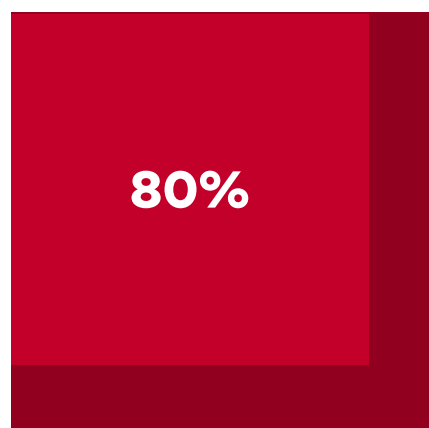
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Vanguard LifeStrategy 80% Equity Fund

Target weighting



- Equities
- Bonds

Ongoing charges figure **0.22%**

Number of underlying holdings **23,745**

Fund AUM

£10,073,868,634

Risk rating¹

Defaqto	7
Distribution Technology	6
EValue (Risk Benchmark EV Standard 1-10, over 15 years, accumulation share classes)	8.24
FinaMetrica (Best Fit range)	66-82
Oxford (risk band of 5)	3.8
Oxford (risk band of 7)	5.1
Synaptic (Strategic asset allocation: risk scale 1 - 10)	7
Synaptic (Strategic asset allocation: risk scale 1 - 5)	4.4

Credit rating breakdown – bonds (%)

AAA	2.30
AA	11.20
A	3.50
BBB	3.08
Less than BBB	0.00
Not rated	0.21

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Underlying funds²

Equity allocation	Weight (%)
Vanguard U.S. Equity Index Fund	19.5
Vanguard FTSE U.K. All Share Index Unit Trust	19.3
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	19.2
Vanguard S&P 500 UCITS ETF	6.1
Vanguard Emerging Markets Stock Index Fund	6.0
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	5.1
Vanguard Japan Stock Index Fund	2.6
Vanguard Pacific Ex-Japan Stock Index Fund	1.2
Vanguard FTSE 100 UCITS ETF	0.7
Vanguard FTSE 250 UCITS ETF	0.1
Bond allocation	
Vanguard Global Bond Index Fund	13.9
Vanguard U.K. Government Bond Index Fund	2.8
Vanguard U.K. Investment Grade Bond Index Fund	1.7
Vanguard U.K. Inflation-Linked Gilt Index Fund	1.6

Underlying asset classes²

Equity allocation	Weight (%)
North American equities	39.6
UK equities	20.1
European ex-UK equities	7.8
Emerging market equities	6.1
Japan equities	4.0
Asia ex-Japan equities	2.2
Bond allocation	
Global bonds	14.2
UK gilts	2.8
UK corporate bonds	1.7
UK index-linked bonds	1.6

Sector breakdown – equities (%)

Information Technology	14.3
Financials	13.7
Industrials	9.1
Health Care	8.9
Consumer Discretionary	8.4
Consumer Staples	6.7
Communication Services	5.0
Energy	4.5
Materials	4.2
Utilities	2.3
Real Estate	2.1
Other	0.5

Past performance as at 31 December 2023 (accumulation shares)

Period	Fund return, net of OCF (%)
Since Inception (annualised)*	8.36
3 Month	5.90
6 Month	6.03
YTD	11.83
1 Year (annualised)	11.83
3 Year (annualised)	5.29
5 Year (annualised)	8.21
1 Jan 2023 - 31 Dec 2023	11.83
1 Jan 2022 - 31 Dec 2022	-8.81
1 Jan 2021 - 31 Dec 2021	14.44
1 Jan 2020 - 31 Dec 2020	7.68
1 Jan 2019 - 31 Dec 2019	18.06

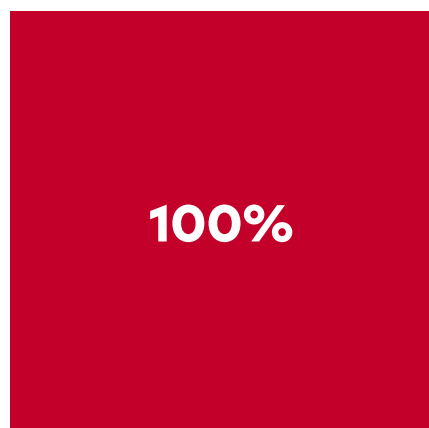
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Vanguard LifeStrategy 100% Equity Fund

Target weighting



- Equities
- Bonds

Ongoing charges figure **0.22%**

Number of underlying holdings **7,053**

Fund AUM

£6,304,624,474

Risk rating¹

Defaqto	9
Distribution Technology	7
EValue (Risk Benchmark EV Standard 1-10, over 15 years, accumulation share classes)	10+
FinaMetrica (Best Fit range)	83-100
Oxford (risk band of 5)	4.7
Oxford (risk band of 7)	6.3
Synaptic (Strategic asset allocation: risk scale 1 - 10)	9
Synaptic (Strategic asset allocation: risk scale 1 - 5)	5.4

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Underlying funds²

Equity allocation	Weight (%)
Vanguard FTSE U.K. All Share Index Unit Trust	19.5
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	19.3
Vanguard U.S. Equity Index Fund	19.2
Vanguard S&P 500 UCITS ETF	16.5
Vanguard Emerging Markets Stock Index Fund	7.6
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	7.2
Vanguard FTSE 100 UCITS ETF	4.7
Vanguard Japan Stock Index Fund	3.6
Vanguard Pacific Ex-Japan Stock Index Fund	1.8
Vanguard FTSE 250 UCITS ETF	0.7

Underlying asset classes²

Equity allocation	Weight (%)
North American equities	49.6
UK equities	25.1
European ex-UK equities	9.8
Emerging market equities	7.8
Japan equities	5.0
Asia ex-Japan equities	2.7

Sector breakdown – equities (%)

Information Technology	17.9
Financials	17.1
Industrials	11.4
Health Care	11.2
Consumer Discretionary	10.6
Consumer Staples	8.5
Communication Services	6.3
Energy	5.7
Materials	5.3
Utilities	2.9
Real Estate	2.6
Other	0.5

Past performance as at 31 December 2023 (accumulation shares)

Period	Fund return, net of OCF (%)
Since Inception (annualised)*	9.80
3 Month	5.62
6 Month	6.36
YTD	13.47
1 Year (annualised)	13.47
3 Year (annualised)	8.22
5 Year (annualised)	10.46

1 Jan 2023 - 31 Dec 2023	13.47
1 Jan 2022 - 31 Dec 2022	-6.25
1 Jan 2021 - 31 Dec 2021	19.15
1 Jan 2020 - 31 Dec 2020	7.22
1 Jan 2019 - 31 Dec 2019	21.03

*Inception date: 23 June 2011

¹ Defaqto data as at 1 October 2023; Distribution Technology data as at Q3 2023; EValue data as at Q4 2023; FinaMetrica data as at 31 January 2021; Oxford data as at 5 January 2023; Synaptic data as at Q4 2023. These as-at dates are the same for every fund.

² Please note all weights should add up to 100%; however, there may be differences due to rounding. This is the same for all funds.

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

Important information

For further information on the fund's investment policies and risks, please refer to the prospectus of the UCITS and to the KIID before making any final investment decisions. The KIID for this fund is available, alongside the prospectus via Vanguard's website <https://www.vanguardinvestor.co.uk>.

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