

**This quarterly newsletter is designed to give Vanguard LifeStrategy investors an insight into how the funds are constructed, how they're performing and what's been happening in the global economy and world markets.**

**The Vanguard LifeStrategy Funds are single-fund solutions designed to meet a range of investors' needs. Each of the five funds has a different target weighting of equities and bonds, with the aim of delivering a range of risk and return outcomes for investors.**

**Vanguard regularly rebalances the funds 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**

The first quarter (Q1) of 2022 was dominated by the Russian invasion of Ukraine. The West reacted with sweeping sanctions against Russia. These included the removal of Russia from the SWIFT (Society for Worldwide Interbank Financial Telecommunications) payments system, sanctions targeted at specific individuals, companies and banks as well as restrictions on the Russian central bank. Multiple countries, including the US and the UK, have announced a ban on Russian energy imports. Energy prices were highly volatile in Q1 2022 and remained far above the levels seen in Q4 2021. These geopolitical events have added uncertainty to an environment that was already characterised by central banks starting to remove the extraordinary policy accommodation<sup>1</sup> of recent years.

In the UK, GDP grew by 1.30% quarter on quarter (QoQ) in Q4 2021 which left the UK economy 0.10% below pre-crisis levels. Since then, conditions have deteriorated on the back of geopolitical events. For instance, UK consumer confidence fell to a 16-month low<sup>2</sup>, and the Office for Budget Responsibility (OBR) expects real living standards to fall by a record 2.20% this financial year<sup>3</sup>. Headline inflation rose to 6.20% year on year (YoY) in February, a new 30-year high. While record energy

prices were a major driver of this increase, the figures also reflected broad-based gains. Core inflation rose to 5.20% (YoY). The UK labour market remained tight, with the number of job vacancies hitting a new record. Medium-term inflation expectations rose further in Q1. The Bank of England continued to raise interest rates by 0.50% to 0.75% in Q1. On fiscal policy, the Chancellor announced £9 billion of measures to counteract the negative effects on real incomes, including a cut in the fuel tax and the basic income tax rate.

The euro area economy grew by 0.30% (QoQ) in Q4 2021 and is now back at its pre-crisis level. Similar to the UK, conditions have deteriorated since then. The energy impact from the Ukraine war will be felt most acutely in the euro area, as it is highly reliant on Russian energy imports: 40% of its natural gas and 25% of its oil are imported from Russia. Headline inflation accelerated to 7.50% (YoY) in March. Gains were also broad based, with core inflation reaching 3% (YoY). While medium-term inflation expectations have increased, they remain anchored. Labour market pressures are building as well, but not to the same extent as in the US or UK. The European Central Bank (ECB) meeting in March was relatively hawkish. It laid out a quicker reduction in its quantitative easing programme. This implied that recent events have not led the ECB to deviate from policy normalisation. National fiscal policy has been stepped up in response to the Ukraine war, with Germany, for instance, announcing a €100 billion fund to modernise the military.

The US economy grew by 6.90% (QoQ, seasonally adjusted annual rate) in Q4, having already reached its pre-pandemic level in Q2 2021. Headline inflation accelerated further, reaching 7.90% (YoY), marking a 40-year high. Core inflation rose to 6.40% (YoY). The US labour market remained strong, even though job creation in March was lower than expected. The unemployment rate fell to 3.60%, just above its pre-pandemic low. The US Federal Reserve raised the target for its fed funds rate by 0.25% in March, the first interest rate hike since 2018. It also signalled additional interest rate

hikes this year despite slower economic growth.

In China, headwinds to growth from geo-political developments and Omicron outbreaks clouded the outlook for 2022. China's zero-Covid-19 strategy continues despite mounting economic costs due to China's fragile health system. Worsening Omicron outbreaks have meant that more people were in lockdown in Q1 than at any point since early 2020. The impact from the Ukraine war on the Chinese economy has been more moderate compared with other regions. As a major oil importer, China has continued to buy Russian crude at a discount to global prices, implying commodity price pressures were more limited. Inflation in China remained below target.

Source: Vanguard, underlying data from Bloomberg. As of 5 April 2022.

<sup>1</sup> When central banks expand the money supply to boost the economy. Measures include reducing interest rates, and for some central banks, the ultra-low interest-rate environment was reinforced with large-scale asset purchase programmes.

<sup>2</sup> The GfK UK Consumer Confidence Indicator fell to -31 in March.

<sup>3</sup> <https://obr.uk/efo/economic-and-fiscal-outlook-march-2022/>.

#### **Key takeaway**

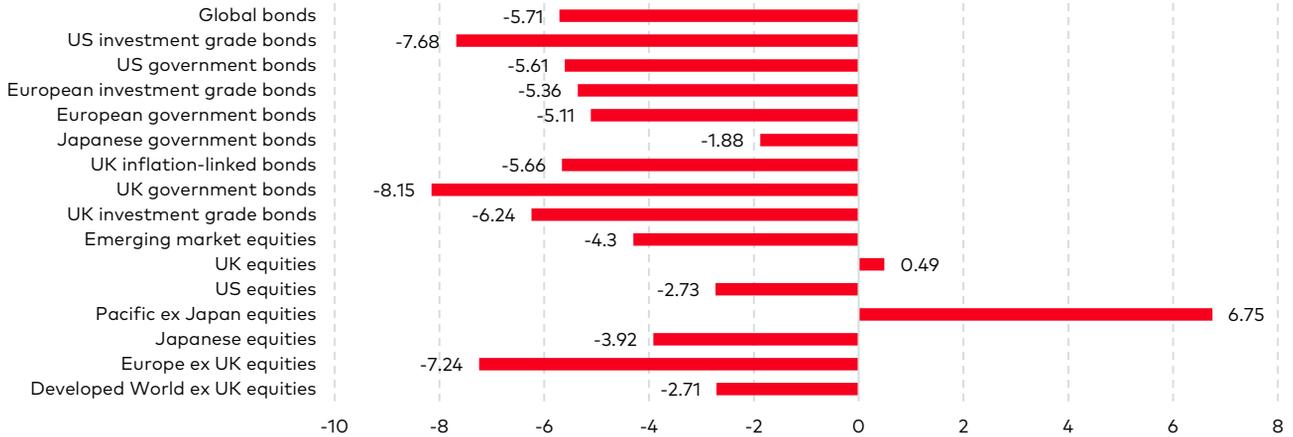
What should investors do in response to these developments?

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.

# Market performance

## Equity and bond market total returns in Q1 2022 (%)



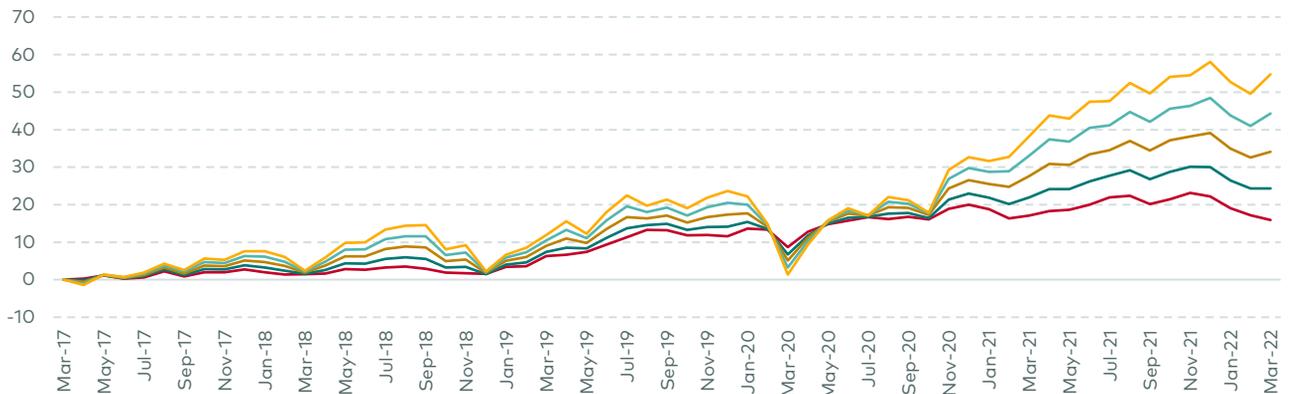
**Past performance is not a reliable indicator of future results.**

Source: Vanguard as at 31 March 2022. Total returns in GBP. Indices used:

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.

# Fund performance

## Cumulative % growth, GBP, 01/04/2017 to 31/03/2022



- Vanguard LifeStrategy® 20% Equity Index Fund Acc (net of OCF)
- Vanguard LifeStrategy® 40% Equity Index Fund Acc (net of OCF)
- Vanguard LifeStrategy® 60% Equity Index Fund Acc (net of OCF)
- Vanguard LifeStrategy® 80% Equity Index Fund Acc (net of OCF)
- Vanguard LifeStrategy® 100% Equity Index Fund Acc (net of OCF)

**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. 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.

All performance is calculated in GBP.

Source: Vanguard as at 31 March 2022.

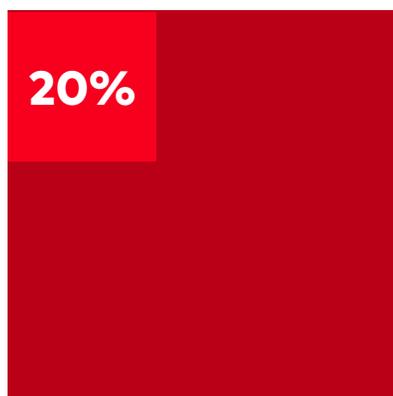
### Ongoing Charges Figure

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](https://global.vanguard.com/portal/site/portal/ucits-mifid-priips)

# Vanguard LifeStrategy 20% Equity Fund

## Target weighting



■ Equities  
■ Bonds

Ongoing charges figure 0.22%

Number of underlying holdings 24,119

## Credit rating breakdown – bonds (%)

AAA	23.24
AA	27.79
A	14.63
BBB	13.37
Less than BBB	0.00
NR	0.77

## Risk rating <sup>1</sup>

Defaqto	2.00
Distribution Technology	3.00
EValue (Risk Benchmark EValue Standard 1-10, over 15 years, accumulation shareclasses)	2.71
FinaMetrica (Best Fit range)	14-40
Synaptic (Strategic asset allocation: risk scale 1 - 10)	4.00
Synaptic (Strategic asset allocation: risk scale 1 - 5)	2.70

## Fund AUM

£2,209,031,582.73

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<sup>1</sup> Distribution Technology data as at Q1 2022; FinaMetrica data as at 31/01/2022; EValue data as at Q1 2022; Defaqto data as at 28/2/2022; Synaptic data as at Q1 2022, Oxford data as at . These as-at dates are the same for every fund.

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

## Underlying funds<sup>2</sup>

Fund	Weight (%)
Vanguard Global Bond Index Fund	19.20
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	13.40
Vanguard Global Aggregate Bond UCITS ETF	12.10
Vanguard U.K. Government Bond Index Fund	10.80
Vanguard U.K. Inflation-Linked Gilt Index Fund	8.50
Vanguard U.K. Investment Grade Bond Index Fund	7.40
Vanguard U.S. Investment Grade Credit Index Fund	5.80
Vanguard U.S. Government Bond Index Fund	5.70
Vanguard FTSE U.K. All Share Index Unit Trust	5.20
Vanguard Euro Government Bond Index Fund	5.20
Vanguard Euro Investment Grade Bond Index Fund	2.60
Vanguard Japan Government Bond Index Fund	2.50
Vanguard Emerging Markets Stock Index Fund	1.60

## Underlying asset classes<sup>2</sup>

Fund	Weight (%)
Global Bond	31.30
U.K. Gilts	10.80
North American Equities	9.74
U.K. Index Linked Bonds	8.50
U.K. Corporate Bonds	7.40
U.S. Corporate Bonds	5.80
U.S. Government Bond	5.70
European Government Bond	5.20
U.K. Equities	5.20
European Corporate Bonds	2.60
Japan Government Bond	2.50
European ex U.K. Equities	1.94
Emerging Markets Equities	1.60
Japan Equities	0.96
Asia ex Japan Equities	0.76

## Sector breakdown – equities (%)

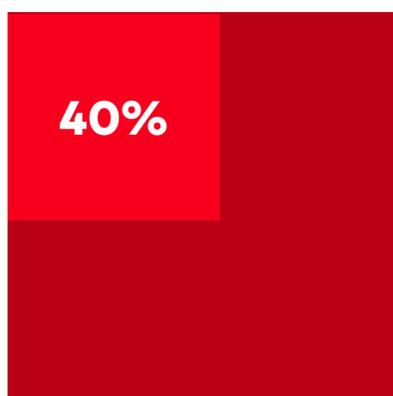
Information Technology	3.59
Financials	3.22
Health Care	2.32
Consumer Discretionary	2.13
Industrials	2.06
Consumer Staples	1.72
Communication Services	1.43
Materials	1.27
Energy	1.10
Utilities	0.62
Real Estate	0.60
Other	0.13

## Past performance as at 31 March 2022 (accumulation shares)

Period	Net fund return (%)
Since Inception (annualised)	4.96
3 Month	-5.12
6 Month	-3.53
YTD	-5.12
1 Year (annualised)	-1.02
3 Year (annualised)	2.93
5 Year (annualised)	3.00
1 Apr 2017 - 31 Mar 2018	1.45
1 Apr 2018 - 31 Mar 2019	4.76
1 Apr 2019 - 31 Mar 2020	2.29
1 Apr 2020 - 31 Mar 2021	7.73
1 Apr 2021 - 31 Mar 2022	-1.02

# Vanguard LifeStrategy 40% Equity Fund

## Target weighting



<span style="color: red;">■</span>	Equities
<span style="color: darkred;">■</span>	Bonds

Ongoing charges figure **0.22%**

Number of underlying holdings **28,504**

## Credit rating breakdown – bonds (%)

AAA	17.34
AA	20.87
A	11.04
BBB	10.11
Less than BBB	0.00
NR	0.55

## Risk rating

Defaqto	4.00
Distribution Technology	4.00
EValue (Risk Benchmark EValue Standard 1-10, over 15 years, accumulation shareclasses)	4.60
FinaMetrica (Best Fit range)	41-53
Synaptic (Strategic asset allocation: risk scale 1 - 10)	6.00
Synaptic (Strategic asset allocation: risk scale 1 - 5)	3.70

## Fund AUM

£8,275,543,225.72

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## Underlying funds

Fund	Weight (%)
Vanguard Global Bond Index Fund	19.20
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	19.00
Vanguard FTSE U.K. All Share Index Unit Trust	10.20
Vanguard U.K. Government Bond Index Fund	8.10
Vanguard U.K. Inflation-Linked Gilt Index Fund	6.40
Vanguard U.K. Investment Grade Bond Index Fund	5.70
Vanguard U.S. Equity Index Fund	5.70
Vanguard Global Aggregate Bond UCITS ETF	4.80
Vanguard U.S. Government Bond Index Fund	4.10
Vanguard Euro Government Bond Index Fund	3.80
Vanguard Emerging Markets Stock Index Fund	3.20
Vanguard U.S. Investment Grade Credit Index Fund	2.70
Vanguard Euro Investment Grade Bond Index Fund	1.90
Vanguard Japan Government Bond Index Fund	1.80
Vanguard USD Corporate Bond UCITS ETF	1.40
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	1.10
Vanguard Japan Stock Index Fund	0.60
Vanguard Pacific Ex-Japan Stock Index Fund	0.30

## Underlying asset classes

Fund	Weight (%)
Global Bond	24.00
North American Equities	19.51
U.K. Equities	10.20
U.K. Gilts	8.10
U.K. Index Linked Bonds	6.40
U.K. Corporate Bonds	5.70
US Corporate Bonds	4.10
US Government Bond	4.10
European ex U.K. Equities	3.86
European Government Bond	3.80
Emerging Markets Equities	3.20
Japan Equities	1.95
European Corporate Bonds	1.90
Japan Government Bond	1.80
Asia ex Japan Equities	1.38

## Sector breakdown – equities (%)

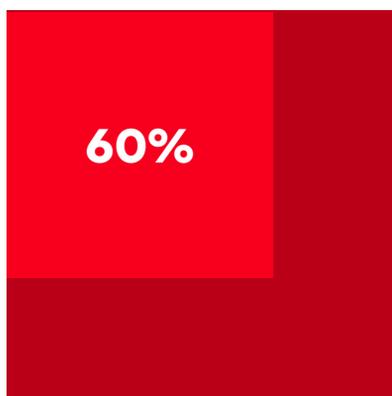
Information Technology	7.09
Financials	6.34
Health Care	4.65
Consumer Discretionary	4.27
Industrials	4.15
Consumer Staples	3.39
Communication Services	2.82
Materials	2.51
Energy	2.16
Real Estate	1.23
Utilities	1.23
Other	0.26

## Past performance as at 31 March 2022 (accumulation shares)

Period	Net fund return (%)
Since Inception (annualised)	6.43
3 Month	-4.33
6 Month	-1.89
YTD	-4.33
1 Year (annualised)	1.97
3 Year (annualised)	5.01
5 Year (annualised)	4.46
1 Apr 2017 - 31 Mar 2018	1.56
1 Apr 2018 - 31 Mar 2019	5.76
1 Apr 2019 - 31 Mar 2020	-0.64
1 Apr 2020 - 31 Mar 2021	14.27
1 Apr 2021 - 31 Mar 2022	1.97

# Vanguard LifeStrategy 60% Equity Fund

## Target weighting



Equities  
Bonds

Ongoing charges figure 0.22%

Number of underlying holdings 27,619

## Credit rating breakdown – bonds (%)

AAA	12.16
AA	13.75
A	7.17
BBB	6.51
Less than BBB	0.00
NR	0.41

## Risk rating

Defaqt0	5.00
Distribution Technology	5.00
EValue (Risk Benchmark EValue Standard 1-10, over 15 years, accumulation shareclasses)	6.50
FinaMetrica (Best Fit range)	54-65
Synaptic (Strategic asset allocation: risk scale 1 - 10)	6.00
Synaptic (Strategic asset allocation: risk scale 1 - 5)	3.90

## Fund AUM

£13,998,953,527.39

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## Underlying funds

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

## Underlying asset classes

Fund	Weight (%)
North American Equities	29.45
Global Bond	22.50
U.K. Equities	15.10
European ex U.K. Equities	5.88
U.K. Gilts	5.20
Emerging Markets Equities	4.70
U.K. Index Linked Bonds	4.10
U.K. Corporate Bonds	3.60
Japan Equities	2.97
Asia ex Japan Equities	1.89
US Corporate Bonds	1.20
US Government Bond	1.20
European Government Bond	1.10
Japan Government Bond	0.60
European Corporate Bonds	0.50

## Sector breakdown – equities

	(%)
Information Technology	10.56
Financials	9.42
Health Care	7.02
Consumer Discretionary	6.43
Industrials	6.29
Consumer Staples	5.05
Communication Services	4.21
Materials	3.73
Energy	3.19
Real Estate	1.88
Utilities	1.84
Other	0.38

## Past performance as at 31 March 2022 (accumulation shares)

Period	Net fund return (%)
Since Inception (annualised)	7.90
3 Month	-3.58
6 Month	-0.26
YTD	-3.58
1 Year (annualised)	5.06
3 Year (annualised)	7.16
5 Year (annualised)	6.05
1 Apr 2017 - 31 Mar 2018	1.89
1 Apr 2018 - 31 Mar 2019	6.99
1 Apr 2019 - 31 Mar 2020	-3.57
1 Apr 2020 - 31 Mar 2021	21.46
1 Apr 2021 - 31 Mar 2022	5.06

# Vanguard LifeStrategy 80% Equity Fund

## Target weighting



■ Equities  
■ Bonds

Ongoing charges figure **0.22%**

Number of underlying holdings **23,342**

## Credit rating breakdown – bonds (%)

AAA	6.45
AA	6.76
A	3.54
BBB	3.23
Less than BBB	-
NR	0.21

## Risk rating

Defaqt0	7.00
Distribution Technology	6.00
EValue (Risk Benchmark EValue Standard 1-10, over 15 years, accumulation shareclasses)	8.34
FinaMetrica (Best Fit range)	66-82
Synaptic (Strategic asset allocation: risk scale 1 - 10)	8.00
Synaptic (Strategic asset allocation: risk scale 1 - 5)	4.80

## Fund AUM

£7,842,354,813.30

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## Underlying funds

Fund	Weight (%)
Vanguard U.S. Equity Index Fund	19.30
Vanguard FTSE U.K. All Share Index Unit Trust	19.30
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	19.20
Vanguard Global Bond Index Fund	14.20
Vanguard Emerging Markets Stock Index Fund	6.20
Vanguard S&P 500 UCITS ETF	5.90
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	5.10
Vanguard Japan Stock Index Fund	2.60
Vanguard U.K. Government Bond Index Fund	2.30
Vanguard U.K. Inflation-Linked Gilt Index Fund	2.10
Vanguard U.K. Investment Grade Bond Index Fund	1.60
Vanguard Pacific Ex-Japan Stock Index Fund	1.40
Vanguard FTSE 100 UCITS ETF	0.70
Vanguard FTSE 250 UCITS ETF	0.10

## Underlying asset classes

Fund	Weight (%)
North American Equities	39.15
U.K. Equities	20.10
Global Bond	14.20
European ex U.K. Equities	7.88
Emerging Markets Equities	6.20
Japan Equities	3.97
Asia ex Japan Equities	2.49
U.K. Gilts	2.30
U.K. Index Linked Bonds	2.10
U.K. Corporate Bonds	1.60

## Sector breakdown – equities

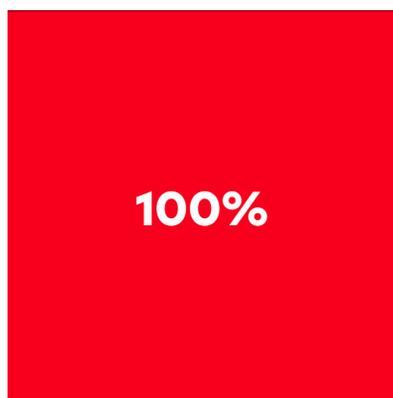
	(%)
Information Technology	14.00
Financials	12.49
Health Care	9.39
Consumer Discretionary	8.57
Industrials	8.35
Consumer Staples	6.75
Communication Services	5.62
Materials	4.95
Energy	4.23
Real Estate	2.49
Utilities	2.45
Other	0.49

## Past performance as at 31 March 2022 (accumulation shares)

Period	Net fund return (%)
Since Inception (annualised)	9.30
3 Month	-2.82
6 Month	1.52
YTD	-2.82
1 Year (annualised)	8.42
3 Year (annualised)	9.30
5 Year (annualised)	7.60
1 Apr 2017 - 31 Mar 2018	2.14
1 Apr 2018 - 31 Mar 2019	8.17
1 Apr 2019 - 31 Mar 2020	-6.53
1 Apr 2020 - 31 Mar 2021	28.85
1 Apr 2021 - 31 Mar 2022	8.42

# Vanguard LifeStrategy 100% Equity Fund

## Target weighting



- Equities
- Bonds

Ongoing charges figure **0.22%**

Number of underlying holdings **7,533**

## Credit rating breakdown – bonds (%)

Not Applicable

## Risk rating

Defaqt0	9.00
Distribution Technology	7.00
EValue (Risk Benchmark EValue Standard 1-10, over 15 years, accumulation shareclasses)	10+
FinaMetrica (Best Fit range)	83-100
Synaptic (Strategic asset allocation: risk scale 1 - 10)	10.00
Synaptic (Strategic asset allocation: risk scale 1 - 5)	5.70

## Fund AUM

£4,263,301,719.43

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## Underlying funds

Fund	Weight (%)
Vanguard FTSE U.K. All Share Index Unit Trust	19.60
Vanguard U.S. Equity Index Fund	19.20
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	19.20
Vanguard S&P 500 UCITS ETF	15.80
Vanguard Emerging Markets Stock Index Fund	7.90
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	7.00
Vanguard FTSE 100 UCITS ETF	4.80
Vanguard Japan Stock Index Fund	3.60
Vanguard Pacific Ex-Japan Stock Index Fund	2.00
Vanguard FTSE 250 UCITS ETF	0.90

## Underlying asset classes

Fund	Weight (%)
North American Equities	48.95
U.K. Equities	25.30
European ex U.K. Equities	9.78
Emerging Markets Equities	7.90
Japan Equities	4.97
Asia ex Japan Equities	3.09

## Sector breakdown – equities

	(%)
Information Technology	17.55
Financials	15.62
Health Care	11.81
Consumer Discretionary	10.76
Industrials	10.41
Consumer Staples	8.52
Communication Services	7.11
Materials	6.21
Energy	5.31
Utilities	3.08
Real Estate	3.07
Other	0.57

## Past performance as at 31 March 2022 (accumulation shares)

Period	Net fund return (%)
Since Inception (annualised)	10.63
3 Month	-2.05
6 Month	3.40
YTD	-2.05
1 Year (annualised)	11.97
3 Year (annualised)	11.41
5 Year (annualised)	9.13
1 Apr 2017 - 31 Mar 2018	2.38
1 Apr 2018 - 31 Mar 2019	9.30
1 Apr 2019 - 31 Mar 2020	-9.38
1 Apr 2020 - 31 Mar 2021	36.30
1 Apr 2021 - 31 Mar 2022	11.97

# 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

### This is a marketing communication.

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://global.vanguard.com/>

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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