

Vanguard®

# Vanguard LifeStrategy® 100% Equity MPS Global

Quarterly report

31 March 2025



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# Market commentary

Vanguard LifeStrategy® 100% Equity MPS Global

As at 31 March 2025

## Highlights

- 1 UK stagflation risks increased.
- 2 US trade tariff uncertainties started to weigh on markets.
- 3 Euro area eased fiscal rules.

In Q1 2025, the UK and US economies showed signs of weakening, while euro area activity marginally improved. Inflation remained above target in both the UK and US but was benign for the euro area. The European Central Bank (ECB) cut interest rates twice, the Bank of England (BoE) once and the US Federal Reserve (the Fed) kept interest rates unchanged.

Although the UK economy marginally expanded in Q4 2024, Q1 2025 data suggests weakness ahead. Elevated wage inflation remains a concern, with the latest annual wage growth at 5.9%. Annual headline inflation rose to 2.8% in February, up from 2.5% in December. The BoE cut rates from 4.75% to 4.50% in February on growth concerns.

In the US, the latest indicators suggested that trade tariff tensions were weighing on economic prospects. The latest inflation report in February also dampened investor sentiment. The Fed's preferred inflation measure, the annual Core Personal Consumption Expenditures (PCE) Price Index, which excludes food and energy costs, unexpectedly rose

from January's 2.7% to 2.8% in February. With inflation diverging from the Fed's 2% target, the central bank opted to keep its monetary policy unchanged, maintaining the federal funds rate target range at 4.25-4.50%.

The euro area's economic activity marginally improved in the final quarter of 2024. Surveys suggest that growth is set to continue into Q1 2025. The euro area also saw a significant fiscal turnaround in Q1, with the new German government announcing a large-scale spending plan to boost infrastructure and defence. Annual headline inflation in the euro region remained close to the ECB's 2% target, edging down from 2.4% in December to 2.2% in March. The ECB cut its policy rate by 50 basis points during the quarter, leaving its deposit rate at 2.50%.

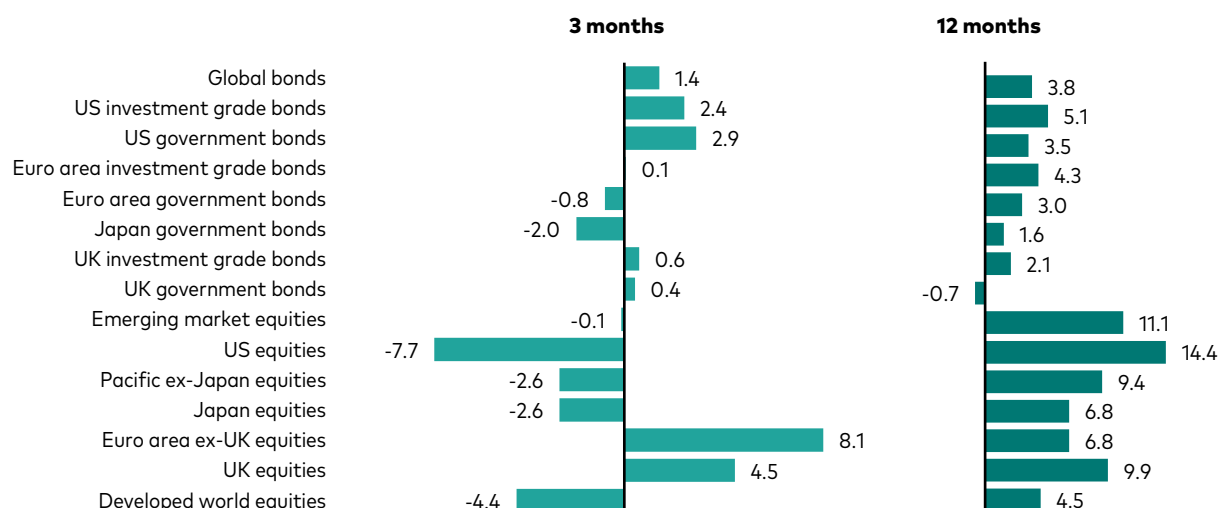
In Q4 2024, China's economy grew by 1.6% (annualised). However, recent economic indicators suggest that growth is weakening. Inflation fell from 0.1% in December to -0.7% in February, raising concerns about deflation. Despite this, interest rates were unchanged.

Source: all data has been sourced from Bloomberg.

## Regional market performance

Equity and bond market total returns: 3 months and 12 months to 31 March 2025 (%).

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 2025. Total returns in GBP. Indices used: Bloomberg Global Aggregate Float Adjusted and Scaled Index GBP Hedged; Bloomberg Global Aggregate USD Credit Float Adjusted Bond Index GBP Hedged; Bloomberg U.S. Government Float Adjusted Bond Index GBP Hedged; Bloomberg EUR Non Government Float Adjusted Bond Index GBP Hedged; Bloomberg EUR Government Float Adjusted Bond Index GBP Hedged; Bloomberg Japan Government Float Adjusted Bond Index GBP Hedged; Bloomberg GBP Non Government Float Adjusted Bond Index in GBP; Bloomberg U.K. Government Float Adjusted Bond Index in GBP; MSCI Emerging Markets Index GBP; S&P Total Market Net TR Index GBP; MSCI Pacific ex Japan Index GBP; MSCI Japan Index GBP; FTSE Developed Europe ex U.K. Index GBP; FTSE All-Share Index GBP; FTSE Developed Index GBP.

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# Portfolio commentary

## Vanguard LifeStrategy® 100% Equity MPS Global

As at 31 March 2025

### Highlights

- 1** The LifeStrategy 100% Equity MPS Global Portfolio recorded a return of -4.54% in Q1 2025.
- 2** US equities weighed on global equity returns.
- 3** UK and Europe (ex-UK) stocks outperformed.

The LifeStrategy 100% Equity MPS Global Portfolio recorded a return of -4.54% in the first quarter of 2025.

The Portfolio's exposure to US equities was the main detractor from performance, while Japan equities also detracted, but to a much lesser extent. Conversely, exposure to Europe (ex-UK) and UK equities contributed to performance, as each region posted positive returns. However, this was not enough to compensate for the weak performance of the US.

US equities led a broader equity market sell off during the quarter. Early in the period, the US market posted steep declines after the release of a new artificial intelligence (AI) model by Chinese AI startup DeepSeek; ongoing concerns about the economic impact of trade tariffs also caused market volatility to jump during the quarter on increased recession risk and expectations of higher inflation. Asia-Pacific (ex- Japan) and Japan equities also lost value in sterling terms, as tariff concerns weighed on the export

and technology sectors. Japan also raised interest rates, which weighed on Japan equities during the period. Meanwhile, Europe (ex-UK) and UK equities outperformed, benefitting from a combination of cheaper valuations, healthy corporate earnings and higher potential defence and infrastructure spending, particularly in Germany.

Looking ahead, the US tariff announcements in April represented one of the largest trade shocks in the past century and the sharp market sell-off in response to the tariffs reflected their significance. Trade tariffs augur significant ramifications for economic activity and the lifting of inflationary expectations in the short term. Given the market turmoil, diversification across regions, sectors and asset classes is crucial. During this period of uncertainty, investors should continue to focus on their long-term goals.

### Performance contribution of underlying Vanguard funds in Q1 2025 (%)

Vanguard LifeStrategy 100% Equity MPS Global



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

Source: Vanguard as at 31 March 2025.

Total returns in GBP, net of fees with income reinvested. Basis of fund performance is NAV to NAV.

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# Portfolio factsheet

## Vanguard LifeStrategy® 100% Equity MPS Global

As at 31 March 2025

### Investment objective and policy summary

- The Vanguard LifeStrategy 100% Equity MPS Global Model Portfolio "LifeStrategy 100% MPS Global" seeks to hold investments that will increase in value through a portfolio comprising approximately 100% equities, through a globally diversified allocation with no specific home-bias to the UK or any other country or region.

### Performance

#### Annualised performance\*

%, GBP, net of all-in fee, as at 31 March 2025

	YTD	1m	3m	6m	1yr	3yrs	5yrs	10yrs	Since inc.
LifeStrategy 100% MPS Global	-4.54	-6.30	-4.54	1.17	4.11	-	-	-	8.89

#### 12-month return to:

%, GBP, net of all-in fee

	31 Mar2021	31 Mar2022	31 Mar2023	31 Mar 2024	31 Mar2025
LifeStrategy 100% MPS Global	-	-	-	19.77	4.11

#### Statistics since inception

%, GBP, net of all-in fee, as at 31 March 2025

	Cumulative return	Largest annual gain <sup>†</sup>	Lowest annual performance <sup>†</sup>	Monthly volatility
LifeStrategy 100% MPS Global	27.14	27.23	-2.85	-

#### Cumulative performance (since inception)

%, GBP, net of all-in fee, 06 Jun 2022 to 31 Mar2025



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

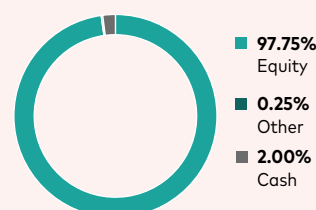
Source: Vanguard

\*Figures in the table above for periods less than one year are cumulative returns. All other figures represent annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions. Basis of fund performance is NAV to NAV with gross income invested.

<sup>†</sup>Performance is calculated over a rolling 12-month period.

### Portfolio information

#### Asset allocation



#### Portfolio facts

Number of holdings	6,105
Domicile	UK
UK Reporting Status <sup>1</sup>	Yes
Inception date	06/06/2022
Use of income	Accumulating

#### Fees

Ongoing Charges Figure (OCF <sup>2</sup> )	0.12%
Annual portfolio charge <sup>3</sup>	0.10%
All-in fee <sup>4</sup>	0.22%

#### Platform availability

7iM, Abrdn Wrap, Aegon Platform, Aegon Retirement Choices, Aviva, Fidelity Adviser Solutions, Fundment, Nucleus, Quilter, Transact, Wealthtime

#### Risk ratings<sup>5</sup>

Defaqto	9
Dynamic Planner	8
EValue (1-10, 15 years)	10
Finametrica	83-100
Oxford Risk (of 5)	5
Oxford Risk (of 7)	6
Synaptic (1-5)	5.7
Synaptic (1-10)	10

<sup>1</sup>For underlying funds.

<sup>2</sup>The OCF refers to Ongoing Charges Figures and covers the fund manager's costs of managing the fund. It does not include dealing costs or additional costs such as audit fees.

<sup>3</sup>The annual portfolio charge covers the discretionary management of the managed portfolio service, ongoing oversight, and regular rebalancing of the portfolios. The portfolio charge is exclusive of VAT and any adviser, platform, or dealing charges.

<sup>4</sup>All-in fee is the summation of the underlying OCFs and the model portfolio annual portfolio charge. It is not inclusive of transaction costs, nor any platform or advisory fees.

<sup>5</sup>Defaqto data as at 1 March 2025; Dynamic Planner data as at Q1 2025; EValue data as at Q1 2025; FinaMetrica data as at 31 March 2025; Oxford Risk data as at 1 August 2024; Synaptic data as at Q1 2025.

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# Portfolio factsheet (continued)

## Vanguard LifeStrategy® 100% Equity MPS Global

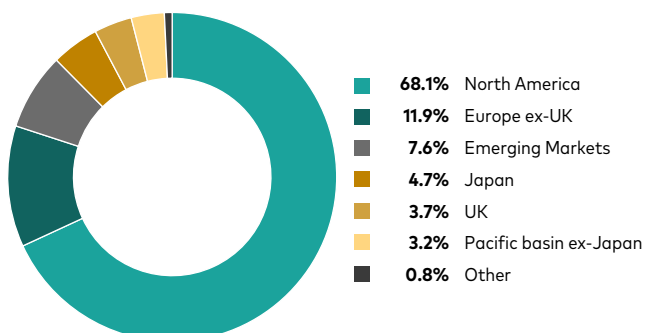
As at 31 March 2025

### Breakdowns

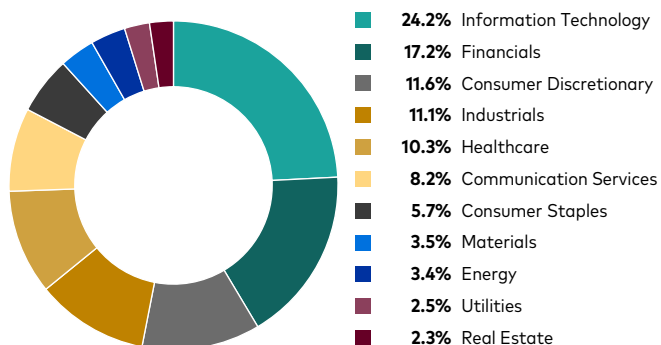
#### Breakdown of underlying funds

Equity allocation	(%)
Vanguard U.S. Equity Index Fund GBP Acc	66.8
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund GBP Acc	10.9
Vanguard Emerging Markets Stock Index Fund GBP Acc	9.6
Vanguard Japan Stock Index Fund GBP Acc	4.6
Vanguard FTSE U.K. All Share Index Unit Trust GBP Acc	3.9
Vanguard Pacific ex-Japan Stock Index Fund GBP Acc	2.3
Cash	2.0

#### Equity regional breakdown



#### Equity sector breakdown



Source: Vanguard (Data as of 31/03/2025)

Note: breakdown may not add up to 100% due to rounding.

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## Key investment risks

The value of equities and bonds can be affected by factors such as stock market movements, interest rates, credit spreads and volatility. Other driving factors include political, economic news, company earnings and significant corporate events. Movements in currency exchange rates can adversely affect the return of your investment.

**Asset-Backed Risk.** Investments in asset-backed securities, which are financial instruments backed by pools of assets such as mortgages, car loans, student loans or credit card receivables. The primary risk is borrowers defaulting on their loans, leading to investments losing value.

**Credit Risk.** This is the risk that a borrower or counterparty will default on their financial obligations, leading to a loss for the lender or investor. It is essentially the risk of not being repaid. Creditworthiness and economic conditions influence credit risk.

**Foreign Investment Risk.** This includes political risk (changes in government policies or instability), currency risk (foreign currency exchange rates) and economic risk (differences in economic

conditions and policies). All these can affect the value and performance of overseas investments.

**Liquidity Risk.** This is the risk of not being able to convert an investment into cash without a significant loss. Because the asset is illiquid, it is difficult to sell quickly. This hinders minimizing investment loss. Liquidity risk can be influenced by market conditions and the specific nature of the investment. Examples include real estate, private assets and emerging markets.

**Market Risk.** This is the potential for loss from market price movements. These include changes in interest rates, stock prices, currency exchange rates and commodity prices.

**Model Risk.** This is the potential for errors in the model's design, incorrect inputs, or misinterpretation of results.

**Specific Product Risks.** These are unique risks associated with financial products or instruments, such as derivatives, which carry risk of leverage (small movements in the underlying asset can lead to large gains or losses).

## 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 the model portfolio risks please see the Understanding the Risks: Vanguard LifeStrategy model portfolio solutions document at [https://www.vanguard.co.uk/content/dam/intl/europe/documents/en/understanding\\_the\\_risks\\_mps.pdf](https://www.vanguard.co.uk/content/dam/intl/europe/documents/en/understanding_the_risks_mps.pdf) as well as the "Risk Factors" section of the prospectus of the underlying funds on our website at <https://global.vanguard.com>

## Important information

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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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