

VANGUARD PORTFOLIO ANALYTICS & CONSULTING

In this competitive, complex world, can you be sure you've got the right investment proposition? We would like to help, sharing the tools and expertise that can help to ensure the quality of your offer.

Research has shown that the critical opportunity for advisers is in building strong, lasting relationships with their clients¹. Vanguard's Portfolio Analytics & Consulting service is designed to help advisers improve the quality of their investment proposition – freeing their time and resource to devote to the thing that really matters, working with clients.

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| <p>POWERFUL TRACK RECORD</p> | <p>PRACTICAL GUIDANCE</p> | <p>PORTFOLIO ANALYSIS</p> | <p>PORTFOLIO CONSULTATION</p> |
| <p>Access the research and knowledge that lie behind Vanguard's expertise in portfolio construction and which underpin our LifeStrategy funds, the leading multi-asset solution in the UK².</p> | <p>Insights into adviser trends, including case studies that examine the pros and cons of popular portfolio strategies.</p> | <p>A detailed report on your portfolio, identifying gaps and concentrations, including comparisons with appropriate benchmarks and possible alternatives.</p> | <p>For those with more complex needs, we can arrange analysis and consultation tailored to specific needs and objectives.</p> |

Why Vanguard

Vanguard has been developing its expertise in portfolio construction ever since it was founded in 1975. The Portfolio Analytics & Consulting team was first established in the US in 2008. Since then it has built up a wealth of knowledge on the investment needs of advisers and refined its expertise in portfolio solutions. You may be facing a specific challenge or you may just appreciate the reassurance of a general check-up – the team is here to help, from standard analyses that you can access free through your Vanguard representative to tailored consulting for more pressing or complex issues.

Share in Vanguard's global resource

30+ Investment professionals reviewing and analysing client portfolios²

10+ years' experience serving UK advisers²

#1 multi-asset solution among UK advisers since 2015 – LifeStrategy Funds³

1 Putting a value on your value: Quantifying Vanguard's Adviser's Alpha (March 2020)

2 Source: Vanguard. Data as of October 2020

3 Fundscape Distribution Reports as at 30 April 2020

Meet the team



Joshua Woodruff, CFA

Head of Portfolio Analytics and Consulting

Marcela Cosquer

Senior Portfolio Consultant

Monika Dutt

Portfolio Consultant

Felicity Main

Portfolio Consultant

Hamish McKibbin

Analyst

How we can help

An ideal investment portfolio is simple, transparent and low cost – but the ideal is rarely easy. A portfolio that is simple on the outside can harbour hidden biases, gaps and concentrations that may only become apparent when it fails to behave as expected. This has the potential to lead to some very uncomfortable conversations with clients. We'd like to help you to avoid those situations.

What are the signs that a portfolio may not be optimally constructed?



Persistent underperformance –

Does the portfolio underperform consistently and over time?



Not behaving as expected –

Does the portfolio react as intended?

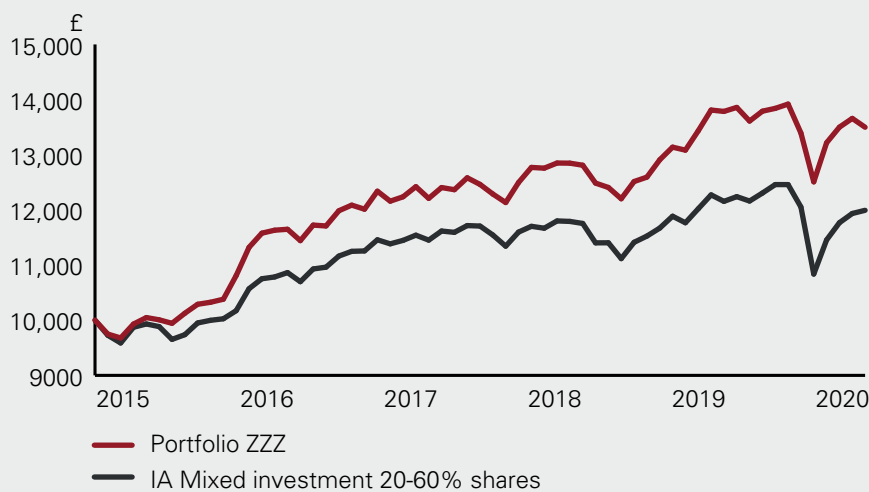


High relative cost –

Is the portfolio more expensive than it needs to be?

A portfolio's behaviours are of course a product of how it is invested. Its exposures, whether in equities or bonds, and how those exposures behave relative to each other, will determine how the fund performs in varying conditions. Cost will also have an impact. High costs will drag down actual client returns and may impel an active manager to take on additional risk.

Performance

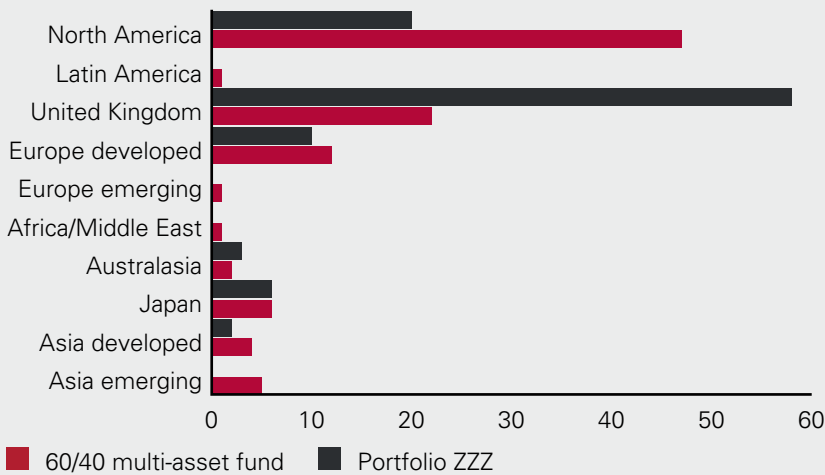


A fund may be underperforming due to biases, gaps or concentrations that are not showing through. Or it may be outperforming for the wrong reasons, such as taking too much risk, or because it is not being compared to the right benchmark.

Past performance is not an indicator of future returns.

Source: Morningstar data, Vanguard calculations; 31 July 2015 to 31 July 2020. For illustrative purposes only.

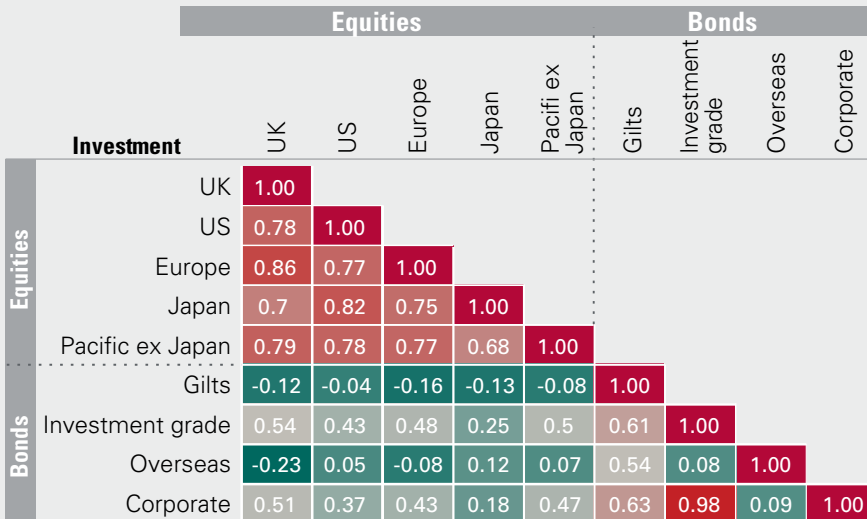
Exposures



Source: Morningstar data, Vanguard calculations as at 31 July 2020.
For illustrative purposes only.

Where you invest will impact what you invest in and how the fund will behave in different market conditions. The UK equity market tends to be skewed toward financials and energy, the US towards technology. How will those allocations overlap with Europe and Japan?

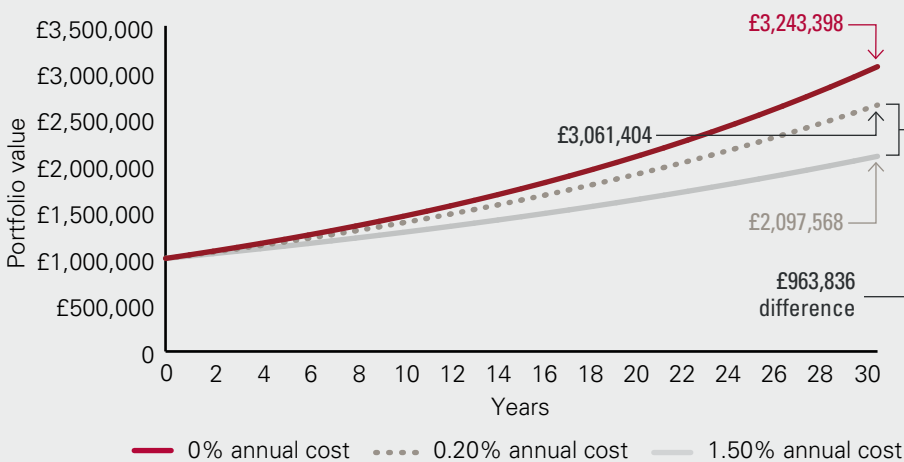
Correlations



Source: Morningstar data, Vanguard calculations; 31 July 2015 to 31 July 2020.
Correlations shown are for funds within an illustrative client portfolio.

We need to understand how an exposure will behave in different market conditions, but we also need to understand how it will behave relative to other exposures. A correlation matrix will help to show if the portfolio is adequately diversified.

Costs



Is your portfolio cost-efficient? High costs will reduce long-term client returns. In our example, assume a starting balance of £1,000,000 and a yearly return of 4%, reinvested. Over 30 years, the difference between 0.2% and 1.5% is £963,836 – a substantial amount.

Note: Charts shown are for illustrative purposes only. The portfolio balances shown are hypothetical and do not reflect any particular investment. The final account balances do not reflect any taxes or penalties that might be due upon distribution.

Draw on the power of Vanguard's global expertise

Vanguard's Portfolio Analytics & Consulting service leverages our global expertise and considerable original research in portfolio construction. We look at portfolios from several different angles, including examination of risk and return parameters, geographic spread, credit quality and style biases. We will suggest alternative options that may help to simplify your portfolio, improve its diversification or reduce costs.

For many advisers, a quick, standard health-check will be sufficient. Others may like a more in-depth consultation. Whatever your questions or concerns, we'd love to hear from you.

Choose the level of service best for your needs

| | Practical guidance | Portfolio analysis | Portfolio consultation |
|------------------------|---|--|--|
| Type of service | Trends and case studies | Portfolio comparisons | In-depth analysis and consultation |
| How you benefit | Understanding of common challenges professional investors encounter and what can be done about them | Insight into sub-allocation, tilts/ biases at the portfolio level Comparison to an investable alternative that simplifies the proposition | Deeper insights at the portfolio and fund levels Product agnostic review and enhanced due diligence Access to experts to discuss how to improve portfolios and process |
| What we deliver | Standard report | Annotated report | Detailed report and discussion with a specialist |
| Cost | Free | Free | Paid |

About Vanguard

Vanguard has been helping to bring value to investors since 1975, growing into one of the world's largest fund managers along the way. What sets us apart?

1 Client focus – The Vanguard Group in the US is ultimately owned by its investors. This unique mutual structure aligns our interests with those of our clients.

2 Low-cost investing – Providing low-cost investments isn't a pricing strategy for us. It's how we do business.

3 Stability and experience – Our clients benefit from the expertise we've gained over the past 45 years.

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 an indicator of future results.

Important information

This document is directed at professional investors and should not be distributed to, or relied upon by retail investors.

This document is designed for use by, and is directed only at persons resident in the UK.

The information contained in this document is not to be regarded as an offer to buy or sell or the solicitation of any offer to buy or sell securities in any jurisdiction where such an offer or solicitation is against the law, or to anyone to whom it is unlawful to make such an offer or solicitation, or if the person making the offer or solicitation is not qualified to do so. The information in this document is general in nature and does not constitute legal, tax, or investment advice. Potential investors are urged to consult their professional advisers on the implications of making an investment in, holding or disposing of [units/shares] of, and the receipt of distribution from any investment.

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Contact our specialist UK intermediary team to find out more:

0800 917 5508
enquiries@vanguard.co.uk

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