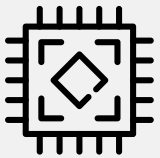


Case Study

VANGUARD GLOBAL CAPITAL STEWARDS EQUITY FUND



ASML

Leader in photolithography, committed to emissions reduction and diversity.

Vanguard Global Capital Stewards Equity Fund is an active fund, managed by Wellington Management. It is designed for investors who want to generate long-term growth from their investments. The fund aims to achieve this whilst investing in companies that display good stewardship¹.

First bought

October 2022.

What is it?

A leader in photolithography for semiconductor manufacturers.

Why does Wellington own it?

Wellington views ASML's competitive position as very well protected due to its proprietary technology. ASML has a strong history of delivering high return on equity (ROE) over the last decade, despite significant reinvestment of sales revenue into innovation. Wellington thinks

the company should materially benefit from the proliferation of extreme ultraviolet (EUV) lithography. This development allows for efficiency gains. Specifically, fabricators producing chips with transistor gates below 10 nanometres continually increase the number of transistors on the same area of silicon.

Stewardship as a competitive advantage

Wellington admires the seriousness with which ASML takes its responsibility to a broader society. The company is committed to net-zero emissions by 2040. It has linked goals to reduce waste and increase recyclability. And it is focused on improving diversity throughout the enterprise, notable in an industry that lacks broad representation. Wellington views the management team as detail-orientated, long-term, strategic thinkers who have kept ASML on the leading edge of lithography equipment, resulting in the company's dominant market position.

Key points for ASML

- ASML is a dominant supplier of lithography equipment used in the manufacture of leading-edge semiconductors, with ~90% market share².
- ASML's superior proprietary technology has left peers struggling to compete against it. Its lead over the competition has been enhanced with the proliferation of EUV lithography.
- Wellington views the company as a superior steward that has demonstrated long-term focus through its commitment to reinvesting into innovation and prioritising reducing the environmental impact of its operations.

¹ Wellington defines stewardship as how companies balance the interests of all stakeholders (customers, employees, communities and the supply chain) in the pursuit of profits and how they incorporate material environmental, social and/or governance (ESG) risks and opportunities in their corporate strategy. The Fund targets net zero emissions by 2050 in alignment with the Paris Agreement.

² Source: Morningstar, as at 4 December 2024.

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.

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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 please see the "Risk Factors" section of the prospectus on our website at <https://global.vanguard.com>.

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