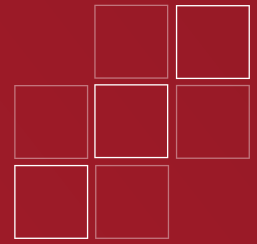


Vanguard®

## Vanguard LifeStrategy® Funds



April 2018

# Quarterly Newsletter

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 UK economy lost momentum in the first quarter, as evidenced by softer investment and employment intentions, lower new home buyer enquiries, and reduced business and consumer confidence. The Bank of England left interest rates unchanged, but hinted that rates may need to rise further to combat high levels of inflation. On Brexit, the UK agreed a transitional deal with the EU, conditional on the UK finding a solution to the Northern Ireland Border issue.

The euro area continued to perform strongly, but leading indicators suggest that momentum has eased since the start of 2018. After nearly six months of negotiations following German national elections, Angela Merkel succeeded in forming a grand coalition with the SPD party, a pro-European party, and entered her fourth term as Chancellor. In Italy, national elections in March led to inconclusive results. There was a surge in support for Eurosceptic parties, but not enough to deliver a majority in government.

In the US, activity continued to firm, with strong business investment, supportive consumer spending and an added boost from fiscal stimulus. The Fed lifted interest rates by 0.25%, in the context of stronger domestic and global growth, bringing the Fed funds rate to the range of 1.5% to 1.75%. The US imposed tariffs on steel and aluminium imports, prompting threats of retaliatory tariffs and worries over a global trade

war. However, exemptions were granted to certain trading partners, including the EU.

In China, growth remained robust with policy focused on the quality of economic growth and on financial stability. The government has recently restrained credit growth and moderately increased funding costs for the real economy. In Japan, the economy has gained momentum since last year, largely driven by a recovery in exports and manufacturing activities.

### Key takeaway

What should investors do in response to these developments?

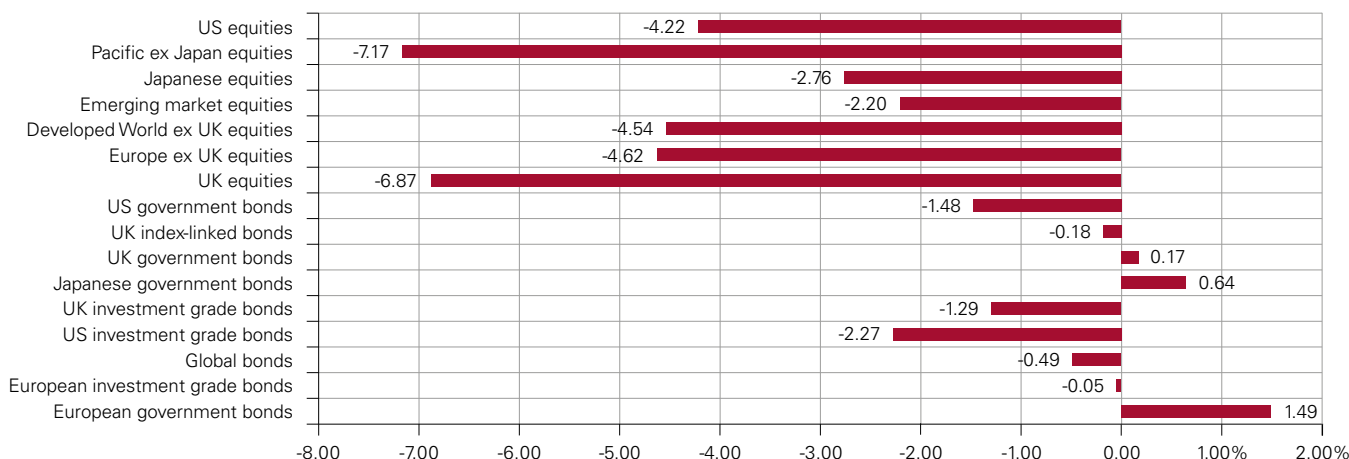
Many investors change their portfolios in a bid to take advantage of the latest news. However, it's very difficult to time these changes effectively.

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 2018

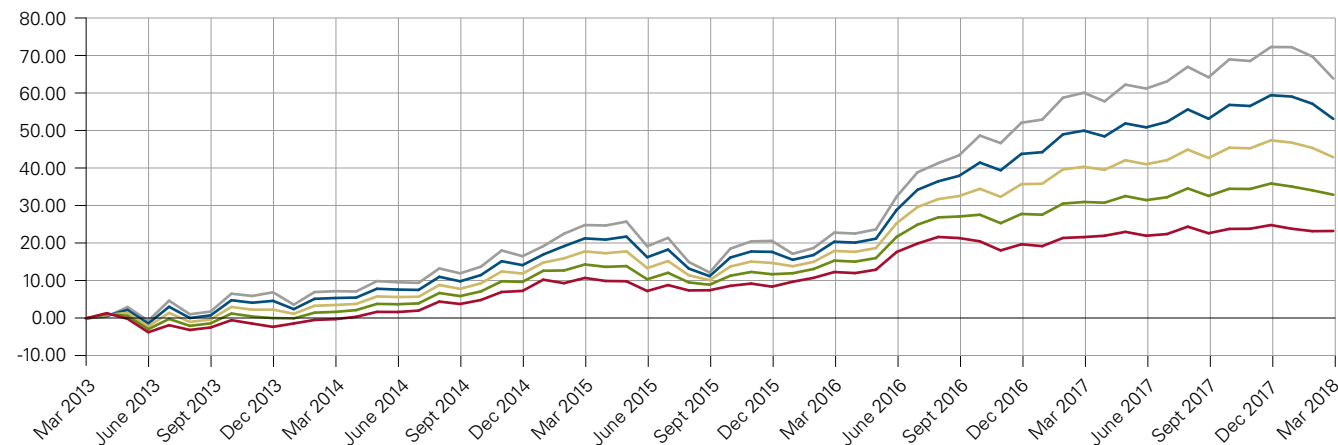


#### Past performance is not a reliable indicator of future results.

Source: Vanguard as at 31 March 2018. Total returns in GBP. Indices used: FTSE Developed ex-U.K. Index; FTSE All-Share Index; S&P Total Market Index; FTSE Developed Europe ex-U.K. Index; MSCI Emerging Markets Index; MSCI Japan Index; MSCI Pacific ex Japan Index; Bloomberg Barclays Global Aggregate Float Adjusted Index Hedged; Bloomberg Barclays Global Aggregate U.K. Government Float Adjusted Bond Index; Bloomberg Barclays Global Aggregate U.K. Non-Government Float Adjusted Bond Index; Bloomberg Barclays U.K. Government Inflation-Linked Float Adjusted Bond Index; Bloomberg Barclays Global Aggregate U.S. Government Float Adjusted Bond Index Hedged; Bloomberg Barclays Global Aggregate U.S. Credit Float Adjusted Bond Index Hedged; Bloomberg Barclays Global Aggregate Euro Government Float Adjusted Bond Index Hedged; Bloomberg Barclays Global Aggregate Euro Non-Government Float Adjusted Index Hedged; Bloomberg Barclays Global Aggregate Japan Government Float Adjusted Bond Index Hedged.

## Fund performance

### Cumulative % growth, GBP, 31/03/2013 to 31/03/2018



- 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)

Performance shown is cumulative and include 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.

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

Source: Vanguard Asset Management, Limited.

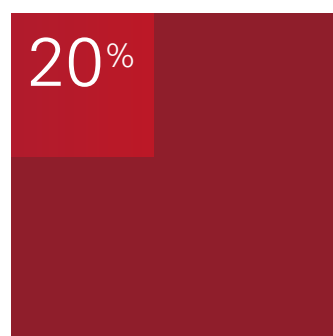
#### Ongoing Charges Figure (OCF)

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.

Please see individual fund performance tables for further information

# Vanguard LifeStrategy® 20% Equity Fund

## Target weighting



- Equities
- Bonds

Ongoing charges figure (OCF) 0.22%

### Credit rating breakdown – bonds (%)

|       |       |
|-------|-------|
| AAA   | 20.30 |
| AA    | 28.50 |
| A     | 16.58 |
| BBB   | 13.10 |
| < BBB | –     |
| NR    | 1.61  |

### Risk rating

|  |       |
|--|-------|
| Distribution Technology  | 3     |
| FinaMetrica (Best Fit range)   | 15-42 |
| EValue (Risk Benchmark EValue Standard 1-10, over 15 years, accumulation shareclasses) | 3     |
| Defaqto  | 3     |
| Synaptic (Strategic asset allocation)  | 2.7   |

### Fund AUM

£768,908,279.73

## Underlying Funds

| Fund   | Weight (%) |
|--|------------|
| Vanguard® U.K. Government Bond Index Fund                | 12.40%     |
| Vanguard® U.K. Investment Grade Bond Index Fund          | 7.40%      |
| Vanguard® U.K. Inflation-Linked Gilt Index Fund          | 7.50%      |
| Vanguard® FTSE Developed World ex-U.K. Equity Index Fund | 13.30%     |
| Vanguard® FTSE U.K. All Share Index Unit Trust           | 4.90%      |
| Vanguard® Emerging Markets Stock Index Fund              | 1.70%      |
| Vanguard® Global Bond Index Fund                         | 19.20%     |
| Vanguard® Euro Investment Grade Bond Index Fund          | 4.20%      |
| Vanguard® Euro Government Bond Index Fund                | 8.60%      |
| Vanguard® Japan Government Bond Index Fund               | 4.90%      |
| Vanguard® US Investment Grade Credit Index Fund          | 8.40%      |
| Vanguard® US Government Bond Index Fund                  | 7.50%      |

## Underlying asset classes

| Asset class                     | Weight (%) |
|---------------------------------|------------|
| Global Bonds                    | 19.20%     |
| European Investment Grade Bonds | 4.20%      |
| European Government Bonds       | 8.60%      |
| Japan Government Bonds          | 4.90%      |
| US Investment Grade Bonds       | 8.40%      |
| US Government Bonds             | 7.50%      |
| UK Investment Grade Bonds       | 7.40%      |
| UK Index Linked Bonds           | 7.50%      |
| UK Gilts                        | 12.40%     |
| UK Equities                     | 4.90%      |
| European ex UK Equities         | 2.42%      |
| North American Equities         | 8.57%      |
| Japan Equities                  | 1.37%      |
| Pacific ex Japan Equities       | 0.93%      |
| Emerging Markets Equities       | 1.70%      |

## Sector breakdown – equities (%)

|                            |      |
|----------------------------|------|
| Consumer Discretionary     | 2.39 |
| Consumer Staples           | 1.87 |
| Energy                     | 1.45 |
| Financials                 | 3.92 |
| Health Care                | 2.03 |
| Industrials                | 2.15 |
| Information Technology     | 3.12 |
| Materials                  | 1.23 |
| Other                      | 0.04 |
| Real Estate                | 0.57 |
| Telecommunication Services | 0.56 |
| Utilities                  | 0.56 |

Number of underlying holdings: 18,010

## Past performance as at 31 Mar 2018 (accumulation shares)

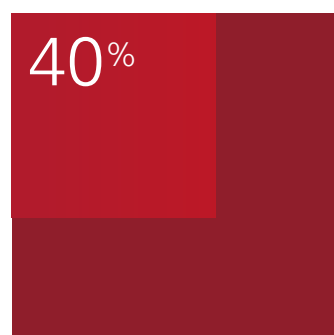
| Period                    | Gross fund return (%) | Net fund return (%) |
|---------------------------|-----------------------|---------------------|
| YTD                       | -1.21                 | -1.27               |
| 3m                        | -1.21                 | -1.27               |
| 6m                        | 0.72                  | 0.61                |
| 1Y                        | 1.67                  | 1.45                |
| 3Y (ann.)                 | 3.91                  | 3.67                |
| 5Y (ann.)                 | 4.56                  | 4.30                |
| Since inception (ann.)    | 6.18                  | 5.90                |
| 31 Mar 2013 - 31 Mar 2014 | 0.09                  | -0.20               |
| 31 Mar 2014 - 31 Mar 2015 | 11.27                 | 10.98               |
| 31 Mar 2015 - 31 Mar 2016 | 1.66                  | 1.42                |
| 31 Mar 2016 - 31 Mar 2017 | 8.54                  | 8.28                |
| 31 Mar 2017 - 31 Mar 2018 | 1.67                  | 1.45                |

**Past performance is not a reliable indicator of future results.** Performance figures include 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 with gross income reinvested.

Source: Vanguard Asset Management, Limited. All data as at 31 Mar 2018.

## Vanguard LifeStrategy® 40% Equity Fund

### Target weighting



■ Equities  
■ Bonds

Ongoing charges figure (OCF) 0.22%

### Credit rating breakdown – bonds (%)

|       |       |
|-------|-------|
| AAA   | 15.49 |
| AA    | 21.36 |
| A     | 12.28 |
| BBB   | 9.75  |
| < BBB | –     |
| NR    | 1.31  |

### Risk rating

|  |       |
|--|-------|
| Distribution Technology  | 4     |
| FinaMetrica (Best Fit range)   | 43-55 |
| EValue (Risk Benchmark EValue Standard 1-10, over 15 years, accumulation shareclasses) | 5     |
| Defacto  | 4     |
| Synaptic (Strategic asset allocation)  | 3.3   |

### Fund AUM

£2,541,672,831.73

### Underlying Funds

| Fund  | Weight (%) |
|---|------------|
| Vanguard® U.K. Government Bond Index Fund                 | 9.10%      |
| Vanguard® FTSE Developed World ex-U.K. Equity Index Fund  | 19.20%     |
| Vanguard® U.K. Investment Grade Bond Index Fund           | 5.50%      |
| Vanguard® U.K. Inflation-Linked Gilt Index Fund           | 5.60%      |
| Vanguard® FTSE U.K. All Share Index Unit Trust            | 10.10%     |
| Vanguard® U.S. Equity Index Fund                          | 4.70%      |
| Vanguard® Emerging Markets Stock Index Fund               | 3.30%      |
| Vanguard® FTSE Developed Europe ex-U.K. Equity Index Fund | 1.30%      |
| Vanguard® Japan Stock Index Fund                          | 0.80%      |
| Vanguard® U.K. Gilt UCITS ETF                             | 0.10%      |
| Vanguard® Pacific Ex-Japan Stock Index Fund               | 0.40%      |
| Vanguard® Global Bond Index Fund                          | 19.20%     |
| Vanguard® Euro Investment Grade Bond Index Fund           | 2.60%      |
| Vanguard® Euro Government Bond Index Fund                 | 5.30%      |
| Vanguard® Japan Government Bond Index Fund                | 3.00%      |
| Vanguard® US Investment Grade Credit Index Fund           | 5.20%      |
| Vanguard® US Government Bond Index Fund                   | 4.60%      |

### Underlying asset classes

| Asset class                     | Weight (%) |
|---------------------------------|------------|
| Global Bonds                    | 19.20%     |
| European Investment Grade Bonds | 2.60%      |
| European Government Bonds       | 5.30%      |
| Japan Government Bonds          | 3.00%      |
| US Investment Grade Bonds       | 5.20%      |
| US Government Bonds             | 4.60%      |
| UK Investment Grade Bonds       | 5.50%      |
| UK Index Linked Bonds           | 5.60%      |
| UK Gilts                        | 9.20%      |
| UK Equities                     | 10.10%     |
| European ex UK Equities         | 4.79%      |
| North American Equities         | 17.06%     |
| Japan Equities                  | 2.78%      |
| Pacific ex Japan Equities       | 1.75%      |
| Emerging Markets Equities       | 3.30%      |

### Sector breakdown – equities (%)

|                            |      |
|----------------------------|------|
| Consumer Discretionary     | 4.79 |
| Consumer Staples           | 3.72 |
| Energy                     | 2.88 |
| Financials                 | 7.82 |
| Health Care                | 4.08 |
| Industrials                | 4.36 |
| Information Technology     | 6.12 |
| Materials                  | 2.47 |
| Other                      | 0.09 |
| Real Estate                | 1.22 |
| Telecommunication Services | 1.13 |
| Utilities                  | 1.13 |

Number of underlying holdings: 20,911

### Past performance as at 31 Mar 2018 (accumulation shares)

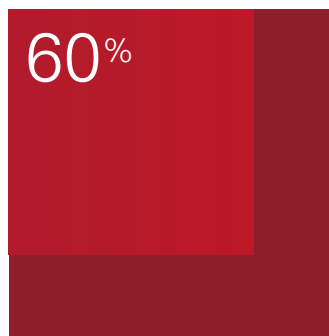
| Period                    | Gross fund return (%) | Net fund return (%) |
|---------------------------|-----------------------|---------------------|
| YTD                       | -2.15                 | -2.20               |
| 3m                        | -2.15                 | -2.20               |
| 6m                        | 0.44                  | 0.33                |
| 1Y                        | 1.79                  | 1.56                |
| 3Y (ann.)                 | 5.42                  | 5.17                |
| 5Y (ann.)                 | 6.14                  | 5.87                |
| Since incept (ann.)       | 7.46                  | 7.17                |
| 31 Mar 2013 - 31 Mar 2014 | 2.04                  | 1.74                |
| 31 Mar 2014 - 31 Mar 2015 | 12.69                 | 12.39               |
| 31 Mar 2015 - 31 Mar 2016 | 1.14                  | 0.89                |
| 31 Mar 2016 - 31 Mar 2017 | 13.80                 | 13.53               |
| 31 Mar 2017 - 31 Mar 2018 | 1.79                  | 1.56                |

**Past performance is not a reliable indicator of future results.** Performance figures include 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 with gross income reinvested.

Source: Vanguard Asset Management, Limited. All data as at 31 Mar 2018.

# Vanguard LifeStrategy® 60% Equity Fund

## Target weighting



- Equities
- Bonds

Ongoing charges figure (OCF) 0.22%

### Credit rating breakdown – bonds (%)

|       |       |
|-------|-------|
| AAA   | 10.78 |
| AA    | 14.07 |
| A     | 8.02  |
| BBB   | 6.41  |
| < BBB | –     |
| NR    | 1.01  |

### Risk rating

|  |       |
|--|-------|
| Distribution Technology  | 5     |
| FinaMetrica (Best Fit range)   | 56-67 |
| EValue (Risk Benchmark EValue Standard 1-10, over 15 years, accumulation shareclasses) | 7     |
| Defaqto  | 5     |
| Synaptic (Strategic asset allocation)  | 4.1   |

### Fund AUM

£3,715,150,156.04

## Underlying Funds

| Fund  | Weight (%) |
|---|------------|
| Vanguard® FTSE Developed World ex-U.K. Equity Index Fund  | 19.20%     |
| Vanguard® U.K. Government Bond Index Fund                 | 5.80%      |
| Vanguard® FTSE U.K. All Share Index Unit Trust            | 15.10%     |
| Vanguard® U.S. Equity Index Fund                          | 13.40%     |
| Vanguard® U.K. Investment Grade Bond Index Fund           | 3.60%      |
| Vanguard® U.K. Inflation-Linked Gilt Index Fund           | 3.70%      |
| Vanguard® FTSE Developed Europe ex-U.K. Equity Index Fund | 3.90%      |
| Vanguard® Emerging Markets Stock Index Fund               | 4.90%      |
| Vanguard® Japan Stock Index Fund                          | 2.20%      |
| Vanguard® Pacific Ex-Japan Stock Index Fund               | 1.00%      |
| Vanguard® Global Bond Index Fund                          | 19.50%     |
| Vanguard® Euro Investment Grade Bond Index Fund           | 1.00%      |
| Vanguard® Euro Government Bond Index Fund                 | 2.00%      |
| Vanguard® Japan Government Bond Index Fund                | 1.10%      |
| Vanguard® US Investment Grade Credit Index Fund           | 1.90%      |
| Vanguard® US Government Bond Index Fund                   | 1.70%      |

## Underlying asset classes

| Asset class                     | Weight (%) |
|---------------------------------|------------|
| Global Bonds                    | 19.50%     |
| European Investment Grade Bonds | 1.00%      |
| European Government Bonds       | 2.00%      |
| Japan Government Bonds          | 1.10%      |
| US Investment Grade Bonds       | 1.90%      |
| US Government Bonds             | 1.70%      |
| UK Investment Grade Bonds       | 3.60%      |
| UK Index Linked Bonds           | 3.70%      |
| UK Gilts                        | 5.80%      |
| UK Equities                     | 15.10%     |
| European ex UK Equities         | 7.39%      |
| North American Equities         | 25.76%     |
| Japan Equities                  | 4.18%      |
| Pacific ex Japan Equities       | 2.35%      |
| Emerging Markets Equities       | 4.90%      |

## Sector breakdown – equities (%)

|                            |       |
|----------------------------|-------|
| Consumer Discretionary     | 7.21  |
| Consumer Staples           | 5.55  |
| Energy                     | 4.26  |
| Financials                 | 11.64 |
| Health Care                | 6.19  |
| Industrials                | 6.63  |
| Information Technology     | 9.10  |
| Materials                  | 3.69  |
| Other                      | 0.14  |
| Real Estate                | 1.90  |
| Telecommunication Services | 1.68  |
| Utilities                  | 1.71  |

Number of underlying holdings: 20,911

## Past performance as at 31 Mar 2018 (accumulation shares)

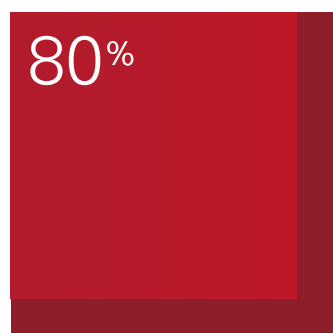
| Period                    | Gross fund return (%) | Net fund return (%) |
|---------------------------|-----------------------|---------------------|
| YTD                       | -2.99                 | -3.04               |
| 3m                        | -2.99                 | -3.04               |
| 6m                        | 0.32                  | 0.21                |
| 1Y                        | 2.12                  | 1.89                |
| 3Y (ann.)                 | 6.91                  | 6.66                |
| 5Y (ann.)                 | 7.69                  | 7.41                |
| Since incept (ann.)       | 8.65                  | 8.36                |
| 31 Mar 2013 - 31 Mar 2014 | 3.89                  | 3.57                |
| 31 Mar 2014 - 31 Mar 2015 | 14.06                 | 13.77               |
| 31 Mar 2015 - 31 Mar 2016 | 0.36                  | 0.11                |
| 31 Mar 2016 - 31 Mar 2017 | 19.25                 | 18.97               |
| 31 Mar 2017 - 31 Mar 2018 | 2.12                  | 1.89                |

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Source: Vanguard Asset Management, Limited. All data as at 31 Mar 2018.

## Vanguard LifeStrategy® 80% Equity Fund

### Target weighting



- Equities
- Bonds

Ongoing charges figure (OCF) 0.22%

### Credit rating breakdown – bonds (%)

|       |      |
|-------|------|
| AAA   | 5.68 |
| AA    | 6.98 |
| A     | 3.88 |
| BBB   | 3.06 |
| < BBB | –    |
| NR    | 0.60 |

### Risk rating

|  |       |
|--|-------|
| Distribution Technology  | 6     |
| FinaMetrica (Best Fit range)   | 68-87 |
| EValue (Risk Benchmark EValue Standard 1-10, over 15 years, accumulation shareclasses) | 8     |
| Defaqto  | 7     |
| Synaptic (Strategic asset allocation)  | 5.1   |

### Fund AUM

£1,735,470,334.77

### Underlying Funds

| Fund  | Weight (%) |
|---|------------|
| Vanguard® U.S. Equity Index Fund                          | 19.10%     |
| Vanguard® FTSE Developed World ex-U.K. Equity Index Fund  | 19.10%     |
| Vanguard® U.K. Government Bond Index Fund                 | 2.70%      |
| Vanguard® FTSE Developed Europe ex-U.K. Equity Index Fund | 6.40%      |
| Vanguard® U.K. Investment Grade Bond Index Fund           | 1.50%      |
| Vanguard® Emerging Markets Stock Index Fund               | 6.60%      |
| Vanguard® FTSE U.K. All Share Index Unit Trust            | 18.40%     |
| Vanguard® U.K. Inflation-Linked Gilt Index Fund           | 1.90%      |
| Vanguard® Japan Stock Index Fund                          | 3.70%      |
| Vanguard® Pacific Ex-Japan Stock Index Fund               | 1.70%      |
| Vanguard® Global Bond Index Fund                          | 14.10%     |
| Vanguard® S&P 500 UCITS ETF                               | 3.00%      |
| Vanguard® FTSE 100 UCITS ETF                              | 1.80%      |

### Underlying asset classes

| Asset class               | Weight (%) |
|---------------------------|------------|
| Global Bonds              | 14.10%     |
| UK Investment Grade Bonds | 1.50%      |
| UK Index Linked Bonds     | 1.90%      |
| UK Gilts                  | 2.70%      |
| UK Equities               | 20.20%     |
| European ex UK Equities   | 9.89%      |
| North American Equities   | 34.46%     |
| Japan Equities            | 5.68%      |
| Pacific ex Japan Equities | 3.05%      |
| Emerging Markets Equities | 6.60%      |

### Sector breakdown – equities (%)

|                            |       |
|----------------------------|-------|
| Consumer Discretionary     | 9.62  |
| Consumer Staples           | 7.47  |
| Energy                     | 5.71  |
| Financials                 | 15.49 |
| Health Care                | 8.32  |
| Industrials                | 8.86  |
| Information Technology     | 12.11 |
| Materials                  | 4.94  |
| Other                      | 0.17  |
| Real Estate                | 2.54  |
| Telecommunication Services | 2.27  |
| Utilities                  | 2.31  |

Number of underlying holdings: 17,409

### Past performance as at 31 Mar 2018 (accumulation shares)

| Period                    | Gross fund return (%) | Net fund return (%) |
|---------------------------|-----------------------|---------------------|
| YTD                       | -3.89                 | -3.95               |
| 3m                        | -3.89                 | -3.95               |
| 6m                        | 0.13                  | 0.02                |
| 1Y                        | 2.36                  | 2.14                |
| 3Y (ann.)                 | 8.34                  | 8.09                |
| 5Y (ann.)                 | 9.18                  | 8.90                |
| Since incept (ann.)       | 9.76                  | 9.46                |
| 31 Mar 2013 - 31 Mar 2014 | 5.76                  | 5.43                |
| 31 Mar 2014 - 31 Mar 2015 | 15.35                 | 15.05               |
| 31 Mar 2015 - 31 Mar 2016 | -0.49                 | -0.73               |
| 31 Mar 2016 - 31 Mar 2017 | 24.84                 | 24.55               |
| 31 Mar 2017 - 31 Mar 2018 | 2.36                  | 2.14                |

**Past performance is not a reliable indicator of future results.** Performance figures include 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 with gross income reinvested. Source: Vanguard Asset Management, Limited. All data as at 31 Mar 2018.

# Vanguard LifeStrategy® 100% Equity Fund

## Target weighting



- Equities
- Bonds

Ongoing charges figure (OCF) 0.22%

### Credit rating breakdown – bonds (%)

Not applicable

### Risk rating

|  |        |
|--|--------|
| Distribution Technology  | 7      |
| FinaMetrica (Best Fit range)   | 88-100 |
| EValue (Risk Benchmark EValue Standard 1-10, over 15 years, accumulation shareclasses) | 10     |
| Defaqto  | 9      |
| Synaptic (Strategic asset allocation)  | 5.9    |

### Fund AUM

£866,370,885.35

## Underlying Fund weighting

| Fund  | Weight (%) |
|---|------------|
| Vanguard® U.S. Equity Index Fund                          | 19.10%     |
| Vanguard® FTSE Developed World ex-U.K. Equity Index Fund  | 19.30%     |
| Vanguard® FTSE Developed Europe ex-U.K. Equity Index Fund | 8.90%      |
| Vanguard® FTSE U.K. All Share Index Unit Trust            | 18.40%     |
| Vanguard® Emerging Markets Stock Index Fund               | 8.40%      |
| Vanguard® Japan Stock Index Fund                          | 5.20%      |
| Vanguard® Pacific Ex-Japan Stock Index Fund               | 2.40%      |
| Vanguard® S&P 500 UCITS ETF                               | 11.70%     |
| Vanguard® FTSE 250 UCITS ETF                              | 1.20%      |
| Vanguard® FTSE 100 UCITS ETF                              | 5.40%      |

## Underlying asset class weighting

| Asset class               | Weight (%) |
|---------------------------|------------|
| UK Equities               | 25.00%     |
| European ex UK Equities   | 12.39%     |
| North American Equities   | 43.16%     |
| Japan Equities            | 7.18%      |
| Pacific ex Japan Equities | 3.75%      |
| Emerging Markets Equities | 8.40%      |

## Sector breakdown – equities (%)

|                            |       |
|----------------------------|-------|
| Consumer Discretionary     | 12.09 |
| Consumer Staples           | 9.35  |
| Energy                     | 7.08  |
| Financials                 | 19.34 |
| Health Care                | 10.47 |
| Industrials                | 11.13 |
| Information Technology     | 15.28 |
| Materials                  | 6.13  |
| Other                      | 0.21  |
| Real Estate                | 3.18  |
| Telecommunication Services | 2.85  |
| Utilities                  | 2.90  |

Number of underlying holdings: 6,283

## Past performance as at 31 Mar 2018 (accumulation shares)

| Period                    | Gross fund return (%) | Net fund return (%) |
|---------------------------|-----------------------|---------------------|
| YTD                       | -4.81                 | -4.87               |
| 3m                        | -4.81                 | -4.87               |
| 6m                        | -0.07                 | -0.18               |
| 1Y                        | 2.61                  | 2.38                |
| 3Y (ann.)                 | 9.74                  | 9.49                |
| 5Y (ann.)                 | 10.66                 | 10.38               |
| Since incept (ann.)       | 10.79                 | 10.48               |
| 31 Mar 2013 - 31 Mar 2014 | 7.59                  | 7.24                |
| 31 Mar 2014 - 31 Mar 2015 | 16.71                 | 16.41               |
| 31 Mar 2015 - 31 Mar 2016 | -1.37                 | -1.60               |
| 31 Mar 2016 - 31 Mar 2017 | 30.60                 | 30.29               |
| 31 Mar 2017 - 31 Mar 2018 | 2.61                  | 2.38                |

**Past performance is not a reliable indicator of future results.** Performance figures include 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 with gross income reinvested.

Source: Vanguard Asset Management, Limited. All data as at 31 Mar 2018.

## Vanguard's principles for investing success

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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.

### 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.

### 3 Cost

#### **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. To hold onto even more of your return, manage for tax efficiency.

### 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.

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## 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. 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. The Vanguard LifeStrategy® Funds may invest in Exchange Traded Fund (ETF) shares.

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 invest in financial derivative instruments that could increase or reduce exposure to underlying assets and result in greater fluctuations of the fund's Net Asset Value. Some derivatives give rise to increased potential for loss where the fund's counterparty defaults in meeting its payment obligations. Please also read the risk factors section in the prospectus which is available on the Vanguard website.

## Important Information

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The Authorised Corporate Director for Vanguard LifeStrategy® Funds ICVC is Vanguard Investments UK, Limited. Vanguard Asset Management, Limited is a distributor of Vanguard LifeStrategy® Funds ICVC.

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://global.vanguard.com/>.

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