

**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 fourth quarter (Q4) of 2021 saw the emergence of the Omicron variant, which caused Covid-19 case numbers across the world to surge to record highs. Many governments imposed tougher restrictions and expanded their vaccination programmes. Persistent supply shortages in both product and labour markets, coupled with higher energy prices, contributed to rising inflation in most major economies. To push back against accelerating prices, major central banks signalled monetary policy will become less accommodative in the coming quarters.

In the UK, Covid-19 cases soared to levels well above those experienced last winter. However, hospital admissions and deaths remained relatively low due to a combination of vaccinations and a high level of infection-acquired immunity. The UK government imposed modest restrictions, including mask wearing and guidance to work from home. The latest GDP reading from

October leaves the UK economy about 0.50% short of its pre-pandemic level. Meanwhile, inflation accelerated to a 10-year high of 5.10% year on year (YoY) in November, driven by energy price inflation and other factors. A broadening of price pressures across sectors contributed to the Bank of England's decision to raise interest rates from 0.10% to 0.25% in December.

The euro area similarly experienced a spike in Covid-19 infections as the Omicron variant took hold. Hospitalisations and deaths also increased, but to levels below previous peaks. However, many governments imposed stricter measures than the UK, with Austria and the Netherlands implementing strict lockdowns. The latest GDP reading from Q3 leaves the euro area economy about 0.50% below its pre-pandemic level. Inflation reached 4.90% (YoY) in November, the highest rate since the introduction of the single currency in 1999. The European Central Bank confirmed its plans to end its pandemic-related quantitative easing (QE) programme in March 2022. However, it will continue to purchase assets under its Asset Purchase Programme beyond this point.

In the US, the economy grew by 2.30% quarter on quarter (QoQ, seasonally adjusted annual rate) in Q3, having already reached its pre-pandemic level in Q2 2021. In November, inflation rose rapidly to 6.80% (YoY)<sup>1</sup>, marking a 40-year high. While the US Federal Reserve (Fed) left the target range for the Fed funds rate unchanged at 0% to 0.25%, it announced that it would double the pace of tapering of its QE programme, which is expected to conclude in March 2022. The central bank also set the groundwork for policy rate increases earlier and at a more aggressive pace than previously communicated. On the fiscal front,

while the 'Build Back Better' bill was passed in the House of Representatives earlier in 2021, it had been stalled in the Senate for weeks based on various objections to the legislation.

Sporadic Covid-19 outbreaks in China over Q4 continued to have implications for global supply chains, as people were restricted to their homes in certain regions due to the government's 'zero covid' strategy. China lowered its 1-year Loan Prime Rate (LPR) by 5 bps in December, from 3.85% to 3.80%, following a cut to the Reserve Requirement Ratio a few days earlier. This marked the first time it has cut the LPR since April 2020, and signalled that its policy stance is shifting from tightening to modest easing, in contrast to most major developed market central banks.

Source: Vanguard as at 31 December 2021; Bloomberg, Macrobond as at 5 January 2022.

<sup>1</sup> As per the CPI index.

#### **Key takeaway**

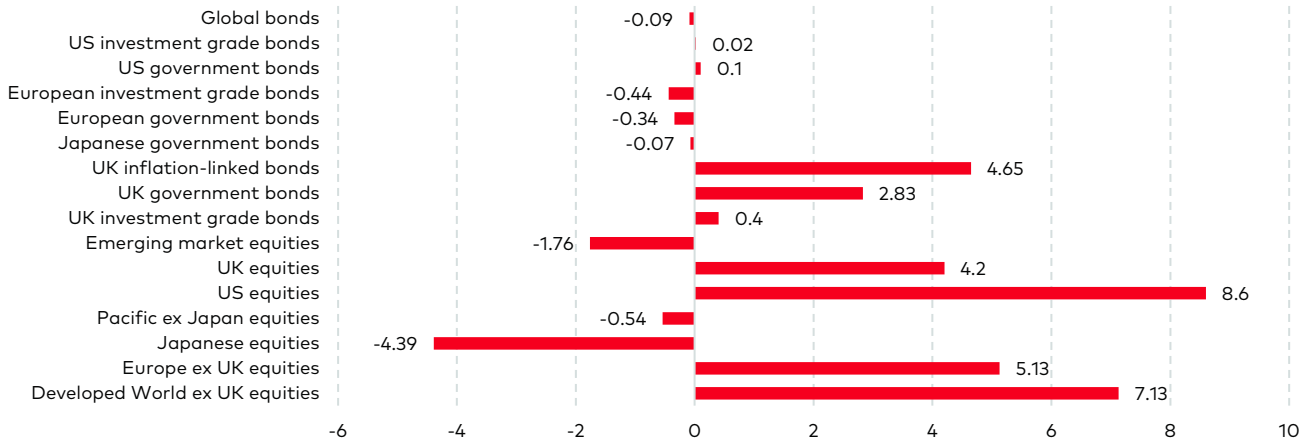
What should investors do in response to these developments?

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 Q4 2021 (%)



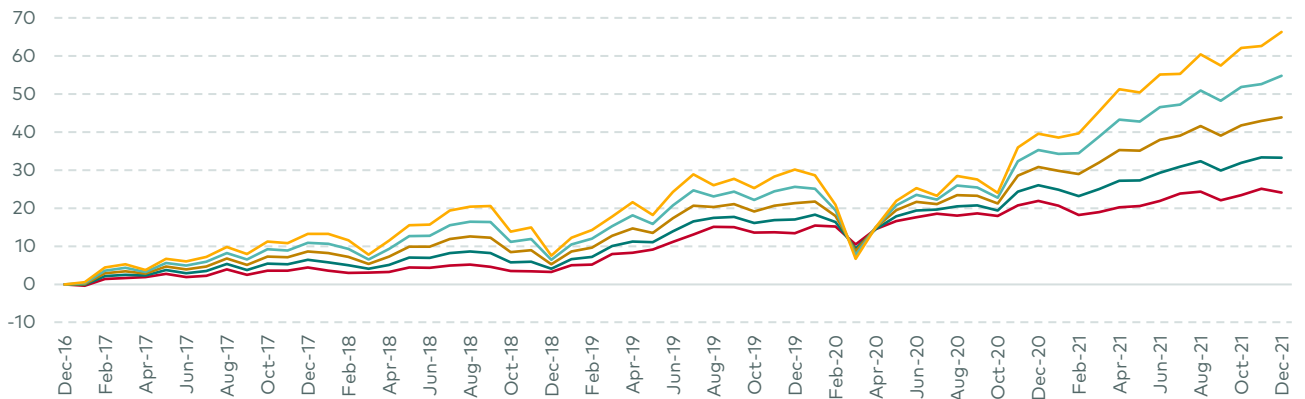
**Past performance is not a reliable indicator of future results.**

Source: Vanguard as at 31 December 2021. 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, 01/01/2017 to 31/12/2021



- 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 December 2021.

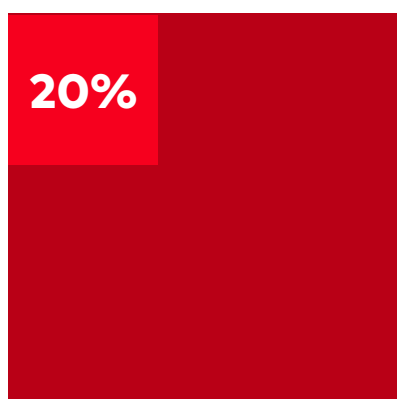
### Ongoing Charges Figure

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

# Vanguard LifeStrategy 20% Equity Fund

## Target weighting



20%

- Equities
- Bonds

Ongoing charges figure **0.22%**

Number of underlying holdings **23,974**

## Credit rating breakdown – bonds (%)

AAA	22.67
AA	27.84
A	14.92
BBB	13.45
Less than BBB	0.00
NR	1.01

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

Defaqto	3.00
Distribution Technology	3.00
EValue (Risk Benchmark EValue Standard 1-10, over 15 years, accumulation shareclasses)	2.85
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

£2,374,878,382.81

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

Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. 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. All performance is calculated in GBP.

Source: Vanguard as at 31 December 2021.

<sup>1</sup> Distribution Technology data as at Q3 2021; FinaMetrica data as at 31/01/2021; EValue data as at Q4 2021; Defaqto data as at Q2 2021; Synaptic data as at Q3 2021, 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	19.30
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	13.50
Vanguard Global Aggregate Bond UCITS ETF	12.00
Vanguard U.K. Government Bond Index Fund	11.20
Vanguard U.K. Inflation-Linked Gilt Index Fund	8.20
Vanguard U.K. Investment Grade Bond Index Fund	7.10
Vanguard US Investment Grade Credit Index Fund	5.90
Vanguard US Government Bond Index Fund	5.60
Vanguard Euro Government Bond Index Fund	5.40
Vanguard FTSE U.K. All Share Index Unit Trust	5.10
Vanguard Euro Investment Grade Bond Index Fund	2.70
Vanguard Japan Government Bond Index Fund	2.50
Vanguard Emerging Markets Stock Index Fund	1.50

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

Fund	Weight (%)
Global Bond	31.30
U.K. Gilts	11.20
North American Equities	9.75
U.K. Index Linked Bonds	8.20
U.K. Corporate Bonds	7.10
U.S. Corporate Bonds	5.90
U.S. Government Bond	5.60
European Government Bond	5.40
U.K. Equities	5.10
European Corporate Bonds	2.70
Japan Government Bond	2.50
European ex U.K. Equities	2.05
Emerging Markets Equities	1.50
Japan Equities	0.98
Asia ex Japan Equities	0.72

## Sector breakdown – equities (%)

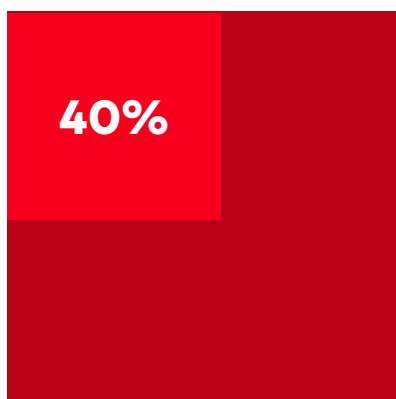
Information Technology	3.79
Financials	3.05
Consumer Discretionary	2.30
Health Care	2.24
Industrials	2.12
Consumer Staples	1.70
Communication Services	1.50
Materials	1.24
Energy	0.86
Real Estate	0.59
Utilities	0.57
Other	0.13

## Past performance as at 31 December 2021 (accumulation shares)

Period	Net fund return (%)
Since Inception (annualised)	5.61
3 Month	1.67
6 Month	1.84
YTD	1.83
1 Year (annualised)	1.83
3 Year (annualised)	6.35
5 Year (annualised)	4.42
1 Jan 2017 - 31 Dec 2017	4.40
1 Jan 2018 - 31 Dec 2018	-1.14
1 Jan 2019 - 31 Dec 2019	9.86
1 Jan 2020 - 31 Dec 2020	7.51
1 Jan 2021 - 31 Dec 2021	1.83

# 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 **28,178**

## Credit rating breakdown – bonds (%)

AAA	16.91
AA	20.70
A	11.26
BBB	10.18
Less than BBB	0.00
NR	0.75

## Risk rating

Defaqto	4.00
Distribution Technology	4.00
EValue (Risk Benchmark EValue Standard 1-10, over 15 years, accumulation shareclasses)	4.72
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

£8,587,517,690.74

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Source: Vanguard as at 31 December 2021.

## Underlying funds

Fund	Weight (%)
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	19.30
Vanguard Global Bond Index Fund	19.20
Vanguard FTSE U.K. All Share Index Unit Trust	10.10
Vanguard U.K. Government Bond Index Fund	8.30
Vanguard U.K. Inflation-Linked Gilt Index Fund	6.10
Vanguard U.S. Equity Index Fund	5.60
Vanguard U.K. Investment Grade Bond Index Fund	5.30
Vanguard Global Aggregate Bond UCITS ETF	4.80
Vanguard US Government Bond Index Fund	4.10
Vanguard Euro Government Bond Index Fund	3.90
Vanguard Emerging Markets Stock Index Fund	3.10
Vanguard US Investment Grade Credit Index Fund	2.80
Vanguard Euro Investment Grade Bond Index Fund	2.00
Vanguard Japan Government Bond Index Fund	1.80
Vanguard USD Corporate Bond UCITS ETF	1.50
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	1.20
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	19.54
U.K. Equities	10.10
U.K. Gilts	8.30
U.K. Index Linked Bonds	6.10
U.K. Corporate Bonds	5.30
US Corporate Bonds	4.30
European ex U.K. Equities	4.13
US Government Bond	4.10
European Government Bond	3.90
Emerging Markets Equities	3.10
Japan Equities	2.00
European Corporate Bonds	2.00
Japan Government Bond	1.80
Asia ex Japan Equities	1.33

## Sector breakdown – equities

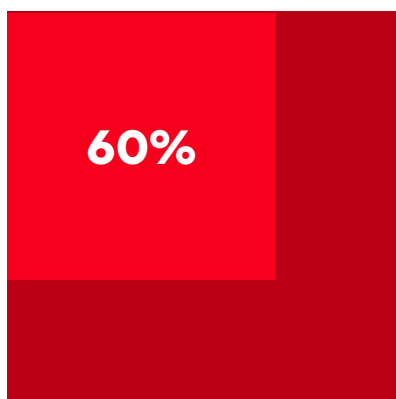
	(%)
Information Technology	7.50
Financials	6.09
Consumer Discretionary	4.63
Health Care	4.53
Industrials	4.29
Consumer Staples	3.38
Communication Services	2.98
Materials	2.47
Energy	1.69
Real Estate	1.22
Utilities	1.15
Other	0.26

## Past performance as at 31 December 2021 (accumulation shares)

Period	Net fund return (%)
Since Inception (annualised)	7.04
3 Month	2.55
6 Month	3.01
YTD	5.73
1 Year (annualised)	5.73
3 Year (annualised)	8.59
5 Year (annualised)	5.91
1 Jan 2017 - 31 Dec 2017	6.44
1 Jan 2018 - 31 Dec 2018	-2.25
1 Jan 2019 - 31 Dec 2019	12.45
1 Jan 2020 - 31 Dec 2020	7.71
1 Jan 2021 - 31 Dec 2021	5.73

# Vanguard LifeStrategy 60% Equity Fund

## Target weighting



Equities  
Bonds

Ongoing charges figure 0.22%

Number of underlying holdings 27,478

## Credit rating breakdown – bonds (%)

AAA	11.61
AA	13.87
A	7.27
BBB	6.56
Less than BBB	0.00
NR	0.58

## Risk rating

Defaqt0	5.00
Distribution Technology	5.00
EValue (Risk Benchmark EValue Standard 1-10, over 15 years, accumulation shareclasses)	6.61
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

£14,103,442,655.84

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Source: Vanguard as at 31 December 2021.

## Underlying funds

Fund	Weight (%)
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	19.30
Vanguard Global Bond Index Fund	19.20
Vanguard U.S. Equity Index Fund	15.40
Vanguard FTSE U.K. All Share Index Unit Trust	15.10
Vanguard U.K. Government Bond Index Fund	5.40
Vanguard Emerging Markets Stock Index Fund	4.60
Vanguard U.K. Inflation-Linked Gilt Index Fund	4.10
Vanguard U.K. Investment Grade Bond Index Fund	3.50
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	3.30
Vanguard Global Aggregate Bond UCITS ETF	3.10
Vanguard Japan Stock Index Fund	1.60
Vanguard US Investment Grade Credit Index Fund	1.20
Vanguard Euro Government Bond Index Fund	1.10
Vanguard US Government Bond Index Fund	1.10
Vanguard Pacific Ex-Japan Stock Index Fund	0.80
Vanguard Euro Investment Grade Bond Index Fund	0.60
Vanguard Japan Government Bond Index Fund	0.60

## Underlying asset classes

Fund	Weight (%)
North American Equities	29.34
Global Bond	22.30
U.K. Equities	15.10
European ex U.K. Equities	6.23
U.K. Gilts	5.40
Emerging Markets Equities	4.60
U.K. Index Linked Bonds	4.10
U.K. Corporate Bonds	3.50
Japan Equities	3.00
Asia ex Japan Equities	1.83
US Corporate Bonds	1.20
European Government Bond	1.10
US Government Bond	1.10
European Corporate Bonds	0.60
Japan Government Bond	0.60

## Sector breakdown – equities (%)

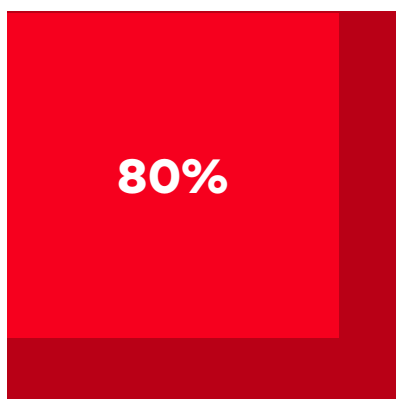
Sector	Weight (%)
Information Technology	11.11
Financials	9.08
Consumer Discretionary	6.96
Health Care	6.83
Industrials	6.49
Consumer Staples	5.04
Communication Services	4.41
Materials	3.69
Energy	2.51
Real Estate	1.87
Utilities	1.71
Other	0.40

## Past performance as at 31 December 2021 (accumulation shares)

Period	Net fund return (%)
Since Inception (annualised)	8.46
3 Month	3.45
6 Month	4.26
YTD	9.93
1 Year (annualised)	9.93
3 Year (annualised)	10.96
5 Year (annualised)	7.54
1 Jan 2017 - 31 Dec 2017	8.67
1 Jan 2018 - 31 Dec 2018	-3.10
1 Jan 2019 - 31 Dec 2019	15.24
1 Jan 2020 - 31 Dec 2020	7.84
1 Jan 2021 - 31 Dec 2021	9.93

# Vanguard LifeStrategy 80% Equity Fund

## Target weighting



Ongoing charges figure **0.22%**

Number of underlying holdings **23,251**

## Credit rating breakdown – bonds (%)

AAA	6.15
AA	6.81
A	3.57
BBB	3.24
Less than BBB	0.00
NR	0.33

## Risk rating

Defaqt0	7.00
Distribution Technology	6.00
EValue (Risk Benchmark EValue Standard 1-10, over 15 years, accumulation shareclasses)	8.35
FinaMetrica (Best Fit range)	66-82
Synaptic (Strategic asset allocation: risk scale 1 - 10)	8.00
Synaptic (Strategic asset allocation: risk scale 1 - 5)	4.70

## Fund AUM

£7,646,590,210.36

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Source: Vanguard as at 31 December 2021.

## Underlying funds

Fund	Weight (%)
Vanguard FTSE U.K. All Share Index Unit Trust	19.30
Vanguard U.S. Equity Index Fund	19.20
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	19.10
Vanguard Global Bond Index Fund	14.10
Vanguard Emerging Markets Stock Index Fund	6.20
Vanguard S&P 500 UCITS ETF	6.00
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	5.40
Vanguard Japan Stock Index Fund	2.60
Vanguard U.K. Government Bond Index Fund	2.40
Vanguard U.K. Inflation-Linked Gilt Index Fund	2.10
Vanguard U.K. Investment Grade Bond Index Fund	1.50
Vanguard Pacific Ex-Japan Stock Index Fund	1.30
Vanguard FTSE 100 UCITS ETF	0.70
Vanguard FTSE 250 UCITS ETF	0.10

## Underlying asset classes

Fund	Weight (%)
North American Equities	38.99
U.K. Equities	20.10
Global Bond	14.10
European ex U.K. Equities	8.30
Emerging Markets Equities	6.20
Japan Equities	3.99
U.K. Gilts	2.40
Asia ex Japan Equities	2.32
U.K. Index Linked Bonds	2.10
U.K. Corporate Bonds	1.50

## Sector breakdown – equities

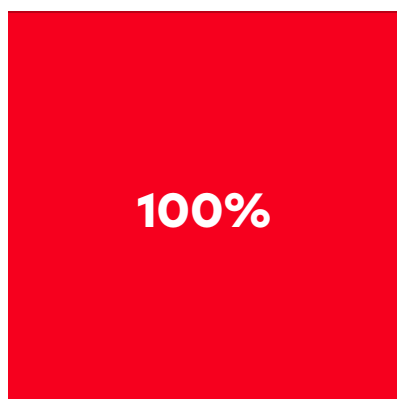
	(%)
Information Technology	14.74
Financials	12.02
Consumer Discretionary	9.27
Health Care	9.12
Industrials	8.61
Consumer Staples	6.73
Communication Services	5.90
Materials	4.90
Energy	3.33
Real Estate	2.47
Utilities	2.29
Other	0.51

## Past performance as at 31 December 2021 (accumulation shares)

Period	Net fund return (%)
Since Inception (annualised)	9.82
3 Month	4.47
6 Month	5.66
YTD	14.44
1 Year (annualised)	14.44
3 Year (annualised)	13.31
5 Year (annualised)	9.14
1 Jan 2017 - 31 Dec 2017	10.91
1 Jan 2018 - 31 Dec 2018	-4.04
1 Jan 2019 - 31 Dec 2019	18.06
1 Jan 2020 - 31 Dec 2020	7.68
1 Jan 2021 - 31 Dec 2021	14.44

# Vanguard LifeStrategy 100% Equity Fund

## Target weighting



- Equities
- Bonds

Ongoing charges figure **0.22%**

Number of underlying holdings **7,537**

## Credit rating breakdown – bonds (%)

Not Applicable

## Risk rating

Defaulto	9.00
Distribution Technology	7.00
EValue (Risk Benchmark EValue Standard 1-10, over 15 years, accumulation shareclasses)	10.00
FinaMetrica (Best Fit range)	83-100
Synaptic (Strategic asset allocation: risk scale 1 - 10)	10.00
Synaptic (Strategic asset allocation: risk scale 1 - 5)	5.60

## Fund AUM

£4,050,216,526.97

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Source: Vanguard as at 31 December 2021.

## Underlying funds

Fund	Weight (%)
Vanguard FTSE U.K. All Share Index Unit Trust	19.60
Vanguard U.S. Equity Index Fund	19.40
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	19.10
Vanguard S&P 500 UCITS ETF	15.60
Vanguard Emerging Markets Stock Index Fund	7.70
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	7.40
Vanguard FTSE 100 UCITS ETF	4.70
Vanguard Japan Stock Index Fund	3.70
Vanguard Pacific Ex-Japan Stock Index Fund	1.80
Vanguard FTSE 250 UCITS ETF	1.00

## Underlying asset classes

Fund	Weight (%)
North American Equities	48.79
U.K. Equities	25.30
European ex U.K. Equities	10.30
Emerging Markets Equities	7.70
Japan Equities	5.09
Asia ex Japan Equities	2.82

## Sector breakdown – equities

	(%)
Information Technology	18.44
Financials	15.00
Consumer Discretionary	11.62
Health Care	11.46
Industrials	10.75
Consumer Staples	8.48
Communication Services	7.44
Materials	6.13
Energy	4.17
Real Estate	3.05
Utilities	2.87
Other	0.59

## Past performance as at 31 December 2021 (accumulation shares)

Period	Net fund return (%)
Since Inception (annualised)	11.11
3 Month	5.57
6 Month	7.17
YTD	19.15
1 Year (annualised)	19.15
3 Year (annualised)	15.64
5 Year (annualised)	10.71
1 Jan 2017 - 31 Dec 2017	13.27
1 Jan 2018 - 31 Dec 2018	-5.04
1 Jan 2019 - 31 Dec 2019	21.03
1 Jan 2020 - 31 Dec 2020	7.22
1 Jan 2021 - 31 Dec 2021	19.15

# 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

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>.

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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 the fund(s) is available from Vanguard via our website <https://global.vanguard.com/>

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