

## Diversified Managed Account Strategies

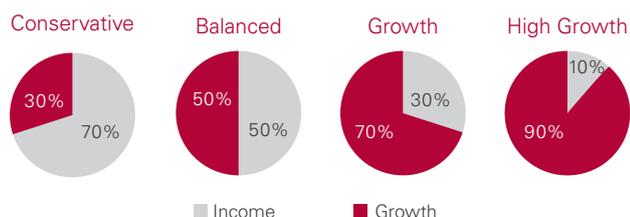


Advisers are increasingly using managed accounts to provide clients with a professionally managed, tax-effective investment solution, whilst increasing the efficiency and scale of their business.

Vanguard's Diversified Managed Account Strategies encompass four low-cost multi-sector index portfolios which not only offer choice for different investors, but also help streamline traditional portfolio construction and monitoring — freeing up your time to focus on client relationships and business needs.

With conservative, balanced, growth and high growth options available, Vanguard Diversified Managed Account Strategies allow you to leverage the benefits of strategic asset allocation and broad diversification, while automatic rebalancing means portfolio allocations are maintained so that you don't have to spend the time managing this process.

### Diversified Managed Account Strategies



Vanguard's Diversified Managed Account Strategies invest primarily in a range of high quality ETFs, providing broad exposure to domestic and international equities, as well as fixed interest.

The key objective of each portfolio is to maximise the chances of investment success by providing low-cost solutions that meet the risk appetite of most investors.

### Take advantage of Vanguard's proven experience

Vanguard's Diversified Managed Account Strategies are created and maintained by our Investment Strategy Group, which is responsible for overseeing Vanguard's investment methodology, including portfolio construction and asset allocation modelling.

The group draws on more than 40 years of portfolio management experience at Vanguard to ensure that our portfolios reflect our investment philosophy. We believe that investors maximise their chance of success when they select and stick with asset allocations that reflect their goals, time horizons and tolerance for risk; diversify broadly within each asset class; and minimise the costs of investing.

Table 1. Diversified managed account strategic asset allocation<sup>1</sup>

	ASX Code/APIR	Asset Allocation (%)			
		Conservative	Balance	Growth	High Growth
Vanguard Cash Reserve Fund	VAN0020AU <sup>2</sup>	10.00	0.00	0.00	0.00
Vanguard Australian Fixed Interest Index ETF	VAF	18.00	15.00	9.00	3.00
Vanguard Global Aggregate Bond Index (Hedged) ETF	VBND	42.00	35.00	21.00	7.00
<b>Total Income</b>		<b>70.00</b>	<b>50.00</b>	<b>30.00</b>	<b>10.00</b>
Vanguard Australian Shares Index ETF	VAS	12.00	20.00	28.00	36.00
Vanguard MSCI Index International Shares ETF	VGS	8.50	14.50	20.50	26.50
Vanguard MSCI Index International Shares (Hedged) ETF	VGAD	5.50	9.00	12.50	16.00
Vanguard MSCI International Small Companies Index ETF	VISM	2.00	3.50	5.00	6.50
Vanguard FTSE Emerging Markets Shares ETF	VGE	2.00	3.00	4.00	5.00
<b>Total Growth</b>		<b>30.00</b>	<b>50.00</b>	<b>70.00</b>	<b>90.00</b>

1. All external platform providers incorporate a small cash allocation of approximately 0.5–1.5%. Refer to product issuer offer documents for further information.

2. To complement the ETF asset allocation, the wholesale Vanguard Cash Reserve Fund has been used to achieve exposure to money-market securities and short-dated debt securities.

Note: Exposure to listed property is captured through domestic and international shares.

## Why choose a managed account?

Managed accounts have seen significant growth in recent years, with advisers increasingly recommending them to clients. In fact, from 2018 to 2019, managed account usage grew significantly from 30% to 35%<sup>2</sup>.

With portfolio implementation, rebalancing and reporting taken care of, managed accounts allow you to spend less time on compliance and administration and more time on activities that add value for your business and clients.

Managed accounts can also offer a range of benefits for clients:

**Tax effective:** A managed account is not a pooled investment, so the client is typically the direct owner of the portfolio's underlying assets. This means they do not inherit existing tax positions (such as with managed funds). Instead, the client's tax position is their own.

**Transparent:** Investors view the underlying securities held. In changing markets you can track the performance of individual holdings.

**Cost effective:** With managed accounts, trades are typically consolidated, which means the brokerage is spread across a number of investors. Your client may pay lower brokerage than they would pay if trading listed securities or ETFs directly.

## About Vanguard

With over AUD \$9.3 trillion in assets under management as of 31 January 2021, including more than AUD \$2 trillion in ETFs, Vanguard is one of the world's largest global investment management companies.

In Australia, Vanguard has been serving financial advisers, retail clients and institutional investors for 25 years.

Located throughout Australia, our adviser services team consists of over 20 representatives and is dedicated to providing advisers with the help and support they need when doing business with Vanguard.

## Competitive long-term performance

Vanguard's Diversified Managed Account Strategies are constructed using the same strategic asset allocations as Vanguard's Diversified Funds. The performance below shows the competitive long-term returns for Vanguard's Diversified Funds since inception, and is indicative\* of the performance of Vanguard's Diversified Managed Account Strategies.

<sup>2</sup> Source: Investment Trends February 2019 Managed Accounts Report.

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\* Vanguard's Diversified Managed Account Strategies were launched in August 2018, as such, the long-term performance shown is for illustrative purposes only. Vanguard's Diversified Managed Account Strategies are currently available through external Separately Managed Account (SMA) providers. Please refer to the relevant SMA provider for details of the underlying performance of Vanguard's Diversified Managed Account Strategies, which may differ with the above depending on variations in fees, underlying cash exposures, rebalancing frequency and distribution frequency.

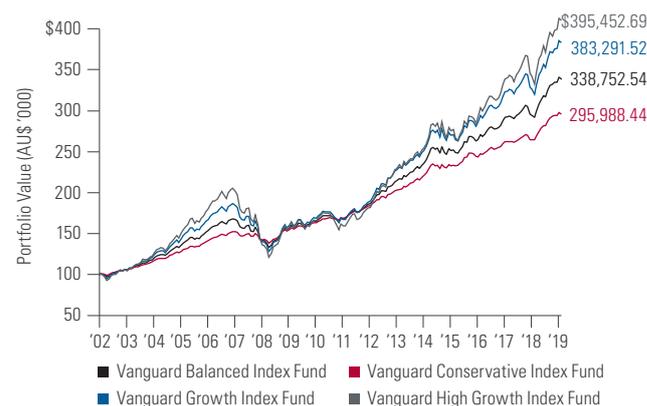
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**Figure 2. Performance of a \$100,000 investment**

20 November 2001 – 31 December 2019



Source: Vanguard Investments Australia Ltd.

Note: Past performance is not an indication of future performance. Returns are net of fees. Assumes 100% reinvestment of distributions.

**Table 3. Quartile rank within Morningstar category peer group**

This table compares Vanguard diversified funds to other funds within the Morningstar peer group category. The rank shows how well our funds have performed compared to other funds in its peer group after fees.

Vanguard Wholesale Diversified Funds as at 31 December 2019

	Conservative	Balanced	Growth	High Growth
1 year	1 <sup>st</sup> (4/58)	1 <sup>st</sup> (6/67)	1 <sup>st</sup> (8/87)	1 <sup>st</sup> (8/74)
3 years	Top (3/57)	Top (4/62)	1 <sup>st</sup> (8/84)	1 <sup>st</sup> (12/70)
5 years	Top (4/51)	Top (4/55)	1 <sup>st</sup> (8/78)	1 <sup>st</sup> (9/61)
7 years	Top (3/50)	Top (4/51)	1 <sup>st</sup> (6/75)	1 <sup>st</sup> (11/58)
10 years	Top (3/46)	Top (2/39)	Top (3/65)	Top (3/49)

X (Y/Z) X=Quartile rankings Y=Ranking versus peer group Z=Total peer group

Quartile Ranking Guide	Top 5%	1 <sup>st</sup> Quartile	2 <sup>nd</sup> Quartile	3 <sup>rd</sup> Quartile	4 <sup>th</sup> Quartile
	●	●	●	●	●

Sources: Vanguard calculations using data from Morningstar Inc.

Past performance is not an indication of future performance. All returns are net of fees and assume reinvestment of income distributions. There has been no adjustment for survivorship bias.

**Table 4. Research house ratings**

	Conservative	Balanced	Growth	High Growth
Lonsec	Recommended January 2019	Recommended January 2019	Recommended January 2019	Recommended January 2019

Note: Ratings are for Vanguard Managed Account Strategies.

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