



## Vanguard LifeStrategy® Funds

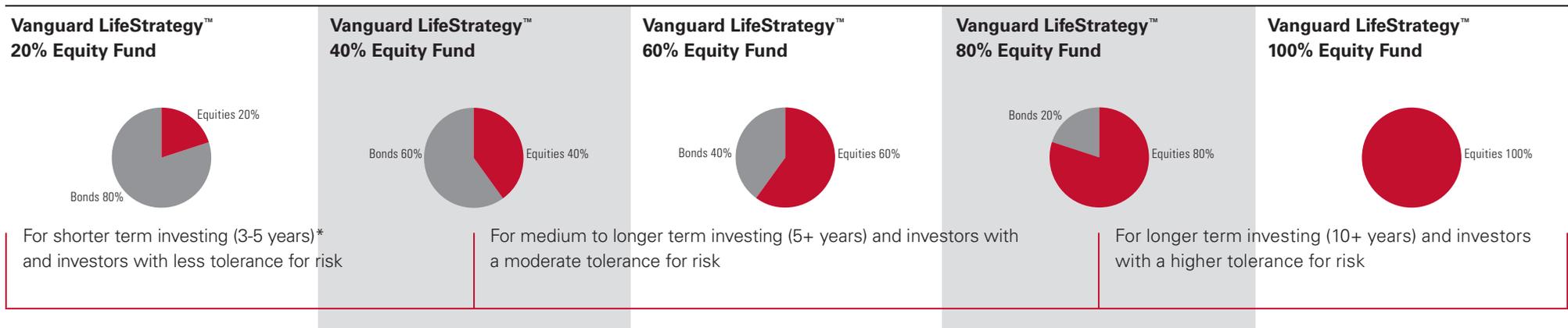
# Investing made simple

Picking investments and constructing well-diversified long-term investment portfolios can be a daunting task. Then you have to regularly review your portfolio to ensure it remains aligned with your requirements. That's why we launched our straightforward funds of index funds, designed to make investing simple.

With your financial advisers help, you just need to decide on your investment goals, how much time you have to invest and how much risk you're willing, able and need to take. We'll take care of the rest, so you can focus on what really matters in life.

### How the funds work

Vanguard LifeStrategy® Funds include a family of portfolios with different levels of potential risk and return. They offer diversified blends of stockmarket equities and bonds, built using Vanguard's underlying cost-efficient index funds. They provide professionally constructed and diversified portfolios in a single fund.



\*Vanguard believes that anything less than a three-year time horizon is saving, not investing. We did not design these funds for investors with less than a three year time horizon.

For further information on the fund's investment policy, please refer to the Key Investor Information Document ("KIID"). The KIID and the Prospectus for these funds is available from Vanguard via our website <https://global.vanguard.com/>.

# Built using Vanguard's exceptional value index funds

Life is risky and complicated enough, so we tried to make the Vanguard LifeStrategy® Funds straightforward and easy to understand. That's why we built our all-in-one funds using simple index-tracking funds as the underlying components. Our research shows that this can reduce overall volatility in the portfolio compared to using active funds. It also means we can offer them at a lower cost.

## Exceptional value

We think costs and charges are one of the most important considerations for investors when deciding on which funds to invest in. That's why we always strive to give you exceptional value investments. 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.

## A fair and transparent approach to transaction costs

We focus on providing investors with exceptional value investments designed to help meet their investments goals. We also focus on transparency and fairness.

Vanguard LifeStrategy® Fund	Annual Management Charge/Ongoing Charges Figure, as at 2 January 2019
Vanguard LifeStrategy® 20% Equity Fund	0.22%
Vanguard LifeStrategy® 40% Equity Fund	0.22%
Vanguard LifeStrategy® 60% Equity Fund	0.22%
Vanguard LifeStrategy® 80% Equity Fund	0.22%
Vanguard LifeStrategy® 100% Equity Fund	0.22%

**The value of investments, and the income from them, may fall or rise and investors may get back less than they invested.**

# Key terms

**Active funds** – An investment management approach where the manager selects securities from the investment universe prescribed by a fund's investment objective. The goal of an actively managed fund is to beat, rather than simply match, the return from a particular market index or benchmark.

**Annual management charge** – The AMC covers the fund manager's costs of managing the fund. It does not include dealing costs or additional costs such as audit fees.

**Asset classes** – A category of securities that exhibit similar characteristics. Examples include equities, bonds, cash or property.

**Bonds** – A loan certificate issued by a government, public company or other body. The issuer agrees to repay the original amount borrowed after an agreed time (when the bond matures). Bonds usually repay a fixed interest rate (known as the coupon) over a specified time.

**Diversification** – A strategy for protecting against risk by spreading investments across different asset classes or sectors.

**Equities** – Ordinary company shares. A stock or other security representing an ownership interest in a company.

**Fund of funds** – A mutual fund that invests in other pooled funds.

**Index fund** – An investment fund that aims to closely match returns of a specified market index. The fund may hold all the securities in the particular index or apply a mathematical model to purchase a sample of securities that will perform as closely as possible to the index.

**Mutual or pooled fund** – An investment vehicle where a number of individual investors pool their money to invest in a professionally managed fund.

**Portfolio** – A combination of investments held in one place. A portfolio is frequently created to meet particular investment objectives, such as providing capital growth or regular income.

**Risk** – The chance that an investment's actual return will differ from expectations. Risk comes in many forms, including market risk (the chance that returns will fluctuate) and shortfall risk (the possibility that a portfolio will fail to meet longer-term financial goals). Investors should decide on their individual risk tolerance and use this as a guide to building their investment portfolio.

**Risk tolerance, risk appetite, risk profile or risk/reward trade-off** – The extent to which individual investors are prepared to accept volatility in their investment portfolios in return for receiving potentially higher returns.

**Transaction costs** – The costs involved in buying or selling equities, bonds or other securities.

**Volatility** – The extent to which investments or interest rates fluctuate over time. Volatility is often used to assess the potential risk associated with an investment.



Please be aware that Vanguard Asset Management, Limited only gives information on our products. We cannot give advice based on individual circumstances. This is where the advice of a qualified financial adviser can be crucial. If you have any questions related to your investment decision or the suitability or appropriateness for you of the products or services described in this brochure, please contact your financial adviser.

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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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