

Guide to Vanguard's LifeStrategy[®] model portfolios

Vanguard only gives information on products and services and does not give investment advice based on individual circumstances. If you have any questions related to your investment decision or the suitability or appropriateness for you of the products described, please contact your financial adviser at Trevor Downing Financial Management.

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

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CEO, Trevor Downing

“We believe our relationship with Vanguard will give our clients such wonderful peace of mind, knowing that they are benefiting from outstanding low-cost fund management, from one of the world’s largest asset managers. We are enormously proud of this special relationship and so happy about the benefit to our clients.”

Introduction

At Trevor Downing Financial Management, we offer comprehensive financial consultancy and investment and tax planning services - bringing comfort to our clients as we look to help them achieve their financial aims.

We prioritise cost-effective, high-quality investment management and are delighted to have created a rather special relationship with a world leading fund manager such as Vanguard, which we believe will bring significant benefits for our clients.

The Vanguard story

Over the decades, Vanguard has grown to become one of the world's largest investment management companies, with a presence in Australia, Europe and the Americas. Today, Vanguard is trusted by over 50 million investors globally, with USD 10.1 trillion in assets under management. With offices in Amsterdam, Dublin, Frankfurt, London, Milan, Paris and Zurich, Vanguard leverages the scale, experience and resources of its well-established global business for investors right across Europe.

Note: AUM stands for assets under management. Data as at 31 December 2024.

Introduction to Vanguard LifeStrategy

At Vanguard, we believe investing does not need to be complicated. That's why we designed our LifeStrategy® model portfolios as a straightforward and easy-to-understand way to invest.

A model portfolio is a collection of different investments, usually designed to meet a specific goal such as long-term growth. Model portfolios normally invest in a broad range of investments, known as diversification. It can be time-consuming to build and maintain a portfolio from scratch, which is why Vanguard offers ready-made portfolios to get you started.

When you invest in a LifeStrategy® model portfolio from Vanguard, your money will be invested in a range of low-cost Vanguard funds that in turn invest in global share and bond markets.

Your adviser will help you select the LifeStrategy® model portfolio that best matches your attitude to risk and personal circumstances. We'll take care of the rest.

In this brochure, we aim to give you an understanding of Vanguard's LifeStrategy® model portfolios to help you make an informed investment decision. This information is designed to be used alongside key fund documents such as the fund prospectus and the Key Investor Information Document (KIID) for the underlying funds, which are available through your adviser at Trevor Downing Financial Management.

What you will learn from this document:



1. What

Vanguard offers a range of LifeStrategy® model portfolios.



2. Why

This brochure aims to help you make an informed decision.



3. How

Use this brochure with the prospectus and Key Investor Information Document (KIID).

Why model portfolios?

1 Broad global mix of investments keeps your portfolio diversified

Diversification means spreading your investments across a wide range of assets, such as shares and bonds spread across different countries and industries. The aim is to reduce investment risk by reducing your reliance on any one part of your portfolio. Through this diversification, better-performing investments can help to offset those that are not performing as well.

Vanguard's LifeStrategy® model portfolios give you access to thousands of shares and bonds in one straightforward package, to help smooth out the ups and downs of investing.

2 Expert team of fund managers maintaining your portfolio

Vanguard's investment experts monitor the model portfolios to ensure that they don't drift from their investment objectives – also known as rebalancing. You can be assured that your portfolio will remain in line with your investment goals and tolerance for risk.

3 Low cost means you keep more of your investment returns

At Vanguard, we've been delivering value for investors since 1975. Portfolios are built using Vanguard's low-cost index funds. By keeping costs low, Vanguard's investors keep more of their investment returns.

Vanguard's principles for investing success

At Vanguard, we think four simple principles can improve your chances of investment success. Our model portfolios, like all our products and services, are built on these principles.



Think about your goals

Having a goal in mind can help when it comes to choosing a portfolio with the right blend of investments for you. Knowing what you are investing for can keep you focused on selecting a portfolio that's right for your needs.



Stay balanced

Investing in the right mix of shares and bonds could have a bigger impact on returns than anything else you do.

It's all about finding the right level of risk and reward for you. Shares have typically given a higher return over the long term, while bonds have been more stable but have historically offered lower returns. A mix of both can help even out the ups and downs of investing, although remember that the value of investments can rise and fall and you may get back less than you put in.



Keep costs low

Investing is, by its nature, unpredictable. While you can't control the markets, you can control your investment costs. Every pound you pay in costs and charges comes directly out of your potential returns. By keeping your costs low, you keep more of your returns.



Be disciplined

Sometimes our emotions can lead us to make simple mistakes when investing, like buying the latest hot investment when prices are high and panic-selling when prices drop.

However, the most successful investors are often the most disciplined. They invest for the long term and don't tinker with their portfolios too much.

The power of multi-asset index investing with Vanguard

Combining **multi-asset investing** with **low-cost indexing** offers investors a powerful way to **improve risk-adjusted returns** and **increase** the likelihood of **achieving** long-term financial **goals**.

Why index investing works - the zero-sum game

Index investing rests on a simple but powerful insight: in public markets (listed shares and bonds), every pound that outperforms the market must be matched by a pound that underperforms (**Figure 1a**). This is known as the zero-sum game. Before costs, the average investor earns the market return. But once fees, taxes and trading costs are factored in the average investor underperforms the market index (**Figure 1b**).

Figure 1a: The zero-sum game: Before costs, half of all investment underperform

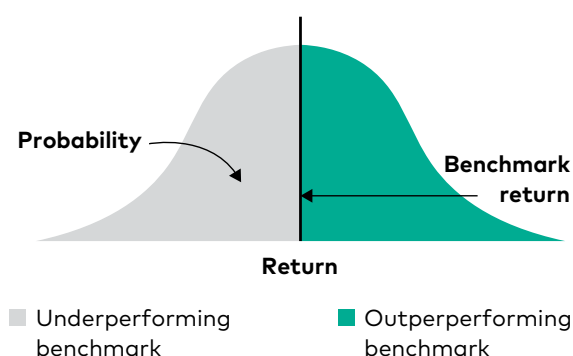
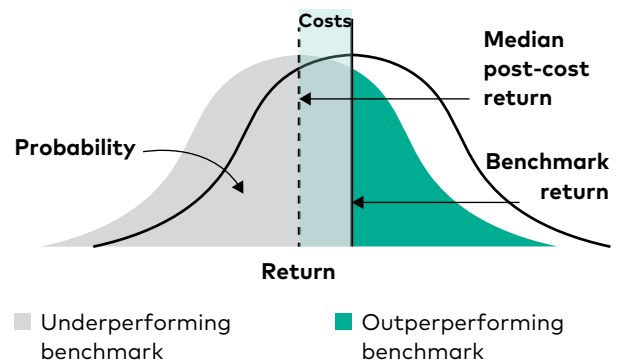


Figure 1b: The zero-sum game: After costs, more than half of all investment underperform



Source: Vanguard.



This reality makes costs a critical factor in investment success. Index funds, by design, aim to match the market rather than beat it, unlike active funds which are paid higher fees to try and outperform the market. Vanguard research shows that keeping costs low significantly increases the probability of long-term investment success.

The cost hurdle for active funds

Active managers must overcome higher fees and trading costs just to match the market return. While some may succeed in the short term, sustaining outperformance is difficult and rare. Once costs are considered, the likelihood of underperformance outweighs

that of outperformance (Figure 1b). This means that active funds must work harder to achieve their objectives, potentially altering their risk and return profiles. As shown by the red shaded area in Figure 1b, the probability of outperforming declines once costs are factored in.

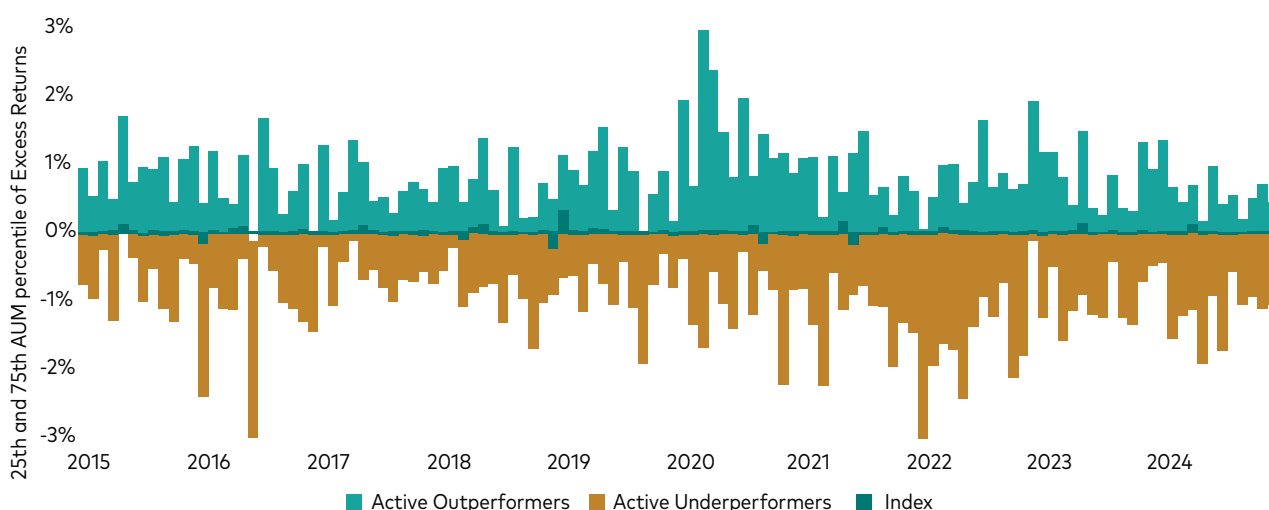
This is why Vanguard's LifeStrategy model portfolios are built entirely from low-cost, broadly diversified index funds. By minimising costs and closely tracking the market index, these model portfolios aim to deliver more consistent, long-term outcomes.

Index investing predictability and peace of mind

One of the key benefits of index investing is relative performance predictability. Index funds tend to have a much narrower range of returns compared to active funds, as shown by the zone in **Figure 2**. This means investors can have greater confidence in how their fund will perform relative to the market.

By contrast, active fund returns are more widely dispersed (**Figure 2**; the range from outperforming funds (turquoise) to underperforming funds (yellow). While some active funds may outperform, many underperform, especially after fees. For investors seeking stability and predictability, index funds offer a more reliable return path.

Figure 2: Index funds provide relative performance predictability



Past performance is no guarantee of future returns.

Source: Vanguard calculations, using data from Morningstar, as at 31 December 2024.

Note: The chart displays the AUM-weighted interquartile range (25th to 75th percentile) of net excess returns in British Pounds of active and index UK equity funds available for sale in the United Kingdom relative to their primary prospectus benchmark for the 10-year period ending 31 December 2024. See appendix for list of Morningstar categories and data requirements for inclusion. Returns are calculated on a NAV to NAV basis.



The multi-asset advantage with Vanguard

When index investing is combined with a multi-asset approach, the benefits are amplified. Diversification across asset classes (equities and bonds) helps manage risk and smooth returns over time. Diversification also reduces the likelihood of being unintentionally over- or underexposed to different market risks: by sectors, by style, such as value or growth stocks, or by lower-quality debt.

Vanguard's LifeStrategy model portfolios are globally diversified, regularly rebalanced to compensate for market moves and built using index funds. This structure helps investors stay aligned with their long-term goals without the need for constant oversight.

Simplicity, scale and strategic allocation

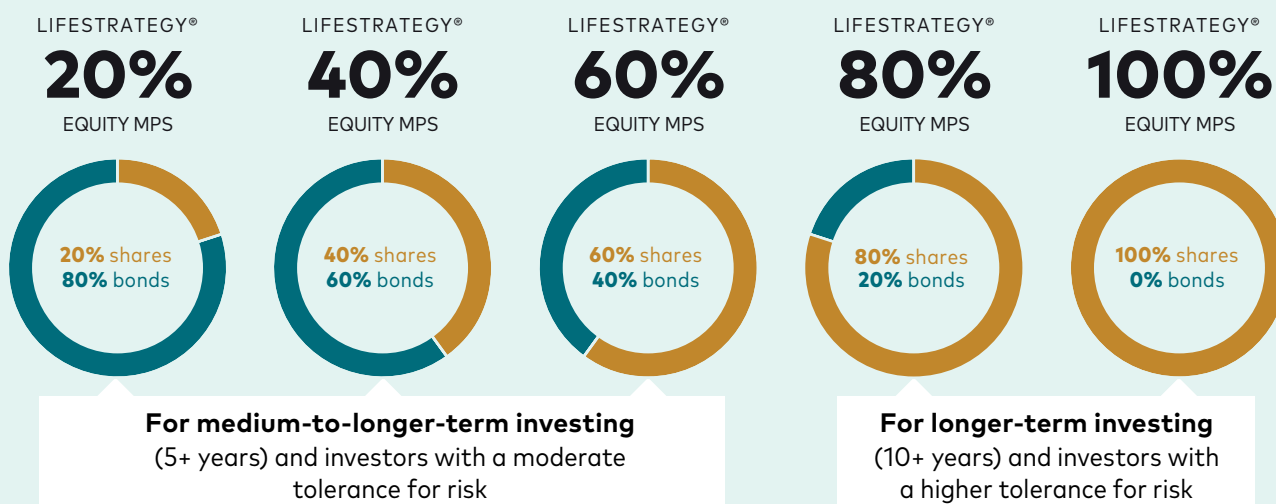
With almost \$2 trillion¹ invested globally in multi-asset strategies, Vanguard brings scale, simplicity and strategic asset allocation to its investment solutions. The LifeStrategy model portfolio range offers investors a straightforward, low-maintenance way to invest, with broad market exposure and built-in discipline.

LifeStrategy model portfolio multi asset solutions offer peace of mind, removing the need to constantly monitor performance or make frequent changes. Instead, investors can focus on what matters most: staying the course and achieving their financial goals.

¹ Source: Vanguard, as at 31 July 2025.

What does Vanguard offer?

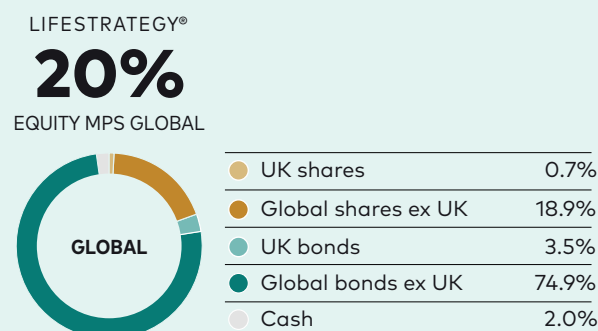
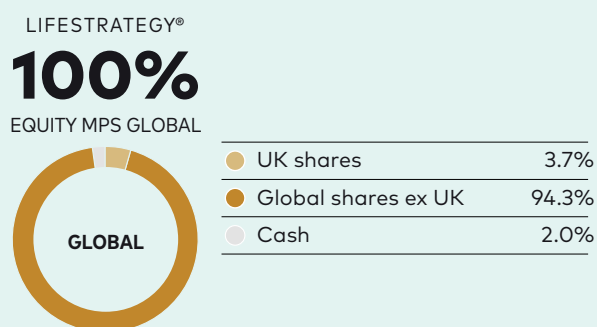
LifeStrategy® model portfolios



We do not design our model portfolios for investors with less than a five-year time horizon.

LifeStrategy® model portfolios are available as a range of five individual portfolios with varying levels of potential risk and return based on their mix of shares and bonds: 100% shares and 0% bonds; 80% shares/20% bonds; 60% shares/40% bonds; 40% shares/60% bonds and 20% shares/80% bonds. Your financial adviser will help you select the most appropriate model based on your personal investment goals and risk preferences.

We build our LifeStrategy® model portfolios using Vanguard's own low-cost index funds, which in turn invest in the underlying shares and bonds of the market indices they track. (Where this is not possible, they hold a representative sample of the shares or bonds that make up the index.) This gives you exposure to thousands of different shares and bonds across a broad range of global markets in many countries and currencies.

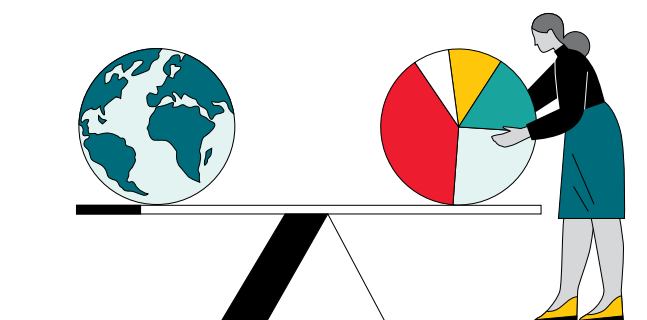


Notes: Model portfolio compositions are as at 31 December 2024. Percentage figures are rounded to the nearest tenth.
Source: Vanguard.



Striking the right balance

All of our LifeStrategy® model portfolios invest in a mix of shares and bonds, although the exact proportion will depend on the model you choose.



Why is it so important to blend shares and bonds? It's all about helping you achieve your long-term financial goals by balancing the trade-off between risk and reward and finding the correct balance for your personal circumstances.

First, let's look at what shares and bonds are before explaining how blending them can help manage risk in your portfolio.



About shares and bonds:

Shares—also known as equities—represent a stake in the ownership of a company. They can be bought and sold on stock exchanges and their prices can move up and down quite significantly (in other words, they can be quite volatile) – particularly over the short term.

Bonds, on the other hand, represent a promise by a government or company to pay a certain amount of interest over a given period, and to repay the sum borrowed at the end of the period.

Shares have typically offered higher long-term returns than bonds, but they've also typically carried more short-term risk. The chart on the opposite page shows this in action, with shares providing bigger gains than bonds in some years but also suffering bigger losses in other years. It's worth remembering that past returns are not necessarily a reliable guide to the future and you may get back less than you invested.

The performance of different investments, 2001-2024



Notes: The chart shows the historical annual total returns of the following indices: Bonds: Bloomberg Global Aggregate Total Return Index (hedged in GBP); Shares: FTSE All-World Total Return Index (in GBP). Data are for the period 31 December 2001 to 31 December 2024.

The performance of an index is not the exact representation of any particular investment. As you cannot invest directly into an index, the performance shown in this chart does not include the costs of investing in the relevant index. Basis of performance: total return, with gross income invested.

Past performance is not a reliable indicator of future returns.

The chart shows why it's important to diversify across shares and bonds, so that returns from more defensive investments such as bonds can help to offset higher-risk investments such as shares when they aren't performing so well.

Even within shares and bonds, our portfolios diversify across different countries and industries as there will be periods when some areas perform better or worse than others. In a recession, for example, a luxury-goods manufacturer might not perform as well as a manufacturer of essential goods (and vice versa when the economy is strong). There is no particular asset class or investment that consistently outperforms, which is why diversification across asset classes and regions is an important part of portfolio construction.

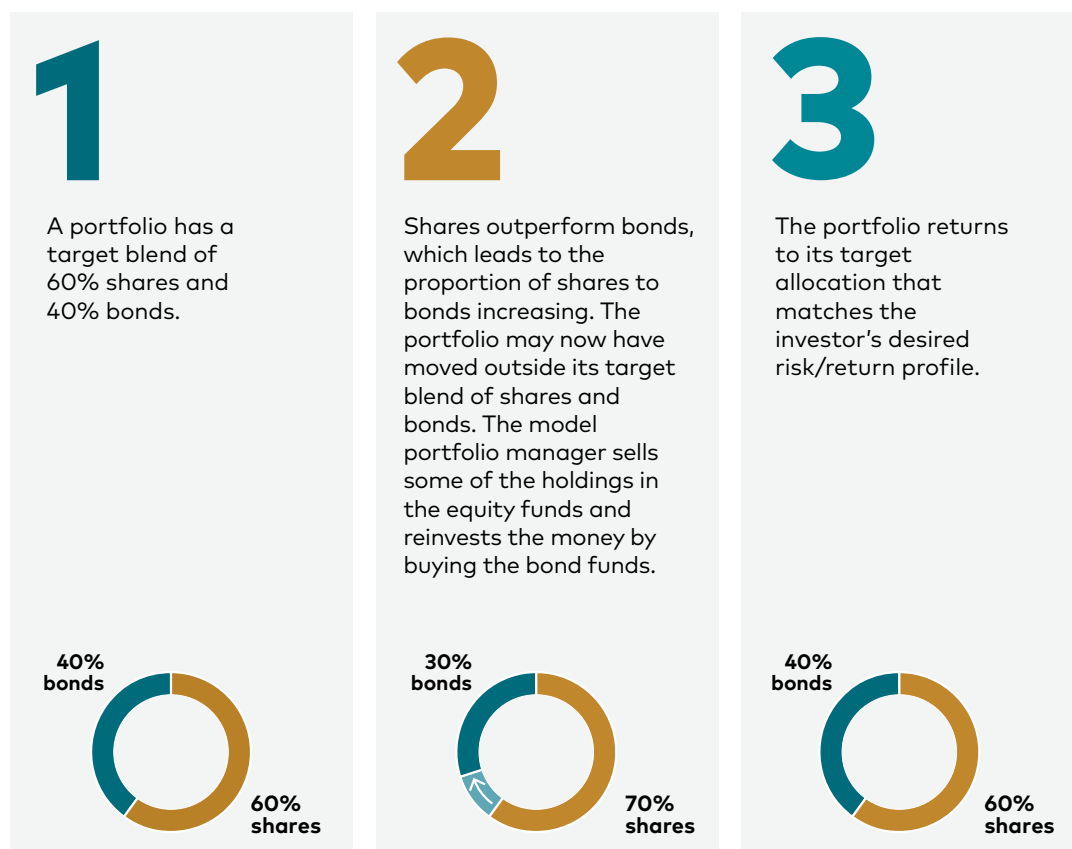
The mix of shares and bonds that are most appropriate will depend on how much risk you're willing to take. And that in turn depends on the reasons why you're investing as well as when in the future you are likely to need your money. Everyone is different, so think about how much investment risk you are willing and able to take and still sleep at night.

Keeping your portfolio on track

As we have seen, assets perform differently to one another over time. Investments that perform well will grow as a proportion of your portfolio, while those that do not perform as strongly will decrease in proportion. Left uncorrected, this 'drift' may mean your portfolio ends up with more (or less) risk than originally intended. To avoid this drift, Vanguard periodically rebalances its model portfolios back to their target mix of shares and bonds.

Our model portfolio team regularly monitors and maintains all of the LifeStrategy® model portfolios; they are rebalanced every three months².

How rebalancing works



Note: This is an illustrative example of rebalancing and does not reflect any particular model portfolio. Source: Vanguard.

² By contrast, Vanguard's LifeStrategy® funds are rebalanced daily.

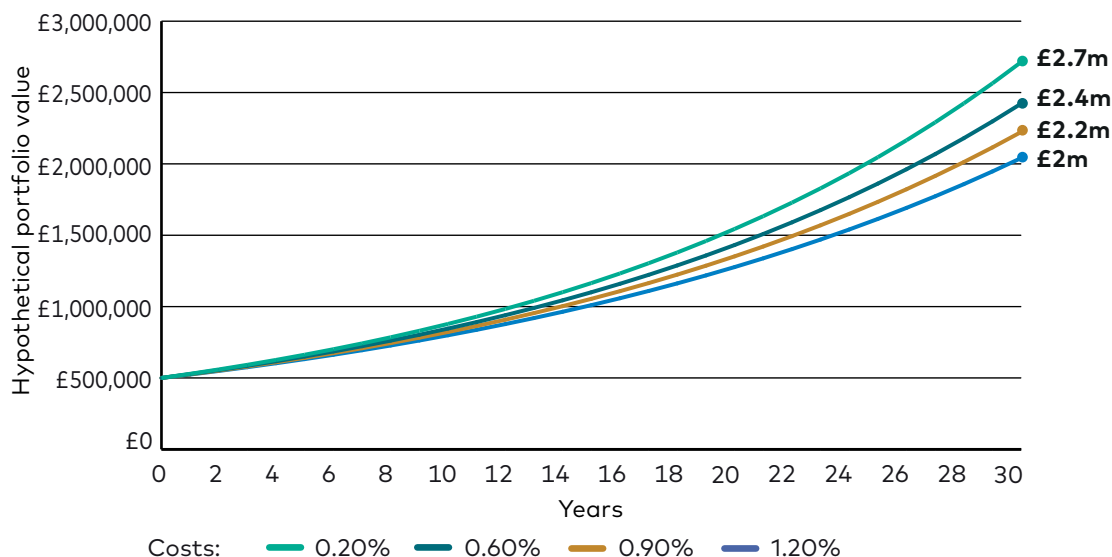
The importance of costs

Costs are an important factor in **long-term investing**. That's because every pound **you pay** in **charges comes out** of your **investment returns**. The **lower the charges the more you** get to **keep** of your investment.

Using a hypothetical example (which does not represent any particular investment), the chart below illustrates the potential impact of costs on an initial investment of £500,000 over a 30-year period. The example assumes that the investment grows at 6% per year. With investment costs of 0.20% per year, the £500,000 initial investment would grow to approximately £2.7m over 30 years, compared to only around £2m if costs were 1.2% per year.

Low investment costs mean you keep more

Hypothetical growth of a £500,000 investment over a 30-year period, assuming 6% growth per year



Notes: The hypothetical example assumes an initial investment of £500,000 over 30 years with an annual growth rate of 6%. Costs are for illustrative purposes only and do not represent any particular investment. Annual compounding is used for both the annual growth rate and annual costs. Future portfolio values are rounded estimates of the projected values.

Source: Vanguard.

This is a hypothetical example. Actual investment returns may vary. Your investment costs may differ from those featured in this example.

LifeStrategy® model portfolio fees

We focus on providing simple, low-cost investment options that give investors the best chance of achieving their investment goals.

Overview of costs

Model Portfolio	Annual portfolio charge	Ongoing charges figure (OCF)	All-in portfolio fee ³
LifeStrategy 20% Equity MPS	0.08%	0.13%	0.21%
LifeStrategy 40% Equity MPS	0.08%	0.13%	0.21%
LifeStrategy 60% Equity MPS	0.08%	0.12%	0.20%
LifeStrategy 80% Equity MPS	0.08%	0.12%	0.20%
LifeStrategy 100% Equity MPS	0.08%	0.12%	0.20%

3 The all-in portfolio fee includes the ongoing charges figure (OCF) and the annual model portfolio charge. The OCF is the weighted sum of the annual ongoing charges for the underlying funds in the model portfolio and include management fees and other costs incurred by the individual funds. The annual model portfolio charge includes Vanguard's ongoing costs related to running our model portfolio service. It does not include dealing costs or other additional costs such as adviser and platform fees. All fees as at 31st July 2025.

Glossary

Active fund management

This is an approach to investing that sees an investment manager select shares and other assets in accordance with the fund's investment objectives.

Asset, asset class

A category of investment that displays similar characteristics, for example, shares, bonds or property.

Bonds

This is a loan issued by a government, public-sector body or company. Bonds usually pay a fixed rate of annual interest—hence why they are also known as fixed-income assets—while the original sum borrowed is typically repaid at a specific future date.

Diversification

This is a strategy designed to reduce the risk in an investment portfolio by holding a wide range of assets. This helps to manage risk because better-performing investments can help to offset those that perform less well, over time.

Equities

Another word for ordinary company shares, which represent an ownership stake in the business.

Fund

An investment product that pools the money of many investors to buy shares and/or other assets.

Fund manager

This is the person or company who manages a fund. In an active fund, they will make the investment decisions. In an index fund, they will make sure the fund is closely tracking the index.

Index

An index typically measures the performance of a basket of investments that are intended to replicate a certain area of the market. Indices are often used as benchmarks against which to evaluate the performance of an investment, such as a fund.

Index fund

An investment fund that aims to closely match the returns of a specified market index. The fund may hold all of the constituents of the particular index or purchase a sample of constituents so that its performance is as close as possible to the index.

Index provider

An index provider is a company that designs and calculates indices (as defined above). They set the rules on what is included in the index, how it is managed and how constituents will be added or removed over time.

Portfolio

This is a collection of individual investments or funds that is usually created to meet specific goals, such as long-term capital growth. A model portfolio is a pre-built collection of investments, where a model portfolio manager or financial adviser selects the investments (usually funds) within the model portfolio.

Risk

The likelihood that the return on an investment will differ from what is expected. There are different types of risk, including market risk (the chance that returns will fluctuate) and shortfall risk (the possibility that a portfolio will fail to meet its longer-term objective). Different investors have different tolerances for risk based on factors such as their personal circumstances and their investment timeframe.

Volatility

The extent to which investment values fluctuate over time. When investors are uncertain about the economic environment or geopolitical events, short-term volatility tends to increase.

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.

Any projections should be regarded as hypothetical in nature and do not reflect or guarantee 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.

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.

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 the model portfolio(s) risks please see the Understanding the Risks: Vanguard LifeStrategy model portfolio solutions document at https://www.vanguard.co.uk/content/dam/intl/europe/documents/en/understanding_the_risks_mps.pdf as well as the "Risk Factors" section of the prospectus of the underlying funds on our website at <https://global.vanguard.com>.

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

Important information

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For further information on the fund's investment policies and risks, please refer to the prospectus of the UCITS and to the KIID before making any final investment decisions. The KIID for this fund is available, alongside the prospectus via Vanguard's website <https://www.vanguardinvestor.co.uk>.

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The Manager of the Ireland domiciled funds may determine to terminate any arrangements made for marketing the shares in one or more jurisdictions in accordance with the UCITS Directive, as may be amended from time-to-time.

For investors in UK domiciled funds, a summary of investor rights can be obtained via <https://www.vanguard.co.uk/content/dam/intl/europe/documents/en/Vanguard-InvestorsRightsSummaryUKFUNDSJan22.pdf> and is available in English.

For investors in Ireland domiciled funds, a summary of investor rights can be obtained via <https://www.ie.vanguard/content/dam/intl/europe/documents/en/vanguard-investors-rights-summary-irish-funds-jan22.pdf> and is available in English, German, French, Spanish, Dutch and Italian.

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