Vanguard

This summary is designed for UK advisers and should not be shared with their clients. Full details of target market and costs can be found here.

Vanguard LifeStrategy model portfolio solutions

Target Market Information

Vanguard LifeStrategy model portfolio service

Vanguard's LifeStrategy model portfolio service (MPS) offers five ready-made portfolio solutions. Each model portfolio has a different target weighting for equities and bonds. This means that the MPS can offer a solution for a range of risk and return outcomes to suit different investor requirements.

The MPS uses Vanguard index funds and ETFs as building blocks to construct each model portfolio, with LifeStrategy model portfolios giving exposure to around 45 countries and 11 equity sectors, from technology companies to utilities. The multi-asset portfolios also provide exposure to government bonds and high-quality, investment grade corporate debt.

The Vanguard MPS offers a Classic and Global range of model portfolios. The Classic range has a UK equity and UK bond tilt, while the Global range offers a true global market capitalisation weighted approach to asset allocation.

Full details of the range of models can be found here: https://www.vanguard.co.uk/professional/investment-capabilities/multi-asset/lifestrategy.

Key

Suitable

Not suitable

Might be suitable in some circumstances. Adviser will need to consider further.

Which Vanguard LifeStrategy model portfolio is right for your client?

Vanguard LifeStrategy model portfolios are designed for retail investors that are UK resident for tax purposes. There are three primary considerations to determine investor suitability:

Client knowledge

Does your client fully understand the investment implications of the multi asset model portfolio solution you are proposing?

Client investment time horizon

The longer your clients can invest for, the more time they will have to ride out the stock market's ups and downs. The more time they have on their side, they could consider choosing a LifeStrategy model portfolio with more equities and fewer bonds, such as the Vanguard LifeStrategy Global MPS - 80% equity portfolio or the Vanguard LifeStrategy Global MPS - 100% equity portfolio

Client risk appetite

While equities offer higher potential returns than bonds, they are riskier investments. More cautious clients may prefer a LifeStrategy model portfolio with lower exposure to equities and more bonds, such as the Vanguard LifeStrategy MPS – 20% equity portfolio. An adventurous client, on the other hand, could choose a LifeStrategy model portfolio with more equities or 100% equities, such as the LifeStrategy Global MPS – 100% equity.

Investor type

Investor type	Description	Yes	No	Neutral
Retail client		✓		
Professional client	Clients are categorised as retail, professional, including per se professional and elective professional, or eligible counterparty.	✓		
Eligible counterparty			✗	

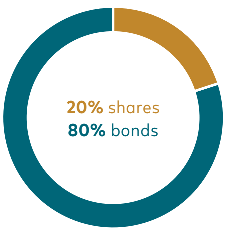
Knowledge and /or experience:

Investor type	Description	Yes	No	Neutral
Basic	Investors having one, or more, of the following characteristics: • Basic knowledge of relevant financial instruments (a basic investor can make an informed investment decision based on the regulated and authorised offering documentation or with the help of basic information provided at point of sale); • No financial industry experience, i.e. suited to a first-time investor.	✓		
Informed	Investors having one, or more, of the following characteristics: • Average knowledge of relevant financial products (an informed investor can make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them only); • Some financial industry experience.	✓		
Advanced	Investors having one, or more, of the following characteristics: • Good knowledge of relevant financial products and transactions; • Financial industry experience or accompanied by professional investment advice or included in a discretionary portfolio service.	✓		

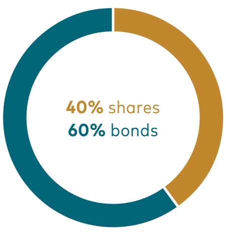
Client investment time horizon:

		Yes	No	Neutral
3 to 5 years	Vanguard LifeStrategy MPS **may not be suitable** for investors with a very short investment time horizon.		✗	
5 to 10 years or longer	Longer time frames allow more time to ride out any ups and downs in the stock market. So those with time on their side could consider choosing a LifeStrategy MPS with a higher exposure to equities and less in bonds.	✓		

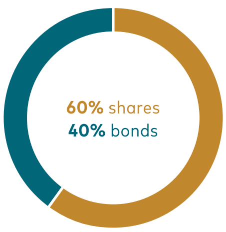
LIFESTRATEGY
20%
EQUITY MPS



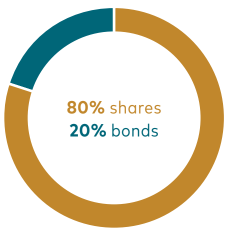
LIFESTRATEGY
40%
EQUITY MPS



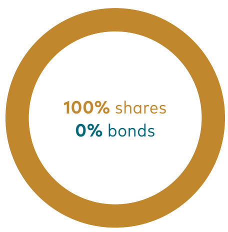
LIFESTRATEGY
60%
EQUITY MPS



LIFESTRATEGY
80%
EQUITY MPS



LIFESTRATEGY
100%
EQUITY MPS



For medium-to-longer-term investing
(5+ years) and investors with
a moderate tolerance for risk

For longer-term investing
(10+ years) and investors with
a higher tolerance for risk

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

Risk & reward profile

- All clients should go through a risk profiling process with their financial adviser to determine their attitude to risk and capacity for loss, culminating in a risk reward profile.
- Clients should be aware that although equities offer higher potential returns than bonds, they are riskier investments.
- More cautious clients may prefer a LifeStrategy model portfolio with lower exposure to equities and more in bonds. An adventurous client, on the other hand, may prefer a LifeStrategy model portfolio with higher exposure to equities.
- Vanguard LifeStrategy model portfolios have a risk reward profile of either 4 or 5 depending on the specific model portfolio chosen.
- External risk rating agency ratings are available on our website: https://www.vanguard.co.uk/professional/investment-capabilities/multi-asset/lifestrategy

Preservation of capital:
Vanguard LifeStrategy funds are not suitable for investors who are primarily looking for preservation of capital in all circumstances.

Loss beyond capital:
It is NOT possible for investors to suffer losses beyond the capital that they have invested, however, unrealised capital gains could be lost. Advisers will need to be clear on their client's ability to suffer losses.

Vanguard offers a useful "Attitude to risk" tool to help advisers choose the right solution for their clients: Attitude to risk | Vanguard UK Professional

Is the Vanguard LifeStrategy Model Portfolio Service (MPS) suitable for retirement?

- The LifeStrategy MPS range has structured and fixed asset allocation rules. It is not a 'glide path' designed specifically for investors reaching retirement age and beyond. That said, the Vanguard LifeStrategy model portfolio range may be appropriate for investors who are still seeking investment growth during retirement from a product designed to provide 'total returns' and not a specific or guaranteed income yield.
- To assess suitability, advisers will need to continue to assess the risk profile of their client and understand how they intend to utilise/drawdown money from their total-investment portfolio during retirement. Investment time horizon remains a key consideration.

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.

Some funds invest in emerging markets which can be more volatile than more established markets. As a result the value of yourinvestment 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.

Important information

This is directed at professional investors and should not be distributed to, or relied upon by retail investors.

For further information on the investment policies and risks of the model portfolio(s), please refer to the prospectus and KIID of the underlying funds before making any final investment decisions. The KIID for each fund is available, alongside the prospectus via Vanguard's website https://global.vanguard.com/

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The information contained herein is not to be regarded as an offer to buy or sell or the solicitation of any offer to buy or sell securities in any jurisdiction where such an offer or solicitation is against the law, or to anyone to whom it is unlawful to make such an offer or solicitation, or if the person making the offer or solicitation is not qualifiedtodo so. The information is general in nature and does not constitute legal, tax, or investment advice. Potential investors are urged to consult their professional advisers on the implications of making an investment in, holding or disposing of shares and /or units of, and the receipt of distribution from any investment.

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.

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