

Factsheet | 31 December 2017

Vanguard U.K. Investment Grade Bond Index Fund

An index-related fund

Key fund facts

	Inception date	Minimum initial investment*	ISIN	SEDOL	Citi	MexID	Bloomberg
GBP							
Income	31.10.2007	100,000	IE00B1S74W91	B1S74W9	FPD6	VIUIGN	VANUKAI
Institutional Plus Income	02.09.2014	200,000,000	IE00BPT2BT73	BPT2BT7	KQ5R	VIAAHI	VAVGIIS
Accumulation	20.03.2007	100,000	IE00B1S74Q32	B1S74Q3	FPD5	VIUKGB	VANUKII
Institutional Plus Accumulation	02.09.2014	200,000,000	IE00BPT2BV95	BPT2BV9	KQ5S	VIAAHJ	VAVGUKA
Benchmark	Index ticker	Trading frequency (cut-off)		Settlement			
Bloomberg Barclays GBP Non-Government Float Adjusted Bond Index	BGNFTRGU	Daily (12:00 Irish Time)		T+2			
Domicile	Investment structure	IA Sector		Valuation point			
Ireland	UCITS	Corporate Bond		Underlying Market Close			
Base currency	Total assets†	Ex-dividend date		Distribution date			
GBP	GBP (million) 2,654	31 March, 30 June, 30 September, 31 December		14 April, 14 July, 14 October, 14 January			
Investment manager	Taxed distribution		Tax status				
The Vanguard Group, Inc. Europe Bond Index Team	Gross		UK Reporting				

Objective

The Fund seeks to provide returns consistent with the performance of the index, a market-weighted bond index of the pound sterling, investment-grade bond market, excluding government bonds, with an intermediate-term weighted average maturity.

Investment strategy

The Fund employs a passive management or indexing strategy designed to track the performance of the index. This market-weighted index is designed to reflect the total universe of the pound sterling denominated investment-grade fixed income securities, excluding government and government related securities. All issues have a maturity of greater than one year.

Performance summary**

GBP—Vanguard U.K. Investment Grade Bond Index Fund

	Income shares	Accumulation shares
	Net of expenses	Net of expenses
December 2012 – 2013	0.85%	0.85%
December 2013 – 2014	12.08	12.08
December 2014 – 2015	0.37	0.37
December 2015 – 2016	10.69	10.69
December 2016 – 2017	4.23	4.23

Management Charge

Income/Accumulation AMC/OCF***	0.15%
Institutional Plus AMC/OCF***	0.06%

Fund Charges

Entry Charge††	—
††Assessed to compensate for Stamp Duty Reserve Tax related expenses.	

Distribution yield

Income	2.70%
Accumulation	2.71%

Performance**

GBP—Vanguard U.K. Investment Grade Bond Index Fund

Benchmark—Bloomberg Barclays GBP Non-Government Float Adjusted Bond Index

	Income shares			Accumulation shares		
	Net of expenses	Gross of expenses	Benchmark	Net of expenses	Gross of expenses	Benchmark
1 month	0.83%	0.84%	1.47%	0.83%	0.84%	1.47%
3 months	1.82	1.86	1.98	1.82	1.86	1.98
Year to date	4.23	4.39	4.38	4.23	4.39	4.38
1 year	4.23	4.39	4.38	4.23	4.39	4.38
3 years	5.01	5.17	5.16	5.01	5.17	5.16
5 years	5.53	5.71	5.61	5.53	5.71	5.61
10 years	6.23	6.43	6.30	6.25	6.45	6.30
Since inception	6.27	6.47	6.35	5.91	6.12	5.96

Key investment risks - Past performance is not a reliable indicator of future results. The value of investments, and the income from them, may fall or rise and investors may get back less than they invested. Funds investing in fixed interest securities carry the risk of default on repayment, 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.

*The minimum initial investment of (Investor) Income and Accumulation shares or for anyone approaching Vanguard directly is £100,000.

**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. Basis of index performance is total return.

***The Ongoing Charges Figure (OCF) covers administration, audit, depository, legal, registration and regulatory expenses incurred in respect of the Funds. When you invest with any fund manager, you pay a number of charges, starting with the Annual Management Charge (AMC) which covers the fund manager's costs of managing the fund. The AMC plus ongoing running costs and other operational expenses make up the fund's total 'ongoing charges figure'.

†This figure represents the total fund assets inclusive of all share classes of the fund.

Bloomberg Barclays GBP Non-Government Float Adjusted Bond Index: The benchmark for this portfolio was Bloomberg Barclays Global Aggregate U.K. Non-Government Bond Index through 30 June 2010 and Bloomberg Barclays Global Aggregate U.K. Non-Government Float Adjusted Bond Index thereafter.

For further information on the fund's investment policy, please refer to the Key Investor Information Document ("KIID"). Vanguard Asset Management, Limited, only gives information on products 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 product described in this factsheet, please contact your financial adviser.

Vanguard U.K. Investment Grade Bond Index Fund

An index-related fund

Characteristics

	Fund	Benchmark
Number of bonds	963	971
Effective YTM	2.09%	2.14%
Average coupon	4.5%	4.4%
Average maturity	11.5 years	11.6 years
Average quality	A	A
Average duration	8.1 years	8.1 years
Cash investment	1.5%	—

Distribution by issuer (% of fund)

	Fund
Corporate - financial institutions	28.1%
Corporate - industrials	26.6
Government-related - agencies	12.9
Corporate - utilities	12.8
Securitised	7.8
Government-related - supranationals	7.6
Cash	1.5
Government-related - sovereign	1.0
Treasury/federal	0.9
Government-related - local authority	0.8
Total	100.0%

Glossary for fund characteristics

The fund characteristics section above contains a number of metrics that professional investors use to value individual stocks against a market or index average. These metrics can also be used to value and compare funds to the market by taking the average of all the stocks held in the fund and comparing them to those of the fund's benchmark index. We've provided a definition of the terms used for your convenience.

Effective YTM (yield to maturity) is the rate of return an investor would receive if the fixed income securities held by a fund were held to their maturity dates.

Average coupon is the average interest rate paid on the fixed income securities held by a fund. It is expressed as a percentage of face value.

Average maturity is the average length of time until fixed income securities held by a fund reach maturity and are repaid, taking into consideration the possibility that the issuer may call the bond before its maturity date. The figure reflects the proportion of fund assets represented by each security, it also reflects any futures contracts held. In general, the longer the average effective maturity, the more a fund's share price will fluctuate in response to changes in market interest rates.

Average quality is an indicator of credit risk. This figure is the average of the ratings assigned to a fund's fixed income holdings by credit-rating agencies. The agencies make their judgment after appraising an issuer's ability to meet its obligations. Quality is graded on a scale, with Aaa or AAA indicating the most creditworthy bond issuers.

Average duration is an estimate of how much the value of the bonds held by a fund will fluctuate in response to a change in interest rates. To see how the value could change, multiply the average duration by the change in rates. If interest rates rise by 1 percentage point, the value of the bonds in a fund with an average duration of five years would decline by about 5%. If rates decrease by a percentage point, the value would rise by 5%.

Distribution yield reflects the amounts that may be expected to be distributed over the next twelve months as a percentage of mid-market unit price as at the date shown. It is based on a snapshot of the portfolio on that day. It does not include preliminary charge and investors may be subject to tax on distributions.

For more information contact your local sales team or:

Web: <http://global.vanguard.com>
Transfer Agent (Europe): Tel. 00 353 1241 7144
Adviser support: Tel. 0800 917 5508
Adviser support email: enquiries@vanguard.co.uk
Non advised personal investor email: Personal_investor_enquiries@vanguard.co.uk

Source: The Vanguard Group, Inc.

IMPORTANT INFORMATION

The material contained in this document 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 qualified to do so. The information in this document 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 [units/shares] of, and the receipt of distribution from any investment.

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

Vanguard Investment Series plc has been authorised by the Central Bank of Ireland as a UCITS and has been registered for public distribution in certain EU countries. Prospective investors are referred to the Funds' prospectus for further information. Prospective investors are also urged to consult their own professional advisers on the implications of making an investment in, and holding or disposing shares of the Funds and the receipt of distributions with respect to such shares under the law of the countries in which they are liable to taxation.

The Manager of Vanguard Investment Series plc is Vanguard Group (Ireland) Limited. Vanguard Asset Management, Limited is a distributor of Vanguard Investment Series plc.

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 are available in local languages from Vanguard Asset Management, Limited via our website <https://global.vanguard.com/>.

The fund(s) 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.

The products are not sponsored, endorsed, issued, sold or promoted by "Bloomberg or Barclays". Bloomberg and Barclays make no representation or warranty, express or implied, to the owners or purchasers of the products or any member of the public regarding the advisability of investing in securities generally or in the products particularly or the ability of the Bloomberg Barclays Indices to track general bond market performance. Neither Bloomberg nor Barclays has passed on the legality or suitability of the products with respect to any person or entity. Bloomberg's only relationship to Vanguard and the products are the licensing of the Bloomberg Barclays Indices which are determined, composed and calculated by BISL without regard to Vanguard or the Vanguard Product or any owners or purchasers of the products. Bloomberg has no obligation to take the needs of the products or the owners of the products into consideration in determining, composing or calculating the Bloomberg Barclays Indices. Neither Bloomberg nor Barclays is responsible for and has not participated in the determination of the timing of, prices at, or quantities of the products to be issued. Neither Bloomberg nor Barclays has any obligation or liability in connection with the administration, marketing or trading of the products.

SEDOL and SEDOL Masterfile® are registered trademarks of the London Stock Exchange Group PLC.

SEDOL Data has been provided from the London Stock Exchange's SEDOL Masterfile®.

Distribution by credit quality (% of fund)

	Fund
AAA	19.1%
AA	10.6
A	30.4
BBB	38.3
Less than BBB	0.1
Not Rated	1.5
Total	100.0%

Credit-quality ratings for each issue are obtained from Barclays using ratings derived from Moody's Investors Service, Fitch Ratings, and Standard & Poor's. When ratings from all three agencies are available, the median rating is used. When ratings are available from two of the agencies, the lower rating is used. When one rating is available, that rating is used.

Distribution by credit maturity (% of fund)

	Fund
Under 1 Year	1.8%
1 - 5 Years	28.2
5 - 10 Years	22.7
10 - 15 Years	17.1
15 - 20 Years	8.8
20 - 25 Years	8.7
Over 25 Years	12.7
Total	100.0%

Top country diversification

	Fund
United Kingdom	46.6%
United States	11.5
Germany	10.6
Supranational	7.6
France	6.9
Netherlands	3.1
Australia	2.3
Sweden	1.5
Belgium	1.4
Italy	1.4
Total	92.9%