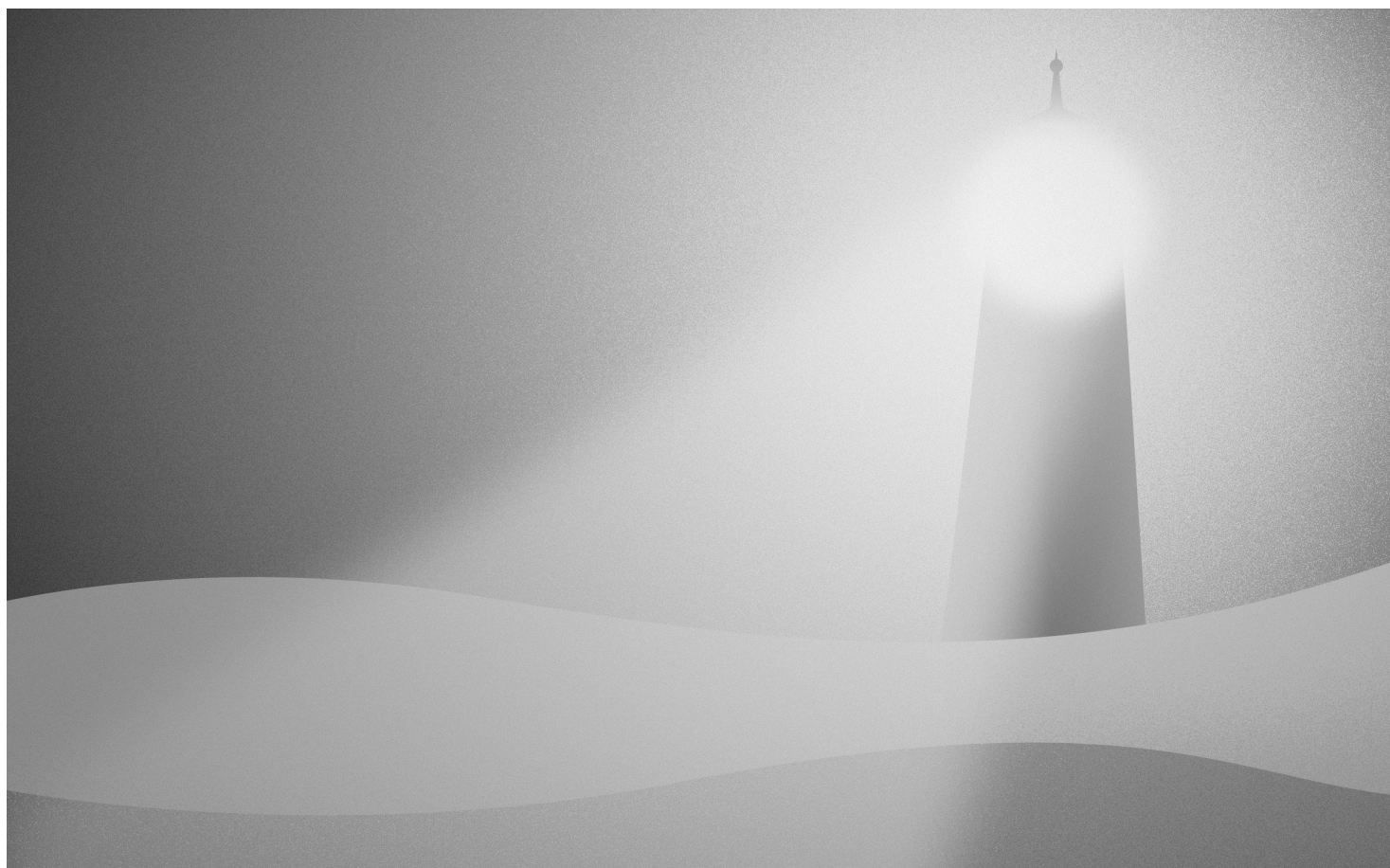




Annual Report and Financial Statements | For the Year Ended 31 March 2018

Vanguard LifeStrategy® Funds ICVC



(An open-ended investment company incorporated with limited liability and registered in England and Wales under registered number IC000904.)

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* The items with an asterisk, plus each sub-fund's Profile, Commentary, Performance Information, Summary of Significant Changes, and Portfolio Statement, collectively constitute the Authorised Corporate Director's Report.

About the cover: Nautical images have been part of Vanguard's rich heritage since its start in 1975. For an incoming ship, a lighthouse offers a beacon and safe path to shore. You can similarly depend on Vanguard to put you first – and light the way – as you strive to meet your financial goals. Our client focus and low costs, stemming from our unique ownership structure, assure that your interests are paramount.

CEO's Letter



Dear Shareholder,

I feel extremely fortunate to have the chance to lead a company filled with people who come to work every day passionate about Vanguard's core purpose: to take a stand for all investors, to treat them fairly and to give them the best chance for investment success.

When I joined Vanguard in 1991, I found a mission-driven team focused on improving lives—helping people retire more comfortably, put their children through college and achieve financial security. I also found a company with purpose in an industry ripe for improvement.

It was clear, even early in my career, that the cards were stacked against most investors. Hidden fees, performance-chasing and poor advice were relentlessly eroding investors' dreams.

We knew Vanguard could be different and, as a result, could make a real difference. We have lowered the costs of investing for our shareholders significantly. And we're proud of the performance of our funds.

Vanguard is built for Vanguard investors—we focus solely on you, our fund shareholders. Everything we do is designed to give our clients the best chance for investment success. In my role as CEO, I'll keep this priority front and center. We're proud of what we've achieved, but we're even more excited about what's to come.

Steady, time-tested approach

Our view as always, is that you should stay the course, tune out the hyperbolic headlines and focus on your goals and what you can control, such as costs and how much you save. This time-tested approach has served our clients well over the decades.

Regardless of how the markets perform in the short term, I'm incredibly optimistic about the future for our investors. We have a dedicated team serving you, and we will never stop striving to make Vanguard the best place for you to invest through our high-quality funds and services, investor education to help you meet your financial goals, and an experience that makes you feel good about entrusting us with your hard-earned savings.

Thank you for your continued loyalty.

Sincerely,



Mortimer J. Buckley
President and Chief Executive Officer
The Vanguard Group, Inc.
25 July 2018

Vanguard LifeStrategy Funds ICVC

Statement of the Authorised Corporate Director's Responsibilities

For the year ended 31 March 2018

The Authorised Corporate Director ("ACD") of Vanguard LifeStrategy Funds ICVC (the "Company") is Vanguard Investments UK, Limited. The ACD is the sole director of the Company. The Depositary is State Street Trustees Limited and the Independent Auditors are PricewaterhouseCoopers LLP. The Company is an authorised open-ended investment company with variable capital under Regulation 14 (Authorisation) of the Open-Ended Investment Companies Regulations 2001 (as amended) (the "OEIC Regulations"), and the shareholders are not liable for the debts of the Company.

The Company is an "Umbrella Company" and therefore new sub-funds ("Funds") may be formed by the ACD subject to regulatory approval. The investment objective of each Fund, the Company's policy for pursuing that objective and a review of each Fund's investment activities for the relevant year are set out in the individual Fund reviews contained in this Annual Report and Financial Statements.

The aggregated financial statements included in this report are unaudited, as the requirement for umbrella companies to present aggregated accounts has been removed for the annual financial statements in accordance with Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association (now the Investment Association) (the "SORP 2014").

Important Events During the Year

The following funds were launched on 5 December 2017: Vanguard Target Retirement 2060 Fund and Vanguard Target Retirement 2065 Fund. With effect from 14 August 2017, the Administrator and Registrar of the Fund, International Financial Data Services Limited and International Financial Data Services (UK) Limited, changed their names to DST Financial Services International Limited and DST Financial Services Europe Limited, respectively.

With effect from 5 September 2017, the settlement time of the Fund in relation to subscriptions and redemptions changed from three business days to two business days.

With effect from 2 October 2017, a dilution levy was no longer applied and instead a dilution adjustment to the price of shares (also known as "swing pricing") was implemented.

With effect from 15 January 2018, the Investment Adviser of the Fund changed from Vanguard Group, Inc., to Vanguard Global Advisers, LLC.

Statement of Authorised Corporate Director's Responsibilities

These financial statements have been prepared by the ACD in accordance with the SORP 2014 and the rules contained in the Financial Conduct Authority's Collective Investment Schemes sourcebook ("COLL") (together the "Regulations"). The statements give a true and fair view of the net revenue and gains/losses of the scheme property of the Company and the Funds and the financial position of the Company and the Funds at the end of the accounting year.

The ACD is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and enable the ACD to ensure that the financial statements comply with the OEIC Regulations. In preparing this report, the ACD has:

- prepared the financial statements on a going-concern basis;
- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards; and
- prepared financial statements in accordance with the SORP 2014 as well as in accordance with Financial Reporting Standard ("FRS") 102.

The ACD confirms that it has complied with the above requirements in preparing the financial statements. The ACD is responsible for the management of the Company in accordance with the Company's Instrument of Incorporation, Prospectus and the OEIC Regulations. The ACD is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Sean Hagerty, Director
Vanguard Investments UK, Limited
as Authorised Corporate Director of
Vanguard LifeStrategy Funds ICVC

25 July 2018



Kenneth E. Volpert, Director
Vanguard Investments UK, Limited
as Authorised Corporate Director of
Vanguard LifeStrategy Funds ICVC

25 July 2018

Vanguard LifeStrategy Funds ICVC

Report of the Depositary to the Shareholders

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended, the Financial Services and Markets Act 2000, as amended (together "the Regulations"), and the Company's Instrument of Incorporation and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM"), which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and Scheme documents in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, we are of the opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

State Street Trustees Limited
Edinburgh

25 July 2018

Independent Auditors' Report to the Shareholders of Vanguard LifeStrategy Funds ICVC (the "Company")

Report on the audit of the financial statements

Opinion

In our opinion, Vanguard LifeStrategy Funds ICVC's financial statements:

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 31 March 2018 and of the net revenue and the net capital gains/(losses) on the scheme property of the Company and each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

Vanguard LifeStrategy Funds ICVC (the "company") is an Open Ended Investment Company ('OEIC') with 16 sub-funds. The financial statements of the company comprise the financial statements of each of the sub-funds. We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheets as at 31 March 2018; the statement of total return and the statement of change in net assets attributable to shareholders for the year then ended; the distribution tables; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the Authorised Corporate Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Authorised Corporate Director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's or any of the sub-funds' ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's or any of the sub-funds' ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Authorised Corporate Director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Authorised Corporate Director's Report

In our opinion, the information given in the Authorised Corporate Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the Authorised Corporate Director for the financial statements

As explained more fully in the Statement of the Authorised Corporate Director's Responsibilities set out on page 2, the Authorised Corporate Director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Corporate Director is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the company's and each sub-fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to wind up or terminate the company or individual sub-fund, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Opinion on matter required by the Collective Investment Schemes sourcebook

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

Collective Investment Schemes sourcebook exception reporting

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

25 July 2018

Aggregated Financial Statements for Vanguard LifeStrategy Funds ICVC (unaudited)

Aggregated Balance Sheet (unaudited)

		As at 31 March 2018 (£)	As at 31 March 2017 (£)
	Note ¹		
Assets:			
Investment Assets		9,686,278,882	6,526,010,044
Current Assets			
Debtors	10	31,901,397	52,292,821
Cash and Bank Balances	11	12,024,560	3,054,052
Total Assets		9,730,204,839	6,581,356,917
Liabilities:			
Creditors			
Bank Overdrafts	11	9,818	979,171
Distribution Payable	12	14,017,836	11,395,753
Other Creditors	13	21,191,403	51,368,084
Total Liabilities		35,219,057	63,743,008
Net Assets Attributable to Shareholders		9,694,985,782	6,517,613,909

¹ See the Notes to the Financial Statements.

Aggregated Statement of Total Return (unaudited)

		Year Ended 31 March 2018 (£)	Year Ended 31 March 2017 (£)
	Note ¹		
Income			
Net Capital Gains/Losses	4	(25,739,946)	681,886,978
Revenue	6	140,101,175	90,719,319
Expenses	7	(5,600,845)	(3,922,026)
Net Revenue Before Taxation		134,500,330	86,797,293
Taxation	8	(7,420,441)	(5,420,650)
Net Revenue After Taxation		127,079,889	81,376,643
Total Return Before Distributions		101,339,943	763,263,621
Distributions ²	9	(127,079,863)	(81,376,625)
Change in Net Assets Attributable to Shareholders From Investment Activities		(25,739,920)	681,886,996

¹ See the Notes to the Financial Statements.

² Includes equalization where applicable.

Aggregated Statement of Change in Net Assets Attributable to Shareholders (unaudited)

	Year Ended 31 March 2018 (£)	Year Ended 31 March 2017 (£)
Opening Net Assets Attributable to Shareholders	6,517,613,909	3,358,630,678
Amounts Received on Issue of Shares	3,150,549,908	2,435,455,477
Amounts Paid on Cancellation of Shares	(78,159,017)	(47,310,488)
	3,072,390,891	2,388,144,989
Change in Net Assets Attributable to Shareholders From Investment Activities	(25,739,920)	681,886,996
Retained Distribution on Accumulation Shares	130,720,902	88,951,246
Closing Net Assets Attributable to Shareholders	9,694,985,782	6,517,613,909

The aggregated financial statements represent the sum of the assets and liabilities, as well as total return and change in net assets attributable to shareholders, of the Funds that constitute Vanguard LifeStrategy Funds ICVC.

LifeStrategy 20% Equity Fund

Fund Profile

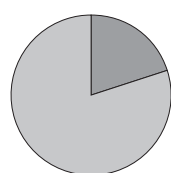
As at 31 March 2018

Investment Objective	The Fund seeks to gain exposure to a diversified notional portfolio composed approximately 20% by value of equity securities and 80% by value of fixed income securities.
Investment Strategy	The Fund will seek to achieve its investment objective predominantly through investment in passive, index-tracking collective investment schemes.
Risk Profile	The value of investments, and the income from them, may fall or rise and investors may get back less than they invested. The value of this investment may fall or rise as a result of changes in exchange rates. This Fund invests in emerging markets, which can be more volatile than more established markets. As a result, the value of your investment may rise or fall. 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.

Portfolio Characteristics

	31 March 2018	31 March 2017
Ongoing Charges Figure ¹		
A GBP Gross Accumulation Shares Expenses	0.03%	0.03%
Synthetic Element	0.19%	0.19%
Total Synthetic Ongoing Charge ¹	0.22%	0.22%
A GBP Gross Income Shares Expenses	0.03%	0.03%
Synthetic Element	0.19%	0.19%
Total Synthetic Ongoing Charge ¹	0.22%	0.22%
Ex-Dividend Date ²	1 April 2018	1 April 2017
Distribution Date ²	31 May 2018	31 May 2017

Fund Asset Allocation (% of Net Asset Value)



■ 20%	Equity-Based Collective Investment Schemes
■ 80%	Fixed Income-Based Collective Investment Schemes

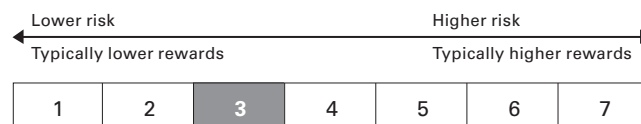
Allocation to Underlying Vanguard Funds (% of Portfolio)

Vanguard Global Bond Index Fund	19.2%
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	13.3
Vanguard U.K. Government Bond Index Fund	12.4
Vanguard Euro Government Bond Index Fund	8.6
Vanguard U.S. Investment Grade Credit Index Fund	8.4
Vanguard U.K. Inflation-Linked Gilt Index Fund	7.5
Vanguard U.S. Government Bond Index Fund	7.5
Vanguard U.K. Investment Grade Bond Index Fund	7.4
Vanguard FTSE U.K. All Share Index Unit Trust	4.9
Vanguard Japan Government Bond Index Fund	4.9
Vanguard Euro Investment Grade Bond Index Fund	4.2
Vanguard Emerging Markets Stock Index Fund	1.7

Fund Market Diversification (% of Underlying Vanguard Funds)

Global Bonds	19.2%
UK Gilts	12.4
North American Equities	8.6
European Government Bonds	8.6
US Investment-Grade Bonds	8.4
US Government Bonds	7.5
UK Inflation-Linked Gilts	7.5
UK Investment-Grade Bonds	7.4
Japan Government Bonds	4.9
UK Equities	4.9
European Investment-Grade Bonds	4.2
European ex-UK Equities	2.4
Emerging Markets Equities	1.7
Japan Equities	1.4
Asia ex-Japan Equities	0.9

Synthetic Risk and Reward Indicator³



¹ The Ongoing Charges Figure (OCF) is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. Because the Fund invests a substantial proportion of its assets in other UCITS or Collective Investment Undertakings (CIU), it is required to disclose a synthetic OCF that accounts for the ongoing charges incurred in the underlying CIUs.

² If the ex-dividend or distribution date does not fall on a business day, the effective date will be the first business day following the end of the financial year.

³ The Synthetic Risk and Reward Indicator (SRRI) measures the volatility of the Fund. The risk and reward category (which may range from 1 to 7) is calculated using historical data and may not be a reliable indicator of the Fund's future risk profile. The risk and reward category may shift over time and is not a target or guarantee. The lowest category (i.e. category 1) does not mean "risk free". The Fund appears in the lower range of the risk and reward indicator. This is because the values of the Fund's investments have experienced a lower rate of change in the past.

Commentary

On behalf of Vanguard Asset Management, Limited¹

- For the 12 months ended 31 March 2018, Vanguard LifeStrategy 20% Equity Fund returned 1.45% for A GBP Gross Accumulation Shares and 1.44% for A GBP Gross Income Shares.
- Global fixed income markets returned –4.65%, as measured by the Bloomberg Barclays Global Aggregate Index. The US Federal Reserve raised short-term interest rates three times, while the Bank of England raised its rate for the first time in more than a decade. In the United Kingdom, the yield of the benchmark 10-year gilt increased 21 basis points to 1.35%.
- European and Japanese government bonds outperformed their US counterparts. Returns for US investment-grade bonds lagged those of Europe.
- Global equity markets returned 2.61%, as measured by the FTSE Global All Cap Index. Equity investors rode a wave of optimism as key economies posted strong fundamentals and companies reported solid earnings. Benchmarks hit all-time highs in January after tax changes seen as favourable to corporations took effect in the United States. That positive performance gave way to increased volatility amid concerns about a tightening labour market, inflation risk and tariffs. Emerging markets outpaced Japan and other developed markets.

Total Returns

	Average Annual Total Returns Periods Ended 31 March 2018			
	One Year	Three Years	Five Years	Since Inception (23 June 2011)
A GBP Gross Accumulation Shares	1.45%	3.67%	4.30%	5.90%
A GBP Gross Income Shares	1.44	3.67	4.29	5.90

Past performance is not a reliable indicator of future results.

Basis of performance: NAV to NAV with net income reinvested.

¹ Vanguard Global Advisers, LLC, as investment adviser for Vanguard LifeStrategy Funds ICVC, sub-delegates the management of this sub-fund to Vanguard Asset Management, Limited.

Performance Comparative Table

A GBP Gross Accumulation Shares	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016
Change in Net Assets Per Share			
Opening Net Asset Value Per Share ¹	£145.36	£134.23	£132.35
Return Before Operating Charges ^{*,2}	£2.42	£11.47	£2.19
Operating Charges ²	(£0.32)	(£0.34)	(£0.31)
Return After Operating Charges ^{*,2}	£2.10	£11.13	£1.88
Distributions ³	(£2.09)	(£2.00)	(£1.51)
Retained Distributions on Accumulation Shares ³	£2.09	£2.00	£1.51
Closing Net Asset Value Per Share ¹	£147.46	£145.36	£134.23
*Net of Direct Transaction Costs of: ⁴	£0.04	£0.11	£0.11
Performance			
Return After Operating Charges ⁵	1.44%	8.29%	1.42%
Other Information			
Closing Net Asset Value ¹	£706,003,568	£528,463,156	£271,603,752
Closing Number of Shares	4,787,784	3,635,653	2,023,351
Operating Charges ²	0.22%	0.24%	0.24%
Direct Transaction Costs ⁴	0.03%	0.08%	0.08%
Prices			
Highest Share Price ⁶	£150.10	£145.99	£134.24
Lowest Share Price ⁶	£145.09	£133.72	£127.40

A GBP Gross Income Shares			
Change in Net Assets Per Share			
Opening Net Asset Value Per Share ¹	£133.61	£125.13	£124.78
Return Before Operating Charges ^{*,2}	£2.23	£10.65	£2.06
Operating Charges ²	(£0.30)	(£0.32)	(£0.29)
Return After Operating Charges ^{*,2}	£1.93	£10.33	£1.77
Distributions ³	(£1.92)	(£1.85)	(£1.42)
Closing Net Asset Value Per Share ¹	£133.62	£133.61	£125.13
*Net of Direct Transaction Costs of: ⁴	£0.03	£0.10	£0.10
Performance			
Return After Operating Charges ⁵	1.44%	8.26%	1.42%
Other Information			
Closing Net Asset Value ¹	£62,126,290	£52,275,074	£38,822,520
Closing Number of Shares	464,963	391,262	310,251
Operating Charges ²	0.22%	0.24%	0.24%
Direct Transaction Costs ⁴	0.03%	0.08%	0.08%
Prices			
Highest Share Price ⁶	£137.96	£136.06	£126.54
Lowest Share Price ⁶	£133.34	£124.65	£120.11

1 Underlying investments are valued at bid-market prices if separate prices are quoted for buying and selling and at the quoted price if a single price is quoted for buying and selling. The quoted price for underlying collective investment schemes may be inclusive of any applicable swing pricing adjustment. The net asset value per share shown may diverge from the net asset value per share used for dealing purposes as at 31 March 2018 (and any other applicable periods) because of any adjustments for trade date accounting and any adjustments in valuation from mid-market prices to bid-market prices.

2 Operating charges include indirect costs incurred in the maintenance and running of the Fund, as disclosed in the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average shares in issue for the accounting year.

3 The distribution on Income and Accumulation Shares includes distribution paid and payable in the financial year.

4 Direct transaction costs within this table have been calculated against the average net asset value for the accounting year.

5 Returns in the performance table are calculated using methods prescribed in the SORP 2014 regulations. They may differ slightly from returns shown in the Fund commentary.

6 Underlying investments are valued at mid-market prices if separate prices are quoted for buying and selling and at the quoted price if a single price is quoted for buying and selling. The quoted price for underlying collective investment schemes may be inclusive of any applicable swing pricing adjustment. Share prices represent the net asset value per share used for dealing purposes.

Summary of Significant Changes

For the year ended 31 March 2018

	Cost (£)
Largest Purchases	
Vanguard U.K. Government Bond Index Fund	99,193,942
Vanguard U.K. Investment Grade Bond Index Fund	58,849,884
Vanguard Global Bond Index Fund	37,678,000
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	32,679,000
Vanguard Euro Government Bond Index Fund	20,949,000
Total	249,349,826
Total Purchases for the Year	350,852,851

	Proceeds (£)
Largest Sales	
Vanguard U.K. Government Bond Index Fund	83,040,942
Vanguard U.K. Investment Grade Bond Index Fund	48,276,884
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	10,861,000
Vanguard Emerging Markets Stock Index Fund	9,760,596
Vanguard U.K. Government Bond Index Fund	4,292,000
Total	156,231,422
Total Sales for the Year	171,950,422

Portfolio Statement

As at 31 March 2018

The holdings displayed are the collective investment schemes, unless otherwise stated, through which the Fund seeks to achieve its investment objective.

The prospectus and other information about the collective investment schemes are available at vanguard.co.uk.

	Holding	Market Value (£)	% of Net Asset Value
Equity 19.89% (2017: 19.91%)			
Vanguard FTSE Developed World ex-U.K. Equity Index Fund ¹	324,957	102,144,470	13.30
Vanguard FTSE U.K. All Share Index Unit Trust ¹	198,950	37,922,498	4.94
Vanguard Emerging Markets Stock Index Fund	56,646	12,720,644	1.65
		152,787,612	19.89
Fixed Income 80.11% (2017: 80.02%)			
Vanguard Global Bond Index Fund	1,002,977	147,701,443	19.23
Vanguard U.K. Government Bond Index Fund	582,859	95,280,692	12.40
Vanguard Euro Government Bond Index Fund	557,345	66,366,708	8.64
Vanguard U.S. Investment Grade Credit Index Fund	569,887	64,518,184	8.40
Vanguard U.K. Inflation-Linked Gilt Index Fund ¹	307,656	57,717,722	7.51
Vanguard U.S. Government Bond Index Fund	549,752	57,533,104	7.49
Vanguard U.K. Investment Grade Bond Index Fund	600,003	56,542,366	7.36
Vanguard Japan Government Bond Index Fund	337,104	37,575,352	4.89
Vanguard Euro Investment Grade Bond Index Fund	279,571	32,125,301	4.19
		615,360,872	80.11
Portfolio of Investments		768,148,484	100.00
Net Other Liabilities		(18,626)	(0.00)
Net Assets Attributable to Shareholders		768,129,858	100.00

¹ The ACD of this Fund is Vanguard Investments UK, Limited.

Balance Sheet

		As at	As at
	Note ¹	31 March 2018 (£)	31 March 2017 (£)
Assets:			
Investment		768,148,484	580,318,075
Current Assets			
Debtors	10	978,271	5,122,099
Cash and Bank Balances	11	775,792	1,359,121
Total Assets		769,902,547	586,799,295
Liabilities:			
Creditors			
Distribution Payable	12	893,526	1,459,726
Other Creditors	13	879,163	4,601,339
Total Liabilities		1,772,689	6,061,065
Net Assets Attributable to Shareholders		768,129,858	580,738,230

¹ See the Notes to the Financial Statements.

Statement of Total Return

		Year Ended		Year Ended	
	Note ¹	31 March 2018 (£)	31 March 2018 (£)	31 March 2017 (£)	31 March 2017 (£)
Income					
Net Capital Gains/(Losses)	4		(1,712,111)		24,905,454
Revenue	6	10,648,125		8,144,663	
Expenses	7	(224,923)		(208,402)	
Net Revenue Before Taxation		10,423,202		7,936,261	
Taxation	8	—		(168)	
Net Revenue After Taxation			10,423,202		7,936,093
Total Return Before Distributions			8,711,091		32,841,547
Distributions ²	9		(10,423,200)		(7,936,090)
Change in Net Assets Attributable to Shareholders From Investment Activities			(1,712,109)		24,905,457

¹ See the Notes to the Financial Statements.

² Includes equalisation where applicable.

Statement of Change in Net Assets Attributable to Shareholders

	Year Ended		Year Ended	
	31 March 2018 (£)	31 March 2018 (£)	31 March 2017 (£)	31 March 2017 (£)
Opening Net Assets Attributable to Shareholders		580,738,230		310,426,272
Amounts Received on Issue of Shares	206,773,908		255,498,827	
Amounts Paid on Cancellation of Shares	(27,692,525)		(16,793,001)	
		179,081,383		238,705,826
Change in Net Assets Attributable to Shareholders From Investment Activities		(1,712,109)		24,905,457
Retained Distribution on Accumulation Shares		10,022,354		6,700,675
Closing Net Assets Attributable to Shareholders		768,129,858		580,738,230

Distribution Table

For the year ended 31 March 2018

	Net Income Pence Per Share	Equalisation Pence Per Share	Distribution Payable 31 May 2018 Pence Per Share	Distribution Paid 31 May 2017 Pence Per Share	Distribution Paid 31 March 2017 Pence Per Share
A GBP Gross Accumulation Shares					
Group 1	209.3318	—	209.3318	31.1004	168.5831
Group 2	146.0186	63.3132	209.3318	31.1004	168.5831
A GBP Gross Income Shares					
Group 1	192.1715	—	192.1715	30.6661	154.3671
Group 2	136.6240	55.5475	192.1715	30.6661	154.3671

Group 1—Shares purchased before 1 April 2017.

Group 2—Shares purchased between 1 April 2017 and 31 March 2018.

Note: Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

LifeStrategy 40% Equity Fund

Fund Profile

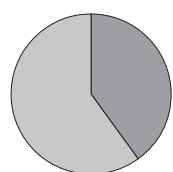
As at 31 March 2018

Investment Objective	The Fund seeks to gain exposure to a diversified notional portfolio composed approximately 40% by value of equity securities and 60% by value of fixed income securities.
Investment Strategy	The Fund will seek to achieve its investment objective predominantly through investment in passive, index-tracking collective investment schemes.
Risk Profile	The value of investments, and the income from them, may fall or rise and investors may get back less than they invested. The value of this investment may fall or rise as a result of changes in exchange rates. This Fund invests in emerging markets, which can be more volatile than more established markets. As a result, the value of your investment may rise or fall. 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.

Portfolio Characteristics

	31 March 2018	31 March 2017
Ongoing Charges Figure ¹		
A GBP Accumulation Shares Expenses	0.05%	0.05%
Synthetic Element	0.17%	0.17%
Total Synthetic Ongoing Charge ¹	0.22%	0.22%
A GBP Income Shares Expenses	0.05%	0.05%
Synthetic Element	0.17%	0.17%
Total Synthetic Ongoing Charge ¹	0.22%	0.22%
Ex-Dividend Date ²	1 April 2018	1 April 2017
Distribution Date ²	31 May 2018	31 May 2017

Fund Asset Allocation (% of Net Asset Value)



■ 40%	Equity-Based Collective Investment Schemes
■ 60%	Fixed Income-Based Collective Investment Schemes

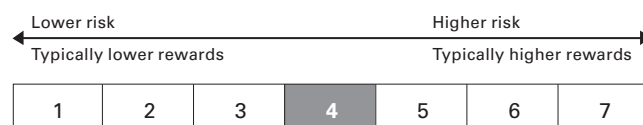
Allocation to Underlying Vanguard Funds (% of Portfolio)

Vanguard Global Bond Index Fund	19.1%
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	19.1
Vanguard FTSE U.K. All Share Index Unit Trust	10.0
Vanguard U.K. Government Bond Index Fund	9.2
Vanguard U.K. Inflation-Linked Gilt Index Fund	5.7
Vanguard U.K. Investment Grade Bond Index Fund	5.5
Vanguard Euro Government Bond Index Fund	5.3
Vanguard U.S. Investment Grade Credit Index Fund	5.2
Vanguard U.S. Equity Index Fund	4.7
Vanguard U.S. Government Bond Index Fund	4.6
Vanguard Emerging Markets Stock Index Fund	3.3
Vanguard Japan Government Bond Index Fund	3.0
Vanguard Euro Investment Grade Bond Index Fund	2.6
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	1.4
Vanguard Japan Stock Index Fund	0.8
Vanguard Pacific ex-Japan Stock Index Fund	0.4
Vanguard U.K. Gilt UCITS ETF	0.1

Fund Market Diversification (% of Underlying Vanguard Funds)

Global Bonds	19.2%
North American Equities	16.9
UK Equities	10.1
UK Gilts	9.3
UK Inflation-Linked Gilts	5.7
UK Investment-Grade Bonds	5.5
European Government Bonds	5.3
US Investment-Grade Bonds	5.2
European ex-UK Equities	4.8
US Government Bonds	4.6
Emerging Markets Equities	3.3
Japan Government Bonds	3.0
Japan Equities	2.8
European Investment-Grade Bonds	2.6
Asia ex-Japan Equities	1.7

Synthetic Risk and Reward Indicator³



¹ The Ongoing Charges Figure (OCF) is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. Because the Fund invests a substantial proportion of its assets in other UCITS or Collective Investment Undertakings (CIU), it is required to disclose a synthetic OCF that accounts for the ongoing charges incurred in the underlying CIUs.

² If the ex-dividend or distribution date does not fall on a business day, the effective date will be the first business day following the end of the financial year.

³ The Synthetic Risk and Reward Indicator (SRRI) measures the volatility of the Fund. The risk and reward category (which may range from 1 to 7) is calculated using historical data and may not be a reliable indicator of the Fund's future risk profile. The risk and reward category may shift over time and is not a target or guarantee. The lowest category (i.e. category 1) does not mean "risk free". The Fund appears in the middle range of the risk and reward indicator. This is because the values of the Fund's investments have experienced a moderate rate of change in the past.

Commentary

On behalf of Vanguard Asset Management, Limited¹

- For the 12 months ended 31 March 2018, Vanguard LifeStrategy 40% Equity Fund returned 1.56% for both share classes.
- Global fixed income markets returned –4.65%, as measured by the Bloomberg Barclays Global Aggregate Index. The US Federal Reserve raised short-term interest rates three times while the Bank of England raised its rate for the first time in more than a decade. In the United Kingdom, the yield of the benchmark 10-year gilt increased 21 basis points to 1.35%.
- European and Japanese government bonds outperformed their US counterparts. Returns for US investment-grade bonds lagged those of Europe.
- Global equity markets returned 2.61%, as measured by the FTSE Global All Cap Index. Equity investors rode a wave of optimism as key economies posted strong fundamentals and companies reported solid earnings. Benchmarks hit all-time highs in January after tax changes seen as favourable to corporations took effect in the United States. That positive performance gave way to increased volatility amid concerns about a tightening labour market, inflation risk and tariffs. Emerging markets outpaced Japan and other developed markets.

Total Returns

	Average Annual Total Returns Periods Ended 31 March 2018			
	One Year	Three Years	Five Years	Since Inception (23 June 2011)
A GBP Accumulation Shares	1.56%	5.17%	5.87%	7.17%
A GBP Income Shares	1.56	5.17	5.87	7.17

Past performance is not a reliable indicator of future results.

Basis of performance: NAV to NAV with net income reinvested.

¹ Vanguard Global Advisers, LLC, as investment adviser for Vanguard LifeStrategy Funds ICVC, sub-delegates the management of this sub-fund to Vanguard Asset Management, Limited.

Performance Comparative Table

A GBP Accumulation Shares	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016
Change in Net Assets Per Share			
Opening Net Asset Value Per Share ¹	£157.39	£138.63	£137.41
Return Before Operating Charges ^{*,2}	£2.81	£19.13	£1.54
Operating Charges ²	(£0.35)	(£0.37)	(£0.32)
Return After Operating Charges ^{*,2}	£2.46	£18.76	£1.22
Distributions ³	(£2.12)	(£2.27)	(£1.76)
Retained Distributions on Accumulation Shares ³	£2.12	£2.27	£1.76
Closing Net Asset Value Per Share ¹	£159.85	£157.39	£138.63
*Net of Direct Transaction Costs of: ⁴	£0.04	£0.11	£0.11
Performance			
Return After Operating Charges ⁵	1.56%	13.53%	0.89%
Other Information			
Closing Net Asset Value ¹	£2,286,628,312	£1,477,396,632	£710,020,511
Closing Number of Shares	14,304,813	9,386,789	5,121,657
Operating Charges ²	0.22%	0.24%	0.24%
Direct Transaction Costs ⁴	0.03%	0.08%	0.08%
Prices			
Highest Share Price ⁶	£164.95	£157.88	£139.78
Lowest Share Price ⁶	£156.41	£137.40	£129.19

A GBP Income Shares			
Change in Net Assets Per Share			
Opening Net Asset Value Per Share ¹	£143.85	£128.55	£129.07
Return Before Operating Charges ^{*,2}	£2.57	£17.74	£1.44
Operating Charges ²	(£0.32)	(£0.33)	(£0.30)
Return After Operating Charges ^{*,2}	£2.25	£17.41	£1.14
Distributions ³	(£1.94)	(£2.11)	(£1.66)
Closing Net Asset Value Per Share ¹	£144.16	£143.85	£128.55
*Net of Direct Transaction Costs of: ⁴	£0.04	£0.11	£0.11
Performance			
Return After Operating Charges ⁵	1.56%	13.54%	0.88%
Other Information			
Closing Net Asset Value ¹	£254,367,320	£182,573,779	£102,342,259
Closing Number of Shares	1,764,419	1,269,192	796,097
Operating Charges ²	0.22%	0.24%	0.24%
Direct Transaction Costs ⁴	0.03%	0.08%	0.09%
Prices			
Highest Share Price ⁶	£150.76	£146.41	£131.28
Lowest Share Price ⁶	£142.96	£127.42	£121.35

1 Underlying investments are valued at bid-market prices if separate prices are quoted for buying and selling and at the quoted price if a single price is quoted for buying and selling. The quoted price for underlying collective investment schemes may be inclusive of any applicable swing pricing adjustment. The net asset value per share shown may diverge from the net asset value per share used for dealing purposes as at 31 March 2018 (and any other applicable periods) because of any adjustments for trade date accounting and any adjustments in valuation from mid-market prices to bid-market prices.

2 Operating charges include indirect costs incurred in the maintenance and running of the Fund, as disclosed in the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average shares in issue for the accounting year.

3 The distribution on Income and Accumulation Shares includes distribution paid and payable in the financial year.

4 Direct transaction costs within this table have been calculated against the average net asset value for the accounting year.

5 Returns in the performance table are calculated using methods prescribed in the SORP 2014 regulations. They may differ slightly from returns shown in the Fund commentary.

6 Underlying investments are valued at mid-market prices if separate prices are quoted for buying and selling and at the quoted price if a single price is quoted for buying and selling. The quoted price for underlying collective investment schemes may be inclusive of any applicable swing pricing adjustment. Share prices represent the net asset value per share used for dealing purposes.

Summary of Significant Changes

For the year ended 31 March 2018

	Cost (£)
Largest Purchases	
Vanguard U.K. Government Bond Index Fund	232,131,240
Vanguard Global Bond Index Fund	173,709,000
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	169,965,000
Vanguard U.K. Investment Grade Bond Index Fund	140,242,494
Vanguard FTSE U.K. All Share Index Unit Trust	90,135,000
Total	806,182,734
Total Purchases for the Year	1,239,926,791

	Proceeds (£)
Largest Sales	
Vanguard U.K. Government Bond Index Fund	175,078,240
Vanguard U.K. Investment Grade Bond Index Fund	103,245,494
Vanguard Emerging Markets Stock Index Fund	56,080,778
Vanguard Japan Stock Index Fund	15,815,783
Vanguard Global Bond Index Fund	11,009,000
Total	361,229,295
Total Sales for the Year	388,820,032

Portfolio Statement

As at 31 March 2018

The holdings displayed are the collective investment schemes, unless otherwise stated, through which the Fund seeks to achieve its investment objective.

The prospectus and other information about the collective investment schemes are available at vanguard.co.uk.

	Holding	Market Value (£)	% of Net Asset Value
Equity 39.74% (2017: 39.93%)			
Vanguard FTSE Developed World ex-U.K. Equity Index Fund ¹	1,550,593	487,401,308	19.18
Vanguard FTSE U.K. All Share Index Unit Trust ¹	1,342,992	255,991,798	10.07
Vanguard U.S. Equity Index Fund ¹	295,770	118,593,614	4.67
Vanguard Emerging Markets Stock Index Fund	372,990	83,760,502	3.30
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund ¹	142,138	34,296,166	1.35
Vanguard Japan Stock Index Fund	91,577	20,060,065	0.79
Vanguard Pacific ex-Japan Stock Index Fund	36,714	9,529,381	0.38
		1,009,632,834	39.74
Fixed Income 60.23% (2017: 60.20%)			
Vanguard Global Bond Index Fund	3,307,394	487,057,073	19.17
Vanguard U.K. Government Bond Index Fund	1,423,525	232,705,481	9.16
Vanguard U.K. Inflation-Linked Gilt Index Fund ¹	765,370	143,586,967	5.65
Vanguard U.K. Investment Grade Bond Index Fund	1,474,458	138,948,181	5.47
Vanguard Euro Government Bond Index Fund	1,133,974	135,029,757	5.31
Vanguard U.S. Investment Grade Credit Index Fund	1,163,589	131,732,455	5.18
Vanguard U.S. Government Bond Index Fund	1,122,123	117,433,462	4.62
Vanguard Japan Government Bond Index Fund	681,622	75,977,053	2.99
Vanguard Euro Investment Grade Bond Index Fund	573,293	65,876,664	2.59
Vanguard U.K. Gilt UCITS ETF	94,241	2,162,105	0.09
		1,530,509,198	60.23
Portfolio of Investments		2,540,142,032	99.97
Net Other Assets		853,600	0.03
Net Assets Attributable to Shareholders		2,540,995,632	100.00

¹ The ACD of this Fund is Vanguard Investments UK, Limited.

Balance Sheet

		As at	As at
	Note ¹	31 March 2018 (£)	31 March 2017 (£)
Assets:			
Investment Assets		2,540,142,032	1,662,079,373
Current Assets			
Debtors	10	6,800,079	13,135,997
Cash and Bank Balances	11	3,756,046	866,026
Total Assets		2,550,698,157	1,676,081,396
Liabilities:			
Creditors			
Distribution Payable	12	3,419,772	2,671,649
Other Creditors	13	6,282,753	13,439,336
Total Liabilities		9,702,525	16,110,985
Net Assets Attributable to Shareholders		2,540,995,632	1,659,970,411

¹ See the Notes to the Financial Statements.

Statement of Total Return

		Year Ended		Year Ended	
	Note ¹	31 March 2018 (£)	31 March 2018 (£)	31 March 2017 (£)	31 March 2017 (£)
Income					
Net Capital Gains/(Losses)	4		(7,239,631)		122,406,749
Revenue	6	34,247,861		22,175,358	
Expenses	7	(1,094,973)		(794,097)	
Net Revenue Before Taxation		33,152,888		21,381,261	
Taxation	8	(3,465,151)		(2,499,922)	
Net Revenue After Taxation			29,687,737		18,881,339
Total Return Before Distributions			22,448,106		141,288,088
Distributions ²	9		(29,687,728)		(18,881,336)
Change in Net Assets Attributable to Shareholders From Investment Activities			(7,239,622)		122,406,752

¹ See the Notes to the Financial Statements.

² Includes equalisation where applicable.

Statement of Change in Net Assets Attributable to Shareholders

	Year Ended		Year Ended	
	31 March 2018 (£)	31 March 2018 (£)	31 March 2017 (£)	31 March 2017 (£)
Opening Net Assets Attributable to Shareholders		1,659,970,411		812,362,770
Amounts Received on Issue of Shares	865,010,671		705,007,835	
Amounts Paid on Cancellation of Shares	(7,084,520)		(1,117,125)	
		857,926,151		703,890,710
Change in Net Assets Attributable to Shareholders From Investment Activities		(7,239,622)		122,406,752
Retained Distribution on Accumulation Shares		30,338,692		21,310,179
Closing Net Assets Attributable to Shareholders		2,540,995,632		1,659,970,411

Distribution Table

For the year ended 31 March 2018

	Net Income Pence Per Share	Equalisation Pence Per Share	Distribution Payable 31 May 2018 Pence Per Share	Distribution Paid 31 May 2017 Pence Per Share
A GBP Accumulation Shares				
Group 1	212.0873	—	212.0873	227.0231
Group 2	132.6846	79.4027	212.0873	227.0231
A GBP Income Shares				
Group 1	193.8186	—	193.8186	210.5000
Group 2	117.8316	75.9870	193.8186	210.5000

Group 1—Shares purchased before 1 April 2017.

Group 2—Shares purchased between 1 April 2017 and 31 March 2018.

Note: Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

LifeStrategy 60% Equity Fund

Fund Profile

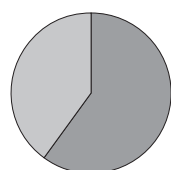
As at 31 March 2018

Investment Objective	The Fund seeks to gain exposure to a diversified notional portfolio composed approximately 60% by value of equity securities and 40% by value of fixed income securities.
Investment Strategy	The Fund will seek to achieve its investment objective predominantly through investment in passive, index-tracking collective investment schemes.
Risk Profile	The value of investments, and the income from them, may fall or rise and investors may get back less than they invested. The value of this investment may fall or rise as a result of changes in exchange rates. This Fund invests in emerging markets, which can be more volatile than more established markets. As a result, the value of your investment may rise or fall. 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.

Portfolio Characteristics

	31 March 2018	31 March 2017
Ongoing Charges Figure ¹		
A GBP Accumulation Shares Expenses	0.07%	0.07%
Synthetic Element	0.15%	0.15%
Total Synthetic Ongoing Charge ¹	0.22%	0.22%
A GBP Income Shares Expenses	0.07%	0.07%
Synthetic Element	0.15%	0.15%
Total Synthetic Ongoing Charge ¹	0.22%	0.22%
Ex-Dividend Date ²	1 April 2018	1 April 2017
Distribution Date ²	31 May 2018	31 May 2017

Fund Asset Allocation (% of Net Asset Value)



■ 60%	Equity-Based Collective Investment Schemes
■ 40%	Fixed Income-Based Collective Investment Schemes

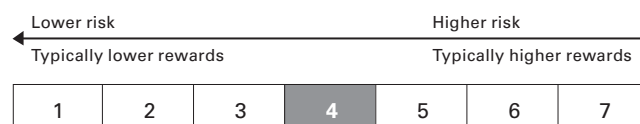
Allocation to Underlying Vanguard Funds (% of Portfolio)

Vanguard Global Bond Index Fund	19.6%
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	19.3
Vanguard FTSE U.K. All Share Index Unit Trust	15.1
Vanguard U.S. Equity Index Fund	13.4
Vanguard U.K. Government Bond Index Fund	5.8
Vanguard Emerging Markets Stock Index Fund	4.9
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	3.8
Vanguard U.K. Inflation-Linked Gilt Index Fund	3.7
Vanguard U.K. Investment Grade Bond Index Fund	3.6
Vanguard Japan Stock Index Fund	2.2
Vanguard Euro Government Bond Index Fund	2.0
Vanguard U.S. Investment Grade Credit Index Fund	1.9
Vanguard U.S. Government Bond Index Fund	1.7
Vanguard Japan Government Bond Index Fund	1.1
Vanguard Pacific ex-Japan Stock Index Fund	1.0
Vanguard Euro Investment Grade Bond Index Fund	0.9

Fund Market Diversification (% of Underlying Vanguard Funds)

North American Equities	25.8%
Global Bonds	19.7
UK Equities	15.1
European ex-UK Equities	7.3
UK Gilts	5.8
Emerging Markets Equities	4.9
Japan Equities	4.2
UK Inflation-Linked Gilts	3.7
UK Investment-Grade Bonds	3.6
Asia ex-Japan Equities	2.3
European Government Bonds	2.0
US Investment-Grade Bonds	1.9
US Government Bonds	1.7
Japan Government Bonds	1.1
European Investment-Grade Bonds	0.9

Synthetic Risk and Reward Indicator³



¹ The Ongoing Charges Figure (OCF) is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. Because the Fund invests a substantial proportion of its assets in other UCITS or Collective Investment Undertakings (CIU), it is required to disclose a synthetic OCF that accounts for the ongoing charges incurred in the underlying CIUs.

² If the ex-dividend or distribution date does not fall on a business day, the effective date will be the first business day following the end of the financial year.

³ The Synthetic Risk and Reward Indicator (SRRI) measures the volatility of the Fund. The risk and reward category (which may range from 1 to 7) is calculated using historical data and may not be a reliable indicator of the Fund's future risk profile. The risk and reward category may shift over time and is not a target or guarantee. The lowest category (i.e. category 1) does not mean "risk free". The Fund appears in the middle range of the risk and reward indicator. This is because the values of the Fund's investments have experienced a moderate rate of change in the past.

Commentary

On behalf of Vanguard Asset Management, Limited¹

- For the 12 months ended 31 March 2018, Vanguard LifeStrategy 60% Equity Fund returned 1.89% for both share classes.
- Global equity markets returned 2.61%, as measured by the FTSE Global All Cap Index. Equity investors rode a wave of optimism as key economies posted strong fundamentals and companies reported solid earnings. Benchmarks hit all-time highs in January after tax changes seen as favourable to corporations took effect in the United States. That positive performance gave way to increased volatility amid concerns about a tightening labour market, inflation risk and tariffs. Emerging markets outpaced Japan and other developed markets.
- Global fixed income markets returned –4.65%, as measured by the Bloomberg Barclays Global Aggregate Index. The US Federal Reserve raised short-term interest rates three times while the Bank of England raised its rate for the first time in more than a decade. In the United Kingdom, the yield of the benchmark 10-year gilt increased 21 basis points to 1.35%.
- European and Japanese government bonds outperformed their US counterparts. Returns for US investment-grade bonds lagged those of Europe.

Total Returns

	Average Annual Total Returns Periods Ended 31 March 2018			
	One Year	Three Years	Five Years	Since Inception (23 June 2011)
A GBP Accumulation Shares	1.89%	6.66%	7.41%	8.36%
A GBP Income Shares	1.89	6.67	7.41	8.36

Past performance is not a reliable indicator of future results.

Basis of performance: NAV to NAV with net income reinvested.

¹ Vanguard Global Advisers, LLC, as investment adviser for Vanguard LifeStrategy Funds ICVC, sub-delegates the management of this sub-fund to Vanguard Asset Management, Limited.

Performance Comparative Table

A GBP Accumulation Shares	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016
Change in Net Assets Per Share			
Opening Net Asset Value Per Share ¹	£169.02	£142.07	£141.92
Return Before Operating Charges ^{*,2}	£3.58	£27.33	£0.48
Operating Charges ²	(£0.38)	(£0.38)	(£0.33)
Return After Operating Charges ^{*,2}	£3.20	£26.95	£0.15
Distributions ³	(£2.55)	(£2.56)	(£2.00)
Retained Distributions on Accumulation Shares ³	£2.55	£2.56	£2.00
Closing Net Asset Value Per Share ¹	£172.22	£169.02	£142.07
*Net of Direct Transaction Costs of: ⁴	£0.03	£0.09	£0.10
Performance			
Return After Operating Charges ⁵	1.89%	18.97%	0.11%
Other Information			
Closing Net Asset Value ¹	£3,347,978,420	£2,234,502,831	£1,146,757,807
Closing Number of Shares	19,440,279	13,220,244	8,071,554
Operating Charges ²	0.22%	0.24%	0.24%
Direct Transaction Costs ⁴	0.02%	0.06%	0.07%
Prices			
Highest Share Price ⁶	£180.38	£170.16	£145.41
Lowest Share Price ⁶	£166.69	£140.09	£130.10

A GBP Income Shares			
Change in Net Assets Per Share			
Opening Net Asset Value Per Share ¹	£154.37	£131.75	£133.47
Return Before Operating Charges ^{*,2}	£3.27	£25.35	£0.47
Operating Charges ²	(£0.35)	(£0.35)	(£0.31)
Return After Operating Charges ^{*,2}	£2.92	£25.00	£0.16
Distributions ³	(£2.32)	(£2.38)	(£1.88)
Closing Net Asset Value Per Share ¹	£154.97	£154.37	£131.75
*Net of Direct Transaction Costs of: ⁴	£0.03	£0.08	£0.09
Performance			
Return After Operating Charges ⁵	1.89%	18.98%	0.12%
Other Information			
Closing Net Asset Value ¹	£368,909,485	£270,182,900	£156,465,315
Closing Number of Shares	2,380,556	1,750,241	1,187,607
Operating Charges ²	0.22%	0.24%	0.24%
Direct Transaction Costs ⁴	0.02%	0.06%	0.07%
Prices			
Highest Share Price ⁶	£164.75	£157.80	£136.74
Lowest Share Price ⁶	£152.24	£129.91	£122.36

1 Underlying investments are valued at bid-market prices if separate prices are quoted for buying and selling and at the quoted price if a single price is quoted for buying and selling. The quoted price for underlying collective investment schemes may be inclusive of any applicable swing pricing adjustment. The net asset value per share shown may diverge from the net asset value per share used for dealing purposes as at 31 March 2018 (and any other applicable periods) because of any adjustments for trade date accounting and any adjustments in valuation from mid-market prices to bid-market prices.

2 Operating charges include indirect costs incurred in the maintenance and running of the Fund, as disclosed in the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average shares in issue for the accounting year.

3 The distribution on Income and Accumulation Shares includes distribution paid and payable in the financial year.

4 Direct transaction costs within this table have been calculated against the average net asset value for the accounting year.

5 Returns in the performance table are calculated using methods prescribed in the SORP 2014 regulations. They may differ slightly from returns shown in the Fund commentary.

6 Underlying investments are valued at mid-market prices if separate prices are quoted for buying and selling and at the quoted price if a single price is quoted for buying and selling. The quoted price for underlying collective investment schemes may be inclusive of any applicable swing pricing adjustment. Share prices represent the net asset value per share used for dealing purposes.

Summary of Significant Changes

For the year ended 31 March 2018

	Cost (£)
Largest Purchases	
Vanguard Global Bond Index Fund	266,289,000
Vanguard U.K. Government Bond Index Fund	227,977,337
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	226,003,000
Vanguard FTSE U.K. All Share Index Unit Trust	182,118,000
Vanguard Emerging Markets Stock Index Fund	174,886,335
Total	1,077,273,672
Total Purchases for the Year	1,718,053,809

	Proceeds (£)
Largest Sales	
Vanguard U.K. Government Bond Index Fund	169,925,337
Vanguard Emerging Markets Stock Index Fund	125,105,335
Vanguard U.K. Investment Grade Bond Index Fund	99,826,127
Vanguard Japan Stock Index Fund	63,460,140
Vanguard Global Bond Index Fund	33,405,000
Total	491,721,939
Total Sales for the Year	558,996,725

Portfolio Statement

As at 31 March 2018

The holdings displayed are the collective investment schemes, unless otherwise stated, through which the Fund seeks to achieve its investment objective.

The prospectus and other information about the collective investment schemes are available at vanguard.co.uk.

	Holding	Market Value (£)	% of Net Asset Value
Equity 59.68% (2017: 59.96%)			
Vanguard FTSE Developed World ex-U.K. Equity Index Fund ¹	2,271,793	714,097,524	19.21
Vanguard FTSE U.K. All Share Index Unit Trust ¹	2,943,031	560,979,934	15.09
Vanguard U.S. Equity Index Fund ¹	1,240,242	497,294,230	13.38
Vanguard Emerging Markets Stock Index Fund	813,241	182,625,579	4.91
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund ¹	591,952	142,830,216	3.84
Vanguard Japan Stock Index Fund	374,025	81,930,590	2.21
Vanguard Pacific ex-Japan Stock Index Fund	148,859	38,637,035	1.04
		2,218,395,108	59.68
Fixed Income 40.20% (2017: 40.19%)			
Vanguard Global Bond Index Fund	4,904,118	722,195,547	19.43
Vanguard U.K. Government Bond Index Fund	1,324,711	216,552,216	5.83
Vanguard U.K. Inflation-Linked Gilt Index Fund ¹	730,636	137,070,738	3.69
Vanguard U.K. Investment Grade Bond Index Fund	1,417,343	133,565,885	3.59
Vanguard Euro Government Bond Index Fund	611,069	72,763,988	1.96
Vanguard U.S. Investment Grade Credit Index Fund	627,925	71,088,724	1.91
Vanguard U.S. Government Bond Index Fund	598,267	62,610,427	1.68
Vanguard Japan Government Bond Index Fund	373,181	41,596,681	1.12
Vanguard Euro Investment Grade Bond Index Fund	306,526	35,222,691	0.95
Vanguard U.K. Gilt UCITS ETF	62,259	1,428,364	0.04
		1,494,095,261	40.20
Portfolio of Investments		3,712,490,369	99.88
Net Other Assets		4,397,536	0.12
Net Assets Attributable to Shareholders		3,716,887,905	100.00

¹ The ACD of this Fund is Vanguard Investments UK, Limited.

Balance Sheet

		As at	As at
	Note ¹	31 March 2018 (£)	31 March 2017 (£)
Assets:			
Investment Assets		3,712,490,369	2,508,357,687
Current Assets			
Debtors	10	12,310,241	19,295,126
Cash and Bank Balances	11	4,806,819	803,161
Total Assets		3,729,607,429	2,528,455,974
Liabilities:			
Creditors			
Distribution Payable	12	5,534,430	4,158,267
Other Creditors	13	7,185,094	19,611,976
Total Liabilities		12,719,524	23,770,243
Net Assets Attributable to Shareholders		3,716,887,905	2,504,685,731

¹ See the Notes to the Financial Statements.

Statement of Total Return

		Year Ended		Year Ended	
	Note ¹	31 March 2018 (£)	31 March 2018 (£)	31 March 2017 (£)	31 March 2017 (£)
Income					
Net Capital Gains/(Losses)	4		(8,401,838)		272,417,039
Revenue	6	53,574,529		34,313,653	
Expenses	7	(2,266,844)		(1,584,472)	
Net Revenue Before Taxation		51,307,685		32,729,181	
Taxation	8	(3,262,866)		(2,434,038)	
Net Revenue After Taxation			48,044,819		30,295,143
Total Return Before Distributions			39,642,981		302,712,182
Distributions ²	9		(48,044,814)		(30,295,136)
Change in Net Assets Attributable to Shareholders From Investment Activities			(8,401,833)		272,417,046

¹ See the Notes to the Financial Statements.

² Includes equalisation where applicable.

Statement of Change in Net Assets Attributable to Shareholders

	Year Ended		Year Ended	
	31 March 2018 (£)	31 March 2018 (£)	31 March 2017 (£)	31 March 2017 (£)
Opening Net Assets Attributable to Shareholders		2,504,685,731		1,303,223,122
Amounts Received on Issue of Shares	1,187,025,296		903,249,139	
Amounts Paid on Cancellation of Shares	(15,915,500)		(8,077,555)	
		1,171,109,796		895,171,584
Change in Net Assets Attributable to Shareholders From Investment Activities		(8,401,833)		272,417,046
Retained Distribution on Accumulation Shares		49,494,211		33,873,979
Closing Net Assets Attributable to Shareholders		3,716,887,905		2,504,685,731

Distribution Table

For the year ended 31 March 2018

	Net Income Pence Per Share	Equalisation Pence Per Share	Distribution Payable 31 May 2018 Pence Per Share	Distribution Paid 31 May 2017 Pence Per Share
A GBP Accumulation Shares				
Group 1	254.5962	—	254.5962	256.2281
Group 2	150.0688	104.5274	254.5962	256.2281
A GBP Income Shares				
Group 1	232.4848	—	232.4848	237.5826
Group 2	138.5250	93.9598	232.4848	237.5826

Group 1—Shares purchased before 1 April 2017.

Group 2—Shares purchased between 1 April 2017 and 31 March 2018.

Note: Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

LifeStrategy 80% Equity Fund

Fund Profile

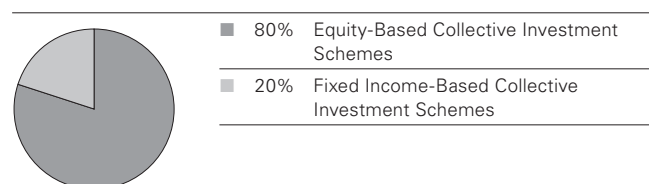
As at 31 March 2018

Investment Objective	The Fund seeks to gain exposure to a diversified notional portfolio composed approximately 80% by value of equity securities and 20% by value of fixed income securities.
Investment Strategy	The Fund will seek to achieve its investment objective predominantly through investment in passive, index-tracking collective investment schemes.
Risk Profile	The value of investments, and the income from them, may fall or rise and investors may get back less than they invested. The value of this investment may fall or rise as a result of changes in exchange rates. This Fund invests in emerging markets, which can be more volatile than more established markets. As a result, the value of your investment may rise or fall. 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.

Portfolio Characteristics

	31 March 2018	31 March 2017
Ongoing Charges Figure ¹		
A GBP Accumulation Shares Expenses	0.09%	0.09%
Synthetic Element	0.13%	0.13%
Total Synthetic Ongoing Charge ¹	0.22%	0.22%
A GBP Income Shares Expenses	0.09%	0.09%
Synthetic Element	0.13%	0.13%
Total Synthetic Ongoing Charge ¹	0.22%	0.22%
Ex-Dividend Date ²	1 April 2018	1 April 2017
Distribution Date ²	31 May 2018	31 May 2017

Fund Asset Allocation (% of Net Asset Value)



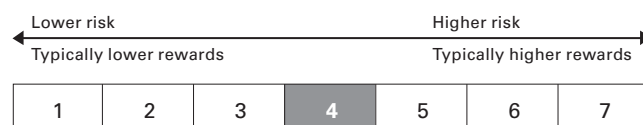
Allocation to Underlying Vanguard Funds (% of Portfolio)

Vanguard FTSE Developed World ex-U.K. Equity Index Fund	19.1%
Vanguard U.S. Equity Index Fund	19.1
Vanguard FTSE U.K. All Share Index Unit Trust	18.4
Vanguard Global Bond Index Fund	14.1
Vanguard Emerging Markets Stock Index Fund	6.6
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	6.4
Vanguard Japan Stock Index Fund	3.7
Vanguard S&P 500 UCITS ETF	3.0
Vanguard U.K. Government Bond Index Fund	2.7
Vanguard U.K. Inflation-Linked Gilt Index Fund	1.9
Vanguard FTSE 100 UCITS ETF	1.8
Vanguard Pacific ex-Japan Stock Index Fund	1.7
Vanguard U.K. Investment Grade Bond Index Fund	1.5

Fund Market Diversification (% of Underlying Vanguard Funds)

North American Equities	34.5%
UK Equities	20.2
Global Bonds	14.1
European ex-UK Equities	9.9
Emerging Markets Equities	6.6
Japan Equities	5.6
Asia ex-Japan Equities	3.0
UK Gilts	2.7
UK Inflation-Linked Gilts	1.9
UK Investment-Grade Bonds	1.5

Synthetic Risk and Reward Indicator³



¹ The Ongoing Charges Figure (OCF) is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. Because the Fund invests a substantial proportion of its assets in other UCITS or Collective Investment Undertakings (CIU), it is required to disclose a synthetic OCF that accounts for the ongoing charges incurred in the underlying CIUs.

² If the ex-dividend or distribution date does not fall on a business day, the effective date will be the first business day following the end of the financial year.

³ The Synthetic Risk and Reward Indicator (SRRI) measures the volatility of the Fund. The risk and reward category (which may range from 1 to 7) is calculated using historical data and may not be a reliable indicator of the Fund's future risk profile. The risk and reward category may shift over time and is not a target or guarantee. The lowest category (i.e. category 1) does not mean "risk free". The Fund appears in the middle range of the risk and reward indicator. This is because the values of the Fund's investments have experienced a moderate rate of change in the past.

Commentary

On behalf of Vanguard Asset Management, Limited¹

- For the 12 months ended 31 March 2018, Vanguard LifeStrategy 80% Equity Fund returned 2.14% for both share classes.
- Global equity markets returned 2.61%, as measured by the FTSE Global All Cap Index. Equity investors rode a wave of optimism as key economies posted strong fundamentals and companies reported solid earnings. Benchmarks hit all-time highs in January after tax changes seen as favourable to corporations took effect in the United States. That positive performance gave way to increased volatility amid concerns about a tightening labour market, inflation risk and tariffs. Emerging markets outpaced Japan and other developed markets.
- Global fixed income markets returned –4.65%, as measured by the Bloomberg Barclays Global Aggregate Index. The US Federal Reserve raised short-term interest rates three times while the Bank of England raised its rate for the first time in more than a decade. In the United Kingdom, the yield of the benchmark 10-year gilt increased 21 basis points to 1.35%.
- European and Japanese government bonds outperformed their US counterparts. Returns for US investment-grade bonds lagged those of Europe.

Total Returns

	Average Annual Total Returns Periods Ended 31 March 2018			
	One Year	Three Years	Five Years	Since Inception (23 June 2011)
A GBP Accumulation Shares	2.14%	8.09%	8.90%	9.46%
A GBP Income Shares	2.14	8.08	8.90	9.46

Past performance is not a reliable indicator of future results.

Basis of performance: NAV to NAV with net income reinvested.

¹ Vanguard Global Advisers, LLC, as investment adviser for Vanguard LifeStrategy Funds ICVC, sub-delegates the management of this sub-fund to Vanguard Asset Management, Limited.

Performance Comparative Table

A GBP Accumulation Shares	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016
Change in Net Assets Per Share			
Opening Net Asset Value Per Share ¹	£180.59	£145.00	£146.08
Return Before Operating Charges ^{*,2}	£4.27	£35.99	(£0.74)
Operating Charges ²	(£0.41)	(£0.40)	(£0.34)
Return After Operating Charges ^{*,2}	£3.86	£35.59	(£1.08)
Distributions ³	(£3.01)	(£2.99)	(£2.39)
Retained Distributions on Accumulation Shares ³	£3.01	£2.99	£2.39
Closing Net Asset Value Per Share ¹	£184.45	£180.59	£145.00
*Net of Direct Transaction Costs of: ⁴	£0.02	£0.07	£0.06
Performance			
Return After Operating Charges ⁵	2.14%	24.54%	(0.74%)
Other Information			
Closing Net Asset Value ¹	£1,619,177,746	£1,101,804,658	£575,179,715
Closing Number of Shares	8,778,382	6,101,094	3,966,741
Operating Charges ²	0.22%	0.24%	0.24%
Direct Transaction Costs ⁴	0.01%	0.04%	0.05%
Prices			
Highest Share Price ⁶	£196.23	£182.68	£150.80
Lowest Share Price ⁶	£176.70	£142.23	£130.35

A GBP Income Shares			
Change in Net Assets Per Share			
Opening Net Asset Value Per Share ¹	£164.65	£134.42	£137.68
Return Before Operating Charges ^{*,2}	£3.90	£33.37	(£0.69)
Operating Charges ²	(£0.38)	(£0.37)	(£0.32)
Return After Operating Charges ^{*,2}	£3.52	£33.00	(£1.01)
Distributions ³	(£2.74)	(£2.77)	(£2.25)
Closing Net Asset Value Per Share ¹	£165.43	£164.65	£134.42
*Net of Direct Transaction Costs of: ⁴	£0.02	£0.06	£0.06
Performance			
Return After Operating Charges ⁵	2.14%	24.55%	(0.73%)
Other Information			
Closing Net Asset Value ¹	£117,714,179	£86,696,622	£42,763,345
Closing Number of Shares	711,579	526,563	318,136
Operating Charges ²	0.22%	0.24%	0.24%
Direct Transaction Costs ⁴	0.01%	0.04%	0.05%
Prices			
Highest Share Price ⁶	£178.91	£169.35	£142.12
Lowest Share Price ⁶	£161.10	£131.86	£122.85

1 Underlying investments are valued at bid-market prices if separate prices are quoted for buying and selling and at the quoted price if a single price is quoted for buying and selling. The quoted price for underlying collective investment schemes may be inclusive of any applicable swing pricing adjustment. The net asset value per share shown may diverge from the net asset value per share used for dealing purposes as at 31 March 2018 (and any other applicable periods) because of any adjustments for trade date accounting and any adjustments in valuation from mid-market prices to bid-market prices.

2 Operating charges include indirect costs incurred in the maintenance and running of the Fund, as disclosed in the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average shares in issue for the accounting year.

3 The distribution on Income and Accumulation Shares includes distribution paid and payable in the financial year.

4 Direct transaction costs within this table have been calculated against the average net asset value for the accounting year.

5 Returns in the performance table are calculated using methods prescribed in the SORP 2014 regulations. They may differ slightly from returns shown in the Fund commentary.

6 Underlying investments are valued at mid-market prices if separate prices are quoted for buying and selling and at the quoted price if a single price is quoted for buying and selling. The quoted price for underlying collective investment schemes may be inclusive of any applicable swing pricing adjustment. Share prices represent the net asset value per share used for dealing purposes.

Summary of Significant Changes

For the year ended 31 March 2018

	Cost (£)
Largest Purchases	
Vanguard Emerging Markets Stock Index Fund	110,085,026
Vanguard FTSE U.K. All Share Index Unit Trust	103,650,000
Vanguard U.S. Equity Index Fund	99,263,000
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	98,783,000
Vanguard Global Bond Index Fund	94,651,000
Total	506,432,026
Total Purchases for the Year	766,098,474

	Proceeds (£)
Largest Sales	
Vanguard Emerging Markets Stock Index Fund	79,714,026
Vanguard Japan Stock Index Fund	49,560,187
Vanguard U.K. Government Bond Index Fund	35,653,226
Vanguard Pacific ex-Japan Stock Index Fund	24,926,432
Vanguard U.K. Investment Grade Bond Index Fund	21,081,724
Total	210,935,595
Total Sales for the Year	242,392,596

Portfolio Statement

As at 31 March 2018

The holdings displayed are the collective investment schemes, unless otherwise stated, through which the Fund seeks to achieve its investment objective.

The prospectus and other information about the collective investment schemes are available at vanguard.co.uk.

	Holding	Market Value (£)	% of Net Asset Value
Equity 79.57% (2017: 80.00%)			
Vanguard FTSE Developed World ex-U.K. Equity Index Fund ¹	1,054,700	331,526,029	19.09
Vanguard U.S. Equity Index Fund ¹	824,777	330,707,151	19.04
Vanguard FTSE U.K. All Share Index Unit Trust ¹	1,669,456	318,219,926	18.32
Vanguard Emerging Markets Stock Index Fund	512,022	114,982,357	6.62
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund ¹	458,036	110,518,211	6.36
Vanguard Japan Stock Index Fund	288,620	63,222,551	3.64
Vanguard S&P 500 UCITS ETF	1,447,965	51,735,332	2.98
Vanguard FTSE 100 UCITS ETF	1,002,262	31,324,997	1.80
Vanguard Pacific ex-Japan Stock Index Fund	115,106	29,876,180	1.72
		1,382,112,734	79.57
Fixed Income 20.26% (2017: 20.12%)			
Vanguard Global Bond Index Fund	1,664,358	245,098,457	14.11
Vanguard U.K. Government Bond Index Fund	283,263	46,305,436	2.66
Vanguard U.K. Inflation-Linked Gilt Index Fund ¹	178,440	33,476,275	1.93
Vanguard U.K. Investment Grade Bond Index Fund	281,549	26,532,316	1.53
Vanguard U.K. Gilt UCITS ETF	21,184	486,010	0.03
		351,898,494	20.26
Portfolio of Investments		1,734,011,228	99.83
Net Other Assets		2,880,697	0.17
Net Assets Attributable to Shareholders		1,736,891,925	100.00

¹ The ACD of this Fund is Vanguard Investments UK, Limited.

Balance Sheet

		As at	As at
	Note ¹	31 March 2018 (£)	31 March 2017 (£)
Assets:			
Investment Assets		1,734,011,228	1,189,894,080
Current Assets			
Debtors	10	6,088,220	9,725,225
Cash and Bank Balances	11	1,361,451	—
Total Assets		1,741,460,899	1,199,619,305
Liabilities:			
Creditors			
Bank Overdrafts	11	—	291,050
Distribution Payable	12	1,949,198	1,460,401
Other Creditors	13	2,619,776	9,366,574
Total Liabilities		4,568,974	11,118,025
Net Assets Attributable to Shareholders		1,736,891,925	1,188,501,280

¹ See the Notes to the Financial Statements.

Statement of Total Return

		Year Ended		Year Ended	
	Note ¹	31 March 2018 (£)	31 March 2018 (£)	31 March 2017 (£)	31 March 2017 (£)
Income					
Net Capital Gains/(Losses)	4		(4,473,354)		163,364,158
Revenue	6	26,831,961		17,058,037	
Expenses	7	(1,292,144)		(871,423)	
Net Revenue Before Taxation		25,539,817		16,186,614	
Taxation	8	(659,774)		(478,487)	
Net Revenue After Taxation			24,880,043		15,708,127
Total Return Before Distributions			20,406,689		179,072,285
Distributions ²	9		(24,880,035)		(15,708,122)
Change in Net Assets Attributable to Shareholders From Investment Activities			(4,473,346)		163,364,163

¹ See the Notes to the Financial Statements.

² Includes equalisation where applicable.

Statement of Change in Net Assets Attributable to Shareholders

	Year Ended		Year Ended	
	31 March 2018 (£)	31 March 2018 (£)	31 March 2017 (£)	31 March 2017 (£)
Opening Net Assets Attributable to Shareholders		1,188,501,280		617,943,060
Amounts Received on Issue of Shares	535,796,343		396,884,595	
Amounts Paid on Cancellation of Shares	(9,318,386)		(7,937,738)	
		526,477,957		388,946,857
Change in Net Assets Attributable to Shareholders From Investment Activities		(4,473,346)		163,364,163
Retained Distribution on Accumulation Shares		26,386,034		18,247,200
Closing Net Assets Attributable to Shareholders		1,736,891,925		1,188,501,280

Distribution Table

For the year ended 31 March 2018

	Net Income Pence Per Share	Equalisation Pence Per Share	Distribution Payable 31 May 2018 Pence Per Share	Distribution Paid 31 May 2017 Pence Per Share
A GBP Accumulation Shares				
Group 1	300.5797	—	300.5797	299.0808
Group 2	172.6671	127.9126	300.5797	299.0808
A GBP Income Shares				
Group 1	273.9257	—	273.9257	277.3460
Group 2	170.4464	103.4793	273.9257	277.3460

Group 1—Shares purchased before 1 April 2017.

Group 2—Shares purchased between 1 April 2017 and 31 March 2018.

Note: Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

LifeStrategy 100% Equity Fund

Fund Profile

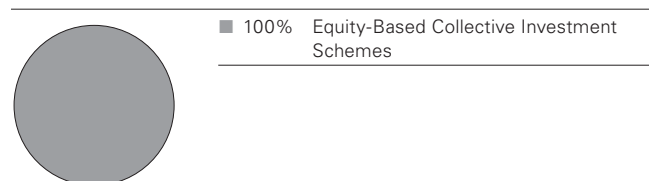
As at 31 March 2018

Investment Objective	The Fund seeks to gain exposure to a diversified notional portfolio composed approximately 100% by value of equity securities.
Investment Strategy	The Fund will seek to achieve its investment objective predominantly through investment in passive, index-tracking collective investment schemes.
Risk Profile	The value of investments, and the income from them, may fall or rise and investors may get back less than they invested. The value of this investment may fall or rise as a result of changes in exchange rates. This Fund invests in emerging markets, which can be more volatile than more established markets. As a result the value of your investment may rise or fall.

Portfolio Characteristics

	31 March 2018	31 March 2017
Ongoing Charges Figure ¹		
A GBP Accumulation Shares Expenses	0.09%	0.09%
Synthetic Element	0.13%	0.13%
Total Synthetic Ongoing Charge ¹	0.22%	0.22%
A GBP Income Shares Expenses	0.09%	0.09%
Synthetic Element	0.13%	0.13%
Total Synthetic Ongoing Charge ¹	0.22%	0.22%
Ex-Dividend Date ²	1 April 2018	1 April 2017
Distribution Date ²	31 May 2018	31 May 2017

Fund Asset Allocation (% of Net Asset Value)



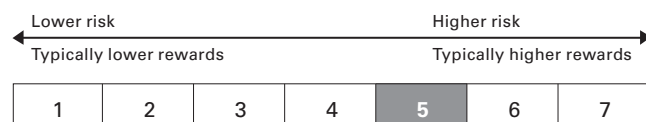
Allocation to Underlying Vanguard Funds (% of Portfolio)

Vanguard FTSE Developed World ex-U.K. Equity Index Fund	19.3%
Vanguard U.S. Equity Index Fund	19.1
Vanguard FTSE U.K. All Share Index Unit Trust	18.4
Vanguard S&P 500 UCITS ETF	11.7
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	8.9
Vanguard Emerging Markets Stock Index Fund	8.4
Vanguard FTSE 100 UCITS ETF	5.4
Vanguard Japan Stock Index Fund	5.2
Vanguard Pacific ex-Japan Stock Index Fund	2.4
Vanguard FTSE 250 UCITS ETF	1.2

Fund Market Diversification (% of Underlying Vanguard Funds)

North American Equities	43.3%
UK Equities	25.0
European ex-UK Equities	12.4
Emerging Markets Equities	8.4
Japan Equities	7.2
Asia ex-Japan Equities	3.7

Synthetic Risk and Reward Indicator³



¹ The Ongoing Charges Figure (OCF) is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. Because the Fund invests a substantial proportion of its assets in other UCITS or Collective Investment Undertakings (CIU), it is required to disclose a synthetic OCF that accounts for the ongoing charges incurred in the underlying CIUs.

² If the ex-dividend or distribution date does not fall on a business day, the effective date will be the first business day following the end of the financial year.

³ The Synthetic Risk and Reward Indicator (SRRI) measures the volatility of the Fund. The risk and reward category (which may range from 1 to 7) is calculated using historical data and may not be a reliable indicator of the Fund's future risk profile. The risk and reward category may shift over time and is not a target or guarantee. The lowest category (i.e. category 1) does not mean "risk free". The Fund appears in the higher range of the risk and reward indicator. This is because the values of the Fund's investments have experienced a higher rate of change in the past.

Commentary

On behalf of Vanguard Asset Management, Limited¹

- For the 12 months ended 31 March 2018, Vanguard LifeStrategy 100% Equity Fund returned 2.38% for both share classes.
- Global equity markets returned 2.61%, as measured by the FTSE Global All Cap Index. Equity investors rode a wave of optimism as key economies posted strong fundamentals and companies reported solid earnings. Benchmarks hit all-time highs in January after tax changes seen as favourable to corporations took effect in the United States. That positive performance gave way to increased volatility amid concerns about a tightening labour market, inflation risk and tariffs. Emerging markets outpaced Japan and other developed markets.

Total Returns

	Average Annual Total Returns Periods Ended 31 March 2018			
	One Year	Three Years	Five Years	Since Inception (23 June 2011)
A GBP Accumulation Shares	2.38%	9.49%	10.38%	10.48%
A GBP Income Shares	2.38	9.49	10.38	10.48

Past performance is not a reliable indicator of future results.

Basis of performance: NAV to NAV with net income reinvested.

¹ Vanguard Global Advisers, LLC, as investment adviser for Vanguard LifeStrategy Funds ICVC, sub-delegates the management of this sub-fund to Vanguard Asset Management, Limited.

Performance Comparative Table

A GBP Accumulation Shares	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016
Change in Net Assets Per Share			
Opening Net Asset Value Per Share ¹	£191.82	£147.22	£149.62
Return Before Operating Charges ^{*,2}	£5.01	£45.00	(£2.06)
Operating Charges ²	(£0.44)	(£0.40)	(£0.34)
Return After Operating Charges ^{*,2}	£4.57	£44.60	(£2.40)
Distributions ³	(£3.58)	(£3.47)	(£2.75)
Retained Distributions on Accumulation Shares ³	£3.58	£3.47	£2.75
Closing Net Asset Value Per Share ¹	£196.39	£191.82	£147.22
*Net of Direct Transaction Costs of: ⁴	£0.02	£0.03	£0.03
Performance			
Return After Operating Charges ⁵	2.38%	30.29%	(1.60%)
Other Information			
Closing Net Asset Value ¹	£746,386,356	£473,864,917	£252,619,647
Closing Number of Shares	3,800,544	2,470,410	1,715,892
Operating Charges ²	0.22%	0.24%	0.24%
Direct Transaction Costs ⁴	0.01%	0.02%	0.02%
Prices			
Highest Share Price ⁶	£212.26	£194.97	£155.60
Lowest Share Price ⁶	£186.25	£143.66	£129.91

A GBP Income Shares			
Change in Net Assets Per Share			
Opening Net Asset Value Per Share ¹	£174.61	£136.47	£141.33
Return Before Operating Charges ^{*,2}	£4.56	£41.72	(£1.94)
Operating Charges ²	(£0.40)	(£0.37)	(£0.32)
Return After Operating Charges ^{*,2}	£4.16	£41.35	(£2.26)
Distributions ³	(£3.26)	(£3.21)	(£2.60)
Closing Net Asset Value Per Share ¹	£175.51	£174.61	£136.47
*Net of Direct Transaction Costs of: ⁴	£0.02	£0.03	£0.03
Performance			
Return After Operating Charges ⁵	2.38%	30.30%	(1.60%)
Other Information			
Closing Net Asset Value ¹	£119,625,983	£89,424,734	£59,627,320
Closing Number of Shares	681,585	512,138	436,927
Operating Charges ²	0.22%	0.24%	0.24%
Direct Transaction Costs ⁴	0.01%	0.02%	0.02%
Prices			
Highest Share Price ⁶	£193.22	£180.75	£146.98
Lowest Share Price ⁶	£169.54	£133.18	£122.71

1 Underlying investments are valued at bid-market prices if separate prices are quoted for buying and selling and at the quoted price if a single price is quoted for buying and selling. The quoted price for underlying collective investment schemes may be inclusive of any applicable swing pricing adjustment. The net asset value per share shown may diverge from the net asset value per share used for dealing purposes as at 31 March 2018 (and any other applicable periods) because of any adjustments for trade date accounting and any adjustments in valuation from mid-market prices to bid-market prices.

2 Operating charges include indirect costs incurred in the maintenance and running of the Fund, as disclosed in the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average shares in issue for the accounting year.

3 The distribution on Income and Accumulation Shares includes distribution paid and payable in the financial year.

4 Direct transaction costs within this table have been calculated against the average net asset value for the accounting year.

5 Returns in the performance table are calculated using methods prescribed in the SORP 2014 regulations. They may differ slightly from returns shown in the Fund commentary.

6 Underlying investments are valued at mid-market prices if separate prices are quoted for buying and selling and at the quoted price if a single price is quoted for buying and selling. The quoted price for underlying collective investment schemes may be inclusive of any applicable swing pricing adjustment. Share prices represent the net asset value per share used for dealing purposes.

Summary of Significant Changes

For the year ended 31 March 2018

	Cost (£)
Largest Purchases	
Vanguard Emerging Markets Stock Index Fund	70,266,580
Vanguard U.S. Equity Index Fund	68,725,000
Vanguard FTSE U.K. All Share Index Unit Trust	67,670,000
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	56,983,000
Vanguard Japan Stock Index Fund	44,108,796
Total	307,753,376
Total Purchases for the Year	419,128,325

	Proceeds (£)
Largest Sales	
Vanguard Emerging Markets Stock Index Fund	47,700,580
Vanguard Japan Stock Index Fund	32,917,796
Vanguard Pacific ex-Japan Stock Index Fund	16,525,341
Vanguard U.S. Equity Index Fund	15,329,000
Vanguard FTSE U.K. All Share Index Unit Trust	12,385,000
Total	124,857,717
Total Sales for the Year	126,054,717

Portfolio Statement

As at 31 March 2018

The holdings displayed are the collective investment schemes, unless otherwise stated, through which the Fund seeks to achieve its investment objective.

The prospectus and other information about the collective investment schemes are available at vanguard.co.uk.

	Holding	Market Value (£)	% of Net Asset Value
Equity 99.95% (2017: 100.29%)			
Vanguard FTSE Developed World ex-U.K. Equity Index Fund ¹	531,240	166,985,851	19.28
Vanguard U.S. Equity Index Fund ¹	413,324	165,728,753	19.14
Vanguard FTSE U.K. All Share Index Unit Trust ¹	835,034	159,168,425	18.38
Vanguard S&P 500 UCITS ETF	2,833,106	101,225,982	11.69
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund ¹	320,166	77,251,803	8.92
Vanguard Emerging Markets Stock Index Fund	324,540	72,880,372	8.42
Vanguard FTSE 100 UCITS ETF	1,488,088	46,509,149	5.37
Vanguard Japan Stock Index Fund	204,540	44,804,656	5.17
Vanguard Pacific ex-Japan Stock Index Fund	81,012	21,027,017	2.43
Vanguard FTSE 250 UCITS ETF	323,941	9,990,146	1.15
		865,572,154	99.95
Portfolio of Investments		865,572,154	99.95
Net Other Assets		440,185	0.05
Net Assets Attributable to Shareholders		866,012,339	100.00

¹ The ACD of this Fund is Vanguard Investments UK, Limited.

Balance Sheet

		As at	As at
	Note ¹	31 March 2018 (£)	31 March 2017 (£)
Assets:			
Investment Assets		865,572,154	564,935,430
Current Assets			
Debtors	10	5,301,824	4,467,928
Cash and Bank Balances	11	1,280,044	—
Total Assets		872,154,022	569,403,358
Liabilities:			
Creditors			
Bank Overdrafts	11	—	640,098
Distribution Payable	12	2,220,910	1,645,710
Other Creditors	13	3,920,773	3,827,899
Total Liabilities		6,141,683	6,113,707
Net Assets Attributable to Shareholders		866,012,339	563,289,651

¹ See the Notes to the Financial Statements.

Statement of Total Return

		Year Ended	Year Ended
	Note ¹	31 March 2018 (£)	31 March 2017 (£)
Income			
Net Capital Gains/(Losses)	4	(3,160,251)	97,716,052
Revenue	6	14,110,126	8,889,163
Expenses	7	(678,957)	(455,706)
Net Revenue Before Taxation		13,431,169	8,433,457
Taxation	8	—	—
Net Revenue After Taxation		13,431,169	8,433,457
Total Return Before Distributions		10,270,918	106,149,509
Distributions ²	9	(13,431,167)	(8,433,456)
Change in Net Assets Attributable to Shareholders From Investment Activities		(3,160,249)	97,716,053

¹ See the Notes to the Financial Statements.

² Includes equalisation where applicable.

Statement of Change in Net Assets Attributable to Shareholders

	Year Ended	Year Ended
	31 March 2018 (£)	31 March 2017 (£)
Opening Net Assets Attributable to Shareholders	563,289,651	312,246,967
Amounts Received on Issue of Shares	301,970,630	157,108,060
Amounts Paid on Cancellation of Shares	(9,695,891)	(12,346,912)
	292,274,739	144,761,148
Change in Net Assets Attributable to Shareholders From Investment Activities	(3,160,249)	97,716,053
Retained Distribution on Accumulation Shares	13,608,198	8,565,483
Closing Net Assets Attributable to Shareholders	866,012,339	563,289,651

Distribution Table

For the year ended 31 March 2018

	Net Income Pence Per Share	Equalisation Pence Per Share	Distribution Payable 31 May 2018 Pence Per Share	Distribution Paid 31 May 2017 Pence Per Share
A GBP Accumulation Shares				
Group 1	358.0592	—	358.0592	346.7232
Group 2	190.6799	167.3793	358.0592	346.7232
A GBP Income Shares				
Group 1	325.8449	—	325.8449	321.3412
Group 2	161.8843	163.9606	325.8449	321.3412

Group 1—Shares purchased before 1 April 2017.

Group 2—Shares purchased between 1 April 2017 and 31 March 2018.

Note: Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Target Retirement 2015 Fund

Fund Profile

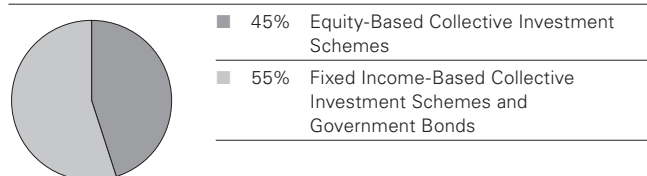
As at 31 March 2018

Investment Objective	The Fund seeks to provide income returns and some capital appreciation consistent with its current asset allocation for investors planning to retire in or within approximately five years after 2015.
Investment Strategy	The Fund will seek to achieve its investment objective predominantly through investment in passive, index-tracking collective investment schemes. The Fund's asset allocation will become more conservative over time, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase.
Risk Profile	The value of investments, and the income from them, may fall or rise and investors may get back less than they invested. The value of this investment may fall or rise as a result of changes in exchange rates. This Fund invests in emerging markets, which can be more volatile than more established markets. As a result, the value of your investment may rise or fall. 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.

Portfolio Characteristics

	31 March 2018	31 March 2017
Ongoing Charges Figure ¹		
A GBP Accumulation Shares Expenses	0.09%	0.09%
Synthetic Element	0.15%	0.15%
Total Synthetic Ongoing Charge ¹	0.24%	0.24%
Ex-Dividend Date ²	1 April 2018	1 April 2017
Distribution Date ²	31 May 2018	31 May 2017

Fund Asset Allocation (% of Net Asset Value)



Synthetic Risk and Reward Indicator³



Allocation to Underlying Vanguard Funds and Other Investments (% of Underlying Vanguard Funds and Other Investments)

Vanguard FTSE Developed World ex-U.K. Equity Index Fund	19.0%
Vanguard Global Bond Index Fund	18.8
United Kingdom Gilt Inflation Linked	10.5
Vanguard FTSE U.K. All Share Index Unit Trust	8.4
Vanguard Euro Government Bond Index Fund	5.5
Vanguard U.S. Investment Grade Credit Index Fund	5.3
Vanguard U.S. Government Bond Index Fund	4.7
Vanguard U.S. Equity Index Fund	4.5
Vanguard U.K. Government Bond Index Fund	4.0
Vanguard Emerging Markets Stock Index Fund	3.7
Vanguard Japan Government Bond Index Fund	3.1
Vanguard Euro Investment Grade Bond Index Fund	2.7
Vanguard FTSE 100 UCITS ETF	2.5
Vanguard U.K. Investment Grade Bond Index Fund	2.4
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	1.7
Vanguard FTSE North America UCITS ETF	1.7
Vanguard Japan Stock Index Fund	1.0
Vanguard Pacific ex-Japan Stock Index Fund	0.5

Fund Market Diversification (% of Underlying Vanguard Funds and Other Investments)

Global Bonds	18.8%
North American Equities	18.5
UK Equities	10.9
UK Inflation-Linked Gilts	10.5
European Government Bonds	5.5
US Investment-Grade Bonds	5.3
European ex-UK Equities	5.1
US Government Bonds	4.7
UK Gilts	4.0
Emerging Markets Equities	3.7
Japan Government Bonds	3.1
Japan Equities	3.0
European Investment-Grade Bonds	2.7
UK Investment-Grade Bonds	2.4
Asia ex-Japan Equities	1.8

¹ The Ongoing Charges Figure (OCF) is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. Because the Fund invests a substantial proportion of its assets in other UCITS or Collective Investment Undertakings (CIU), it is required to disclose a synthetic OCF that accounts for the ongoing charges incurred in the underlying CIUs.

² If the ex-dividend or distribution date does not fall on a business day, the effective date will be the first business day following the end of the financial year.

³ The Synthetic Risk and Reward Indicator (SRRI) measures the volatility of the Fund. The risk and reward category (which may range from 1 to 7) is calculated using historical data and may not be a reliable indicator of the Fund's future risk profile. The risk and reward category may shift over time and is not a target or guarantee. The lowest category (i.e. category 1) does not mean "risk free". The Fund appears in the middle range of the risk and reward indicator. This is because the values of the Fund's investments have experienced a moderate rate of change in the past.

Commentary

On behalf of Vanguard Asset Management, Limited¹

- For the 12 months ended 31 March 2018, Vanguard Target Retirement 2015 Fund's A GBP Accumulation Shares returned 1.52%.
- Global fixed income markets returned –4.65%, as measured by the Bloomberg Barclays Global Aggregate Index. The US Federal Reserve raised short-term interest rates three times while the Bank of England raised its rate for the first time in more than a decade. In the United Kingdom, the yield of the benchmark 10-year gilt increased 21 basis points to 1.35%.
- European and Japanese government bonds outperformed their US counterparts. Returns for US investment-grade bonds lagged those of Europe.
- Global equity markets returned 2.61%, as measured by the FTSE Global All Cap Index. Equity investors rode a wave of optimism as key economies posted strong fundamentals and companies reported solid earnings. Benchmarks hit all-time highs in January after tax changes seen as favourable to corporations took effect in the United States. That positive performance gave way to increased volatility amid concerns about a tightening labour market, inflation risk and tariffs. Emerging markets outpaced Japan and other developed markets.

Total Returns

	Average Annual Total Returns Periods Ended 31 March 2018	
	One Year	Since Inception (17 December 2015)
A GBP Accumulation Shares	1.52%	8.28%

Past performance is not a reliable indicator of future results.

Basis of performance: NAV to NAV with net income reinvested. The Fund launched on 17 December 2015; therefore, five-year performance data are not available.

¹ Vanguard Global Advisers, LLC, as investment adviser for Vanguard LifeStrategy Funds ICVC, sub-delegates the management of this sub-fund to Vanguard Asset Management, Limited.

Performance Comparative Table

A GBP Accumulation Shares	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016
Change in Net Assets Per Share			
Opening Net Asset Value Per Share ¹	£118.12	£103.29	£100.00
Return Before Operating Charges ^{*,2}	£2.09	£15.10	£3.54
Operating Charges ²	(£0.29)	(£0.27)	(£0.25)
Return After Operating Charges ^{*,2}	£1.80	£14.83	£3.29
Distributions ³	(£1.54)	(£1.40)	(£0.33)
Retained Distributions on Accumulation Shares ³	£1.54	£1.40	£0.33
Closing Net Asset Value Per Share ¹	£119.92	£118.12	£103.29
*Net of Direct Transaction Costs of: ⁴	£0.05	£0.10	£0.10
Performance			
Return After Operating Charges ⁵	1.52%	14.36%	3.29%
Other Information			
Closing Net Asset Value ¹	£1,770,836	£1,651,862	£815,105
Closing Number of Shares	14,766	13,984	7,891
Operating Charges ²	0.24%	0.24%	0.24%
Direct Transaction Costs ⁴	0.04%	0.08%	0.10%
Prices			
Highest Share Price ⁶	£124.10	£118.66	£103.46
Lowest Share Price ⁶	£116.97	£102.23	£96.77

The Fund launched on 17 December 2015.

1 Underlying investments are valued at bid-market prices if separate prices are quoted for buying and selling and at the quoted price if a single price is quoted for buying and selling. The quoted price for underlying collective investment schemes may be inclusive of any applicable swing pricing adjustment. The net asset value per share shown may diverge from the net asset value per share used for dealing purposes as at 31 March 2018 (and any other applicable periods) because of any adjustments for trade date accounting and any adjustments in valuation from mid-market prices to bid-market prices.

2 Operating charges include indirect costs incurred in the maintenance and running of the Fund, as disclosed in the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average shares in issue for the accounting year.

3 The distribution on Accumulation Shares includes distribution paid and payable in the financial year.

4 Direct transaction costs within this table have been calculated against the average net asset value for the accounting year.

5 Returns in the performance table are calculated using methods prescribed in the SORP 2014 regulations. They may differ slightly from returns shown in the Fund commentary.

6 Underlying investments are valued at mid-market prices if separate prices are quoted for buying and selling and at the quoted price if a single price is quoted for buying and selling. The quoted price for underlying collective investment schemes may be inclusive of any applicable swing pricing adjustment. Share prices represent the net asset value per share used for dealing purposes.

Summary of Significant Changes

For the year ended 31 March 2018

	Cost (£)
Largest Purchases	
Vanguard Global Bond Index Fund	281,900
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	261,800
Vanguard FTSE U.K. All Share Index Unit Trust	145,500
UK Treasury 2.5% Index-Linked Gilt 16/04/2020	131,789
Vanguard Euro Government Bond Index Fund	86,500
Total	907,489
Total Purchases for the Year	1,558,181

	Proceeds (£)
Largest Sales	
Vanguard Global Bond Index Fund	268,300
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	247,400
Vanguard FTSE U.K. All Share Index Unit Trust	142,200
UK Treasury 2.5% Index-Linked Gilt 16/04/2020	124,499
Vanguard U.S. Equity Index Fund	106,200
Total	888,599
Total Sales for the Year	1,470,506

Portfolio Statement

As at 31 March 2018

The holdings displayed are the collective investment schemes, unless otherwise stated, through which the Fund seeks to achieve its investment objective.

The prospectus and other information about the collective investment schemes are available at vanguard.co.uk.

	Holding	Market Value (£)	% of Net Asset Value
Equity 43.17% (2017: 45.65%)			
Vanguard FTSE Developed World ex-U.K. Equity Index Fund ¹	1,080	339,562	19.17
Vanguard FTSE U.K. All Share Index Unit Trust ¹	777	148,150	8.37
Vanguard U.S. Equity Index Fund ¹	200	80,007	4.52
Vanguard Emerging Markets Stock Index Fund	290	65,095	3.68
Vanguard FTSE 100 UCITS ETF	1,429	44,662	2.52
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund ¹	126	30,519	1.72
Vanguard FTSE North America UCITS ETF	645	30,041	1.70
Vanguard Japan Stock Index Fund	82	17,932	1.01
Vanguard Pacific ex-Japan Stock Index Fund	33	8,526	0.48
		764,494	43.17
Fixed Income 46.35% (2017: 44.99%)			
Vanguard Global Bond Index Fund	2,263	333,321	18.82
Vanguard Euro Government Bond Index Fund	813	96,866	5.47
Vanguard U.S. Investment Grade Credit Index Fund	828	93,722	5.29
Vanguard U.S. Government Bond Index Fund	799	83,646	4.72
Vanguard U.K. Government Bond Index Fund	430	70,211	3.97
Vanguard Japan Government Bond Index Fund	485	54,016	3.05
Vanguard Euro Investment Grade Bond Index Fund	411	47,172	2.67
Vanguard U.K. Investment Grade Bond Index Fund	443	41,765	2.36
		820,719	46.35
Government Bonds 10.46% (2017: 9.22%)			
UK Treasury 1.875% Index-Linked Gilt 22/11/2022	GBP 50,000	79,815	4.51
UK Treasury 2.5% Index-Linked Gilt 16/04/2020	GBP 20,800	75,312	4.25
UK Treasury 0.125% Index-Linked Gilt 22/11/2019	GBP 26,000	30,079	1.70
		185,206	10.46
Portfolio of Investments		1,770,419	99.98
Net Other Assets		417	0.02
Net Assets Attributable to Shareholders		1,770,836	100.00

¹ The ACD of this Fund is Vanguard Investments UK, Limited.

Balance Sheet

		As at	As at
	Note ¹	31 March 2018 (£)	31 March 2017 (£)
Assets:			
Investment Assets		1,770,419	1,649,558
Current Assets			
Debtors	10	6,821	22,954
Cash and Bank Balances	11	3,141	3,963
Total Assets		1,780,381	1,676,475
Liabilities:			
Creditors			
Other Creditors	13	9,545	24,613
Total Liabilities		9,545	24,613
Net Assets Attributable to Shareholders		1,770,836	1,651,862

¹ See the Notes to the Financial Statements.

Statement of Total Return

		Year Ended		Year Ended	
	Note ¹	31 March 2018 (£)	31 March 2018 (£)	31 March 2017 (£)	31 March 2017 (£)
Income					
Net Capital Gains/(Losses)	4		8,983		117,113
Revenue	6	29,864		17,286	
Expenses	7	(1,789)		(950)	
Net Revenue Before Taxation		28,075		16,336	
Taxation	8	(1,192)		(1,070)	
Net Revenue After Taxation			26,883		15,266
Total Return Before Distributions			35,866		132,379
Distributions ²	9		(26,883)		(15,266)
Change in Net Assets Attributable to Shareholders From Investment Activities			8,983		117,113

¹ See the Notes to the Financial Statements.

² Includes equalisation where applicable.

Statement of Change in Net Assets Attributable to Shareholders

	Year Ended		Year Ended	
	31 March 2018 (£)	31 March 2018 (£)	31 March 2017 (£)	31 March 2017 (£)
Opening Net Assets Attributable to Shareholders		1,651,862		815,105
Amounts Received on Issue of Shares	1,326,283		729,410	
Amounts Paid on Cancellation of Shares	(1,238,983)		(29,378)	
		87,300		700,032
Change in Net Assets Attributable to Shareholders From Investment Activities		8,983		117,113
Retained Distribution on Accumulation Shares		22,691		19,612
Closing Net Assets Attributable to Shareholders		1,770,836		1,651,862

Distribution Table

For the year ended 31 March 2018

	Net Income Pence Per Share	Equalisation Pence Per Share	Distribution Payable 31 May 2018 Pence Per Share	Distribution Paid 31 May 2017 Pence Per Share
A GBP Accumulation Shares				
Group 1	153.6633	—	153.6633	140.2462
Group 2	107.7614	45.9019	153.6633	140.2462

Group 1—Shares purchased before 1 April 2017.

Group 2—Shares purchased between 1 April 2017 and 31 March 2018.

Note: Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Target Retirement 2020 Fund

Fund Profile

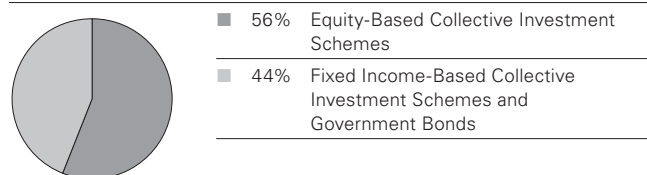
As at 31 March 2018

Investment Objective	The Fund seeks to provide capital appreciation and current income consistent with its current asset allocation for investors planning to retire in or within approximately five years after 2020.
Investment Strategy	The Fund will seek to achieve its investment objective predominantly through investment in passive, index-tracking collective investment schemes. The Fund's asset allocation will become more conservative over time, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase.
Risk Profile	The value of investments, and the income from them, may fall or rise and investors may get back less than they invested. The value of this investment may fall or rise as a result of changes in exchange rates. This Fund invests in emerging markets, which can be more volatile than more established markets. As a result, the value of your investment may rise or fall. 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.

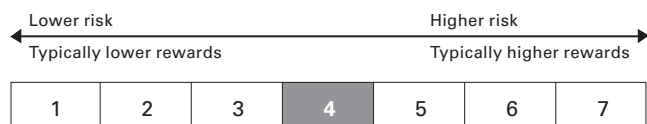
Portfolio Characteristics

	31 March 2018	31 March 2017
Ongoing Charges Figure ¹		
A GBP Accumulation Shares Expenses	0.09%	0.09%
Synthetic Element	0.15%	0.15%
Total Synthetic Ongoing Charge ¹	0.24%	0.24%
Ex-Dividend Date ²	1 April 2018	1 April 2017
Distribution Date ²	31 May 2018	31 May 2017

Fund Asset Allocation (% of Net Asset Value)



Synthetic Risk and Reward Indicator³



Allocation to Underlying Vanguard Funds and Other Investments (% of Underlying Vanguard Funds and Other Investments)

Vanguard FTSE Developed World ex-U.K. Equity Index Fund	19.2%
Vanguard Global Bond Index Fund	18.8
Vanguard FTSE U.K. All Share Index Unit Trust	10.8
Vanguard U.S. Equity Index Fund	8.6
Vanguard U.K. Government Bond Index Fund	6.1
Vanguard Emerging Markets Stock Index Fund	4.6
Vanguard U.K. Investment Grade Bond Index Fund	3.7
United Kingdom Gilt Inflation Linked	3.7
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	3.3
Vanguard Euro Government Bond Index Fund	3.2
Vanguard U.S. Investment Grade Credit Index Fund	3.1
Vanguard FTSE 100 UCITS ETF	3.1
Vanguard U.S. Government Bond Index Fund	2.8
Vanguard FTSE North America UCITS ETF	2.8
Vanguard Japan Stock Index Fund	1.9
Vanguard Japan Government Bond Index Fund	1.9
Vanguard Euro Investment Grade Bond Index Fund	1.5
Vanguard Pacific ex-Japan Stock Index Fund	0.9

Fund Market Diversification (% of Underlying Vanguard Funds and Other Investments)

North American Equities	23.7%
Global Bonds	18.8
UK Equities	13.9
European ex-UK Equities	6.7
UK Gilts	6.1
Emerging Markets Equities	4.6
Japan Equities	3.9
UK Investment-Grade Bonds	3.7
UK Inflation-Linked Gilts	3.7
US Investment-Grade Bonds	3.2
European Government Bonds	3.2
US Government Bonds	2.8
Asia ex-Japan Equities	2.2
Japan Government Bonds	1.9
European Investment-Grade Bonds	1.6

¹ The Ongoing Charges Figure (OCF) is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. Because the Fund invests a substantial proportion of its assets in other UCITS or Collective Investment Undertakings (CIU), it is required to disclose a synthetic OCF that accounts for the ongoing charges incurred in the underlying CIUs.

² If the ex-dividend or distribution date does not fall on a business day, the effective date will be the first business day following the end of the financial year.

³ The Synthetic Risk and Reward Indicator (SRRI) measures the volatility of the Fund. The risk and reward category (which may range from 1 to 7) is calculated using historical data and may not be a reliable indicator of the Fund's future risk profile. The risk and reward category may shift over time and is not a target or guarantee. The lowest category (i.e. category 1) does not mean "risk free". The Fund appears in the middle range of the risk and reward indicator. This is because the values of the Fund's investments have experienced a moderate rate of change in the past.

Commentary

On behalf of Vanguard Asset Management, Limited¹

- For the 12 months ended 31 March 2018, Vanguard Target Retirement 2020 Fund's A GBP Accumulation Shares returned 1.73%.
- Global fixed income markets returned –4.65%, as measured by the Bloomberg Barclays Global Aggregate Index. The US Federal Reserve raised short-term interest rates three times while the Bank of England raised its rate for the first time in more than a decade. In the United Kingdom, the yield of the benchmark 10-year gilt increased 21 basis points to 1.35%.
- European and Japanese government bonds outperformed their US counterparts. Returns for US investment-grade bonds lagged those of Europe.
- Global equity markets returned 2.61%, as measured by the FTSE Global All Cap Index. Equity investors rode a wave of optimism as key economies posted strong fundamentals and companies reported solid earnings. Benchmarks hit all-time highs in January after tax changes seen as favourable to corporations took effect in the United States. That positive performance gave way to increased volatility amid concerns about a tightening labour market, inflation risk and tariffs. Emerging markets outpaced Japan and other developed markets.

Total Returns

	Average Annual Total Returns Periods Ended 31 March 2018	
	One Year	Since Inception (17 December 2015)
A GBP Accumulation Shares	1.73%	9.86%

Past performance is not a reliable indicator of future results.

Basis of performance: NAV to NAV with net income reinvested. The Fund launched on 17 December 2015; therefore, five-year performance data are not available.

¹ Vanguard Global Advisers, LLC, as investment adviser for Vanguard LifeStrategy Funds ICVC, sub-delegates the management of this sub-fund to Vanguard Asset Management, Limited.

Performance Comparative Table

A GBP Accumulation Shares	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016
Change in Net Assets Per Share			
Opening Net Asset Value Per Share ¹	£121.85	£103.53	£100.00
Return Before Operating Charges ^{*,2}	£2.41	£18.60	£3.77
Operating Charges ²	(£0.30)	(£0.28)	(£0.24)
Return After Operating Charges ^{*,2}	£2.11	£18.32	£3.53
Distributions ³	(£1.53)	(£1.63)	(£0.33)
Retained Distributions on Accumulation Shares ³	£1.53	£1.63	£0.33
Closing Net Asset Value Per Share ¹	£123.96	£121.85	£103.53
*Net of Direct Transaction Costs of: ⁴	£0.05	£0.16	£0.10
Performance			
Return After Operating Charges ⁵	1.73%	17.70%	3.53%
Other Information			
Closing Net Asset Value ¹	£8,513,702	£4,206,575	£1,447,792
Closing Number of Shares	68,683	34,524	13,984
Operating Charges ²	0.24%	0.24%	0.24%
Direct Transaction Costs ⁴	0.04%	0.14%	0.10%
Prices			
Highest Share Price ⁶	£129.43	£122.66	£103.77
Lowest Share Price ⁶	£120.17	£102.17	£95.83

The Fund launched on 17 December 2015.

1 Underlying investments are valued at bid-market prices if separate prices are quoted for buying and selling and at the quoted price if a single price is quoted for buying and selling. The quoted price for underlying collective investment schemes may be inclusive of any applicable swing pricing adjustment. The net asset value per share shown may diverge from the net asset value per share used for dealing purposes as at 31 March 2018 (and any other applicable periods) because of any adjustments for trade date accounting and any adjustments in valuation from mid-market prices to bid-market prices.

2 Operating charges include indirect costs incurred in the maintenance and running of the Fund, as disclosed in the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average shares in issue for the accounting year.

3 The distribution on Accumulation Shares includes distribution paid and payable in the financial year.

4 Direct transaction costs within this table have been calculated against the average net asset value for the accounting year.

5 Returns in the performance table are calculated using methods prescribed in the SORP 2014 regulations. They may differ slightly from returns shown in the Fund commentary.

6 Underlying investments are valued at mid-market prices if separate prices are quoted for buying and selling and at the quoted price if a single price is quoted for buying and selling. The quoted price for underlying collective investment schemes may be inclusive of any applicable swing pricing adjustment. Share prices represent the net asset value per share used for dealing purposes.

Summary of Significant Changes

For the year ended 31 March 2018

	Cost (£)
Largest Purchases	
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	1,325,800
Vanguard Global Bond Index Fund	1,313,200
Vanguard FTSE U.K. All Share Index Unit Trust	797,900
Vanguard U.S. Equity Index Fund	661,400
Vanguard U.K. Government Bond Index Fund	404,100
Total	4,502,400
Total Purchases for the Period	6,970,916

	Proceeds (£)
Largest Sales	
Vanguard Global Bond Index Fund	523,900
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	491,900
Vanguard U.S. Equity Index Fund	334,200
Vanguard FTSE U.K. All Share Index Unit Trust	330,100
Vanguard U.K. Government Bond Index Fund	170,100
Total	1,850,200
Total Sales for the Period	2,707,694

Portfolio Statement

As at 31 March 2018

The holdings displayed are the collective investment schemes, unless otherwise stated, through which the Fund seeks to achieve its investment objective.

The prospectus and other information about the collective investment schemes are available at vanguard.co.uk.

	Holding	Market Value (£)	% of Net Asset Value
Equity 55.11% (2017: 56.95%)			
Vanguard FTSE Developed World ex-U.K. Equity Index Fund ¹	5,190	1,631,507	19.16
Vanguard FTSE U.K. All Share Index Unit Trust ¹	4,808	916,449	10.76
Vanguard U.S. Equity Index Fund ¹	1,830	733,907	8.62
Vanguard Emerging Markets Stock Index Fund	1,736	389,948	4.58
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund ¹	1,169	282,159	3.31
Vanguard FTSE 100 UCITS ETF	8,449	264,068	3.10
Vanguard FTSE North America UCITS ETF	5,072	236,225	2.78
Vanguard Japan Stock Index Fund	736	161,325	1.90
Vanguard Pacific ex-Japan Stock Index Fund	294	76,293	0.90
		4,691,881	55.11
Fixed Income 41.23% (2017: 40.91%)			
Vanguard Global Bond Index Fund	10,860	1,599,279	18.79
Vanguard U.K. Government Bond Index Fund	3,189	521,375	6.12
Vanguard U.K. Investment Grade Bond Index Fund	3,349	315,594	3.71
Vanguard Euro Government Bond Index Fund	2,311	275,166	3.23
Vanguard U.S. Investment Grade Credit Index Fund	2,371	268,380	3.15
Vanguard U.S. Government Bond Index Fund	2,282	238,823	2.81
Vanguard Japan Government Bond Index Fund	1,422	158,554	1.86
Vanguard Euro Investment Grade Bond Index Fund	1,156	132,781	1.56
		3,509,952	41.23
Government Bonds 3.68% (2017: 2.18%)			
UK Treasury 1.875% Index-Linked Gilt 22/11/2022	GBP 84,500	134,887	1.58
UK Treasury 2.5% Index-Linked Gilt 16/04/2020	GBP 35,000	126,728	1.49
UK Treasury 0.125% Index-Linked Gilt 22/11/2019	GBP 44,900	51,943	0.61
		313,558	3.68
Portfolio of Investments		8,515,391	100.02
Net Other Liabilities		(1,689)	(0.02)
Net Assets Attributable to Shareholders		8,513,702	100.00

¹ The ACD of this Fund is Vanguard Investments UK, Limited.

Balance Sheet

		As at	As at
	Note ¹	31 March 2018 (£)	31 March 2017 (£)
Assets:			
Investment Assets		8,515,391	4,208,238
Current Assets			
Debtors	10	11,233	64,417
Total Assets		8,526,624	4,272,655
Liabilities:			
Creditors			
Bank Overdrafts	11	2,001	1,064
Other Creditors	13	10,921	65,016
Total Liabilities		12,922	66,080
Net Assets Attributable to Shareholders		8,513,702	4,206,575

¹ See the Notes to the Financial Statements.

Statement of Total Return

		Year Ended		Year Ended	
	Note ¹	31 March 2018 (£)	31 March 2018 (£)	31 March 2017 (£)	31 March 2017 (£)
Income					
Net Capital Gains/(Losses)	4		(48,524)		314,866
Revenue	6	108,598		37,894	
Expenses	7	(6,338)		(2,117)	
Net Revenue Before Taxation		102,260		35,777	
Taxation	8	(6,276)		(2,994)	
Net Revenue After Taxation			95,984		32,783
Total Return Before Distributions			47,460		347,649
Distributions ²	9		(95,984)		(32,783)
Change in Net Assets Attributable to Shareholders From Investment Activities			(48,524)		314,866

¹ See the Notes to the Financial Statements.

² Includes equalisation where applicable.

Statement of Change in Net Assets Attributable to Shareholders

	Year Ended		Year Ended	
	31 March 2018 (£)	31 March 2018 (£)	31 March 2017 (£)	31 March 2017 (£)
Opening Net Assets Attributable to Shareholders		4,206,575		1,447,792
Amounts Received on Issue of Shares	6,586,887		3,016,002	
Amounts Paid on Cancellation of Shares	(2,336,434)		(628,260)	
		4,250,453		2,387,742
Change in Net Assets Attributable to Shareholders From Investment Activities		(48,524)		314,866
Retained Distribution on Accumulation Shares		105,198		56,175
Closing Net Assets Attributable to Shareholders		8,513,702		4,206,575

Distribution Table

For the year ended 31 March 2018

	Net Income Pence Per Share	Equalisation Pence Per Share	Distribution Payable 31 May 2018 Pence Per Share	Distribution Paid 31 May 2017 Pence Per Share
A GBP Accumulation Shares				
Group 1	153.1655	—	153.1655	162.7138
Group 2	87.4719	65.6936	153.1655	162.7138

Group 1—Shares purchased before 1 April 2017.

Group 2—Shares purchased between 1 April 2017 and 31 March 2018.

Note: Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Target Retirement 2025 Fund

Fund Profile

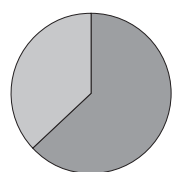
As at 31 March 2018

Investment Objective	The Fund seeks to provide capital appreciation and current income consistent with its current asset allocation for investors planning to retire in or within approximately five years after 2025.
Investment Strategy	The Fund will seek to achieve its investment objective predominantly through investment in passive, index-tracking collective investment schemes. The Fund's asset allocation will become more conservative over time, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase.
Risk Profile	The value of investments, and the income from them, may fall or rise and investors may get back less than they invested. The value of this investment may fall or rise as a result of changes in exchange rates. This Fund invests in emerging markets, which can be more volatile than more established markets. As a result, the value of your investment may rise or fall. 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.

Portfolio Characteristics

	31 March 2018	31 March 2017
Ongoing Charges Figure ¹		
A GBP Accumulation Shares Expenses	0.09%	0.09%
Synthetic Element	0.15%	0.15%
Total Synthetic Ongoing Charge ¹	0.24%	0.24%
Ex-Dividend Date ²	1 April 2018	1 April 2017
Distribution Date ²	31 May 2018	31 May 2017

Fund Asset Allocation (% of Net Asset Value)



■ 62%	Equity-Based Collective Investment Schemes
■ 38%	Fixed Income-Based Collective Investment Schemes

Allocation to Underlying Vanguard Funds (% of Portfolio)

Vanguard FTSE Developed World ex-U.K. Equity Index Fund	19.0%
Vanguard Global Bond Index Fund	18.9
Vanguard FTSE U.K. All Share Index Unit Trust	11.8
Vanguard U.S. Equity Index Fund	10.8
Vanguard U.K. Government Bond Index Fund	7.2
Vanguard Emerging Markets Stock Index Fund	5.3
Vanguard U.K. Investment Grade Bond Index Fund	4.2
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	4.2
Vanguard FTSE 100 UCITS ETF	4.0
Vanguard FTSE North America UCITS ETF	3.8
Vanguard Japan Stock Index Fund	2.4
Vanguard Euro Government Bond Index Fund	1.9
Vanguard U.S. Investment Grade Credit Index Fund	1.8
Vanguard U.S. Government Bond Index Fund	1.6
Vanguard Pacific ex-Japan Stock Index Fund	1.1
Vanguard Japan Government Bond Index Fund	1.1
Vanguard Euro Investment Grade Bond Index Fund	0.9

Fund Market Diversification (% of Underlying Vanguard Funds)

North American Equities	26.9%
Global Bonds	18.9
UK Equities	15.8
European ex-UK Equities	7.6
UK Gilts	7.2
Emerging Markets Equities	5.3
Japan Equities	4.4
UK Investment-Grade Bonds	4.2
Asia ex-Japan Equities	2.4
European Government Bonds	1.9
US Investment-Grade Bonds	1.8
US Government Bonds	1.6
Japan Government Bonds	1.1
European Investment-Grade Bonds	0.9

Synthetic Risk and Reward Indicator³



¹ The Ongoing Charges Figure (OCF) is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. Because the Fund invests a substantial proportion of its assets in other UCITS or Collective Investment Undertakings (CIU), it is required to disclose a synthetic OCF that accounts for the ongoing charges incurred in the underlying CIUs.

² If the ex-dividend or distribution date does not fall on a business day, the effective date will be the first business day following the end of the financial year.

³ The Synthetic Risk and Reward Indicator (SRRI) measures the volatility of the Fund. The risk and reward category (which may range from 1 to 7) is calculated using historical data and may not be a reliable indicator of the Fund's future risk profile. The risk and reward category may shift over time and is not a target or guarantee. The lowest category (i.e. category 1) does not mean "risk free". The Fund appears in the middle range of the risk and reward indicator. This is because the values of the Fund's investments have experienced a moderate rate of change in the past.

Commentary

On behalf of Vanguard Asset Management, Limited¹

- For the 12 months ended 31 March 2018, Vanguard Target Retirement 2025 Fund's A GBP Accumulation Shares returned 1.82%.
- Global equity markets returned 2.61%, as measured by the FTSE Global All Cap Index. Equity investors rode a wave of optimism as key economies posted strong fundamentals and companies reported solid earnings. Benchmarks hit all-time highs in January after tax changes seen as favourable to corporations took effect in the United States. That positive performance gave way to increased volatility amid concerns about a tightening labour market, inflation risk and tariffs. Emerging markets outpaced Japan and other developed markets.
- Global fixed income markets returned –4.65%, as measured by the Bloomberg Barclays Global Aggregate Index. The US Federal Reserve raised short-term interest rates three times while the Bank of England raised its rate for the first time in more than a decade. In the United Kingdom, the yield of the benchmark 10-year gilt increased 21 basis points to 1.35%.
- European and Japanese government bonds outperformed their US counterparts. Returns for US investment-grade bonds lagged those of Europe.

Total Returns

	Average Annual Total Returns Periods Ended 31 March 2018	
	One Year	Since Inception (17 December 2015)
A GBP Accumulation Shares	1.82%	10.40%

Past performance is not a reliable indicator of future results.

Basis of performance: NAV to NAV with net income reinvested. The Fund launched on 17 December 2015; therefore, five-year performance data are not available.

¹ Vanguard Global Advisers, LLC, as investment adviser for Vanguard LifeStrategy Funds ICVC, sub-delegates the management of this sub-fund to Vanguard Asset Management, Limited.

Performance Comparative Table

A GBP Accumulation Shares	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016
Change in Net Assets Per Share			
Opening Net Asset Value Per Share ¹	£123.12	£103.59	£100.00
Return Before Operating Charges ^{*,2}	£2.55	£19.81	£3.87
Operating Charges ²	(£0.31)	(£0.28)	(£0.28)
Return After Operating Charges ^{*,2}	£2.24	£19.53	£3.59
Distributions ³	(£1.62)	(£1.45)	(£0.31)
Retained Distributions on Accumulation Shares ³	£1.62	£1.45	£0.31
Closing Net Asset Value Per Share ¹	£125.36	£123.12	£103.59
*Net of Direct Transaction Costs of: ⁴	£0.07	£0.36	£0.10
Performance			
Return After Operating Charges ⁵	1.82%	18.85%	3.59%
Other Information			
Closing Net Asset Value ¹	£18,047,379	£5,199,482	£31,043
Closing Number of Shares	143,963	42,230	300
Operating Charges ²	0.24%	0.24%	0.24%
Direct Transaction Costs ⁴	0.06%	0.30%	0.10%
Prices			
Highest Share Price ⁶	£131.62	£124.10	£103.87
Lowest Share Price ⁶	£121.11	£102.03	£95.28

The Fund launched on 17 December 2015.

1 Underlying investments are valued at bid-market prices if separate prices are quoted for buying and selling and at the quoted price if a single price is quoted for buying and selling. The quoted price for underlying collective investment schemes may be inclusive of any applicable swing pricing adjustment. The net asset value per share shown may diverge from the net asset value per share used for dealing purposes as at 31 March 2018 (and any other applicable periods) because of any adjustments for trade date accounting and any adjustments in valuation from mid-market prices to bid-market prices.

2 Operating charges include indirect costs incurred in the maintenance and running of the Fund, as disclosed in the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average shares in issue for the accounting year.

3 The distribution on Accumulation Shares includes distribution paid and payable in the financial year.

4 Direct transaction costs within this table have been calculated against the average net asset value for the accounting year.

5 Returns in the performance table are calculated using methods prescribed in the SORP 2014 regulations. They may differ slightly from returns shown in the Fund commentary.

6 Underlying investments are valued at mid-market prices if separate prices are quoted for buying and selling and at the quoted price if a single price is quoted for buying and selling. The quoted price for underlying collective investment schemes may be inclusive of any applicable swing pricing adjustment. Share prices represent the net asset value per share used for dealing purposes.

Summary of Significant Changes

For the year ended 31 March 2018

	Cost (£)
Largest Purchases	
Vanguard Global Bond Index Fund	2,849,000
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	2,748,700
Vanguard FTSE U.K. All Share Index Unit Trust	1,908,800
Vanguard U.S. Equity Index Fund	1,720,900
Vanguard U.K. Government Bond Index Fund	1,053,000
Total	10,280,400
Total Purchases for the Period	14,825,186

	Proceeds (£)
Largest Sales	
Vanguard Global Bond Index Fund	437,000
Vanguard FTSE U.K. All Share Index Unit Trust	378,600
Vanguard U.S. Equity Index Fund	366,500
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	298,900
Vanguard U.K. Government Bond Index Fund	133,500
Total	1,614,500
Total Sales for the Period	1,950,400

Portfolio Statement

As at 31 March 2018

The holdings displayed are the collective investment schemes, unless otherwise stated, through which the Fund seeks to achieve its investment objective.

The prospectus and other information about the collective investment schemes are available at vanguard.co.uk.

	Holding	Market Value (£)	% of Net Asset Value
Equity 62.41% (2017: 63.39%)			
Vanguard FTSE Developed World ex-U.K. Equity Index Fund ¹	10,884	3,421,255	18.96
Vanguard FTSE U.K. All Share Index Unit Trust ¹	11,144	2,124,156	11.77
Vanguard U.S. Equity Index Fund ¹	4,883	1,957,753	10.85
Vanguard Emerging Markets Stock Index Fund	4,233	950,614	5.27
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund ¹	3,136	756,701	4.19
Vanguard FTSE 100 UCITS ETF	23,005	719,005	3.98
Vanguard FTSE North America UCITS ETF	14,731	686,088	3.80
Vanguard Japan Stock Index Fund	2,009	440,148	2.44
Vanguard Pacific ex-Japan Stock Index Fund	797	206,797	1.15
		11,262,517	62.41
Fixed Income 37.57% (2017: 36.67%)			
Vanguard Global Bond Index Fund	23,165	3,411,416	18.90
Vanguard U.K. Government Bond Index Fund	7,914	1,293,695	7.17
Vanguard U.K. Investment Grade Bond Index Fund	8,116	764,827	4.24
Vanguard Euro Government Bond Index Fund	2,810	334,659	1.85
Vanguard U.S. Investment Grade Credit Index Fund	2,911	329,519	1.83
Vanguard U.S. Government Bond Index Fund	2,759	288,743	1.60
Vanguard Japan Government Bond Index Fund	1,723	192,026	1.06
Vanguard Euro Investment Grade Bond Index Fund	1,441	165,552	0.92
		6,780,437	37.57
Portfolio of Investments		18,042,954	99.98
Net Other Assets		4,425	0.02
Net Assets Attributable to Shareholders		18,047,379	100.00

¹ The ACD of this Fund is Vanguard Investments UK, Limited.

Balance Sheet

		As at	As at
	Note ¹	31 March 2018 (£)	31 March 2017 (£)
Assets:			
Investment Assets		18,042,954	5,202,716
Current Assets			
Debtors	10	29,730	132,559
Cash and Bank Balances	11	12,886	—
Total Assets		18,085,570	5,335,275
Liabilities:			
Creditors			
Bank Overdrafts	11	—	43,675
Other Creditors	13	38,191	92,118
Total Liabilities		38,191	135,793
Net Assets Attributable to Shareholders		18,047,379	5,199,482

¹ See the Notes to the Financial Statements.

Statement of Total Return

		Year Ended		Year Ended	
	Note ¹	31 March 2018 (£)	31 March 2018 (£)	31 March 2017 (£)	31 March 2017 (£)
Income					
Net Capital Gains/(Losses)	4		(192,838)		178,255
Revenue	6	185,426		29,524	
Expenses	7	(11,256)		(1,549)	
Net Revenue Before Taxation		174,170		27,975	
Taxation	8	(11,505)		(1,763)	
Net Revenue After Taxation			162,665		26,212
Total Return Before Distributions			(30,173)		204,467
Distributions ²	9		(162,665)		(26,212)
Change in Net Assets Attributable to Shareholders From Investment Activities			(192,838)		178,255

¹ See the Notes to the Financial Statements.

² Includes equalisation where applicable.

Statement of Change in Net Assets Attributable to Shareholders

	Year Ended		Year Ended	
	31 March 2018 (£)	31 March 2018 (£)	31 March 2017 (£)	31 March 2017 (£)
Opening Net Assets Attributable to Shareholders		5,199,482		31,043
Amounts Received on Issue of Shares	14,291,102		4,988,133	
Amounts Paid on Cancellation of Shares	(1,482,978)		(59,182)	
		12,808,124		4,928,951
Change in Net Assets Attributable to Shareholders From Investment Activities		(192,838)		178,255
Retained Distribution on Accumulation Shares		232,611		61,233
Closing Net Assets Attributable to Shareholders		18,047,379		5,199,482

Distribution Table

For the year ended 31 March 2018

	Net Income Pence Per Share	Equalisation Pence Per Share	Distribution Payable 31 May 2018 Pence Per Share	Distribution Paid 31 May 2017 Pence Per Share
A GBP Accumulation Shares				
Group 1	161.5770	—	161.5770	144.9983
Group 2	92.9573	68.6197	161.5770	144.9983

Group 1—Shares purchased before 1 April 2017.

Group 2—Shares purchased between 1 April 2017 and 31 March 2018.

Note: Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Target Retirement 2030 Fund

Fund Profile

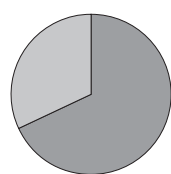
As at 31 March 2018

Investment Objective	The Fund seeks to provide capital appreciation and current income consistent with its current asset allocation for investors planning to retire in or within approximately five years after 2030.
Investment Strategy	The Fund will seek to achieve its investment objective predominantly through investment in passive, index-tracking collective investment schemes. The Fund's asset allocation will become more conservative over time, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase.
Risk Profile	The value of investments, and the income from them, may fall or rise and investors may get back less than they invested. The value of this investment may fall or rise as a result of changes in exchange rates. This Fund invests in emerging markets, which can be more volatile than more established markets. As a result, the value of your investment may rise or fall. 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.

Portfolio Characteristics

	31 March 2018	31 March 2017
Ongoing Charges Figure ¹		
A GBP Accumulation Shares Expenses	0.10%	0.10%
Synthetic Element	0.14%	0.14%
Total Synthetic Ongoing Charge ¹	0.24%	0.24%
Ex-Dividend Date ²	1 April 2018	1 April 2017
Distribution Date ²	31 May 2018	31 May 2017

Fund Asset Allocation (% of Net Asset Value)



■ 68%	Equity-Based Collective Investment Schemes
■ 32%	Fixed Income-Based Collective Investment Schemes

Allocation to Underlying Vanguard Funds (% of Portfolio)

Vanguard FTSE Developed World ex-U.K. Equity Index Fund	19.2%
Vanguard Global Bond Index Fund	18.8
Vanguard FTSE U.K. All Share Index Unit Trust	13.1
Vanguard U.S. Equity Index Fund	12.6
Vanguard U.K. Government Bond Index Fund	6.1
Vanguard Emerging Markets Stock Index Fund	5.7
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	4.9
Vanguard FTSE North America UCITS ETF	4.3
Vanguard FTSE 100 UCITS ETF	3.9
Vanguard U.K. Investment Grade Bond Index Fund	3.6
Vanguard Japan Stock Index Fund	2.8
Vanguard Pacific ex-Japan Stock Index Fund	1.3
Vanguard Euro Government Bond Index Fund	1.0
Vanguard U.S. Investment Grade Credit Index Fund	0.9
Vanguard U.S. Government Bond Index Fund	0.8
Vanguard Japan Government Bond Index Fund	0.5
Vanguard Euro Investment Grade Bond Index Fund	0.5

Fund Market Diversification (% of Underlying Vanguard Funds)

North American Equities	29.3%
Global Bonds	18.8
UK Equities	17.0
European ex-UK Equities	8.4
UK Gilts	6.1
Emerging Markets Equities	5.7
Japan Equities	4.8
UK Investment-Grade Bonds	3.6
Asia ex-Japan Equities	2.6
European Government Bonds	1.0
US Investment-Grade Bonds	0.9
US Government Bonds	0.8
Japan Government Bonds	0.5
European Investment-Grade Bonds	0.5

Synthetic Risk and Reward Indicator³



¹ The Ongoing Charges Figure (OCF) is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. Because the Fund invests a substantial proportion of its assets in other UCITS or Collective Investment Undertakings (CIU), it is required to disclose a synthetic OCF that accounts for the ongoing charges incurred in the underlying CIUs.

² If the ex-dividend or distribution date does not fall on a business day, the effective date will be the first business day following the end of the financial year.

³ The Synthetic Risk and Reward Indicator (SRRI) measures the volatility of the Fund. The risk and reward category (which may range from 1 to 7) is calculated using historical data and may not be a reliable indicator of the Fund's future risk profile. The risk and reward category may shift over time and is not a target or guarantee. The lowest category (i.e. category 1) does not mean "risk free". The Fund appears in the middle range of the risk and reward indicator. This is because the values of the Fund's investments have experienced a moderate rate of change in the past.

Commentary

On behalf of Vanguard Asset Management, Limited¹

- For the 12 months ended 31 March 2018, Vanguard Target Retirement 2030 Fund's A GBP Accumulation Shares returned 1.85%.
- Global equity markets returned 2.61%, as measured by the FTSE Global All Cap Index. Equity investors rode a wave of optimism as key economies posted strong fundamentals and companies reported solid earnings. Benchmarks hit all-time highs in January after tax changes seen as favourable to corporations took effect in the United States. That positive performance gave way to increased volatility amid concerns about a tightening labour market, inflation risk and tariffs. Emerging markets outpaced Japan and other developed markets.
- Global fixed income markets returned -4.65%, as measured by the Bloomberg Barclays Global Aggregate Index. The US Federal Reserve raised short-term interest rates three times, while the Bank of England raised its rate for the first time in more than a decade. In the United Kingdom, the yield of the benchmark 10-year gilt increased 21 basis points to 1.35%.
- European and Japanese government bonds outperformed their US counterparts. Returns for US investment-grade bonds lagged those of Europe.

Total Returns

	Average Annual Total Returns Periods Ended 31 March 2018	
	One Year	Since Inception (17 December 2015)
A GBP Accumulation Shares	1.85%	11.16%

Past performance is not a reliable indicator of future results.

Basis of performance: NAV to NAV with net income reinvested. The Fund launched on 17 December 2015; therefore, five-year performance data are not available.

¹ Vanguard Global Advisers, LLC, as investment adviser for Vanguard LifeStrategy Funds ICVC, sub-delegates the management of this sub-fund to Vanguard Asset Management, Limited.

Performance Comparative Table

A GBP Accumulation Shares	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016
Change in Net Assets Per Share			
Opening Net Asset Value Per Share ¹	£125.03	£103.59	£100.00
Return Before Operating Charges ^{*,2}	£2.63	£21.73	£3.88
Operating Charges ²	(£0.31)	(£0.29)	(£0.29)
Return After Operating Charges ^{*,2}	£2.32	£21.44	£3.59
Distributions ³	(£1.68)	(£1.58)	(£0.30)
Retained Distributions on Accumulation Shares ³	£1.68	£1.58	£0.30
Closing Net Asset Value Per Share ¹	£127.35	£125.03	£103.59
*Net of Direct Transaction Costs of: ⁴	£0.08	£0.27	£0.09
Performance			
Return After Operating Charges ⁵	1.86%	20.70%	3.59%
Other Information			
Closing Net Asset Value ¹	£8,938,470	£1,942,531	£31,042
Closing Number of Shares	70,186	15,536	300
Operating Charges ²	0.24%	0.24%	0.24%
Direct Transaction Costs ⁴	0.06%	0.23%	0.09%
Prices			
Highest Share Price ⁶	£134.23	£126.17	£103.91
Lowest Share Price ⁶	£122.77	£101.86	£94.73

The Fund launched on 17 December 2015.

1 Underlying investments are valued at bid-market prices if separate prices are quoted for buying and selling and at the quoted price if a single price is quoted for buying and selling. The quoted price for underlying collective investment schemes may be inclusive of any applicable swing pricing adjustment. The net asset value per share shown may diverge from the net asset value per share used for dealing purposes as at 31 March 2018 (and any other applicable periods) because of any adjustments for trade date accounting and any adjustments in valuation from mid-market prices to bid-market prices.

2 Operating charges include indirect costs incurred in the maintenance and running of the Fund, as disclosed in the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average shares in issue for the accounting year.

3 The distribution on Accumulation Shares includes distribution paid and payable in the financial year.

4 Direct transaction costs within this table have been calculated against the average net asset value for the accounting year.

5 Returns in the performance table are calculated using methods prescribed in the SORP 2014 regulations. They may differ slightly from returns shown in the Fund commentary.

6 Underlying investments are valued at mid-market prices if separate prices are quoted for buying and selling and at the quoted price if a single price is quoted for buying and selling. The quoted price for underlying collective investment schemes may be inclusive of any applicable swing pricing adjustment. Share prices represent the net asset value per share used for dealing purposes.

Summary of Significant Changes

For the year ended 31 March 2018

	Cost (£)
Largest Purchases	
Vanguard Global Bond Index Fund	1,575,400
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	1,535,900
Vanguard U.S. Equity Index Fund	1,132,300
Vanguard FTSE U.K. All Share Index Unit Trust	1,090,800
Vanguard U.K. Government Bond Index Fund	490,100
Total	5,824,500
Total Purchases for the Year	8,169,258

ADR—American Depositary Receipt.

	Proceeds (£)
Largest Sales	
Vanguard Global Bond Index Fund	272,900
Vanguard U.S. Equity Index Fund	261,100
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	184,300
Vanguard FTSE U.K. All Share Index Unit Trust	154,500
Vanguard U.K. Government Bond Index Fund	67,000
Total	939,800
Total Sales for the Year	1,146,131

Portfolio Statement

As at 31 March 2018

The holdings displayed are the collective investment schemes, unless otherwise stated, through which the Fund seeks to achieve its investment objective.

The prospectus and other information about the collective investment schemes are available at vanguard.co.uk.

	Holding	Market Value (£)	% of Net Asset Value
Equity 67.51% (2017: 68.45%)			
Vanguard FTSE Developed World ex-U.K. Equity Index Fund ¹	5,417	1,702,602	19.05
Vanguard FTSE U.K. All Share Index Unit Trust ¹	6,120	1,166,599	13.05
Vanguard U.S. Equity Index Fund ¹	2,809	1,126,227	12.60
Vanguard Emerging Markets Stock Index Fund	2,245	504,187	5.64
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund ¹	1,818	438,685	4.91
Vanguard FTSE North America UCITS ETF	8,153	379,721	4.25
Vanguard FTSE 100 UCITS ETF	11,136	348,048	3.89
Vanguard Japan Stock Index Fund	1,150	251,972	2.82
Vanguard Pacific ex-Japan Stock Index Fund	447	115,901	1.30
		6,033,942	67.51
Fixed Income 32.15% (2017: 31.62%)			
Vanguard Global Bond Index Fund	11,369	1,674,290	18.73
Vanguard U.K. Government Bond Index Fund	3,343	546,413	6.11
Vanguard U.K. Investment Grade Bond Index Fund	3,426	322,872	3.61
Vanguard Euro Government Bond Index Fund	717	85,436	0.96
Vanguard U.S. Investment Grade Credit Index Fund	721	81,619	0.91
Vanguard U.S. Government Bond Index Fund	703	73,543	0.82
Vanguard Japan Government Bond Index Fund	438	48,806	0.55
Vanguard Euro Investment Grade Bond Index Fund	355	40,757	0.46
		2,873,736	32.15
Portfolio of Investments		8,907,678	99.66
Net Other Assets		30,792	0.34
Net Assets Attributable to Shareholders		8,938,470	100.00

¹ The ACD of this Fund is Vanguard Investments UK, Limited.

Balance Sheet

		As at	As at
	Note ¹	31 March 2018 (£)	31 March 2017 (£)
Assets:			
Investment Assets		8,907,678	1,943,839
Current Assets			
Debtors	10	84,220	94,363
Cash and Bank Balances	11	19,158	3,473
Total Assets		9,011,056	2,041,675
Liabilities:			
Creditors			
Other Creditors	13	72,586	99,144
Total Liabilities		72,586	99,144
Net Assets Attributable to Shareholders		8,938,470	1,942,531

¹ See the Notes to the Financial Statements.

Statement of Total Return

		Year Ended		Year Ended	
	Note ¹	31 March 2018 (£)	31 March 2018 (£)	31 March 2017 (£)	31 March 2017 (£)
Income					
Net Capital Gains/(Losses)	4		(125,256)		113,263
Revenue	6	79,736		11,992	
Expenses	7	(5,228)		(754)	
Net Revenue Before Taxation		74,508		11,238	
Taxation	8	(4,270)		(651)	
Net Revenue After Taxation			70,238		10,587
Total Return Before Distributions			(55,018)		123,850
Distributions ²	9		(70,238)		(10,587)
Change in Net Assets Attributable to Shareholders From Investment Activities			(125,256)		113,263

¹ See the Notes to the Financial Statements.

² Includes equalisation where applicable.

Statement of Change in Net Assets Attributable to Shareholders

	Year Ended		Year Ended	
	31 March 2018 (£)	31 March 2018 (£)	31 March 2017 (£)	31 March 2017 (£)
Opening Net Assets Attributable to Shareholders		1,942,531		31,043
Amounts Received on Issue of Shares	7,991,329		1,909,829	
Amounts Paid on Cancellation of Shares	(988,203)		(136,181)	
		7,003,126		1,773,648
Change in Net Assets Attributable to Shareholders From Investment Activities		(125,256)		113,263
Retained Distribution on Accumulation Shares		118,069		24,577
Closing Net Assets Attributable to Shareholders		8,938,470		1,942,531

Distribution Table

For the year ended 31 March 2018

	Net Income Pence Per Share	Equalisation Pence Per Share	Distribution Payable 31 May 2018 Pence Per Share	Distribution Paid 31 May 2017 Pence Per Share
A GBP Accumulation Shares				
Group 1	168.2217	—	168.2217	158.1904
Group 2	83.1335	85.0882	168.2217	158.1904

Group 1—Shares purchased before 1 April 2017.

Group 2—Shares purchased between 1 April 2017 and 31 March 2018.

Note: Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Target Retirement 2035 Fund

Fund Profile

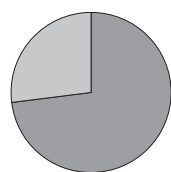
As at 31 March 2018

Investment Objective	The Fund seeks to provide capital appreciation and current income consistent with its current asset allocation for investors planning to retire in or within approximately five years after 2035.
Investment Strategy	The Fund will seek to achieve its investment objective predominantly through investment in passive, index-tracking collective investment schemes. The Fund's asset allocation will become more conservative over time, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase.
Risk Profile	The value of investments, and the income from them, may fall or rise and investors may get back less than they invested. The value of this investment may fall or rise as a result of changes in exchange rates. This Fund invests in emerging markets, which can be more volatile than more established markets. As a result, the value of your investment may rise or fall. 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.

Portfolio Characteristics

	31 March 2018	31 March 2017
Ongoing Charges Figure ¹		
A GBP Accumulation Shares Expenses	0.10%	0.10%
Synthetic Element	0.14%	0.14%
Total Synthetic Ongoing Charge ¹	0.24%	0.24%
Ex-Dividend Date ²	1 April 2018	1 April 2017
Distribution Date ²	31 May 2018	31 May 2017

Fund Asset Allocation (% of Net Asset Value)



■ 73%	Equity-Based Collective Investment Schemes
■ 27%	Fixed Income-Based Collective Investment Schemes

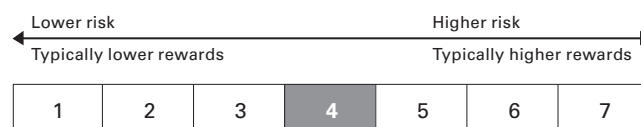
Allocation to Underlying Vanguard Funds (% of Portfolio)

Vanguard FTSE Developed World ex-U.K. Equity Index Fund	19.2%
Vanguard Global Bond Index Fund	18.9
Vanguard U.S. Equity Index Fund	14.4
Vanguard FTSE U.K. All Share Index Unit Trust	13.6
Vanguard Emerging Markets Stock Index Fund	5.9
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	5.6
Vanguard U.K. Government Bond Index Fund	5.3
Vanguard FTSE North America UCITS ETF	4.6
Vanguard FTSE 100 UCITS ETF	4.5
Vanguard Japan Stock Index Fund	3.1
Vanguard U.K. Investment Grade Bond Index Fund	3.1
Vanguard Pacific ex-Japan Stock Index Fund	1.5
Vanguard Euro Government Bond Index Fund	0.1
Vanguard U.S. Investment Grade Credit Index Fund	0.1
Vanguard U.S. Government Bond Index Fund	0.1

Fund Market Diversification (% of Underlying Vanguard Funds)

North American Equities	31.4%
Global Bonds	18.9
UK Equities	18.1
European ex-UK Equities	9.1
Emerging Markets Equities	5.9
UK Gilts	5.3
Japan Equities	5.1
UK Investment-Grade Bonds	3.1
Asia ex-Japan Equities	2.8
European Government Bonds	0.1
U.S. Investment Grade Bonds	0.1
U.S. Government Bonds	0.1

Synthetic Risk and Reward Indicator³



¹ The Ongoing Charges Figure (OCF) is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. Because the Fund invests a substantial proportion of its assets in other UCITS or Collective Investment Undertakings (CIU), it is required to disclose a synthetic OCF that accounts for the ongoing charges incurred in the underlying CIUs.

² If the ex-dividend or distribution date does not fall on a business day, the effective date will be the first business day following the end of the financial year.

³ The Synthetic Risk and Reward Indicator (SRRI) measures the volatility of the Fund. The risk and reward category (which may range from 1 to 7) is calculated using historical data and may not be a reliable indicator of the Fund's future risk profile. The risk and reward category may shift over time and is not a target or guarantee. The lowest category (i.e. category 1) does not mean "risk free". The Fund appears in the middle range of the risk and reward indicator. This is because the values of the Fund's investments have experienced a moderate rate of change in the past.

Commentary

On behalf of Vanguard Asset Management, Limited¹

- For the 12 months ended 31 March 2018, Vanguard Target Retirement 2035 Fund's A GBP Accumulation Shares returned 1.93%.
- Global equity markets returned 2.61%, as measured by the FTSE Global All Cap Index. Equity investors rode a wave of optimism as key economies posted strong fundamentals and companies reported solid earnings. Benchmarks hit all-time highs in January after tax changes seen as favourable to corporations took effect in the United States. That positive performance gave way to increased volatility amid concerns about a tightening labour market, inflation risk and tariffs. Emerging markets outpaced Japan and other developed markets.
- Global fixed income markets returned –4.65%, as measured by the Bloomberg Barclays Global Aggregate Index. The US Federal Reserve raised short-term interest rates three times, while the Bank of England raised its rate for the first time in more than a decade. In the United Kingdom, the yield of the benchmark 10-year gilt increased 21 basis points to 1.35%.
- European and Japanese government bonds outperformed their US counterparts. Returns for US investment-grade bonds lagged those of Europe.

Total Returns

	Average Annual Total Returns Periods Ended 31 March 2018	
	One Year	Since Inception (17 December 2015)
A GBP Accumulation Shares	1.93%	11.68%

Past performance is not a reliable indicator of future results.

Basis of performance: NAV to NAV with net income reinvested. The Fund launched on 17 December 2015; therefore, five-year performance data are not available.

¹ Vanguard Global Advisers, LLC, as investment adviser for Vanguard LifeStrategy Funds ICVC, sub-delegates the management of this sub-fund to Vanguard Asset Management, Limited.

Performance Comparative Table

A GBP Accumulation Shares	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016
Change in Net Assets Per Share			
Opening Net Asset Value Per Share ¹	£126.27	£103.60	£100.00
Return Before Operating Charges ^{*,2}	£2.74	£22.96	£3.87
Operating Charges ²	(£0.31)	(£0.29)	(£0.27)
Return After Operating Charges ^{*,2}	£2.43	£22.67	£3.60
Distributions ³	(£1.83)	(£1.46)	(£0.29)
Retained Distributions on Accumulation Shares ³	£1.83	£1.46	£0.29
Closing Net Asset Value Per Share ¹	£128.70	£126.27	£103.60
*Net of Direct Transaction Costs of: ⁴	£0.05	£0.28	£0.08
Performance			
Return After Operating Charges ⁵	1.92%	21.88%	3.60%
Other Information			
Closing Net Asset Value ¹	£10,062,622	£3,326,144	£20,698
Closing Number of Shares	78,186	26,342	200
Operating Charges ²	0.24%	0.24%	0.24%
Direct Transaction Costs ⁴	0.04%	0.24%	0.08%
Prices			
Highest Share Price ⁶	£136.18	£127.57	£103.98
Lowest Share Price ⁶	£123.74	£101.76	£94.20

The Fund launched on 17 December 2015.

1 Underlying investments are valued at bid-market prices if separate prices are quoted for buying and selling and at the quoted price if a single price is quoted for buying and selling. The quoted price for underlying collective investment schemes may be inclusive of any applicable swing pricing adjustment. The net asset value per share shown may diverge from the net asset value per share used for dealing purposes as at 31 March 2018 (and any other applicable periods) because of any adjustments for trade date accounting and any adjustments in valuation from mid-market prices to bid-market prices.

2 Operating charges include indirect costs incurred in the maintenance and running of the Fund, as disclosed in the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average shares in issue for the accounting year.

3 The distribution on Accumulation Shares includes distribution paid and payable in the financial year.

4 Direct transaction costs within this table have been calculated against the average net asset value for the accounting year.

5 Returns in the performance table are calculated using methods prescribed in the SORP 2014 regulations. They may differ slightly from returns shown in the Fund commentary.

6 Underlying investments are valued at mid-market prices if separate prices are quoted for buying and selling and at the quoted price if a single price is quoted for buying and selling. The quoted price for underlying collective investment schemes may be inclusive of any applicable swing pricing adjustment. Share prices represent the net asset value per share used for dealing purposes.

Summary of Significant Changes

For the year ended 31 March 2018

	Cost (£)
Largest Purchases	
Vanguard Global Bond Index Fund	1,451,900
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	1,393,600
Vanguard FTSE U.K. All Share Index Unit Trust	1,108,600
Vanguard U.S. Equity Index Fund	1,071,600
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	415,700
Total	5,441,400
Total Purchases for the Year	7,410,075

	Proceeds (£)
Largest Sales	
Vanguard FTSE U.K. All Share Index Unit Trust	188,800
Vanguard Global Bond Index Fund	185,600
Vanguard U.S. Equity Index Fund	142,100
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	106,300
Vanguard U.K. Government Bond Index Fund	45,700
Total	668,500
Total Sales for the Year	727,300

Portfolio Statement

As at 31 March 2018

The holdings displayed are the collective investment schemes, unless otherwise stated, through which the Fund seeks to achieve its investment objective.

The prospectus and other information about the collective investment schemes are available at vanguard.co.uk.

	Holding	Market Value (£)	% of Net Asset Value
Equity 72.07% (2017: 73.44%)			
Vanguard FTSE Developed World ex-U.K. Equity Index Fund ¹	6,100	1,917,529	19.06
Vanguard U.S. Equity Index Fund ¹	3,588	1,438,556	14.30
Vanguard FTSE U.K. All Share Index Unit Trust ¹	7,155	1,363,807	13.55
Vanguard Emerging Markets Stock Index Fund	2,650	595,111	5.91
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund ¹	2,332	562,645	5.59
Vanguard FTSE North America UCITS ETF	9,911	461,599	4.59
Vanguard FTSE 100 UCITS ETF	14,458	451,875	4.49
Vanguard Japan Stock Index Fund	1,431	313,500	3.12
Vanguard Pacific ex-Japan Stock Index Fund	567	147,128	1.46
		7,251,750	72.07
Fixed Income 27.37% (2017: 26.62%)			
Vanguard Global Bond Index Fund	12,838	1,890,615	18.79
Vanguard U.K. Government Bond Index Fund	3,224	527,005	5.24
Vanguard U.K. Investment Grade Bond Index Fund	3,304	311,391	3.09
Vanguard Euro Government Bond Index Fund	52	6,204	0.06
Vanguard U.S. Investment Grade Credit Index Fund	53	5,993	0.06
Vanguard U.S. Government Bond Index Fund	52	5,431	0.05
Vanguard Japan Government Bond Index Fund	42	4,736	0.05
Vanguard Euro Investment Grade Bond Index Fund	23	2,699	0.03
		2,754,074	27.37
Portfolio of Investments		10,005,824	99.44
Net Other Assets		56,798	0.56
Net Assets Attributable to Shareholders		10,062,622	100.00

¹ The ACD of this Fund is Vanguard Investments UK, Limited.

Balance Sheet

		As at	As at
	Note ¹	31 March 2018 (£)	31 March 2017 (£)
Assets:			
Investment Assets		10,005,824	3,328,109
Current Assets			
Debtors	10	139,555	20,970
Cash and Bank Balances	11	—	18,308
Total Assets		10,145,379	3,367,387
Liabilities:			
Creditors			
Bank Overdrafts	11	4,812	—
Other Creditors	13	77,945	41,243
Total Liabilities		82,757	41,243
Net Assets Attributable to Shareholders		10,062,622	3,326,144

¹ See the Notes to the Financial Statements.

Statement of Total Return

		Year Ended		Year Ended	
	Note ¹	31 March 2018 (£)	31 March 2018 (£)	31 March 2017 (£)	31 March 2017 (£)
Income					
Net Capital Gains/(Losses)	4		(99,825)		151,991
Revenue	6	112,927		20,520	
Expenses	7	(6,917)		(1,188)	
Net Revenue Before Taxation		106,010		19,332	
Taxation	8	(4,592)		(876)	
Net Revenue After Taxation			101,418		18,456
Total Return Before Distributions			1,593		170,447
Distributions ²	9		(101,418)		(18,457)
Change in Net Assets Attributable to Shareholders From Investment Activities			(99,825)		151,990

¹ See the Notes to the Financial Statements.

² Includes equalisation where applicable.

Statement of Change in Net Assets Attributable to Shareholders

	Year Ended		Year Ended	
	31 March 2018 (£)	31 March 2018 (£)	31 March 2017 (£)	31 March 2017 (£)
Opening Net Assets Attributable to Shareholders		3,326,144		20,698
Amounts Received on Issue of Shares	7,237,084		3,175,991	
Amounts Paid on Cancellation of Shares	(543,486)		(61,000)	
		6,693,598		3,114,991
Change in Net Assets Attributable to Shareholders From Investment Activities		(99,825)		151,990
Retained Distribution on Accumulation Shares		142,705		38,465
Closing Net Assets Attributable to Shareholders		10,062,622		3,326,144

Distribution Table

For the year ended 31 March 2018

	Net Income Pence Per Share	Equalisation Pence Per Share	Distribution Payable 31 May 2018 Pence Per Share	Distribution Paid 31 May 2017 Pence Per Share
A GBP Accumulation Shares				
Group 1	182.5193	—	182.5193	146.0191
Group 2	95.7034	86.8159	182.5193	146.0191

Group 1—Shares purchased before 1 April 2017.

Group 2—Shares purchased between 1 April 2017 and 31 March 2018.

Note: Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Target Retirement 2040 Fund

Fund Profile

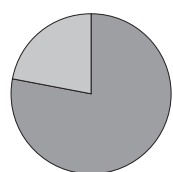
As at 31 March 2018

Investment Objective	The Fund seeks to provide capital appreciation and current income consistent with its current asset allocation for investors planning to retire in or within approximately five years after 2040.
Investment Strategy	The Fund will seek to achieve its investment objective predominantly through investment in passive, index-tracking collective investment schemes. The Fund's asset allocation will become more conservative over time, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase.
Risk Profile	The value of investments, and the income from them, may fall or rise and investors may get back less than they invested. The value of this investment may fall or rise as a result of changes in exchange rates. This Fund invests in emerging markets, which can be more volatile than more established markets. As a result, the value of your investment may rise or fall. 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.

Portfolio Characteristics

	31 March 2018	31 March 2017
Ongoing Charges Figure ¹		
A GBP Accumulation Shares Expenses	0.10%	0.11%
Synthetic Element	0.14%	0.13%
Total Synthetic Ongoing Charge ¹	0.24%	0.24%
Ex-Dividend Date ²	1 April 2018	1 April 2017
Distribution Date ²	31 May 2018	31 May 2017

Fund Asset Allocation (% of Net Asset Value)



■ 77%	Equity-Based Collective Investment Schemes
■ 23%	Fixed Income-Based Collective Investment Schemes

Allocation to Underlying Vanguard Funds (% of Portfolio)

Vanguard FTSE Developed World ex-U.K. Equity Index Fund	19.1%
Vanguard U.S. Equity Index Fund	16.3
Vanguard Global Bond Index Fund	15.8
Vanguard FTSE U.K. All Share Index Unit Trust	14.8
Vanguard Emerging Markets Stock Index Fund	6.4
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	6.1
Vanguard FTSE North America UCITS ETF	4.9
Vanguard FTSE 100 UCITS ETF	4.7
Vanguard U.K. Government Bond Index Fund	4.3
Vanguard Japan Stock Index Fund	3.5
Vanguard U.K. Investment Grade Bond Index Fund	2.5
Vanguard Pacific ex-Japan Stock Index Fund	1.6

Fund Market Diversification (% of Underlying Vanguard Funds)

North American Equities	33.6%
UK Equities	19.5
Global Bonds	15.8
European ex-UK Equities	9.5
Emerging Markets Equities	6.4
Japan Equities	5.5
UK Gilts	4.3
Asia ex-Japan Equities	2.9
UK Investment-Grade Bonds	2.5

Synthetic Risk and Reward Indicator³



¹ The Ongoing Charges Figure (OCF) is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. Because the Fund invests a substantial proportion of its assets in other UCITS or Collective Investment Undertakings (CIU), it is required to disclose a synthetic OCF that accounts for the ongoing charges incurred in the underlying CIUs.

² If the ex-dividend or distribution date does not fall on a business day, the effective date will be the first business day following the end of the financial year.

³ The Synthetic Risk and Reward Indicator (SRRI) measures the volatility of the Fund. The risk and reward category (which may range from 1 to 7) is calculated using historical data and may not be a reliable indicator of the Fund's future risk profile. The risk and reward category may shift over time and is not a target or guarantee. The lowest category (i.e. category 1) does not mean "risk free". The Fund appears in the middle range of the risk and reward indicator. This is because the values of the Fund's investments have experienced a moderate rate of change in the past.

Commentary

On behalf of Vanguard Asset Management, Limited¹

- For the 12 months ended 31 March 2018, Vanguard Target Retirement 2040 Fund's A GBP Accumulation Shares returned 1.95%.
- Global equity markets returned 2.61%, as measured by the FTSE Global All Cap Index. Equity investors rode a wave of optimism as key economies posted strong fundamentals and companies reported solid earnings. Benchmarks hit all-time highs in January after tax changes seen as favourable to corporations took effect in the United States. That positive performance gave way to increased volatility amid concerns about a tightening labour market, inflation risk and tariffs. Emerging markets outpaced Japan and other developed markets.
- Global fixed income markets returned -4.65%, as measured by the Bloomberg Barclays Global Aggregate Index. The US Federal Reserve raised short-term interest rates three times, while the Bank of England raised its rate for the first time in more than a decade. In the United Kingdom, the yield of the benchmark 10-year gilt increased 21 basis points to 1.35%.
- European and Japanese government bonds outperformed their US counterparts. Returns for US investment-grade bonds lagged those of Europe.

Total Returns

	Average Annual Total Returns Periods Ended 31 March 2018	
	One Year	Since Inception (17 December 2015)
A GBP Accumulation Shares	1.95%	12.32%

Past performance is not a reliable indicator of future results.

Basis of performance: NAV to NAV with net income reinvested. The Fund launched on 17 December 2015; therefore, five-year performance data are not available.

¹ Vanguard Global Advisers, LLC, as investment adviser for Vanguard LifeStrategy Funds ICVC, sub-delegates the management of this sub-fund to Vanguard Asset Management, Limited.

Performance Comparative Table

A GBP Accumulation Shares	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016
Change in Net Assets Per Share			
Opening Net Asset Value Per Share ¹	£127.92	£103.61	£100.00
Return Before Operating Charges ^{*,2}	£2.82	£24.60	£3.86
Operating Charges ²	(£0.32)	(£0.29)	(£0.25)
Return After Operating Charges ^{*,2}	£2.50	£24.31	£3.61
Distributions ³	(£1.78)	(£1.76)	(£0.28)
Retained Distributions on Accumulation Shares ³	£1.78	£1.76	£0.28
Closing Net Asset Value Per Share ¹	£130.42	£127.92	£103.61
*Net of Direct Transaction Costs of: ⁴	£0.07	£0.36	£0.08
Performance			
Return After Operating Charges ⁵	1.95%	23.46%	3.61%
Other Information			
Closing Net Asset Value ¹	£7,100,274	£1,150,520	£20,700
Closing Number of Shares	54,443	8,994	200
Operating Charges ²	0.24%	0.24%	0.24%
Direct Transaction Costs ⁴	0.05%	0.29%	0.08%
Prices			
Highest Share Price ⁶	£138.53	£129.37	£104.04
Lowest Share Price ⁶	£125.15	£101.65	£93.64

The Fund launched on 17 December 2015.

1 Underlying investments are valued at bid-market prices if separate prices are quoted for buying and selling and at the quoted price if a single price is quoted for buying and selling. The quoted price for underlying collective investment schemes may be inclusive of any applicable swing pricing adjustment. The net asset value per share shown may diverge from the net asset value per share used for dealing purposes as at 31 March 2018 (and any other applicable periods) because of any adjustments for trade date accounting and any adjustments in valuation from mid-market prices to bid-market prices.

2 Operating charges include indirect costs incurred in the maintenance and running of the Fund, as disclosed in the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average shares in issue for the accounting year.

3 The distribution on Accumulation Shares includes distribution paid and payable in the financial year.

4 Direct transaction costs within this table have been calculated against the average net asset value for the accounting year.

5 Returns in the performance table are calculated using methods prescribed in the SORP 2014 regulations. They may differ slightly from returns shown in the Fund commentary.

6 Underlying investments are valued at mid-market prices if separate prices are quoted for buying and selling and at the quoted price if a single price is quoted for buying and selling. The quoted price for underlying collective investment schemes may be inclusive of any applicable swing pricing adjustment. Share prices represent the net asset value per share used for dealing purposes.

Summary of Significant Changes

For the year ended 31 March 2018

	Cost (£)
Largest Purchases	
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	1,206,100
Vanguard U.S. Equity Index Fund	1,026,700
Vanguard Global Bond Index Fund	1,004,300
Vanguard FTSE U.K. All Share Index Unit Trust	979,700
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	384,900
Total	4,601,700
Total Purchases for the Year	6,327,863

	Proceeds (£)
Largest Sales	
Vanguard FTSE U.K. All Share Index Unit Trust	77,800
Vanguard Global Bond Index Fund	60,900
Vanguard U.S. Equity Index Fund	55,100
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	49,100
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	19,200
Total	262,100
Total Sales for the Year	304,197

Portfolio Statement

As at 31 March 2018

The holdings displayed are the collective investment schemes, unless otherwise stated, through which the Fund seeks to achieve its investment objective.

The prospectus and other information about the collective investment schemes are available at vanguard.co.uk.

	Holding	Market Value (£)	% of Net Asset Value
Equity 77.36% (2017: 78.38%)			
Vanguard FTSE Developed World ex-U.K. Equity Index Fund ¹	4,311	1,355,081	19.08
Vanguard U.S. Equity Index Fund ¹	2,884	1,156,584	16.29
Vanguard FTSE U.K. All Share Index Unit Trust ¹	5,504	1,049,129	14.78
Vanguard Emerging Markets Stock Index Fund	2,018	453,256	6.38
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund ¹	1,778	429,112	6.04
Vanguard FTSE North America UCITS ETF	7,496	349,122	4.92
Vanguard FTSE 100 UCITS ETF	10,720	335,046	4.72
Vanguard Japan Stock Index Fund	1,137	249,022	3.51
Vanguard Pacific ex-Japan Stock Index Fund	448	116,187	1.64
		5,492,539	77.36
Fixed Income 22.55% (2017: 21.66%)			
Vanguard Global Bond Index Fund	7,593	1,118,132	15.75
Vanguard U.K. Government Bond Index Fund	1,855	303,314	4.27
Vanguard U.K. Investment Grade Bond Index Fund	1,906	179,658	2.53
		1,601,104	22.55
Portfolio of Investments		7,093,643	99.91
Net Other Assets		6,631	0.09
Net Assets Attributable to Shareholders		7,100,274	100.00

¹ The ACD of this Fund is Vanguard Investments UK, Limited.

Balance Sheet

		As at	As at
	Note ¹	31 March 2018 (£)	31 March 2017 (£)
Assets:			
Investment Assets		7,093,643	1,150,990
Current Assets			
Debtors	10	11,628	51,315
Total Assets		7,105,271	1,202,305
Liabilities:			
Creditors			
Bank Overdrafts	11	1,511	359
Other Creditors	13	3,486	51,426
Total Liabilities		4,997	51,785
Net Assets Attributable to Shareholders		7,100,274	1,150,520

¹ See the Notes to the Financial Statements.

Statement of Total Return

		Year Ended		Year Ended	
	Note ¹	31 March 2018 (£)	31 March 2018 (£)	31 March 2017 (£)	31 March 2017 (£)
Income					
Net Capital Gains/(Losses)	4		(124,578)		42,282
Revenue	6	54,973		4,440	
Expenses	7	(3,805)		(319)	
Net Revenue Before Taxation		51,168		4,121	
Taxation	8	(1,882)		(172)	
Net Revenue After Taxation			49,286		3,949
Total Return Before Distributions			(75,292)		46,231
Distributions ²	9		(49,286)		(3,949)
Change in Net Assets Attributable to Shareholders From Investment Activities			(124,578)		42,282

¹ See the Notes to the Financial Statements.

² Includes equalisation where applicable.

Statement of Change in Net Assets Attributable to Shareholders

	Year Ended		Year Ended	
	31 March 2018 (£)	31 March 2018 (£)	31 March 2017 (£)	31 March 2017 (£)
Opening Net Assets Attributable to Shareholders		1,150,520		20,700
Amounts Received on Issue of Shares	6,278,187		1,092,819	
Amounts Paid on Cancellation of Shares	(300,539)		(21,077)	
		5,977,648		1,071,742
Change in Net Assets Attributable to Shareholders From Investment Activities		(124,578)		42,282
Retained Distribution on Accumulation Shares		96,684		15,796
Closing Net Assets Attributable to Shareholders		7,100,274		1,150,520

Distribution Table

For the year ended 31 March 2018

	Net Income Pence Per Share	Equalisation Pence Per Share	Distribution Payable 31 May 2018 Pence Per Share	Distribution Paid 31 May 2017 Pence Per Share
A GBP Accumulation Shares				
Group 1	177.5860	—	177.5860	175.6274
Group 2	76.3681	101.2179	177.5860	175.6274

Group 1—Shares purchased before 1 April 2017.

Group 2—Shares purchased between 1 April 2017 and 31 March 2018.

Note: Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Target Retirement 2045 Fund

Fund Profile

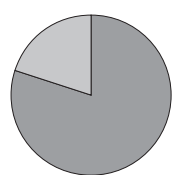
As at 31 March 2018

Investment Objective	The Fund seeks to provide capital appreciation and current income consistent with its current asset allocation for investors planning to retire in or within approximately five years after 2045.
Investment Strategy	The Fund will seek to achieve its investment objective predominantly through investment in passive, index-tracking collective investment schemes. The Fund's asset allocation will become more conservative over time, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase.
Risk Profile	The value of investments, and the income from them, may fall or rise and investors may get back less than they invested. The value of this investment may fall or rise as a result of changes in exchange rates. This Fund invests in emerging markets, which can be more volatile than more established markets. As a result, the value of your investment may rise or fall. 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.

Portfolio Characteristics

	31 March 2018	31 March 2017
Ongoing Charges Figure ¹		
A GBP Accumulation Shares Expenses	0.10%	0.11%
Synthetic Element	0.14%	0.13%
Total Synthetic Ongoing Charge ¹	0.24%	0.24%
Ex-Dividend Date ²	1 April 2018	1 April 2017
Distribution Date ²	31 May 2018	31 May 2017

Fund Asset Allocation (% of Net Asset Value)



■ 80%	Equity-Based Collective Investment Schemes
■ 20%	Fixed Income-Based Collective Investment Schemes

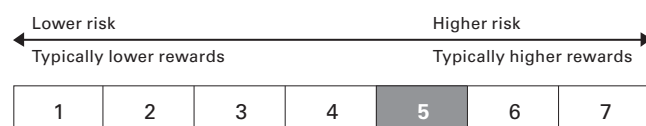
Allocation to Underlying Vanguard Funds (% of Portfolio)

Vanguard FTSE Developed World ex-U.K. Equity Index Fund	19.1%
Vanguard U.S. Equity Index Fund	16.6
Vanguard FTSE U.K. All Share Index Unit Trust	15.1
Vanguard Global Bond Index Fund	13.9
Vanguard Emerging Markets Stock Index Fund	6.7
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	6.4
Vanguard FTSE North America UCITS ETF	5.7
Vanguard FTSE 100 UCITS ETF	5.1
Vanguard U.K. Government Bond Index Fund	3.8
Vanguard Japan Stock Index Fund	3.7
Vanguard U.K. Investment Grade Bond Index Fund	2.2
Vanguard Pacific ex-Japan Stock Index Fund	1.7

Fund Market Diversification (% of Underlying Vanguard Funds)

North American Equities	34.6%
UK Equities	20.2
Global Bonds	13.9
European ex-UK Equities	9.9
Emerging Markets Equities	6.7
Japan Equities	5.7
UK Gilts	3.8
Asia ex-Japan Equities	3.0
UK Investment-Grade Bonds	2.2

Synthetic Risk and Reward Indicator³



¹ The Ongoing Charges Figure (OCF) is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. Because the Fund invests a substantial proportion of its assets in other UCITS or Collective Investment Undertakings (CIU), it is required to disclose a synthetic OCF that accounts for the ongoing charges incurred in the underlying CIUs.

² If the ex-dividend or distribution date does not fall on a business day, the effective date will be the first business day following the end of the financial year.

³ The Synthetic Risk and Reward Indicator (SRRI) measures the volatility of the Fund. The risk and reward category (which may range from 1 to 7) is calculated using historical data and may not be a reliable indicator of the Fund's future risk profile. The risk and reward category may shift over time and is not a target or guarantee. The lowest category (i.e. category 1) does not mean "risk free". The Fund appears in the higher range of the risk and reward indicator. This is because the values of the Fund's investments have experienced a higher rate of change in the past.

Commentary

On behalf of Vanguard Asset Management, Limited¹

- For the 12 months ended 31 March 2018, Vanguard Target Retirement 2045 Fund's A GBP Accumulation Shares returned 2.01%.
- Global equity markets returned 2.61%, as measured by the FTSE Global All Cap Index. Equity investors rode a wave of optimism as key economies posted strong fundamentals and companies reported solid earnings. Benchmarks hit all-time highs in January after tax changes seen as favourable to corporations took effect in the United States. That positive performance gave way to increased volatility amid concerns about a tightening labour market, inflation risk and tariffs. Emerging markets outpaced Japan and other developed markets.
- Global fixed income markets returned -4.65%, as measured by the Bloomberg Barclays Global Aggregate Index. The US Federal Reserve raised short-term interest rates three times, while the Bank of England raised its rate for the first time in more than a decade. In the United Kingdom, the yield of the benchmark 10-year gilt increased 21 basis points to 1.35%.
- European and Japanese government bonds outperformed their US counterparts. Returns for US investment-grade bonds lagged those of Europe.

Total Returns

	Average Annual Total Returns Periods Ended 31 March 2018	
	One Year	Since Inception (17 December 2015)
A GBP Accumulation Shares	2.01%	12.52%

Past performance is not a reliable indicator of future results.

Basis of performance: NAV to NAV with net income reinvested. The Fund launched on 17 December 2015; therefore, five-year performance data are not available.

¹ Vanguard Global Advisers, LLC, as investment adviser for Vanguard LifeStrategy Funds ICVC, sub-delegates the management of this sub-fund to Vanguard Asset Management, Limited.

Performance Comparative Table

A GBP Accumulation Shares	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016
Change in Net Assets Per Share			
Opening Net Asset Value Per Share ¹	£128.35	£103.62	£100.00
Return Before Operating Charges ^{*,2}	£2.91	£25.02	£3.87
Operating Charges ²	(£0.32)	(£0.29)	(£0.25)
Return After Operating Charges ^{*,2}	£2.59	£24.73	£3.62
Distributions ³	(£1.74)	(£1.66)	(£0.28)
Retained Distributions on Accumulation Shares ³	£1.74	£1.66	£0.28
Closing Net Asset Value Per Share ¹	£130.94	£128.35	£103.62
*Net of Direct Transaction Costs of: ⁴	£0.06	£0.27	£0.08
Performance			
Return After Operating Charges ⁵	2.02%	23.87%	3.62%
Other Information			
Closing Net Asset Value ¹	£4,248,035	£1,042,463	£20,702
Closing Number of Shares	32,443	8,122	200
Operating Charges ²	0.24%	0.24%	0.24%
Direct Transaction Costs ⁴	0.05%	0.22%	0.09%
Prices			
Highest Share Price ⁶	£139.34	£129.84	£104.10
Lowest Share Price ⁶	£125.48	£101.65	£93.60

The Fund launched on 17 December 2015.

1 Underlying investments are valued at bid-market prices if separate prices are quoted for buying and selling and at the quoted price if a single price is quoted for buying and selling. The quoted price for underlying collective investment schemes may be inclusive of any applicable swing pricing adjustment. The net asset value per share shown may diverge from the net asset value per share used for dealing purposes as at 31 March 2018 (and any other applicable periods) because of any adjustments for trade date accounting and any adjustments in valuation from mid-market prices to bid-market prices.

2 Operating charges include indirect costs incurred in the maintenance and running of the Fund, as disclosed in the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average shares in issue for the accounting year.

3 The distribution on Accumulation Shares includes distribution paid and payable in the financial year.

4 Direct transaction costs within this table have been calculated against the average net asset value for the accounting year.

5 Returns in the performance table are calculated using methods prescribed in the SORP 2014 regulations. They may differ slightly from returns shown in the Fund commentary.

6 Underlying investments are valued at mid-market prices if separate prices are quoted for buying and selling and at the quoted price if a single price is quoted for buying and selling. The quoted price for underlying collective investment schemes may be inclusive of any applicable swing pricing adjustment. Share prices represent the net asset value per share used for dealing purposes.

Summary of Significant Changes

For the year ended 31 March 2018

	Cost (£)
Largest Purchases	
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	727,600
Vanguard U.S. Equity Index Fund	671,800
Vanguard FTSE U.K. All Share Index Unit Trust	643,600
Vanguard Global Bond Index Fund	560,700
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	252,400
Total	2,856,100
Total Purchases for the Year	3,885,419

	Proceeds (£)
Largest Sales	
Vanguard FTSE U.K. All Share Index Unit Trust	153,400
Vanguard U.S. Equity Index Fund	148,100
Vanguard Global Bond Index Fund	117,500
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	114,800
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	46,200
Total	580,000
Total Sales for the Year	676,100

Portfolio Statement

As at 31 March 2018

The holdings displayed are the collective investment schemes, unless otherwise stated, through which the Fund seeks to achieve its investment objective.

The prospectus and other information about the collective investment schemes are available at vanguard.co.uk.

	Holding	Market Value (£)	% of Net Asset Value
Equity 80.02% (2017: 79.96%)			
Vanguard FTSE Developed World ex-U.K. Equity Index Fund ¹	2,579	810,732	19.09
Vanguard U.S. Equity Index Fund ¹	1,763	706,921	16.64
Vanguard FTSE U.K. All Share Index Unit Trust ¹	3,356	639,647	15.06
Vanguard Emerging Markets Stock Index Fund	1,264	283,848	6.68
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund ¹	1,129	272,393	6.41
Vanguard FTSE North America UCITS ETF	5,181	241,302	5.68
Vanguard FTSE 100 UCITS ETF	6,905	215,811	5.08
Vanguard Japan Stock Index Fund	709	155,373	3.66
Vanguard Pacific ex-Japan Stock Index Fund	282	73,067	1.72
		3,399,094	80.02
Fixed Income 19.94% (2017: 20.09%)			
Vanguard Global Bond Index Fund	4,019	591,805	13.93
Vanguard U.K. Government Bond Index Fund	982	160,452	3.78
Vanguard U.K. Investment Grade Bond Index Fund	1,006	94,835	2.23
		847,092	19.94
Portfolio of Investments		4,246,186	99.96
Net Other Assets		1,849	0.04
Net Assets Attributable to Shareholders		4,248,035	100.00

¹ The ACD of this Fund is Vanguard Investments UK, Limited.

Balance Sheet

		As at 31 March 2018 (£)	As at 31 March 2017 (£)
	Note ¹		
Assets:			
Investment Assets		4,246,186	1,043,001
Current Assets			
Debtors	10	27,152	40,838
Cash and Bank Balances	11	3,648	—
Total Assets		4,276,986	1,083,839
Liabilities:			
Creditors			
Bank Overdrafts	11	—	1,112
Other Creditors	13	28,951	40,264
Total Liabilities		28,951	41,376
Net Assets Attributable to Shareholders		4,248,035	1,042,463

¹ See the Notes to the Financial Statements.

Statement of Total Return

		Year Ended		Year Ended	
	Note ¹	31 March 2018 (£)	31 March 2018 (£)	31 March 2017 (£)	31 March 2017 (£)
Income					
Net Capital Gains/(Losses)	4		(43,370)		54,498
Revenue	6	45,937		6,458	
Expenses	7	(3,051)		(393)	
Net Revenue Before Taxation		42,886		6,065	
Taxation	8	(1,164)		(179)	
Net Revenue After Taxation			41,722		5,886
Total Return Before Distributions			(1,648)		60,384
Distributions ²	9		(41,722)		(5,886)
Change in Net Assets Attributable to Shareholders From Investment Activities			(43,370)		54,498

¹ See the Notes to the Financial Statements.

² Includes equalisation where applicable.

Statement of Change in Net Assets Attributable to Shareholders

	Year Ended		Year Ended	
	31 March 2018 (£)	31 March 2018 (£)	31 March 2017 (£)	31 March 2017 (£)
Opening Net Assets Attributable to Shareholders		1,042,463		20,702
Amounts Received on Issue of Shares	3,867,019		996,114	
Amounts Paid on Cancellation of Shares	(674,615)		(42,350)	
		3,192,404		953,764
Change in Net Assets Attributable to Shareholders From Investment Activities		(43,370)		54,498
Retained Distribution on Accumulation Shares		56,538		13,499
Closing Net Assets Attributable to Shareholders		4,248,035		1,042,463

Distribution Table

For the year ended 31 March 2018

	Net Income Pence Per Share	Equalisation Pence Per Share	Distribution Payable 31 May 2018 Pence Per Share	Distribution Paid 31 May 2017 Pence Per Share
A GBP Accumulation Shares				
Group 1	174.2660	—	174.2660	166.2077
Group 2	99.4191	74.8469	174.2660	166.2077

Group 1—Shares purchased before 1 April 2017.

Group 2—Shares purchased between 1 April 2017 and 31 March 2018.

Note: Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Target Retirement 2050 Fund

Fund Profile

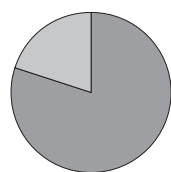
As at 31 March 2018

Investment Objective	The Fund seeks to provide capital appreciation and current income consistent with its current asset allocation for investors planning to retire in or within approximately five years after 2050.
Investment Strategy	The Fund will seek to achieve its investment objective predominantly through investment in passive, index-tracking collective investment schemes. The Fund's asset allocation will become more conservative over time, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase.
Risk Profile	The value of investments, and the income from them, may fall or rise and investors may get back less than they invested. The value of this investment may fall or rise as a result of changes in exchange rates. This Fund invests in emerging markets, which can be more volatile than more established markets. As a result, the value of your investment may rise or fall. 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.

Portfolio Characteristics

	31 March 2018	31 March 2017
Ongoing Charges Figure ¹		
A GBP Accumulation Shares Expenses	0.10%	0.11%
Synthetic Element	0.14%	0.13%
Total Synthetic Ongoing Charge ¹	0.24%	0.24%
Ex-Dividend Date ²	1 April 2018	1 April 2017
Distribution Date ²	31 May 2018	31 May 2017

Fund Asset Allocation (% of Net Asset Value)



■ 80%	Equity-Based Collective Investment Schemes
■ 20%	Fixed Income-Based Collective Investment Schemes

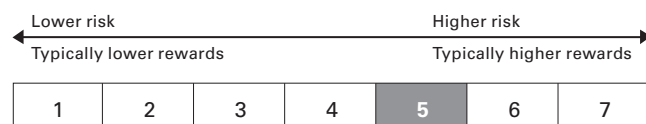
Allocation to Underlying Vanguard Funds (% of Portfolio)

Vanguard FTSE Developed World ex-U.K. Equity Index Fund	19.1%
Vanguard U.S. Equity Index Fund	17.2
Vanguard FTSE U.K. All Share Index Unit Trust	15.3
Vanguard Global Bond Index Fund	13.8
Vanguard Emerging Markets Stock Index Fund	6.7
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	6.5
Vanguard FTSE North America UCITS ETF	5.1
Vanguard FTSE 100 UCITS ETF	4.7
Vanguard U.K. Government Bond Index Fund	3.8
Vanguard Japan Stock Index Fund	3.7
Vanguard U.K. Investment Grade Bond Index Fund	2.3
Vanguard Pacific ex-Japan Stock Index Fund	1.8

Fund Market Diversification (% of Underlying Vanguard Funds)

North American Equities	34.7%
UK Equities	19.9
Global Bonds	13.8
European ex-UK Equities	10.0
Japan Equities	5.7
Emerging Markets Equities	6.7
UK Gilts	3.8
Asia ex-Japan Equities	3.1
UK Investment-Grade Bonds	2.3

Synthetic Risk and Reward Indicator³



¹ The Ongoing Charges Figure (OCF) is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. Because the Fund invests a substantial proportion of its assets in other UCITS or Collective Investment Undertakings (CIU), it is required to disclose a synthetic OCF that accounts for the ongoing charges incurred in the underlying CIUs.

² If the ex-dividend or distribution date does not fall on a business day, the effective date will be the first business day following the end of the financial year.

³ The Synthetic Risk and Reward Indicator (SRRI) measures the volatility of the Fund. The risk and reward category (which may range from 1 to 7) is calculated using historical data and may not be a reliable indicator of the Fund's future risk profile. The risk and reward category may shift over time and is not a target or guarantee. The lowest category (i.e. category 1) does not mean "risk free". The Fund appears in the higher range of the risk and reward indicator. This is because the values of the Fund's investments have experienced a higher rate of change in the past.

Commentary

On behalf of Vanguard Asset Management, Limited¹

- For the 12 months ended 31 March 2018, Vanguard Target Retirement 2050 Fund's A GBP Accumulation Shares returned 2.02%.
- Global equity markets returned 2.61%, as measured by the FTSE Global All Cap Index. Equity investors rode a wave of optimism as key economies posted strong fundamentals and companies reported solid earnings. Benchmarks hit all-time highs in January after tax changes seen as favourable to corporations took effect in the United States. That positive performance gave way to increased volatility amid concerns about a tightening labour market, inflation risk and tariffs. Emerging markets outpaced Japan and other developed markets.
- Global fixed income markets returned -4.65%, as measured by the Bloomberg Barclays Global Aggregate Index. The US Federal Reserve raised short-term interest rates three times, while the Bank of England raised its rate for the first time in more than a decade. In the United Kingdom, the yield of the benchmark 10-year gilt increased 21 basis points to 1.35%.
- European and Japanese government bonds outperformed their US counterparts. Returns for US investment-grade bonds lagged those of Europe.

Total Returns

	Average Annual Total Returns Periods Ended 31 March 2018	
	One Year	Since Inception (17 December 2015)
A GBP Accumulation Shares	2.02%	12.54%

Past performance is not a reliable indicator of future results.

Basis of performance: NAV to NAV with net income reinvested. The Fund launched on 17 December 2015; therefore, five-year performance data are not available.

¹ Vanguard Global Advisers, LLC, as investment adviser for Vanguard LifeStrategy Funds ICVC, sub-delegates the management of this sub-fund to Vanguard Asset Management, Limited.

Performance Comparative Table

A GBP Accumulation Shares	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016
Change in Net Assets Per Share			
Opening Net Asset Value Per Share ¹	£128.37	£103.62	£100.00
Return Before Operating Charges ^{*,2}	£2.93	£25.04	£3.87
Operating Charges ²	(£0.32)	(£0.29)	(£0.25)
Return After Operating Charges ^{*,2}	£2.61	£24.75	£3.62
Distributions ³	(£1.73)	(£1.69)	(£0.28)
Retained Distributions on Accumulation Shares ³	£1.73	£1.69	£0.28
Closing Net Asset Value Per Share ¹	£130.98	£128.37	£103.62
*Net of Direct Transaction Costs of: ⁴	£0.05	£0.26	£0.07
Performance			
Return After Operating Charges ⁵	2.03%	23.89%	3.62%
Other Information			
Closing Net Asset Value ¹	£3,837,779	£948,747	£20,702
Closing Number of Shares	29,301	7,391	200
Operating Charges ²	0.24%	0.24%	0.24%
Direct Transaction Costs ⁴	0.03%	0.22%	0.07%
Prices			
Highest Share Price ⁶	£139.38	£129.90	£104.06
Lowest Share Price ⁶	£125.49	£101.68	£93.59

The Fund launched on 17 December 2015.

1 Underlying investments are valued at bid-market prices if separate prices are quoted for buying and selling and at the quoted price if a single price is quoted for buying and selling. The quoted price for underlying collective investment schemes may be inclusive of any applicable swing pricing adjustment. The net asset value per share shown may diverge from the net asset value per share used for dealing purposes as at 31 March 2018 (and any other applicable periods) because of any adjustments for trade date accounting and any adjustments in valuation from mid-market prices to bid-market prices.

2 Operating charges include indirect costs incurred in the maintenance and running of the Fund, as disclosed in the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average shares in issue for the accounting year.

3 The distribution on Accumulation Shares includes distribution paid and payable in the financial year.

4 Direct transaction costs within this table have been calculated against the average net asset value for the accounting year.

5 Returns in the performance table are calculated using methods prescribed in the SORP 2014 regulations. They may differ slightly from returns shown in the Fund commentary.

6 Underlying investments are valued at mid-market prices if separate prices are quoted for buying and selling and at the quoted price if a single price is quoted for buying and selling. The quoted price for underlying collective investment schemes may be inclusive of any applicable swing pricing adjustment. Share prices represent the net asset value per share used for dealing purposes.

Summary of Significant Changes

For the year ended 31 March 2018

	Cost (£)
Largest Purchases	
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	613,700
Vanguard U.S. Equity Index Fund	575,400
Vanguard FTSE U.K. All Share Index Unit Trust	539,500
Vanguard Global Bond Index Fund	460,000
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	215,400
Total	2,404,000
Total Purchases for the Year	3,245,910

	Proceeds (£)
Largest Sales	
Vanguard FTSE U.K. All Share Index Unit Trust	81,000
Vanguard U.S. Equity Index Fund	72,600
Vanguard Global Bond Index Fund	67,900
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	56,200
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	24,300
Total	302,000
Total Sales for the Year	331,300

Portfolio Statement

As at 31 March 2018

The holdings displayed are the collective investment schemes, unless otherwise stated, through which the Fund seeks to achieve its investment objective.

The prospectus and other information about the collective investment schemes are available at vanguard.co.uk.

	Holding	Market Value (£)	% of Net Asset Value
Equity 79.64% (2017: 78.72%)			
Vanguard FTSE Developed World ex-U.K. Equity Index Fund ¹	2,321	729,443	19.01
Vanguard U.S. Equity Index Fund ¹	1,637	656,293	17.10
Vanguard FTSE U.K. All Share Index Unit Trust ¹	3,064	584,080	15.22
Vanguard Emerging Markets Stock Index Fund	1,135	254,861	6.64
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund ¹	1,030	248,408	6.47
Vanguard FTSE North America UCITS ETF	4,205	195,846	5.10
Vanguard FTSE 100 UCITS ETF	5,674	177,337	4.62
Vanguard Japan Stock Index Fund	647	141,731	3.69
Vanguard Pacific ex-Japan Stock Index Fund	264	68,444	1.79
		3,056,443	79.64
Fixed Income 19.74% (2017: 20.17%)			
Vanguard Global Bond Index Fund	3,582	527,496	13.74
Vanguard U.K. Government Bond Index Fund	877	143,361	3.74
Vanguard U.K. Investment Grade Bond Index Fund	920	86,652	2.26
		757,509	19.74
Portfolio of Investments		3,813,952	99.38
Net Other Assets		23,827	0.62
Net Assets Attributable to Shareholders		3,837,779	100.00

¹ The ACD of this Fund is Vanguard Investments UK, Limited.

Balance Sheet

		As at	As at
	Note ¹	31 March 2018 (£)	31 March 2017 (£)
Assets:			
Investment Assets		3,813,952	938,238
Current Assets			
Debtors	10	76,979	94,291
Cash and Bank Balances	11	3,476	—
Total Assets		3,894,407	1,032,529
Liabilities:			
Creditors			
Bank Overdrafts	11	—	874
Other Creditors	13	56,628	82,908
Total Liabilities		56,628	83,782
Net Assets Attributable to Shareholders		3,837,779	948,747

¹ See the Notes to the Financial Statements.

Statement of Total Return

		Year Ended		Year Ended	
	Note ¹	31 March 2018 (£)	31 March 2018 (£)	31 March 2017 (£)	31 March 2017 (£)
Income					
Net Capital Gains/(Losses)	4		(69,013)		61,229
Revenue	6	36,720		5,795	
Expenses	7	(2,279)		(370)	
Net Revenue Before Taxation		34,441		5,425	
Taxation	8	(897)		(178)	
Net Revenue After Taxation			33,544		5,247
Total Return Before Distributions			(35,469)		66,476
Distributions ²	9		(33,544)		(5,247)
Change in Net Assets Attributable to Shareholders From Investment Activities			(69,013)		61,229

¹ See the Notes to the Financial Statements.

² Includes equalisation where applicable.

Statement of Change in Net Assets Attributable to Shareholders

	Year Ended		Year Ended	
	31 March 2018 (£)	31 March 2018 (£)	31 March 2017 (£)	31 March 2017 (£)
Opening Net Assets Attributable to Shareholders		948,747		20,702
Amounts Received on Issue of Shares	3,236,575		901,303	
Amounts Paid on Cancellation of Shares	(329,295)		(46,982)	
		2,907,280		854,321
Change in Net Assets Attributable to Shareholders From Investment Activities		(69,013)		61,229
Retained Distribution on Accumulation Shares		50,765		12,495
Closing Net Assets Attributable to Shareholders		3,837,779		948,747

Distribution Table

For the year ended 31 March 2018

	Net Income Pence Per Share	Equalisation Pence Per Share	Distribution Payable 31 May 2018 Pence Per Share	Distribution Paid 31 May 2017 Pence Per Share
A GBP Accumulation Shares				
Group 1	173.2491	—	173.2491	169.0647
Group 2	85.0311	88.2180	173.2491	169.0647

Group 1—Shares purchased before 1 April 2017.

Group 2—Shares purchased between 1 April 2017 and 31 March 2018.

Note: Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Target Retirement 2055 Fund

Fund Profile

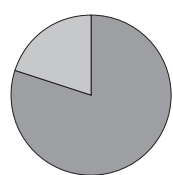
As at 31 March 2018

Investment Objective	The Fund seeks to provide capital appreciation and current income consistent with its current asset allocation for investors planning to retire in or within approximately five years after 2055.
Investment Strategy	The Fund will seek to achieve its investment objective predominantly through investment in passive, index-tracking collective investment schemes. The Fund's asset allocation will become more conservative over time, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase.
Risk Profile	The value of investments, and the income from them, may fall or rise and investors may get back less than they invested. The value of this investment may fall or rise as a result of changes in exchange rates. This Fund invests in emerging markets, which can be more volatile than more established markets. As a result, the value of your investment may rise or fall. 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.

Portfolio Characteristics

	31 March 2018	31 March 2017
Ongoing Charges Figure ¹		
A GBP Accumulation Shares Expenses	0.10%	0.11%
Synthetic Element	0.14%	0.13%
Total Synthetic Ongoing Charge ¹	0.24%	0.24%
Ex-Dividend Date ²	1 April 2018	1 April 2017
Distribution Date ²	31 May 2018	31 May 2017

Fund Asset Allocation (% of Net Asset Value)



■ 80%	Equity-Based Collective Investment Schemes
■ 20%	Fixed Income-Based Collective Investment Schemes

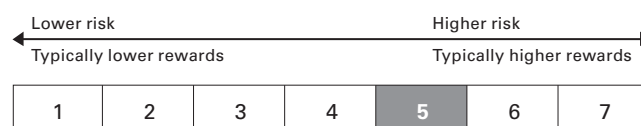
Allocation to Underlying Vanguard Funds (% of Portfolio)

Vanguard FTSE Developed World ex-U.K. Equity Index Fund	19.0%
Vanguard U.S. Equity Index Fund	16.9
Vanguard FTSE U.K. All Share Index Unit Trust	15.2
Vanguard Global Bond Index Fund	14.0
Vanguard Emerging Markets Stock Index Fund	6.6
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	6.5
Vanguard FTSE North America UCITS ETF	5.3
Vanguard FTSE 100 UCITS ETF	4.9
Vanguard U.K. Government Bond Index Fund	3.8
Vanguard Japan Stock Index Fund	3.7
Vanguard U.K. Investment Grade Bond Index Fund	2.3
Vanguard Pacific ex-Japan Stock Index Fund	1.8

Fund Market Diversification (% of Underlying Vanguard Funds)

North American Equities	34.5%
UK Equities	20.1
Global Bonds	14.0
European ex-UK Equities	9.9
Emerging Markets Equities	6.6
Japan Equities	5.7
UK Gilts	3.8
Asia ex-Japan Equities	3.1
UK Investment-Grade Bonds	2.3

Synthetic Risk and Reward Indicator³



¹ The Ongoing Charges Figure (OCF) is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. Because the Fund invests a substantial proportion of its assets in other UCITS or Collective Investment Undertakings (CIU), it is required to disclose a synthetic OCF that accounts for the ongoing charges incurred in the underlying CIUs.

² If the ex-dividend or distribution date does not fall on a business day, the effective date will be the first business day following the end of the financial year.

³ The Synthetic Risk and Reward Indicator (SRRI) measures the volatility of the Fund. The risk and reward category (which may range from 1 to 7) is calculated using historical data and may not be a reliable indicator of the Fund's future risk profile. The risk and reward category may shift over time and is not a target or guarantee. The lowest category (i.e. category 1) does not mean "risk free". The Fund appears in the higher range of the risk and reward indicator. This is because the values of the Fund's investments have experienced a higher rate of change in the past.

Commentary

On behalf of Vanguard Asset Management, Limited¹

- For the 12 months ended 31 March 2018, Vanguard Target Retirement 2055 Fund's A GBP Accumulation Shares returned 2.03%.
- Global equity markets returned 2.61%, as measured by the FTSE Global All Cap Index. Equity investors rode a wave of optimism as key economies posted strong fundamentals and companies reported solid earnings. Benchmarks hit all-time highs in January after tax changes seen as favourable to corporations took effect in the United States. That positive performance gave way to increased volatility amid concerns about a tightening labour market, inflation risk and tariffs. Emerging markets outpaced Japan and other developed markets.
- Global fixed income markets returned –4.65%, as measured by the Bloomberg Barclays Global Aggregate Index. The US Federal Reserve raised short-term interest rates three times, while the Bank of England raised its rate for the first time in more than a decade. In the United Kingdom, the yield of the benchmark 10-year gilt increased 21 basis points to 1.35%.
- European and Japanese government bonds outperformed their US counterparts. Returns for US investment-grade bonds lagged those of Europe.

Total Returns

	Average Annual Total Returns Periods Ended 31 March 2018	
	One Year	Since Inception (17 December 2015)
A GBP Accumulation Shares	2.03%	12.65%

Past performance is not a reliable indicator of future results.

Basis of performance: NAV to NAV with net income reinvested. The Fund launched on 17 December 2015; therefore, five-year performance data are not available.

¹ Vanguard Global Advisers, LLC, as investment adviser for Vanguard LifeStrategy Funds ICVC, sub-delegates the management of this sub-fund to Vanguard Asset Management, Limited.

Performance Comparative Table

A GBP Accumulation Shares	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016
Change in Net Assets Per Share			
Opening Net Asset Value Per Share ¹	£128.66	£103.62	£100.00
Return Before Operating Charges ^{*,2}	£2.93	£25.33	£3.88
Operating Charges ²	(£0.32)	(£0.29)	(£0.26)
Return After Operating Charges ^{*,2}	£2.61	£25.04	£3.62
Distributions ³	(£1.80)	(£1.59)	(£0.28)
Retained Distributions on Accumulation Shares ³	£1.80	£1.59	£0.28
Closing Net Asset Value Per Share ¹	£131.27	£128.66	£103.62
*Net of Direct Transaction Costs of: ⁴	£0.05	£0.29	£0.08
Performance			
Return After Operating Charges ⁵	2.03%	24.17%	3.62%
Other Information			
Closing Net Asset Value ¹	£3,317,347	£960,282	£20,702
Closing Number of Shares	25,271	7,464	200
Operating Charges ²	0.24%	0.24%	0.24%
Direct Transaction Costs ⁴	0.04%	0.24%	0.08%
Prices			
Highest Share Price ⁶	£139.72	£130.17	£104.06
Lowest Share Price ⁶	£125.77	£101.68	£93.59

The Fund launched on 17 December 2015.

1 Underlying investments are valued at bid-market prices if separate prices are quoted for buying and selling and at the quoted price if a single price is quoted for buying and selling. The quoted price for underlying collective investment schemes may be inclusive of any applicable swing pricing adjustment. The net asset value per share shown may diverge from the net asset value per share used for dealing purposes as at 31 March 2018 (and any other applicable periods) because of any adjustments for trade date accounting and any adjustments in valuation from mid-market prices to bid-market prices.

2 Operating charges include indirect costs incurred in the maintenance and running of the Fund, as disclosed in the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average shares in issue for the accounting year.

3 The distribution on Accumulation Shares includes distribution paid and payable in the financial year.

4 Direct transaction costs within this table have been calculated against the average net asset value for the accounting year.

5 Returns in the performance table are calculated using methods prescribed in the SORP 2014 regulations. They may differ slightly from returns shown in the Fund commentary.

6 Underlying investments are valued at mid-market prices if separate prices are quoted for buying and selling and at the quoted price if a single price is quoted for buying and selling. The quoted price for underlying collective investment schemes may be inclusive of any applicable swing pricing adjustment. Share prices represent the net asset value per share used for dealing purposes.

Summary of Significant Changes

For the year ended 31 March 2018

	Cost (£)
Largest Purchases	
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	554,400
Vanguard U.S. Equity Index Fund	529,200
Vanguard FTSE U.K. All Share Index Unit Trust	479,100
Vanguard Global Bond Index Fund	434,700
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	195,000
Total	2,192,400
Total Purchases for the Year	2,924,356

	Proceeds (£)
Largest Sales	
Vanguard U.S. Equity Index Fund	138,700
Vanguard FTSE U.K. All Share Index Unit Trust	112,900
Vanguard Global Bond Index Fund	108,200
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	102,200
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	39,900
Total	501,900
Total Sales for the Year	555,400

Portfolio Statement

As at 31 March 2018

The holdings displayed are the collective investment schemes, unless otherwise stated, through which the Fund seeks to achieve its investment objective.

The prospectus and other information about the collective investment schemes are available at vanguard.co.uk.

	Holding	Market Value (£)	% of Net Asset Value
Equity 79.65% (2017: 79.96%)			
Vanguard FTSE Developed World ex-U.K. Equity Index Fund ¹	2,004	629,967	18.99
Vanguard U.S. Equity Index Fund ¹	1,391	557,758	16.81
Vanguard FTSE U.K. All Share Index Unit Trust ¹	2,633	501,952	15.13
Vanguard Emerging Markets Stock Index Fund	971	217,994	6.57
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund ¹	889	214,527	6.47
Vanguard FTSE North America UCITS ETF	3,775	175,819	5.30
Vanguard FTSE 100 UCITS ETF	5,186	162,085	4.89
Vanguard Japan Stock Index Fund	562	123,201	3.72
Vanguard Pacific ex-Japan Stock Index Fund	227	58,807	1.77
		2,642,110	79.65
Fixed Income 19.96% (2017: 20.08%)			
Vanguard Global Bond Index Fund	3,136	461,811	13.92
Vanguard U.K. Government Bond Index Fund	768	125,567	3.78
Vanguard U.K. Investment Grade Bond Index Fund	794	74,842	2.26
		662,220	19.96
Portfolio of Investments		3,304,330	99.61
Net Other Assets		13,017	0.39
Net Assets Attributable to Shareholders		3,317,347	100.00

¹ The ACD of this Fund is Vanguard Investments UK, Limited.

Balance Sheet

		As at	As at
	Note ¹	31 March 2018 (£)	31 March 2017 (£)
Assets:			
Investment Assets		3,304,330	960,710
Current Assets			
Debtors	10	16,161	24,739
Total Assets		3,320,491	985,449
Liabilities:			
Creditors			
Bank Overdrafts	11	1,494	939
Other Creditors	13	1,650	24,228
Total Liabilities		3,144	25,167
Net Assets Attributable to Shareholders		3,317,347	960,282

¹ See the Notes to the Financial Statements.

Statement of Total Return

		Year Ended		Year Ended	
	Note ¹	31 March 2018 (£)	31 March 2018 (£)	31 March 2017 (£)	31 March 2017 (£)
Income					
Net Capital Gains/(Losses)	4		(52,728)		44,029
Revenue	6	34,055		4,536	
Expenses	7	(2,305)		(286)	
Net Revenue Before Taxation		31,750		4,250	
Taxation	8	(855)		(152)	
Net Revenue After Taxation			30,895		4,098
Total Return Before Distributions			(21,833)		48,127
Distributions ²	9		(30,895)		(4,098)
Change in Net Assets Attributable to Shareholders From Investment Activities			(52,728)		44,029

¹ See the Notes to the Financial Statements.

² Includes equalisation where applicable.

Statement of Change in Net Assets Attributable to Shareholders

	Year Ended		Year Ended	
	31 March 2018 (£)	31 March 2018 (£)	31 March 2017 (£)	31 March 2017 (£)
Opening Net Assets Attributable to Shareholders		960,282		20,702
Amounts Received on Issue of Shares	2,909,314		897,420	
Amounts Paid on Cancellation of Shares	(544,997)		(13,747)	
		2,364,317		883,673
Change in Net Assets Attributable to Shareholders From Investment Activities		(52,728)		44,029
Retained Distribution on Accumulation Shares		45,476		11,878
Closing Net Assets Attributable to Shareholders		3,317,347		960,282

Distribution Table

For the year ended 31 March 2018

	Net Income Pence Per Share	Equalisation Pence Per Share	Distribution Payable 31 May 2018 Pence Per Share	Distribution Paid 31 May 2017 Pence Per Share
A GBP Accumulation Shares				
Group 1	179.9558	—	179.9558	159.1419
Group 2	93.2005	86.7553	179.9558	159.1419

Group 1—Shares purchased before 1 April 2017.

Group 2—Shares purchased between 1 April 2017 and 31 March 2018.

Note: Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Target Retirement 2060 Fund

Fund Profile

As at 31 March 2018

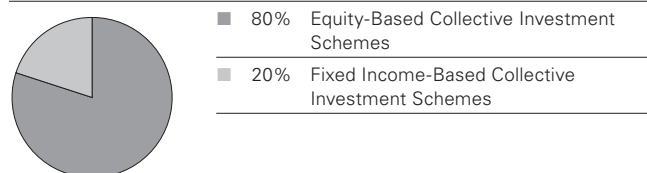
Investment Objective	The Fund's investment objective is to achieve capital growth and, consistent with a gradually changing asset allocation, income returns for investors planning to retire in or within approximately five years after 2060.
Investment Strategy	The Fund will seek to achieve its investment objective predominantly through investment in passive, index-tracking collective investment schemes. The Fund's asset allocation will become more conservative over time, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase.
Risk Profile	The value of investments, and the income from them, may fall or rise and investors may get back less than they invested. The value of this investment may fall or rise as a result of changes in exchange rates. This Fund invests in emerging markets, which can be more volatile than more established markets. As a result, the value of your investment may rise or fall. 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.

Portfolio Characteristics

31 March 2018

Ongoing Charges Figure ¹	
A GBP Accumulation Shares Expenses	0.10%
Synthetic Element	0.14%
Total Synthetic Ongoing Charge ¹	0.24%
Ex-Dividend Date ²	1 April 2018
Distribution Date ²	31 May 2018

Fund Asset Allocation (% of Net Asset Value)



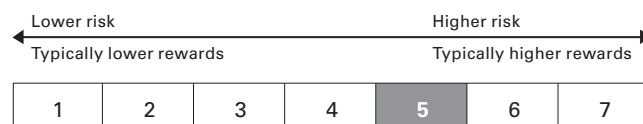
Allocation to Underlying Vanguard Funds (% of Portfolio)

Vanguard FTSE Developed World ex-U.K. Equity Index Fund	18.9%
Vanguard U.S. Equity Index Fund	16.3
Vanguard FTSE U.K. All Share Index Unit Trust	14.7
Vanguard Global Bond Index Fund	13.7
Vanguard Emerging Markets Stock Index Fund	6.7
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	6.4
Vanguard FTSE North America UCITS ETF	6.3
Vanguard FTSE 100 UCITS ETF	5.7
Vanguard U.K. Government Bond Index Fund	3.7
Vanguard Japan Stock Index Fund	3.7
Vanguard U.K. Investment Grade Bond Index Fund	2.2
Vanguard Pacific ex-Japan Stock Index Fund	1.7

Fund Market Diversification (% of Underlying Vanguard Funds)

North American Equities	34.5%
UK Equities	20.2
Global Bonds	13.8
European ex-UK Equities	9.9
Emerging Markets Equities	6.8
Japan Equities	5.7
UK Gilts	3.8
Asia ex-Japan Equities	3.0
UK Investment-Grade Bonds	2.3

Synthetic Risk and Reward Indicator³



¹ The Ongoing Charges Figure (OCF) is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. Because the Fund invests a substantial proportion of its assets in other UCITS or Collective Investment Undertakings (CIU), it is required to disclose a synthetic OCF that accounts for the ongoing charges incurred in the underlying CIUs.

² If the ex-dividend or distribution date does not fall on a business day, the effective date will be the first business day following the end of the financial year.

³ The Synthetic Risk and Reward Indicator (SRRI) measures the volatility of the Fund. The risk and reward category (which may range from 1 to 7) is calculated using historical data and may not be a reliable indicator of the Fund's future risk profile. The risk and reward category may shift over time and is not a target or guarantee. The lowest category (i.e. category 1) does not mean "risk free". The Fund appears in the higher range of the risk and reward indicator. This is because the values of the Fund's investments have experienced a higher rate of change in the past.

Commentary

On behalf of Vanguard Asset Management, Limited¹

- For the nearly four months ended 31 March 2018, Vanguard Target Retirement 2060 Fund’s A GBP Accumulation Shares returned –2.25%. The fund’s inception was 5 December 2017.
- Global equity markets hit all-time highs in January after tax changes seen as favourable to corporations took effect in the United States. That positive performance gave way to increased volatility amid concerns about a tightening labour market, inflation risk and tariffs. Emerging markets outpaced Japan and other developed markets, and UK stocks trailed.
- Global fixed income markets declined during the period. The US Federal Reserve raised short-term interest rates in December and March. In the United Kingdom, the yield of the benchmark 10-year gilt increased 9 basis points to 1.35%.
- European and Japanese government bonds outperformed their US counterparts. Returns for US investment-grade bonds lagged those of Europe.

Total Returns

	Average Annual Total Returns Periods Ended 31 March 2018
	Since Inception (5 December 2017)
A GBP Accumulation Shares	-2.25%

Past performance is not a reliable indicator of future results.

Basis of performance: NAV to NAV with net income reinvested. The Fund launched on 5 December 2017; therefore, five-year performance data are not available.

¹ Vanguard Global Advisers, LLC, as investment adviser for Vanguard LifeStrategy Funds ICVC, sub-delegates the management of this sub-fund to Vanguard Asset Management, Limited.

Performance Comparative Table

	As at 31 March 2018
A GBP Accumulation Shares	
Change in Net Assets Per Share	
Opening Net Asset Value Per Share ¹	£100.00
Return Before Operating Charges ^{*,2}	(£2.17)
Operating Charges ²	(£0.08)
Return After Operating Charges ^{*,2}	(£2.25)
Distributions ³	(£0.29)
Retained Distributions on Accumulation Shares ³	£0.29
Closing Net Asset Value Per Share ¹	£97.75
*Net of Direct Transaction Costs of: ⁴	£0.04
Performance	
Return After Operating Charges ⁵	(2.25%)
Other Information	
Closing Net Asset Value ¹	£155,122
Closing Number of Shares	1,587
Operating Charges ²	0.24%
Direct Transaction Costs ⁴	0.03%
Prices	
Highest Share Price ⁶	£104.06
Lowest Share Price ⁶	£95.99
The Fund launched on 5 December 2017; therefore, there are no prior-period comparisons.	

1 Underlying investments are valued at bid-market prices if separate prices are quoted for buying and selling and at the quoted price if a single price is quoted for buying and selling. The quoted price for underlying collective investment schemes may be inclusive of any applicable swing pricing adjustment. The net asset value per share shown may diverge from the net asset value per share used for dealing purposes as at 31 March 2018 (and any other applicable periods) because of any adjustments for trade date accounting and any adjustments in valuation from mid-market prices to bid-market prices.

2 Operating charges include indirect costs incurred in the maintenance and running of the Fund, as disclosed in the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average shares in issue for the accounting period.

3 The distribution on Accumulation Shares includes distribution paid and payable in the financial period.

4 Direct transaction costs within this table have been calculated against the average net asset value for the accounting period.

5 Returns in the performance table are calculated using methods prescribed in the SORP 2014 regulations. They may differ slightly from returns shown in the Fund commentary.

6 Underlying investments are valued at mid-market prices if separate prices are quoted for buying and selling and at the quoted price if a single price is quoted for buying and selling. The quoted price for underlying collective investment schemes may be inclusive of any applicable swing pricing adjustment. Share prices represent the net asset value per share used for dealing purposes.

Summary of Significant Changes

For the period ended 31 March 2018

	Cost (£)
Largest Purchases	
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	29,259
Vanguard U.S. Equity Index Fund	25,072
Vanguard FTSE U.K. All Share Index Unit Trust	22,209
Vanguard Global Bond Index Fund	20,623
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	10,241
Total	107,404
Total Purchases for the Period	153,067

	Proceeds (£)
Largest Sales	
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	2,500
Vanguard U.S. Equity Index Fund	2,050
Vanguard Global Bond Index Fund	1,700
Vanguard FTSE U.K. All Share Index Unit Trust	1,500
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	1,100
Total	8,850
Total Sales for the Period	12,058

Portfolio Statement

As at 31 March 2018

The holdings displayed are the collective investment schemes, unless otherwise stated, through which the Fund seeks to achieve its investment objective.

The prospectus and other information about the collective investment schemes are available at vanguard.co.uk.

	Holding	Market Value (£)	% of Net Asset Value
Equity 71.54%			
Vanguard FTSE Developed World ex-U.K. Equity Index Fund ¹	83	26,005	16.76
Vanguard U.S. Equity Index Fund ¹	56	22,379	14.43
Vanguard FTSE U.K. All Share Index Unit Trust ¹	106	20,259	13.06
Vanguard Emerging Markets Stock Index Fund	41	9,277	5.98
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund ¹	37	8,891	5.73
Vanguard FTSE North America UCITS ETF	188	8,756	5.64
Vanguard FTSE 100 UCITS ETF	254	7,939	5.12
Vanguard Japan Stock Index Fund	23	5,119	3.30
Vanguard Pacific ex-Japan Stock Index Fund	9	2,359	1.52
		110,984	71.54
Fixed Income 17.54%			
Vanguard Global Bond Index Fund	129	18,950	12.22
Vanguard U.K. Government Bond Index Fund	32	5,169	3.33
Vanguard U.K. Investment Grade Bond Index Fund	33	3,087	1.99
		27,206	17.54
Portfolio of Investments		138,190	89.08
Net Other Assets		16,932	10.92
Net Assets Attributable to Shareholders		155,122	100.00

¹ The ACD of this Fund is Vanguard Investments UK, Limited.

Balance Sheet

		As at*
	Note ¹	31 March 2018 (£)
Assets:		
Investment Assets		138,190
Current Assets		
Debtors	10	18,081
Cash and Bank Balances	11	2,080
Total Assets		158,351
Liabilities:		
Creditors		
Other Creditors	13	3,229
Total Liabilities		3,229
Net Assets Attributable to Shareholders		155,122

* The Fund launched on 5 December 2017; therefore, there are no prior-period comparisons.

¹ See the Notes to the Financial Statements.

Statement of Total Return

		Period Ended*	
	Note ¹	31 March 2018 (£)	31 March 2018 (£)
Income			
Net Capital Gains/(Losses)	4		(2,934)
Revenue	6	212	
Expenses	7	(22)	
Net Revenue Before Taxation		190	
Taxation	8	(11)	
Net Revenue After Taxation			179
Total Return Before Distributions			(2,755)
Distributions ²	9		(179)
Change in Net Assets Attributable to Shareholders From Investment Activities			(2,934)

* The Fund launched on 5 December 2017; therefore, there are no prior-period comparisons.

¹ See the Notes to the Financial Statements.

² Includes equalisation where applicable.

Statement of Change in Net Assets Attributable to Shareholders

	Period Ended*	
	31 March 2018 (£)	31 March 2018 (£)
Opening Net Assets Attributable to Shareholders		—
Amounts Received on Issue of Shares	169,781	
Amounts Paid on Cancellation of Shares	(12,182)	
		157,599
Change in Net Assets Attributable to Shareholders From Investment Activities		(2,934)
Retained Distribution on Accumulation Shares		457
Closing Net Assets Attributable to Shareholders		155,122

* The Fund launched on 5 December 2017; therefore, there are no prior-period comparisons.

Distribution Table

For the period ended 31 March 2018

	Net Income Pence Per Share	Equalisation Pence Per Share	Distribution Payable* 31 May 2018 Pence Per Share
A GBP Accumulation Shares			
Group 1	—	—	—
Group 2	11.0276	17.8008	28.8284

* The Fund launched on 5 December 2017; therefore, there are no prior-period comparisons.

Group 1—There are no Group 1 investors as the Fund launched on 5 December 2017.

Group 2—Shares purchased between 5 December 2017 and 31 March 2018.

Note: Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Target Retirement 2065 Fund

Fund Profile

As at 31 March 2018

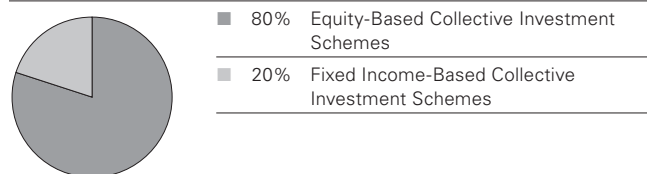
Investment Objective	The Fund's investment objective is to achieve capital growth and, consistent with a gradually changing asset allocation, income returns for investors planning to retire in or within approximately five years after 2065.
Investment Strategy	The Fund will seek to achieve its investment objective predominantly through investment in passive, index-tracking collective investment schemes. The Fund's asset allocation will become more conservative over time, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase.
Risk Profile	The value of investments, and the income from them, may fall or rise and investors may get back less than they invested. The value of this investment may fall or rise as a result of changes in exchange rates. This Fund invests in emerging markets, which can be more volatile than more established markets. As a result, the value of your investment may rise or fall. 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.

Portfolio Characteristics

31 March 2018

Ongoing Charges Figure ¹	
A GBP Accumulation Shares Expenses	0.10%
Synthetic Element	0.14%
Total Synthetic Ongoing Charge ¹	0.24%
Ex-Dividend Date ²	1 April 2018
Distribution Date ²	31 May 2018

Fund Asset Allocation (% of Net Asset Value)



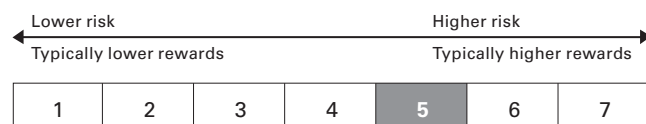
Allocation to Underlying Vanguard Funds (% of Portfolio)

Vanguard FTSE Developed World ex-U.K. Equity Index Fund	19.2%
Vanguard U.S. Equity Index Fund	17.1
Vanguard FTSE U.K. All Share Index Unit Trust	15.4
Vanguard Global Bond Index Fund	14.0
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	6.6
Vanguard Emerging Markets Stock Index Fund	6.5
Vanguard FTSE North America UCITS ETF	5.2
Vanguard FTSE 100 UCITS ETF	4.7
Vanguard Japan Stock Index Fund	3.7
Vanguard U.K. Government Bond Index Fund	3.7
Vanguard U.K. Investment Grade Bond Index Fund	2.2
Vanguard Pacific ex-Japan Stock Index Fund	1.7

Fund Market Diversification (% of Underlying Vanguard Funds)

North American Equities	34.7%
UK Equities	20.0
Global Bonds	14.0
European ex-UK Equities	10.1
Emerging Markets Equities	6.5
Japan Equities	5.7
UK Gilts	3.7
Asia ex-Japan Equities	3.0
UK Investment-Grade Bonds	2.3

Synthetic Risk and Reward Indicator³



¹ The Ongoing Charges Figure (OCF) is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. Because the Fund invests a substantial proportion of its assets in other UCITS or Collective Investment Undertakings (CIU), it is required to disclose a synthetic OCF that accounts for the ongoing charges incurred in the underlying CIUs.

² If the ex-dividend or distribution date does not fall on a business day, the effective date will be the first business day following the end of the financial year.

³ The Synthetic Risk and Reward Indicator (SRRI) measures the volatility of the Fund. The risk and reward category (which may range from 1 to 7) is calculated using historical data and may not be a reliable indicator of the Fund's future risk profile. The risk and reward category may shift over time and is not a target or guarantee. The lowest category (i.e. category 1) does not mean "risk free". The Fund appears in the higher range of the risk and reward indicator. This is because the values of the Fund's investments have experienced a higher rate of change in the past.

Commentary

On behalf of Vanguard Asset Management, Limited¹

- For the nearly four months ended 31 March 2018, Vanguard Target Retirement 2065 Fund’s A GBP Accumulation Shares returned –2.30%. The fund’s inception was 5 December 2017.
- Global equity markets hit all-time highs in January after tax changes seen as favourable to corporations took effect in the United States. That positive performance gave way to increased volatility amid concerns about a tightening labour market, inflation risk and tariffs. Emerging markets outpaced Japan and other developed markets, and UK stocks trailed.
- Global fixed income markets declined during the period. The US Federal Reserve raised short-term interest rates in December and March. In the United Kingdom, the yield of the benchmark 10-year gilt increased 9 basis points to 1.35%.
- European and Japanese government bonds outperformed their US counterparts. Returns for US investment-grade bonds lagged those of Europe.

Total Returns

	Average Annual Total Returns Periods Ended 31 March 2018
	Since Inception (5 December 2017)
A GBP Accumulation Shares	-2.30%

Past performance is not a reliable indicator of future results.

Basis of performance: NAV to NAV with net income reinvested. The Fund launched on 5 December 2017; therefore, five-year performance data are not available.

¹ Vanguard Global Advisers, LLC, as investment adviser for Vanguard LifeStrategy Funds ICVC, sub-delegates the management of this sub-fund to Vanguard Asset Management, Limited.

Performance Comparative Table

A GBP Accumulation Shares	As at 31 March 2018
Change in Net Assets Per Share	
Opening Net Asset Value Per Share ¹	£100.00
Return Before Operating Charges ^{*,2}	(£2.22)
Operating Charges ²	(£0.08)
Return After Operating Charges ^{*,2}	(£2.30)
Distributions ³	(£0.28)
Retained Distributions on Accumulation Shares ³	£0.28
Closing Net Asset Value Per Share ¹	£97.70
*Net of Direct Transaction Costs of: ⁴	£0.03
Performance	
Return After Operating Charges ⁵	(2.30%)
Other Information	
Closing Net Asset Value ¹	£76,557
Closing Number of Shares	784
Operating Charges ²	0.24%
Direct Transaction Costs ⁴	0.03%
Prices	
Highest Share Price ⁶	£103.95
Lowest Share Price ⁶	£95.95

The Fund launched on 5 December 2017; therefore, there are no prior-period comparisons.

1 Underlying investments are valued at bid-market prices if separate prices are quoted for buying and selling and at the quoted price if a single price is quoted for buying and selling. The quoted price for underlying collective investment schemes may be inclusive of any applicable swing pricing adjustment. The net asset value per share shown may diverge from the net asset value per share used for dealing purposes as at 31 March 2018 (and any other applicable periods) because of any adjustments for trade date accounting and any adjustments in valuation from mid-market prices to bid-market prices.

2 Operating charges include indirect costs incurred in the maintenance and running of the Fund, as disclosed in the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average shares in issue for the accounting period.

3 The distribution on Accumulation Shares includes distribution paid and payable in the financial period.

4 Direct transaction costs within this table have been calculated against the average net asset value for the accounting period.

5 Returns in the performance table are calculated using methods prescribed in the SORP 2014 regulations. They may differ slightly from returns shown in the Fund commentary.

6 Underlying investments are valued at mid-market prices if separate prices are quoted for buying and selling and at the quoted price if a single price is quoted for buying and selling. The quoted price for underlying collective investment schemes may be inclusive of any applicable swing pricing adjustment. Share prices represent the net asset value per share used for dealing purposes.

Summary of Significant Changes

For the period ended 31 March 2018

	Cost (£)
Largest Purchases	
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	15,370
Vanguard U.S. Equity Index Fund	13,681
Vanguard FTSE U.K. All Share Index Unit Trust	12,130
Vanguard Global Bond Index Fund	11,040
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	5,253
Total	57,474
Total Purchases for the Period	79,511

	Proceeds (£)
Total Sales	
Vanguard Global Bond Index Fund	400
Vanguard U.S. Equity Index Fund	150
Vanguard U.K. Investment Grade Bond Index Fund	100
Vanguard U.K. Government Bond Index Fund	100
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	100
Total	850
Total Sales for the Period	850

Portfolio Statement

As at 31 March 2018

The holdings displayed are the collective investment schemes, unless otherwise stated, through which the Fund seeks to achieve its investment objective.

The prospectus and other information about the collective investment schemes are available at vanguard.co.uk.

	Holding	Market Value (£)	% of Net Asset Value
Equity 79.51%			
Vanguard FTSE Developed World ex-U.K. Equity Index Fund ¹	46	14,607	19.08
Vanguard U.S. Equity Index Fund ¹	32	12,997	16.98
Vanguard FTSE U.K. All Share Index Unit Trust ¹	61	11,682	15.26
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund ¹	21	5,031	6.57
Vanguard Emerging Markets Stock Index Fund	22	4,941	6.46
Vanguard FTSE North America UCITS ETF	85	3,959	5.17
Vanguard FTSE 100 UCITS ETF	113	3,532	4.61
Vanguard Japan Stock Index Fund	13	2,843	3.71
Vanguard Pacific ex-Japan Stock Index Fund	5	1,277	1.67
		60,869	79.51
Fixed Income 19.83%			
Vanguard Global Bond Index Fund	72	10,635	13.89
Vanguard U.K. Government Bond Index Fund	17	2,833	3.70
Vanguard U.K. Investment Grade Bond Index Fund	18	1,711	2.24
		15,179	19.83
Portfolio of Investments		76,048	99.34
Net Other Assets		509	0.66
Net Assets Attributable to Shareholders		76,557	100.00

¹ The ACD of this Fund is Vanguard Investments UK, Limited.

Balance Sheet

		As at*
	Note ¹	31 March 2018 (£)
Assets:		
Investment Assets		76,048
Current Assets		
Debtors	10	1,202
Cash and Bank Balances	11	19
Total Assets		77,269
Liabilities:		
Creditors		
Other Creditors	13	712
Total Liabilities		712
Net Assets Attributable to Shareholders		76,557

* The Fund launched on 5 December 2017; therefore, there are no prior-period comparisons.

1 See the Notes to the Financial Statements.

Statement of Total Return

		Period Ended*	
	Note ¹	31 March 2018 (£)	31 March 2018 (£)
Income			
Net Capital Gains/(Losses)	4		(2,678)
Revenue	6	125	
Expenses	7	(14)	
Net Revenue Before Taxation		111	
Taxation	8	(6)	
Net Revenue After Taxation			105
Total Return Before Distributions			(2,573)
Distributions ²	9		(105)
Change in Net Assets Attributable to Shareholders From Investment Activities			(2,678)

* The Fund launched on 5 December 2017; therefore, there are no prior-period comparisons.

1 See the Notes to the Financial Statements.

2 Includes equalisation where applicable.

Statement of Change in Net Assets Attributable to Shareholders

	Period Ended*	
	31 March 2018 (£)	31 March 2018 (£)
Opening Net Assets Attributable to Shareholders		—
Amounts Received on Issue of Shares	79,499	
Amounts Paid on Cancellation of Shares	(483)	
		79,016
Change in Net Assets Attributable to Shareholders From Investment Activities		(2,678)
Retained Distribution on Accumulation Shares		219
Closing Net Assets Attributable to Shareholders		76,557

* The Fund launched on 5 December 2017; therefore, there are no prior-period comparisons.

Distribution Table

For the period ended 31 March 2018

	Net Income Pence Per Share	Equalisation Pence Per Share	Distribution Payable* 31 May 2018 Pence Per Share
A GBP Accumulation Shares			
Group 1	—	—	—
Group 2	13.3216	14.5753	27.8969

* The Fund launched on 5 December 2017; therefore, there are no prior-period comparisons.

Group 1—There are no Group 1 investors as the Fund launched on 5 December 2017.

Group 2—Shares purchased between 5 December 2017 and 31 March 2018.

Note: Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Notes to the Aggregated Financial Statements

For the year ended 31 March 2018

1. Accounting Policies

(a) Basis of Accounting. The financial statements have been prepared on a going-concern basis under the historical cost convention, as modified by the revaluation of financial assets and liabilities measured at fair value through profit and loss, and in accordance with Financial Reporting Standard ("FRS") 102 and the Statement of Recommended Practice for UK Authorised Funds (the "SORP 2014") issued by the Investment Management Association (now known as the Investment Association) in May 2014.

(b) Aggregation. The aggregated financial statements represent the sum of the individual Funds within the umbrella company. Further analysis of the distribution and net asset position can be found within the financial statements of the individual Funds. The aggregated financial statements are unaudited, as discussed in the Report of the Authorised Corporate Director.

(c) Recognition of Revenue. Distributions from collective investment schemes are recognised when the schemes are quoted ex-distribution or when revenue is reported by the underlying Fund. Equalisation returned with the distribution is deducted from the cost of the investment and does not form part of the distributable revenue.

Interest on debt securities and bank and short-term deposits is recognised on an accrual basis. In the case of debt securities, any difference between acquisition cost and maturity value is recognised as revenue over the life of the security using the effective yield basis of calculating amortisation. Revenue from debt securities is accounted for on a basis which takes account of the amortisation of any discount or premium between the purchase price and the expected final maturity price over the remaining life of the security.

(d) Treatment of Expenses. All expenses are recognized on an accrual basis.

Each share class is subject to the same Management Charge. All expenses are recognised on an accrual basis. Revenue and expenses are allocated when earned or incurred in the proportion of the net asset value of each share class to the total net asset value of the Funds at that time. All expenses, other than those relating to the purchase and sale of investments, are included in Expenses, in the Statement of Total Return.

The ACD's annual fee is charged to the income property of the respective Funds. The ACD has chosen to pay all other expenses of the Funds in order to reduce the impact that such fees may have on the performance of the Funds. The ACD may also waive part or all of its fees. The ACD may rebate all or part of its remuneration to any party that invests in or provides services to the Company or in respect of any Fund.

The synthetic ongoing charges figure ("OCF") of underlying investments is accounted for on an accrual basis and recognized as a reduction of Expenses on the Statement of Total Return, with a corresponding reduction of Liabilities to Other Creditors on the Balance Sheet.

(e) Taxation. Corporate tax is payable at current tax rates on the excess taxable revenue over allowable expenses. Where applicable, a provision is made on all material timing differences between the recognition of revenue in the financial statements and its recognition in the Funds' annual tax returns. Deferred tax liabilities are recognised to the extent that it is possible that an actual liability will crystallise, and deferred tax assets are recognised where it is more likely that an asset is recoverable. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

Deferred tax is provided for on all timing differences that have originated but not reversed by the balance sheet date other than those differences that are regarded as permanent. Any liability to deferred tax is provided at the average rate of tax expected to apply.

(f) Valuation of Investments. Portfolio holdings are valued at their single price for single-priced funds and the bid-market price for dual-priced funds, on the last business day of the accounting year. Cash and amounts held in current accounts and in other time-related deposits shall be valued at their nominal values.

Where the ACD or its appointed investment adviser considers that no reliable price exists for a share in a collective investment scheme or for a security or investment at a valuation point, the ACD or appointed adviser may value an investment at a price that in its opinion reflects a fair and reasonable price for that investment (fair value).

(g) Exchange Rates. All transactions in foreign currencies are translated into sterling at the exchange rates ruling on the date of such transactions. Foreign currency assets and liabilities at the end of the accounting period are translated at the exchange rates on the last day of the accounting period. Gains or losses arising on the translation are reported as part of the return for the year.

(h) Derivatives. Derivative transactions are accounted for on a trade-date basis. Returns from derivative transactions are taken to capital and/or revenue depending on the motive and circumstances surrounding each transaction. Where the motive and circumstances are to protect or enhance capital, the gains and losses derived therefrom are included in "Net capital gains/losses" in the Statement of Total Return. Where the motive and circumstances are to protect or enhance revenue, the revenue and expenses derived therefrom are included in Revenue and Expenses in the Statement of Total Return and form part of the Company's distribution. Derivative returns may consist of both capital and revenue return. Any positions open at the year-end are reflected in the Balance Sheet at their fair value, using either available market prices or the ACD's assessment of the fair value based on counterparty valuations and appropriate pricing models. No derivatives were used during the reporting year.

2. Distribution Policy

(a) Basis of Distribution. Where the revenue from investment exceeds the expenses for any share class, a distribution will be made to that share class. Should expenses exceed revenue, there will be no distribution and a shortfall will be transferred to capital. Revenue attributable to Accumulation shareholders is retained at the end of each distribution period and represents a reinvestment of revenue. All remaining revenue is distributed in accordance with the Collective Investment Schemes sourcebook. A shortfall in one share class of a Fund will not be paid by other share classes.

The allocation of income and non-class-specific expenses is based upon the proportion of the Funds' assets attributable to each share class, on the day the income is earned or expense is suffered. Income equalisation and the annual management charge are specific to each share class. Where distributions are unclaimed for a period of six years, these are brought back into the relevant Fund as capital.

(b) Equalisation. Equalisation takes account of the income received on the creation of shares and income paid on the cancellation of shares and is allocated to the distribution account.

3. Risk Management Policies

Any investment in Funds involves risk. These risk factors apply directly to each Fund in connection with investments it holds or strategies it undertakes indirectly through the collective investment schemes in which each Fund may invest. Some of these risks are general, which means that they apply to all Funds. Others are specific, which means that they apply to individual Funds only. In this section we explain both types. The ACD's policies for managing these risks are summarised below and have been applied throughout the year.

In order to fully understand the risk factors please refer to the relevant Prospectus, where you will find further information.

(a) Market Price Risk. Market price risk is the risk that the value of the collective investment schemes the Funds invest in will fluctuate because of changes in market prices. It represents the potential loss the Funds might suffer through changes in market prices of the Fund holdings. The ACD considers the asset allocation of the portfolio in order to minimise the risk associated with particular countries or industry sectors while continuing to follow the investment objectives of the Fund.

The Funds seek to achieve their investment objectives predominantly through investment in passive, index-tracking collective investment schemes. For index-tracking collective investment schemes, the investment objective is to seek to track as closely as reasonably possible the performance of the benchmark indices. In order to achieve this objective, an index-tracking collective investment scheme invests primarily in securities held in the relevant benchmark index. An index-tracking collective investment scheme places limitations on the amount by which a holding may deviate from the benchmark proportion to limit the market risk from mismatched positions.

All securities investments present a risk of loss of capital. The ACD assesses the Fund's market risk volatility to ensure that the effect of using financial derivative instruments is not significant enough to cause disproportionate losses to a Fund's overall value. The ACD moderates this risk through careful selection of securities and financial instruments. The ACD manages this risk through a combination of risk metrics. Market price risk is not significant to any Fund and therefore no numerical analysis is presented.

(b) Interest Rate Risk. The Funds may invest in fixed income securities through index-tracking collective investment schemes. The revenue of these Funds may be affected by changes to interest rates relevant to particular securities or as a result of the ACD being unable to secure similar returns on the expiry of contracts or sale of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movements in the future. Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates. Refer to the table below:

Vanguard Target Retirement 2015 Fund

The interest rate risk profile of financial assets and liabilities as at 31 March 2018 was as follows:

Currency	Floating Rate Financial Assets ¹ 31 March 2018 (£)	Fixed Rate Financial Assets 31 March 2018 (£)	Financial Assets Not Carrying Interest 31 March 2018 (£)	Total (£)
Sterling	3,141	185,206	1,592,141	1,780,488
US Dollar	—	—	122	122
Total	3,141	185,206	1,592,263	1,780,610

Currency	Floating Rate Financial Liabilities ¹ 31 March 2018 (£)	Financial Liabilities Not Carrying Interest 31 March 2018 (£)	Total (£)
Sterling	—	9,774	9,774
Total	—	9,774	9,774

¹ These figures include cash at bank, bank overdrafts and floating rate securities.

The interest rate risk profile of financial assets and liabilities as at 31 March 2017 was as follows:

Currency	Floating Rate Financial Assets ¹ 31 March 2017 (£)	Fixed Rate Financial Assets 31 March 2017 (£)	Financial Assets Not Carrying Interest 31 March 2017 (£)	Total (£)
Sterling	3,963	152,255	1,520,331	1,676,549
US Dollar	—	—	128	128
Total	3,963	152,255	1,520,459	1,676,677

Currency	Floating Rate Financial Liabilities ¹ 31 March 2017 (£)	Financial Liabilities Not Carrying Interest 31 March 2017 (£)	Total (£)
Sterling	—	24,815	24,815
Total	—	24,815	24,815

Vanguard Target Retirement 2020 Fund

The interest rate risk profile of financial assets and liabilities as at 31 March 2018 was as follows:

Currency	Floating Rate Financial Assets ¹ 31 March 2018 (£)	Fixed Rate Financial Assets 31 March 2018 (£)	Financial Assets Not Carrying Interest 31 March 2018 (£)	Total (£)
Sterling	—	313,558	8,213,195	8,526,753
US Dollar	—	—	970	970
Total	—	313,558	8,214,165	8,527,723

Currency	Floating Rate Financial Liabilities ¹ 31 March 2018 (£)	Financial Liabilities Not Carrying Interest 31 March 2018 (£)	Total (£)
Sterling	2,001	12,020	14,021
Total	2,001	12,020	14,021

The interest rate risk profile of financial assets and liabilities as at 31 March 2017 was as follows:

Currency	Floating Rate Financial Assets ¹ 31 March 2017 (£)	Fixed Rate Financial Assets 31 March 2017 (£)	Financial Assets Not Carrying Interest 31 March 2017 (£)	Total (£)
Sterling	—	91,591	4,180,932	4,272,523
US Dollar	—	—	672	672
Total	—	91,591	4,181,604	4,273,195

Currency	Floating Rate Financial Liabilities ¹ 31 March 2017 (£)	Financial Liabilities Not Carrying Interest 31 March 2017 (£)	Total (£)
Sterling	1,064	65,556	66,620
Total	1,064	65,556	66,620

Management of Market Risk (Including Market Price, Foreign Currency and Interest Rate Risks). The Investment Adviser performs daily reviews of portfolio attributes, such as sector diversification, maturity and credit quality, and makes adjustments where necessary to ensure that the risk components of the Funds closely match those of the respective benchmarks. Please refer to the Fund Profile sections of this report for presentation of these attributes. In addition, the Investment Adviser and the Administrator perform daily checks of fund performance against respective benchmark indices. Potential tracking errors are raised and discussed by the Investment Adviser and Administrator for investigation and resolution. Market impact, currency discrepancies and interest rate exposure, for example, are investigated as possible causes. In addition, the Investment Adviser performs daily compliance checks of Fund currency exposure.

¹ These figures include cash at bank, bank overdrafts and floating rate securities.

Currency positions in a Fund's account are reconciled daily with the Portfolio Manager, and discrepancies are immediately addressed. Procedures are established with the Investment Adviser to trade currency as closely as possible to the close of the markets, so as to obtain exchange rates that closely approximate the rates used in the valuation of the Funds.

(c) Liquidity Risk. Liquidity risk is the risk that a Fund cannot raise sufficient cash to meet its liabilities when due. One of the key factors influencing this will be the ability to sell investments in any collective investment scheme in which the Fund is invested at, or close to, the fair value without a significant loss being realised.

The Funds are exposed to daily cash redemptions of redeemable shares. The main liability of the Funds is the redemption of any shares that investors wish to sell. Hence all Funds invest the large majority of their assets in investments that are traded in an active market and can ordinarily be readily disposed. However, liquidity risk will occur if an equity issuer becomes credit impaired or if the relevant market becomes illiquid. In such a case, it may not be possible to initiate or liquidate a position at a price that is deemed by the ACD to be demonstrating fair value. Liquidity risk may be temporary or may last for extended periods.

The Funds invest in index-tracking collective investment schemes that may or may not invest in securities that form part of the benchmark indices. Benchmark indices are constructed from index rules requiring securities to have a specified minimum trading volume, which, although not guaranteeing liquidity, provides indication of the liquid nature of the securities underlying a Fund. The Funds are exposed to daily withdrawals and contributions, which are invested to ensure that exposure to the benchmark indices is maintained in order to meet the investment objective of the Funds.

Liquidity risk is not significant to any Fund and therefore no numerical analysis is presented.

Management of Liquidity Risk. The Investment Adviser receives from the Administrator daily reports of capital share activity that enable the Investment Adviser to raise cash from a Fund's portfolio in order to meet redemption requests. The Investment Adviser incorporates cash forecasts into the daily management of the portfolio. Fund cash balances are monitored daily by the Investment Adviser and the Administrator.

(d) Credit Risk. The Target 2015 and Target 2020 Funds invest in government bonds, where credit risk is negligible because of the low risk of the UK Treasury defaulting on interest payments or maturities. The remaining funds invest in only equity and fixed income securities through collective investment schemes. These securities are not credit instruments, and therefore these Funds are not explicitly exposed to credit risk. Index futures used for efficient portfolio management are exchange-traded and marked to market daily, so counterparty risk is negligible. No futures were used during the reporting period.

Management of Credit Risk. Since the Funds are not explicitly exposed to credit risk, any action performed by the Investment Adviser would be minimal.

(e) Market Risk Sensitivity Analysis. Market risk exposures to the Funds are measured using value-at-risk (VaR), which estimates the maximum expected loss over a defined period given a specified confidence level. The VaR methodology is a statistically defined, probability-based approach that takes into account estimates for market volatilities and correlations between assets in the Portfolio. Risks can be measured consistently across markets and products, and risk measures can be aggregated to arrive at a single risk number.

For the purpose of this annual report, a one-year historical (ex-post) absolute VaR calculation has been completed for each Fund as set out below. The calculation includes a 95% confidence interval with a 260-trading-day (one-year) VaR period or since the date of commencement if the Fund does not have 260 trading days of performance history. That is, under normal market conditions and assuming no changes to Fund holdings, there is a 95% probability that the value of Fund assets will not decrease by more than the calculated value over a one-year period.

	31 March 2018	31 March 2017		31 March 2018	31 March 2017
LifeStrategy 20% Equity Fund	6.01	6.14	Target Retirement 2030 Fund	11.67	10.67
LifeStrategy 40% Equity Fund	8.55	6.75	Target Retirement 2035 Fund	12.03	11.72
LifeStrategy 60% Equity Fund	10.22	9.13	Target Retirement 2040 Fund	12.70	12.65
LifeStrategy 80% Equity Fund	12.92	12.59	Target Retirement 2045 Fund	12.80	12.87
LifeStrategy 100% Equity Fund	16.06	15.75	Target Retirement 2050 Fund	12.77	12.90
Target Retirement 2015 Fund	7.77	7.26	Target Retirement 2055 Fund	12.77	12.85
Target Retirement 2020 Fund	9.68	8.99	Target Retirement 2060 Fund ¹	8.86	n/a
Target Retirement 2025 Fund	11.09	10.15	Target Retirement 2065 Fund ¹	8.70	n/a

Global exposure is measured using the commitment approach, which considers the full constituents of the portfolio. The Investment Adviser will observe the regulatory limit and any internal risk limits which may be appropriate for the portfolio.

¹ Vanguard Target Retirement 2060 Fund and Vanguard Target Retirement 2065 launched on 5 December 2017.

General Risk Factors. The value of the Funds and the revenue from them is not guaranteed and may fall as well as rise. You may get back less than you originally invested. Investment performance is not guaranteed. Past performance is no guarantee of future performance. There may also be variation in performance between Funds with similar investment objectives. What you get back may depend on several considerations:

- The effect of an initial charge may mean that if you sell your investment after a short period you may not get back what you originally invested, even if the price of your investment has not fallen.
- The entire market of a particular asset class or geographical region may fall, having a greater effect on Funds heavily invested in that asset class or region.
- If you make regular withdrawals from your investment, be aware that if the level of withdrawal exceeds the rate of investment growth of the Fund, your capital will be eroded.
- Governments may change the tax rules which affect you or the Funds in which you have invested.
- Inflation will reduce what you can buy in the future, i.e. it will reduce the real value of your investment.
- There is no certainty that the investment objective of any Fund will actually be achieved.

Use of Derivatives. The Funds may use equity index futures only for efficient portfolio management – index futures are used to equitise cash holdings from inflows and outflows and also anticipated cash flows (e.g. dividend receivables).

As a result the exposure to futures is covered by cash and near cash at all times, and assists in meeting the investment objectives of the Funds.

No derivatives were used during the reporting period.

4. Net Capital Gains/(Losses)

Net capital gains/(losses) for the 2017–18 period:

	Vanguard LifeStrategy 20% Equity Fund (£)	Vanguard LifeStrategy 40% Equity Fund (£)	Vanguard LifeStrategy 60% Equity Fund (£)	Vanguard LifeStrategy 80% Equity Fund (£)	Vanguard LifeStrategy 100% Equity Fund (£)	Vanguard Target Retirement 2015 Fund (£)	Vanguard Target Retirement 2020 Fund (£)	Vanguard Target Retirement 2025 Fund (£)	Vanguard Target Retirement 2030 Fund (£)
Non-Derivative Securities	(1,712,111)	(7,239,631)	(8,401,838)	(4,471,616)	(3,157,368)	8,985	(48,508)	(192,804)	(125,236)
Gains/(Losses) on Foreign Exchange	—	—	—	(1,738)	(2,883)	(2)	(16)	(34)	(20)
Net Gains/(Losses) on Investments	(1,712,111)	(7,239,631)	(8,401,838)	(4,473,354)	(3,160,251)	8,983	(48,524)	(192,838)	(125,256)

	Vanguard Target Retirement 2035 Fund (£)	Vanguard Target Retirement 2040 Fund (£)	Vanguard Target Retirement 2045 Fund (£)	Vanguard Target Retirement 2050 Fund (£)	Vanguard Target Retirement 2055 Fund (£)	Vanguard Target Retirement 2060 Fund (£)	Vanguard Target Retirement 2065 Fund (£)	31 March 2018 Aggregated ¹ (£)
Non-Derivative Securities	(99,802)	(124,563)	(43,359)	(69,003)	(52,717)	(2,934)	(2,678)	(25,735,183)
Gains/(Losses) on Foreign Exchange	(23)	(15)	(11)	(10)	(11)	—	—	(4,763)
Net Gains/(Losses) on Investments	(99,825)	(124,578)	(43,370)	(69,013)	(52,728)	(2,934)	(2,678)	(25,739,946)

Net capital gains/(losses) for the 2016–17 year:

	Vanguard LifeStrategy 20% Equity Fund (£)	Vanguard LifeStrategy 40% Equity Fund (£)	Vanguard LifeStrategy 60% Equity Fund (£)	Vanguard LifeStrategy 80% Equity Fund (£)	Vanguard LifeStrategy 100% Equity Fund (£)	Vanguard Target Retirement 2015 Fund (£)	Vanguard Target Retirement 2020 Fund (£)	Vanguard Target Retirement 2025 Fund (£)
Non-Derivative Securities	24,905,454	122,406,749	272,417,039	163,350,288	97,693,870	117,099	314,818	178,235
Gains/(Losses) on Foreign Exchange	—	—	—	13,870	22,182	14	48	20
Net Gains/(Losses) on Investments	24,905,454	122,406,749	272,417,039	163,364,158	97,716,052	117,113	314,866	178,255

	Vanguard Target Retirement 2030 Fund (£)	Vanguard Target Retirement 2035 Fund (£)	Vanguard Target Retirement 2040 Fund (£)	Vanguard Target Retirement 2045 Fund (£)	Vanguard Target Retirement 2050 Fund (£)	Vanguard Target Retirement 2055 Fund (£)	31 March 2017 Aggregated ¹ (£)
Non-Derivative Securities	113,249	151,969	42,278	54,491	61,220	44,031	681,850,790
Gains/(Losses) on Foreign Exchange	14	22	4	7	9	(2)	36,188
Net Gains/(Losses) on Investments	113,263	151,991	42,282	54,498	61,229	44,029	681,886,978

Vanguard Target Retirement 2060 Fund and Vanguard Target Retirement 2065 Fund were launched on 5 December 2017; therefore, there are no prior-year comparisons.

1 Unaudited.

5. Purchases, Sales and Transaction Costs

Purchases, sales and transaction costs for the 2017–18 year/period:

	Vanguard LifeStrategy 20% Equity Fund (£)	Vanguard LifeStrategy 40% Equity Fund (£)	Vanguard LifeStrategy 60% Equity Fund (£)	Vanguard LifeStrategy 80% Equity Fund (£)	Vanguard LifeStrategy 100% Equity Fund (£)	Vanguard Target Retirement 2015 Fund (£)	Vanguard Target Retirement 2020 Fund (£)	Vanguard Target Retirement 2025 Fund (£)	Vanguard Target Retirement 2030 Fund (£)
Purchases Excluding Transaction Costs:									
Debt Securities	—	—	—	—	—	279,946	447,701	—	—
Collective Investment Schemes	350,672,445	1,239,390,541	1,717,478,700	765,903,262	419,067,768	1,277,505	6,520,225	14,818,230	8,166,050
Trades in the Year Before Transaction Costs	350,672,445	1,239,390,541	1,717,478,700	765,903,262	419,067,768	1,557,451	6,967,926	14,818,230	8,166,050
Commissions									
Debt Securities	—	—	—	—	—	—	—	—	—
Collective Investment Schemes	—	—	—	725	7,407	5	36	133	99
Total Commissions	—	—	—	725	7,407	5	36	133	99
Taxes									
Debt Securities	—	—	—	—	—	—	—	—	—
Collective Investment Schemes	180,406	536,250	575,109	194,487	53,150	725	2,954	6,823	3,109
Total Taxes	180,406	536,250	575,109	194,487	53,150	725	2,954	6,823	3,109
Total Purchase Transaction Costs	180,406	536,250	575,109	195,212	60,557	730	2,990	6,956	3,208
Purchases Including Transaction Costs	350,852,851	1,239,926,791	1,718,053,809	766,098,474	419,128,325	1,558,181	6,970,916	14,825,186	8,169,258
Sales Excluding Transaction Costs:									
Debt Securities	—	—	—	—	—	242,448	220,029	—	—
Collective Investment Schemes	171,950,422	388,820,032	558,996,725	242,392,596	126,054,717	1,228,064	2,487,670	1,950,400	1,146,136
Trades in the Year Before Transaction Costs	171,950,422	388,820,032	558,996,725	242,392,596	126,054,717	1,470,512	2,707,699	1,950,400	1,146,136
Commissions									
Debt Securities	—	—	—	—	—	—	—	—	—
Collective Investment Schemes	—	—	—	—	—	(6)	(5)	—	(5)
Total Commissions	—	—	—	—	—	(6)	(5)	—	(5)
Taxes									
Debt Securities	—	—	—	—	—	—	—	—	—
Collective Investment Schemes	—	—	—	—	—	—	—	—	—
Total Taxes	—	—	—	—	—	—	—	—	—
Total Sales Transaction Costs	—	—	—	—	—	(6)	(5)	—	(5)
Sales Including Transaction Costs	171,950,422	388,820,032	558,996,725	242,392,596	126,054,717	1,470,506	2,707,694	1,950,400	1,146,131

	Vanguard Target Retirement 2035 Fund (£)	Vanguard Target Retirement 2040 Fund (£)	Vanguard Target Retirement 2045 Fund (£)	Vanguard Target Retirement 2050 Fund (£)	Vanguard Target Retirement 2055 Fund (£)	Vanguard Target Retirement 2060 Fund (£)	Vanguard Target Retirement 2065 Fund (£)	31 March 2018 Aggregated ¹ (£)
Purchases Excluding Transaction Costs:								
Debt Securities	—	—	—	—	—	—	—	727,647
Collective Investment Schemes	7,407,268	6,326,001	3,884,055	3,245,171	2,923,545	153,044	79,497	4,547,313,307
Trades in the Year Before Transaction Costs	7,407,268	6,326,001	3,884,055	3,245,171	2,923,545	153,044	79,497	4,548,040,954
Commissions								
Debt Securities	—	—	—	—	—	—	—	—
Collective Investment Schemes	81	92	52	43	28	2	1	8,704
Total Commissions	81	92	52	43	28	2	1	8,704
Taxes								
Debt Securities	—	—	—	—	—	—	—	—
Collective Investment Schemes	2,726	1,769	1,312	696	783	21	13	1,560,333
Total Taxes	2,726	1,769	1,312	696	783	21	13	1,560,333
Total Purchase Transaction Costs	2,807	1,861	1,364	739	811	23	14	1,569,037
Purchases Including Transaction Costs	7,410,075	6,327,862	3,885,419	3,245,910	2,924,356	153,067	79,511	4,549,609,991
Sales Excluding Transaction Costs:								
Debt Securities	—	—	—	—	—	—	—	462,477
Collective Investment Schemes	727,300	304,199	676,100	331,300	555,400	12,058	850	1,245,524,535
Trades in the Year Before Transaction Costs	727,300	304,199	676,100	331,300	555,400	12,058	850	1,245,987,012
Commissions								
Debt Securities	—	—	—	—	—	—	—	—
Collective Investment Schemes	—	(2)	—	—	—	—	—	(18)
Total Commissions	—	(2)	—	—	—	—	—	(18)
Taxes								
Debt Securities	—	—	—	—	—	—	—	—
Collective Investment Schemes	—	—	—	—	—	—	—	—
Total Taxes	—	—	—	—	—	—	—	—
Total Sales Transaction Costs	—	(2)	—	—	—	—	—	(18)
Sales Including Transaction Costs	727,300	304,197	676,100	331,300	555,400	12,058	850	1,245,986,994

1 Unaudited.

Total transaction cost expressed as a percentage of transaction value as at 31 March 2018:

	Vanguard LifeStrategy 20% Equity Fund (%)	Vanguard LifeStrategy 40% Equity Fund (%)	Vanguard LifeStrategy 60% Equity Fund (%)	Vanguard LifeStrategy 80% Equity Fund (%)	Vanguard LifeStrategy 100% Equity Fund (%)	Vanguard Target Retirement 2015 Fund (%)	Vanguard Target Retirement 2020 Fund (%)	Vanguard Target Retirement 2025 Fund (%)
Purchases:								
Commissions								
Debt Securities	—	—	—	—	—	—	—	—
Collective Investment Schemes	—	—	—	—	—	—	—	—
Taxes								
Debt Securities	—	—	—	—	—	—	—	—
Collective Investment Schemes	0.05	0.04	0.03	0.03	0.01	0.06	0.05	0.05
Sales:								
Commissions								
Debt Securities	—	—	—	—	—	—	—	—
Collective Investment Schemes	—	—	—	—	—	—	—	—
Taxes								
Debt Securities	—	—	—	—	—	—	—	—
Collective Investment Schemes	—	—	—	—	—	—	—	—
Total Transaction Cost Expressed as a Percentage of Average Net Assets:								
Commissions	—	—	—	—	—	—	—	—
Taxes	0.03	0.03	0.02	0.01	0.01	0.04	0.04	0.06

	Vanguard Target Retirement 2030 Fund (%)	Vanguard Target Retirement 2035 Fund (%)	Vanguard Target Retirement 2040 Fund (%)	Vanguard Target Retirement 2045 Fund (%)	Vanguard Target Retirement 2050 Fund (%)	Vanguard Target Retirement 2055 Fund (%)	Vanguard Target Retirement 2060 Fund (%)	Vanguard Target Retirement 2065 Fund (%)
Purchases:								
Commissions								
Debt Securities	—	—	—	—	—	—	—	—
Collective Investment Schemes	—	—	—	—	—	—	—	—
Taxes								
Debt Securities	—	—	—	—	—	—	—	—
Collective Investment Schemes	0.04	0.04	0.03	0.03	0.02	0.03	0.01	0.02
Sales:								
Commissions								
Debt Securities	—	—	—	—	—	—	—	—
Collective Investment Schemes	—	—	—	—	—	—	—	—
Taxes								
Debt Securities	—	—	—	—	—	—	—	—
Collective Investment Schemes	—	—	—	—	—	—	—	—
Total Transaction Cost Expressed as a Percentage of Average Net Assets:								
Commissions	—	—	—	—	—	—	—	—
Taxes	0.06	0.04	0.05	0.05	0.03	0.04	0.03	0.03

Direct transaction costs are expenses incurred when buying and selling financial investments. Commissions and taxes are paid by the Fund on each transaction of equity investments. In the case of futures, broker commissions and transfer taxes may be paid on each transaction. The settlement values for opening and closing derivative positions are not comparable to principle values for transactions in direct holding investments and therefore purchase and sale amounts for derivative transactions are not quantified in the analysis above. Transaction costs for these derivatives will either be suffered as direct costs or form part of the dealing for the instruments. Other types of investments such as bonds, derivatives and collective investment schemes have no separately identifiable transaction costs; these costs form part of the dealing spread. Additionally, equity investments may experience dealing spreads in addition to the separately identifiable commissions and taxes. Dealing spreads vary considerably depending on the transaction value and market sentiment.

Purchases, sales and transaction costs for the 2016–17 year:

	Vanguard LifeStrategy 20% Equity Fund (£)	Vanguard LifeStrategy 40% Equity Fund (£)	Vanguard LifeStrategy 60% Equity Fund (£)	Vanguard LifeStrategy 80% Equity Fund (£)	Vanguard LifeStrategy 100% Equity Fund (£)	Vanguard Target Retirement 2015 Fund (£)	Vanguard Target Retirement 2020 Fund (£)	Vanguard Target Retirement 2025 Fund (£)
Purchases Excluding Transaction Costs								
Debt Securities	—	—	—	—	—	119,522	97,728	—
Collective Investment Schemes	254,201,767	722,676,434	945,202,399	414,505,030	171,047,640	734,669	3,053,390	5,071,134
Trades in the Year Before Transaction Costs	254,201,767	722,676,434	945,202,399	414,505,030	171,047,640	854,191	3,151,118	5,071,134
Commissions								
Collective Investment Schemes	—	—	—	1,366	3,760	—	20	62
Total Commissions	—	—	—	1,366	3,760	—	20	62
Taxes								
Debt Securities	—	—	—	—	—	—	—	—
Collective Investment Schemes	338,920	905,427	1,057,408	355,230	80,359	906	3,280	4,888
Total Taxes	338,920	905,427	1,057,408	355,230	80,359	906	3,280	4,888
Total Purchase Transaction Costs	338,920	905,427	1,057,408	356,596	84,119	906	3,300	4,950
Purchases Including Transaction Costs	254,540,687	723,581,861	946,259,807	414,861,626	171,131,759	855,097	3,154,418	5,076,084
Sales Excluding Transaction Costs								
Debt Securities	—	—	—	—	—	24,916	13,377	—
Collective Investment Schemes	15,872,000	14,328,000	42,558,000	19,557,000	22,221,000	121,700	726,900	107,400
Trades in the Year Before Transaction Costs	15,872,000	14,328,000	42,558,000	19,557,000	22,221,000	146,616	740,277	107,400
Commissions								
Debt Securities	—	—	—	—	—	—	—	—
Collective Investment Schemes	—	—	—	—	—	—	—	—
Total Commissions	—	—	—	—	—	—	—	—
Taxes								
Debt Securities	—	—	—	—	—	—	—	—
Collective Investment Schemes	—	—	—	—	—	—	—	—
Total Taxes	—	—	—	—	—	—	—	—
Total Sales Transaction Costs	—	—	—	—	—	—	—	—
Sales Including Transaction Costs	15,872,000	14,328,000	42,558,000	19,557,000	22,221,000	146,616	740,277	107,400

	Vanguard Target Retirement 2030 Fund (£)	Vanguard Target Retirement 2035 Fund (£)	Vanguard Target Retirement 2040 Fund (£)	Vanguard Target Retirement 2045 Fund (£)	Vanguard Target Retirement 2050 Fund (£)	Vanguard Target Retirement 2055 Fund (£)	31 March 2017 Aggregated ¹ (£)
Purchases Excluding Transaction Costs							
Debt Securities	—	—	—	—	—	—	217,250
Collective Investment Schemes	1,939,556	3,203,650	1,109,751	1,013,637	902,784	909,884	2,525,571,725
Trades in the Year Before Transaction Costs	1,939,556	3,203,650	1,109,751	1,013,637	902,784	909,884	2,525,788,975
Commissions							
Collective Investment Schemes	17	42	17	9	12	15	5,320
Total Commissions	17	42	17	9	12	15	5,320
Taxes							
Debt Securities	—	—	—	—	—	—	—
Collective Investment Schemes	1,706	2,636	870	815	749	627	2,753,821
Total Taxes	1,706	2,636	870	815	749	627	2,753,821
Total Purchase Transaction Costs	1,723	2,678	887	824	761	642	2,759,141
Purchases Including Transaction Costs	1,941,279	3,206,328	1,110,638	1,014,461	903,545	910,526	2,528,548,116
Sales Excluding Transaction Costs							
Debt Securities	—	—	—	—	—	—	38,293
Collective Investment Schemes	151,516	67,495	25,900	51,675	51,700	17,900	115,858,186
Trades in the Year Before Transaction Costs	151,516	67,495	25,900	51,675	51,700	17,900	115,896,479
Commissions							
Debt Securities	—	—	—	—	—	—	—
Collective Investment Schemes	(1)	—	—	—	—	—	(1)
Total Commissions	(1)	—	—	—	—	—	(1)
Taxes							
Debt Securities	—	—	—	—	—	—	—
Collective Investment Schemes	—	—	—	—	—	—	—
Total Taxes	—	—	—	—	—	—	—
Total Sales Transaction Costs	(1)	—	—	—	—	—	(1)
Sales Including Transaction Costs	151,515	67,495	25,900	51,675	51,700	17,900	115,896,478

Vanguard Target Retirement 2060 Fund and Vanguard Target Retirement 2065 Fund were launched on 5 December 2017; therefore, there are no prior-year comparisons.

Total transaction cost expressed as a percentage of transaction value as at 31 March 2017:

	Vanguard LifeStrategy 20% Equity Fund (%)	Vanguard LifeStrategy 40% Equity Fund (%)	Vanguard LifeStrategy 60% Equity Fund (%)	Vanguard LifeStrategy 80% Equity Fund (%)	Vanguard LifeStrategy 100% Equity Fund (%)	Vanguard Target Retirement 2015 Fund (%)	Vanguard Target Retirement 2020 Fund (%)
Purchases:							
Commissions							
Debt Securities	—	—	—	—	—	—	—
Collective Investment Schemes	—	—	—	—	—	—	—
Taxes							
Debt Securities	—	—	—	—	—	—	—
Collective Investment Schemes	0.13	0.13	0.11	0.09	0.05	0.12	0.11
Sales:							
Commissions							
Debt Securities	—	—	—	—	—	—	—
Collective Investment Schemes	—	—	—	—	—	—	—
Taxes							
Debt Securities	—	—	—	—	—	—	—
Collective Investment Schemes	—	—	—	—	—	—	—
Total Transaction Cost Expressed as a Percentage of Average Net Assets:							
Commissions	—	—	—	—	—	—	—
Taxes	0.08	0.08	0.06	0.04	0.02	0.08	0.14

	Vanguard Target Retirement 2025 Fund (%)	Vanguard Target Retirement 2030 Fund (%)	Vanguard Target Retirement 2035 Fund (%)	Vanguard Target Retirement 2040 Fund (%)	Vanguard Target Retirement 2045 Fund (%)	Vanguard Target Retirement 2050 Fund (%)	Vanguard Target Retirement 2055 Fund (%)
Purchases:							
Commissions							
Debt Securities	—	—	—	—	—	—	—
Collective Investment Schemes	—	—	—	—	—	—	—
Taxes							
Debt Securities	—	—	—	—	—	—	—
Collective Investment Schemes	0.10	0.09	0.08	0.08	0.08	0.08	0.07
Sales:							
Commissions							
Debt Securities	—	—	—	—	—	—	—
Collective Investment Schemes	—	—	—	—	—	—	—
Taxes							
Debt Securities	—	—	—	—	—	—	—
Collective Investment Schemes	—	—	—	—	—	—	—
Total Transaction Cost Expressed as a Percentage of Average Net Assets:							
Commissions	—	—	0.01	—	—	—	0.01
Taxes	0.30	0.23	0.23	0.29	0.22	0.22	0.23

Vanguard Target Retirement 2060 Fund and Vanguard Target Retirement 2065 Fund were launched on 5 December 2017; therefore, there are no prior-year comparisons.

Direct transaction costs are expenses incurred when buying and selling financial investments. Commissions and taxes are paid by the Fund on each transaction of equity investments. In the case of futures, broker commissions and transfer taxes may be paid on each transaction. The settlement values for opening and closing derivative positions are not comparable to principle values for transactions in direct holding investments and therefore purchase and sale amounts for derivative transactions are not quantified in the analysis above. Transaction costs for these derivatives will either be suffered as direct costs or form part of the dealing for the instruments. Other types of investments such as bonds, derivatives and collective investment schemes have no separately identifiable transaction costs; these costs form part of the dealing spread. Additionally, equity investments may experience dealing spreads in addition to the separately identifiable commissions and taxes. Dealing spreads vary considerably depending on the transaction value and market sentiment.

The average portfolio dealing spread as at the year-end was:

	Vanguard LifeStrategy 20% Equity Fund (%)	Vanguard LifeStrategy 40% Equity Fund (%)	Vanguard LifeStrategy 60% Equity Fund (%)	Vanguard LifeStrategy 80% Equity Fund (%)	Vanguard LifeStrategy 100% Equity Fund (%)	Vanguard Target Retirement 2015 Fund (%)	Vanguard Target Retirement 2020 Fund (%)	Vanguard Target Retirement 2025 Fund (%)
31 March 2018	—	—	—	—	—	0.05	0.06	—
31 March 2017	—	—	—	—	—	0.05	0.06	—

	Vanguard Target Retirement 2030 Fund (%)	Vanguard Target Retirement 2035 Fund (%)	Vanguard Target Retirement 2040 Fund (%)	Vanguard Target Retirement 2045 Fund (%)	Vanguard Target Retirement 2050 Fund (%)	Vanguard Target Retirement 2055 Fund (%)	Vanguard Target Retirement 2060 Fund (%)	Vanguard Target Retirement 2065 Fund (%)
31 March 2018	—	—	—	—	—	—	—	—
31 March 2017	—	—	—	—	—	—	—	—

Vanguard Target Retirement 2060 Fund and Vanguard Target Retirement 2065 Fund were launched on 5 December 2017; therefore, there are no prior-year comparisons.

There are no separately identifiable dealing spreads as the Funds invests in single-priced Collective Investment Schemes, except for Vanguard Target Retirement 2015 Fund and Vanguard Target Retirement 2020 Fund, which also invest in Debt Securities.

6. Revenue

Revenue for the 2017–18 year/period:

	Vanguard LifeStrategy 20% Equity Fund (£)	Vanguard LifeStrategy 40% Equity Fund (£)	Vanguard LifeStrategy 60% Equity Fund (£)	Vanguard LifeStrategy 80% Equity Fund (£)	Vanguard LifeStrategy 100% Equity Fund (£)	Vanguard Target Retirement 2015 Fund (£)	Vanguard Target Retirement 2020 Fund (£)	Vanguard Target Retirement 2025 Fund (£)	Vanguard Target Retirement 2030 Fund (£)
Bank Interest	—	337	482	99	9	—	—	—	—
Franked Dividends From Collective Investment Schemes	2,555,415	14,702,310	31,758,024	18,101,551	9,147,180	12,160	43,441	71,388	29,953
Offshore Fund Income From Collective Investment Schemes	8,092,710	19,455,554	21,445,481	8,487,005	4,847,236	15,431	63,261	113,251	49,433
Interest on Debt Securities	—	—	—	—	—	3,024	3,327	—	—
Amortisation Adjustment	—	—	—	—	—	(827)	(1,843)	—	—
Unfranked Dividends From Collective Investment Schemes	—	89,660	370,542	243,306	115,701	76	412	787	350
Total Revenue	10,648,125	34,247,861	53,574,529	26,831,961	14,110,126	29,864	108,598	185,426	79,736

	Vanguard Target Retirement 2035 Fund (£)	Vanguard Target Retirement 2040 Fund (£)	Vanguard Target Retirement 2045 Fund (£)	Vanguard Target Retirement 2050 Fund (£)	Vanguard Target Retirement 2055 Fund (£)	Vanguard Target Retirement 2060 Fund (£)	Vanguard Target Retirement 2065 Fund (£)	31 March 2018 Aggregated ¹ (£)
Bank Interest	—	—	—	—	—	—	—	927
Franked Dividends From Collective Investment Schemes	51,150	22,783	22,275	18,499	15,716	—	—	76,551,845
Offshore Fund Income From Collective Investment Schemes	61,138	31,898	23,374	17,984	18,138	212	125	62,722,231
Interest on Debt Securities	—	—	—	—	—	—	—	6,351
Amortisation Adjustment	—	—	—	—	—	—	—	(2,670)
Unfranked Dividends From Collective Investment Schemes	639	292	288	237	201	—	—	822,491
Total Revenue	112,927	54,973	45,937	36,720	34,055	212	125	140,101,175

¹ Unaudited.

Revenue for the 2016–17 year:

	Vanguard LifeStrategy 20% Equity Fund (£)	Vanguard LifeStrategy 40% Equity Fund (£)	Vanguard LifeStrategy 60% Equity Fund (£)	Vanguard LifeStrategy 80% Equity Fund (£)	Vanguard LifeStrategy 100% Equity Fund (£)	Vanguard Target Retirement 2015 Fund (£)	Vanguard Target Retirement 2020 Fund (£)	Vanguard Target Retirement 2025 Fund (£)
Bank Interest	191	244	403	54	45	—	—	—
Franked Dividends From Collective Investment Schemes	1,469,900	7,922,824	17,755,097	10,641,472	5,329,480	5,014	12,063	12,317
Offshore Fund Income From Collective Investment Schemes	6,674,572	14,208,839	16,375,527	6,416,511	3,501,038	9,955	24,987	17,093
Interest on Debt Securities	—	—	—	—	—	1,301	475	—
Amortisation Adjustment	—	—	—	—	—	986	269	—
Unfranked Dividends From Collective Investment Schemes	—	43,451	182,626	—	58,600	30	100	114
Total Revenue	8,144,663	22,175,358	34,313,653	17,058,037	8,889,163	17,286	37,894	29,524

	Vanguard Target Retirement 2030 Fund (£)	Vanguard Target Retirement 2035 Fund (£)	Vanguard Target Retirement 2040 Fund (£)	Vanguard Target Retirement 2045 Fund (£)	Vanguard Target Retirement 2050 Fund (£)	Vanguard Target Retirement 2055 Fund (£)	31 March 2017 Aggregated ¹ (£)
Bank Interest	—	—	—	—	—	—	937
Franked Dividends From Collective Investment Schemes	4,771	9,356	1,645	3,112	2,645	1,960	43,171,656
Offshore Fund Income From Collective Investment Schemes	7,221	11,069	2,778	3,312	3,122	2,555	47,258,579
Interest on Debt Securities	—	—	—	—	—	—	1,776
Amortisation Adjustment	—	—	—	—	—	—	1,255
Unfranked Dividends From Collective Investment Schemes	—	95	17	34	28	21	285,116
Total Revenue	11,992	20,520	4,440	6,458	5,795	4,536	90,719,319

Vanguard Target Retirement 2060 Fund and Vanguard Target Retirement 2065 Fund were launched on 5 December 2017; therefore, there are no prior-year comparisons.

7. Expenses

Expenses for the 2017–18 year/period:

	Vanguard LifeStrategy 20% Equity Fund (£)	Vanguard LifeStrategy 40% Equity Fund (£)	Vanguard LifeStrategy 60% Equity Fund (£)	Vanguard LifeStrategy 80% Equity Fund (£)	Vanguard LifeStrategy 100% Equity Fund (£)	Vanguard Target Retirement 2015 Fund (£)	Vanguard Target Retirement 2020 Fund (£)	Vanguard Target Retirement 2025 Fund (£)	Vanguard Target Retirement 2030 Fund (£)
Expenses to the ACD or Associates of the ACD, and Agents of Either of Them:									
ACD's Fee	1,548,978	4,712,486	6,970,251	3,292,341	1,595,756	4,669	16,415	28,669	12,668
Reduction for Synthetic OCF of Underlying Funds	(1,324,256)	(3,619,979)	(4,705,162)	(2,000,397)	(918,332)	(2,969)	(10,305)	(17,625)	(7,510)
Other Expenses:									
Interest Expenses	201	—	1,755	200	1,533	89	228	212	70
HMRC Interest	—	2,466	—	—	—	—	—	—	—
Total Expenses	224,923	1,094,973	2,266,844	1,292,144	678,957	1,789	6,338	11,256	5,228

All other expenses are borne by the ACD, including the audit fee for the year of £143,680, being £8,980 per sub-fund excluding VAT (2017: £125,720, being £8,980 per sub-fund excluding VAT).

1 Unaudited.

	Vanguard Target Retirement 2035 Fund (£)	Vanguard Target Retirement 2040 Fund (£)	Vanguard Target Retirement 2045 Fund (£)	Vanguard Target Retirement 2050 Fund (£)	Vanguard Target Retirement 2055 Fund (£)	Vanguard Target Retirement 2060 Fund (£)	Vanguard Target Retirement 2065 Fund (£)	31 March 2018 Aggregated ¹ (£)
Expenses to the ACD or Associates of the ACD, and Agents of Either of Them:								
ACD's Fee	16,097	8,684	6,908	5,206	5,206	50	32	18,224,416
Reduction for Synthetic OCF of Underlying Funds	(9,180)	(4,903)	(3,883)	(2,927)	(2,929)	(28)	(18)	(12,630,403)
Other Expenses:								
Interest Expenses	—	24	26	—	28	—	—	4,366
HMRC Interest	—	—	—	—	—	—	—	2,466
Total Expenses	6,917	3,805	3,051	2,279	2,305	22	14	5,600,845

All other expenses are borne by the ACD, including the audit fee for the year of £143,680, being £8,980 per sub-fund excluding VAT (2017: £125,720, being £8,980 per sub-fund excluding VAT).

Expenses for the 2016–17 year:

	Vanguard LifeStrategy 20% Equity Fund (£)	Vanguard LifeStrategy 40% Equity Fund (£)	Vanguard LifeStrategy 60% Equity Fund (£)	Vanguard LifeStrategy 80% Equity Fund (£)	Vanguard LifeStrategy 100% Equity Fund (£)	Vanguard Target Retirement 2015 Fund (£)	Vanguard Target Retirement 2020 Fund (£)	Vanguard Target Retirement 2025 Fund (£)
Expenses to the ACD or Associates of the ACD, and Agents of Either of Them:								
ACD's Fee	1,035,196	2,811,811	4,279,192	2,000,825	972,427	2,564	5,652	3,950
Reduction for Synthetic OCF of Underlying Funds	(826,834)	(2,017,807)	(2,694,752)	(1,130,410)	(519,185)	(1,614)	(3,535)	(2,401)
Other Expenses:								
Interest Expenses	40	93	32	1,008	2,464	—	—	—
Total Expenses	208,402	794,097	1,584,472	871,423	455,706	950	2,117	1,549

	Vanguard Target Retirement 2030 Fund (£)	Vanguard Target Retirement 2035 Fund (£)	Vanguard Target Retirement 2040 Fund (£)	Vanguard Target Retirement 2045 Fund (£)	Vanguard Target Retirement 2050 Fund (£)	Vanguard Target Retirement 2055 Fund (£)	31 March 2017 Aggregated ¹ (£)
Expenses to the ACD or Associates of the ACD, and Agents of Either of Them:							
ACD's Fee	1,815	2,732	722	890	838	648	11,119,262
Reduction for Synthetic OCF of Underlying Funds	(1,061)	(1,544)	(403)	(497)	(468)	(362)	(7,200,873)
Other Expenses:							
Interest Expenses	—	—	—	—	—	—	3,637
Total Expenses	754	1,188	319	393	370	286	3,922,026

Vanguard Target Retirement 2060 Fund and Vanguard Target Retirement 2065 Fund were launched on 5 December 2017; therefore, there are no prior-year comparisons.

8. Taxation

(a) Tax Charge Analysis

Analysis of the tax charge for the 2017–18 year/period:

	Vanguard LifeStrategy 20% Equity Fund (£)	Vanguard LifeStrategy 40% Equity Fund (£)	Vanguard LifeStrategy 60% Equity Fund (£)	Vanguard LifeStrategy 80% Equity Fund (£)	Vanguard LifeStrategy 100% Equity Fund (£)	Vanguard Target Retirement 2015 Fund (£)	Vanguard Target Retirement 2020 Fund (£)	Vanguard Target Retirement 2025 Fund (£)	Vanguard Target Retirement 2030 Fund (£)
Corporation Tax	—	3,465,151	3,262,866	659,774	—	1,192	6,276	11,505	4,270
Total Current Tax Charge (Note 8b)	—	3,465,151	3,262,866	659,774	—	1,192	6,276	11,505	4,270

	Vanguard Target Retirement 2035 Fund (£)	Vanguard Target Retirement 2040 Fund (£)	Vanguard Target Retirement 2045 Fund (£)	Vanguard Target Retirement 2050 Fund (£)	Vanguard Target Retirement 2055 Fund (£)	Vanguard Target Retirement 2060 Fund (£)	Vanguard Target Retirement 2065 Fund (£)	31 March 2018 Aggregated ¹ (£)
Corporation Tax	4,592	1,882	1,164	897	855	11	6	7,420,441
Total Current Tax Charge (Note 8b)	4,592	1,882	1,164	897	855	11	6	7,420,441

Analysis of the tax charge for the 2016–17 year:

	Vanguard LifeStrategy 20% Equity Fund (£)	Vanguard LifeStrategy 40% Equity Fund (£)	Vanguard LifeStrategy 60% Equity Fund (£)	Vanguard LifeStrategy 80% Equity Fund (£)	Vanguard LifeStrategy 100% Equity Fund (£)	Vanguard Target Retirement 2015 Fund (£)	Vanguard Target Retirement 2020 Fund (£)	Vanguard Target Retirement 2025 Fund (£)
Corporation Tax	168	2,499,922	2,434,038	478,487	—	1,070	2,994	1,763
Total Current Tax Charge (Note 8b)	168	2,499,922	2,434,038	478,487	—	1,070	2,994	1,763

	Vanguard Target Retirement 2030 Fund (£)	Vanguard Target Retirement 2035 Fund (£)	Vanguard Target Retirement 2040 Fund (£)	Vanguard Target Retirement 2045 Fund (£)	Vanguard Target Retirement 2050 Fund (£)	Vanguard Target Retirement 2055 Fund (£)	31 March 2017 Aggregated ¹ (£)
Corporation Tax	651	876	172	179	178	152	5,420,650
Total Current Tax Charge (Note 8b)	651	876	172	179	178	152	5,420,650

Vanguard Target Retirement 2060 Fund and Vanguard Target Retirement 2065 Fund were launched on 5 December 2017; therefore, there are no prior-year comparisons.

(b) Tax Charge Factors

Factors affecting the tax charge for the 2017–18 year/period:

	Vanguard LifeStrategy 20% Equity Fund (£)	Vanguard LifeStrategy 40% Equity Fund (£)	Vanguard LifeStrategy 60% Equity Fund (£)	Vanguard LifeStrategy 80% Equity Fund (£)	Vanguard LifeStrategy 100% Equity Fund (£)	Vanguard Target Retirement 2015 Fund (£)	Vanguard Target Retirement 2020 Fund (£)	Vanguard Target Retirement 2025 Fund (£)	Vanguard Target Retirement 2030 Fund (£)
Net Revenue/(Expenses) Before Taxation	10,423,202	33,152,888	51,307,685	25,539,817	13,431,169	28,075	102,260	174,170	74,508
Return on Ordinary Activities Before Taxation	10,423,202	33,152,888	51,307,685	25,539,817	13,431,169	28,075	102,260	174,170	74,508
Return on Ordinary Activities Before Taxation at the Applicable Rate of Corporation Tax in the UK of 20%	2,084,640	6,630,578	10,261,537	5,107,963	2,686,234	5,615	20,452	34,834	14,902
Effects of:									
Revenue Not Subject to Taxation	(535,228)	(3,165,427)	(6,998,671)	(4,448,189)	(2,798,883)	(3,210)	(13,000)	(23,329)	(10,632)
Movement in Excess Expenses	—	—	—	—	112,649	—	—	—	—
Tax-Deductible Interest Distributions	(1,549,412)	—	—	—	—	—	—	—	—
Indexation Adjustment re UK Government Indexed-Linked Bond	—	—	—	—	—	(1,213)	(1,176)	—	—
Total Current Tax Charge (Note 8a)	—	3,465,151	3,262,866	659,774	—	1,192	6,276	11,505	4,270

	Vanguard Target Retirement 2035 Fund (£)	Vanguard Target Retirement 2040 Fund (£)	Vanguard Target Retirement 2045 Fund (£)	Vanguard Target Retirement 2050 Fund (£)	Vanguard Target Retirement 2055 Fund (£)	Vanguard Target Retirement 2060 Fund (£)	Vanguard Target Retirement 2065 Fund (£)	31 March 2018 Aggregated ¹ (£)
Net Revenue/(Expenses) Before Taxation	106,010	51,168	42,886	34,441	31,750	190	111	134,500,330
Return on Ordinary Activities Before Taxation	106,010	51,168	42,886	34,441	31,750	190	111	134,500,330
Return on Ordinary Activities Before Taxation at the Applicable Rate of Corporation Tax in the UK of 20%	21,202	10,234	8,577	6,888	6,350	38	22	26,900,066
Effects of:								
Revenue Not Subject to Taxation	(16,610)	(8,352)	(7,413)	(5,991)	(5,495)	(27)	(16)	(18,040,473)
Movement in Excess Expenses	—	—	—	—	—	—	—	112,649
Tax-Deductible Interest Distributions	—	—	—	—	—	—	—	(1,549,412)
Indexation Adjustment re UK Government Indexed-Linked Bond	—	—	—	—	—	—	—	(2,389)
Current Tax Charge (Note 8a)	4,592	1,882	1,164	897	855	11	6	7,420,441

1 Unaudited.

Factors affecting the tax charge for the 2016–17 year:

	Vanguard LifeStrategy 20% Equity Fund (£)	Vanguard LifeStrategy 40% Equity Fund (£)	Vanguard LifeStrategy 60% Equity Fund (£)	Vanguard LifeStrategy 80% Equity Fund (£)	Vanguard LifeStrategy 100% Equity Fund (£)	Vanguard Target Retirement 2015 Fund (£)	Vanguard Target Retirement 2020 Fund (£)	Vanguard Target Retirement 2025 Fund (£)
Net Revenue/(Expense) Before Taxation	7,936,261	21,381,261	32,729,181	16,186,614	8,433,457	16,336	35,777	27,975
Return on Ordinary Activities Before Taxation	7,936,261	21,381,261	32,729,181	16,186,614	8,433,457	16,336	35,777	27,975
Return on Ordinary Activities Before Taxation at the Applicable Rate of Corporation Tax in the UK of 20%	1,587,252	4,276,252	6,545,836	3,237,323	1,686,691	3,267	7,155	5,595
Effects of:								
Revenue Not Subject to Taxation	(317,481)	(1,776,330)	(4,111,798)	(2,758,836)	(1,766,103)	(1,496)	(3,879)	(3,832)
Movement in Excess Expenses	—	—	—	—	79,412	—	—	—
Tax-Deductible Interest Distributions	(1,269,738)	—	—	—	—	—	—	—
Income Tax Written Off	135	—	—	—	—	—	—	—
Indexation Adjustment re UK Government Indexed-Linked Bond	—	—	—	—	—	(701)	(282)	—
Current Tax Charge (Note 8a)	168	2,499,922	2,434,038	478,487	—	1,070	2,994	1,763

	Vanguard Target Retirement 2030 Fund (£)	Vanguard Target Retirement 2035 Fund (£)	Vanguard Target Retirement 2040 Fund (£)	Vanguard Target Retirement 2045 Fund (£)	Vanguard Target Retirement 2050 Fund (£)	Vanguard Target Retirement 2055 Fund (£)	31 March 2017 Aggregated ¹ (£)
Net Revenue/(Expense) Before Taxation	11,238	19,332	4,121	6,065	5,425	4,250	86,797,293
Return on Ordinary Activities Before Taxation	11,238	19,332	4,121	6,065	5,425	4,250	86,797,293
Return on Ordinary Activities Before Taxation at the Applicable Rate of Corporation Tax in the UK of 20%	2,248	3,866	824	1,213	1,085	850	17,359,457
Effects of:							
Revenue Not Subject to Taxation	(1,597)	(2,990)	(652)	(1,034)	(907)	(698)	(10,747,633)
Movement in Excess Expenses	—	—	—	—	—	—	79,412
Tax-Deductible Interest Distributions	—	—	—	—	—	—	(1,269,738)
Income Tax Written Off	—	—	—	—	—	—	135
Indexation Adjustment re UK Government Indexed-Linked Bond	—	—	—	—	—	—	(983)
Current Tax Charge (Note 8a)	651	876	172	179	178	152	5,420,650

Vanguard Target Retirement 2060 Fund and Vanguard Target Retirement 2065 Fund were launched on 5 December 2017; therefore, there are no prior-year comparisons.

(c) Future Tax Charge

The Funds have surplus management expenses that have resulted in an unrecognised deferred tax asset of £297,986 (2017: £185,337). This asset has not been recognised in the financial statements as the Funds' current investment strategy is unlikely to generate sufficient taxable profits in the future to enable the value of this asset to be realised.

Factors affecting future tax charge for the 2017–18 year/period:

	Vanguard LifeStrategy 20% Equity Fund (£)	Vanguard LifeStrategy 40% Equity Fund (£)	Vanguard LifeStrategy 60% Equity Fund (£)	Vanguard LifeStrategy 80% Equity Fund (£)	Vanguard LifeStrategy 100% Equity Fund (£)	Vanguard Target Retirement 2015 Fund (£)	Vanguard Target Retirement 2020 Fund (£)	Vanguard Target Retirement 2025 Fund (£)	Vanguard Target Retirement 2030 Fund (£)
Surplus Management Expenses	—	—	—	—	297,986	—	—	—	—
Total	—	—	—	—	297,986	—	—	—	—

	Vanguard Target Retirement 2035 Fund (£)	Vanguard Target Retirement 2040 Fund (£)	Vanguard Target Retirement 2045 Fund (£)	Vanguard Target Retirement 2050 Fund (£)	Vanguard Target Retirement 2055 Fund (£)	Vanguard Target Retirement 2060 Fund (£)	Vanguard Target Retirement 2065 Fund (£)	31 March 2018 Aggregated ¹ (£)
Surplus Management Expenses	—	—	—	—	—	—	—	297,986
Total	—	—	—	—	—	—	—	297,986

Factors affecting future tax charge for the 2016–17 year:

	Vanguard LifeStrategy 20% Equity Fund (£)	Vanguard LifeStrategy 40% Equity Fund (£)	Vanguard LifeStrategy 60% Equity Fund (£)	Vanguard LifeStrategy 80% Equity Fund (£)	Vanguard LifeStrategy 100% Equity Fund (£)	Vanguard Target Retirement 2015 Fund (£)	Vanguard Target Retirement 2020 Fund (£)	Vanguard Target Retirement 2025 Fund (£)
Surplus Management Expenses	—	—	—	—	185,337	—	—	—
Total	—	—	—	—	185,337	—	—	—

	Vanguard Target Retirement 2030 Fund (£)	Vanguard Target Retirement 2035 Fund (£)	Vanguard Target Retirement 2040 Fund (£)	Vanguard Target Retirement 2045 Fund (£)	Vanguard Target Retirement 2050 Fund (£)	Vanguard Target Retirement 2055 Fund (£)	31 March 2017 Aggregated ¹ (£)
Surplus Management Expenses	—	—	—	—	—	—	185,337
Total	—	—	—	—	—	—	185,337

Vanguard Target Retirement 2060 Fund and Vanguard Target Retirement 2065 Fund were launched on 5 December 2017; therefore, there are no prior-year comparisons.

9. Distributions

The distributions take account of equalisation income received on the creation of shares and deducted on cancellation of shares, and comprise:

Distributions for the 2017–18 year/period:

	Vanguard LifeStrategy 20% Equity Fund (£)	Vanguard LifeStrategy 40% Equity Fund (£)	Vanguard LifeStrategy 60% Equity Fund (£)	Vanguard LifeStrategy 80% Equity Fund (£)	Vanguard LifeStrategy 100% Equity Fund (£)	Vanguard Target Retirement 2015 Fund (£)	Vanguard Target Retirement 2020 Fund (£)	Vanguard Target Retirement 2025 Fund (£)	Vanguard Target Retirement 2030 Fund (£)
Final	10,915,880	33,758,462	55,028,641	28,335,232	15,829,107	22,691	105,198	232,611	118,069
Add: Equalisation Income Deducted on Cancellation of Shares	225,095	58,319	23,419	30,750	134,457	9,476	24,894	6,586	2,793
Deduct: Equalisation Income Received on Creation of Shares	(717,775)	(4,129,053)	(7,007,246)	(3,485,947)	(2,532,397)	(5,284)	(34,108)	(76,532)	(50,624)
Distributions	10,423,200	29,687,728	48,044,814	24,880,035	13,431,167	26,883	95,984	162,665	70,238

	Vanguard Target Retirement 2035 Fund (£)	Vanguard Target Retirement 2040 Fund (£)	Vanguard Target Retirement 2045 Fund (£)	Vanguard Target Retirement 2050 Fund (£)	Vanguard Target Retirement 2055 Fund (£)	Vanguard Target Retirement 2060 Fund (£)	Vanguard Target Retirement 2065 Fund (£)	31 March 2018 Aggregated ¹ (£)
Final	142,705	96,684	56,538	50,765	45,476	457	219	144,738,735
Add: Equalisation Income Deducted on Cancellation of Shares	5,549	885	6,043	3,829	4,100	24	1	536,220
Deduct: Equalisation Income Received on Creation of Shares	(46,836)	(48,283)	(20,859)	(21,050)	(18,681)	(302)	(115)	(18,195,092)
Distributions	101,418	49,286	41,722	33,544	30,895	179	105	127,079,863

There was not a material difference between Net Revenue After Taxation shown in the Statement of Total Return and Distributions shown in the Statement of Total Return.

¹ Unaudited.

Distributions for the 2016–17 year:

	Vanguard LifeStrategy 20% Equity Fund (£)	Vanguard LifeStrategy 40% Equity Fund (£)	Vanguard LifeStrategy 60% Equity Fund (£)	Vanguard LifeStrategy 80% Equity Fund (£)	Vanguard LifeStrategy 100% Equity Fund (£)	Vanguard Target Retirement 2015 Fund (£)	Vanguard Target Retirement 2020 Fund (£)	Vanguard Target Retirement 2025 Fund (£)
Interim	6,176,195	—	—	—	—	—	—	—
Final	2,590,429	23,981,827	38,032,246	19,707,601	10,211,193	19,612	56,175	61,233
	8,766,624	23,981,827	38,032,246	19,707,601	10,211,193	19,612	56,175	61,233
Add: Equalisation Income Deducted on Cancellation of Shares	110,840	3,985	11,814	23,824	77,760	90	7,903	570
Deduct: Equalisation Income Received on Creation of Shares	(941,374)	(5,104,476)	(7,748,924)	(4,023,303)	(1,855,497)	(4,436)	(31,295)	(35,591)
Distributions	7,936,090	18,881,336	30,295,136	15,708,122	8,433,456	15,266	32,783	26,212

	Vanguard Target Retirement 2030 Fund (£)	Vanguard Target Retirement 2035 Fund (£)	Vanguard Target Retirement 2040 Fund (£)	Vanguard Target Retirement 2045 Fund (£)	Vanguard Target Retirement 2050 Fund (£)	Vanguard Target Retirement 2055 Fund (£)	31 March 2017 Aggregated ¹ (£)
Interim	—	—	—	—	—	—	6,176,195
Final	24,577	38,465	15,796	13,499	12,495	11,878	94,777,026
	24,577	38,465	15,796	13,499	12,495	11,878	100,953,221
Add: Equalisation Income Deducted on Cancellation of Shares	692	431	193	476	585	142	239,305
Deduct: Equalisation Income Received on Creation of Shares	(14,682)	(20,439)	(12,040)	(8,089)	(7,833)	(7,922)	(19,815,901)
Distributions	10,587	18,457	3,949	5,886	5,247	4,098	81,376,625

Vanguard Target Retirement 2060 Fund and Vanguard Target Retirement 2065 Fund were launched on 5 December 2017; therefore, there are no prior-year comparisons.

There was not a material difference between Net Revenue After Taxation shown in the Statement of Total Return and Distributions shown in the Statement of Total Return.

10. Debtors

Debtors for the 2017–18 year/period:

	Vanguard LifeStrategy 20% Equity Fund (£)	Vanguard LifeStrategy 40% Equity Fund (£)	Vanguard LifeStrategy 60% Equity Fund (£)	Vanguard LifeStrategy 80% Equity Fund (£)	Vanguard LifeStrategy 100% Equity Fund (£)	Vanguard Target Retirement 2015 Fund (£)	Vanguard Target Retirement 2020 Fund (£)	Vanguard Target Retirement 2025 Fund (£)	Vanguard Target Retirement 2030 Fund (£)
Amounts Receivable for Creation of Shares	978,271	6,779,574	12,234,433	5,510,618	4,350,402	4,999	5,452	19,546	79,101
Accrued Revenue	—	2,573	1,700	528,940	916,561	1,806	5,699	10,027	5,049
Income Tax Recoverable	—	17,932	74,108	48,662	34,861	16	82	157	70
Total Debtors	978,271	6,800,079	12,310,241	6,088,220	5,301,824	6,821	11,233	29,730	84,220

	Vanguard Target Retirement 2035 Fund (£)	Vanguard Target Retirement 2040 Fund (£)	Vanguard Target Retirement 2045 Fund (£)	Vanguard Target Retirement 2050 Fund (£)	Vanguard Target Retirement 2055 Fund (£)	Vanguard Target Retirement 2060 Fund (£)	Vanguard Target Retirement 2065 Fund (£)	31 March 2018 Aggregated ¹ (£)
Amounts Receivable for Creation of Shares	133,161	6,776	23,940	74,349	13,773	18,000	1,150	30,233,545
Accrued Revenue	6,266	4,793	3,154	2,583	2,347	81	52	1,491,631
Income Tax Recoverable	128	59	58	47	41	—	—	176,221
Total Debtors	139,555	11,628	27,152	76,979	16,161	18,081	1,202	31,901,397

Debtors for the 2016–17 year:

	Vanguard LifeStrategy 20% Equity Fund (£)	Vanguard LifeStrategy 40% Equity Fund (£)	Vanguard LifeStrategy 60% Equity Fund (£)	Vanguard LifeStrategy 80% Equity Fund (£)	Vanguard LifeStrategy 100% Equity Fund (£)	Vanguard Target Retirement 2015 Fund (£)	Vanguard Target Retirement 2020 Fund (£)	Vanguard Target Retirement 2025 Fund (£)
Amounts Receivable for Creation of Shares	4,588,671	11,999,919	18,148,781	9,066,890	3,787,843	19,435	61,728	129,741
Sales Awaiting Settlement	30,961	85,105	90,530	20,111	—	2,000	—	—
Accrued Revenue	502,467	1,042,283	1,019,290	614,374	668,365	1,513	2,669	2,795
Income Tax Recoverable	—	8,690	36,525	23,850	11,720	6	20	23
Total Debtors	5,122,099	13,135,997	19,295,126	9,725,225	4,467,928	22,954	64,417	132,559

	Vanguard Target Retirement 2030 Fund (£)	Vanguard Target Retirement 2035 Fund (£)	Vanguard Target Retirement 2040 Fund (£)	Vanguard Target Retirement 2045 Fund (£)	Vanguard Target Retirement 2050 Fund (£)	Vanguard Target Retirement 2055 Fund (£)	31 March 2017 Aggregated ¹ (£)
Amounts Receivable for Creation of Shares	93,280	18,481	50,511	40,015	93,418	23,985	48,122,698
Sales Awaiting Settlement	—	400	—	—	200	—	229,307
Accrued Revenue	1,074	2,070	800	816	667	750	3,859,933
Income Tax Recoverable	9	19	4	7	6	4	80,883
Total Debtors	94,363	20,970	51,315	40,838	94,291	24,739	52,292,821

Vanguard Target Retirement 2060 Fund and Vanguard Target Retirement 2065 Fund were launched on 5 December 2017; therefore, there are no prior-year comparisons.

11. Cash and Bank Balances and Bank Overdrafts

Cash and bank balances and bank overdrafts for the 2017–18 year/period and 2016–17 year/period can be found in the Balance Sheet.

12. Distribution Payable

Distribution payable for the 2017–18 year/period:

	Vanguard LifeStrategy 20% Equity Fund (£)	Vanguard LifeStrategy 40% Equity Fund (£)	Vanguard LifeStrategy 60% Equity Fund (£)	Vanguard LifeStrategy 80% Equity Fund (£)	Vanguard LifeStrategy 100% Equity Fund (£)	Vanguard Target Retirement 2015 Fund (£)	Vanguard Target Retirement 2020 Fund (£)	Vanguard Target Retirement 2025 Fund (£)	Vanguard Target Retirement 2030 Fund (£)
Distribution Payable on Income Shares	893,526	3,419,772	5,534,430	1,949,198	2,220,910	—	—	—	—
Total Distribution Payable	893,526	3,419,772	5,534,430	1,949,198	2,220,910	—	—	—	—

	Vanguard Target Retirement 2035 Fund (£)	Vanguard Target Retirement 2040 Fund (£)	Vanguard Target Retirement 2045 Fund (£)	Vanguard Target Retirement 2050 Fund (£)	Vanguard Target Retirement 2055 Fund (£)	Vanguard Target Retirement 2060 Fund (£)	Vanguard Target Retirement 2065 Fund (£)	31 March 2018 Aggregated ¹ (£)
Distribution Payable on Income Shares	—	—	—	—	—	—	—	14,017,836
Total Distribution Payable	—	—	—	—	—	—	—	14,017,836

Distribution payable for the 2016–17 year:

	Vanguard LifeStrategy 20% Equity Fund (£)	Vanguard LifeStrategy 40% Equity Fund (£)	Vanguard LifeStrategy 60% Equity Fund (£)	Vanguard LifeStrategy 80% Equity Fund (£)	Vanguard LifeStrategy 100% Equity Fund (£)	Vanguard Target Retirement 2015 Fund (£)	Vanguard Target Retirement 2020 Fund (£)	Vanguard Target Retirement 2025 Fund (£)
Distribution Payable on Income Shares	119,985	2,671,649	4,158,267	1,460,401	1,645,710	—	—	—
Income Tax Payable	1,339,741	—	—	—	—	—	—	—
Total Distribution Payable	1,459,726	2,671,649	4,158,267	1,460,401	1,645,710	—	—	—

	Vanguard Target Retirement 2030 Fund (£)	Vanguard Target Retirement 2035 Fund (£)	Vanguard Target Retirement 2040 Fund (£)	Vanguard Target Retirement 2045 Fund (£)	Vanguard Target Retirement 2050 Fund (£)	Vanguard Target Retirement 2055 Fund (£)	31 March 2017 Aggregated ¹ (£)
Distribution Payable on Income Shares	—	—	—	—	—	—	10,056,012
Income Tax Payable	—	—	—	—	—	—	1,339,741
Total Distribution Payable	—	—	—	—	—	—	11,395,753

Vanguard Target Retirement 2060 Fund and Vanguard Target Retirement 2065 Fund were launched on 5 December 2017; therefore, there are no prior-year comparisons.

¹ Unaudited.

13. Other Creditors

Other creditors for the 2017–18 year/period:

	Vanguard LifeStrategy 20% Equity Fund (£)	Vanguard LifeStrategy 40% Equity Fund (£)	Vanguard LifeStrategy 60% Equity Fund (£)	Vanguard LifeStrategy 80% Equity Fund (£)	Vanguard LifeStrategy 100% Equity Fund (£)	Vanguard Target Retirement 2015 Fund (£)	Vanguard Target Retirement 2020 Fund (£)	Vanguard Target Retirement 2025 Fund (£)	Vanguard Target Retirement 2030 Fund (£)
Amounts Payable for Cancellation of Shares	356,656	—	—	—	—	25	—	—	—
Purchases Awaiting Settlement	502,000	4,010,000	4,920,000	2,114,000	3,854,000	8,200	4,000	25,300	67,600
Accrued ACD Fee	142,650	470,745	690,412	323,533	158,630	357	1,744	3,628	1,774
Reduction for Synthetic OCF of Underlying Funds	(122,143)	(362,500)	(467,497)	(197,513)	(91,857)	(229)	(1,099)	(2,243)	(1,058)
Corporation Tax Payable	—	2,164,508	2,042,179	379,756	—	1,192	6,276	11,506	4,270
Total Other Creditors	879,163	6,282,753	7,185,094	2,619,776	3,920,773	9,545	10,921	38,191	72,586

	Vanguard Target Retirement 2035 Fund (£)	Vanguard Target Retirement 2040 Fund (£)	Vanguard Target Retirement 2045 Fund (£)	Vanguard Target Retirement 2050 Fund (£)	Vanguard Target Retirement 2055 Fund (£)	Vanguard Target Retirement 2060 Fund (£)	Vanguard Target Retirement 2065 Fund (£)	31 March 2018 Aggregated ¹ (£)
Amounts Payable for Cancellation of Shares	—	—	—	—	—	—	—	356,680
Purchases Awaiting Settlement	72,500	1,000	27,400	55,401	500	3,207	700	15,665,808
Accrued ACD Fee	2,001	1,394	892	759	681	24	15	1,799,239
Reduction for Synthetic OCF of Underlying Funds	(1,148)	(790)	(505)	(429)	(385)	(13)	(9)	(1,249,418)
Corporation Tax Payable	4,592	1,882	1,164	897	854	11	6	4,619,094
Total Other Creditors	77,945	3,486	28,951	56,628	1,650	3,229	712	21,191,403

Other creditors for the 2016–17 year:

	Vanguard LifeStrategy 20% Equity Fund (£)	Vanguard LifeStrategy 40% Equity Fund (£)	Vanguard LifeStrategy 60% Equity Fund (£)	Vanguard LifeStrategy 80% Equity Fund (£)	Vanguard LifeStrategy 100% Equity Fund (£)	Vanguard Target Retirement 2015 Fund (£)	Vanguard Target Retirement 2020 Fund (£)	Vanguard Target Retirement 2025 Fund (£)
Amounts Payable for Cancellation of Shares	117,015	—	—	179,271	82,844	—	—	—
Purchases Awaiting Settlement	4,469,000	11,990,000	18,124,000	8,872,000	3,700,750	23,426	61,700	90,000
Accrued ACD Fee	104,913	301,198	453,433	216,254	103,201	319	862	908
Reduction for Synthetic OCF of Underlying Funds	(89,622)	(231,045)	(305,190)	(130,686)	(58,896)	(202)	(540)	(553)
Corporation Tax Payable	33	1,379,183	1,339,733	229,735	—	1,070	2,994	1,763
Total Other Creditors	4,601,339	13,439,336	19,611,976	9,366,574	3,827,899	24,613	65,016	92,118

	Vanguard Target Retirement 2030 Fund (£)	Vanguard Target Retirement 2035 Fund (£)	Vanguard Target Retirement 2040 Fund (£)	Vanguard Target Retirement 2045 Fund (£)	Vanguard Target Retirement 2050 Fund (£)	Vanguard Target Retirement 2055 Fund (£)	31 March 2017 Aggregated ¹ (£)
Amounts Payable for Cancellation of Shares	—	—	—	—	202	—	379,332
Purchases Awaiting Settlement	98,345	40,100	51,163	40,000	82,455	24,000	47,666,939
Accrued ACD Fee	360	616	208	193	165	172	1,182,802
Reduction for Synthetic OCF of Underlying Funds	(212)	(349)	(117)	(108)	(92)	(96)	(817,708)
Corporation Tax Payable	651	876	172	179	178	152	2,956,719
Total Other Creditors	99,144	41,243	51,426	40,264	82,908	24,228	51,368,084

Vanguard Target Retirement 2060 Fund and Vanguard Target Retirement 2065 Fund were launched on 5 December 2017; therefore, there are no prior-year comparisons.

14. Capital Commitments and Contingent Liabilities

The Funds had no capital commitments or contingent liabilities at the year-end date (31 March 2017: Nil).

15. Related Party Transactions

Vanguard Investments UK, Limited, as Authorised Corporate Director (ACD), is a related party, and acts as a principal in respect of all transactions of shares in the Company. The aggregate monies on Amounts Received on Issue of Shares and Amounts Paid on Cancellation of Shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Any amounts due from or to the ACD at the end of the accounting period are disclosed in Notes 10 and 13. Amounts paid to the ACD in respect to Manager's Fees for the year are disclosed in Note 7.

Other Schemes Managed or Operated by the ACD. The ACD also serves as the authorised corporate director of Vanguard Investments Funds ICVC and as the unit trust manager of Vanguard FTSE U.K. All Share Index Unit Trust and Vanguard FTSE 100 Index Unit Trust. The Funds managed by the ACD are noted in the Portfolio Statement.

Investment Adviser. The Vanguard Global Advisers, LLC, which is registered with the US Securities and Exchange Commission ("SEC"), is the Investment Adviser to the Funds. The Investment Adviser currently provides investment management and advisory services to collective investment schemes domiciled in the United States and Ireland as well as corporate management and administrative services to collective investment schemes domiciled in the United States.

The Investment Adviser or the ACD may, from time to time, appoint other companies, including without limitation companies connected with The Vanguard Group of Companies, to provide investment management and advisory services with respect to any Funds.

The following share quantities were held by affiliates of Vanguard Investments UK, Limited, as at 31 March 2018:

	Vanguard LifeStrategy 20% Equity Fund	Vanguard LifeStrategy 40% Equity Fund	Vanguard LifeStrategy 60% Equity Fund	Vanguard LifeStrategy 80% Equity Fund	Vanguard LifeStrategy 100% Equity Fund	Vanguard Target Retirement 2015 Fund	Vanguard Target Retirement 2020 Fund	Vanguard Target Retirement 2025 Fund
A GBP Accumulation Shares	—	—	—	—	—	—	—	—
	Vanguard Target Retirement 2030 Fund	Vanguard Target Retirement 2035 Fund	Vanguard Target Retirement 2040 Fund	Vanguard Target Retirement 2045 Fund	Vanguard Target Retirement 2050 Fund	Vanguard Target Retirement 2055 Fund	Vanguard Target Retirement 2060 Fund	Vanguard Target Retirement 2065 Fund
A GBP Accumulation Shares	—	—	—	—	—	—	100	100

The following share quantities were held by affiliates of Vanguard Investments UK, Limited, as at 31 March 2017:

	Vanguard LifeStrategy 20% Equity Fund	Vanguard LifeStrategy 40% Equity Fund	Vanguard LifeStrategy 60% Equity Fund	Vanguard LifeStrategy 80% Equity Fund	Vanguard LifeStrategy 100% Equity Fund	Vanguard Target Retirement 2015 Fund	Vanguard Target Retirement 2020 Fund	Vanguard Target Retirement 2025 Fund
A GBP Accumulation Shares	—	—	—	—	—	7,891	13,984	300
			Vanguard Target Retirement 2030 Fund	Vanguard Target Retirement 2035 Fund	Vanguard Target Retirement 2040 Fund	Vanguard Target Retirement 2045 Fund	Vanguard Target Retirement 2050 Fund	Vanguard Target Retirement 2055 Fund
A GBP Accumulation Shares			300	200	200	200	200	200

Vanguard Target Retirement 2060 Fund and Vanguard Target Retirement 2065 Fund were launched on 5 December 2017; therefore, there are no prior-year comparisons.

As at 31 March 2018, there were no amounts due from or to affiliates of Vanguard Investments UK, Limited, related to share transactions (31 March 2017: Same).

16. Dilution Levy and Adjustment

Prior to 2 October 2017, the ACD charged a dilution levy on any purchase, sale or switch of shares where it considered this was justified to protect the interests of shareholders. Where charged, the levy was paid into and became part of the property of the Fund.

With effect from 2 October 2017, a dilution levy was no longer applied and instead a dilution adjustment to the price of Shares (also known as “swing pricing”) was implemented.

On any Dealing Day on which there are net subscriptions into or net redemptions out of the Fund, the ACD may determine, at its discretion, to adjust or “swing” the net asset value to counter the possible negative effects of dilution and protect non-dealing shareholders from the impact of transaction charges and dealing spreads arising from subscription and redemption activity.

The dilution adjustment, if any, did not exceed 2% of the original net asset value per share of the Fund. The direction of the swing depends on whether there are net subscriptions or redemptions in the Fund on the relevant Dealing Day, while the magnitude of the swing is based on pre-determined estimates of the average trading costs in the relevant asset class(es) in which the Fund is invested.

The determination to swing the net asset value in respect of the Fund is made following a consideration of the dealing activity (i.e. level of subscriptions and redemptions) in the Fund on a Dealing Day, in accordance with criteria set by the ACD from time to time. These criteria include whether the costs of investing or divesting the net inflows into or outflows from the Fund on a Dealing Day create, in the ACD’s opinion, a material dilutive impact. A dilution adjustment is exercised only for the purpose of reducing dilution in the interests of the shareholders in the Fund as a whole and is applied consistently in respect of the Fund and in respect of all assets of the Fund.

There were no swing pricing adjustments during the period ended 31 March 2018.

17. ACD Fees and Charges

Vanguard LifeStrategy Funds ICVC will pay out of the assets of each Fund a fixed single fee per share class – the Management Charge – to the ACD. The actual amount applicable to each share class is set out in the ACD Fees and Charges table below. The ACD expects OCF of each share class of a Fund will track closely the annual rate of the management charge set out in the ACD Fees and Charges table below. This is because the expenses that form the basis of the OCF calculation, including administration, audit, depositary, legal, registration and regulatory fees, will usually be paid by the ACD out of the management charge.

As each Fund invests at least 10% of its NAV in other collective investment schemes, each Fund is required under the FCA Handbook to calculate an additional “synthetic” OCF to reflect the charges and expenses of the underlying funds as set out under the Fund Profile section of each Fund. However, the ACD anticipates that the synthetic OCF of each Fund will track closely the annual rate of its management charge.

The periodic management charge shall accrue daily and will be determined by reference to the value of each Fund on each business day and shall be deducted and paid at the end of each month.

The different level of ACD fees payable per annum as at 31 March 2018 for each share class is detailed in the following table:

	Vanguard LifeStrategy 20% Equity Fund	Vanguard LifeStrategy 40% Equity Fund	Vanguard LifeStrategy 60% Equity Fund	Vanguard LifeStrategy 80% Equity Fund	Vanguard LifeStrategy 100% Equity Fund	Vanguard Target Retirement 2015 Fund	Vanguard Target Retirement 2020 Fund	Vanguard Target Retirement 2025 Fund
A GBP Income Shares	0.22%	0.22%	0.22%	0.22%	0.22%	—	—	—
A GBP Accumulation Shares	0.22%	0.22%	0.22%	0.22%	0.22%	0.24%	0.24%	0.24%
	Vanguard Target Retirement 2030 Fund	Vanguard Target Retirement 2035 Fund	Vanguard Target Retirement 2040 Fund	Vanguard Target Retirement 2045 Fund	Vanguard Target Retirement 2050 Fund	Vanguard Target Retirement 2055 Fund	Vanguard Target Retirement 2060 Fund	Vanguard Target Retirement 2065 Fund
A GBP Income Shares	—	—	—	—	—	—	—	—
A GBP Accumulation Shares	0.24%	0.24%	0.24%	0.24%	0.24%	0.24%	0.24%	0.24%

All shares within the ICVC have the same rights on winding up.

The different level of ACD fees payable per annum as at 31 March 2017 for each share class is detailed in the following table:

	Vanguard LifeStrategy 20% Equity Fund	Vanguard LifeStrategy 40% Equity Fund	Vanguard LifeStrategy 60% Equity Fund	Vanguard LifeStrategy 80% Equity Fund	Vanguard LifeStrategy 100% Equity Fund	Vanguard Target Retirement 2015 Fund	Vanguard Target Retirement 2020 Fund	Vanguard Target Retirement 2025 Fund
A GBP Income Shares	0.22%	0.22%	0.22%	0.22%	0.22%	—	—	—
A GBP Accumulation Shares	0.22%	0.22%	0.22%	0.22%	0.22%	0.24%	0.24%	0.24%

	Vanguard Target Retirement 2030 Fund	Vanguard Target Retirement 2035 Fund	Vanguard Target Retirement 2040 Fund	Vanguard Target Retirement 2045 Fund	Vanguard Target Retirement 2050 Fund	Vanguard Target Retirement 2055 Fund
A GBP Income Shares	—	—	—	—	—	—
A GBP Accumulation Shares	0.24%	0.24%	0.24%	0.24%	0.24%	0.24%

Vanguard Target Retirement 2060 Fund and Vanguard Target Retirement 2065 Fund were launched on 5 December 2017; therefore, there are no prior-year comparisons.

All shares within the ICVC have the same rights on winding up.

18. Share Reconciliation

Reconciliation of the share movements in the year/period:

	Vanguard LifeStrategy 20% Equity Fund	Vanguard LifeStrategy 40% Equity Fund	Vanguard LifeStrategy 60% Equity Fund	Vanguard LifeStrategy 80% Equity Fund	Vanguard LifeStrategy 100% Equity Fund
A GBP Accumulation Shares:					
Opening Shares in Issue	3,635,653	9,386,789	13,220,244	6,101,094	2,470,410
Creations During the Year	1,292,334	4,918,024	6,293,166	2,690,702	1,358,444
Cancellations During the Year	(140,203)	—	(73,131)	(13,414)	(28,310)
Closing Shares in Issue	4,787,784	14,304,813	19,440,279	8,778,382	3,800,544

A GBP Income Shares:					
Opening Shares in Issue	391,262	1,269,192	1,750,241	526,563	512,138
Creations During the Year	127,011	543,992	652,237	225,605	191,550
Cancellations During the Year	(53,310)	(48,765)	(21,922)	(40,589)	(22,103)
Closing Shares in Issue	464,963	1,764,419	2,380,556	711,579	681,585

	Vanguard Target Retirement 2015 Fund	Vanguard Target Retirement 2020 Fund	Vanguard Target Retirement 2025 Fund	Vanguard Target Retirement 2030 Fund	Vanguard Target Retirement 2035 Fund	Vanguard Target Retirement 2040 Fund
A GBP Accumulation Shares:						
Opening Shares in Issue	13,984	34,524	42,230	15,536	26,342	8,994
Creations During the Year	11,026	52,849	113,517	62,461	55,972	47,738
Cancellations During the Year	(10,244)	(18,690)	(11,784)	(7,811)	(4,128)	(2,289)
Closing Shares in Issue	14,766	68,683	143,963	70,186	78,186	54,443

	Vanguard Target Retirement 2045 Fund	Vanguard Target Retirement 2050 Fund	Vanguard Target Retirement 2055 Fund	Vanguard Target Retirement 2060 Fund	Vanguard Target Retirement 2065 Fund
A GBP Accumulation Shares:					
Opening Shares in Issue	8,122	7,391	7,464	—	—
Creations During the Year	29,439	24,398	21,911	1,707	788
Cancellations During the Year	(5,118)	(2,488)	(4,104)	(120)	(4)
Closing Shares in Issue	32,443	29,301	25,271	1,587	784

19. Fair Value Hierarchy

As at 31 March 2018:

	Vanguard LifeStrategy 20% Equity Fund (£)	Vanguard LifeStrategy 40% Equity Fund (£)	Vanguard LifeStrategy 60% Equity Fund (£)	Vanguard LifeStrategy 80% Equity Fund (£)	Vanguard LifeStrategy 100% Equity Fund (£)	Vanguard Target Retirement 2015 Fund (£)	Vanguard Target Retirement 2020 Fund (£)	Vanguard Target Retirement 2025 Fund (£)
Assets:								
Valuation Technique								
Quoted Prices for Identical Instruments in Active Markets ¹	—	2,162,105	1,428,364	83,546,339	157,725,277	259,909	813,851	1,405,093
Valuation Techniques Using Observable Market Data ²	768,148,484	2,537,979,927	3,711,062,005	1,650,464,889	707,846,877	1,510,510	7,701,540	16,637,861
Valuation Techniques Using Non-Observable Market Data ³	—	—	—	—	—	—	—	—
Total	768,148,484	2,540,142,032	3,712,490,369	1,734,011,228	865,572,154	1,770,419	8,515,391	18,042,954
	Vanguard Target Retirement 2030 Fund (£)	Vanguard Target Retirement 2035 Fund (£)	Vanguard Target Retirement 2040 Fund (£)	Vanguard Target Retirement 2045 Fund (£)	Vanguard Target Retirement 2050 Fund (£)	Vanguard Target Retirement 2055 Fund (£)	Vanguard Target Retirement 2060 Fund (£)	Vanguard Target Retirement 2065 Fund (£)
Assets:								
Valuation Technique								
Quoted Prices for Identical Instruments in Active Markets ¹	727,769	913,474	684,168	457,113	373,183	337,904	16,695	7,491
Valuation Techniques Using Observable Market Data ²	8,179,909	9,092,350	6,409,475	3,789,073	3,440,769	2,966,426	121,495	68,557
Valuation Techniques Using Non-Observable Market Data ³	—	—	—	—	—	—	—	—
Total	8,907,678	10,005,824	7,093,643	4,246,186	3,813,952	3,304,330	138,190	76,048

There were no investment liabilities at the end of the year.

1 This includes instruments such as publicly traded equities, highly liquid bonds (e.g. government bonds) and exchange-traded derivatives (e.g. futures) for which quoted prices are readily and regularly available.

2 This includes publicly traded corporate bonds and instruments which have been valued using models with observable market data inputs such as quoted prices for similar instruments, interest rates, yield curves or credit spreads. Over-the-counter instruments have also been included in the category.

3 This includes instruments which have been valued using models with non-observable market data inputs, such as private equity and unlisted closed-end funds. It also involves the use of prices recommended by investment analysts where the market price is deemed to not be a true representation of fair value.

As at 31 March 2017:

	Vanguard LifeStrategy 20% Equity Fund (£)	Vanguard LifeStrategy 40% Equity Fund (£)	Vanguard LifeStrategy 60% Equity Fund (£)	Vanguard LifeStrategy 80% Equity Fund (£)	Vanguard LifeStrategy 100% Equity Fund (£)	Vanguard Target Retirement 2015 Fund (£)	Vanguard Target Retirement 2020 Fund (£)
Assets:							
Valuation Technique							
Quoted Prices for Identical Instruments in Active Markets ¹	—	2,183,894	1,442,759	61,868,756	106,175,813	226,274	374,400
Valuation Techniques Using Observable Market Data ²	580,318,075	1,659,895,479	2,506,914,928	1,128,025,324	458,759,617	1,423,284	3,833,838
Valuation Techniques Using Non-Observable Market Data ³	—	—	—	—	—	—	—
Total	580,318,075	1,662,079,373	2,508,357,687	1,189,894,080	564,935,430	1,649,558	4,208,238
	Vanguard Target Retirement 2025 Fund (£)	Vanguard Target Retirement 2030 Fund (£)	Vanguard Target Retirement 2035 Fund (£)	Vanguard Target Retirement 2040 Fund (£)	Vanguard Target Retirement 2045 Fund (£)	Vanguard Target Retirement 2050 Fund (£)	Vanguard Target Retirement 2055 Fund (£)
Assets:							
Valuation Technique							
Quoted Prices for Identical Instruments in Active Markets ¹	412,927	170,119	317,100	121,124	110,251	109,059	101,227
Valuation Techniques Using Observable Market Data ²	4,789,789	1,773,720	3,011,009	1,029,866	932,750	829,179	859,483
Valuation Techniques Using Non-Observable Market Data ³	—	—	—	—	—	—	—
Total	5,202,716	1,943,839	3,328,109	1,150,990	1,043,001	938,238	960,710

There were no investment liabilities at the end of the year.

Vanguard Target Retirement 2060 Fund and Vanguard Target Retirement 2065 Fund were launched on 5 December 2017; therefore, there are no prior-year comparisons.

1 This includes instruments such as publicly traded equities, highly liquid bonds (e.g. government bonds) and exchange-traded derivatives (e.g. futures) for which quoted prices are readily and regularly available.

2 This includes publicly traded corporate bonds and instruments which have been valued using models with observable market data inputs such as quoted prices for similar instruments, interest rates, yield curves or credit spreads. Over-the-counter instruments have also been included in the category.

3 This includes instruments which have been valued using models with non-observable market data inputs, such as private equity and unlisted closed-end funds. It also involves the use of prices recommended by investment analysts where the market price is deemed to not be a true representation of fair value.

20. Credit Facility Disclosure

The Company and certain other funds managed by Vanguard Global Advisers, LLC, participate in a \$3.1 billion (2017: \$3.1 billion) committed credit facility provided by a syndicate of lenders pursuant to a credit agreement which may be renewed annually; each participating Fund is individually liable for its borrowings, if any, under the credit facility. Borrowings may be utilised for temporary or emergency purposes, and are subject to the participating fund's regulatory and contractual borrowing restrictions. The participating funds are charged administrative fees and an annual commitment fee of 0.10% (2017: 0.10%) of the undrawn amount of the facility, which are allocated to the Funds in accordance with a methodology approved by the Board of Vanguard Investments UK, Limited ("VIUK"). VIUK pays the administrative and annual commitment fees on behalf of the Funds; such fees are a component of the operational fees making up the OCF. Costs associated with credit facility borrowings are treated as an expense in the Statement of Total Return.

None of the Funds had any borrowings outstanding at 31 March 2018 or any time during the year then ended (31 March 2017: Nil), and none has incurred any interest charges.

21. Important Events During the Year

The following funds were launched on 5 December 2017: Vanguard Target Retirement 2060 Fund and Vanguard Target Retirement 2065 Fund.

With effect from 14 August 2017, the Administrator and Registrar of the Fund, International Financial Data Services Limited and International Financial Data Services (UK) Limited, changed their names to DST Financial Services International Limited and DST Financial Services Europe Limited, respectively.

With effect from 5 September 2017, the settlement time of the Fund in relation to subscriptions and redemptions changed from three business days to two business days.

With effect from 2 October 2017, a dilution levy was no longer applied and instead a dilution adjustment to the price of Shares (also known as "swing pricing") was implemented.

With effect from 15 January 2018, the Investment Adviser of the Fund changed from Vanguard Group, Inc., to Vanguard Global Advisers, LLC.

22. Events After the Period

There were no significant events after the period.

Further Information

Reports and Financial Statements

Each year, annual and interim reports will be prepared. They will describe investment activity during the period and provide management commentary.

Recipients of this document should not treat the contents as advice relating to legal, taxation or investment matters and should consult their own professional advisers concerning the acquisition, holding or disposing of investments in the Funds.

Past performance is not necessarily indicative of future performance, and the value of the shares and income from them may fall as well as rise. On redemption of shares, investors may receive back an amount less than the original amount of their investment. The assets of the Funds will be in a variety of currencies, and therefore movements in the value of currencies may affect the value of an investor's holdings and the income from the holdings may fluctuate in value in money terms.

Prospectus

The Fund Prospectus, an important document describing each Fund in detail, is available from the ACD, which is responsible for the management and administration of the Funds.

The ACD for Vanguard LifeStrategy Funds ICVC is Vanguard Investments UK, Limited, located at 4th Floor, The Walbrook Building, 25 Walbrook, London EC4N 8AF.

Types of Shares Available

Each of the LifeStrategy 40% Equity, 60% Equity, 80% Equity and 100% Equity Funds offers two classes of shares: A GBP Income Shares and A GBP Accumulation Shares. The LifeStrategy 20% Equity Fund has two share classes: A GBP Gross Income and A GBP Gross Accumulation.

Each of the Target Retirement Funds offers one class of shares: A GBP Accumulation Shares.

Switching

Investors may sell their shares and transfer the proceeds into any of the other Funds by calling our dealing desk on 0800 408 2065.

Distributions

The existing Funds allocate revenue to shareholders once a year, on 31 May.

Publication of Prices

The most recent share prices are published daily on [vanguard.co.uk](https://www.vanguard.co.uk).

Cross Holdings

On 31 March 2018 there were no shares in any sub-fund held by other sub-funds of the Vanguard LifeStrategy Funds ICVC.

Remuneration Disclosure

The Vanguard UK Consolidation Group publishes annually its Pillar 3 disclosures, including certain information on remuneration. The latest Pillar 3 disclosures can be found at <https://www.vanguard.co.uk/documents/portal/legal/pillar3-disclosures.pdf>.

Vanguard personnel providing services to the ACD are subject to the Vanguard European Remuneration Policy (the "Remuneration Policy"). The Remuneration Policy includes the remuneration requirements of the UCITS V Directive (2014/91/EU). Details of the Remuneration Policy are available through <https://www.vanguard.co.uk/uk/portal/investment-information.jsp>, which will be updated periodically to reflect changes to the policy.

The governance of remuneration within Vanguard Europe is undertaken through a tiered structure, including Vanguard's Global Remuneration Committee and the European Remuneration Committee ("ERC"). The Compensation Committee also operates at the Vanguard Group level and oversees the overall compensation programmes of the Vanguard Group. The ERC is responsible for implementing the remuneration programmes in accordance with our total rewards philosophy and global organization, including overseeing the Remuneration Policy.

The Remuneration Policy provides for an appropriate balance of fixed salary; benefits, such as pension; and annual bonus and long-term incentive arrangements. Incentive plans are based on the overall business performance of the Vanguard Group, or individual, team, business unit and fund performance. The incentive plans are reviewed and approved by the ERC (and other applicable groups) in order to ensure that plans appropriately assess financial and non-financial performance and do not encourage conflicts of interest, and to ensure that risk or compliance issues are appropriately reflected.

The ERC also reviews and approves the list of UCITS code staff annually. Identified code staff are notified and understand the code staff responsibilities.

Under the UCITS V Directive, the ACD is required to disclose information relating to the remuneration paid to its staff for the financial year, split into fixed and variable remuneration. The table below presents the aggregate total remuneration paid to staff who provide services to the Funds and the aggregate total remuneration paid to all relevant UCITS code staff.

	Headcount ^{1,2}	Total Remuneration (£000) ³
Funds, of which	274	9,331
Fixed Remuneration	274	5,703
Variable Remuneration	274	3,628
Performance Fees	n/a	n/a
UCITS Code Staff, of which	15	2,260
Senior Management	10	1,791
Other Code Staff	5	469

Remuneration reflects fixed pay (salary) and performance-related pay (annual and long-term incentives). Individual incentive outcomes under the plans are based on performance assessed by reference to an appropriate balance of quantitative and qualitative measures, such as behaviour, including compliance with all applicable policies. The individual incentive outcome is fully discretionary and, if appropriate, outcomes based on financial performance can be overridden based on the qualitative measures.

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4th Floor, The Walbrook Building,
25 Walbrook, London EC4N 8AF

1 This is the total number of employees who are fully or partly involved in the activities of the Funds.

2 The staff in this table may provide services to other entities within The Vanguard Group.

3 The remuneration disclosed is the total remuneration received by staff and is apportioned based on assets under management.

Directory

Company's Head Office and Registered Office

4th Floor, The Walbrook Building
25 Walbrook
London
EC4N 8AF
United Kingdom

Authorised Corporate Director

Vanguard Investments UK, Limited
4th Floor, The Walbrook Building
25 Walbrook
London
EC4N 8AF
United Kingdom

Directors of the ACD

James M. Norris
Sean P. Hagerty
Nick Blake
Frank L. Satterthwaite
Kenneth E. Volpert
Cynthia Lui

Administrator and Registrar

DST Financial Services International Limited and
DST Financial Services Europe Limited¹
DST House
St. Nicholas Lane
Basildon
Essex SS15 5FS
United Kingdom

Investment Adviser

Vanguard Global Advisers, LLC²
P.O. Box 2600
Valley Forge, PA 19482
USA

The Depositary

State Street Trustees Limited
Quartermile 3
10 Nightingale Way
Edinburgh
EH3 9EG
United Kingdom

Independent Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT
United Kingdom

¹ Formerly International Financial Data Services Limited and International Financial Data Services (UK) Limited. This change of name for each entity was effective from 14 August 2017.

² With effect from 15 January 2018, The Vanguard Group, Inc., was replaced by Vanguard Global Advisers, LLC, as the Investment Adviser to the Funds.



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London
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United Kingdom

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Client Services

0800 408 2065

Monday to Friday
09.00–17.00

This report is intended for the Funds' shareholders. It may not be distributed to prospective investors unless it is preceded or accompanied by the current Prospectus of the Funds.

All comparative mutual fund data are from Lipper, a Thomson Reuters Company, or Morningstar, Inc., unless otherwise noted.

Vanguard Investments UK, Limited, only gives information on products and services and does not give investment advice based on individual circumstances. The Key Investor Information Document ("KIID") and the Prospectus for these Funds are available from Vanguard Investments UK, Limited, via our website vanguard.co.uk.

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