

GLOBAL CREDIT BOND FUND

Quarterly update

LOW-COST ACTIVE
FIXED INCOME

Marketing communication

The Vanguard Global Credit Bond Fund is an actively managed fixed income solution investing primarily in a diversified portfolio of global investment-grade fixed income securities. The fund is managed by Vanguard's Fixed Income Group and aims to generate a diversified, consistent level of return and income over the long term.

Highlights

- Government bond yields broadly rose in the fourth quarter, amid stronger-than-expected economic data and the election of a new administration in the US.
- Investment-grade credit spreads broadly tightened.
- The Vanguard Global Credit Bond Fund underperformed its benchmark over the quarter.
- The fund remains cautiously overweight to high-quality credit.

Market overview

Fixed income markets repriced during the fourth quarter, with yields broadly rising. Investors adjusted their expectations for fewer central bank interest rate cuts following the US presidential election of Donald Trump in November, and amid stronger economic data and a more hawkish US Federal Reserve (Fed).

Geopolitical uncertainty was a key theme during the period. Early in the quarter, yields rose as markets increasingly priced in a Trump victory in the US election, which led to a repricing of expectations around Fed interest rate cuts. In the UK, Chancellor Rachel Reeves announced her Autumn budget, which drove up volatility in the gilt market as investors digested plans for further government investment and stimulus.

In the US, yields continued to rise on policy uncertainty, particularly regarding tariffs, and the implications for inflation and rates. In December, stronger-than-expected labour market data spooked bond markets, causing US Treasury yields to rise further. Meanwhile, in Europe, German swap spreads plunged, dipping temporarily into negative territory, after Chancellor Olaf Scholz's governing coalition

collapsed. In France, disagreements over the 2025 budget led to a vote of no confidence in the prime minister.

Inflation in developed markets ticked higher. In the US, headline inflation rose to 2.7%. In the UK, inflation rose by more than expected to 2.6%. In Europe, inflation rose to 2.4% (in line with expectations). The Fed and European Central Bank (ECB) cut interest rates twice during the quarter by increments of 25 basis points (bps), while the Bank of England (BoE) cut rates once, leaving rates unchanged in December.

Government bond yields broadly rose over the quarter. In the US, two- and 10-year yields rose by 60 bps and 79 bps, respectively¹. In Europe, German two-year yields rose by 1 bp and 10-year yields rose by 24 bps². In the UK, two- and 10-year yields rose by 41 bps and 57 bps, respectively.³

In credit, investment-grade spreads broadly tightened over the quarter. US, euro and sterling investment-grade spreads tightened by 9 bps, 15 bps and 25 bps, respectively⁴. Emerging market (EM) investment-grade and high-yield spreads tightened by 27 bps and 78 bps, respectively⁵.

^{1,2,3,4} Source: Vanguard and Bloomberg, for the period 30 September to 31 December 2024.

⁵ Source: Bloomberg and Vanguard, based on the Bloomberg EM USD Aggregate Average OAS Index and Bloomberg Emerging Markets High Yield Average OAS Index, for the period 30 September to 31 December 2024.

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Fund performance and positioning

The Vanguard Global Credit Bond Fund declined -1.56% over the quarter. This compared with a decline of -1.49% for its benchmark, the Bloomberg Global Aggregate Credit Index Hedged⁶.

The largest detractor from performance was a structural underweight position in supranational, sovereigns and agencies bonds (SSAs), as these names outperformed.

The most positive contributors to returns included the fund's underweight exposure to duration, as yields broadly rose, and sector-specific allocations including European real estate investment trusts (REITs). For example, an overweight in Altria, a European REIT, was a top contributor over the quarter. The team saw an improving fundamentals story which was not being reflected in the price and benefited when spreads tightened over the quarter.

In terms of positioning, we maintain a bias towards European rates versus US rates but remain cautiously underweight to Australian and Japanese rates. In Japan, we are short the front end versus the long end of the yield curve.

In credit markets, we remain cautiously overweight to high-quality credit, with a view to add attractive new issues. Our focus remains on well-capitalised companies with strong balance sheets and a focus on financial discipline.

We are starting to see European investment-grade corporate bonds mean-revert, although we still view them as more attractive than US investment-grade bonds. We are also seeing value in Australian dollar (AUD) credit and have been adding to our position. As a result, the fund is underweight US versus euro and AUD credit. Furthermore, we continue to have a bias towards non-cyclicals versus cyclicals, and financials versus non-financials.

Outlook

Geopolitical volatility and changing expectations around interest rates remain key themes in markets. Developed market central banks have begun to cut interest rates, although there has been a significant repricing in rate cut expectations for 2025.

In credit markets, spreads are consistent with a soft-landing narrative. Although growth in Europe is lacklustre, we expect companies to remain resilient as fundamentals are starting from a strong base and many issuers have been deleveraging over the last couple of years. Technicals remain strong, with robust demand for the asset class, while net supply in 2025 is expected to be flat or slightly lower.

In high-yield corporates, technicals are still strong, though less favourable than in recent times. We have seen some spread compression within the sector, with CCC-rated securities outperforming Bs and BBs, although overall valuations still appear stretched. A recessionary outcome would see lower-quality sectors more vulnerable, though yields at current levels are likely to offset some of the spread widening under such a scenario.

We are constructive on EM fixed income as fundamentals are strong, yields are attractive and we believe a US rate-cutting cycle should be supportive for the asset class, so long as global growth remains resilient. However, valuations are tight, and geopolitical and economic uncertainties remain.

⁶ Source: Bloomberg, for the period 30 September to 31 December 2024. Calculations in USD.

Vanguard Global Credit Bond Fund Investor USD Hedged

Key fund facts (as at 31 December 2024)

Investment manager: Vanguard Global Advisers, LLC

Inception date: 14 September 2017

Domicile: Ireland

Benchmark: Bloomberg Global Aggregate Credit Index Hedged in USD

Peer group: EAA Fund Global Corporate Bond - USD Hedged

Ongoing charges figure¹: 0.35%

Fund AUM: USD 1,636m

Number of holdings: 1618

Yield to worst: 4.9%

Average coupon: 4.2%

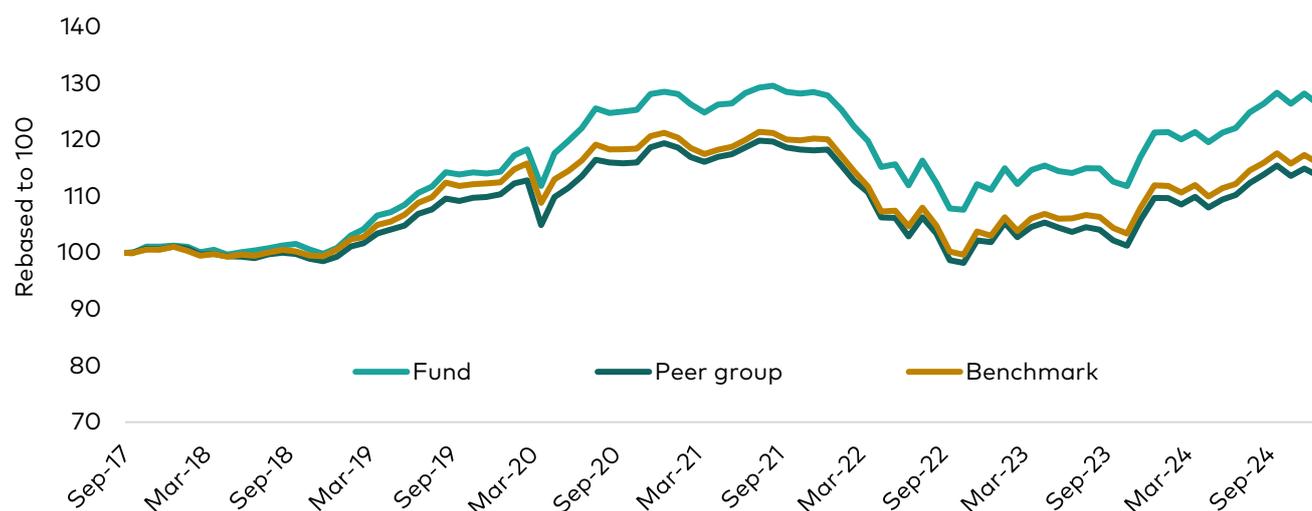
Average maturity: 8.4 years

Average quality: A-

Average duration: 5.9 years

ISIN: IE00BYV1RD15

Fund performance (Cumulative % growth, USD, 14 September 2017 to 31 December 2024)



Cumulative return (%) as at 31 December 2024	YTD	3 month	1 year	3 yr (ann.)	5 yr (ann.)	Since inception (ann.)
Fund	4.15	-1.56	4.15	-0.41	2.01	3.26
Peer group	0.20	-4.27	0.20	-2.82	-0.45	0.47
Benchmark	3.52	-1.49	3.52	-1.18	0.60	2.04

Calendar year return (%)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Fund	--	--	--	-0.39	13.38	12.39	-0.50	-13.09	9.14	4.15
Peer group	-4.22	3.56	9.25	-4.47	10.21	10.54	-3.34	-16.88	9.31	0.20
Benchmark	-0.13	5.69	5.36	-0.47	11.85	7.78	-0.95	-14.22	8.68	3.52

12 month return (%) to:	31 Dec 2015	31 Dec 2016	31 Dec 2017	31 Dec 2018	31 Dec 2019	31 Dec 2020	31 Dec 2021	31 Dec 2022	31 Dec 2023	31 Dec 2024
Fund	--	--	--	-0.39	13.38	12.39	-0.50	-13.09	9.14	4.15
Peer group	-4.22	3.56	9.25	-4.47	10.21	10.54	-3.34	-16.88	9.31	0.20
Benchmark	-0.13	5.69	5.36	-0.47	11.85	7.78	-0.95	-14.22	8.68	3.52

Past performance is not a reliable indicator of future results.

Source: Vanguard and Morningstar. Performance figures include the reinvestment of all dividends and any capital gains distributions. The performance data does not take account of the commissions and costs incurred in the issue and redemption of shares. Basis of fund performance NAV to NAV. Basis of index performance is total return. All performance is calculated in USD, net of fees. Performance figures shown may be calculated in a currency that differs from the currency of the share class that you are invested in. As a result, returns may decrease or increase due to currency fluctuations. ¹The Ongoing Charges Figure (OCF) covers the fund manager's costs of managing the fund. It does not include dealing costs or additional costs such as audit fees.

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Vanguard Global Credit Bond Fund Institutional EUR Hedged

Key fund facts (as at 31 December 2024)

Investment manager: Vanguard Global Advisers, LLC

Inception date: 14 September 2017

Domicile: Ireland

Benchmark: Bloomberg Global Aggregate Credit Index Hedged in EUR

Peer group: EAA Fund Global Corporate Bond - EUR Hedged

Ongoing charges figure¹: 0.3%

Fund AUM: EUR 1,580m

Number of holdings: 1618

Yield to worst: 4.9%

Average coupon: 4.2%

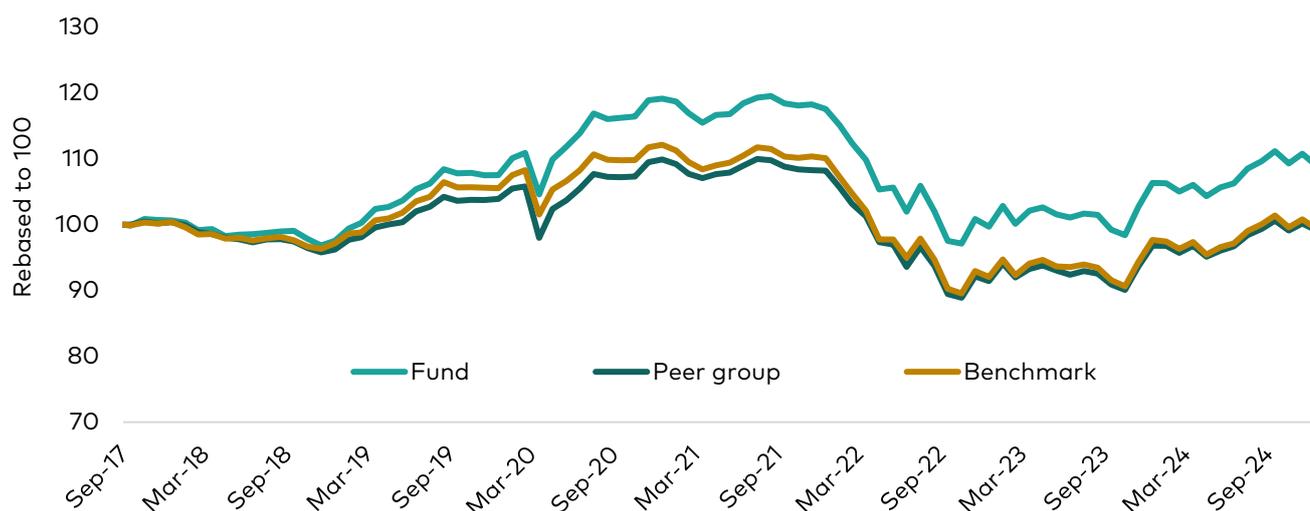
Average maturity: 8.4 years

Average quality: A-

Average duration: 5.9 years

ISIN: IE00BF7MPP31

Fund performance (Cumulative % growth, EUR, 14 September 2017 to 31 December 2024)



Cumulative return (%) as at 31 December 2024	YTD	3 month	1 year	3 yr (ann.)	5 yr (ann.)	Since inception (ann.)
Fund	2.48	-1.98	2.48	-2.50	0.27	1.18
Peer group	2.40	-1.46	2.40	-2.58	-0.75	-0.12
Benchmark	1.77	-1.94	1.77	-3.34	-1.19	-0.08

Calendar year return (%)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Fund	--	--	--	-3.06	10.21	10.80	-1.30	-15.22	6.68	2.48
Peer group	-1.04	4.09	3.17	-4.13	7.98	5.76	-1.54	-15.51	5.90	2.40
Benchmark	-0.44	4.08	3.32	-3.24	8.61	6.27	-1.83	-16.39	6.13	1.77

12 month return (%) to:	31 Dec 2015	31 Dec 2016	31 Dec 2017	31 Dec 2018	31 Dec 2019	31 Dec 2020	31 Dec 2021	31 Dec 2022	31 Dec 2023	31 Dec 2024
Fund	--	--	--	-3.06	10.21	10.80	-1.30	-15.22	6.68	2.48
Peer group	-1.04	4.09	3.17	-4.13	7.98	5.76	-1.54	-15.51	5.90	2.40
Benchmark	-0.44	4.08	3.32	-3.24	8.61	6.27	-1.83	-16.39	6.13	1.77

Past performance is not a reliable indicator of future results.

Source: Vanguard and Morningstar. Performance figures include the reinvestment of all dividends and any capital gains distributions. The performance data does not take account of the commissions and costs incurred in the issue and redemption of shares. Basis of fund performance NAV to NAV. Basis of index performance is total return. All performance is calculated in EUR, net of fees. Performance figures shown may be calculated in a currency that differs from the currency of the share class that you are invested in. As a result, returns may decrease or increase due to currency fluctuations. ¹The Ongoing Charges Figure (OCF) covers the fund manager's costs of managing the fund. It does not include dealing costs or additional costs such as audit fees.

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Vanguard Global Credit Bond Fund Investor GBP Hedged

Key fund facts (as at 31 December 2024)

Investment manager: Vanguard Global Advisers, LLC

Inception date: 14 September 2017

Domicile: Ireland

Benchmark: Bloomberg Global Aggregate Credit Index Hedged in GBP

Peer group: IA Global Corporate Bond

Ongoing charges figure¹: 0.35%

Fund AUM: GBP 1,306m

Number of holdings: 1618

Yield to worst: 4.9%

Average coupon: 4.2%

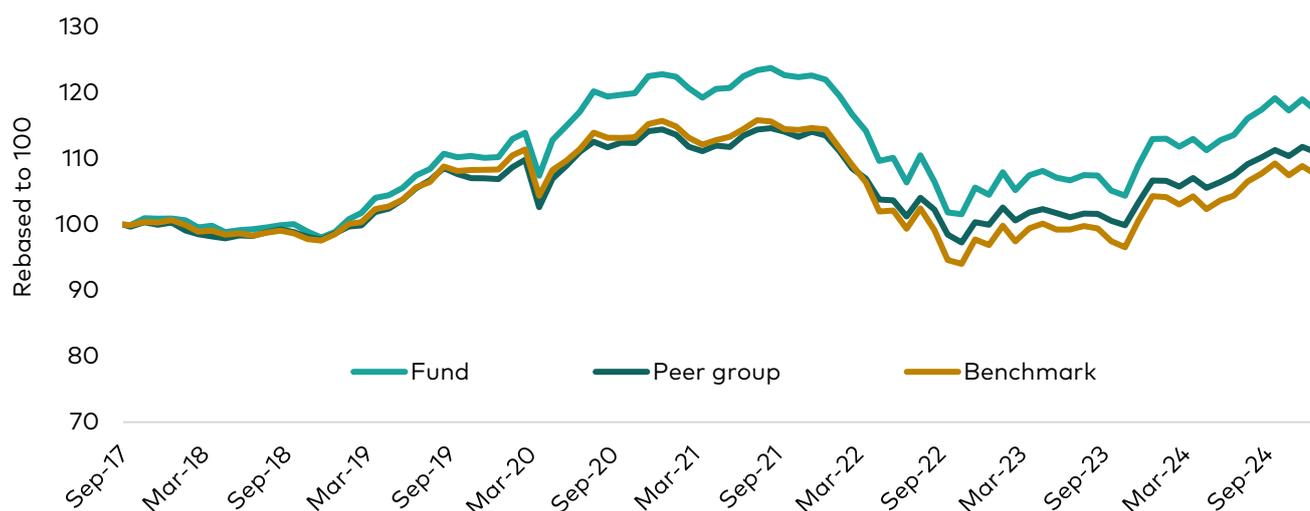
Average maturity: 8.4 years

Average quality: A-

Average duration: 5.9 years

ISIN: IE00BYV1RG46

Fund performance (Cumulative % growth, GBP, 14 September 2017 to 31 December 2024)



Cumulative return (%) as at 31 December 2024	YTD	3 month	1 year	3 yr (ann.)	5 yr (ann.)	Since inception (ann.)
Fund	3.78	-1.63	3.78	-1.31	1.24	2.21
Peer group	4.01	-0.33	4.01	-0.75	0.75	1.44
Benchmark	3.13	-1.58	3.13	-2.05	-0.15	1.00

Calendar year return (%)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Fund	--	--	--	-2.01	11.50	11.41	-0.68	-14.32	8.08	3.78
Peer group	1.08	13.39	3.31	-1.66	8.36	7.04	-0.79	-11.94	6.72	4.01
Benchmark	0.21	5.33	4.22	-2.13	9.97	6.83	-1.13	-15.34	7.64	3.13

12 month return (%) to:	31 Dec 2015	31 Dec 2016	31 Dec 2017	31 Dec 2018	31 Dec 2019	31 Dec 2020	31 Dec 2021	31 Dec 2022	31 Dec 2023	31 Dec 2024
Fund	--	--	--	-2.01	11.50	11.41	-0.68	-14.32	8.08	3.78
Peer group	1.08	13.39	3.31	-1.66	8.36	7.04	-0.79	-11.94	6.72	4.01
Benchmark	0.21	5.33	4.22	-2.13	9.97	6.83	-1.13	-15.34	7.64	3.13

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Source: Vanguard and Morningstar. Performance figures include the reinvestment of all dividends and any capital gains distributions. The performance data does not take account of the commissions and costs incurred in the issue and redemption of shares. Basis of fund performance NAV to NAV. Basis of index performance is total return. All performance is calculated in GBP, net of fees. Performance figures shown may be calculated in a currency that differs from the currency of the share class that you are invested in. As a result, returns may decrease or increase due to currency fluctuations. ¹The Ongoing Charges Figure (OCF) covers the fund manager's costs of managing the fund. It does not include dealing costs or additional costs such as audit fees.

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Vanguard Global Credit Bond Fund

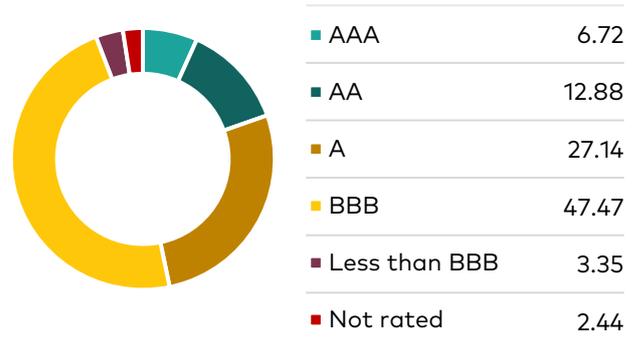
Fund breakdown (as at 31 December 2024)

Distribution by issuer (% of bonds)

	Fund %
Financial institutions	35.3
Industrials	27.7
Treasury/federal	10.0
Utilities	7.8
Supranational	7.0
Agencies	4.5
Sovereign	4.3
Local authority	0.7
Asset-backed security	0.0
Provincials/municipals	0.0
Other	1.5
Cash	1.2

The allocations are subject to circumstances such as timing differences between trade and settlement dates of underlying securities, that may result in negative weightings. The fund may also employ certain derivative instruments for cash management or risk management purposes that may also result in negative weightings. Allocations are subject to change. Cash includes physical cash on the account, cash like instruments (such as ultra-short term treasury bonds) and derivative instruments.

Distribution by credit quality (% of bonds)



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

Source: Vanguard, as at 31 December 2024.

Investment risk information

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

Past performance is not a reliable indicator of future results. The performance data does not take account of the commissions and costs incurred in the issue and redemption of shares.

Performance figures shown may be calculated in a currency that differs from the currency of the share class that you are invested in. As a result, returns may decrease or increase due to currency fluctuations.

Some funds invest in emerging markets which can be more volatile than more established markets. As a result the value of your investment may rise or fall.

Funds investing in fixed interest securities carry the risk of default on repayment and erosion of the capital value of your investment and the level of income may fluctuate. Movements in interest rates are likely to affect the capital value of fixed interest securities. Corporate bonds may provide higher yields but as such may carry greater credit risk increasing the risk of default on repayment and erosion of the capital value of your investment. The level of income may fluctuate and movements in interest rates are likely to affect the capital value of bonds.

The Vanguard Global Credit Bond Fund may use derivatives, including for investment purposes, in order to reduce risk or cost and/or generate extra income or growth. For all other funds they will be used to reduce risk or cost and/or generate extra income or growth. The use of derivatives could increase or reduce exposure to underlying assets and result in greater fluctuations of the Funds net asset value. A derivative is a financial contract whose value is based on the value of a financial asset (such as a share, bond, or currency) or a market index.

Some funds invest in securities which are denominated in different currencies. Movements in currency exchange rates can affect the return of investments.

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

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For further information on the fund's investment policies and risks, please refer to the prospectus of the UCITS and to the KIID (for UK, Channel Islands, Isle of Man investors) and to the KID (for European investors) before making any final investment decisions. The KIID and KID for this fund are available in local languages, alongside the prospectus via Vanguard's website <https://global.vanguard.com/>.

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

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

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