

Emerging Markets Bond Fund in a nutshell

This is a marketing communication

The fund seeks to provide total return while generating a moderate level of income by investing primarily in bonds of issuers in emerging market countries.

Key highlights

- 1 Consistent returns.** The fund aims to achieve consistent long-term outperformance by identifying opportunities in fixed income securities of various maturities, yields and credit qualities.
- 2 Focus on security selection.** While understanding the macro backdrop is paramount, the managers don't rely on directional market beta to achieve returns. Instead, our robust investment process heavily relies on security selection. This means we identify the most attractive bond for a given country, within a diversified universe ranging from high beta names all the way to the most idiosyncratic issuers.
- 3 High level of diversification.** Our fund maintains a very high level of diversification across a large number of issues from different regions, credit quality profiles, and maturities. In addition to emerging market sovereign exposure, we also use various levers of alpha outside the benchmark, such as local rates, currencies and corporates. This allows us to focus on relative value opportunities across asset classes as well as supporting our best ideas.
- 4 Extensive risk management.** Our dedicated risk management team runs extensive stress testing and tightly monitors the level of correlated risk across our portfolio to reduce its directionality and avoid large drawdowns.

About Vanguard's Fixed Income Group

Vanguard is one of the largest fixed income managers in the world and has over 40 years of experience managing active fixed income portfolios, having launched our first active bond fund in 1982. The Fixed Income Group's experience includes experts on economics, interest rates, industry sectors, risk, trading and security analysis.

Vanguard Fixed Income Group's (FIG) philosophy emphasises rigorous and consistent portfolio construction, driven by analysis, to achieve highly controlled and cost-effective investment results for clients.

Since inception, FIG has continuously sought to refine techniques for delivering consistent performance, tightening risk control and maintaining transparency in order to ensure they are capturing the critical drivers of performance and distinguished clientele.

For professional investors only (as defined under the MiFID II Directive) investing for their own account (including management companies (fund of funds) and professional clients investing on behalf of their discretionary clients). In Switzerland for professional investors only. Not to be distributed to the public.

Key attributes



Low cost

The ongoing charges figure (OCF) is 0.60% versus a peer group average of 1.06%¹



Benchmark

J.P. Morgan EMBI Global Diversified Index



Investment talent

Managed by Vanguard Fixed Income Group

¹ Source: Vanguard and Morningstar. Data as at 31 December 2024. The ongoing charges figure (OCF) refers to the Investor GBP and EUR hedged Acc share class. The OCF covers the fund manager's costs of managing the fund. It does not include dealing costs or additional costs such as audit fees. Morningstar peer group average OCF for IA Sector = Global Emerging Market Bond – Hard Currency. **Please read the risk factors section in the prospectus, available on our website.**

About Vanguard

Vanguard has been helping investors reach their goals since 1975, growing into one of the world's largest fund managers along the way. What sets us apart?

- **Client focus:** Vanguard in the US is ultimately owned by its investors. This unique mutual structure aligns our interests with those of our clients².
- **Low-cost investing:** Providing low-cost investments isn't a pricing strategy for us. It's how we do business.
- **Stability and experience:** Our clients benefit from the expertise we've gained over more than 45 years.

² The Vanguard Group Inc. (VGI) is owned by Vanguard's US-domiciled mutual funds and ETFs. While VGI's ownership structure can't be replicated outside of the US, we believe that this unique mutual structure aligns Vanguard's interests with those of our investors globally.

Vanguard low-cost active

Active managers aim to deliver excess returns relative to their benchmarks that outweigh the fund's charges. We've made it easier for this equation to work by pricing our active funds competitively.

We leverage our scale and deep capabilities to identify and access investment talent globally that might otherwise be out of reach to the average investor – all at low cost and with the added benefit of Vanguard's robust oversight and due diligence.

Our active range is founded on three core principles:

1. An ongoing commitment to driving down costs.
2. Unique access to a vast talent pool.
3. Designed for the long term with clients in mind.

Vanguard has a deep history of active management, having managed active funds since our beginning in 1975. Today, Vanguard is one of the largest active managers in the world and we stand for value to investors.

Investment risk information

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

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

The Vanguard Emerging Markets 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 Fund's net asset value. A derivative is a financial contract whose value is based on the value of a financial asset (such as a share, bond, or currency) or a market index.

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

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.

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

Important information

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For professional investors only (as defined under the MiFID II Directive) investing for their own account (including management companies (fund of funds) and professional clients investing on behalf of their discretionary clients). In Switzerland for professional investors only. Not to be distributed to the public.

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.

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.

For Dutch investors only: The fund(s) referred to in this document are listed in the AFM register as defined in section 1:107 Dutch Financial Supervision Act (Wet op het financieel toezicht). For details of the Risk indicator for each fund listed in this document, please see the fact sheet(s) which are available from Vanguard via our website <https://www.nl.vanguard/professional/product>.

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