



Active fixed income at Vanguard

Research-driven, time-tested
and cost-effective

This is a marketing communication.

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.

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About Vanguard's Fixed Income Group: a fixed income pioneer - managing over \$2.6tn in assets globally¹.

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

The FIG team's philosophy emphasises rigorous and consistent portfolio construction, driven by analysis, to achieve highly controlled and cost-effective investment results for our clients.

Since inception, the FIG team 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 for discerning clientele.

“Fixed income plays a critical role in a portfolio, offering an essential source of diversification, returns and stability.

For our active fixed income funds, we aim to create consistent performance through a long-term approach, intelligent risk-taking and our commitment to remaining transparent and true-to-label.”

¹ Source: Vanguard. Data as at 31 March 2025.

Our approach to active fixed income

At Vanguard, we believe in active management. Actively managed funds are valuable to investors seeking to outperform benchmarks and/or looking for more of an active view on markets. Owing to market inefficiencies, skilled managers can outperform.

Vanguard's approach to active fixed income is best described as the combination of two important pillars: diversified sources of alpha and smart risk-taking.

While some firms may exhibit one of these characteristics, Vanguard believes its combination of these factors differentiates us as an active fixed income manager and helps support our aim of delivering consistent outperformance over time.

We're built for success

Talent, culture, process

Our deep specialisation and collaborative culture are the foundation of our investment process

True-to-label products

We seek outperformance while staying true to the character and objective of each fund

Client-aligned business model

Our scale and unique client-owned structure in the US allows us to offer lower fees so that clients keep more of their return

COMPOUNDING ALPHA

More consistent alpha generation with less downside risk

Diversified sources of alpha

Our teams seek to outperform by constructing diversified portfolios of high-information ratio strategies rather than relying on concentrated risk positions

Smart risk-taking

Risk optimisation is an integral part of our investment process, and lower fees enable us to deliver competitive net alpha without taking undue risk

We manage for outperformance

Consistently adding alpha from diversified sources



Lowering costs

Fees matter. High fees can pressure managers to take additional risk that can reduce returns to clients.

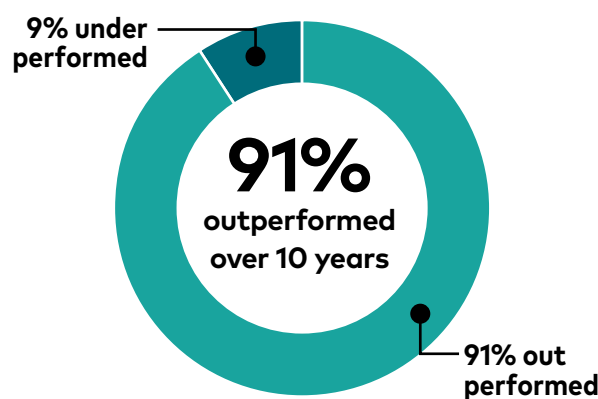
In addition, our scale and client-owned structure in the US² allow us to offer lower fees so that clients keep more of their returns.

Our strategies are less reliant on top-down directional risk and instead focus on high-conviction ideas. All our active bond funds invest within, and behave similarly to, the asset classes they are built to represent while aiming to add incremental value. Ultimately, investors choose active fixed income to achieve superior long-run performance. At Vanguard, our talent, process and culture are what we believe helps our funds outperform.

Generating performance

Consistent alpha generation with lower risk of large drawdowns (due to the asymmetric return profile of fixed income) produces superior long-run performance. We aim to generate consistent outperformance through our long-term, focused approach, our culture of smart risk-taking and collaboration, and our commitment to remain true-to-label. As a result, our funds aim to provide income and improve risk-adjusted returns. It is important to note that our active strategies aim to provide the typical fixed income benefits to a diversified portfolio – income, diversification and a degree of risk ballast to all areas of an investor's portfolio.

“91% of Vanguard’s active bond funds globally have beaten their 10-year peer group averages.³”



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.

³ The percentage of Vanguard funds globally in each category that outperformed the average return of their peer group of mutual funds. For the 10-year period, 42 of 46 Vanguard bond funds outperformed their peer group averages. Results will vary for other time periods. Only funds with a minimum 10-year history were included in the comparison. Not all funds included here are available in Europe. Source: LSEG Lipper. Data as at 31 March 2025.

Past performance, is not a guarantee of future results, and that all investments are subject to risks, which can be found on your local Vanguard website; Investment objectives, risks, charges, expenses, and other important information about a fund are contained in the prospectus; read and consider it carefully before investing.



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.

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.

Important information

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