



Annual Short Report

Vanguard LifeStrategy Funds ICVC

For Year Ended 31 March 2013

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

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Chairman's Letter



Dear Shareholder,

The Vanguard LifeStrategy Funds delivered strong returns for the 12 months ended 31 March 2013. That statement is an unequivocal piece of good news from a period characterised by grim headlines.

The UK economy contracted in the fourth quarter of 2012, then recovered modestly in the first three months of 2013, but private spending and investment restraint will most likely act as a brake on more rapid growth. The US economy has been stronger, and the housing market has started to rebound, but uncertainty among policymakers seems to be standing in the way of more vigorous expansion. Europe continued to produce new drama, notably the Cyprus bailout. Peter Westaway, Vanguard's chief European economist, described this development as 'rather bad', but noted that the market had for the most part already priced in the bad news. 'As always', he said, 'we think investors should assess their portfolios carefully and avoid making impulsive moves.'

Peter's insight reminds us that the link between the attention-grabbing headlines and the performance of our portfolios is, at best, unclear. During the past year, an impulse to act on bad news by retreating to low-risk assets such as cash and short-term government bonds would have robbed investors of the powerful returns in global stock markets. Our research and experience convince us that a key to investment success is to develop a long-term asset allocation consistent with your goals. When emotion runs high, and the impulse 'to do something' is strong, try to maintain perspective and discipline.

The Vanguard LifeStrategy Funds embody these beliefs. Each fund holds a fixed allocation of stocks and bonds. Different allocations are consistent with different goals and risk preferences. Growth-oriented funds hold the highest stock allocation, while more conservative, income-oriented funds are weighted more heavily in bonds. Like all Vanguard funds, the LifeStrategy Funds aim to deliver sensible long-term investment strategies at a very low cost.

The approach is finding favour with UK investors. Assets under management in the various funds and share classes increased by as much as 12 times during the past year, albeit from modest starting levels. We thank investors for their confidence.

For further information on our investment approach, please visit our website, vanguard.co.uk.

Yours faithfully,



F. William McNabb III
Chairman
The Vanguard Group, Inc.
03 May 2013

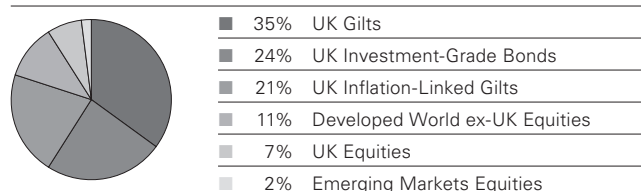
LifeStrategy 20% Equity Fund

Fund Profile (unaudited)

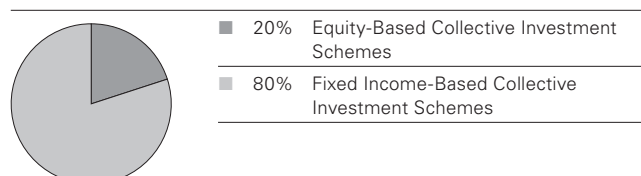
As at 31 March 2013

Investment Objective	The Fund seeks to gain exposure to a diversified notional portfolio comprising 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.

Fund Market Diversification (% of Underlying Vanguard Funds)



Fund Asset Allocation (% of Net Asset Value)



Portfolio Characteristics

	2013	2012
Ongoing Charge Figure¹		
Expenses	0.10%	0.10%
Synthetic Element	0.19%	0.19%
Total Synthetic Ongoing Charge	0.29%	0.29%
Income Shares	0.10%	0.10%
Accumulation Shares	0.10%	0.10%
Synthetic Risk and Reward Indicator²	4	4
Ex-Dividend Date	1 April 2013	2 April 2012
Distribution Date	31 May 2013	31 May 2012

Allocation to Underlying Vanguard Funds (% of Underlying Vanguard Funds)

Vanguard U.K. Government Bond Index Fund	34.4%
Vanguard U.K. Investment Grade Bond Index Fund	24.3
Vanguard U.K. Inflation-Linked Gilt Index Fund	21.3
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	11.4
Vanguard FTSE U.K. Equity Index Fund	7.0
Vanguard Emerging Markets Stock Index Fund	1.6

¹ The Ongoing Charge Figure (OCF) is the ratio of the Fund's total discloseable 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. The OCF has replaced the Total Expense Ratio (TER) that had previously been required and disclosed. This change took effect as of 1 July 2012, in accordance with the FSA Collective Investment Schemes Sourcebook and additional guidance provided for in the Statement of Recommended Practice for Authorised Funds issued by the IMA in July 2011.

² 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 value of the Fund's investments has experienced a moderate rate of change in the past.

Commentary (unaudited)

On behalf of Vanguard Asset Management, Limited¹

- From 31 March 2012 through 31 March 2013, Vanguard LifeStrategy 20% Equity Fund's Income Shares returned 9.92%. Its Accumulation Shares returned 9.94%. The fund's benchmark index, a composite that represents the fund's allocation to different segments of the global stock and UK bond markets, returned 10.47%. The difference is consistent with fund expenses and charges.
- The fund's sizeable bond allocation performed strongly. The prices of government and corporate bonds rose, and their yields declined, as investors moderated their expectations for economic growth. At the start of the period, the yield of a 10-year government bond stood at 2.11%. By the close, that figure had dipped to 1.77%.
- Government bonds, which accounted for about 34% of fund assets at the end of the period, returned a little more than 5%. Investment-grade bonds, including corporate bonds and asset-backed securities, returned about 12%. These bonds accounted for about 24% of assets. Bonds issued by the financial sector were notably strong performers. The prices of inflation-linked gilts, which accounted for about 21% of fund assets, rose as consensus expectations for future inflation ticked higher.
- Global stock markets were strong. UK stocks returned more than 20%, while other developed markets returned about 17%. Emerging markets stocks generated a more moderate, but still respectable, return of about 7%. The fund's 20% allocation to global stock markets enhanced the returns from its much larger bond portfolio.

Total Returns

	Average Annual Total Returns Periods Ended 31 March 2013	
	One Year	Since Inception (23 June 2011)
Vanguard LifeStrategy 20% Equity Fund		
Accumulation Shares	9.94%	10.59%
Income Shares	9.92	10.59
Vanguard LifeStrategy 20% Equity Composite Index	10.47	11.07

Past performance is not a reliable indicator of future results.

Vanguard LifeStrategy 20% Equity Composite Index: As of 31 March 2013, weighted 34.5% Barclays Global Aggregate U.K. Government Float Adjusted Bond Index, 25.0% Barclays Global Aggregate U.K. Non-Government Float Adjusted Bond Index, 20.5% Barclays U.K. Government Inflation-Linked Float Adjusted Bond Index, 11.3% FTSE Developed ex-U.K. Index, 7.0% FTSE All-Share Index and 1.7% MSCI Emerging Markets Index.

Sources: Vanguard, Barclays, FTSE and MSCI.

Basis of performance: NAV to NAV with net income reinvested. The Fund launched on 23 June 2011; therefore, five-year performance data are not available. These figures do not reflect the 0.27% preset dilution levy on subscriptions that investors pay up front when investing in this Fund.

Price History

Vanguard LifeStrategy 20% Equity Fund	1 January 2013 to 31 March 2013	1 January 2012 to 31 December 2012	23 June 2011 to 31 December 2011
Accumulation Shares			
Starting Share Price	£113.32	£107.28	£100.00
Ending Share Price	£119.50	£114.03	£107.33
Highest Share Price	(27 March 2013) £119.59	(27 Dec. 2012) £114.39	(29 Dec. 2011) £107.64
Lowest Share Price	(4 Jan. 2013) £112.80	(4 Jan. 2012) £107.23	(9 Aug. 2011) £99.33
Income Dividends Pence Per Share	169.7116	199.2485	—
Income Shares			
Starting Share Price	£111.23	£107.28	£100.00
Ending Share Price	£117.30	£111.92	£107.34
Highest Share Price	(27 March 2013) £117.40	(27 Dec. 2012) £112.28	(29 Dec. 2011) £107.65
Lowest Share Price	(4 Jan. 2013) £110.72	(24 April 2012) £105.98	(9 Aug. 2011) £99.33
Income Dividends Pence Per Share	166.7210	199.2485	—

¹ The Vanguard Group, Inc., as investment manager for Vanguard LifeStrategy Funds ICVC, sub-delegates the management of this sub-fund to Vanguard Asset Management, Limited.

NAV History

	31 March 2013	31 March 2012
Accumulation Shares		
Total Net Asset Value	£48,736,834	£8,007,328
Net Asset Value Per Share	£119.50	£108.59
Number of Shares in Issue	407,856	73,739
Income Shares		
Total Net Asset Value	£9,082,219	£2,059,476
Net Asset Value Per Share	£115.64	£106.60
Number of Shares in Issue	78,542	19,319

Distribution Table

For the year ended 31 March 2013

Final distribution payable 31 May 2013

	Gross Income Pence Per Share	Income Tax @ 20% Pence Per Share	Net Income Pence Per Share	Equalisation Pence Per Share	Distribution Payable 31 May 2013 Pence Per Share	Distribution Paid 31 May 2012 Pence Per Share
Accumulation Shares						
Group 1	212.1395	42.4279	169.7116	—	169.7116	199.2485
Group 2	124.6408	24.9282	99.7126	69.9990	169.7116	199.2485
Income Shares						
Group 1	208.4013	41.6803	166.7210	—	166.7210	199.2485
Group 2	130.6393	26.1279	104.5114	62.2096	166.7210	199.2485

Group 1—shares purchased before 1 April 2012.

Group 2—shares purchased between 1 April 2012 and 31 March 2013.

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.

Summary of Significant Changes (unaudited)

For the year ended 31 March 2013

	Cost (£)		Proceeds (£)
Largest Purchases		Largest Sales	
Vanguard U.K. Government Bond Index Fund	17,315,411	Vanguard U.K. Government Bond Index Fund	1,056,500
Vanguard U.K. Investment Grade Bond Index Fund	11,851,524	Vanguard U.K. Inflation-Linked Gilt Index Fund	988,500
Vanguard U.K. Inflation-Linked Gilt Index Fund	10,015,700	Vanguard U.K. Investment Grade Bond Index Fund	752,500
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	3,266,400	Vanguard FTSE Developed World ex-U.K. Equity Index Fund	475,600
Vanguard Emerging Markets Stock Index Fund	703,784	Vanguard Emerging Markets Stock Index Fund	1,100
Total	43,152,819	Total	3,274,200
Total Purchases for the Period	48,308,919	Total Sales for the Period	4,069,800

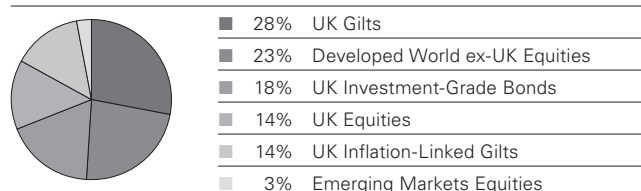
LifeStrategy 40% Equity Fund

Fund Profile (unaudited)

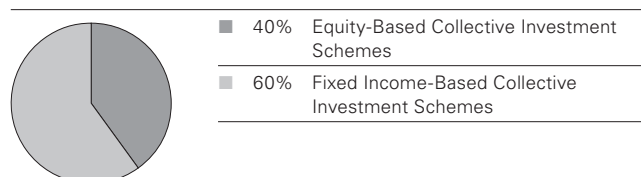
As at 31 March 2013

Investment Objective	The Fund seeks to gain exposure to a diversified notional portfolio comprising 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.

Fund Market Diversification (% of Underlying Vanguard Funds)



Fund Asset Allocation (% of Net Asset Value)



Portfolio Characteristics

	2013	2012
Ongoing Charge Figure¹		
Expenses	0.09%	0.09%
Synthetic Element	0.21%	0.21%
Total Synthetic Ongoing Charge	0.30%	0.30%
Income Shares	0.09%	0.09%
Accumulation Shares	0.09%	0.09%
Synthetic Risk and Reward Indicator²	4	4
Ex-Dividend Date	1 April 2013	2 April 2012
Distribution Date	31 May 2013	31 May 2012

Allocation to Underlying Vanguard Funds (% of Underlying Vanguard Funds)

Vanguard U.K. Government Bond Index Fund	27.3%
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	22.9
Vanguard U.K. Investment Grade Bond Index Fund	18.4
Vanguard FTSE U.K. Equity Index Fund	14.2
Vanguard U.K. Inflation-Linked Gilt Index Fund	13.9
Vanguard Emerging Markets Stock Index Fund	3.3

¹ The Ongoing Charge Figure (OCF) is the ratio of the Fund's total discloseable 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. The OCF has replaced the Total Expense Ratio (TER) that had previously been required and disclosed. This change took effect as of 1 July 2012, in accordance with the FSA Collective Investment Schemes Sourcebook and additional guidance provided for in the Statement of Recommended Practice for Authorised Funds issued by the IMA in July 2011.

² 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 value of the Fund's investments has experienced a moderate rate of change in the past.

Commentary (unaudited)

On behalf of Vanguard Asset Management, Limited¹

- From 31 March 2012 through 31 March 2013, Vanguard LifeStrategy 40% Equity Fund's Income Shares returned 11.52%. Its Accumulation Shares returned 11.55%. The fund's benchmark index, a composite that represents the fund's allocation to different segments of the global stock and UK bond markets, returned 12.06%. The difference is consistent with fund expenses and charges.
- The fund's sizeable bond allocation performed strongly. The prices of government and corporate bonds rose, and their yields declined, as investors moderated their expectations for economic growth. At the start of the period, the yield of a 10-year government bond stood at 2.11%. By the close, that figure had dipped to 1.77%.
- Government bonds, which accounted for about 27% of fund assets at the end of the period, returned a little more than 5%. Investment-grade bonds, including corporate bonds and asset-backed securities, returned about 12%. These bonds accounted for about 18% of assets. Bonds issued by the financial sector were notably strong performers. The prices of inflation-linked gilts, which accounted for about 14% of fund assets, rose as consensus expectations for future inflation ticked higher.
- Global stock markets were strong. UK stocks returned more than 20%, while other developed markets returned about 17%. Emerging markets stocks generated a more moderate, but still respectable, return of about 7%. The fund's 40% allocation to global stock markets enhanced the returns from its larger bond portfolio.

Total Returns

	Average Annual Total Returns Periods Ended 31 March 2013	
	One Year	Since Inception (23 June 2011)
Vanguard LifeStrategy 40% Equity Fund		
Accumulation Shares	11.55%	10.94%
Income Shares	11.52	10.92
Vanguard LifeStrategy 40% Equity Composite Index	12.06	11.24

Past performance is not a reliable indicator of future results.

Vanguard LifeStrategy 40% Equity Composite Index: As of 31 March 2013, weighted 27.5% Barclays Global Aggregate U.K. Government Float Adjusted Bond Index, 18.7% Barclays Global Aggregate U.K. Non-Government Float Adjusted Bond Index, 13.8% Barclays U.K. Government Inflation-Linked Float Adjusted Bond Index, 22.7% FTSE Developed ex-U.K. Index, 14.0% FTSE All-Share Index and 3.3% MSCI Emerging Markets Index.

Sources: Vanguard, Barclays, FTSE and MSCI.

Basis of performance: NAV to NAV with net income reinvested. The Fund launched on 23 June 2011; therefore, five-year performance data are not available. These figures do not reflect the 0.25% preset dilution levy on subscriptions that investors pay up front when investing in this Fund.

Price History

Vanguard LifeStrategy 40% Equity Fund	1 January 2013 to 31 March 2013	1 January 2012 to 31 December 2012	23 June 2011 to 31 December 2011
Accumulation Shares			
Starting Share Price	£112.85	£105.06	£100.00
Ending Share Price	£120.16	£112.79	£104.54
Highest Share Price	(27 March 2013) £120.25	(27 Dec. 2012) £113.24	(29 Dec. 2011) £104.86
Lowest Share Price	(3 Jan. 2013) £112.72	(4 Jan. 2012) £104.94	(8 Aug. 2011) £96.58
Income Dividends Pence Per Share	181.3074	211.1960	—
Income Shares			
Starting Share Price	£110.61	£105.06	£100.00
Ending Share Price	£117.78	£110.56	£104.55
Highest Share Price	(27 March 2013) £117.87	(27 Dec. 2012) £111.00	(29 Dec. 2011) £104.86
Lowest Share Price	(3 Jan. 2013) £110.49	(18 May 2012) £103.18	(8 Aug. 2011) £96.58
Income Dividends Pence Per Share	177.5212	211.1960	—

¹ The Vanguard Group, Inc., as investment manager for Vanguard LifeStrategy Funds ICVC, sub-delegates the management of this sub-fund to Vanguard Asset Management, Limited.

NAV History

	31 March 2013	31 March 2012
Accumulation Shares		
Total Net Asset Value	£100,700,941	£11,631,889
Net Asset Value Per Share	£120.16	£107.61
Number of Shares in Issue	838,054	108,096
Income Shares		
Total Net Asset Value	£15,089,145	£2,801,750
Net Asset Value Per Share	£116.00	£105.49
Number of Shares in Issue	130,075	26,559

Distribution Table

For the year ended 31 March 2013

Final distribution payable 31 May 2013

	Net Income Pence Per Share	Equalisation Pence Per Share	Distribution Payable 31 May 2013 Pence Per Share	Distribution Paid 31 May 2012 Pence Per Share
Accumulation Shares				
Group 1	181.3074	—	181.3074	211.1960
Group 2	80.3688	100.9386	181.3074	211.1960
Income Shares				
Group 1	177.5212	—	177.5212	211.1960
Group 2	80.0649	97.4563	177.5212	211.1960

Group 1—shares purchased before 1 April 2012.

Group 2—shares purchased between 1 April 2012 and 31 March 2013.

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.

Summary of Significant Changes (unaudited)

For the year ended 31 March 2013

	Cost (£)		Proceeds (£)
Largest Purchases		Largest Sales	
Vanguard U.K. Government Bond Index Fund	26,923,637	Vanguard U.K. Investment Grade Bond Index Fund	105,500
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	19,706,900	Vanguard FTSE U.K. Equity Index Fund	85,500
Vanguard U.K. Investment Grade Bond Index Fund	18,450,526	Vanguard FTSE Developed World ex-U.K. Equity Index Fund	63,000
Vanguard FTSE U.K. Equity Index Fund	12,766,800	Vanguard U.K. Government Bond Index Fund	48,300
Vanguard U.K. Inflation-Linked Gilt Index Fund	12,743,000	Vanguard U.K. Inflation-Linked Gilt Index Fund	17,000
Total	90,590,863	Total	319,300
Total Purchases for the Period	94,761,014	Total Sales for the Period	319,300

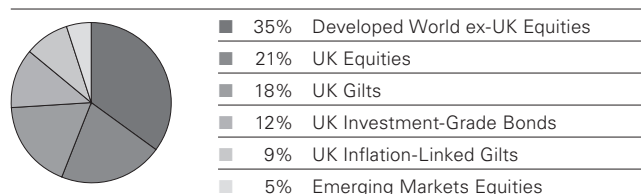
LifeStrategy 60% Equity Fund

Fund Profile (unaudited)

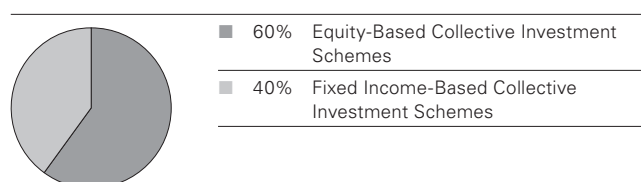
As at 31 March 2013

Investment Objective	The Fund seeks to gain exposure to a diversified notional portfolio comprising 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.

Fund Market Diversification (% of Underlying Vanguard Funds)



Fund Asset Allocation (% of Net Asset Value)



Portfolio Characteristics

	2013	2012
Ongoing Charge Figure¹		
Expenses	0.08%	0.08%
Synthetic Element	0.23%	0.23%
Total Synthetic Ongoing Charge	0.31%	0.31%
Income Shares	0.08%	0.08%
Accumulation Shares	0.08%	0.08%
Synthetic Risk and Reward Indicator²	5	5
Ex-Dividend Date	1 April 2013	2 April 2012
Distribution Date	31 May 2013	31 May 2012

Allocation to Underlying Vanguard Funds (% of Underlying Vanguard Funds)

Vanguard FTSE Developed World ex-U.K. Equity Index Fund	34.2%
Vanguard FTSE U.K. Equity Index Fund	21.2
Vanguard U.K. Government Bond Index Fund	18.2
Vanguard U.K. Investment Grade Bond Index Fund	12.2
Vanguard U.K. Inflation-Linked Gilt Index Fund	9.2
Vanguard Emerging Markets Stock Index Fund	5.0

¹ The Ongoing Charge Figure (OCF) is the ratio of the Fund's total discloseable 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. The OCF has replaced the Total Expense Ratio (TER) that had previously been required and disclosed. This change took effect as of 1 July 2012, in accordance with the FSA Collective Investment Schemes Sourcebook and additional guidance provided for in the Statement of Recommended Practice for Authorised Funds issued by the IMA in July 2011.

² 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 at the higher end of the risk and reward indicator. This is because the value of the Fund's investments has experienced higher price fluctuations in the past.

Commentary (unaudited)

On behalf of Vanguard Asset Management, Limited¹

- From 31 March 2012 through 31 March 2013, Vanguard LifeStrategy 60% Equity Fund's Income Shares returned 13.27%. Its Accumulation Shares returned 13.30%. The fund's benchmark index, a composite that represents the fund's allocation to different segments of the global stock and UK bond markets, returned 13.72%. The difference is consistent with fund expenses and charges.
- Global stock markets powered the portfolio to a strong 12-month performance. UK stocks, which represented about 21% of assets at the end of the period, returned more than 20%. The large financial sector delivered especially strong returns. Developed markets outside of the United Kingdom returned about 17%, with significant contributions from health care and consumer staples stocks. These stocks accounted for about 34% of assets. Emerging markets stocks, representing about 5% of assets, generated a more moderate, but still respectable, return of about 7%.
- The fund's bond allocation delivered surprisingly strong returns. The prices of government and corporate bonds rose (yields declined), as investors moderated expectations for economic growth in the United Kingdom. At the start of the period, the yield of a 10-year government bond stood at 2.11%. By the close, that figure had dipped to 1.77%.
- Government bonds, which accounted for about 18% of fund assets, returned a little more than 5%. Investment-grade bonds, including corporate bonds and asset-backed securities, returned about 12%. These bonds accounted for about 12% of assets. Bonds issued by the financial sector were notably strong performers. The prices of inflation-linked gilts, which accounted for about 9% of fund assets, rose as consensus expectations for future inflation ticked higher.

Total Returns

	Average Annual Total Returns Periods Ended 31 March 2013	
	One Year	Since Inception (23 June 2011)
Vanguard LifeStrategy 60% Equity Fund		
Accumulation Shares	13.30%	11.08%
Income Shares	13.27	11.07
Vanguard LifeStrategy 60% Equity Composite Index	13.72	11.39

Past performance is not a reliable indicator of future results.

Vanguard LifeStrategy 60% Equity Composite Index: As of 31 March 2013, weighted 18.3% Barclays Global Aggregate U.K. Government Float Adjusted Bond Index, 12.5% Barclays Global Aggregate U.K. Non-Government Float Adjusted Bond Index, 9.2% Barclays U.K. Government Inflation-Linked Float Adjusted Bond Index, 34.0% FTSE Developed ex-U.K. Index, 21.0% FTSE All-Share Index and 5.0% MSCI Emerging Markets Index.

Sources: Vanguard, Barclays, FTSE and MSCI.

Basis of performance: NAV to NAV with net income reinvested. The Fund launched on 23 June 2011; therefore, five-year performance data are not available. These figures do not reflect the 0.24% preset dilution levy on subscriptions that investors pay up front when investing in this Fund.

Price History

Vanguard LifeStrategy 60% Equity Fund	1 January 2013 to 31 March 2013	1 January 2012 to 31 December 2012	23 June 2011 to 31 December 2011
Accumulation Shares			
Starting Share Price	£111.71	£102.41	£100.00
Ending Share Price	£120.44	£110.91	£101.49
Highest Share Price	(12 March 2013) £120.83	(27 Dec. 2012) £111.45	(7 July 2011) £103.28
Lowest Share Price	(2 Jan. 2013) £111.71	(18 May 2012) £101.52	(19 Aug. 2011) £93.20
Income Dividends Pence Per Share	178.5750	205.7506	—
Income Shares			
Starting Share Price	£109.54	£102.41	£100.00
Ending Share Price	£118.10	£108.76	£101.49
Highest Share Price	(12 March 2013) £118.48	(27 Dec. 2012) £109.28	(7 July 2011) £103.28
Lowest Share Price	(2 Jan. 2013) £109.54	(18 May 2012) £99.55	(19 Aug. 2011) £93.20
Income Dividends Pence Per Share	174.5034	205.7506	—

¹ The Vanguard Group, Inc., as investment manager for Vanguard LifeStrategy Funds ICVC, sub-delegates the management of this sub-fund to Vanguard Asset Management, Limited.

NAV History

	31 March 2013	31 March 2012
Accumulation Shares		
Total Net Asset Value	£97,700,870	£14,021,318
Net Asset Value Per Share	£120.44	£108.59
Number of Shares in Issue	811,207	131,994
Income Shares		
Total Net Asset Value	£17,781,716	£2,949,730
Net Asset Value Per Share	£116.35	£106.60
Number of Shares in Issue	152,829	28,316

Distribution Table

For the year ended 31 March 2013

Final distribution payable 31 May 2013

	Net Income Pence Per Share	Equalisation Pence Per Share	Distribution Payable 31 May 2013 Pence Per Share	Distribution Paid 31 May 2012 Pence Per Share
Accumulation Shares				
Group 1	178.5750	—	178.5750	205.7506
Group 2	68.0195	110.5555	178.5750	205.7506
Income Shares				
Group 1	174.5034	—	174.5034	205.7506
Group 2	68.6059	105.8975	174.5034	205.7506

Group 1—shares purchased before 1 April 2012.

Group 2—shares purchased between 1 April 2012 and 31 March 2013.

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.

Summary of Significant Changes (unaudited)

For the year ended 31 March 2013

	Cost (£)		Proceeds (£)
Largest Purchases		Largest Sales	
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	28,913,800	Vanguard FTSE U.K. Equity Index Fund	300,000
Vanguard FTSE U.K. Equity Index Fund	18,835,500	Vanguard FTSE Developed World ex-U.K. Equity Index Fund	166,000
Vanguard U.K. Government Bond Index Fund	17,482,464	Vanguard FTSE Emerging Markets ETF Fund	157,288
Vanguard U.K. Investment Grade Bond Index Fund	11,621,780	Vanguard U.K. Government Bond Index Fund	138,000
Vanguard U.K. Inflation-Linked Gilt Index Fund	8,274,700	iShares MSCI Emerging Markets Fund	110,601
Total	85,128,244	Total	871,889
Total Purchases for the Period	90,590,828	Total Sales for the Period	944,890

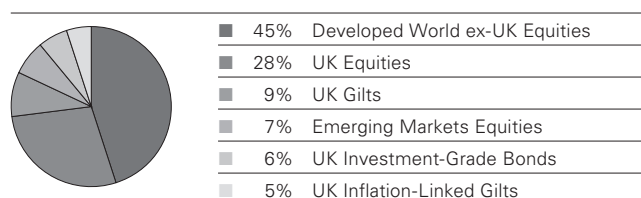
LifeStrategy 80% Equity Fund

Fund Profile (unaudited)

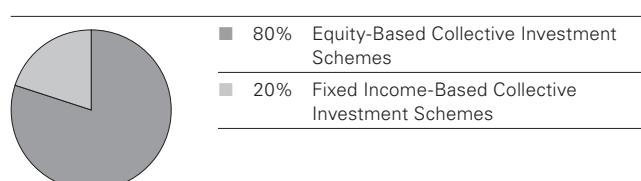
As at 31 March 2013

Investment Objective	The Fund seeks to gain exposure to a diversified notional portfolio comprising 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.

Fund Market Diversification (% of Underlying Vanguard Funds)



Fund Asset Allocation (% of Net Asset Value)



Portfolio Characteristics

	2013	2012
Ongoing Charge Figure¹		
Expenses	0.08%	0.08%
Synthetic Element	0.24%	0.24%
Total Synthetic Ongoing Charge	0.32%	0.32%
Income Shares	0.08%	0.08%
Accumulation Shares	0.08%	0.08%
Synthetic Risk and Reward Indicator²	6	6
Ex-Dividend Date	1 April 2013	2 April 2012
Distribution Date	31 May 2013	31 May 2012

Allocation to Underlying Vanguard Funds (% of Underlying Vanguard Funds)

Vanguard FTSE Developed World ex-U.K. Equity Index Fund	34.2%
Vanguard FTSE U.K. Equity Index Fund	28.1
Vanguard U.K. Government Bond Index Fund	9.3
Vanguard Emerging Markets Stock Index Fund	6.6
Vanguard U.S. Equity Index Fund	6.5
Vanguard U.K. Investment Grade Bond Index Fund	6.1
Vanguard U.K. Inflation-Linked Gilt Index Fund	4.6
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	2.4
Vanguard Pacific ex-Japan Stock Index Fund	1.3
Vanguard Japan Stock Index Fund	0.9

1 The Ongoing Charge Figure (OCF) is the ratio of the Fund's total discloseable 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. The OCF has replaced the Total Expense Ratio (TER) that had previously been required and disclosed. This change took effect as of 1 July 2012, in accordance with the FSA Collective Investment Schemes Sourcebook and additional guidance provided for in the Statement of Recommended Practice for Authorised Funds issued by the IMA in July 2011.

2 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 at the higher end of the risk and reward indicator. This is because the value of the Fund's investments has experienced higher price fluctuations in the past.

Commentary (unaudited)

On behalf of Vanguard Asset Management, Limited¹

- From 31 March 2012 through 31 March 2013, Vanguard LifeStrategy 80% Equity Fund returned 15.05%. The fund's benchmark index, a composite that represents the fund's allocation to different segments of the global stock and UK bond markets, returned 15.32%. The difference is consistent with fund expenses and charges.
- Global stock markets powered the portfolio to a strong 12-month performance. UK stocks, which represented about 28% of assets at the end of the period, returned more than 20%. The large financial sector delivered especially strong returns. Developed markets outside of the United Kingdom returned about 17%, with significant contributions from health care and consumer staples stocks. These stocks accounted for about 45% of assets. Emerging markets stocks, representing about 7% of assets, generated a more moderate, but still respectable, return of about 7%.
- The fund's bond allocation delivered surprisingly strong returns. The prices of government and corporate bonds rose (yields declined), as investors moderated expectations for economic growth in the United Kingdom. At the start of the period, the yield of a 10-year government bond stood at 2.11%. By the close, that figure had dipped to 1.77%.
- Government bonds, which accounted for about 9% of fund assets, returned a little more than 5%. Investment-grade bonds, including corporate bonds and asset-backed securities, returned about 12%. These bonds accounted for about 6% of assets. Bonds issued by the financial sector were notably strong performers. The prices of inflation-linked gilts, which accounted for about 5% of fund assets, rose as consensus expectations for future inflation ticked higher.

Total Returns

	Average Annual Total Returns Periods Ended 31 March 2013	
	One Year	Since Inception (23 June 2011)
Vanguard LifeStrategy 80% Equity Fund		
Accumulation Shares	15.05%	11.08%
Income Shares	15.05	11.07
Vanguard LifeStrategy 80% Equity Composite Index	15.32	11.38

Past performance is not a reliable indicator of future results.

Vanguard LifeStrategy 80% Equity Composite Index: As of 31 March 2013, weighted 9.1% Barclays Global Aggregate U.K. Government Float Adjusted Bond Index, 6.3% Barclays Global Aggregate U.K. Non-Government Float Adjusted Bond Index, 4.6% Barclays U.K. Government Inflation-Linked Float Adjusted Bond Index, 45.3% FTSE Developed ex-U.K. Index, 28.0% FTSE All-Share Index and 6.7% MSCI Emerging Markets Index.

Sources: Vanguard, Barclays, FTSE and MSCI.

Basis of performance: NAV to NAV with net income reinvested. The Fund launched on 23 June 2011; therefore, five-year performance data are not available. These figures do not reflect the 0.24% preset dilution levy on subscriptions that investors pay up front when investing in this Fund.

Price History

	1 January 2013 to 31 March 2013	1 January 2012 to 31 December 2012	23 June 2011 to 31 December 2011
Vanguard LifeStrategy 80% Equity Fund			
Accumulation Shares			
Starting Share Price	£110.22	£99.58	£100.00
Ending Share Price	£120.43	£108.72	£98.29
	(12 March 2013)	(27 Dec. 2012)	(7 July 2011)
Highest Share Price	£121.70	£109.35	£104.56
	(2 Jan. 2013)	(18 May 2012)	(19 Aug. 2011)
Lowest Share Price	£110.22	£97.69	£89.56
Income Dividends Pence Per Share	177.2118	189.9527	—
Income Shares			
Starting Share Price	£108.23	£99.57	£100.00
Ending Share Price	£118.26	£106.75	£98.28
	(12 March 2013)	(27 Dec. 2012)	(7 July 2011)
Highest Share Price	£119.50	£107.38	£104.56
	(2 Jan. 2013)	(18 May 2012)	(19 Aug. 2011)
Lowest Share Price	£108.23	£95.92	£89.55
Income Dividends Pence Per Share	174.2173	189.9527	—

¹ The Vanguard Group, Inc., as investment manager for Vanguard LifeStrategy Funds ICVC, sub-delegates the management of this sub-fund to Vanguard Asset Management, Limited.

NAV History

	31 March 2013	31 March 2012
Accumulation Shares		
Total Net Asset Value	£50,169,138	£9,883,819
Net Asset Value Per Share	£120.43	£104.65
Number of Shares in Issue	416,587	94,446
Income Shares		
Total Net Asset Value	£6,812,111	£514,546
Net Asset Value Per Share	£116.51	£102.74
Number of Shares in Issue	58,466	5,008

Distribution Table

For the year ended 31 March 2013

Final distribution payable 31 May 2013

	Net Income Pence Per Share	Equalisation Pence Per Share	Distribution Payable 31 May 2013 Pence Per Share	Distribution Paid 31 May 2012 Pence Per Share
Accumulation Shares				
Group 1	177.2118	—	177.2118	189.9527
Group 2	57.8090	119.4028	177.2118	189.9527
Income Shares				
Group 1	174.2173	—	174.2173	189.9527
Group 2	83.3102	90.9071	174.2173	189.9527

Group 1—shares purchased before 1 April 2012.

Group 2—shares purchased between 1 April 2012 and 31 March 2013.

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.

Summary of Significant Changes (unaudited)

For the year ended 31 March 2013

	Cost (£)		Proceeds (£)
Largest Purchases		Largest Sales	
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	13,541,200	iShares MSCI Emerging Markets Fund	163,916
Vanguard FTSE U.K. Equity Index Fund	11,560,600	Vanguard FTSE Developed World ex-U.K. Equity Index Fund	104,000
Vanguard U.K. Government Bond Index Fund	4,280,303	Vanguard U.S. Equity Index Fund	75,000
Vanguard Emerging Markets Stock Index Fund	2,858,350	Vanguard FTSE U.K. Equity Index Fund	52,900
Vanguard U.K. Investment Grade Bond Index Fund	2,821,582	Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	40,000
Total	35,062,035	Total	435,816
Total Purchases for the Period	41,658,784	Total Sales for the Period	473,816

LifeStrategy 100% Equity Fund

Fund Profile (unaudited)

As at 31 March 2013

Investment Objective	The Fund seeks to gain exposure to a diversified notional portfolio comprising 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.

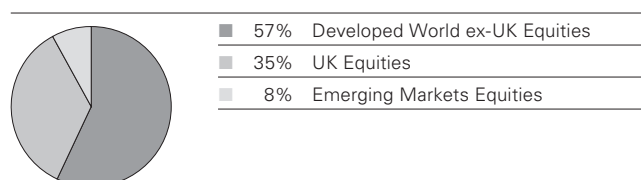
Portfolio Characteristics

	2013	2012
Ongoing Charge Figure ¹		
Expenses	0.08%	0.08%
Synthetic Element	0.25%	0.25%
Total Synthetic Ongoing Charge	0.33%	0.33%
Income Shares	0.08%	0.08%
Accumulation Shares	0.08%	0.08%
Synthetic Risk and Reward Indicator ²	6	6
Ex-Dividend Date	1 April 2013	2 April 2012
Distribution Date	31 May 2013	31 May 2012

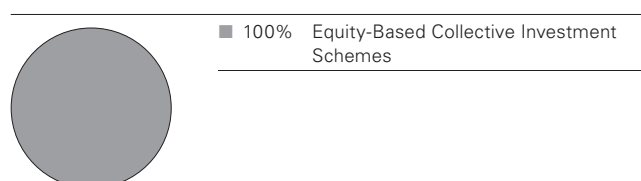
Allocation to Underlying Vanguard Funds (% of Underlying Vanguard Funds)

Vanguard FTSE Developed World ex-U.K. Equity Index Fund	34.2%
Vanguard FTSE U.K. Equity Index Fund	30.0
Vanguard U.S. Equity Index Fund	13.1
Vanguard Emerging Markets Stock Index Fund	8.3
Vanguard FTSE U.K. All Share Index Unit Trust	5.0
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	4.9
Vanguard Pacific ex-Japan Stock Index Fund	2.6
Vanguard Japan Stock Index Fund	1.9

Fund Market Diversification (% of Underlying Vanguard Funds)



Fund Asset Allocation (% of Net Asset Value)



¹ The Ongoing Charge Figure (OCF) is the ratio of the Fund's total discloseable 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. The OCF has replaced the Total Expense Ratio (TER) that had previously been required and disclosed. This change took effect as of 1 July 2012, in accordance with the FSA Collective Investment Schemes Sourcebook and additional guidance provided for in the Statement of Recommended Practice for Authorised Funds issued by the IMA in July 2011.

² 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 at the higher end of the risk and reward indicator. This is because the value of the Fund's investments has experienced higher price fluctuations in the past.

Commentary (unaudited)

On behalf of Vanguard Asset Management, Limited¹

- From 31 March 2012 through 31 March 2013, Vanguard LifeStrategy 100% Equity Fund's Income and Accumulation Shares returned 16.71%. The fund's benchmark index, a composite that represents the fund's allocation to different segments of the global stock markets, returned 16.84%. The difference is consistent with fund expenses and charges.
- Global stock markets powered the portfolio to a strong 12-month performance. UK stocks, which represented about 35% of assets at the end of the period, returned more than 20%. The large financial sector delivered especially strong returns. Developed markets outside of the United Kingdom returned about 17%, with significant contributions from health care and consumer staples stocks. These stocks accounted for about 57% of assets. Emerging markets stocks, representing about 8% of assets, generated a more moderate, but still respectable, return of about 7%.

Total Returns

	Average Annual Total Returns Periods Ended 31 March 2013	
	One Year	Since Inception (23 June 2011)
Vanguard LifeStrategy 100% Equity Fund		
Accumulation Shares	16.71%	10.78%
Income Shares	16.71	10.77
Vanguard LifeStrategy 100% Equity Composite Index	16.84	11.21

Past performance is not a reliable indicator of future results.

Vanguard LifeStrategy 100% Equity Composite Index: As of 31 March 2013, weighted 56.7% FTSE Developed ex-U.K. Index, 35.0% FTSE All-Share Index and 8.3% MSCI Emerging Markets Index

Sources: Vanguard, FTSE and MSCI.

Basis of performance: NAV to NAV with net income reinvested. The Fund launched on 23 June 2011; therefore, five-year performance data are not available. These figures do not reflect the 0.22% preset dilution levy on subscriptions that investors pay up front when investing in this Fund.

Price History

	1 January 2013 to 31 March 2013	1 January 2012 to 31 December 2012	23 June 2011 to 31 December 2011
Vanguard LifeStrategy 100% Equity Fund			
Accumulation Shares			
Starting Share Price	£108.29	£96.53	£100.00
Ending Share Price	£119.86	£106.11	£94.89
Highest Share Price	(11 March 2013) £122.02	(20 Dec. 2012) £106.98	(7 July 2011) £105.82
Lowest Share Price	(2 Jan. 2013) £108.29	(18 May 2012) £93.61	(4 Oct. 2011) £85.96
Income Dividends Pence Per Share	168.2651	149.0588	—
Income Shares			
Starting Share Price	£106.72	£96.52	£100.00
Ending Share Price	£118.12	£104.57	£94.89
Highest Share Price	(11 March 2013) £120.25	(20 Dec. 2012) £105.43	(7 July 2011) £105.82
Lowest Share Price	(2 Jan. 2013) £106.72	(18 May 2012) £92.25	(4 Oct. 2011) £85.95
Income Dividends Pence Per Share	166.9758	149.0588	—

¹ The Vanguard Group, Inc., as investment manager for Vanguard LifeStrategy Funds ICVC, sub-delegates the management of this sub-fund to Vanguard Asset Management, Limited.

NAV History

	31 March 2013	31 March 2012
Accumulation Shares		
Total Net Asset Value	£27,453,552	£5,549,870
Net Asset Value Per Share	£119.85	£102.70
Number of Shares in Issue	229,057	54,042
Income Shares		
Total Net Asset Value	£16,842,733	£2,042,354
Net Asset Value Per Share	£116.45	£101.19
Number of Shares in Issue	114,635	20,184

Distribution Table

For the year ended 31 March 2013

Final distribution payable 31 May 2013

	Net Income Pence Per Share	Equalisation Pence Per Share	Distribution Payable 31 May 2013 Pence Per Share	Distribution Paid 31 May 2012 Pence Per Share
Accumulation Shares				
Group 1	168.2651	—	168.2651	149.0588
Group 2	62.8627	105.4024	168.2651	149.0588
Income Shares				
Group 1	166.9758	—	166.9758	149.0588
Group 2	77.6541	89.3217	166.9758	149.0588

Group 1—shares purchased before 1 April 2012.

Group 2—shares purchased between 1 April 2012 and 31 March 2013.

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.

Summary of Significant Changes (unaudited)

For the year ended 31 March 2013

	Cost (£)		Proceeds (£)
Largest Purchases		Largest Sales	
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	10,890,100	Vanguard FTSE Developed World ex-U.K. Equity Index Fund	261,000
Vanguard FTSE U.K. Equity Index Fund	9,938,700	Vanguard FTSE Emerging Markets ETF Fund	208,281
Vanguard U.S. Equity Index Fund	4,077,100	Vanguard FTSE U.K. Equity Index Fund	205,500
Vanguard Emerging Markets Stock Index Fund	2,804,398	Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	143,000
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	1,771,200	iShares MSCI Emerging Markets	103,675
Total	29,481,498	Total	921,456
Total Purchases for the Period	32,819,750	Total Sales for the Period	1,061,756

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Monday to Friday
09.00–17.00

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

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