



**Vanguard®**

Interim Short Report

# Vanguard LifeStrategy Funds ICVC

For Period Ended 30 September 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 six months ended 30 September 2013 marked a period of lackluster returns for the five Vanguard LifeStrategy Funds, as regional stock markets produced a wide range of results and as bond yields climbed.

The funds' returns were consistent with their portfolios' varying allocations to the global stock and bond markets, which range from growth-oriented all-stock investments to an income-focused mix of mostly bonds. These varying choices allow investors to match their portfolios with their longer-term goals and risk preferences through an 'all-in-one' strategy that provides broad diversification, low costs and simplicity. The lineup of funds also provides flexible choices for these investors as their goals change over time.

During the fiscal period, stocks of developed European countries outside the United Kingdom were a bright spot. On the other hand, emerging countries and developed Pacific nations (Japan excepted) slumped. These economies felt the impact of slowdowns in major export markets, such as China, and of rising global interest rates. In between these extremes were the modest returns of equity markets in the United States, the UK and Japan.

In the fixed income markets, rising interest rates lowered bond returns, since bond prices and yields move in opposite directions. Helping fuel the rise in rates has been investors' reactions to possible changes in the US Federal Reserve's monetary stimulus program.

Going forward, there is potentially good news. The UK economy continues to climb out of recession mode; as you know, its gross domestic product turned positive during the fiscal period. The euro zone ended its longest postwar slump. The US economy continues to press forward

despite political wrangling in Washington. Japan's economy seems to be moving forward. And there were signs, at least as of this writing, that China's growth had accelerated after two quarters of decline.

But the future is full of surprises. That is why we strongly believe that diversification within asset classes is so important in attempting to reduce investment risk. Recently slumping emerging-market stocks, for example, were market darlings not so long ago. Diversification among asset classes is the complementary part of that approach: Stocks offer long-term growth potential, but also volatility; bonds can offer a buffer against the equity markets' severe down days.

Equally important is that a properly set asset allocation makes it easier to take a long-term view despite the ever-present distractions of short-term market developments and the temptation to overreact to them.

For more information on our investment approach, please visit our website, [vanguard.co.uk](http://vanguard.co.uk).

Thank you for entrusting your assets to Vanguard Investments UK, Limited.

Yours faithfully,



F. William McNabb III  
Chairman  
The Vanguard Group, Inc.  
30 November 2013

# LifeStrategy 20% Equity Fund

## Fund Profile

As at 30 September 2013

<b>Investment Objective</b>	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.
<b>Investment Strategy</b>	The Fund will seek to achieve its investment objective predominantly through investment in passive, index-tracking collective investment schemes.
<b>Risk Profile</b>	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.

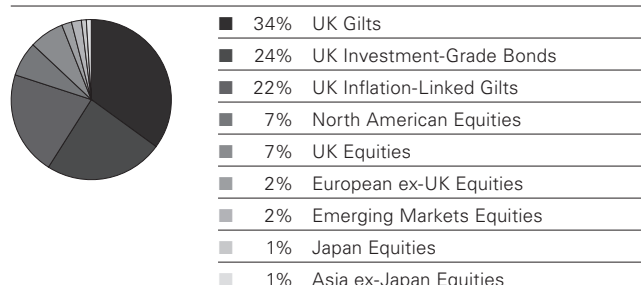
### Portfolio Characteristics

	2013	2012
Ongoing Charge Figure <sup>1</sup>		
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 Indicator <sup>2</sup>	4	4
Ex-Dividend Date	1 April 2013	2 April 2012
Distribution Date	31 May 2013	31 May 2012

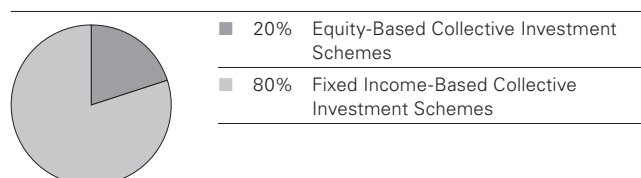
### Allocation to Underlying Vanguard Funds (% of Underlying Vanguard Funds)

Vanguard U.K. Government Bond Index Fund	34.5%
Vanguard U.K. Investment Grade Bond Index Fund	24.3
Vanguard U.K. Inflation-Linked Gilt Index Fund	21.5
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	11.3
Vanguard FTSE U.K. Equity Index Fund	6.9
Vanguard Emerging Markets Stock Index Fund	1.5

### 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.

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

### On behalf of Vanguard Asset Management, Limited<sup>1</sup>

- From 31 March 2013 through 30 September 2013, Vanguard LifeStrategy 20% Equity Fund's Accumulation Shares returned –2.41%, and Income Shares returned –2.43%. The Fund's benchmark index, a composite that represents the Fund's allocation to different segments of the global stock and bond markets, returned –2.20%. The difference is consistent with fund expenses and charges.
- Developed stock markets outside the United Kingdom, which represented about 11% of assets at the end of the period, returned 2%. Holdings of UK stocks, about 7% of assets, returned 4% on the strength of the financial, telecommunication services and consumer discretionary sectors. Overall returns were dampened by declining stocks from the small (about 2%) emerging-markets sector.
- The Fund's bond allocation, about 80% of assets at period-end, detracted from return. The prices of government and corporate bonds declined as yields rose. At the start of the period, the yield of the 10-year UK government bond stood at 1.77%. By the close, the figure had climbed to 2.72%.
- Government bonds, which accounted for about 34% of fund assets, returned –3% in an environment of rising yields. Investment-grade bonds, including corporate bonds and asset-backed securities, returned –1%, as the bonds of financial institutions countered the general downward trend. Investment-grade bonds accounted for about 24% of assets. Inflation-linked gilts, which represented about 22% of assets, returned –6% as inflation expectations hovered in the 3% range and as real yields rose.

## Total Returns

	Total Returns Periods Ended 30 September 2013		
	Six Months	One Year	Annualised Since Inception (23 June 2011)
Vanguard LifeStrategy 20% Equity Fund			
Accumulation Shares	–2.41%	3.99%	7.00%
Income Shares	–2.43	3.99	6.99
Vanguard LifeStrategy 20% Equity Composite Index	–2.20	4.49	7.47

Past performance is not a reliable indicator of future results.

Vanguard LifeStrategy 20% Equity Composite Index: As of 30 September 2013, weighted 37.1% Barclays Global Aggregate U.K. Government Float Adjusted Bond Index, 24.5% Barclays Global Aggregate U.K. Non-Government Float Adjusted Bond Index, 18.4% Barclays U.K. Government Inflation-Linked Float Adjusted Bond Index, 11.5% FTSE Developed ex-U.K. Index, 7.0% FTSE All-Share Index and 1.5% 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 30 September 2013	1 January 2012 to 31 December 2012	23 June 2011 to 31 December 2011
<b>Accumulation Shares</b>			
Starting Share Price	£113.32	£107.28	£100.00
Ending Share Price	£116.61	£114.03	£107.33
Highest Share Price	(2 May 2013) £121.80	(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	—
<b>Income Shares</b>			
Starting Share Price	£111.23	£107.28	£100.00
Ending Share Price	£112.83	£111.92	£107.34
Highest Share Price	(2 May 2013) £117.86	(27 Dec. 2012) £112.28	(29 Dec. 2011) £107.65
Lowest Share Price	(24 June 2013) £110.03	(24 April 2012) £105.98	(9 Aug. 2011) £99.33
Income Dividends Pence Per Share	166.7210	199.2485	—

<sup>1</sup> 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

	30 September 2013	31 March 2013	31 March 2012
<b>Accumulation Shares</b>			
Total Net Asset Value	£70,109,247	£48,736,834	£8,007,328
Net Asset Value Per Share	£116.61	£119.50	£108.59
Number of Shares in Issue	601,220	407,856	73,739
<b>Income Shares</b>			
Total Net Asset Value	£10,922,424	£9,082,219	£2,059,476
Net Asset Value Per Share	£112.83	£115.64	£106.60
Number of Shares in Issue	96,804	78,542	19,319

## Summary of Significant Changes

For the period ended 30 September 2013

	Cost (£)
<b>Largest Purchases</b>	
Vanguard U.K. Government Bond Index Fund	9,827,874
Vanguard U.K. Investment Grade Bond Index Fund	6,671,399
Vanguard U.K. Inflation-Linked Gilt Index Fund	6,279,000
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	3,263,000
Vanguard FTSE U.K. Equity Index Fund	1,814,000
<b>Total</b>	<b>27,855,273</b>
<b>Total Purchases for the Period</b>	<b>28,220,273</b>

	Proceeds (£)
<b>Largest Sales</b>	
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	871,000
Vanguard U.K. Government Bond Index Fund	594,000
Vanguard U.K. Investment Grade Bond Index Fund	559,000
Vanguard FTSE U.K. Equity Index Fund	443,000
Vanguard U.K. Inflation-Linked Gilt Index Fund	275,000
<b>Total</b>	<b>2,742,000</b>
<b>Total Sales for the Period</b>	<b>2,742,000</b>

# LifeStrategy 40% Equity Fund

## Fund Profile

As at 30 September 2013

<b>Investment Objective</b>	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.
<b>Investment Strategy</b>	The Fund will seek to achieve its investment objective predominantly through investment in passive, index-tracking collective investment schemes.
<b>Risk Profile</b>	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.

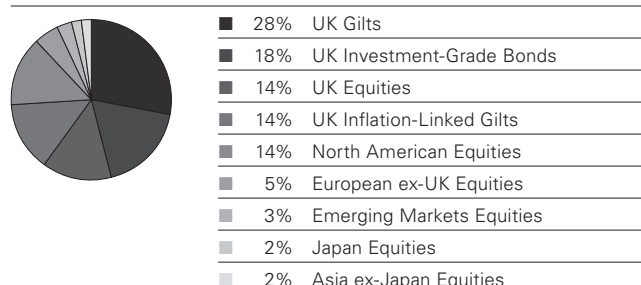
### Portfolio Characteristics

	2013	2012
Ongoing Charge Figure <sup>1</sup>		
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 Indicator <sup>2</sup>	4	4
Ex-Dividend Date	1 April 2013	2 April 2012
Distribution Date	31 May 2013	31 May 2012

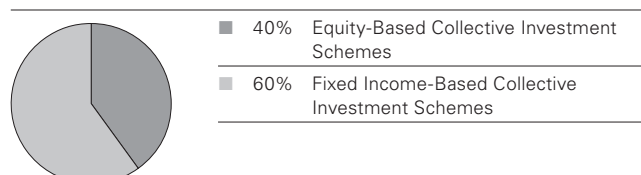
### Allocation to Underlying Vanguard Funds (% of Underlying Vanguard Funds)

Vanguard U.K. Government Bond Index Fund	27.5%
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	22.6
Vanguard U.K. Investment Grade Bond Index Fund	18.2
Vanguard FTSE U.K. Equity Index Fund	13.9
Vanguard U.K. Inflation-Linked Gilt Index Fund	13.8
Vanguard Emerging Markets Stock Index Fund	3.0
Vanguard U.K. Government Bond ETF	1.0

### Fund Market Diversification (% of Underlying Vanguard Funds)



### Fund Asset Allocation (% of Net Asset Value)



<sup>1</sup> 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.

<sup>2</sup> 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

### On behalf of Vanguard Asset Management, Limited<sup>1</sup>

- From 31 March 2013 through 30 September 2013, Vanguard LifeStrategy 40% Equity Fund's Accumulation Shares returned –1.31% and Income Shares returned –1.32%. The Fund's benchmark index, a composite that represents the Fund's allocation to different segments of the global stock and bond markets, returned –1.14%. The difference is consistent with fund expenses and charges.
- Developed stock markets outside the United Kingdom, which represented about 23% of assets at the end of the period, returned 2%. Holdings of UK stocks, about 14% of assets, returned 4% on the strength of the financial, telecommunication services and consumer discretionary sectors. Overall returns were dampened by declining stocks from the small (about 3%) emerging-markets sector.
- The Fund's bond allocation, about 60% of assets at period-end, detracted from return. The prices of government and corporate bonds declined as yields rose. At the start of the period, the yield of the 10-year UK government bond stood at 1.77%. By the close, the figure had climbed to 2.72%.
- Government bonds, which accounted for about 28% of fund assets, returned –3% in an environment of rising yields. Investment-grade bonds, including corporate bonds and asset-backed securities, returned –1%, as the bonds of financial institutions countered the general downward trend. Investment-grade bonds accounted for about 18% of assets. Inflation-linked gilts, which represented about 14% of assets, returned –6% as inflation expectations hovered in the 3% range and as real yields rose.

## Total Returns

	Total Returns Periods Ended 30 September 2013		
	Six Months	One Year	Annualised Since Inception (23 June 2011)
Vanguard LifeStrategy 40% Equity Fund			
Accumulation Shares	–1.31%	7.16%	7.79%
Income Shares	–1.32	7.15	7.78
Vanguard LifeStrategy 40% Equity Composite Index	–1.14	7.57	8.11

Past performance is not a reliable indicator of future results.

Vanguard LifeStrategy 40% Equity Composite Index: As of 30 September 2013, weighted 27.8% Barclays Global Aggregate U.K. Government Float Adjusted Bond Index, 23.0% FTSE Developed ex-U.K. Index, 18.4% Barclays Global Aggregate U.K. Non-Government Float Adjusted Bond Index, 14.0% FTSE All-Share Index, 13.8% Barclays U.K. Government Inflation-Linked Float Adjusted Bond Index and 3.0% 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 0.25% 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 30 September 2013	1 January 2012 to 31 December 2012	23 June 2011 to 31 December 2011
<b>Accumulation Shares</b>			
Starting Share Price	£112.85	£105.06	£100.00
Ending Share Price	£118.59	£112.79	£104.54
Highest Share Price	(22 May 2013) £123.27	(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	—
<b>Income Shares</b>			
Starting Share Price	£110.61	£105.06	£100.00
Ending Share Price	£114.48	£110.56	£104.55
Highest Share Price	(22 May 2013) £119.00	(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	—

<sup>1</sup> 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

	30 September 2013	31 March 2013	31 March 2012
<b>Accumulation Shares</b>			
Total Net Asset Value	£165,755,501	£100,700,941	£11,631,889
Net Asset Value Per Share	£118.59	£120.16	£107.61
Number of Shares in Issue	1,397,767	838,054	108,096
<b>Income Shares</b>			
Total Net Asset Value	£23,212,918	£15,089,145	£2,801,750
Net Asset Value Per Share	£114.48	£116.00	£105.49
Number of Shares in Issue	202,769	130,075	26,559

## Summary of Significant Changes

For the period ended 30 September 2013

	Cost (£)
<b>Largest Purchases</b>	
Vanguard U.K. Government Bond Index Fund	22,636,984
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	16,967,000
Vanguard U.K. Investment Grade Bond Index Fund	14,321,693
Vanguard U.K. Inflation-Linked Gilt Index Fund	11,493,500
Vanguard FTSE U.K. Equity Index Fund	9,576,000
<b>Total</b>	<b>74,995,177</b>
<b>Total Purchases for the Period</b>	<b>78,002,431</b>

	Proceeds (£)
<b>Largest Sales</b>	
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	925,000
Vanguard FTSE U.K. Equity Index Fund	440,000
Vanguard U.K. Government Bond Index Fund	400,000
Vanguard U.K. Investment Grade Bond Index Fund	150,000
<b>Total</b>	<b>1,915,000</b>
<b>Total Sales for the Period</b>	<b>1,915,000</b>

# LifeStrategy 60% Equity Fund

## Fund Profile

As at 30 September 2013

<b>Investment Objective</b>	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.
<b>Investment Strategy</b>	The Fund will seek to achieve its investment objective predominantly through investment in passive, index-tracking collective investment schemes.
<b>Risk Profile</b>	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.

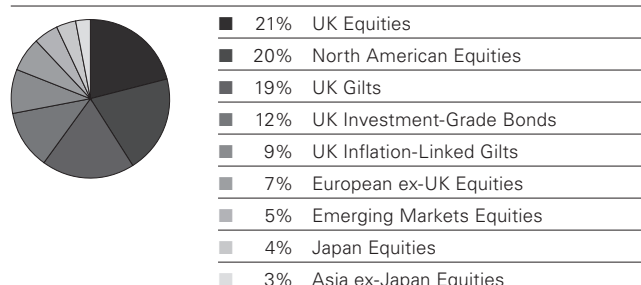
### Portfolio Characteristics

	2013	2012
Ongoing Charge Figure <sup>1</sup>		
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 Indicator <sup>2</sup>	5	5
Ex-Dividend Date	1 April 2013	2 April 2012
Distribution Date	31 May 2013	31 May 2012

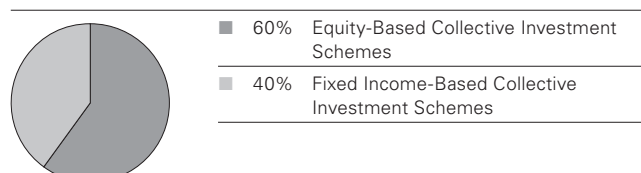
### Allocation to Underlying Vanguard Funds (% of Underlying Vanguard Funds)

Vanguard FTSE Developed World ex-U.K. Equity Index Fund	34.1%
Vanguard FTSE U.K. Equity Index Fund	21.0
Vanguard U.K. Government Bond Index Fund	18.4
Vanguard U.K. Investment Grade Bond Index Fund	12.2
Vanguard U.K. Inflation-Linked Gilt Index Fund	9.3
Vanguard Emerging Markets Stock Index Fund	4.5
Vanguard U.K. Government Bond ETF	0.5

### Fund Market Diversification (% of Underlying Vanguard Funds)



### Fund Asset Allocation (% of Net Asset Value)



<sup>1</sup> 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.

<sup>2</sup> 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 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

### On behalf of Vanguard Asset Management, Limited<sup>1</sup>

- From 31 March 2013 through 30 September 2013, Vanguard LifeStrategy 60% Equity Fund's Income and Accumulation Shares returned -0.26%. The Fund's benchmark index, a composite that represents the Fund's allocation to different segments of the global stock and bond markets, returned -0.11%. The difference is consistent with fund expenses and charges.
- Developed stock markets outside the United Kingdom, which represented 34% of assets at the end of the period, returned 2%. Holdings of UK stocks, about 21% of assets, returned 4% on the strength of the financial, telecommunication services and consumer discretionary sectors. Overall returns were dampened by declining stocks in the small (5%) emerging-markets sector.
- The Fund's bond allocation, about 40% of assets at period-end, detracted from return. The prices of government and corporate bonds declined as yields rose. At the start of the period, the yield of the 10-year UK government bond stood at 1.77%. By the close, the figure had climbed to 2.72%.
- Government bonds, which accounted for about 18% of fund assets, returned -3% in an environment of rising yields. Investment-grade bonds, including corporate bonds and asset-backed securities, returned -1%, as the bonds of financial institutions countered the general downward trend. Investment-grade bonds accounted for about 12% of assets. Inflation-linked gilts, which represented about 9% of assets, returned -6% as inflation expectations hovered in the 3% range and as real yields rose.

## Total Returns

	Total Returns Periods Ended 30 September 2013		
	Six Months	One Year	Annualised Since Inception (23 June 2011)
Vanguard LifeStrategy 60% Equity Fund			
Accumulation Shares	-0.26%	10.73%	8.41%
Income Shares	-0.26	10.72	8.40
Vanguard LifeStrategy 60% Equity Composite Index	-0.11	11.08	8.72

Past performance is not a reliable indicator of future results.

Vanguard LifeStrategy 60% Equity Composite Index: As of 30 September 2013, weighted 34.6% FTSE Developed ex-U.K. Index, 21.0% FTSE All-Share Index, 18.6% Barclays Global Aggregate U.K. Government Float Adjusted Bond Index, 12.2% Barclays Global Aggregate U.K. Non-Government Float Adjusted Bond Index, 9.2% Barclays U.K. Government Inflation-Linked Float Adjusted Bond Index and 4.4% 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 30 September 2013	1 January 2012 to 31 December 2012	23 June 2011 to 31 December 2011
<b>Accumulation Shares</b>			
Starting Share Price	£111.71	£102.41	£100.00
Ending Share Price	£120.13	£110.91	£101.49
Highest Share Price	(22 May 2013) £125.23	(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	—
<b>Income Shares</b>			
Starting Share Price	£109.54	£102.41	£100.00
Ending Share Price	£116.05	£108.76	£101.49
Highest Share Price	(22 May 2013) £120.97	(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	—

<sup>1</sup> 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

	30 September 2013	31 March 2013	31 March 2012
<b>Accumulation Shares</b>			
Total Net Asset Value	£187,421,707	£97,700,870	£14,021,318
Net Asset Value Per Share	£120.13	£120.44	£108.59
Number of Shares in Issue	1,560,148	811,207	131,994
<b>Income Shares</b>			
Total Net Asset Value	£37,473,740	£17,781,716	£2,949,730
Net Asset Value Per Share	£116.05	£116.35	£106.60
Number of Shares in Issue	322,918	152,829	28,316

## Summary of Significant Changes

For the period ended 30 September 2013

	Cost (£)		Proceeds (£)
<b>Largest Purchases</b>		<b>Largest Sales</b>	
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	37,137,000	Vanguard U.K. Government Bond Index Fund	947,000
Vanguard U.K. Government Bond Index Fund	22,881,385	Vanguard FTSE Developed World ex-U.K. Equity Index Fund	550,000
Vanguard FTSE U.K. Equity Index Fund	21,741,000	Vanguard U.K. Investment Grade Bond Index Fund	387,000
Vanguard U.K. Investment Grade Bond Index Fund	14,800,445	Vanguard Emerging Markets Stock Index Fund	243,881
Vanguard U.K. Inflation-Linked Gilt Index Fund	11,289,000	Vanguard FTSE U.K. Equity Index Fund	170,000
<b>Total</b>	<b>107,848,830</b>	<b>Total</b>	<b>2,297,881</b>
<b>Total Purchases for the Period</b>	<b>113,815,721</b>	<b>Total Sales for the Period</b>	<b>2,448,881</b>

# LifeStrategy 80% Equity Fund

## Fund Profile

As at 30 September 2013

<b>Investment Objective</b>	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.
<b>Investment Strategy</b>	The Fund will seek to achieve its investment objective predominantly through investment in passive, index-tracking collective investment schemes.
<b>Risk Profile</b>	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.

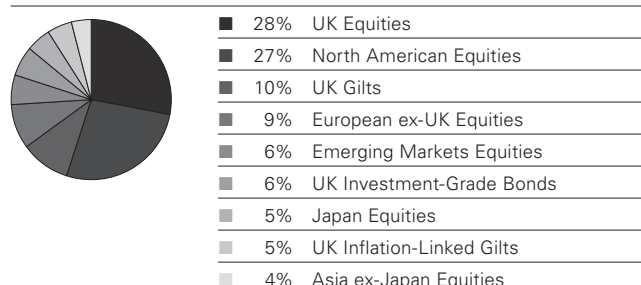
### Portfolio Characteristics

	2013	2012
<b>Ongoing Charge Figure<sup>1</sup></b>		
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%
<b>Synthetic Risk and Reward Indicator<sup>2</sup></b>	6	6
Ex-Dividend Date	1 April 2013	2 April 2012
Distribution Date	31 May 2013	31 May 2012

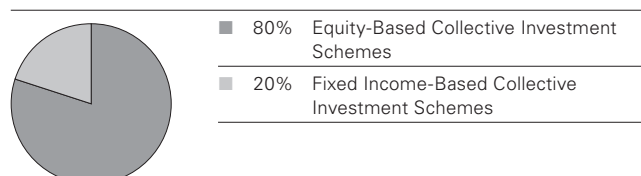
### Allocation to Underlying Vanguard Funds (% of Underlying Vanguard Funds)

Vanguard FTSE Developed World ex-U.K. Equity Index Fund	34.1%
Vanguard FTSE U.K. Equity Index Fund	28.0
Vanguard U.K. Government Bond Index Fund	9.1
Vanguard U.S. Equity Index Fund	6.9
Vanguard U.K. Investment Grade Bond Index Fund	6.1
Vanguard Emerging Markets Stock Index Fund	6.0
Vanguard U.K. Inflation-Linked Gilt Index Fund	4.7
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	2.3
Vanguard Japan Stock Index Fund	1.3
Vanguard Pacific ex-Japan Stock Index Fund	1.1
Vanguard U.K. Government Bond ETF	0.4

### Fund Market Diversification (% of Underlying Vanguard Funds)



### Fund Asset Allocation (% of Net Asset Value)



<sup>1</sup> 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.

<sup>2</sup> 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 value of the Fund's investments has experienced higher price fluctuations in the past.

## Commentary

### On behalf of Vanguard Asset Management, Limited<sup>1</sup>

- From 31 March 2013 through 30 September 2013, Vanguard LifeStrategy 80% Equity Fund's Income and Accumulation Shares returned 0.82%. The Fund's benchmark index, a composite that represents the Fund's allocation to different segments of the global stock and bond markets, returned 0.89%. The difference is consistent with fund expenses and charges.
- Holdings of UK stocks, about 28% of assets, returned 4% on the strength of the financial, telecommunication services and consumer discretionary sectors. The performance of developed markets outside the United Kingdom varied widely: Developed Europe, Japan and the United States returned 8%, 5% and 2%, respectively. Overall returns were dampened by declining stocks in developed Pacific markets, other than Japan (-8%), as well as emerging markets (-9%).
- The Fund's bond allocation, about 20% of assets at period-end, detracted from return. The prices of government and corporate bonds declined as yields rose. At the start of the period, the yield of the 10-year UK government bond stood at 1.77%. By the close, the figure had climbed to 2.72%.
- Government bonds, which accounted for about 10% of fund assets, returned -3% in an environment of rising yields. Investment-grade bonds, including corporate bonds and asset-backed securities, returned -1%, as the bonds of financial institutions countered the general downward trend. Investment-grade bonds accounted for about 6% of assets. Inflation-linked gilts, which represented about 5% of assets, returned -6% as inflation expectations hovered in the 3% range and as real yields rose.

## Total Returns

	Total Returns Periods Ended 30 September 2013		
	Six Months	One Year	Annualised Since Inception (23 June 2011)
Vanguard LifeStrategy 80% Equity Fund			
Accumulation Shares	0.82%	14.53%	8.92%
Income Shares	0.82	14.53	8.92
Vanguard LifeStrategy 80% Equity Composite Index	0.89	14.63	9.19

Past performance is not a reliable indicator of future results.

Vanguard LifeStrategy 80% Equity Composite Index: As of 30 September 2013, weighted 46.1% FTSE Developed ex-U.K. Index, 28.0% FTSE All-Share Index, 9.3% Barclays Global Aggregate U.K. Government Float Adjusted Bond Index, 6.1% Barclays Global Aggregate U.K. Non-Government Float Adjusted Bond Index, 5.9% MSCI Emerging Markets Index and 4.6% Barclays U.K. Government Inflation-Linked Float Adjusted Bond 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 80% Equity Fund	1 January 2013 to 30 September 2013	1 January 2012 to 31 December 2012	23 June 2011 to 31 December 2011
<b>Accumulation Shares</b>			
Starting Share Price	£110.22	£99.58	£100.00
Ending Share Price	£121.42	£108.72	£98.29
Highest Share Price	(22 May 2013) £126.91	(27 Dec. 2012) £109.35	(7 July 2011) £104.56
Lowest Share Price	(2 Jan. 2013) £110.22	(18 May 2012) £97.69	(19 Aug. 2011) £89.56
Income Dividends Pence Per Share	177.2118	189.9527	—
<b>Income Shares</b>			
Starting Share Price	£108.23	£99.57	£100.00
Ending Share Price	£117.48	£106.75	£98.28
Highest Share Price	(22 May 2013) £122.79	(27 Dec. 2012) £107.38	(7 July 2011) £104.56
Lowest Share Price	(2 Jan. 2013) £108.23	(18 May 2012) £95.92	(19 Aug. 2011) £89.55
Income Dividends Pence Per Share	174.2173	189.9527	—

<sup>1</sup> 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

	30 September 2013	31 March 2013	31 March 2012
<b>Accumulation Shares</b>			
Total Net Asset Value	£97,469,688	£50,169,138	£9,883,819
Net Asset Value Per Share	£121.42	£120.43	£104.65
Number of Shares in Issue	802,734	416,587	94,446
<b>Income Shares</b>			
Total Net Asset Value	£10,754,375	£6,812,111	£514,546
Net Asset Value Per Share	£117.48	£116.51	£102.74
Number of Shares in Issue	91,540	58,466	5,008

## Summary of Significant Changes

For the period ended 30 September 2013

	Cost (£)
<b>Largest Purchases</b>	
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	17,141,000
Vanguard FTSE U.K. Equity Index Fund	13,571,000
Vanguard U.K. Government Bond Index Fund	5,231,958
Vanguard U.S. Equity Index Fund	3,862,000
Vanguard U.K. Investment Grade Bond Index Fund	3,357,024
<b>Total</b>	<b>43,162,982</b>
<b>Total Purchases for the Period</b>	<b>51,639,141</b>

	Proceeds (£)
<b>Largest Sales</b>	
Vanguard U.K. Government Bond Index Fund	325,000
Vanguard FTSE U.K. Equity Index Fund	60,000
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	40,000
Vanguard U.S. Equity Index Fund	40,000
Vanguard U.K. Investment Grade Bond Index Fund	34,000
<b>Total</b>	<b>499,000</b>
<b>Total Sales for the Period</b>	<b>499,000</b>

# LifeStrategy 100% Equity Fund

## Fund Profile

As at 30 September 2013

<b>Investment Objective</b>	The Fund seeks to gain exposure to a diversified notional portfolio comprising approximately 100% by value of equity securities.
<b>Investment Strategy</b>	The Fund will seek to achieve its investment objective predominantly through investment in passive, index-tracking collective investment schemes.
<b>Risk Profile</b>	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.

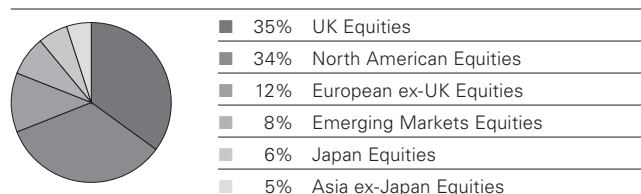
### Portfolio Characteristics

	2013	2012
Ongoing Charge Figure <sup>1</sup>		
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 <sup>2</sup>	6	6
Ex-Dividend Date	1 April 2013	2 April 2012
Distribution Date	31 May 2013	31 May 2012

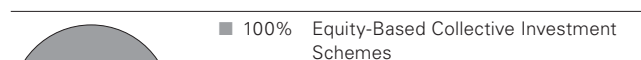
### Allocation to Underlying Vanguard Funds (% of Underlying Vanguard Funds)

Vanguard FTSE Developed World ex-U.K. Equity Index Fund	34.2%
Vanguard FTSE U.K. Equity Index Fund	30.2
Vanguard U.S. Equity Index Fund	13.8
Vanguard Emerging Markets Stock Index Fund	7.6
Vanguard FTSE U.K. All Share Index Unit Trust	5.0
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	4.6
Vanguard Japan Stock Index Fund	2.5
Vanguard Pacific ex-Japan Stock Index Fund	2.1

### Fund Market Diversification (% of Underlying Vanguard Funds)



### Fund Asset Allocation (% of Net Asset Value)



<sup>1</sup> 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.

<sup>2</sup> 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 value of the Fund's investments has experienced higher price fluctuations in the past.



## Commentary

### On behalf of Vanguard Asset Management, Limited<sup>1</sup>

- From 31 March 2013 through 30 September 2013, Vanguard LifeStrategy 100% Equity Fund's Income and Accumulation Shares returned 1.84%. The Fund's benchmark index, a composite that represents the Fund's allocation to different segments of the global stock markets, returned 1.86%. The difference is consistent with fund expenses and charges.
- Holdings of UK stocks, about 35% of assets, returned 4% on the strength of the financial, telecommunication services and consumer discretionary sectors. The performance of developed markets outside the United Kingdom varied widely: Developed Europe, Japan and the United States returned 8%, 5% and 2%, respectively. Overall returns were dampened by declining stocks in developed Pacific markets, other than Japan (–8%), as well as emerging markets (–9%).

## Total Returns

	Total Returns Periods Ended 30 September 2013		
	Six Months	One Year	Annualised Since Inception (23 June 2011)
Vanguard LifeStrategy 100% Equity Fund			
Accumulation Shares	1.84%	18.30%	9.18%
Income Shares	1.84	18.30	9.17
Vanguard LifeStrategy 100% Equity Composite Index	1.86	18.21	9.52

**Past performance is not a reliable indicator of future results.**

Vanguard LifeStrategy 100% Equity Composite Index: As of 30 September 2013, weighted 57.6% FTSE Developed ex-U.K. Index, 35.0% FTSE All-Share Index and 7.4% 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

Vanguard LifeStrategy 100% Equity Fund	1 January 2013 to 30 September 2013	1 January 2012 to 31 December 2012	23 June 2011 to 31 December 2011
<b>Accumulation Shares</b>			
Starting Share Price	£108.29	£96.53	£100.00
Ending Share Price	£122.06	£106.11	£94.89
Highest Share Price	(22 May 2013) £128.01	(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	—
<b>Income Shares</b>			
Starting Share Price	£106.72	£96.52	£100.00
Ending Share Price	£118.61	£104.57	£94.89
Highest Share Price	(22 May 2013) £124.38	(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	—

<sup>1</sup> 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

	30 September 2013	31 March 2013	31 March 2012
<b>Accumulation Shares</b>			
Total Net Asset Value	£49,016,088	£27,453,552	£5,549,870
Net Asset Value Per Share	£122.06	£119.85	£102.70
Number of Shares in Issue	401,559	229,057	54,042
<b>Income Shares</b>			
Total Net Asset Value	£25,627,782	£16,842,733	£2,042,354
Net Asset Value Per Share	£118.61	£116.45	£101.19
Number of Shares in Issue	216,075	144,635	20,184

## Summary of Significant Changes

For the period ended 30 September 2013

	Cost (£)
<b>Largest Purchases</b>	
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	10,098,000
Vanguard FTSE U.K. Equity Index Fund	8,629,000
Vanguard U.S. Equity Index Fund	4,511,000
Vanguard Emerging Markets Stock Index Fund	2,431,000
Vanguard FTSE U.K. All Share Index Unit Trust	1,444,000
<b>Total</b>	<b>27,113,000</b>
<b>Total Purchases for the Period</b>	<b>30,028,275</b>

	Proceeds (£)
<b>Largest Sales</b>	
Vanguard FTSE U.K. Equity Index Fund	157,000
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	150,000
Vanguard FTSE All-World Fund	144,655
Vanguard FTSE Emerging Markets ETF Fund	85,587
Vanguard FTSE Developed World ex-U.K. Equity Index Fund	57,000
<b>Total</b>	<b>594,242</b>
<b>Total Sales for the Period</b>	<b>631,244</b>

## Directory

### **Company's Head Office And Registered Office**

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**Client Services**

0800 408 2065

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Vanguard Investments UK, Limited, only gives information on products and services and does not give investment advice based on individual circumstances. The Non-UCITS Retail Scheme Key Investor Information Document ('NURS KIID') and the Prospectus for these funds are available in local languages from Vanguard Investments UK, Limited, via our website [vanguard.co.uk](http://vanguard.co.uk).

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