

# Standard Life Vanguard Global Bond Index Fund

June 2022

**Standard Life** 



**Vanguard**<sup>®</sup>

The Standard Life Vanguard Global Bond Index Fund invests fully in the Vanguard Global Bond Index Fund.

It seeks to provide returns consistent with the Bloomberg Barclays Global Aggregate Float Adjusted and Scaled Index (the "Index"), a market-weighted index comprised of global government, government related agencies, corporate and securitised fixed income investments. It aims to track the performance (up and down) of the Index by investing in a portfolio that, insofar as possible and practicable, consists of a representative sample of the component securities of the Index. This market-weighted index is designed to reflect the total universe of investment-grade and government bonds with maturities greater than one year.

Income received by the fund will be reinvested and reflected in the unit price of the fund.

This fund has an Annual Management Charge of 0.90%.

## Why consider the Standard Life Vanguard Global Bond Index Fund?

### 1. Access to high quality global government and corporate bonds

The fund provides access to a diversified portfolio of investment-grade global government and corporate bonds, providing investors with exposure to individual bond markets across the world.

### 2. Diversification

Global bonds have the potential to diversify traditional portfolios in much the same way that international equities do by accessing fixed income investments in multiple countries.

### 3. Low-cost

A low-cost alternative to an actively managed Global Bond fund.

### 4. Experienced fund manager

Managed by Vanguard, one of the world's largest fund managers with over 40 years of experience in passive investing.

**Warning: If you invest in this fund you may lose some or all of the money you invest**

**Warning: The value of your investment may go down as well as up**

## Who is the fund suitable for?

Consider this fund if you

- are comfortable with a low-medium level of risk. This fund is rated three out of seven on the ESMA risk scale, seven being the highest
- are seeking the potential for investment returns that are similar to the underlying index that the fund tracks
- have an investment horizon of at least five years
- can take risk with your capital

This fund may not be suitable if you

- are a low risk investor
- do not want to take risk with your capital
- have an investment horizon of less than five years

## Why Vanguard?

Vanguard is the second largest asset manager in the world<sup>1</sup> with over \$7.1 trillion<sup>2</sup> in assets under management and more than 20 million investors around the globe. Vanguard established the world's first index mutual fund for individual investors in 1976 and has been a leader in low-cost index investing ever since<sup>2</sup>. They also launched the first funds based on bond and international indices.

<sup>1</sup>Source: Investment & Pensions Europe, Top 500 Asset Managers, 2021.

<sup>2</sup>Source: Vanguard, June 2022

## Underlying fund performance

Gross performance to 30 June 2022<sup>3</sup>

	YTD	3M	1 Year	3 Year	5 Year	Since launch <sup>4</sup>
Vanguard Global Bond Index Fund	-11.0%	-5.5%	-11.5%	-2.9% p.a.	-1.0% p.a.	0.5% p.a.

	2021	2020	2019	2018	2017	2016
Vanguard Global Bond Index Fund	-2.7%	5.0%	5.4%	-1.1%	1.3%	2.5%

The performance of the underlying fund is gross of annual management charge and taxes. The Standard Life Vanguard Global Bond Index Fund has a standard annual management charge of 0.90% and launched on 17 August 2021. Please talk to your financial adviser about the annual management charge that applies to your policy.

<sup>3</sup>Source: Vanguard, 30 June 2022

<sup>4</sup>27 February 2014

**Warning: Past performance is not a reliable guide to future performance**

## Underlying fund information as at 30 June 2022

Fund size (all share classes): €18.6 billion

Country allocation	% of fund
United States	44.7%
Japan	8.3%
France	6.0%
Germany	5.4%
United Kingdom	4.1%
Canada	4.0%
Italy	3.8%
Supranational	2.8%
Spain	2.8%
Other	18.0%

Source: Vanguard, 30 June 2022.

Sector allocation	% of fund
Treasury/Federal	51.4%
Industrials	11.7%
Securitized – Mortgage backed security	9.3%
Corporate – Financial Institutions	8.8%
Agencies	5.1%
Gov-Related – Local Authority	3.3%
Gov-Related - Supranational	2.8%
Securitized – Asset Backed Security	2.6%
Utilities	1.9%
Gov-Related – Sovereign	1.5%
Securitized – Commercial Mortgage Backed Security	1.0%
Provincials/Municipals	0.4%
Cash	0.2%

Source: Vanguard, 30 June 2022.

## Number of bonds **13,234**

Quality breakdown	% of fund
AAA	44.1%
AA	15.2%
A	21.6%
BBB	18.0%
< BBB	0.0%
NR	1.0%

Source: Vanguard, 31 June 2022.

Figures may not add to 100% due to rounding

## How ESG is integrated into the investment philosophy

Vanguard Asset Management (Vanguard), the Investment Manager of the fund, integrates sustainability risks and opportunities into its research, analysis and investment decision-making process. Vanguard believe that the consideration of sustainability risks and opportunities of a company can have a material impact on a company's competitive position and future success and as such on long-term investment returns for investors.

This fund is managed using an investment process that integrates environmental, social and governance ("ESG") factors but does not promote ESG characteristics or have specific sustainable investment objectives. This means that whilst ESG factors and risks are considered, they may or may not impact portfolio construction.

Vanguard's ESG integration requires, in addition to its inclusion in the investment decision making process, appropriate monitoring of sustainability considerations in risk management, portfolio monitoring, engagement and stewardship activities.

Combining the integration of sustainability risks and opportunities with broader monitoring and engagement activities may affect the value of investments and therefore returns.

Furthermore, investments within this Fund do not take into account the EU Taxonomy criteria for environmentally sustainable economic activities.

## Important information:

Applying ESG and sustainability criteria in the investment process may result in the exclusion of securities in which the Fund might otherwise invest. Such securities could be part of the benchmark against which the Fund is managed, or be within the universe of potential investments. This may have a positive or negative impact on performance and may mean that the Fund's performance profile differs to that of funds which are managed against the same benchmark or invest in a similar universe of potential investments but without applying ESG or sustainability criteria.

Furthermore, the lack of common or harmonised definitions and labels regarding ESG and sustainability criteria may result in different approaches by managers when integrating ESG and sustainability criteria into investment decisions. This means that it may be difficult to compare funds with ostensibly similar objectives and that these funds will employ different security selection and exclusion criteria. Consequently, the performance profile of otherwise similar funds may deviate more substantially than might otherwise be expected. Additionally, in the absence of common or harmonised definitions and labels, a degree of subjectivity is required and this will mean that a fund may invest in a security that another manager or an investor would not.

## Important things to consider

All investment involves risk. This fund offers no guarantee against loss or that the Fund's objective will be attained. This is not a guaranteed or capital protected product. There are risks to your capital should you choose to invest in this Fund.

The Standard Life Vanguard Global Bond Index Fund invests in the Vanguard Global Bond Index Fund.

The value of bonds and fixed income-related securities is affected by influential factors such as interest rates, inflation, credit spreads and volatility which, in turn, are driven by other factors including political, economic news, company earnings and significant corporate events. Movements in currency exchange rates can adversely affect the return of your investment.

Investment risk is concentrated in specific sectors, countries, currencies or companies. This means the fund is more sensitive to any localised economic, market, political or regulatory events.

While the Fund's bond allocation invests predominantly in investment grade bonds there is always a risk that the bond issuers may not be able to pay the income as promised or could fail to repay the capital amount used to purchase the bond. Where a bond market has a low number of buyers and/or sellers, it can be hard to sell particular bonds at an anticipated price and/or in a timely manner.

Investors in the fund may buy and sell units on any normal business day.

The value of investments within the Standard Life Vanguard Global Bond Index Fund can fall as well as rise and is not guaranteed – an investor may get back less than they paid in. The fund and its holdings may use derivatives for the purpose of efficient portfolio management, reduction of risk or to meet its respective investment objective if this is permitted and appropriate. The value of overseas assets held in the fund may rise and fall as a result of exchange rate fluctuations.

In extreme market conditions, some securities may become hard to value or sell at a desired price. This could affect the Fund's ability to meet redemptions in a timely manner.

The Fund could lose money as a result of the failure or delay in operational processes and systems including but not limited to third party providers failing or going into administration.

At certain times and when you cash in your policy, there is likely to be tax payable. This will depend on the policy type you're invested in and your personal circumstances.

## Risk Factors

### Currency risk

Movements in currency exchange rates can adversely affect the return on your investment.

### Counterparty risk

The insolvency of any institutions providing services such as safekeeping of assets or acting as counterparty to derivatives or other instruments may expose the fund to financial loss.

### Inflation risk

The value of your investments may not be worth as much in the future due to changes in purchasing power resulting from inflation.

### Credit risk

The issuer of a financial asset held within the Fund may not pay income or repay capital to the Fund when due.

### Liquidity risk

Liquidity risk occurs when the relevant market is inefficient and it may not be possible to initiate a transaction or liquidate a position at an advantageous time or price.

### Index tracking risk

The fund is not expected to track the performance of the Index at all times with perfect accuracy. The fund is, however, expected to provide investment results that, before expenses, generally correspond to the price and yield performance of the Index.

### Index sampling risk

As the fund uses an index sampling technique whereby a representative sample of securities are selected to represent the Index, there is the risk that the securities selected for the fund may not, in the aggregate, approximate the full Index.

### Inflation risk

The value of your investments may not be worth as much in the future due to changes in purchasing power resulting from inflation.

## Risk factors continued...

### Use of derivatives

The fund can use derivatives in order to meet its investment objective or to protect from price and currency movements. This may result in gains or losses that are greater than the original amount invested. Derivatives are financial instruments which derive their value from an underlying asset, such as a company share or a bond, and are used routinely in global financial markets. Used correctly, derivatives offer an effective and cost-efficient way of investing in financial markets. However, derivatives can lead to increased volatility of returns in a fund, thus requiring a robust and extensive risk management process. Some derivatives give rise to increased potential for loss where the fund's counterparty defaults in meeting its payment obligations. This fund does not make extensive use of derivatives.

### Securities lending

The assets in this fund may be used for the purpose of security lending in order to earn an additional level of return and offset the cost of the fund. While securities lending increases the level of risk in the fund it may provide an opportunity to increase the investment return.

### Switching your fund, transferring or cashing in

You may be one of many investors in a fund. Sometimes, in exceptional circumstances:

- we may also change the pricing basis of a fund to reflect cash flows in and out. If it's a property based fund, due to the high transaction charges associated with the assets, this can result in a significant movement of the fund price.
- we may also wait before we carry out your request to switch funds, transfer or cash in your policy. This delay could be up to a month. But for some funds this may be longer, for example, if it's a property based fund, it may be up to 12 months because property and land can take longer to sell.

If we have to delay switching, transferring or cashing in, we'll use the fund prices on the day the transactions take place – these prices could be very different from the prices on the day that you made the request.

These are processes which aim to maintain fairness between those remaining invested and those leaving a fund.



**For more information on our funds,  
please visit [www.standardlife.ie/funds](http://www.standardlife.ie/funds)**

## Find out more

Talk to your financial adviser. They'll give you the information you need.  
Also, you can call us or visit our website

(01) 639 7000

Mon-Fri, 9am to 5pm. Calls may be monitored and/or recorded to protect both you and us and help with our training. Call charges will vary.

[www.standardlife.ie](http://www.standardlife.ie)

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