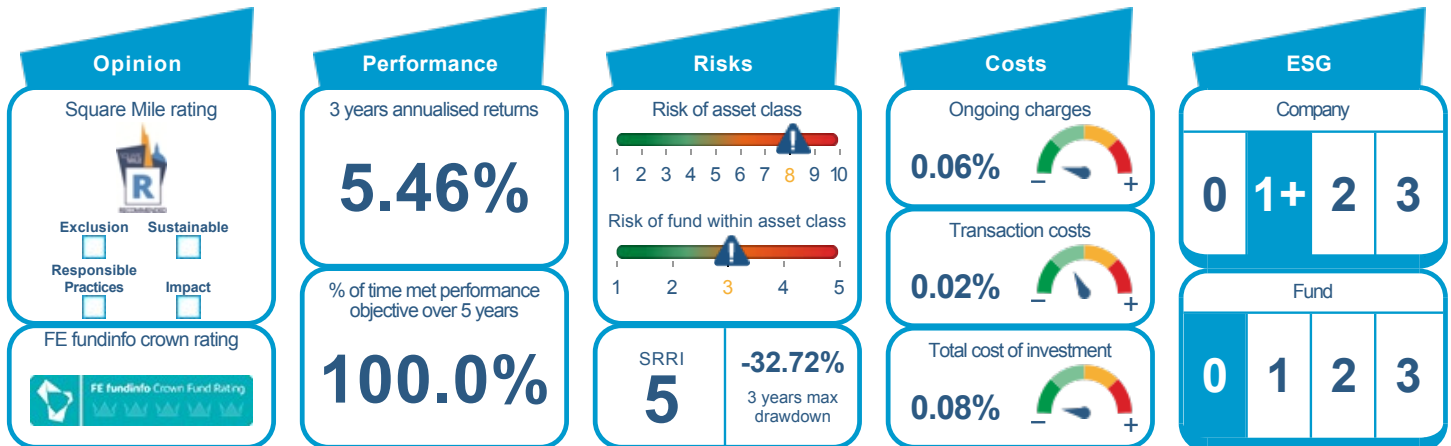


Vanguard FTSE U.K. All Share Index Unit Trust A Acc GBP

November 2021
Investment Research



Overview

The focus of the fund is on growing the capital value of investments over time through a portfolio of equities. Whilst equities can lose money over short to medium time periods, over longer time periods, and particularly over multiple investment cycles, equities, in aggregate, have proved an extremely successful way of accumulating capital.

Capital Accumulation	Capital Preservation	Income	Inflation Protection
●			

Square Mile Expected Outcome

We believe a return that closely matches that of the FTSE All Share Index is a reasonable expectation for this passive investment strategy.

Active/Passive: Passive	Domicile: United Kingdom
Asset Class: Equity	IA Sector: IA UK All Companies
Launch Date: 04/12/2009	Fund Size (as at 12 Nov 2021): £14000.5m
Yield: 2.60%	Distribution Pay Date: Nov 01 (Final)
Fund Manager: Vanguard Equity Index Group	Ongoing Charge Figure: 0.06%
	Transaction Cost ex Ante: 0.02%



Fund Opinion

We believe that Vanguard have a very strong commitment towards managing passive strategies.

Our rating on this fund is based upon our opinion of the suitability of the index tracked, the management group's commitment to operating passive strategies, the size of the fund, the fund's cost and its good historic record of tracking the index.

Investors should note that they are unlikely to attain exact index performance in this fund due to the payment of fees as well as any small tracking errors brought about by inefficiencies in the fund's management process, such as not being fully invested at any one point.

The FTSE All Share Index consists of shares of companies listed in the UK. It encompasses both large and small companies and is an integration of the FTSE 100, FTSE 250 and the FTSE Small Cap Indices.

Fund Description

Vanguard is one of the world's largest managers of passive strategies. The organisation is mutually owned by investors in its US domiciled funds and the company has a policy to return profits to all its clients through lower charges. The firm offers an extensive range of index funds to its international client base.

The fund is structured as a UK domiciled Unit Trust. The fund invests in physical securities and the fund positions replicate a majority of the index components and establish representative exposure for more minor elements using an optimisation strategy. An optimisation approach is when a manager looks to replicate the majority of an index, however it will not invest in every single component of the index. An optimisation process is used to manage strategies where illiquidity and high transaction costs make full replication less effective. The goal is to create a portfolio that has similar risk characteristics, industry and country membership as well as market capitalisation to the index.

The fund cut off for dealing is midday, however the funds are not priced until the following close of business in the underlying market. This means that from a reporting perspective the fund continues to closely track its index. This removes any need to apply a fair value adjustment to the fund to align its price with that of the tracked index. We believe that this represents good practice for index funds although investors should be aware of the short time delay in obtaining full exposure to a market as a result.

This fund operates with a full swing pricing policy. This means that units in the fund are bought and sold at the same price. The fund's management will apply a small spread if there are net flows into or out of the fund. This involves adding (in the case of net inflows) or subtracting (in the case of net outflows) the costs of creating or cancelling units in the fund and means that the incoming or exiting investors will bear these costs rather than the current investor base. Because Vanguard consider total daily net flows, an existing investor may benefit if they exist when there are net inflows as they are selling at a slightly higher price. Conversely when there are net outflows, a buyer will be buying shares at a slightly lower price. We consider this policy to be good practise, as it protects the interests of those who continue to hold the fund.

The fund can undertake stock lending activity, although this is limited to a maximum 15% of the portfolio on loan. Stock lending involves lending securities to another party and receiving income in return. Trades are undertaken with another entity, usually an investment bank, which introduces counterparty risk (the risk that the other party in the deal will renege on their agreement and fail to repay the stock in full) into the fund. Vanguard has strong controls in place to protect the fund in the event of a default on any stock lent, this includes strict over collateralisation requirement as well as third party indemnification agreement. We believe that these measures, amongst others, make the risk of loss to fund holders relating to stock lending very remote in this fund. The funds' performance benefits from the income generated by stock lending, though the overall impact on performance tends to be small.

Risk Summary

Equities can be volatile investments and may be more suitable for investors with a longer time horizon. Unlike an active manager who can mitigate interest rate and credit risks through active asset allocation, interest rate management and credit analysis, this passive fund is unable to take any of these measures. In addition, investors should be aware that investing in passive funds, whilst eliminating many of the biases and potential for misjudgements inherent in actively managed strategies, brings risks of its own. This is largely due to the fact that the managers of the fund have little to no discretion as to the timing of trades and the selection and sizing of holdings. Investors should therefore be aware that in a sharp sell off the fund will fall in line with the index and that there is no flexibility for the managers to mitigate this.

Because this is a passive fund that tracks its benchmark, the funds risk score is a nature of funds in the peer group and not the fund. The funds risk score of 3, shows that within the peer group there is an equal number of funds that take more and less risk than the benchmark.

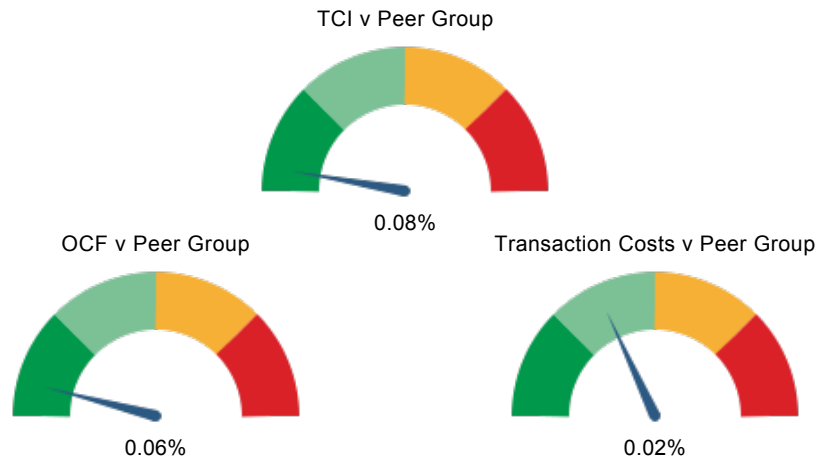
The performance, all else equal, is likely to lag the index slightly over time because of the impact of fees, although the managers will try to regain some of this by taking small views, where allowed, on the timing of purchases and sales.

Value for Money

The fund's Total Cost of Investing (TCI) is in the top quartile of passive funds in the UK All Companies peer group. Over the long term the fund has reasonably tracked its benchmark, therefore we believe that the fund represents excellent value for money.

A passive fund will buy and sell financial instruments when its benchmark is rebalanced and to meet investor inflows or outflows. The buying and selling of financial instruments incur explicit costs such as broker commissions, taxes and exchange fees which are all included in the fund's ex-ante transaction costs. We believe that the fund's ex-ante transactions costs are fair for the market it invests in.

Vanguard have adopted an all in fee structure, so the Annual Management Charge is equal to the OCF. The OCF will remain stagnant until reviewed by Vanguard, however the TCI will change depending on changes to the funds ex ante transaction costs.



ESG Integration

Company Assessment	0	1+	2	3
The company has made ESG factors available to the investment teams as an input to their analysis, but they are not compelled to consider that as a factor when making investment decisions.				
UN PRI Strategy & Governance Rating	A+			
Fund Assessment	0	1	2	3
There is no discernible approach to, or consideration of ESG factors in the fund's investment process.				

Responsible Investing Approach

Exclusion	Responsible Practices	Sustainability	Impact
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Additional Information

Annualised Return	5.46%
Annualised Volatility	19.31%
Max Drawdown	-32.72%
Max Gain	17.29%
Max Loss	-30.87%
Sharpe Ratio	0.26
Sortino Ratio	0.23

(3 years data to last month end unless otherwise stated)

Currency of Share Class

GBP

Fund Price (as at 12 Nov 2021)

£232.2

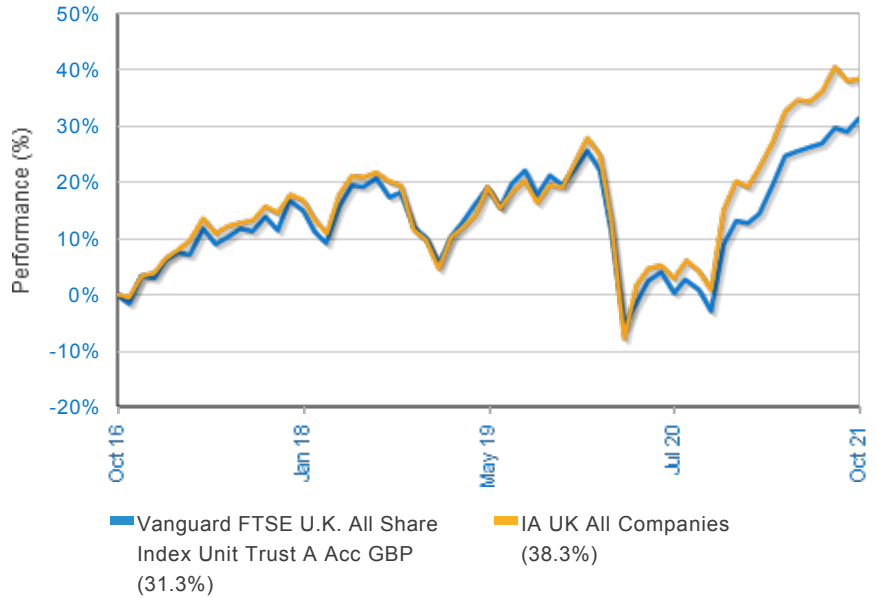
Benchmark

FTSE All Share index

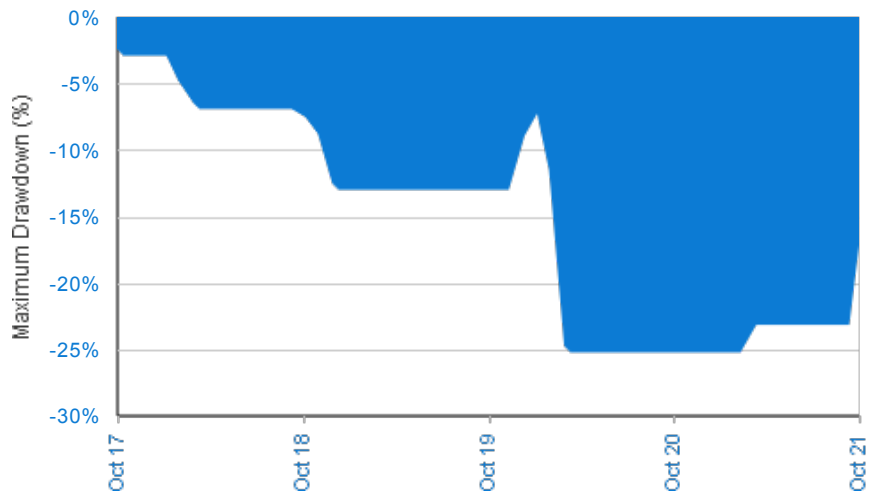
Discrete Annual Performance to Last Quarter End

Period	Fund (%)	Sector (%)	Quartile Ranking
0-12m	27.8	32.4	3
12-24m	-16.7	-12.8	3
24-36m	2.6	0.0	2
36-48m	6.2	5.5	2
48-60m	11.8	13.6	3

Capital Growth



Maximum Drawdown (Rolling 12 Months)



Top Ten Holdings

(Data as at 30 Sep 2021)

Company Name	%
ASTRAZENECA PLC	5.6
ROYAL DUTCH SHELL PLC	5.2
UNILEVER PLC	4.2
DIAGEO	3.3
HSBC HLDGS	3.2
GLAXOSMITHKLINE	2.8
BP	2.7
BRITISH AMERICAN TOBACCO	2.4
RIO TINTO	2.1
GLENCORE PLC	1.9

Sector Breakdown

(Data as at 30 Sep 2021)



- Financials (22%)
- Consumer Staples (15%)
- Industrials (13%)
- Consumer Discretionary (12%)
- Health Care (10%)
- Basic Materials (9%)
- Energy (8%)
- Real Estate (3%)
- Utilities (3%)
- Other (5.6%)

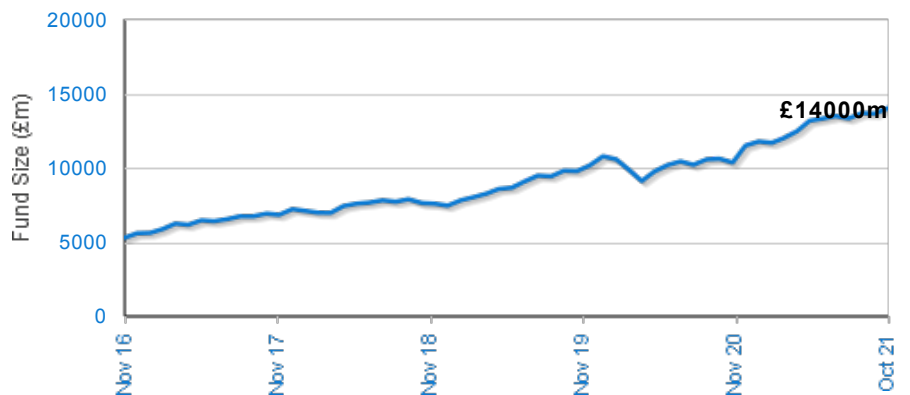
Geographic Breakdown

(Data as at 30 Sep 2021)



- UK (98%)
- Money Market (2%)

Assets Under Management



Qualitative Risk Assessment

	Significant	Potentially Significant	Not Significant
Equity Risk	●		
Interest Rate Risk		●	
Credit Risk			●
Exchange Rate Risk			●
Liquidity Risk			●
Emerging Markets Risk			●
Derivative Risk			●
Manager Risk			●

Equity Risk

The fund is predominately invested in shares. Shares are volatile investments and this volatility is typically heightened at times of economic stress.

Interest Rate Risk

The fund is an equity fund. Higher interest rates may adversely affect valuations of shares.

Credit Risk

This fund does not have significant exposure to corporate debt.

Exchange Rate Risk

The fund is predominantly invested in domestic assets.

Liquidity Risk

The fund invests in liquid assets and any sale should be possible at close to the prevailing market price.

Emerging Markets Risk

The fund predominantly invests in developed markets.

Derivative Risk

The portfolio is predominantly invested in underlying cash securities.

Manager Risk

The fund is managed using a team-based approach and no one individual is seen as a critical element in Square Mile's rating on the fund.

FE Risk Rating: 98.00

SRRI: 5

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