

Vanguard[®]

Vanguard Asset Management Limited

Vanguard Managed ISA Service
December 2023

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Initial Disclosure Document

This document sets out the main features of the Vanguard Managed ISA Service and helps you decide if it is right for you. It describes the aims of the service, your commitment as an investor, risks for you to consider, and how we will manage your investments. It is very important that you understand if this service is right for you. In addition, this document contains details about how we hold your cash and investments, what protection is provided to you, your cancellation rights and how to complain.

Please read this document, in conjunction with the terms and conditions and key features documents and get in touch with us if you are unsure about any of the contents or if the service is right for you.

Q: What is the Vanguard Managed ISA Service and who is it for?

A: The Vanguard Managed ISA Service is intended for individuals who are looking to grow the value of their investments over the long term and are willing to take investment risk but don't have the time or expertise to select and manage their own investments. The service uses a risk profile questionnaire to establish your attitude to risk and then presents you with a pre-built investment portfolio aligned to your risk profile. Each of the pre-built investment portfolios is made up of a range of assets, with your ISA invested in those assets in proportions which align with your attitude to risk. The available portfolios range from one appropriate for "Very cautious" investors to another for "Very adventurous" investors.

Once you have accepted the pre-built investment portfolio most suited to you, the money in your ISA will be invested in accordance with that portfolio, with your investments then being managed by Vanguard in line with all other investors who have chosen the same pre-built investment portfolio. We will "rebalance" your investments as appropriate to remain within the stated parameters of the chosen portfolio. (Please see 'Q: How will Vanguard Manage my investments' for how rebalancing works.) We undertake the investment decision making for you and you will not be able to place any trades.

In preparing the pre-built investment portfolios for the Vanguard Managed ISA Service, we have used the best of Vanguard thinking to determine the appropriate asset allocations based on the risk profiles and to forecast the portfolio projections. We believe our forecasting is more realistic than some traditional forecasting methods, as it gives a wider range of outcomes. No one can predict the future, but we make 10,000 predictions to cover all reasonable possibilities. We will see what could happen in the worst-case

scenario and the best-case scenario, with the likelihood that what actually happens is somewhere in between. The forecast we will show you is a prediction of your likely returns based on your selected pre-built investment portfolio and is not a guarantee.

It is important to note that we will not provide investment advice, nor will we make any personal recommendations to you as part of the Vanguard Managed ISA Service. If you are unsure about whether our products and services are suitable for you, you should consider taking independent professional advice in relation to your individual circumstances and requirements.

Q: How will Vanguard manage my investments?

A: The Vanguard Managed ISA Service uses technology to offer you low-cost investment management services. We will buy and sell funds in accordance with the parameters of the pre-built investment portfolio which you have selected. This is commonly known as "rebalancing". Each pre-built investment portfolio will be reviewed monthly to assess whether any trades (sales or purchases of funds) are needed to rebalance it. We will generally look to rebalance the portfolio if the asset allocation (the mix of bonds and shares) moves up or down by 5% or more from the allocations indicated at the time you accepted the pre-built investment portfolio. Cash you add to the portfolio will also be invested against these target allocations. You will be able to view your account and see the rebalancing trades we have made; however, you will not be able to place your own trades.

We do not delegate portfolio management within the Vanguard Managed ISA service. Should this change, we will notify you of this.

Q: Is the Vanguard Managed ISA right for me?

A: The service **may** be right for you if you:

- Are aged 18 and over;
- Are a UK resident for tax purposes;
- Have investible assets or disposable income to invest;
- Have a time horizon of at least 5 years (we suggest that you only consider investing money that you do not need for the next 5 years)
- Are comfortable with digital financial investment services;

- Are comfortable investing exclusively in Vanguard products and services; and
- Are willing to take investment risk.

The service will **not** be right for you if you:

- Hold, or wish to hold, a Vanguard pension, General account or Junior ISA;
- Have high-cost unsecured debt to service (this does not include any mortgage secured against a property);
- Do not have accessible emergency cash;
- Have a specific investment time horizon and purpose for these funds;
- Require comprehensive financial advice that includes, for example, life cover or income protection;
- Want advice which takes into account all available products across the investment market;
- Are a US Person;
- Live in the Channel Islands or the Isle of Man;
- Do not plan to remain in the UK for at least a year;
- Only wish to invest in ethical investments; or
- Want to maintain control of investment decisions.

Q: How is my money invested?

A: The Vanguard Managed ISA pre-built investment portfolios will consist of investments of up to twelve broadly diversified, low-cost index funds, with the proportion of your ISA monies invested in each fund dependent on the risk profile of the pre-built investment portfolio you have chosen to invest in.

Each Vanguard Managed ISA client with the same risk profile will have their money invested in the same funds, in the same proportions, and will have their profiles rebalanced in the same way.

All the available funds are designed to offer broad, global exposure while keeping the costs of investing low. What funds and how much we will invest in each will be shown in the pre-built investment portfolio selected when you sign up for the Managed ISA Service. You can also keep track of your investment portfolio by looking at your annual statement.

Once cash has cleared into your account, trades will normally be placed within 3 working days.

Q: What is an index fund?

A: An index fund is a type of fund structure whose investment strategy is to track and match the performance of a financial market index, such as the FTSE 250 and the S&P 500. Such funds typically have relatively low charges. For further information please refer to our website.

Q: What information do I need to provide?

A: We require accurate and up-to-date information from you. To use this service, we would need to know your name, address, National Insurance number and card details to make the payment. If you are an existing Vanguard ISA customer, please have your account number to hand too.

As part of our assessment of the suitability of the service for you, you will be asked about your knowledge and experience of investing and to consider if the investment is affordable for you. You will also be asked to consider your ability to bear losses as your investment value will fluctuate. We will also ask for your views on risk scenarios.

Q: Is my capital at risk?

A: Yes. This is a service requiring you to invest your capital and you could get back less than you invested. Accordingly, prior to deciding to invest it is important to understand that financial markets are volatile and so experience positive and negative performance periods. This can mean that the value of your investments can go down as well as up.

Q: What other risks should I consider?

A: There are risks beyond the loss of your capital that you should consider carefully before you decide to invest. Some of the key risks associated with this service are:

Inflation risk: The real value of your investments may be adversely affected by inflation, which could reduce your buying power.

Currency risk: Where the underlying funds are not invested in sterling, a movement in exchange rates may have a positive or negative effect on the gain or loss.

Concentration risk: You may end up investing all or a significant part of your savings with Vanguard as this service provides Vanguard funds only.

Service risk: This service will not provide holistic financial planning advice. You should consider speaking to a financial planner if you need holistic financial planning advice.

Q: What fees will I pay?

A: There are three main types of costs and charges associated with The Vanguard Managed ISA Service:

Vanguard account fee: This covers the cost of running our online service on the UK Personal Investor platform and our customer support team. This includes the fund dealing facility, recording of transactions and holdings, the safeguarding of your investments and other ancillary services. Our investment experts are here to help with account servicing, transfers and payments through secure messages, email and telephone.

Management fee: This is a fee for Vanguard's ongoing management of your ISA investments in accordance with the pre-built investment portfolio you have chosen.

Fund charges and Transaction costs: Charges incurred as a result of investing in Vanguard's funds, including management and performance fees payable to the fund manager. The ongoing charges figure ("OCF") is expressed as an annual percentage of the value of a fund. In addition, the funds incur transactions costs (including when buying and selling underlying investments) and other incidental costs.

The precise costs and charges that you will be required to pay for the Vanguard Managed ISA Service are dependent on the value of the investments held in your managed ISA. An estimate of costs and charges will be provided to you before you join the Vanguard Managed ISA Service, and a breakdown of actual costs incurred will be provided to you each year thereafter. When providing estimates Vanguard Asset Management Limited will, wherever possible, use actually incurred costs as a proxy for expected costs and charges. Where actual costs are not available, we will make reasonable estimations of these costs.

Q: How frequently are fees charged?

A: The account fee (0.15%) and the management fee (0.30%) will be deducted as one account fee. This is how it will appear on your costs and charges statement. The account fee (0.15%) portion is capped at £375 per year. There are two ways to pay – either via direct debit or we can automatically sell some of your investments to cover each fee. You can update your preference when you have opened your account. Fund charges are automatically taken from the fund which has the effect of reducing any return you may get.

Q: What contact is available to me when I have joined the service?

A: Whilst this is a digital service, there are some instances where we ask that you speak to one of our team. This will ensure that you get the most from the service. You can access your online dashboard to gain real time updates on your portfolio. Our UK-based client services team is on hand to help. We have a team of investment experts who can answer questions about

the service, support you opening your account and provide ongoing assistance once your account is open. They cannot, however, provide investment advice or make any personal recommendations. You can contact them on the phone, via email and when you become a client, by secure message.

Email: personalinvestors@vanguard.co.uk

Telephone: 0800 5870475. Any business day (please refer to our website for details of our opening hours)

Q: Can I make additional payments to my Vanguard ISA?

A: Yes, you can make one off single payments or regular payments. You can also "switch" an existing ISA from another provider into your Vanguard Managed ISA, as long as you haven't contributed to it in the current tax year. You will only be able to invest up to your current tax year ISA allowance.

We will not assess suitability or provide a personal recommendation in respect of any switches. Please seek financial advice if you are not sure whether or not a switch is right for you.

Q: Can I convert an existing Vanguard ISA to the Managed ISA service?

A: Yes. You can convert an existing Vanguard ISA. Once in the Managed ISA service, Vanguard will manage your portfolio on your behalf by placing all buy and sell trade instructions. You should no longer try to trade your own funds.

Q: Can I access my money?

A: Yes, you can make withdrawals at any time, ensuring that you leave the minimum investment amount in your account. We will act on your instructions as soon as possible, but it may take a few days to settle any investments we may need to sell to raise the money. If you want to close your Vanguard Managed ISA account, get in touch.

Q: Will you provide me with regular reports on my investments?

A: You will receive the following reports in respect of the Vanguard Managed ISA:

- **Quarterly Statement** – this information includes the value of your investments, performance and costs and charges.
- **Annual Costs and Charges Statement** – This shows the costs and charges you have paid over the year.

You will also be able to view your portfolio by logging on to your account.

If you would like further information on how your investment portfolio is performing, please contact us.

Q: How will my investments and any cash be held?

A: All investments held in your ISA will be registered in the name of our nominee. This means that they will be held in an account along with the investments of other customers on your behalf. You are still the beneficial owner of your investments, and you will have a claim over them even if we and / or the nominee become insolvent. Your investments will not be separately identifiable from those of other investors, but we will keep a separate and up to date record of your individual entitlement. Any cash will be held in a designated client money account or under trust as applicable. Please refer to the Terms and Conditions of the Vanguard Managed ISA Service ("Vanguard Managed ISA Service Terms").

Q: Are my investments protected?

A: Yes, we are covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the FSCS if we are no longer trading or are declared to be in default and cannot meet our obligations to you. This may apply separately to both your investments and any cash held in your account and the maximum amount of compensation available will depend upon the type of investment business, the FSCS compensation limits applying at the time of any failure and the circumstances of your individual claim. For more information about how the FSCS might apply to your investments please, refer to the Terms and Conditions, contact us or visit the FSCS website at [fscs.org.uk](https://www.fscs.org.uk). The FSCS's address is 10th Floor, Beaufort House, 15 St Botolph Street, London EC3A 7QU.

Q: What are my cancellation rights?

A: Cancellation rights apply to new ISA accounts only. If you are an existing Vanguard client, converting to MISA cancellation rights will not apply. If you change your mind about opening a new account, you may cancel your Vanguard Managed ISA by informing us in writing via secure message or by calling us within 14 days from the date we serve your cancellation rights. Normally this will be the date the account was opened.

On cancellation of your account, any investments can be either sold or transferred into your name or into the name of another nominee. If investments are sold, you may get back less than the amount you invested originally because of market value losses suffered between the date of opening your account and the date we receive and implement your instructions to cancel. Product charges will also apply until that account is closed and charges that have already been deducted will not be refunded.

If you cancel an ISA within the cancellation period, it is treated as not having been opened and so you can apply to open another one during the same tax year.

Q: How can I end the Vanguard Managed ISA service after the cancellation period?

A: After the cancellation period, you may end the Vanguard Managed ISA service at any time by giving us notice in writing via secure message.

Before closing your Vanguard Managed ISA, we will contact you to discuss the closure and the options available to you. You will have the option to keep your ISA with Vanguard through our execution-only service (unless it is unavailable) – we will discuss the implications and the process for doing so with you. We can also assist you to transfer your ISA to another provider without charging you a fee should you wish to do so. If you do not wish to pursue these options, your investments will be sold, and we will pay the proceeds to you.

Q: Can Vanguard end your Vanguard Managed ISA service?

A: We can end the Vanguard Managed ISA service by giving you a minimum of one month's notice, although we will always try to give more notice where reasonably practicable. In such circumstances you will have the option to keep your ISA with Vanguard through our execution-only service (unless it is unavailable) – we will discuss the implications and the process for doing so with you – or we will assist you to transfer your ISA to another provider without charging you a fee should you wish to do so. If you do not wish to pursue these options, your investments will be sold, and we will pay the proceeds to you.

Q: What if I have a complaint?

A: If you have a complaint, please contact us online at www.vanguardinvestor.co.uk or on 0800 587 0460. A copy of our Complaints Handling Policy is available on the website <https://www.vanguardinvestor.co.uk/complaint-procedure>. If you are not happy with our response, you can refer your complaint to the Financial Ombudsman Service at the following address:

Financial Ombudsman Service
Exchange Tower
Harbour Exchange Square
London E14 9SR

Telephone: 0800 023 4567 (call charges will vary)
Email: complaint.info@financial-ombudsman.org.uk
Website: www.financial-ombudsman.org.uk

About Vanguard:

Vanguard Asset Management Limited ("VAM") VAM is registered in England and Wales (no.07243412), and its registered office is at 4th Floor, The Walbrook Building, 25 Walbrook, London EC4N 8AF. VAM is authorised and regulated in the UK by the Financial Conduct Authority ("FCA"), with Firm Reference Number: 527839. VAM's VAT number is 100 1276 85. VAM is a member of the Vanguard Group of companies, of which the ultimate holding company is The Vanguard Group, Inc., incorporated in Pennsylvania, USA.

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