



Vanguard Model Portfolio Range – Fund Research Summary

Overview and Philosophy

Vanguard's LifeStrategy MPS is a fully passive, risk-graded suite of multi-asset portfolios built entirely from Vanguard index funds. The core philosophy is centred on strategic asset allocation, global diversification and ultra-low cost.

Advisers can select from ten portfolios, five risk levels (20%, 40%, 60%, 80%, 100% equity) delivered in either:

- Classic (UK-biased) – retains a modest home-market weighting
- Global (market-cap weighted) – aligns with global indices



Model portfolio solutions

LifeStrategy[®] MPS Classic range

20% Equity	40% Equity	60% Equity	80% Equity	100% Equity
All-in fee ¹ : 0.20% - 0.23%				

LifeStrategy[®] MPS Global range

20% Equity	40% Equity	60% Equity	80% Equity	100% Equity
All-in fee ¹ : 0.22% - 0.23%				

The MPS range mirrors the familiar LifeStrategy fund range but provides discretionary oversight, quarterly rebalancing, and transparency of underlying funds on adviser platforms. Philosophically, LifeStrategy prioritises:

- Long-term discipline over tactical views
- Cost minimisation as a driver of client outcomes
- Broad diversification across global markets
- Consistency and transparency

This makes it a straightforward, rules-based solution for advisers seeking predictable risk exposure and market-like returns with minimal noise.

Team and Governance

Vanguard is one of the world's largest index managers, and the MPS benefits from a multi-layered governance structure:

Strategic Oversight

- Managed by Vanguard Asset Management UK (FCA authorised).
- Guided by the Investment Strategy Group, which sets long-term capital market assumptions and strategic asset allocation.

Portfolio Management Structure

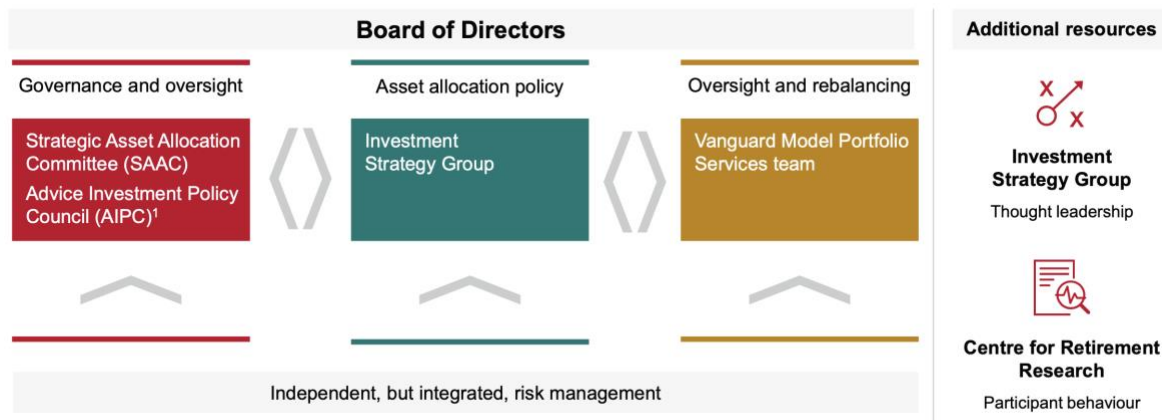
- Day-to-day operation is conducted by a dedicated model portfolio team.
- Rebalancing decisions, fund changes and implementation follow a documented committee-led process.
- Decisions are process-driven and not dependent on any individual manager.

Four Cornerstones of Oversight

Vanguard's governance model covers:

1. **Strategic Asset Allocation**
2. **Portfolio Construction & Implementation**
3. **Risk Management & Monitoring**
4. **Ongoing Research & Development**

The governance framework is institutional grade, repeatable, and designed to eliminate style drift, manager risk and ad-hoc decision making.



Investment Strategy and Process

Approach

LifeStrategy is a fund-of-funds structure using only Vanguard index funds and ETFs. The strategy is built around a fixed strategic asset allocation, with no tactical tilts, macro calls or manager discretion beyond periodic rebalancing.



Asset Allocation

- Equity and bond weightings are fixed, depending on the chosen model (20–100% equity).
- **Classic** portfolios overweight UK assets to reduce currency exposure and align with home bias.
- **Global** portfolios replicate market-cap weights.

Rebalancing

- Quarterly, bringing portfolios back to target weights.
- Low turnover except when implementing rebalances or handling structural index changes.

Implementation

- All holdings are physically replicated index funds with transparent mandates.
- Most global bond funds are GBP-hedged to reduce currency volatility.

Risk Controls

- Diversification across c. 45 countries and 11 economic sectors.
- Portfolio risk aligned to Dynamic Planner ranges (approximately DP 3–7).
- No derivatives, no leverage, no tactical overlays.

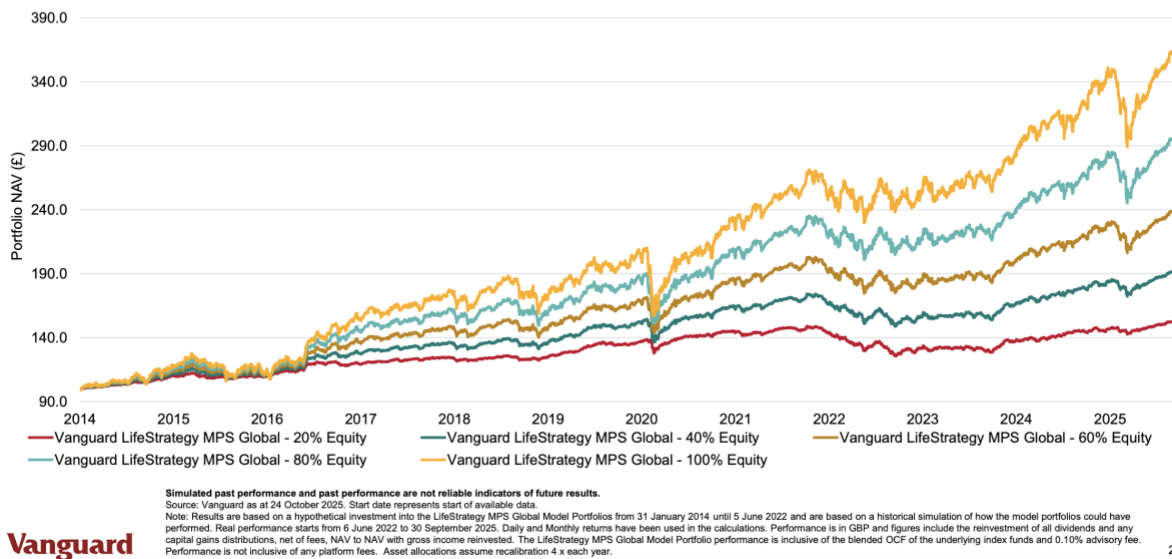
In practice, advisers get a highly systematised passive engine that behaves consistently across market cycles.

Performance (Observed vs Expected)

Performance for LifeStrategy MPS closely resembles the long-established LifeStrategy fund range, adjusted for:

- Slightly different rebalancing frequency (quarterly vs daily)
- Classic vs Global differences
- Minor OCF differences

LifeStrategy MPS Global – performance



Expected Return Behaviour

- **Higher-equity portfolios (80–100%):** higher long-term returns, larger drawdowns.
- **Balanced portfolios (40–60%):** lower volatility, smoother return paths.
- **20% equity:** bond-heavy behaviour with modest growth potential.

Market Characteristics

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- Tracks benchmark-like outcomes rather than chasing alpha.
- Performance dispersion vs peers is primarily explained by:
 - Level of UK bias
 - Fixed rebalancing schedule

- Pure passive construction

Key Observation

LifeStrategy portfolios consistently behave as designed, with return differences almost entirely attributable to market conditions and strategic asset allocation — a hallmark of strong process integrity.

Key Differentiators

1. Ultra-Low Cost

Costs typically sit around 0.20–0.23%, making LifeStrategy one of the most cost-efficient MPS solutions in the UK. Lower fees increase the probability of long-term outperformance relative to higher-cost peers.

2. Extreme Simplicity

A single line on a valuation represents a globally diversified portfolio. No complex tactical overlays, no surprises.

3. Deep Diversification

Exposure across c. 6,000 global securities through a basket of index funds.

4. Vanguard Scale & Governance

Backed by one of the strongest and most proven index management infrastructures globally.

5. Classic vs Global Choice

Allows advisers to tailor home bias vs global weighting depending on client preference and financial planning needs.

6. Platform

Supported on all major UK adviser platforms and integrates cleanly with standard suitability workflows.

Key Risks and Considerations

1. No Potential for Active Outperformance

By design, returns mirror market indices. Advisers must ensure clients understand this is not a tactical or alpha-seeking solution.

2. Market Drawdowns

Equity-heavy variants can experience significant losses during market stress (30–40%+ in severe global downturns).

3. Quarterly Rebalancing

More drift between rebalances than with daily-managed solutions, although still well-controlled.

4. UK Bias in Classic Range

Performance may diverge meaningfully from global peers due to the overweight to UK assets.

5. Not a Purpose-Built Drawdown Engine

Although suitable for retirees, this is not a dedicated decumulation/bucket or natural-income strategy. Advisers must pair it with a robust withdrawal plan.

6. Limited ESG/Sustainable Targeting

LifeStrategy does not include a dedicated ethical or sustainable screening process.

Holdings

Holdings consist exclusively of Vanguard index funds such as:

- **Equities**
 - Vanguard FTSE UK All Share Index Fund
 - Vanguard FTSE Developed World ex-UK
 - U.S., Europe, Japan and Emerging Markets index funds
- **Bonds**
 - Vanguard UK Government Bond Index
 - Global Aggregate Bond Index (hedged to GBP)
 - UK Investment Grade Corporate Bond Index

Typical allocation count: 10–15 underlying funds, varying by risk level and Classic vs Global variant.

Comparison between LifeStrategy 60% Equity MPS Classic and Global

Underlying portfolio holdings

Funds	LifeStrategy 60% Equity MPS Global	LifeStrategy 60% Equity MPS Classic	MPS Global deviation from Classic
Vanguard FTSE U.K. All Share Index Unit Trust GBP Acc	2.32%	14.70%	-12.38%
Vanguard U.S. Equity Index Fund GBP Acc	39.59%	30.91%	8.68%
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund GBP Acc	6.54%	5.11%	1.43%
Vanguard Pacific ex-Japan Stock Index Fund GBP Acc	1.42%	1.11%	0.31%
Vanguard Japan Stock Index Fund GBP Acc	2.87%	2.24%	0.63%
Vanguard Emerging Markets Stock Index Fund GBP Acc	6.06%	4.73%	1.33%
Vanguard Global Bond Index Fund GBP Hedged Acc	19.60%	19.60%	0.00%
Vanguard U.K. Government Bond Index Fund GBP Acc	0.54%	6.89%	-6.35%
Vanguard U.K. Investment Grade Bond Index Fund GBP Acc	0.24%	3.02%	-2.78%
Vanguard U.K. Inflation-Linked Gilt Index Fund GBP Acc	0.22%	3.03%	-2.81%
Vanguard Euro Government Bond Index Fund GBP Hedged Acc	4.43%	1.59%	2.84%
Vanguard Euro Investment Grade Bond Index Fund GBP Hedged Acc	2.53%	0.91%	1.62%
Vanguard U.S. Government Bond Index Fund GBP Hedged Acc	5.63%	2.01%	3.62%
Vanguard U.S. Investment Grade Credit Index Fund GBP Hedged Acc	4.64%	1.66%	2.98%
Vanguard Japan Government Bond Index Fund GBP Hedged Acc	1.37%	0.49%	0.88%

Transparency is high — platforms show each underlying fund, aiding due diligence and client understanding.

Summary – Money Wise UK View

Vanguard LifeStrategy MPS is a high-quality, low-cost passive multi-asset offering that provides advisers with a reliable, simple core portfolio solution.

Strengths

- Exceptionally low fees
- Diversified across global markets
- Clear and consistent risk levels
- Institutional governance
- Predictable behaviour aligned to long-term planning
- Platform availability and transparent holdings

Best suited for:

- Cost-sensitive clients
- Passive investors
- Long-term accumulators and total-return retirees
- Advisers seeking a “core” strategic anchor within their CIP
- Clients wanting minimal operational complexity

Limitations

- No alpha or tactical overlay
- Not optimised specifically for retirement income
- UK tilt vs global weighting choices may require explanation
- Quarterly rebalance frequency introduces modest drift

Overall Assessment

LifeStrategy MPS remains one of the most robust passive MPS solutions in the UK. It is not sophisticated, flashy or tactical, but deliberately so. As a long-term strategic solution built on cost efficiency, governance quality and diversification, it stands out as a dependable core holding for advised clients.

Money Wise UK rates it highly for:

Consistency, transparency, diversification, governance and value for money.

Disclaimer

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