

VIC300 – Vanguard Windsor U.S. Value Fund:

Opportunistically seizing market dislocations

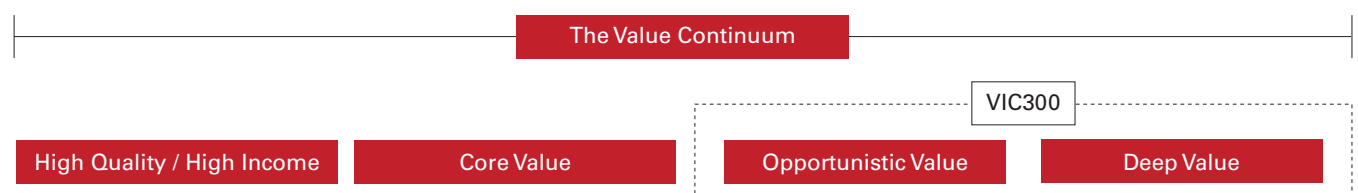
In summary

The Vanguard Windsor U.S. Value Fund (VIC300) provides investors with exposure to stocks of good companies that have gone on sale, buying them when others have sold indiscriminately. It employs opportunistic and deep value approaches by investing in attractively priced and out-of-favor mid-and large-cap U.S. stocks. The strategy pairs two respected institutional portfolio management teams with proven fundamental research capabilities and active stock picking skill. Available in Canada since 2018, this strategy was first launched in the U.S. in 1958 and has rewarded patient, long-term investors for over six decades.

Markets go through investment cycles: they have historically oscillated between periods favouring Growth or Value styles. These periods are notoriously hard to predict and their cyclical duration impossible to determine with certainty. While it may be at times rewarding to invest in higher growth and more expensive parts of the market, opportunities exist in attractively priced companies that are temporarily out-of-favor with investors. By employing intensive fundamental research and strict valuation discipline, VIC300 offers exposure to under-appreciated companies that are going through a period of vulnerability but where problems are judged to be temporary. As carefully researched company fundamentals recover and valuations rebound, their re-rated stock prices can reward patient fund investors with a favourable balance of return and risk over time.

A well-defined and refined approach to value investing

Value investing as a philosophy began in the early 1930s and was articulated in the investment classic titled Security Analysis, written by Columbia Business School Professors Benjamin Graham and David Dodd. The book has been read by millions over the decades and influenced countless investors. This approach to investing is easy to understand and forms a philosophy of investing, not a strict set of defined rules: it goes beyond purchasing stocks trading at discounted valuations relative to the market. There are multiple approaches to this investment style, and we can think of value investing as a continuum composed of 4 different methods. VIC300 espouses the opportunistic and deep value approaches, embraced and refined over decades by two respected institutional portfolio management teams running the fund.



Talented teams of active Institutional Portfolio Managers

VIC300 is managed by two experienced and complementary institutional managers with distinct approaches to investing, overseeing more than US\$1T in combined Assets Under Management (AUM) worldwide: Wellington Management (founded in 1928 and headquartered in Boston) and Pzena Investment Management (founded in 1995 and headquartered in New York City), managing approximately 70% and 30% of the fund, respectively.

The Opportunistic Value Team at Wellington has been in existence for multiple decades using a strategy they have honed over the years including integrating an Environmental, Social, and Governance (ESG) lens in recent years. Pzena has been consistently using a deep value approach to investing for over 25 years, conducting fundamental research, and focusing solely on the cheapest quintile of stocks. These managers have been carefully selected and are continuously monitored by Vanguard's Oversight and Manager Search team of talented specialists.

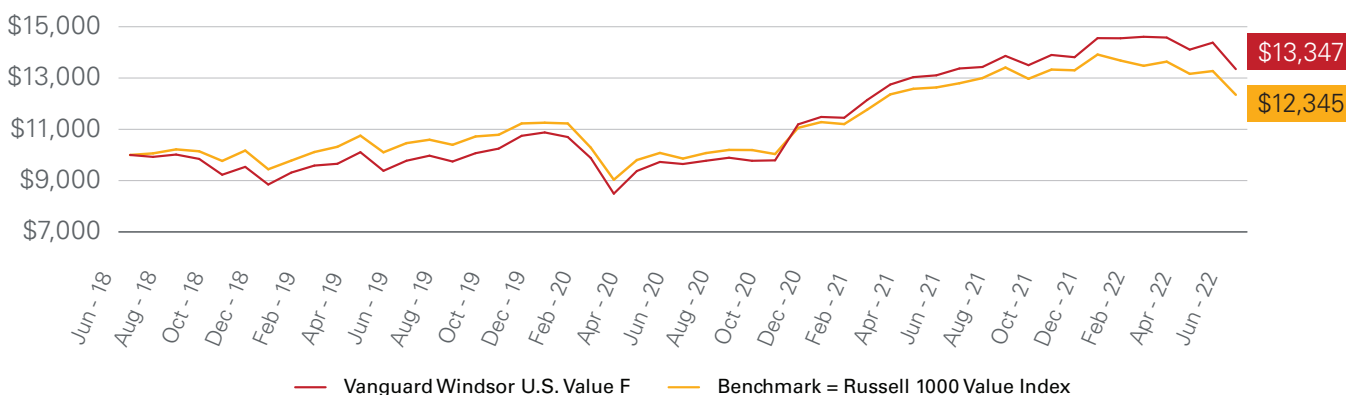
Attractive results for patient investors

Since inception in 2018, VIC300 has outperformed its benchmark, the Russell 1000 Value index, after fees¹. It has delivered consistent exposure to value stocks, never wavering from its mandate to own the most attractively priced stocks without taking undue risk. VIC300 clones the Vanguard Windsor Fund, a strategy offered to U.S. investors and launched in 1958. The Windsor Fund has passed the test of time, successfully navigating bull and bear markets for over 60 years. Interestingly, the fund has outpaced the S&P500 over this extended period since its U.S. inception. In recent years, the fund has maintained lower valuation metrics than the broad market, especially as markets were increasingly driven by a small number of high-growth, technology names.

The markets are frustratingly unpredictable and go through cycles. They often remind investors of the benefits of portfolio diversification at all levels, including investment styles. It's worth noting that since their inception in 1979, the Russell 1000 Growth and the Russell 1000 Value indexes have delivered nearly identical returns¹. For investors seeking to increase their exposure to attractively priced value names in their portfolio, VIC300 is a worthwhile option to consider. With talented management teams at its helm, it has historically rewarded investors with a patient, long-term perspective.

Vanguard Windsor U.S. Value (VIC300)

Growth of an initial \$10,000 investment since Canadian 2018 inception to June 2022



Total Returns as at 06/30/2022 (in CAD)	1 Year	3 Year	5 Year	10 Year	Since Inception (06/20/2018)
VIC300	-0.2%	10.9%	—	—	7.4%
Russell 1000 Value	-3.5%	5.7%	6.3%	12.3%	5.4%

¹ As of June 30, 2022



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