

Vanguard Global Credit Bond

Global Corporate Bond

Introduction

(Offshore)

Vanguard Global Credit is designed to provide diversified, stable long-term relative returns and income using the full breadth, depth, and experience of the well-resourced Vanguard Fixed Income Group (FIG). It seeks to generate alpha from a diversified set of sectors, views, and trades with the primary focus on bottom-up relative value opportunities. It avoids making large macro or sector bets.



[Click here to read the Vanguard approach to ESG investing.](#)

Why RSMR Rate this Fund

- Vanguard is the third largest active fixed income manager in the world and consequently it has one of the world's largest fixed income teams comprising portfolio managers, credit research analysts, traders and many other investment professionals.
- The diversified approach with a focus on bottom-up credit analysis draws upon this resource with a collaborative approach clearly in place, supported by the adoption of cutting-edge technology.
- No significant macro or sector bets are taken which reduces the investment management risks associated with many funds in this sector.
- The fund will behave similarly to the asset class in which it invests but will also add incremental value through the large resources deployed. The success of this strategy is demonstrated in the funds long-term performance.

Fund Process

Fundamental credit research lies at the heart of Vanguard's active fixed income funds. The approach begins with a deep analysis of the fundamentals to formulate judgments about a particular company's creditworthiness. The credit process is dynamic, and FIG continually monitors issuers and regularly updates the proprietary research database with information based on a number of sources, including:

- Direct analysis of country balance sheets, budgets and external economic situations, company financial statements and other periodic reports
- Country visits and calls with senior policy makers and politicians, as well as other commentators and experts
- External sources such as fixed income and equity analysts
- Data from major rating agencies such as Moody's, Standard & Poor's, and Fitch, central bank or finance ministry websites and other data releases.

The internal credit screening process includes both a quantitative and a qualitative evaluation. The quantitative evaluation assesses the company's current capitalisation, profitability, and liquidity. It also reflects an appraisal of the company's business mix, its relative standing among peer companies, and the trend in financial performance. The qualitative aspect to the credit analysis adds value by giving FIG a first-hand look at the issuer and its management team. They assess the quality of a company's management team, its strategies as they relate to the company's core competencies, and its ability to execute its plans and strategies.

Credit analysts produce ratings that anticipate any upcoming changes to be made by the public rating agencies. Once credit risk factors are determined, FIG incorporates analysts' assessments of credit trends, event risk, and performance outlook to select the individual issuers that will address these risk exposures.

Issuer and security selection is a partnership between portfolio managers, analysts, and traders. The analysts, working at the subsector level, conduct valuation comparisons within their assigned sectors, and perform fundamental research on issuers and securities. Credit analysts perform fundamental research on issuers and securities. After consulting with the trading desk and applying additional inputs, analysts provide recommendations to the sector teams' group leaders which are executed by the portfolio manager/trader teams.

There is an ESG committee comprising a team of credit analysts who complement the investment decision making process.

Evaluation

Vanguard Global Credit Bond fund draws on the research and expertise one of the largest fixed income teams. It aims to add incremental value through stock selection rather than taking big bets.

Application

This is a core global credit fund which is designed to provide quality exposure to global credit markets, reflecting their key characteristics and providing clients with an outcome in line with expectations because it takes no large macro or sector bets.

Our Opinion

This is a high quality core offering, backed by one of the largest credit analyst teams in the world, providing a sustainable and diversified income stream.

Important Notice

This document is aimed at Investment Professionals only and should not be relied upon by Private Investors. Our comments and opinion are intended as general information only and do not constitute advice or recommendation. Information is sourced directly from fund managers and websites. Therefore, this information is as current as is available at the time of production.

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