

**Annual Report and Financial Statements** | 31 July 2020

# Vanguard FTSE 100 Index Unit Trust

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\* The items with an asterisk, plus the Trust's Investment Objective, Investment Strategy and Performance Comparative Table, collectively constitute the Manager's Report.

# Vanguard FTSE 100 Index Unit Trust Manager's Commentary and Statement of Responsibilities

Year ended 31 July 2020

The Authorised Fund Manager (the "Manager") of Vanguard FTSE 100 Index Unit Trust (the "Trust") is Vanguard Investments UK, Limited. The Trustee is State Street Trustees Limited and the Independent Auditors are PricewaterhouseCoopers LLP.

The Trust is a unit trust established under the Trust Deed between the Manager and the Trustee and authorised by the Financial Conduct Authority under Section 243 of the Financial Services and Markets Act 2000 and has been established as an Undertaking for Collective Investments in Transferable Securities ("UCITS") scheme. The unitholders are not liable for the debts of the Trust.

The investment objective of the Trust, the Manager's policy for pursuing that objective and a review of the Trust's investment activities for the relevant year are included within the Performance Summary.

## Important Events During the Year

With effect from 20 January 2020, John Bendl was appointed as a director of Vanguard Investments UK, Limited.

With effect from 3 February 2020, Maureen Erasmus was appointed as a director of Vanguard Investments UK, Limited.

The Trust undertook a number of changes in connection with its desire to make the unit classes available in the Trust more clearly accessible and transparent to unitholders to include:

- (a) Change of class of unit names; and
- (b) Change of minimum investment amounts.

All changes were effective 19 June 2020.

## Change of Class of Unit Names

The Manager has determined to change the class of unit names in order to create a simplified and consistent approach across the Trust.

Revised unit names:

Trust	Unit Name Through 18 June 2020	Unit Name 19 June 2020
FTSE 100 Index Unit Trust	A GBP Accumulation Units	GBP Acc
FTSE 100 Index Unit Trust	A GBP Income Units	GBP Inc

## Change of Minimum Investment Amounts

The Manager has determined to change the minimum initial subscription and minimum holding amounts in respect of the Trust.

The minimum initial subscription amounts changed in accordance with the below table:

Units	Previous Minimum Initial Subscription	New Minimum Initial Subscription
GBP Acc / GBP Inc	100,000 GBP	1,000,000 GBP

The minimum holding amounts changed in accordance with the below table:

Units	Previous Minimum Holding	New Minimum Holding
GBP Acc / GBP Inc	75,000 GBP	1,000,000 GBP

## Events After the Balance Sheet Date

There were no events subsequent to year-end requiring recognition or disclosure in the financial statements.

## Potential Implications of Brexit

The United Kingdom ("UK") left the European Union ("EU") on 31 January 2020, with a transition period that will end on 31 December 2020, unless extended (the "Transition Period"). Therefore, the UK has ceased to be an EU Member State but, during the Transition Period, the UK continues to be treated as an EU Member State and EU law continues to apply. The exact nature and extent of the UK's future relationship with the EU, following the Transition Period, remains uncertain.

Political instability and economic uncertainty may lead to speculation and subsequent market volatility, particularly for assets denominated in British pounds. Vanguard continues to encourage investors to follow its core investing principles, including maintaining long-term discipline. The implications of Brexit extend well beyond the UK economy and financial markets, affecting multinational organisations globally. Vanguard remains committed to safeguarding our investors' assets and their long-term interests and has devoted significant resources to developing plans to manage the impact of Brexit.

## Coronavirus (COVID-19)

Market disruptions associated with the COVID-19 pandemic have had a global impact, and uncertainty exists as to the long-term implications. Such disruptions can adversely affect assets of the Trust and thus performance of the Trust. Vanguard continues to encourage investors to follow its core investment principles, including maintaining long-term discipline. Vanguard is committed to safeguarding the assets of investors and their long-term interests.

## Manager's Statement of Responsibilities in Relation to the Financial Statements of the Trust

The Financial Conduct Authority's Collective Investment Schemes sourcebook ("COLL") requires the Manager to prepare Financial Statements for each annual and half-yearly accounting period, in accordance with United Kingdom Generally Accepted Accounting Practice, which give a true and fair view of the financial position of the Trust and of its net revenue and the net capital gains/(losses) on the property of the Trust for the year.

In preparing the Financial Statements the Manager is required to:

- prepare the Financial Statements on a going-concern basis;
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare Financial Statements in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association (now the Investment Association) in May 2014 (the "SORP 2014"), and with Financial Reporting Standard ("FRS") 102;
- keep adequate accounting records that are sufficient to show and explain the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Trust, and enable it to ensure that the Financial Statements comply with the requirements above.

The Manager is responsible for the management of the Trust in accordance with its Trust Deed, the Prospectus and the COLL and for taking reasonable steps for the prevention and detection of fraud, error and noncompliance with law or regulations.

The Manager's report and the Financial Statements for the year ended 31 July 2020 were signed on 16 November 2020 on behalf of the Manager by:



Michael Gower,  
Director  
Vanguard Investments UK, Limited  
as Authorised Fund Manager of  
Vanguard FTSE 100 Index Unit Trust

16 November 2020



James Norris,  
Director  
Vanguard Investments UK, Limited  
as Authorised Fund Manager of  
Vanguard FTSE 100 Index Unit Trust

16 November 2020

# Vanguard FTSE 100 Index Unit Trust

## Statement of the Depositary to the Unitholders

Year ended 31 July 2020

State Street Trustees Limited (the "Depositary") in its capacity as Trustee of Vanguard FTSE 100 Index Unit Trust must ensure that the Trust is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes sourcebook, the Financial Services and Markets Act 2000, as amended (together "the Regulations"), and the Trust Deed and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Trust and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Trust in accordance with the Regulations.

The Depositary must ensure that:

- the Trust's cash flows are properly monitored and that cash of the Trust is booked in cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units of the Trust is calculated in accordance with the Regulations;
- any consideration relating to transactions in the Trust's assets is remitted to the Trust within the usual time limits;
- the Trust's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM"), which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Trust is managed in accordance with the Regulations and the Scheme documents of the Trust in relation to the investment and borrowing powers applicable to the Trust.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Trust, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Trust, acting through the AFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Trust's units and the application of the Trust's income in accordance with the Regulations and the Scheme documents of the Trust; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Trust in accordance with the Regulations and the Scheme documents of the Trust.

State Street Trustees Limited  
Edinburgh

16 November 2020

# Independent Auditors' Report to the Unitholders of Vanguard FTSE 100 Index Unit Trust

## Report on the audit of the financial statements

### Opinion

In our opinion, the financial statements of Vanguard FTSE 100 Index Unit Trust (the "Trust"):

- give a true and fair view of the financial position of the Trust as at 31 July 2020 and of the net revenue and the net capital losses on its scheme property for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Trust Deed.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 July 2020; the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders for the year then ended; the Distribution Table; and the Notes to the Financial Statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the Manager's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Manager has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Trust's ability to continue as a going concern.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Manager is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

### Manager's Report

In our opinion, the information given in the Manager's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the Manager for the financial statements**

As explained more fully in the Manager's Statement of Responsibilities in Relation to the Financial Statements of the Trust set out on page 2, the Manager is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Manager is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intend to wind up or terminate the Trust, or have no realistic alternative but to do so.

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### **Use of this report**

This report, including the opinions, has been prepared for and only for the Trust's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **Other required reporting**

### **Opinion on matter required by the Collective Investment Schemes sourcebook**

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

### **Collective Investment Schemes sourcebook exception reporting**

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Edinburgh

16 November 2020

# Tracking Error

The Trust seeks to replicate the Index by investing all, or substantially all, of its assets in the securities that make up the index, holding each in approximately the same proportion as its weighting in the index. Tracking error measures the volatility of the return difference between the Trust and the Index. It is calculated as the standard deviation of the tracking difference between the Trust and the Index (gross of fees for the trailing 36-month period).

Realised tracking error may vary from the anticipated tracking error, depending on a range of circumstances. These include transaction costs and withholding tax differences. The anticipated tracking error and realised tracking error are not expected to vary significantly under normal circumstances.

There are two types of tracking error displayed for the Trust, swung and unswung. The Trust uses swing pricing, which adjusts the Trust's NAV on a daily basis to ensure that no transaction costs caused by investing or redeeming clients are borne by the existing unitholders. As a result, the performance difference relative to the benchmark and therefore the tracking error will be higher on a swung basis. Unswung tracking error shows the underlying performance of the Trust without swing pricing applied. Additional details regarding the swing pricing policy employed by the Trust can be found in Note 3 of the Notes to the Financial Statements.

The table below excludes adjustments for swing pricing.

For the Year Ended 31 July 2020

Trust	Unswung Tracking Error	
	Anticipated	Realised
Vanguard FTSE 100 Index Unit Trust	0.200%	0.083%

The table below includes adjustments for swing pricing.

For the Year Ended 31 July 2020

Trust	Swung Tracking Error	
	Realised	
Vanguard FTSE 100 Index Unit Trust	1.258%	



# Vanguard FTSE 100 Index Unit Trust

On behalf of Vanguard Asset Management, Limited

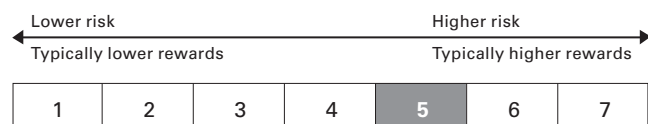
## Investment Objective

Vanguard FTSE 100 Index Unit Trust seeks to track the performance of the FTSE 100 Index.

## Investment Strategy

The Trust will seek to achieve its investment objective predominantly through investment in passive, index-tracking securities.

## Synthetic Risk and Reward Indicator



The Synthetic Risk and Reward Indicator (SRRI) measures the volatility of the Trust. The risk and reward category (which may range from 1 to 7) is calculated using historical data and may not be a reliable indicator of the Trust's future risk profile. The risk and reward category may shift over time and is not a target guarantee. The lowest category (i.e. category 1) does not mean "risk free".

The Trust appears in the higher risk category on the risk and reward indicator. This is because the Trust invests primarily in shares whose values tend to have higher price fluctuations.

## Performance Summary

The Performance Summary does not form part of the Financial Statements.

- It was a challenging fiscal year. Amid easing concerns about global growth and trade tensions and continuing accommodative monetary policies across much of the world, a number of stock market indices climbed to record highs in February. Then as the coronavirus began to spread outside of China, many governments moved to shutter nonessential businesses and restrict trade and travel. That led to a swift and sharp downturn in global economic activity, especially in sectors requiring face-to-face interaction, and a spike in unemployment rates.
- Many central banks acted swiftly to limit the economic damage from the virus, slashing short-term interest rates, ramping up bond purchases to keep longer-term rates low and providing liquidity to financial markets. Governments atop the world's largest economies committed trillions of dollars in spending, loans and loan guarantees to blunt the pandemic's impact.
- Global stocks initially plummeted as large swaths of the economy closed. However, the unprecedented scale of the response from policymakers, the start of numerous trials for vaccines and treatments and the lifting of some lockdown restrictions in countries hit early on by the virus helped lift investor sentiment. A rebound in US stocks helped offset declines in both developed markets outside the United States and emerging markets.
- Global bonds experienced high volatility as well but produced solid returns for the period.
- The Trust's benchmark index returned -19.25% for the 12-month period ended 31 July 2020. A nationwide lockdown in the UK hit the services sector hard and contributed to the largest quarterly decline in GDP on record in the April-through-June period. Toward the end of the fiscal year, little progress on trade negotiations with the European Union and the prospect of a second wave of COVID-19 infections added to investor worries.
- There were significant differences in performance by industry sector. Only two of the index's ten sectors, health care and utilities, posted positive results.
- A far dimmer outlook for economic activity hurt oil and gas stocks, which returned about -51%, and lower interest rates helped put financials among the laggards. Together, those two sectors made up about a third of the index's market value.

## Benchmark: FTSE 100 Index

	Total Returns Periods Ended 31 July 2020 (Annualised for periods over one year)	
	One Year	Ten Years or Since Inception <sup>1</sup>
GBP Acc	-19.21%	0.01%
Benchmark	-19.25	0.00
Tracking Difference*	0.04	
GBP Inc	-19.23%	0.00%
Benchmark	-19.25	0.00
Tracking Difference*	0.02	

Sources: The Vanguard Group, Inc., and FTSE.

Basis of performance: NAV to NAV with net income reinvested.

All of the returns in this report represent past performance, which is not a guarantee of future results that may be achieved by the Trust. For performance data current to the most recent month-end, which may be higher or lower than that cited, visit our website at <http://global.vanguard.com>. Note, too, that both investment returns and principal value can fluctuate widely, so an investor's shares, when sold, could be worth more or less than their original cost.

\* The tracking difference between the Trust return and the index return over a stated period of time can be attributed to a number of factors, including, without limitation, small differences in weightings, trading activity, transaction costs, and differences in the valuation and withholding tax treatment between the Trust and the index vendor.

<sup>1</sup> Since-inception returns: 8 November 2016.

## Performance Comparative Table

GBP Acc Units <sup>1</sup>	As at 31 July 2020	As at 31 July 2019	As at 31 July 2018
<b>Change in Net Assets Per Unit</b>			
Opening Net Asset Value Per Unit <sup>2</sup>	£123.80	£121.16	£110.80
Return Before Operating Charges <sup>*,3</sup>	(£23.70)	£2.71	£10.43
Operating Charges <sup>3</sup>	(£0.07)	(£0.07)	(£0.07)
Return After Operating Charges <sup>*,3</sup>	(£23.77)	£2.64	£10.36
Distributions <sup>4</sup>	(£4.55)	(£5.11)	(£4.55)
Retained Distributions on Acc Units <sup>4</sup>	£4.55	£5.11	£4.55
Closing Net Asset Value Per Unit <sup>2</sup>	£100.03	£123.80	£121.16
*Net of Direct Transaction Costs of: <sup>5</sup>	£0.65	£0.53	£1.10
<b>Performance</b>			
Return After Operating Charges <sup>3,6</sup>	(19.20%)	2.18%	9.35%
<b>Other Information</b>			
Closing Net Asset Value	£267,463,607	£100,247,722	£44,310,334
Closing Number of Units	2,673,942	809,758	365,717
Operating Charges <sup>3</sup>	0.06%	0.06%	0.06%
Direct Transaction Costs <sup>7</sup>	0.60%	0.46%	0.96%
<b>Prices</b>			
Highest Unit Price <sup>8</sup>	£128.36	£126.04	£123.20
Lowest Unit Price <sup>8</sup>	£84.41	£104.80	£106.79
<b>GBP Inc Units<sup>1</sup></b>			
<b>Change in Net Assets Per Unit</b>			
Opening Net Asset Value Per Unit <sup>2</sup>	£111.11	£113.47	£107.80
Return Before Operating Charges <sup>*,3</sup>	(£21.28)	£2.49	£10.17
Operating Charges <sup>3</sup>	(£0.06)	(£0.07)	(£0.07)
Return After Operating Charges <sup>*,3</sup>	(£21.34)	£2.42	£10.10
Distributions <sup>4</sup>	(£4.09)	(£4.78)	(£4.43)
Closing Net Asset Value Per Unit <sup>2</sup>	£85.68	£111.11	£113.47
*Net of Direct Transaction Costs of: <sup>5</sup>	£0.58	£0.50	£1.07
<b>Performance</b>			
Return After Operating Charges <sup>3,6</sup>	(19.21%)	2.13%	9.38%
<b>Other Information</b>			
Closing Net Asset Value	£28,652,669	£9,747,219	£1,969,959
Closing Number of Units	334,412	87,729	17,360
Operating Charges <sup>3</sup>	0.06%	0.06%	0.06%
Direct Transaction Costs <sup>7</sup>	0.60%	0.46%	0.96%
<b>Prices</b>			
Highest Unit Price <sup>8</sup>	£115.20	£117.99	£119.88
Lowest Unit Price <sup>8</sup>	£75.75	£98.10	£103.92

1 Unit name changed during the period. See Important Events During the Year in the Notes to the Financial Statements.

2 The net asset value per unit shown may diverge from the net asset value per unit used for dealing purposes as at 31 July 2020 because of any adjustments for trade date accounting, swing pricing and any adjustments in valuation from mid-market prices to bid-market prices.

3 Operating charges include indirect costs incurred in the maintenance and running of the Trust, as disclosed in the detailed expenses within the Statement of Total Return and Note 9.

4 The distribution on Income and Accumulation Units includes distribution paid and payable in the financial year.

5 Direct transaction costs have been calculated against the average units for the financial year.

6 Returns have been calculated using methods prescribed in the SORP 2014 regulations. They may differ slightly from returns shown in the Trust Performance Summary.

7 Direct transaction costs have been calculated against the average net asset value for the financial year.

8 Unit prices represent the net asset value per unit used for dealing purposes.

## Summary of Significant Changes

For the year ended 31 July 2020

	Cost (£)
<b>Largest Purchases</b>	
HSBC Holdings plc	14,574,623
AstraZeneca plc	14,082,833
GlaxoSmithKline plc	11,484,749
BP plc	10,836,176
British American Tobacco plc	9,874,306
<b>Total</b>	<b>60,852,687</b>
<b>Total Purchases for the Year</b>	<b>236,551,807</b>

	Proceeds (£)
<b>Largest Sales</b>	
AstraZeneca plc	749,401
Royal Dutch Shell A plc	677,632
Diageo plc	575,185
HSBC Holdings plc	498,062
Centrica plc	496,900
<b>Total</b>	<b>2,997,180</b>
<b>Total Sales for the Year</b>	<b>15,028,458</b>

## Portfolio Statement

As at 31 July 2020

	Holding	Market Value (£)	% of Net Asset Value		Holding	Market Value (£)	% of Net Asset Value
<b>Basic Materials 10.54% (31 July 2019: 8.81%)</b>				<b>Financials 18.65% (31 July 2019: 20.73%)</b>			
Rio Tinto plc	214,188	9,884,776	3.34	HSBC Holdings plc	4,019,856	13,755,947	4.65
BHP Group plc	410,179	6,788,462	2.29	Prudential plc	514,522	5,688,041	1.92
Anglo American plc	242,621	4,537,013	1.53	London Stock Exchange Group plc	62,116	5,267,437	1.78
Glencore plc	2,127,626	3,714,835	1.25	Lloyds Banking Group plc	13,874,765	3,646,982	1.23
Croda International plc	24,539	1,403,631	0.48	Barclays plc	3,409,483	3,428,576	1.16
Mondi plc	95,574	1,301,718	0.44	Legal & General Group plc	1,168,678	2,499,802	0.84
Polymetal International plc	66,940	1,268,513	0.43	Scottish Mortgage Investment Trust plc	286,525	2,489,902	0.84
Johnson Matthey plc	37,463	838,422	0.28	Segro plc	234,582	2,270,754	0.77
Antofagasta plc	68,272	701,495	0.24	Aviva plc	772,635	2,037,439	0.69
Fresnillo plc	36,374	448,309	0.15	Standard Chartered plc	509,806	1,966,322	0.66
Evraz plc	113,723	327,977	0.11	3i Group plc	187,865	1,670,871	0.56
		<b>31,215,151</b>	<b>10.54</b>	Hargreaves Lansdown plc	70,736	1,237,173	0.42
<b>Consumer Goods 17.97% (31 July 2019: 15.82%)</b>				Standard Life Aberdeen plc	443,605	1,110,787	0.38
Diageo plc	452,556	12,671,568	4.28	Admiral Group plc	41,000	983,180	0.33
British American Tobacco plc	450,336	11,368,732	3.84	St. James's Place plc	104,369	983,156	0.33
Unilever plc	215,063	9,834,831	3.32	Natwest Group plc	896,199	949,523	0.32
Reckitt Benckiser Group plc	124,431	9,588,653	3.24	RSA Insurance Group plc	203,730	874,205	0.29
Imperial Brands plc	185,878	2,371,803	0.80	M&G plc	512,757	823,231	0.28
Persimmon plc	62,596	1,503,556	0.51	Land Securities Group plc	140,559	810,182	0.27
Associated British Foods plc	68,573	1,209,971	0.41	Intermediate Capital Group plc	54,831	738,025	0.25
Berkeley Group Holdings plc	23,015	1,025,088	0.35	British Land Co plc	182,392	667,737	0.23
Barratt Developments plc	199,641	1,019,367	0.34	Phoenix Group Holdings plc	103,798	683,614	0.23
Burberry Group plc	79,157	991,441	0.33	Schroders plc	22,026	653,071	0.22
Taylor Wimpey plc	713,480	844,404	0.29			<b>55,235,957</b>	<b>18.65</b>
Coca-Cola HBC AG	38,447	769,709	0.26	<b>Health Care 13.61% (31 July 2019: 10.00%)</b>			
		<b>53,199,123</b>	<b>17.97</b>	AstraZeneca plc	259,020	22,091,816	7.46
<b>Consumer Services 11.55% (31 July 2019: 10.73%)</b>				GlaxoSmithKline plc	972,521	14,877,626	5.02
RELX plc	366,581	5,920,283	2.00	Smith & Nephew plc	172,570	2,618,750	0.89
Tesco plc	1,908,203	4,142,709	1.40	Hikma Pharmaceuticals plc	33,143	712,574	0.24
Compass Group plc	351,506	3,692,571	1.25	NMC Health plc <sup>1</sup>	11,456	-	0.00
Flutter Entertainment plc	23,553	2,701,529	0.91			<b>40,300,766</b>	<b>13.61</b>
Just Eat Takeaway.com NV	23,276	1,920,270	0.65	<b>Industrials 10.61% (31 July 2019: 8.92%)</b>			
Ocado Group plc	90,020	1,847,210	0.62	Experian plc	178,665	4,781,076	1.61
Next plc	25,103	1,368,113	0.46	CRH plc	154,817	4,282,238	1.45
WPP plc	234,154	1,329,995	0.45	BAE Systems plc	633,957	3,106,389	1.05
InterContinental Hotels Group plc	36,004	1,265,181	0.43	Ferguson plc	44,346	3,011,980	1.02
Informa plc	295,022	1,091,286	0.37	Ashtead Group plc	88,206	2,147,816	0.73
Kingfisher plc	416,439	1,007,366	0.34	Rentokil Initial plc	366,041	1,955,391	0.66
Auto Trader Group plc	186,102	997,879	0.34	Intertek Group plc	31,827	1,711,020	0.58
Rightmove plc	170,910	945,132	0.32	Halma plc	74,726	1,627,532	0.55
Whitbread plc	39,770	866,986	0.29	Spirax-Sarco Engineering plc	14,501	1,493,603	0.50
Wm Morrison Supermarkets plc	437,584	817,407	0.28	Bunzl plc	66,393	1,459,318	0.49
Pearson plc	148,048	786,135	0.27	DCC plc	19,427	1,326,864	0.45
GVC Holdings plc	114,374	760,130	0.26	Smurfit Kappa Group plc	47,100	1,196,340	0.40
HomeServe plc	54,231	720,188	0.24	Smiths Group plc	78,186	1,059,420	0.36
J Sainsbury plc	322,036	602,690	0.20	Melrose Industries plc	949,038	809,150	0.27
JD Sports Fashion plc	84,793	513,506	0.17	Rolls-Royce Holdings plc	339,907	787,225	0.27
International Consolidated Airlines Group SA	293,661	483,806	0.16	DS Smith plc	251,538	657,017	0.22
ITV plc	734,892	416,537	0.14			<b>31,412,379</b>	<b>10.61</b>
		<b>34,196,909</b>	<b>11.55</b>				

Holding	Market Value (£)	% of Net Asset Value
<b>Oil &amp; Gas 9.37% (31 July 2019: 16.43%)</b>		
BP plc	3,912,890	3.63
Royal Dutch Shell A plc	809,606	3.07
Royal Dutch Shell B plc	731,640	2.67
	<b>27,754,423</b>	<b>9.37</b>
<b>Technology 0.92% (31 July 2019: 0.83%)</b>		
Sage Group plc	215,203	0.53
Avast plc	108,389	0.21
AVEVA Group plc	12,542	0.18
	<b>2,709,903</b>	<b>0.92</b>

Holding	Market Value (£)	% of Net Asset Value
<b>Telecommunications 2.63% (31 July 2019: 2.90%)</b>		
Vodafone Group plc	5,285,081	2.06
BT Group plc	1,715,836	0.57
	<b>7,798,911</b>	<b>2.63</b>
<b>Utilities 4.10% (31 July 2019: 2.81%)</b>		
National Grid plc	691,954	2.10
SSE plc	205,097	0.90
United Utilities Group plc	134,578	0.41
Severn Trent plc	46,970	0.39
Pennon Group plc	82,868	0.30
	<b>12,140,824</b>	<b>4.10</b>

	Number of Contracts	Notional Amount (£)	Unrealised Gain/(Loss) (£)	% of Total Net Assets
<b>Financial Derivative Instruments (0.02%) (31 July 2019: 0.01%)</b>				
<b>Futures Contracts (0.02%) (31 July 2019: 0.01%)</b>				
FTSE 100 Index September 2020	25	1,471,625	(64,387)	(0.02)
			<b>(64,387)</b>	<b>(0.02)</b>

Currency	Buy Amount	Currency	(Sell) Amount	Counterparty	Settlement Date	Unrealised Gain/(Loss) (£)	% of Total Net Assets
<b>Open Forward Currency Exchange Contracts 0.00% (31 July 2019: 0.00%)</b>							
GBP	46,118	EUR	(50,628)	JPMorgan Chase	6/10/2020	458	0.00
GBP	211,706	EUR	(234,942)	JPMorgan Chase	12/8/2020	7	0.00
						<b>465</b>	<b>0.00</b>
<b>Total Financial Derivative Instruments</b>						<b>(63,922)</b>	<b>(0.02)</b>

	Market Value (£)	% of Total Net Assets
<b>Portfolio of Investments*</b>	<b>295,900,424</b>	<b>99.93</b>
<b>Net Other Assets</b>	<b>215,852</b>	<b>0.07</b>
<b>Net Assets Attributable to Unitholders</b>	<b>296,116,276</b>	<b>100.00</b>

All holdings are ordinary shares or stock units that are listed on an official stock exchange or are traded on an eligible securities market, unless otherwise stated.

\* Including investment liabilities.

1 Delisted securities which have been included with the Manager's best assessment of their fair value.

## Balance Sheet

	Note <sup>1</sup>	As at	As at
		31 July 2020 (£)	31 July 2019 (£)
<b>Assets:</b>			
Investment Assets		295,964,811	107,784,711
<b>Current Assets</b>			
Debtors	12	1,009,062	805,089
Cash and Bank Balances	13	3,364,858	1,882,280
<b>Total Assets</b>		<b>300,338,731</b>	<b>110,472,080</b>
<b>Liabilities:</b>			
Investment Liabilities		64,387	—
<b>Creditors</b>			
Bank Overdrafts	13	448	—
Distribution Payable		1,367,042	419,752
Other Creditors	15	2,790,578	57,387
<b>Total Liabilities</b>		<b>4,222,455</b>	<b>477,139</b>
<b>Net Assets Attributable to Unitholders</b>		<b>296,116,276</b>	<b>109,994,941</b>

<sup>1</sup> See the Notes to the Financial Statements.

## Statement of Total Return

	Note <sup>1</sup>	Year Ended		Year Ended	
		31 July 2020 (£)	31 July 2020 (£)	31 July 2019 (£)	31 July 2019 (£)
Income					
Net Capital Gains/(Losses)	6		(33,536,263)		1,757,687
Revenue	8	7,006,058		3,086,794	
Expenses	9	(118,505)		(42,523)	
Net Revenue Before Taxation		6,887,553		3,044,271	
Taxation	10	(50,146)		(26,649)	
Net Revenue After Taxation			6,837,407		3,017,622
<b>Total Return Before Distributions</b>			<b>(26,698,856)</b>		<b>4,775,309</b>
Distributions <sup>2</sup>	11		(6,837,406)		(3,017,622)
<b>Change in Net Assets Attributable to Unitholders From Investment Activities</b>			<b>(33,536,262)</b>		<b>1,757,687</b>

<sup>1</sup> See the Notes to the Financial Statements.

<sup>2</sup> Includes adjustments for equalisation.

## Statement of Change in Net Assets Attributable to Unitholders

	Note <sup>1</sup>	Year Ended		Year Ended	
		31 July 2020 (£)	31 July 2020 (£)	31 July 2019 (£)	31 July 2019 (£)
<b>Opening Net Assets Attributable to Unitholders</b>			<b>109,994,941</b>		<b>46,280,293</b>
Amounts Received on Issue of Units		235,870,904		61,128,359	
Amounts Paid on Cancellation of Units		(29,513,747)		(3,600,957)	
			206,357,157		57,527,402
Dilution Adjustment	3(j)		1,125,856		290,732
Change in Net Assets Attributable to Unitholders From Investment Activities			(33,536,262)		1,757,687
Retained Distribution on Accumulation Units			12,174,584		4,138,827
<b>Closing Net Assets Attributable to Unitholders</b>			<b>296,116,276</b>		<b>109,994,941</b>

<sup>1</sup> See the Notes to the Financial Statements.

## Distribution Table

For the year ended 31 July 2020

	Net Income Pence Per Unit	Equalisation Pence Per Unit	Distribution Payable 30 September 2020 Pence Per Unit	Distribution Paid 30 September 2019 Pence Per Unit
<b>GBP Acc</b>				
Group 1	455.3061	—	455.3061	511.1193
Group 2	118.3379	336.9682	455.3061	511.1193
<b>GBP Inc</b>				
Group 1	408.7894	—	408.7894	478.4644
Group 2	98.7185	310.0709	408.7894	478.4644

Group 1—Units purchased before 1 August 2019.

Group 2—Units purchased between 1 August 2019 and 31 July 2020.

Note: Equalisation applies only to units purchased during the distribution period (Group 2 Units). It is the average amount of income included in the purchase price of all Group 2 Units and is refunded to holders of these units as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

# Notes to the Financial Statements

For the year ended 31 July 2020

## 1. General Information

Vanguard FTSE 100 Index Unit Trust is a unit trust established under the Trust Deed on 20 September 2016. The address of the Authorised Fund Manager is The Walbrook Building, 4th Floor, 25 Walbrook, London EC4N 8AF, United Kingdom.

## 2. Basis of Presentation

The Financial Statements have been prepared on a going-concern basis in accordance with Financial Reporting Standard ("FRS") 102 and the Statement of Recommended Practice for UK Authorised Funds (the "SORP 2014") issued by the Investment Management Association (now known as the Investment Association) in May 2014.

## 3. Significant Accounting Policies

**(a) Critical Accounting Estimates and Judgements.** The preparation of these Financial Statements requires the use of certain accounting estimates and requires the Manager to exercise its judgement in the process of applying the Trust's accounting policies. The estimates and associated judgements are based on historical experience and various other facts that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the classification of financial assets and liabilities, the carrying values of certain financial assets and liabilities, as well as their fair values in instances where information is not readily apparent from other sources.

**(b) Revenue Recognition.** Dividends, whether cash or stock, are recognised when the securities are quoted ex-dividend. Special dividends are treated as either capital or revenue depending on the facts of each particular case.

Distributions from collective investment schemes are recognised when the schemes are quoted ex-distribution or when revenue is reported by the underlying Fund. Equalisation returned with the distribution is deducted from the cost of the investment and does not form part of the distributable revenue.

The treatment of returns from derivatives is dependent upon the nature of the transaction and considers both motives and circumstances to determine whether returns should be treated as capital or revenue. Where positions are undertaken to protect or enhance capital, the returns are considered capital. Similarly, where positions are undertaken for generating or protecting revenue, the returns are considered revenue. Where positions generate total returns, an apportionment of any such return between capital and revenue is made to properly reflect the nature of the transaction.

Bank interest is recognised on an accrual basis.

Revenue is recorded gross of any withholding taxes incurred.

**(c) Treatment of Expenses.** All expenses, except those relating to the purchase and sale of investments, are charged against revenue and are recognised on an accrual basis.

**(d) Taxation.** Corporate tax is payable at current tax rates on the excess taxable revenue over allowable expenses. Deferred taxation is provided on all timing differences that have originated but not reversed by the reporting date. Deferred tax is measured at the rates expected to apply for the period in which the timing differences will reverse. Deferred taxes are not discounted to reflect the time value of money and are only recognised to the extent they are expected to crystallise.

Additionally, the Trust incurs withholding taxes imposed by certain foreign countries on investment income. Such income is recorded gross of the related withholding taxation, which is shown as a separate tax expense in the Statement of Total Return.

### (e) Financial Assets and Liabilities.

**Classification and Measurement.** Financial assets and financial liabilities, including derivative investments, are classified and measured at fair value from inception. Obligations for net assets attributable to holders of redeemable units are presented at the redemption amount, which approximates their fair value. All other financial assets and liabilities are measured at amortised cost, which approximates fair value.

**Recognition and Derecognition.** Purchases and sales of financial instruments are recognised on the trade date, being the date on which the purchase or sale is executed. Financial instruments are initially recognised when the Trust becomes party to the contractual provisions of the instrument. Financial instruments are derecognised when the contractual rights to the cash flows from the instruments expire, or when substantially all the risks and rewards of ownership have been transferred.

**Collective Investment Schemes.** Collective investment schemes are valued at their single price if a single price for buying and selling units or shares is quoted and the bid-market price if separate buying and selling prices are quoted on the last business day of the accounting year. Where the Manager or its appointed investment adviser considers that no reliable price exists for a share in a collective investment scheme at a valuation point, the Manager or appointed adviser may value an investment at a price that in its opinion reflects a fair and reasonable price for that investment.

**Equities.** Equities (including warrants and rights) are valued at the bid-market price at period-end. Instruments traded on a recognised market are valued on the basis of valuations provided by a principal market maker or a pricing service. When applicable, unlisted and suspended instruments are based on the Investment Adviser's assessment of their net realisable value or the bid-market price from broker-dealers for non-exchange-trade purposes.



**Derivatives.** Futures contracts are valued in an active market if quoted prices are readily and regularly available; this represents the amount that would be required to close the position. Forward currency contracts are valued at the closing prices of the forward currency contract rates in the London foreign exchange markets on a daily basis as provided by a reliable bank or dealer.

**(f) Fair Value.** The Trust classifies financial instruments measured at fair value using a three-level hierarchy. Instruments are categorised in their entirety based on the lowest level input that is significant to the fair value measurement. Assessing the significance and observability of a particular input requires significant judgement specific to an asset or liability. Inputs are considered to be observable when they are readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. Each security or investment held in a Trust is valued at the close of business on each business day on the market that in the opinion of the Administrator is the principal market on which such security or investment is traded.

Level 1 – Quoted prices in active markets for identical securities.

Level 2 – Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

Level 3 – Significant unobservable inputs (including the Trust's own fair value assumptions).

**(g) Transaction Costs.** Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment. These costs include fees and commissions paid to agents, advisers, brokers and dealers. Investments in financial instruments include transaction costs which form part of the net capital gains/losses.

**(h) Foreign Currency.** All transactions in foreign currencies are translated into sterling at the exchange rates prevailing on the date of the transaction. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the prevailing exchange rates. Gains and losses arising on translation are included as part of the return and are reported on a net basis.

**(i) Cash and Bank Overdrafts.** Cash is composed of demand deposits with financial institutions or bank overdrafts. Bank overdrafts, when applicable, are presented as current liabilities. Cash held or pledged as margin against derivative instruments is included within Cash and Bank Overdrafts on the balance sheet and disclosed separately in the Notes to the Financial Statements as Amounts Held, or Overdrafts, at Futures Clearing Houses and Brokers, as applicable.

**Margin.** Upon entering into futures contracts, cash deposits are required (initial margin) in an amount equal to a certain percentage of the contract value. Subsequent payments (variation margin) are made or received by the Trust each day.

**(j) Swing Pricing.** The Trust employs swing pricing as a means to prevent dilution. Swing pricing results from the Manager's determination to adjust the Trust's net asset value, on any dealing day, following a consideration of dealing activity (i.e. level of subscriptions and redemptions) and the level of costs associated with such activity. A dilution adjustment is exercised only for the purpose of reducing the negative effects of transaction charges in the interest of the non-dealing unitholders in the Trust and is applied consistently in respect of the Trust, and in respect of all assets of the Trust. The direction of the swing depends on whether there are net subscriptions or net redemptions in the Trust on the relevant dealing day, while the magnitude of the swing is based on pre-determined estimates of the average execution costs in the relevant asset classes in which the Trust is invested. The dilution adjustments applied during the year ended 31 July 2020 did not exceed 2% of the original net asset value per unit of the Trust.

#### 4. Distribution Policies

**(a) Basis of Distribution.** Where revenue from investments exceeds expenses of the unit class, a distribution will be made to that unit class. Should expenses exceed revenue, there will be no distribution and the shortfall will be transferred to capital. Revenue attributable to Accumulation unitholders is retained at the end of each distribution period and represents a reinvestment of revenue. All remaining revenue is distributed in accordance with the Collective Investment Schemes sourcebook.

**(b) Equalisation.** Equalisation occurs to reflect the pro rata payment of distributions based on the time period over which units have been owned by an investor. If units are purchased when the Trust has accrued income but has not yet declared a distribution, the Trust will credit to the equalisation account the portion of the purchase price representing income accrued but directly attributable to those units. Conversely, if units are redeemed when the Trust has accrued income but has not yet declared a distribution, the Trust will deduct from the equalisation account the portion of the redemption price representing income accrued but directly attributable to those units.

#### 5. Risk Management Policies

**(a) Price Risk.** Price risk is the risk that the value of the financial instruments held by the Trust will fluctuate because of changes in the market. The Manager considers the asset allocation of the portfolio in order to minimise the risk associated with particular countries or industry sectors while (to be consistent with other usage throughout) continuing to follow the stated investment objectives.

The investment objective is to seek to track as closely as reasonably possible the performance of the benchmark index. In order to achieve this objective, the Trust invests primarily in securities held in the equity index benchmark. The Trust places limitations on the amount by which a holding may deviate from the proportion in the benchmark to limit the market risk from mismatched positions.

All investments present a risk of loss of capital. The Manager assesses the Trust's market risk volatility to ensure that the effect of using financial derivative instruments is not significant enough to cause disproportionate losses to the Trust's overall value. The Manager moderates this risk through careful selection of securities and financial derivative instruments. The Manager manages this risk through a combination of risk metrics.

**(b) Currency Risk.** Currency risk is the risk that the value of the Trust's investments will fluctuate as a result of changes in currency exchange rates. Local interest rates and monetary policy, as well as other government fiscal and labour policies, also can adversely affect the Trust's currency values.

**(c) Interest Rate Risk.** The Trust may invest in fixed and floating rate securities. Revenue may be affected by changes in interest rates relevant to particular securities or as a result of the Manager being unable to secure similar returns on the expiry of contracts or sale of securities. The value of fixed income rate securities may be affected by interest rate movements or the expectation of such movements in the future. Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates.

**Management of Market Risk (Including Market Price, Currency and Interest Rate Risks).** The Investment Adviser performs daily reviews of portfolio attributes, such as sector diversification, maturity and credit quality, and makes adjustments where necessary to ensure that the risk components closely match those of the benchmark. In addition, the Investment Adviser and the Administrator perform daily checks of performance against the benchmark. Potential tracking errors are raised and discussed by the Investment Adviser and the Administrator for investigation and resolution. Market impact, currency discrepancies and interest rate exposure are investigated as possible causes. Currency positions are reconciled daily, and discrepancies are immediately resolved. Procedures are established with the Investment Adviser to trade currency as closely as possible to the close of the markets, so as to obtain exchange rates that closely approximate the rates used in the valuation.

Market disruptions associated with the COVID-19 pandemic have had a global impact, and uncertainty exists as to the long-term implications. Such disruptions can adversely affect assets of the Trust and thus performance of the Trust.

**Market Risk Sensitivity Analysis.** Market risk exposures to the Trust are measured using value-at-risk (VaR), which estimates the maximum expected loss over a defined period given a specified confidence level. The VaR methodology is a statistically defined, probability-based approach that takes into account estimates for market volatilities and correlations between assets in the portfolio. Risks can be measured consistently across markets and products, and risk measures can be aggregated to arrive at a single risk number.

For the purpose of this annual report, a one-year historical (ex-post) absolute VaR calculation has been completed for the Trust as set out below. The calculation includes a 95% confidence interval with a 260-trading-day (one-year) VaR period. That is, under normal market conditions and assuming no changes to Trust holdings, there is a 95% probability that the value of Trust assets will not decrease by more than the calculated value over a one-year period.

	31 July 2020 (%)	31 July 2019 (%)
Vanguard FTSE 100 Index Unit Trust	50.09	18.21

**Exposure.** Global exposure is measured using the commitment approach, which considers the full constituents of the portfolio. The Investment Adviser will observe the regulatory limit and any internal risk limits which may be appropriate for the portfolio.

The use of derivatives creates a higher degree of risk exposure. In particular, derivative contracts can be highly volatile, and the amount of initial margin is generally small relative to the size of the contract so that transactions may be leveraged in terms of market exposure. A relatively small market movement may have a potentially larger impact on derivatives than on standard securities. Leveraged derivative positions can therefore increase volatility. The leverage is calculated on a gross exposure basis, by taking the sum of the notional values of the derivatives, without netting, and is expressed as a percentage of the net asset value. Leverage was not significant during the year.

The Trust uses equity index futures only for efficient portfolio management. Index futures are used to equitise cash holdings from inflows and outflows and also anticipated cash flows (e.g. dividend receivables).

**(d) Liquidity Risk.** Liquidity risk is the risk that sufficient cash cannot be raised to meet the Trust's liabilities when due. One of the key liquidity factors influencing the Trust is exposure to cash redemptions of redeemable units. Hence the Trust invests the large majority of its assets in investments that are traded in active markets and can ordinarily be readily disposed. However, liquidity risk will occur if an equity issuer becomes credit-impaired or if the relevant market becomes illiquid. In such a case, it may not be possible to initiate or liquidate a position at a price deemed by the Manager to be demonstrating fair value. Liquidity risk may be temporary or may last for extended periods. The Trust invests in securities which form part of the benchmark index. Benchmark indices are constructed from index rules requiring securities to have a specified minimum trading volume, which, although not guaranteeing liquidity, provides an indication of the liquid nature of the securities within the underlying Trust.

The Trust may use index futures contracts to a limited extent, to maintain full exposure to the index, maintain liquidity and minimise transaction costs. The Trust may equitise cash holdings from inflows and outflows by purchasing futures contracts to immediately invest incoming cash to the market, or selling futures in responses to cash outflows, thereby simulating a fully invested position in the underlying index while maintaining a cash balance for liquidity.

**Management of Liquidity Risk.** In order to meet redemption requests and raise cash from the portfolio, the Investment Adviser receives daily reports of capital share activity from the Administrator. The Investment Adviser incorporates cash forecasts into the daily management of the portfolio and monitors cash balances daily.

**(e) Credit Risk.** The Trust invests primarily in equity and equity-based instruments. These securities are not credit instruments, and therefore the Trust is not directly exposed to credit risk. When efficient portfolio management techniques are employed, exchange-traded index futures, which are subject to daily valuation, are used to minimise counterparty risk.

**Management of Credit Risk.** Since the Trust is not directly exposed to credit risk, any action performed by the Investment Adviser would be minimal.

## 6. Net Capital Gains/(Losses)

	31 July 2020 (£)	31 July 2019 (£)
Non-Derivative Securities	(33,314,696)	1,673,377
Futures Contracts	(214,520)	88,849
Forward Currency Contracts	(5,058)	(5,610)
Gains/(Losses) on Foreign Exchange	(1,989)	1,071
<b>Net Capital Gains/(Losses) on Investments</b>	<b>(33,536,263)</b>	<b>1,757,687</b>

## 7. Purchases, Sales and Transaction Costs for the Year

	31 July 2020 (£)	31 July 2019 (£)
<b>Purchases Excluding Transaction Costs:</b>		
Equities	234,152,786	63,907,616
Collective Investment Schemes	1,232,191	1,394,184
Purchases in the Year Before Transaction Costs	235,384,977	65,301,800
<b>Commissions</b>		
Equities	33,787	10,055
Collective Investment Schemes	171	211
Total Commissions	33,958	10,266
<b>Taxes</b>		
Equities	1,126,667	308,596
Collective Investment Schemes	6,205	1,332
Total Taxes	1,132,872	309,928
Total Purchase Transaction Costs	1,166,830	320,194
<b>Purchases Including Transaction Costs</b>	<b>236,551,807</b>	<b>65,621,994</b>
<b>Sales Excluding Transaction Costs:</b>		
Equities	14,938,196	4,331,560
Collective Investment Schemes	91,955	1,134,589
Sales in the Year Before Transaction Costs	15,030,151	5,466,149
<b>Commissions</b>		
Equities	(1,498)	(465)
Collective Investment Schemes	(7)	(182)
Total Commissions	(1,505)	(647)
<b>Taxes</b>		
Equities	(186)	—
Collective Investment Schemes	(2)	—
Total Taxes	(188)	—
Total Sales Transaction Costs	(1,693)	(647)
<b>Sales Net of Transaction Costs</b>	<b>15,028,458</b>	<b>5,465,502</b>

Total transaction cost expressed as a percentage of transaction value:

	Purchases		Sales	
	31 July 2020 (%)	31 July 2019 (%)	31 July 2020 (%)	31 July 2019 (%)
<b>Commissions</b>				
Equities	0.01	0.02	(0.01)	(0.01)
Collective Investment Schemes	0.01	0.02	(0.01)	(0.02)
<b>Taxes</b>				
Equities	0.48	0.48	—	—
Collective Investment Schemes	0.50	0.10	—	—

Total transaction cost expressed as a percentage of average net assets:

	31 July 2020 (%)	31 July 2019 (%)
Commissions	0.02	0.02
Taxes	0.58	0.44

Transaction costs are incurred when buying and selling financial instruments. These costs can be direct, as in the case of brokerage or dealer commissions or taxes due on equity securities and futures contracts. However, transaction costs can also be indirect, as in the case of debt securities and currency forwards. Transaction costs for collective investment schemes can be both direct or indirect depending on the nature of the transaction and the scheme itself. Indirect transaction costs do not form part of the transaction cost disclosure above. Additionally, all derivative instruments have been excluded from the above analysis, as the initial net cash outlay to enter into a position is not comparable to the instruments' settlement or notional value and therefore not comparable to the debt, equity and collective investments schemes as presented.

The average portfolio dealing spread as at:

	31 July 2020 (%)	31 July 2019 (%)
	0.02	0.03

## 8. Revenue

	31 July 2020 (£)	31 July 2019 (£)
UK Dividends	6,261,520	2,639,372
Overseas Dividends	697,122	415,557
Offshore Funds Dividends	—	794
Bank Interest	697	309
Property Revenue From UK REITs – Non-PID (Property Income Distribution)	4,206	3,303
Property Revenue From UK REITs – PID	42,513	27,459
<b>Total Revenue</b>	<b>7,006,058</b>	<b>3,086,794</b>

## 9. Expenses

	31 July 2020 (£)	31 July 2019 (£)
<b>Expenses to the Manager or Associates of the Manager, and Agents of Either of Them:</b>		
Management Charge	117,655	42,242
<b>Other Expenses:</b>		
Interest Expenses	850	281
<b>Total Expenses</b>	<b>118,505</b>	<b>42,523</b>

## 10. Taxation

### (a) Tax Charge Analysis

Analysis of the tax charge for the year:

	31 July 2020 (£)	31 July 2019 (£)
Overseas Tax	50,146	26,649
<b>Current Tax Charge (Note 10b)</b>	<b>50,146</b>	<b>26,649</b>
Deferred Tax Charge (Note 10c)	—	—
<b>Total Tax Charge</b>	<b>50,146</b>	<b>26,649</b>

### (b) Tax Charge Factors

Factors affecting the current tax charge for the year:

	31 July 2020 (£)	31 July 2019 (£)
<b>Net Revenue Before Taxation</b>	<b>6,887,553</b>	<b>3,044,271</b>
Return on Ordinary Activities Before Taxation	6,887,553	3,044,271
<b>Return on Ordinary Activities Before Taxation at the Applicable Rate of Corporation Tax in the UK of 20% (2019: 20%)</b>	<b>1,377,511</b>	<b>608,854</b>
Effects of:		
Movement in Excess Expenses	14,952	2,950
Non-Taxable Overseas Dividends	(139,317)	(83,270)
Non-Taxable Property Revenue From UK REITs — Non-PID (Property Income Distribution)	(841)	(661)
Non-Taxable UK Dividends	(1,252,305)	(527,873)
Irrecoverable Overseas Tax	50,146	26,649
<b>Current Tax Charge (Note 10a)</b>	<b>50,146</b>	<b>26,649</b>

### (c) Future Tax Charge

The Trust has surplus management expenses that have resulted in an unrecognised deferred tax asset of £18,724 (2019: £3,772).

This asset has not been recognised in the Financial Statements as the Trust's current investment strategy is unlikely to generate sufficient taxable profits in the future to enable the value of this asset to be realised.

## 11. Distributions

The distributions take account of equalisation received on the creation of units and deducted on cancellation of units, and comprise:

	31 July 2020 (£)	31 July 2019 (£)
Final	13,541,623	4,558,580
Add: Equalisation Deducted on Cancellation of Units	1,161,021	106,285
Deduct: Equalisation Received on Creation of Units	(7,865,238)	(1,647,243)
<b>Distributions</b>	<b>6,837,406</b>	<b>3,017,622</b>

There was not a material difference between Net Revenue After Taxation shown in the Statement of Total Return and Distributions shown in the Statement of Total Return.

**12. Debtors**

	31 July 2020 (£)	31 July 2019 (£)
Amounts Receivable for Issue of Units	30,638	538,204
Dilution Adjustment Receivable	265	2,303
Accrued Dividends and Bank Interest	931,552	245,118
Overseas Tax Recoverable	46,607	19,464
<b>Total Debtors</b>	<b>1,009,062</b>	<b>805,089</b>

**13. Cash and Bank Balances**

	31 July 2020 (£)	31 July 2019 (£)
Amounts Held at Futures Clearing Houses and Brokers	393,217	60,432
Cash and Bank Balances	2,971,641	1,821,848
<b>Total Cash and Bank Balances</b>	<b>3,364,858</b>	<b>1,882,280</b>
Overdrafts With Futures Clearing Houses and Brokers	(448)	—
Bank Overdrafts	—	—
<b>Total Overdrafts</b>	<b>(448)</b>	<b>—</b>

**14. Distribution Payable**

Distributions payable for the 2019–20 year can be found in the Balance Sheet.

**15. Other Creditors**

	31 July 2020 (£)	31 July 2019 (£)
Amounts Payable for Cancellation of Units	2,774,739	51,962
Accrued Management Charge	15,839	5,425
<b>Total Other Creditors</b>	<b>2,790,578</b>	<b>57,387</b>

**16. Capital Commitments and Contingent Liabilities**

The Trust had no capital commitments or contingent liabilities at the year-end (31 July 2019: None).

**17. Efficient Portfolio Management**

The Trust may employ investment techniques and use financial derivative instruments (FDIs) (such as futures contracts, forward foreign currency contracts, options and swaps) for efficient portfolio management of the assets of the Trust, including hedging against market movements, currency exchange or interest rate risks. Any investment technique or use of FDIs must be one which is reasonably believed by the Investment Adviser to be economically appropriate in that it is realised in a cost-effective way.

## 18. Related Party Transactions

**Manager.** Vanguard Investments UK, Limited, is the Manager and acts as a principal in respect of all transactions of units in the Trust. For its services, the Manager receives a fixed single fee per unit class (the "Management Charge") calculated on a daily basis per unit class and is paid monthly. Out of the fees received, the Manager pays for any sub-advisers, as well as the costs of administration including audit, depositary, legal, registration and regulatory fees associated with the Trust. As a result, the Manager anticipates the ongoing charges figure ("OCF") of each unit class will closely track the Management Charge. Any amounts due from or to the Manager at the end of the accounting year are disclosed in Notes 12 and 15. Amounts earned by the Manager in respect of Manager's fees for the year are disclosed in Note 9.

Annual Management Charge for each unit class:

	As at 31 July 2020 (%)	As at 31 July 2019 (%)
GBP Acc and Inc Units	0.06	0.06

**Directors' Fees.** Aggregate director fees paid by the Manager out of the Management Charge it earned for the year ended 31 July 2020 were £163,247 (31 July 2019: £29,000), of which £0 (31 July 2019: £0) was outstanding at the year-end.

**Audit Fees.** Audit fees paid on behalf of the Trust by the Manager were £9,200, excluding VAT (2019: £9,200).

**Investment Adviser.** Vanguard Global Advisers, LLC, is the Investment Adviser to the Trust. The Investment Adviser is compensated by the Manager.

The Investment Adviser or the Manager, at their discretion, may appoint other companies from within the Vanguard Group of Companies to provide investment management and advisory services with respect to the Trust.

As at 31 July 2020, there were no amounts due from or to affiliates of Vanguard Investments UK, Limited, related to unit transactions (31 July 2019: None).

## 19. Unit Reconciliation

Reconciliation of the unit movements in the year:

	GBP Acc <sup>1</sup>	GBP Inc <sup>1</sup>
Opening Units in Issue	809,758	87,729
Creations During the Year	1,958,574	470,921
Cancellations During the Year	(94,390)	(224,238)
<b>Closing Units in Issue</b>	<b>2,673,942</b>	<b>334,412</b>

<sup>1</sup> Unit name changed during the period. See Important Events During the Year in the Notes to the Financial Statements.

## 20. Fair Value Hierarchy

As at:

	31 July 2020 Assets	31 July 2020 Liabilities	31 July 2019 Assets	31 July 2019 Liabilities
	(£)	(£)	(£)	(£)
Basis of Valuation				
Level 1: Quoted Prices	295,964,346	(64,387)	107,784,711	—
Level 2: Observable Market Data	465	—	—	—
Level 3: Unobservable Data	—	—	—	—
<b>Total</b>	<b>295,964,811</b>	<b>(64,387)</b>	<b>107,784,711</b>	<b>—</b>

## 21. Credit Facility Disclosure

The Trust and certain other funds managed by the Manager or its affiliates participate in an annually renewable USD \$4.3 billion (2019: USD \$4.3 billion) committed credit facility. Each participating fund is individually liable for its borrowings under the credit facility. Borrowings may be utilised for temporary or emergency purposes and are subject to the participating fund's regulatory and contractual borrowing restrictions. Participating funds are allocated an annual commitment fee of 0.10% of the undrawn facility amount as well as certain administrative fees. Any fees allocated to the Trust are paid by the Manager. Interest and direct borrowing costs associated with draws on the credit facility are charged to the Trust and recorded in the Statement of Total Return.

Any borrowings under this facility denominated in euros bear interest at the Euro Interbank Offered Rate plus an applicable margin, while borrowings under this facility in denominations other than euros bear interest at a rate equal to the higher of the one-month London Interbank Offered Rate (or an acceptable alternate rate, if necessary), federal funds effective rate, or overnight bank funding rate plus an agreed-upon spread.

The Trust did not have any borrowings outstanding at 31 July 2020 or at any time during the year then ended (31 July 2019: Nil).

## 22. Events After the Balance Sheet Date

There were no events subsequent to year-end requiring recognition or disclosure in the financial statements.



## Further Information

### Reports and Financial Statements

Each year, annual and interim reports will be prepared. They will describe investment activity during the period and provide management commentary.

Recipients of this document should not treat the contents as advice relating to legal, taxation or investment matters and should consult their own professional advisers concerning the acquisition, holding or disposing of investments in the Trust.

Past performance is not necessarily indicative of future performance, and the value of the units and income from them may fall as well as rise. On redemption of units, investors may receive back an amount less than the original amount of their investment. The assets of the Trust will be in a variety of currencies, and therefore movements in the value of currencies may affect the value of an investor's holdings and the income from the holdings may fluctuate in value in money terms.

### Prospectus

The Prospectus, an important document describing the Trust in detail, is available from the Manager, which is responsible for the management and administration of the Trust.

The Manager of the Trust is Vanguard Investments UK, Limited, located at 4th Floor, The Walbrook Building, 25 Walbrook, London EC4N 8AF.

### Types of Units Available

The Trust offers one class of units, GBP, with Income Units and Accumulation Units available in this class.

### Switching

Investors may sell their units and transfer the proceeds into any of the other unit classes by calling our dealing desk on 0800 408 2065.

### Distributions

The Trust allocates income annually, on 31 July.

### Publication of Prices

The most recent unit prices are published daily on <https://global.vanguard.com/portal/site/home>.

### Remuneration Disclosure

The Vanguard UK Consolidation Group publishes annually its Pillar 3 disclosures including certain information on remuneration. The latest Pillar 3 disclosures can be found at <https://global.vanguard.com/documents/pillar3-disclosures.pdf>.

Vanguard personnel providing services to the Manager are subject to the Vanguard European Remuneration Policy (the "Remuneration Policy"). The Remuneration Policy includes the remuneration requirements of the UCITS V Directive (2014/91/EU). Details of the Remuneration Policy are available through <https://www.vanguard.co.uk/uk/portal/investment-information.jsp>, which will be updated periodically to reflect changes to the policy.

The governance of remuneration within Vanguard Europe is undertaken through a tiered structure, including Vanguard's Global Remuneration Committee and the European Leadership Team. The Global Remuneration Committee also operates at The Vanguard Group level and oversees the overall compensation programmes of The Vanguard Group. The European Leadership Team is responsible for implementing the remuneration programmes in accordance with our total rewards philosophy and global organisation, including overseeing the Remuneration Policy.

The Remuneration Policy provides for an appropriate balance of fixed salary; benefits, such as pension; and annual bonus and long-term incentive arrangements. Incentive are based on the overall business performance of The Vanguard Group, or individual, team, business unit and fund performance. The incentive plans are reviewed and approved by the European Leadership Team (and other applicable groups) in order to ensure that plans appropriately assess financial and non-financial performance and do not encourage conflicts of interest, and to ensure that risk or compliance issues are appropriately reflected.

The European Leadership Team also reviews and approves the list of UCITS code staff annually. Identified code staff are notified and understand the code staff responsibilities.

Under the UCITS V Directive, the Manager is required to disclose information relating to the remuneration paid to its staff for the financial year, split into fixed and variable remuneration. The table below presents the aggregate total remuneration paid to staff who provide services to the Trust and the aggregate total remuneration paid to all relevant UCITS code staff.

	Headcount <sup>1,2</sup>	Total Remuneration (£000) <sup>3</sup>
<b>Funds, of which</b>	<b>388</b>	<b>15,769</b>
Fixed Remuneration	388	10,225
Variable Remuneration	388	5,545
Performance Fees	n/a	n/a
<b>UCITS Code Staff, of which</b>	<b>14</b>	<b>3,035</b>
Senior Management	8	2,464
Other Code Staff	6	570

1 This is the total number of employees who are fully or partly involved in the activities of the Trust.

2 The staff in this table may provide services to other entities within The Vanguard Group.

3 Remuneration disclosed is apportioned based on total assets under management by Vanguard Investments UK, Limited, from total European assets under management.

Remuneration reflects fixed pay (salary) and performance-related pay (annual and long-term incentives). Individual incentive outcomes under the plans are based on performance assessed by reference to an appropriate balance of quantitative and qualitative measures, such as behaviour, including compliance with all applicable policies. The individual incentive outcome is fully discretionary and, if appropriate, outcomes based on financial performance can be overridden based on the qualitative measures.

#### Assessment of Value

Under rules laid out in COLL 6.6.20R of the Financial Conduct Authority's Handbook, the Manager is required to inform investors annually whether its funds are providing value to investors and then publish an annual statement summarising the outcome of this process. Details of the statement are available at <https://www.vanguard.co.uk/adviser/adv/about-vanguard/assessment-of-value>.

Issued by Vanguard Investments UK, Limited  
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25 Walbrook, London, EC4N 8AF

# Directory

## Authorised Fund Manager

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4th Floor, The Walbrook Building  
25 Walbrook  
London  
EC4N 8AF  
United Kingdom

## Directors of the Manager

James M. Norris  
Sean P. Hagerty  
Katie Smith  
Michael Gower  
Kathleen Bock  
Daniel Waters  
John Bendl<sup>1</sup>  
Maureen Erasmus<sup>2</sup>

## Administrator and Registrar<sup>3</sup>

SS&C Financial Services International Limited and  
SS&C Financial Services Europe Limited  
SS&C House  
St. Nicholas Lane  
Basildon  
Essex SS15 5FS  
United Kingdom

## Investment Adviser

Vanguard Global Advisers, LLC  
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Valley Forge, PA 19482  
USA

## The Trustee

State Street Trustees Limited  
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10 Nightingale Way  
Edinburgh  
EH3 9EG  
United Kingdom

## Independent Auditors

PricewaterhouseCoopers LLP  
Level 4  
Atria One  
144 Morrison Street  
Edinburgh  
EH3 8EX  
United Kingdom

<sup>1</sup> John Bendl was appointed director of Vanguard Investments UK, Limited, the manager of the Trust, with effect from 20 January 2020.

<sup>2</sup> Maureen Erasmus was appointed director of Vanguard Investments UK, Limited, the manager of the Trust, with effect from 3 February 2020.

<sup>3</sup> With effect from 31 March 2020, SS&C Financial Services Europe Limited is the trading name of DST Financial Services Europe Ltd following the SS&C's acquisition of DST in 2018.

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This report is intended for the Trust's unitholders. It may not be distributed to prospective investors unless it is preceded or accompanied by the current Trust Prospectus.

All comparative mutual fund data are from Lipper, a Thomson Reuters Company, or Morningstar, Inc., unless otherwise noted.

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