

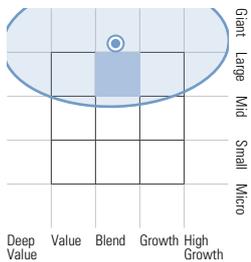
# Vanguard Emerging Markets Stock Index Fund GBP Accumulation

## IE00B50MZ724

**Morningstar Analyst Rating**  
**Bronze** 13 Apr 2018  
 13:00, UTC-0500

<b>Morningstar Category</b> Global Emerging Markets Equity	<b>Category Index</b> MSCI EM NR USD	<b>Total Assets</b> 6,857.39 Mil GBP	<b>Current Yield %</b> —	<b>Inception Date</b> 23/06/09	<b>Domicile/Currency</b> IRL/GBP	<b>Morningstar Rating</b> ★★★★
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### Equity Style Map

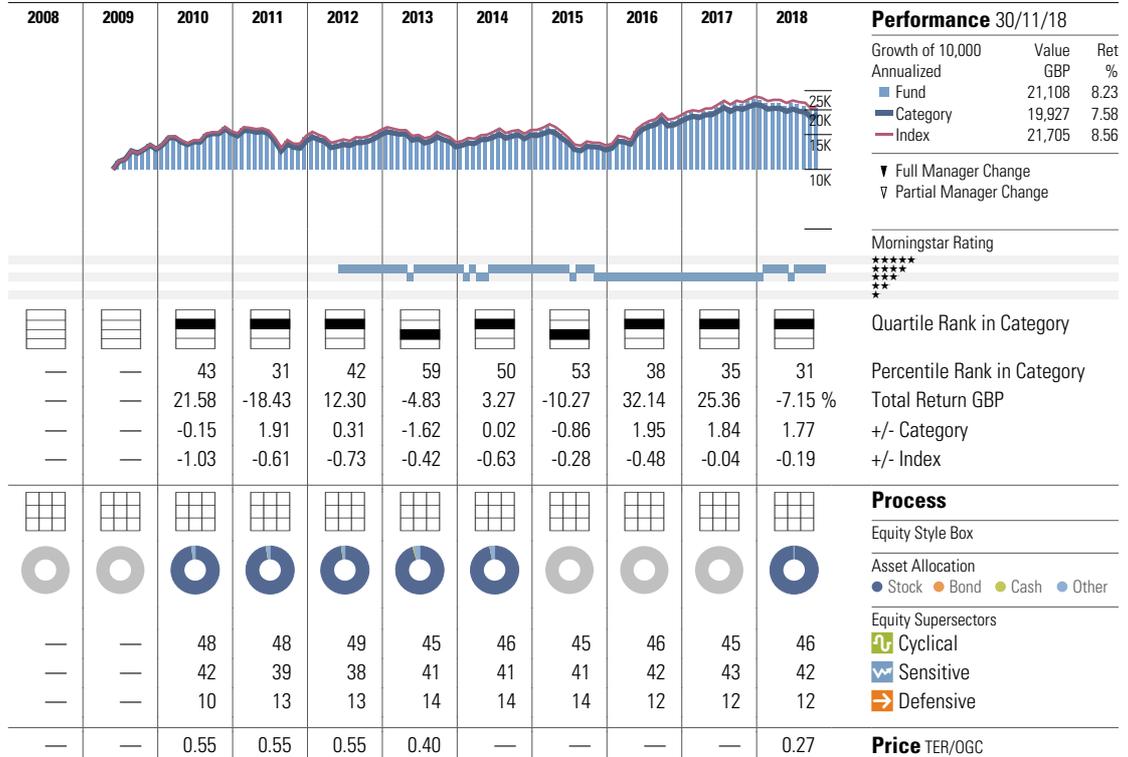


### People

Not Disclosed	06/06
Total Named Managers	1

### Morningstar Pillars

Process	Neutral
Performance	Neutral
People	Positive
Parent	Positive
Price	Positive



### Analyst View

Monika Dutt, Analyst

### This fund is an accurate and cheap index-tracker.

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### Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

### Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

The Morningstar Analyst Rating for Funds is a forward-looking analysis of a fund. Morningstar has identified five key areas crucial to predicting the future success of a fund: People, Parent, Process, Performance, and Price. The pillars are used in determining the Morningstar Analyst Rating for a fund. Morningstar Analyst Ratings are assigned on a five-tier scale running from Gold to Negative. The top three ratings, Gold, Silver, and Bronze, all indicate that our analysts think highly of a fund; the difference between them corresponds to differences in the level of analyst conviction in a fund's ability to outperform its benchmark and peers through time, within the context of the level of risk taken over the long term (defined as a full market cycle or at least five years). Neutral represents funds in which our analysts don't have a strong positive or negative conviction over the long term (defined as a full market cycle or at least five years) and Negative represents funds that possess at least one flaw that our analysts believe is likely to significantly hamper future performance over the long term (defined as a full market cycle or at least five years). Past performance of a security may or may not be sustained in future and is no indication of future performance. For detailed information about the Morningstar Analyst Rating for Funds, please visit <http://global.morningstar.com/managerdisclosures>

13 Apr, 2018 | This MSCI Emerging Markets Index tracker provides a very low-cost way to gain access to emerging-markets equities. At 0.27%, Vanguard Emerging Markets Stock Index's ongoing charge is highly competitive relative to its Morningstar Category, and it is one of the cheapest passive funds available.

The fund fully replicates the MSCI Emerging Markets Index by investing in all its constituents. The management process is geared towards delivering the index's return at the minimum possible cost. Since inception, the fund has lagged its benchmark by an amount smaller than its fees by implementing trading efficiencies.

A cap-weighted approach to emerging markets has its drawbacks. The fund has significant exposure to China, accounting for 25% to 30% (via Hong Kong-listed stocks) of the index's total weighting. In June 2017, MSCI announced that it will include China A-shares--companies listed on the Shanghai and Shenzhen stock exchanges--into its global-equity indexes. A total of 222 A-shares will be added to the MSCI Emerging Markets Index in a gradual process beginning in May 2018. Upon full inclusion, China A-shares could represent around 40% of the value of the index.

The source of Vanguard's competitive advantage and the foundation of its culture is its mutual ownership structure. Fund shareholders own Vanguard through their funds, compelling the firm to operate at cost rather than for profit, thus putting investors' interests first.

On a risk-adjusted and annualised basis, the fund has outpaced the category average, with returns landing in the second quartile over three- and five-year periods, while tracking difference (fund return less index return) has improved over time.

All factors considered, this fund comes across as a very accurate index tracker and a competitively priced, above-average proposition in its category. On this basis, we have maintained its Morningstar Analyst Rating of Bronze.

# Morningstar Global Fund Report

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	2017	2018	2019
Gold			
Silver			
Bronze			
Neutral			
Negative			
Under Review			
Not Ratable			

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The date shown next to the Morningstar Analyst Rating is the date on which Morningstar Manager Research Analyst assigned or reaffirmed the current rating for the fund based on the analyst's latest review and research report for the fund.

### The Five (5) Pillars

Morningstar has identified five key areas that we believe are crucial to predicting the future success of funds: People, Parent, Process, Performance, and Price. Each pillar is evaluated when assessing a fund as well as the interaction between the pillars, which we believe is crucial to understanding a fund's overall merit.

#### People

The overall quality of a fund's investment team is a significant key to its ability to deliver superior performance relative to its benchmark and/or peers. Evaluating a fund's investment team requires that analysts assess several relevant items including how key decisions are made.

#### Parent

We believe the parent organization is of utmost importance in evaluating funds. The fund's management set the tone for key elements of our evaluation, including capacity management, risk management, recruitment and retention of talent, and incentive pay. Beyond these operational areas, we prefer firms that have a culture of stewardship and put investors first to those that are too heavily weighted to salesmanship.

#### Process

We look for funds with a performance objective and investment process (for both security selection and portfolio construction) that is sensible, clearly defined, and repeatable. In addition, the portfolio should be constructed in a manner that is consistent with the investment process and performance objective.

#### Performance

We do not believe past performance is necessarily predictive of future results, and this factor accordingly receives a relatively small weighting in our evaluation process. In particular, we strive not to anchor on short-term performance. However, we do believe that the evaluation of long-term return and risk patterns is vital to determining if a fund is delivering to our expectations.

#### Price

To reflect actual investor experience, price is evaluated within the context of the relevant market or cross-border region—for example, the United States, Australia, Canada, or Europe. In recognition of differences in scale and distribution costs in various markets, the level at which a fund is penalised for high fees or rewarded for low fees can vary with region. In Europe, for example, funds are penalised if they land in the most expensive quintile of their Morningstar category and are rewarded if they land in the cheapest quintile. The assessment is made using annual expense ratios, but in the case of funds with performance fees, expenses are evaluated excluding any performance fees and then the structure of the performance fee is evaluated separately.

**Morningstar Analyst Ratings**

Morningstar Analyst Ratings are assigned on a five-tier scale running from Gold to Negative. The top three ratings, Gold, Silver, and Bronze, all indicate that our analysts think highly of a fund; the difference between them corresponds to differences in the level of analyst conviction in a fund's ability to outperform its benchmark and peers through time, within the context of the level of risk taken.

**Gold**

Represents funds that our analyst has the highest-conviction in for that given investment mandate. By giving a fund a Gold rating, we are expressing an expectation that it will outperform its relevant performance benchmark and/or peer group within the context of the level of risk taken over the long term (defined as a full market cycle or at least five years). To earn a Gold rating, a fund must distinguish itself across the five pillars that are the basis for our analysis.

**Silver**

Represents funds our analyst has high-conviction in, but not in all of the five pillars. With those fundamental strengths, we expect these funds will outperform their relevant performance benchmark and/or peer group within the context of the level of risk taken over the long term (defined as a full market cycle or at least five years).

**Bronze**

Represents funds that have advantages that clearly outweigh any disadvantages across the pillars, giving analyst the conviction to award them a positive rating. We expect these funds to beat their relevant performance benchmark and/or peer group within the context of the level of risk taken over a full market cycle (or at least five years).

**Neutral**

Represents funds in which our analysts don't have a strong positive or negative conviction. In our judgment, these funds are not likely to deliver standout returns, but they aren't likely to seriously underperform their relevant performance benchmark and/or peer group either.

**Negative**

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**Not Ratable**

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