

Annual report | 30 June 2023

# Vanguard Diversified Funds and ETFs

## Responsible Entity

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## Vanguard Diversified Funds and ETFs

<b>Fund</b>	<b>ASX</b>	<b>ARSN</b>	<b>ABN</b>
Vanguard Diversified Bond Index Fund	-	147 937 728	90 633 012 411
Vanguard Balanced Index Fund	VDBA	101 565 431	14 193 060 779
Vanguard Conservative Index Fund	VDCO	101 565 351	24 396 176 911
Vanguard Growth Index Fund	VDGR	101 565 520	43 698 348 922
Vanguard High Growth Index Fund	VDHG	101 565 637	71 339 405 674

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# About Vanguard

Since our establishment in 1975, Vanguard has strived to be the world's highest-value provider of investment products and services. We have an unwavering focus on our clients with a commitment to champion what's best for investors by offering outstanding service, while keeping costs low.

Over the years Vanguard has built a reputation as a global leader in client advocacy and earned the trust of millions of investors along the way. Our sole purpose has been to align our interest with those of our investors to ensure they have the best chance for investment success.

With over AUD \$12 trillion in assets under management globally as of 30 June 2023, including over AUD \$3.4 trillion in ETFs, Vanguard is one of the world's largest global investment management companies.

In Australia, Vanguard has been serving financial advisers, retail clients and institutional investors for over 25 years.

## **Our unique structure — putting investors' interests first**

What sets Vanguard apart — and allows Vanguard to put investors first around the world — is the ownership structure of The Vanguard Group, Inc., in the United States.

Rather than being publicly traded or owned by a small group of individuals, the Vanguard Group is owned by Vanguard's US-domiciled funds and ETFs. Those funds, in turn, are owned by their investors.

This mutual structure aligns our interests with those of our investors and drives the culture, philosophy and policies throughout the Vanguard organisation worldwide. As a result, Australian investors benefit from Vanguard's stability and experience, low costs and client focus.

## **Our investment expertise**

When you invest with Vanguard, you have more than 45+ years of investing experience behind you. So no matter which investment products suit your needs, you can feel confident that Vanguard investments are built on a rigorous investment philosophy that stands the test of time.

## **Low-cost investing**

We know we can't control the markets, but we can control the costs of investing. To that end, providing low-cost investments isn't a pricing strategy for us. It's how we do business.

We can keep costs low because of our unique ownership structure in the United States, which allows us to return profits to investors through lower costs.

# Directors' report

The Responsible Entity of the Vanguard Diversified Funds and ETFs (the "Funds") for the year ended 30 Jun 2023 was Vanguard Investments Australia Ltd (the "Responsible Entity").

The directors of Vanguard Investments Australia Ltd present their report together with the financial statements for the year ended 30 Jun 2023.

## Principal activities

The Funds invest in accordance with the investment policy of the Funds as set out in their respective Product Disclosure Statements (PDSs) and in accordance with the Funds' Constitution. The Funds predominantly invest in the Vanguard Wholesale Funds, a group of unlisted unit trusts which are also managed by the Responsible Entity. The Funds seek to track the weighted average return of the various indices of the underlying Vanguard Wholesale Funds in which they invest, in proportion to their strategic asset allocation, before taking into account fees, expenses and tax. The weights used are the strategic asset allocations to each asset class, for each individual Fund. See note 13 for details on the Funds' investments in Vanguard Wholesale Funds.

The ETF Class units of the Funds operate as Exchange Traded Funds (ETFs) listed on the Australian Securities Exchange (ASX).

The Funds did not have any employees during the year.

There were no significant changes in the nature of the activities of the Funds during the year.

## Directors

Daniel Shrimski

John Bendl

Curt Jacques

Kim Petersen

## Review and results of operations

The Funds invest in unlisted unit trusts and cash and cash equivalents. The investment policy of the Funds continues to be in accordance with the provisions of the Funds' Constitution.

## Results

The results of the operations of the Funds were as follows:

	Vanguard Diversified Bond Index Fund		Vanguard Balanced Index Fund		Vanguard Conservative Index Fund	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
Operating profit/(loss) before finance costs attributable to unitholders (\$'000)	(3,618)	(36,236)	558,499	(831,095)	133,092	(326,080)
<b>Distributions - Wholesale Class</b>						
Distribution paid and payable (\$'000)	566	1,341	144,556	219,055	31,696	61,949
Distribution (cents per unit)	0.1545	0.3674	2.6949	4.1122	1.2396	2.3023
<b>Distributions - ETF Class</b>						
Distribution paid and payable (\$'000)	-	-	10,341	18,126	2,525	4,607
Distribution (cents per unit)	-	-	82.6421	155.0850	55.4217	96.1605
			Vanguard Growth Index Fund		Vanguard High Growth Index Fund	
			30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
Operating profit/(loss) before finance costs attributable to unitholders (\$'000)			954,808	(907,405)	956,369	(630,633)
<b>Distributions - Wholesale Class</b>						
Distribution paid and payable (\$'000)			210,558	304,481	149,111	219,802
Distribution (cents per unit)			3.4425	5.3274	4.8191	8.0716
<b>Distributions - ETF Class</b>						
Distribution paid and payable (\$'000)			16,454	21,712	54,812	75,158
Distribution (cents per unit)			131.1869	197.8919	159.6222	261.5935

# Directors' report (continued)

## Review and results of operations (continued)

### Performance

The tables below detail the performance of the Funds as represented by the total return, net of fees, which is calculated as the aggregation of the percentage capital growth and percentage distribution of income. The total return is shown for the past five years to 30 June 2023 and assumes that all distributions were re-invested during that period. These are calculated in accordance with FSC Standard 6.0 Product Performance - calculation and presentation of returns. The directors assess the performance of the Funds by comparing each Fund's total return with the corresponding Index (the "Benchmark") gross of fees.

	2023	2022	2021	2020	2019
	%	%	%	%	%
Vanguard Diversified Bond Index Fund					
Capital growth	(1.33)	(11.16)	(8.55)	3.13	7.20
Distribution of income	0.19	0.36	8.03	1.61	0.78
Total return	(1.14)	(10.80)	(0.52)	4.74	7.98
Benchmark					
<i>Diversified Bond Composite Index - Wholesale(1)</i>	(0.86)	(10.64)	(0.31)	5.20	8.12

(1) *Diversified Bond Composite Index - Wholesale* comprises of (weight/index): 30% Bloomberg AusBond Composite 0+ Yr Index, 70% Bloomberg Global Aggregate Float-Adjusted and Scaled Index in Australian dollars.

	2023	2022	2021	2020	2019
	%	%	%	%	%
Vanguard Balanced Index Fund - Wholesale Class					
Capital growth	5.32	(12.38)	2.34	(2.02)	6.67
Distribution of income	2.19	2.69	11.64	3.94	2.30
Total return	7.51	(9.69)	13.98	1.92	8.97
Benchmark					
<i>Balanced Composite Index(2)</i>	8.01	(9.46)	14.38	2.90	9.17

(2) *Balanced Composite Index - Wholesale* comprises of (weight/index): 20% S&P/ASX 300 Index, 14.5% MSCI World ex-Australia Index (with net dividends reinvested) in Australian dollars, 9% MSCI World ex-Australia Index (with net dividends reinvested) in Australian dollars, 3.5% MSCI World ex-Australia Small Cap Index (with net dividends reinvested) in Australian dollars, 3% MSCI Emerging Markets Index (with net dividends reinvested) in Australian dollars, 15% Bloomberg AusBond Composite 0+ Yr Index, 35% Bloomberg Global Aggregate Float-Adjusted and Scaled Index in Australian dollars.

	2023	2022	2021	2020	2019
	%	%	%	%	%
Vanguard Balanced Index Fund - ETF Class					
Capital growth	5.74	(12.34)	2.41	(1.92)	7.00
Distribution of income	1.78	2.68	11.58	3.86	1.99
Total return	7.52	(9.66)	13.99	1.94	8.99
Benchmark					
<i>Balanced Composite Index(2)</i>	8.01	(9.46)	14.38	2.90	9.17

(2) *Balanced Composite Index - Wholesale* comprises of (weight/index): 20% S&P/ASX 300 Index, 14.5% MSCI World ex-Australia Index (with net dividends reinvested) in Australian dollars, 9% MSCI World ex-Australia Index (with net dividends reinvested) in Australian dollars, 3.5% MSCI World ex-Australia Small Cap Index (with net dividends reinvested) in Australian dollars, 3% MSCI Emerging Markets Index (with net dividends reinvested) in Australian dollars, 15% Bloomberg AusBond Composite 0+ Yr Index, 35% Bloomberg Global Aggregate Float-Adjusted and Scaled Index in Australian dollars.

	2023	2022	2021	2020	2019
	%	%	%	%	%
Vanguard Conservative Index Fund - Wholesale Class					
Capital growth	3.22	(10.87)	(2.09)	0.36	6.53
Distribution of income	1.18	1.81	10.11	2.46	1.51
Total return	4.40	(9.06)	8.02	2.82	8.04
Benchmark					
<i>Conservative Composite Index(3)</i>	4.77	(8.88)	8.33	3.56	8.14

(3) *Conservative Composite Index - Wholesale* comprises of (weight/index): 12% S&P/ASX 300 Index, 8.5% MSCI World ex-Australia Index (with net dividends reinvested) in Australian dollars, 5.5% MSCI World ex-Australia Index (with net dividends reinvested) in Australian dollars, 2% MSCI World ex-Australia Small Cap Index (with net dividends reinvested) in Australian dollars, 2% MSCI Emerging Markets Index (with net dividends reinvested) in Australian dollars, 18% Bloomberg AusBond Composite 0+ Yr Index, 42% Bloomberg Global Aggregate Float-Adjusted and Scaled Index in Australian dollars, 10% Bloomberg AusBond Bank Bill Index.

# Directors' report (continued)

## Review and results of operations (continued)

### Performance (continued)

	2023 %	2022 %	2021 %	2020 %	2019 %
Vanguard Conservative Index Fund - ETF Class					
Capital growth	3.21	(10.75)	(1.76)	0.57	6.60
Distribution of income	1.20	1.71	9.80	2.27	1.46
Total return	4.41	(9.04)	8.04	2.84	8.06
Benchmark					
Conservative Composite Index <sup>(3)</sup>	4.77	(8.88)	8.33	3.56	8.14

(3) Conservative Composite Index - Wholesale comprises of (weight/index): 12% S&P/ASX 300 Index, 8.5% MSCI World ex-Australia Index (with net dividends reinvested) in Australian dollars, 5.5% MSCI World ex-Australia Index (with net dividends reinvested) in Australian dollars, 2% MSCI World ex-Australia Small Cap Index (with net dividends reinvested) in Australian dollars, 2% MSCI Emerging Markets Index (with net dividends reinvested) in Australian dollars, 18% Bloomberg AusBond Composite 0+ Yr Index, 42% Bloomberg Global Aggregate Float-Adjusted and Scaled Index in Australian dollars, 10% Bloomberg AusBond Bank Bill Index.

	2023 %	2022 %	2021 %	2020 %	2019 %
Vanguard Growth Index Fund - Wholesale Class					
Capital growth	8.46	(12.68)	8.32	(4.44)	5.88
Distribution of income	2.74	3.35	11.97	5.07	3.42
Total return	11.20	(9.33)	20.29	0.63	9.30
Benchmark					
Growth Composite Index <sup>(4)</sup>	11.72	(9.05)	20.76	1.54	9.53

(4) Growth Composite Index - Wholesale comprises of (weight/index): 28% S&P/ASX 300 Index, 20.5% MSCI World ex-Australia Index (with net dividends reinvested) in Australian dollars, 12.5% MSCI World ex-Australia Index (with net dividends reinvested) in Australian dollars, 5% MSCI World ex-Australia Small Cap Index (with net dividends reinvested) in Australian dollars, 4% MSCI Emerging Markets Index (with net dividends reinvested) in Australian dollars, 9% Bloomberg AusBond Composite 0+ Yr Index, 21% Bloomberg Global Aggregate Float-Adjusted and Scaled Index in Australian dollars.

	2023 %	2022 %	2021 %	2020 %	2019 %
Vanguard Growth Index Fund - ETF Class					
Capital growth	8.45	(12.57)	9.23	(3.77)	5.99
Distribution of income	2.75	3.27	11.08	4.42	3.33
Total return	11.20	(9.30)	20.31	0.65	9.32
Benchmark					
Growth Composite Index <sup>(4)</sup>	11.72	(9.05)	20.76	1.54	9.53

(4) Growth Composite Index - Wholesale comprises of (weight/index): 28% S&P/ASX 300 Index, 20.5% MSCI World ex-Australia Index (with net dividends reinvested) in Australian dollars, 12.5% MSCI World ex-Australia Index (with net dividends reinvested) in Australian dollars, 5% MSCI World ex-Australia Small Cap Index (with net dividends reinvested) in Australian dollars, 4% MSCI Emerging Markets Index (with net dividends reinvested) in Australian dollars, 9% Bloomberg AusBond Composite 0+ Yr Index, 21% Bloomberg Global Aggregate Float-Adjusted and Scaled Index in Australian dollars.

	2023 %	2022 %	2021 %	2020 %	2019 %
Vanguard High Growth Index Fund - Wholesale Class					
Capital growth	11.64	(13.19)	13.70	(5.42)	5.01
Distribution of income	3.27	4.20	13.22	4.65	4.57
Total return	14.91	(8.99)	26.92	(0.77)	9.58
Benchmark					
High Growth Composite Index <sup>(5)</sup>	15.52	(8.70)	27.45	(0.06)	9.85

(5) High Growth Composite Index - Wholesale comprises of (weight/index): 36% S&P/ASX 300 Index, 26.5% MSCI World ex-Australia Index (with net dividends reinvested) in Australian dollars, 16% MSCI World ex-Australia Index (with net dividends reinvested) in Australian dollars, 6.5% MSCI World ex-Australia Small Cap Index (with net dividends reinvested) in Australian dollars, 5% MSCI Emerging Markets Index (with net dividends reinvested) in Australian dollars, 3% Bloomberg AusBond Composite 0+ Yr Index, 7% Bloomberg Global Aggregate Float-Adjusted and Scaled Index in Australian dollars.

# Directors' report (continued)

## Review and results of operations (continued)

### Performance (continued)

	2023 %	2022 %	2021 %	2020 %	2019 %
Vanguard High Growth Index Fund - ETF Class					
Capital growth	11.60	(13.09)	15.29	(5.23)	5.16
Distribution of income	3.28	4.13	11.67	4.48	4.44
Total return	14.88	(8.96)	26.96	(0.75)	9.60
Benchmark					
High Growth Composite Index(5)	15.52	(8.70)	27.45	(0.06)	9.85

(5) High Growth Composite Index - Wholesale comprises of (weight/index): 36% S&P/ASX 300 Index, 26.5% MSCI World ex-Australia Index (with net dividends reinvested) in Australian dollars, 16% MSCI World ex-Australia Index (with net dividends reinvested) in Australian dollars, 6.5% MSCI World ex-Australia Small Cap Index (with net dividends reinvested) in Australian dollars, 5% MSCI Emerging Markets Index (with net dividends reinvested) in Australian dollars, 3% Bloomberg AusBond Composite 0+ Yr Index, 7% Bloomberg Global Aggregate Float-Adjusted and Scaled Index in Australian dollars.

Investors should be aware that past performance is not necessarily an indicator of future performance.

### Unit redemption prices

Unit redemption prices (quoted including distribution) are shown as follows:

	At 30 June		Period high		Period low	
	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$
Vanguard Diversified Bond Index Fund	0.8041	0.8144	0.8393	0.9325	0.7720	0.7977
Vanguard Balanced Index Fund - Wholesale Class	1.3498	1.2903	1.3498	1.4934	1.2440	1.2661
Vanguard Balanced Index Fund - ETF Class	51.2305	48.9132	51.2305	56.5821	47.1511	48.0011
Vanguard Conservative Index Fund - Wholesale Class	1.1223	1.0931	1.1270	1.2418	1.0556	1.0754
Vanguard Conservative Index Fund - ETF Class	49.3416	48.0525	49.5630	54.5290	46.4220	47.2649
Vanguard Growth Index Fund - Wholesale Class	1.4391	1.3382	1.4391	1.5652	1.2905	1.3124
Vanguard Growth Index Fund - ETF Class	54.7961	50.9501	54.7961	59.5463	49.1464	49.9708
Vanguard High Growth Index Fund - Wholesale Class	1.7713	1.6052	1.7713	1.9082	1.5474	1.5735
Vanguard High Growth Index Fund - ETF Class	58.3320	52.8671	58.3320	62.8199	50.9599	51.8194

### Significant changes in state of affairs

Significant market disruptions, such as those caused by pandemics (e.g., COVID-19 pandemic), natural or environmental disasters, war (e.g., Russia's invasion of Ukraine), acts of terrorism, or other events, can adversely affect local and global markets and normal market operations. Any such disruptions could have an adverse impact on the value of the Funds' investments and fund performance.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Funds that occurred during the financial year.

### Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 Jun 2023 that has significantly affected, or may significantly affect:

- the operations of the Funds in future financial years; or
- the results of those operations in future financial years; or
- the state of affairs of the Funds in future financial years.

### Likely developments and expected results of operations

The Funds will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Funds and in accordance with the provisions of the Funds' Constitution.

The results of the Funds' operations will be affected by a number of factors, including the performance of investment markets in which the Funds invest. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

# Directors' report (continued)

## Indemnity and insurance of officers and auditors

No insurance premiums were paid for out of the assets of the Funds in regards to insurance cover provided to either the officers of Vanguard Investments Australia Ltd or the auditors of the Funds. So long as the officers of Vanguard Investments Australia Ltd act in accordance with the Funds' Constitution and the Law, the officers remain indemnified out of the assets of the Funds against losses incurred while acting on behalf of the Funds. The auditors of the Funds are in no way indemnified out of the assets of the Funds.

## Fees paid to and interests held in the Funds by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of the Funds' property during the year are disclosed in note 13 of the financial statements.

No fees were paid out of the Funds' property to the directors of the Responsible Entity during the year.

The number of interests in the Funds held by the Responsible Entity or its associates as at the end of the financial year are disclosed in note 13 of the financial statements.

## Interests in the Funds

The movement in units on issue in the Funds during the year is disclosed in note 7 of the financial statements.

The value of the Funds' assets and liabilities are disclosed on the balance sheet and derived using the basis set out in note 2 of the financial statements.

## Environmental regulation

The operations of the Funds are not subject to any particular or significant environmental regulations under either Commonwealth, State or Territory law.

## Rounding of amounts to the nearest thousand dollars

Amounts in the directors' report have been rounded to the nearest thousand dollars in accordance with *Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191*, unless otherwise indicated.

## Additional disclosure

The relief available in *ASIC Corporations (Related Scheme Reports) Instrument 2015/839* has been applied in the directors' report and the financial report, combining information related to multiple Funds. In accordance with that, information related to each included Fund has been readily identified and amounts for each included Fund is presented in the adjacent columns in this report.

## Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 7.

This report is made in accordance with a resolution of the directors.



Daniel Shrimski  
Managing Director, Vanguard Investments Australia Ltd  
Melbourne  
13 September 2023



## Auditor's Independence Declaration

- Vanguard Diversified Bond Index Fund
- Vanguard Balanced Index Fund\*
- Vanguard Conservative Index Fund\*
- Vanguard Growth Index Fund\*
- Vanguard High Growth Index Fund\*

referred to collectively as the Vanguard Diversified Funds and ETFs.

\*denotes listed Funds

As lead auditor for the audit of the Vanguard Diversified Funds and ETFs for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Adrian Gut', with a small flourish at the end.

Adrian Gut  
Partner  
PricewaterhouseCoopers

Melbourne  
13 September 2023

# Statements of comprehensive income

For the year ended 30 June 2023

	Notes	Vanguard Diversified Bond Index Fund		Vanguard Balanced Index Fund		Vanguard Conservative Index Fund	
		30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Investment income</b>							
Interest income		12	-	328	-	107	-
Distribution income		4,416	4,513	181,128	236,297	65,175	74,308
Net gains/(losses) on financial instruments at fair value through profit or loss	5	(7,852)	(40,548)	382,281	(1,062,213)	70,031	(398,304)
Other operating income		-	-	57	209	37	87
<b>Total net investment income/(loss)</b>		<b>(3,424)</b>	<b>(36,035)</b>	<b>563,794</b>	<b>(825,707)</b>	<b>135,350</b>	<b>(323,909)</b>
<b>Expenses</b>							
Responsible Entity's fees	14	192	197	5,292	5,378	2,255	2,165
Custody fees		2	4	3	8	2	6
Other operating expenses		-	-	-	2	1	-
<b>Total operating expenses</b>		<b>194</b>	<b>201</b>	<b>5,295</b>	<b>5,388</b>	<b>2,258</b>	<b>2,171</b>
<b>Operating profit/(loss)</b>		<b>(3,618)</b>	<b>(36,236)</b>	<b>558,499</b>	<b>(831,095)</b>	<b>133,092</b>	<b>(326,080)</b>
<b>Finance costs attributable to unitholders</b>							
Distributions to unitholders	8	-	-	(154,897)	(237,181)	(34,221)	(66,556)
(Increase)/decrease in net assets attributable to unitholders	7	-	-	(403,602)	1,068,276	(98,871)	392,636
<b>Profit/(loss) for the year</b>		<b>(3,618)</b>	<b>(36,236)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other comprehensive income		-	-	-	-	-	-
<b>Total comprehensive income for the year</b>		<b>(3,618)</b>	<b>(36,236)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Notes	Vanguard Growth Index Fund		Vanguard High Growth Index Fund	
		30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
		\$'000	\$'000	\$'000	\$'000
<b>Investment income</b>					
Interest income		415	-	348	-
Distribution income		246,210	316,636	215,550	267,989
Net gains/(losses) on financial instruments at fair value through profit or loss	5	714,631	(1,218,015)	745,209	(894,773)
Other operating income		49	157	150	542
<b>Total net investment income/(loss)</b>		<b>961,305</b>	<b>(901,222)</b>	<b>961,257</b>	<b>(626,242)</b>
<b>Expenses</b>					
Responsible Entity's fees	14	6,494	6,173	4,881	4,381
Custody fees		3	8	6	10
Other operating expenses		-	2	1	-
<b>Total operating expenses</b>		<b>6,497</b>	<b>6,183</b>	<b>4,888</b>	<b>4,391</b>
<b>Operating profit/(loss)</b>		<b>954,808</b>	<b>(907,405)</b>	<b>956,369</b>	<b>(630,633)</b>
<b>Finance costs attributable to unitholders</b>					
Distributions to unitholders	8	(227,012)	(326,193)	(203,923)	(294,960)
(Increase)/decrease in net assets attributable to unitholders	7	(727,796)	1,233,598	(752,446)	925,593
<b>Profit/(loss) for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The above statements of comprehensive income should be read in conjunction with the accompanying notes.

# Balance sheets

As at 30 June 2023

	Notes	Vanguard Diversified Bond Index Fund		Vanguard Balanced Index Fund		Vanguard Conservative Index Fund	
		30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>							
Cash and cash equivalents	9	537	225	8,104	6,676	2,049	2,152
Receivables		88	94	4,810	4,882	1,278	938
Accrued income		1,481	951	62,207	89,943	19,516	25,645
Due from brokers - receivable for securities sold		-	116	54,002	101,840	13,407	28,332
Financial assets at fair value through profit or loss	6	292,828	297,802	7,604,138	7,398,277	2,894,133	3,142,359
<b>Total assets</b>		<b>294,934</b>	<b>299,188</b>	<b>7,733,261</b>	<b>7,601,618</b>	<b>2,930,383</b>	<b>3,199,426</b>
<b>Liabilities</b>							
Distribution payable	8	190	-	60,479	112,403	9,732	29,460
Payables		295	406	11,826	11,667	7,835	5,171
Due to brokers - payable for securities purchased		116	-	-	-	-	-
<b>Total liabilities</b>		<b>601</b>	<b>406</b>	<b>72,305</b>	<b>124,070</b>	<b>17,567</b>	<b>34,631</b>
<b>Net assets attributable to unitholders (equity)</b>	7	<b>294,333</b>	<b>298,782</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net assets attributable to unitholders (liability)</b>	7	<b>-</b>	<b>-</b>	<b>7,660,956</b>	<b>7,477,548</b>	<b>2,912,816</b>	<b>3,164,795</b>

	Notes	Vanguard Growth Index Fund		Vanguard High Growth Index Fund	
		30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
		\$'000	\$'000	\$'000	\$'000
<b>Assets</b>					
Cash and cash equivalents	9	13,702	8,949	14,958	7,943
Receivables		5,377	8,625	7,375	10,843
Accrued income		88,507	130,664	80,424	117,266
Due from brokers - receivable for securities sold		74,702	129,141	58,040	106,298
Financial assets at fair value through profit or loss	6	9,332,666	8,226,099	7,490,927	5,957,401
<b>Total assets</b>		<b>9,514,954</b>	<b>8,503,478</b>	<b>7,651,724</b>	<b>6,199,751</b>
<b>Liabilities</b>					
Distribution payable	8	97,382	158,138	87,257	141,515
Payables		11,243	10,004	6,150	4,531
Due to brokers - payable for securities purchased		-	2,322	3,000	4,928
<b>Total liabilities</b>		<b>108,625</b>	<b>170,464</b>	<b>96,407</b>	<b>150,974</b>
<b>Net assets attributable to unitholders (liability)</b>	7	<b>9,406,329</b>	<b>8,333,014</b>	<b>7,555,317</b>	<b>6,048,777</b>

The above balance sheets should be read in conjunction with the accompanying notes.

# Statements of changes in equity

For the year ended 30 June 2023

	Notes	Vanguard Diversified Bond Index Fund		Vanguard Balanced Index Fund		Vanguard Conservative Index Fund	
		30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Total equity at the beginning of the financial year</b>		<b>298,782</b>	312,002	-	-	-	-
<b>Comprehensive income for the year</b>							
Profit/(loss) for the year		(3,618)	(36,236)	-	-	-	-
Other comprehensive income		-	-	-	-	-	-
<b>Total comprehensive income for the year</b>		<b>(3,618)</b>	(36,236)	-	-	-	-
<b>Transactions with unitholders</b>							
Applications		64,679	103,060	-	-	-	-
Redemptions		(64,957)	(78,851)	-	-	-	-
Units issued upon reinvestment of distributions		13	148	-	-	-	-
Distributions paid and payable	8	(566)	(1,341)	-	-	-	-
<b>Total transactions with unitholders</b>		<b>(831)</b>	23,016	-	-	-	-
<b>Total equity at the end of the financial year</b>	7	<b>294,333</b>	298,782	-	-	-	-

	Notes	Vanguard Growth Index Fund		Vanguard High Growth Index Fund	
		30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
		\$'000	\$'000	\$'000	\$'000
<b>Total equity at the beginning of the financial year</b>		-	-	-	-
<b>Comprehensive income for the year</b>					
Profit/(loss) for the year		-	-	-	-
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the year</b>		<b>-</b>	-	-	-
<b>Transactions with unitholders</b>					
Applications		-	-	-	-
Redemptions		-	-	-	-
Units issued upon reinvestment of distributions		-	-	-	-
Distributions paid and payable	8	-	-	-	-
<b>Total transactions with unitholders</b>		<b>-</b>	-	-	-
<b>Total equity at the end of the financial year</b>	7	<b>-</b>	-	-	-

The above statements of changes in equity should be read in conjunction with the accompanying notes.

# Statements of cash flows

For the year ended 30 June 2023

	Notes	Vanguard Diversified Bond Index Fund		Vanguard Balanced Index Fund		Vanguard Conservative Index Fund	
		30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>							
Proceeds from sale of financial instruments at fair value through profit or loss		31,683	30,304	683,314	648,710	464,554	271,526
Purchases of financial instruments at fair value through profit or loss		(30,443)	(51,622)	(250,192)	(1,812,268)	(60,068)	(623,816)
Interest received		12	-	328	-	107	-
Other income received		-	-	62	312	37	87
Responsible Entity's fees paid		(192)	(194)	(5,299)	(5,302)	(2,275)	(2,404)
Operating expenses paid		(2)	(5)	(3)	(139)	(15)	(10)
<b>Net cash inflow/(outflow) from operating activities</b>	10(a)	<b>1,058</b>	<b>(21,517)</b>	<b>428,210</b>	<b>(1,168,687)</b>	<b>402,340</b>	<b>(354,617)</b>
<b>Cash flows from financing activities</b>							
Proceeds from applications by unitholders		64,685	103,534	1,263,851	2,555,171	423,953	1,052,718
Payments for redemptions by unitholders		(65,068)	(78,887)	(1,503,921)	(1,121,360)	(778,579)	(615,449)
Distributions paid from operating activities		(363)	(3,096)	(186,712)	(267,289)	(47,817)	(83,431)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>(746)</b>	<b>21,551</b>	<b>(426,782)</b>	<b>1,166,522</b>	<b>(402,443)</b>	<b>353,838</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>312</b>	<b>34</b>	<b>1,428</b>	<b>(2,165)</b>	<b>(103)</b>	<b>(779)</b>
Cash and cash equivalents at the beginning of the year		225	191	6,676	8,841	2,152	2,931
<b>Cash and cash equivalents at the end of the year</b>	9	<b>537</b>	<b>225</b>	<b>8,104</b>	<b>6,676</b>	<b>2,049</b>	<b>2,152</b>
Non-cash financing activities	10(b)	13	148	20,109	28,633	6,132	10,032

	Notes	Vanguard Growth Index Fund		Vanguard High Growth Index Fund	
		30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
		\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>					
Proceeds from sale of financial instruments at fair value through profit or loss		514,912	654,125	267,662	377,557
Purchases of financial instruments at fair value through profit or loss		(566,364)	(2,329,041)	(757,257)	(1,765,892)
Interest received		415	-	348	-
Other income received		49	157	150	542
Responsible Entity's fees paid		(6,447)	(6,082)	(4,808)	(4,323)
Operating expenses paid		(5)	(41)	(18)	(31)
<b>Net cash inflow/(outflow) from operating activities</b>	10(a)	<b>(57,440)</b>	<b>(1,680,882)</b>	<b>(493,923)</b>	<b>(1,392,147)</b>
<b>Cash flows from financing activities</b>					
Proceeds from applications by unitholders		1,652,736	3,006,588	1,398,468	2,218,335
Payments for redemptions by unitholders		(1,347,296)	(1,009,469)	(687,536)	(548,004)
Distributions paid from operating activities		(243,247)	(327,835)	(209,994)	(275,496)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>62,193</b>	<b>1,669,284</b>	<b>500,938</b>	<b>1,394,835</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>4,753</b>	<b>(11,598)</b>	<b>7,015</b>	<b>2,688</b>
Cash and cash equivalents at the beginning of the year		8,949	20,547	7,943	5,255
<b>Cash and cash equivalents at the end of the year</b>	9	<b>13,702</b>	<b>8,949</b>	<b>14,958</b>	<b>7,943</b>
Non-cash financing activities	10(b)	44,521	48,077	48,187	55,482

The above statements of cash flows should be read in conjunction with the accompanying notes.

# Notes to the financial statements

For the year ended 30 June 2023

## 1 General information

These financial statements cover the Vanguard Diversified Funds and ETFs (the “Funds”) as registered managed investment schemes. The respective constitution dates are as follows:

- Vanguard Diversified Bond Index Fund 17 December 2010
- Vanguard Balanced Index Fund 30 July 2002
- Vanguard Conservative Index Fund 30 July 2002
- Vanguard Growth Index Fund 30 July 2002
- Vanguard High Growth Index Fund 30 July 2002

The Responsible Entity of the Vanguard Diversified Funds and ETFs is Vanguard Investments Australia Ltd (the “Responsible Entity”). The Responsible Entity’s registered office is Level 13, 130 Lonsdale Street, Melbourne VIC 3000.

The Funds invest in accordance with the investment policy of the Funds as set out in their respective Product Disclosure Statements (PDSs) and in accordance with the Funds’ Constitution. The Funds predominantly invest in the Vanguard Wholesale Funds, a group of unlisted unit trusts which are also managed by the Responsible Entity. The Funds seek to track the weighted average return of the various indices of the underlying Vanguard Wholesale Funds in which they invest, in proportion to their strategic asset allocation, before taking into account fees, expenses and tax. The weights used are the strategic asset allocations to each asset class, for each individual Fund. See note 13 for details on the Funds’ investments in Vanguard Wholesale Funds.

The ETF Class units of the Funds operate as Exchange Traded Funds (ETFs) listed on the Australian Securities Exchange (ASX).

The financial statements were authorised for issue by the directors on 13 September 2023. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

## 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated in the following text.

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Accounting Standards Board and the *Corporations Act 2001* in Australia. The Funds are for-profit unit trusts for the purpose of preparing the financial statements.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The balance sheet is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All material balances are expected to be recovered or settled within 12 months, except for investments in financial assets at fair value through profit or loss and net assets attributable to unitholders. The amount expected to be recovered or settled within 12 months after the end of each reporting period cannot be reliably determined.

The Funds manage financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at balance date.

In the case of net assets attributable to unitholders, the units are redeemed on demand at the unitholder’s option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

### (i) Compliance with International Financial Reporting Standards

The financial statements of the Funds also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### (ii) New and amended standards adopted by the Funds

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2022 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

# Notes to the financial statements (continued)

For the year ended 30 June 2023

## 2 Summary of significant accounting policies (continued)

### (a) Basis of preparation (continued)

#### (iii) New standards, amendments and interpretations effective after 1 July 2023 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2023, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Funds.

### (b) Financial instruments

#### (i) Classification

The Funds classify their investments based on their business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Funds' portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Funds' documented investment strategy. The Funds' policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

Unlisted unit trusts and derivatives are measured at fair value through profit or loss.

#### (ii) Recognition/derecognition

The Funds recognise financial assets and financial liabilities on the date they become party to the contractual agreement (trade date) and recognise changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments has expired or the Funds have transferred substantially all risks and rewards of ownership.

#### (iii) Measurement

At initial recognition, the Funds measure financial assets and financial liabilities at fair value. Transaction costs of financial assets carried at fair value through profit and loss are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within net gains/(losses) on financial instruments at fair value through profit or loss in the period in which they arise. Realised gains and losses on investments transactions and unrealised gain or loss of investments are both computed on weighted average cost basis.

For further details on how the fair value of the financial instruments is determined are disclosed in note 4.

#### (iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

### (c) Net assets attributable to unitholders

Units are redeemable at the unitholders' option, however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders.

The units can be put back to the Funds at any time for cash based on the redemption price, which is equal to a proportionate share of the Funds' net asset value attributable to the unitholders.

The units are carried at the redemption amount that is payable at balance sheet date if the holder exercises the right to put the units back to the Funds. This amount represents the expected cash flows on redemption of these units.

# Notes to the financial statements (continued)

For the year ended 30 June 2023

## 2 Summary of significant accounting policies (continued)

### (c) Net assets attributable to unitholders (continued)

Units are classified as equity when they satisfy the following criteria under AASB 132 *Financial instruments: Presentation*:

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Fund's liquidation
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical
- apart from the contractual obligation to redeem the units, the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Fund, and it is not a contract settled in the Fund's own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

### (d) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown as a liability in the balance sheet.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Funds' main income generating activity.

### (e) Investment income

Distribution income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income within distribution income when the Fund's right to receive payments is established.

Other changes in fair value for such instruments are recorded in accordance with the policies described in note 2(b) to the financial statements.

### (f) Expenses

All expenses, including Responsible Entity's fees and custodian fees, are recognised in the statement of comprehensive income on an accruals basis.

### (g) Income tax

Under current legislation, the Funds are not subject to income tax provided it attributes the entirety of its taxable income to its unitholders.

The benefits of imputation credits and foreign tax paid are passed on to unitholders.

### (h) Distributions

Distributions are payable as set out in the Funds' Product Disclosure Statement and/or Funds' Constitution. Such distributions are recognised as payable when they are determined by the Responsible Entity of the Funds.

### (i) Increase/decrease in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders. Where the Funds' units are classified as liabilities, movements in net assets attributable to unitholders are recognised in the statement of comprehensive income as finance costs.

### (j) Functional and presentation currency

Items included in the Funds' financial statements are measured using the currency of the primary economic environment in which it operates (the 'functional currency'). This is the Australian dollar, which reflects the currency of the economy in which the Funds compete for funds and is regulated. The Australian dollar is also the Funds' presentation currency.

# Notes to the financial statements (continued)

For the year ended 30 June 2023

## 2 Summary of significant accounting policies (continued)

### (k) Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Funds shall measure the loss allowance on amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Funds shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance.

### (l) Receivables and accrued income

Receivables may include amounts for interest and trust distributions. Trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in note 2(e) above. Amounts are generally received within 30 days of being recorded as receivables.

### (m) Payables

Payables include liabilities and accrued expenses owing by the Funds which are unpaid as at the end of the reporting period.

As the Funds have a contractual obligation to distribute their distributable income, a separate distribution payable is recognised in the balance sheet as at the end of each reporting period where this amount remains unpaid as at the end of the reporting period.

### (n) Applications and redemptions

Applications received for units in the Funds are recorded net of any entry fees payable prior to the issue of units in the Funds. Redemptions from the Funds are recorded gross of any exit fees payable after the cancellation of units redeemed.

### (o) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Responsible Entity by third parties have been passed onto the Funds. The Funds qualify for Reduced Input Tax Credit recovery rate of between 55% and 75%, hence Responsible Entity's fees, custodial fees and other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the balance sheet. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

### (p) Use of estimates

The Funds make estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the majority of the Funds' financial instruments, quoted market prices are readily available. However, certain financial instruments, for example, over-the-counter derivatives or unquoted securities, are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Responsible Entity, independent of the area that created them.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain other financial instruments, including amounts due from/to brokers and payables, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

### (q) Consolidation

The Funds meet the criteria for the investment entity exception and as such, do not prepare consolidated financial statements. Instead, the Funds investments are accounted for at fair value as disclosed in note 2(b). Further, the Funds do not control any entities where they have investments.

# Notes to the financial statements (continued)

For the year ended 30 June 2023

## 2 Summary of significant accounting policies (continued)

### (r) Operating segments

The Funds with ETF class units are within the scope of AASB 8: *Operating Segments* as they satisfy the requirement, under AASB 8, of having debt or equity instruments traded in a public market or filing financial statements with a regulator for the purpose of issuing any class of instruments in a public market.

### (s) Rounding of amounts

The Funds are registered schemes of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, relating to the "rounding off" amounts in the financial statements. Amounts in the financial statements have been rounded off to the nearest thousand dollars, unless otherwise indicated.

## 3 Financial risk management

The Funds' activities expose them to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Funds' overall risk management program focuses on ensuring compliance with the Funds' Product Disclosure Statement and seeks to maximise the returns derived for the level of risk to which the Funds are exposed. The Funds use derivative financial instruments to moderate and create certain risk exposures. Financial risk management is carried out by the investment management department of the Responsible Entity under policies approved by the Board of Directors of the Responsible Entity (the "Board").

The Funds use different methods to measure different types of risks to which they are exposed. These methods are explained on the following pages.

Significant market disruptions, such as those caused by pandemics (e.g., COVID-19 pandemic), natural or environmental disasters, war (e.g., Russia's invasion of Ukraine), acts of terrorism, or other events, can adversely affect local and global markets and normal market operations. Any such disruptions could have an adverse impact on the value of the Funds' investments and fund performance.

### (a) Market risk

#### (i) Price risk

The Funds are exposed to securities price risk. This arises from investments held by the Funds for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates. Paragraph (ii) 'Foreign exchange risk' below sets out how this component of price risk is managed and measured.

In any asset sector the returns of individual securities are a combination of the market returns and returns specific to each security. By diversifying their holdings across the market, index funds are generally well protected from the specific risk of individual securities. Vanguard employs an indexing investment strategy in all asset classes in which the Funds invest.

At 30 June, the fair value of securities exposed to price risk were as follows:

	Vanguard Diversified Bond Index Fund		Vanguard Balanced Index Fund		Vanguard Conservative Index Fund	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Unlisted unit trusts	292,828	297,802	7,604,138	7,398,277	2,894,133	3,142,359
<b>Net total</b>	<b>292,828</b>	<b>297,802</b>	<b>7,604,138</b>	<b>7,398,277</b>	<b>2,894,133</b>	<b>3,142,359</b>

	Vanguard Growth Index Fund		Vanguard High Growth Index Fund	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	\$'000	\$'000	\$'000	\$'000
Unlisted unit trusts	9,332,666	8,226,099	7,490,927	5,957,401
<b>Net total</b>	<b>9,332,666</b>	<b>8,226,099</b>	<b>7,490,927</b>	<b>5,957,401</b>

# Notes to the financial statements (continued)

For the year ended 30 June 2023

## 3 Financial risk management (continued)

### (a) Market risk (continued)

#### (i) Price risk (continued)

The tables presented in note 3(b) summarise the impact on operating profit before finance costs attributable to unitholders and liabilities attributable to unitholders from possible changes in market prices that were reasonably based on the risk that the Funds were exposed to at reporting date.

#### (ii) Foreign exchange risk

Foreign exchange risk arises as a result of investments in financial instruments denominated in foreign currencies. Fluctuations in the value of Australian dollar and foreign currencies can affect the returns from overseas investments, as losses or gains must be converted to Australian dollars.

The Funds have no significant direct exposure to foreign exchange risk. However, the Funds are indirectly exposed to foreign exchange risk via their investment strategy of investing in the Vanguard Wholesale Funds where those Funds may have a direct foreign exchange exposure.

Of the Vanguard Wholesale Funds, the Vanguard International Shares Index Fund, Vanguard Emerging Markets Shares Index Fund and Vanguard International Small Companies Index Fund do not hedge any of their exposure to foreign currencies. Accordingly, these Funds are affected by currency fluctuations.

The Vanguard International Shares Index Fund (Hedged) and Vanguard Global Aggregate Bond Index Fund (Hedged) invest on a fully hedged basis (to Australian dollars), reducing their exposure to currency risk. Foreign currency exposure is accounted for by marking to market in a manner consistent with the valuation of the underlying securities.

#### (iii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates.

The Funds have insufficient direct exposure to interest rate risk to be material. The Funds are indirectly exposed to interest rate risk via their investment strategy of investing in the Vanguard Wholesale Funds. All financial liabilities are non-interest bearing.

### (b) Summarised sensitivity analysis

The following tables summarise the sensitivity of the Funds' operating profit and net assets attributable to unitholders to price risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and foreign exchange rates as well as the indices that the individual Funds are designed to track. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the Funds invest. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

Price risk movement represents the range of historical index returns from the average return based on the minimum suggested investment time frames indicated within the Funds' respective PDS minus one standard deviation to average return plus one standard deviation. The Funds have not made any changes to the methods used to determine its sensitivity to the market risk.

The Funds have a limited direct exposure to interest rate risk which is considered to be immaterial. The Funds do not have direct exposure to foreign exchange risk. However, the Funds have an indirect exposure to interest rate risk and foreign exchange rate risk via their investments in Vanguard Wholesale Funds. No sensitivity analysis tables for interest rate risk and foreign exchange risk have been prepared on a look-through basis.

	Impact on operating profit/(loss) and net assets attributable to unitholders									
	Vanguard Diversified Bond Index Fund		Vanguard Balanced Index Fund		Vanguard Conservative Index Fund		Vanguard Growth Index Fund		Vanguard High Growth Index Fund	
	Price risk		Price risk		Price risk		Price risk		Price risk	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Low	High	Low	High	Low	High	Low	High	Low	High
	-1%	+1%	-2%	+3%	-2%	+2%	-2%	+3%	-2%	+4%
30 Jun 2023	(2,928)	2,928	(152,083)	228,124	(57,883)	57,883	(186,653)	279,980	(149,819)	299,637
	-1%	+1%	-2%	+2%	-2%	+2%	-3%	+3%	-2%	+4%
30 Jun 2022	(2,978)	2,978	(147,966)	147,966	(62,847)	62,847	(246,783)	246,783	(119,148)	238,296

# Notes to the financial statements (continued)

For the year ended 30 June 2023

## 3 Financial risk management (continued)

### (c) Credit risk

Credit risk is the risk that the Funds' trading counterparties become insolvent or cannot otherwise meet their obligations of the Funds in full when they fall due.

The Funds have no significant direct exposure to credit risk. However, the Funds are indirectly exposed to credit risk via their investment strategy of investing in the Vanguard Wholesale Funds where those Funds may have a direct credit risk exposure.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets. There were no significant concentrations of credit risk to counterparties at 30 June 2023 or 30 June 2022.

### (d) Liquidity risk

Liquidity risk is the risk that the Funds may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Funds' financial instruments are predominantly investments in the Vanguard Wholesale Funds, a group of unlisted unit trusts which are also managed by the Responsible Entity. The Vanguard Wholesale Funds' financial instruments include investments in equity investments, fixed interest securities and derivative contracts traded over-the-counter. The Vanguard Wholesale Funds' listed securities are considered to be readily realisable as they are all listed on major stock exchanges. The Vanguard Wholesale Funds may use futures to gain market exposure without investing directly in the securities. This allows the Vanguard Wholesale Funds to maintain liquidity without being under-invested in their respective investment policies. The derivatives are not used to leverage the Vanguard Wholesale Funds' portfolios.

The tables below analyses the Funds' non-derivative financial liabilities into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date. The amounts in the tables are the contractual undiscounted cash flows.

	Vanguard Diversified Bond Index Fund									
	30 Jun 2023					30 Jun 2022				
	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-3 years \$'000	Total \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-3 years \$'000	Total \$'000
Distribution payable	190	-	-	-	190	-	-	-	-	-
Payables	295	-	-	-	295	406	-	-	-	406
Due to brokers - payable for securities purchased	116	-	-	-	116	-	-	-	-	-
<b>Total liabilities</b>	<b>601</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>601</b>	<b>406</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>406</b>

	Vanguard Balanced Index Fund									
	30 Jun 2023					30 Jun 2022				
	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-3 years \$'000	Total \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-3 years \$'000	Total \$'000
Distribution payable	60,479	-	-	-	60,479	112,403	-	-	-	112,403
Payables	11,826	-	-	-	11,826	11,667	-	-	-	11,667
Net assets attributable to unitholders	7,660,956	-	-	-	7,660,956	7,477,548	-	-	-	7,477,548
<b>Total liabilities</b>	<b>7,733,261</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,733,261</b>	<b>7,601,618</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,601,618</b>

	Vanguard Conservative Index Fund									
	30 Jun 2023					30 Jun 2022				
	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-3 years \$'000	Total \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-3 years \$'000	Total \$'000
Distribution payable	9,732	-	-	-	9,732	29,460	-	-	-	29,460
Payables	7,835	-	-	-	7,835	5,171	-	-	-	5,171
Net assets attributable to unitholders	2,912,816	-	-	-	2,912,816	3,164,795	-	-	-	3,164,795
<b>Total liabilities</b>	<b>2,930,383</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,930,383</b>	<b>3,199,426</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,199,426</b>

# Notes to the financial statements (continued)

For the year ended 30 June 2023

## 3 Financial risk management (continued)

### (d) Liquidity risk (continued)

	Vanguard Growth Index Fund									
	30 Jun 2023					30 Jun 2022				
	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-3 years \$'000	Total \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-3 years \$'000	Total \$'000
Distribution payable	97,382	-	-	-	97,382	158,138	-	-	-	158,138
Payables	11,243	-	-	-	11,243	10,004	-	-	-	10,004
Due to brokers - payable for securities purchased	-	-	-	-	-	2,322	-	-	-	2,322
Net assets attributable to unitholders	9,406,329	-	-	-	9,406,329	8,333,014	-	-	-	8,333,014
<b>Total liabilities</b>	<b>9,514,954</b>	-	-	-	<b>9,514,954</b>	<b>8,503,478</b>	-	-	-	<b>8,503,478</b>

	Vanguard High Growth Index Fund									
	30 Jun 2023					30 Jun 2022				
	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-3 years \$'000	Total \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-3 years \$'000	Total \$'000
Distribution payable	87,257	-	-	-	87,257	141,515	-	-	-	141,515
Payables	6,150	-	-	-	6,150	4,531	-	-	-	4,531
Due to brokers - payable for securities purchased	3,000	-	-	-	3,000	4,928	-	-	-	4,928
Net assets attributable to unitholders	7,555,317	-	-	-	7,555,317	6,048,777	-	-	-	6,048,777
<b>Total liabilities</b>	<b>7,651,724</b>	-	-	-	<b>7,651,724</b>	<b>6,199,751</b>	-	-	-	<b>6,199,751</b>

## 4 Fair value measurement

The Funds measure and recognise the following assets and liabilities at fair value on a recurring basis:

- Financial assets / liabilities at fair value through profit or loss (FVPL) (see note 6)

The Funds have no assets or liabilities at fair value on a non-recurring basis in the current reporting period.

AASB 13 requires disclosure of fair value measurements by level of the following fair value hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

### (i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The Funds value their investments in accordance with the accounting policies set out in note 2(b) to the financial statements. For the majority of investments, the Funds rely on information provided by independent pricing services for the valuation of investments.

The quoted market price used for financial assets held by the Funds is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price. When the Funds hold derivatives with offsetting market risks, they use mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

# Notes to the financial statements (continued)

For the year ended 30 June 2023

## 4 Fair value measurement (continued)

### (ii) Fair value in an inactive or unquoted market (level 2 and level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions. The carrying amounts of the Funds' assets and liabilities at the balance sheet date approximate their fair values.

During the year, the Funds only held investments in unlisted unit trusts, which are recorded at the redemption value per unit as reported by the investment managers of such funds. The output of valuation techniques is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Funds hold. Valuations are therefore adjusted, where appropriate to allow for additional factors including liquidity risk and counterparty risk.

### Recognised fair value measurements

The following tables present the Funds' financial assets and liabilities measured at fair value according to the fair value hierarchy at 30 June 2023 and 30 June 2022.

	Vanguard Diversified Bond Index Fund							
	30 Jun 2023				30 Jun 2022			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets at fair value through profit or loss</b>								
Unlisted unit trusts	-	292,828	-	292,828	-	297,802	-	297,802
<b>Total</b>	-	292,828	-	292,828	-	297,802	-	297,802

	Vanguard Balanced Index Fund							
	30 Jun 2023				30 Jun 2022			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets at fair value through profit or loss</b>								
Unlisted unit trusts	-	7,604,138	-	7,604,138	-	7,398,277	-	7,398,277
<b>Total</b>	-	7,604,138	-	7,604,138	-	7,398,277	-	7,398,277

	Vanguard Conservative Index Fund							
	30 Jun 2023				30 Jun 2022			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets at fair value through profit or loss</b>								
Unlisted unit trusts	-	2,894,133	-	2,894,133	-	3,142,359	-	3,142,359
<b>Total</b>	-	2,894,133	-	2,894,133	-	3,142,359	-	3,142,359

	Vanguard Growth Index Fund							
	30 Jun 2023				30 Jun 2022			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets at fair value through profit or loss</b>								
Unlisted unit trusts	-	9,332,666	-	9,332,666	-	8,226,099	-	8,226,099
<b>Total</b>	-	9,332,666	-	9,332,666	-	8,226,099	-	8,226,099

# Notes to the financial statements (continued)

For the year ended 30 June 2023

## 4 Fair value measurement (continued)

### Recognised fair value measurements (continued)

	Vanguard High Growth Index Fund							
	30 Jun 2023				30 Jun 2022			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets at fair value through profit or loss</b>								
Unlisted unit trusts	-	7,490,927	-	7,490,927	-	5,957,401	-	5,957,401
<b>Total</b>	-	7,490,927	-	7,490,927	-	5,957,401	-	5,957,401

The Funds' policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no changes made to any of the valuation techniques applied as of 30 June 2023.

### Transfers between levels

There were no transfers between levels of the fair value hierarchy at the end of the reporting periods 30 June 2023 and 30 June 2022.

## 5 Net gains/(losses) on financial instruments at fair value through profit or loss

Net gains/(losses) recognised in relation to financial assets and financial liabilities at fair value through profit or loss:

	Vanguard Diversified Bond Index Fund		Vanguard Balanced Index Fund		Vanguard Conservative Index Fund	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net unrealised gain/(loss) on financial instruments at fair value through profit or loss	(2,282)	(38,436)	346,246	(1,070,089)	81,611	(401,110)
Net realised gain/(loss) on financial instruments at fair value through profit or loss	(5,570)	(2,112)	36,035	7,876	(11,580)	2,806
<b>Total net gains/(losses) on financial instruments at fair value through profit or loss</b>	<b>(7,852)</b>	<b>(40,548)</b>	<b>382,281</b>	<b>(1,062,213)</b>	<b>70,031</b>	<b>(398,304)</b>

	Vanguard Growth Index Fund		Vanguard High Growth Index Fund	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	\$'000	\$'000	\$'000	\$'000
Net unrealised gain/(loss) on financial instruments at fair value through profit or loss	682,697	(1,231,772)	736,438	(920,218)
Net realised gain/(loss) on financial instruments at fair value through profit or loss	31,934	13,757	8,771	25,445
<b>Total net gains/(losses) on financial instruments at fair value through profit or loss</b>	<b>714,631</b>	<b>(1,218,015)</b>	<b>745,209</b>	<b>(894,773)</b>

# Notes to the financial statements (continued)

For the year ended 30 June 2023

## 6 Financial assets at fair value through profit or loss

	Vanguard Diversified Bond Index Fund		Vanguard Balanced Index Fund		Vanguard Conservative Index Fund	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000
<b>Financial assets at fair value through profit or loss</b>						
Unlisted unit trusts	292,828	297,802	7,604,138	7,398,277	2,894,133	3,142,359
<b>Total financial assets at fair value through profit or loss</b>	<b>292,828</b>	<b>297,802</b>	<b>7,604,138</b>	<b>7,398,277</b>	<b>2,894,133</b>	<b>3,142,359</b>
<b>Comprising:</b>						
<b>Unlisted unit trusts</b>						
Units in Australian equity trusts	-	-	1,512,416	1,430,855	340,834	362,045
Units in international equity trusts	-	-	2,305,034	2,200,045	527,749	553,534
Units in Australian fixed interest trusts	87,763	89,709	1,121,279	1,131,686	806,737	893,274
Units in international fixed interest trusts	205,065	208,093	2,665,409	2,635,691	1,218,813	1,333,506
Total unlisted unit trusts	292,828	297,802	7,604,138	7,398,277	2,894,133	3,142,359
<b>Total financial assets at fair value through profit or loss</b>	<b>292,828</b>	<b>297,802</b>	<b>7,604,138</b>	<b>7,398,277</b>	<b>2,894,133</b>	<b>3,142,359</b>

	Vanguard Growth Index Fund		Vanguard High Growth Index Fund	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000
<b>Financial assets at fair value through profit or loss</b>				
Unlisted unit trusts	9,332,666	8,226,099	7,490,927	5,957,401
<b>Total financial assets at fair value through profit or loss</b>	<b>9,332,666</b>	<b>8,226,099</b>	<b>7,490,927</b>	<b>5,957,401</b>
<b>Comprising:</b>				
<b>Unlisted unit trusts</b>				
Units in Australian equity trusts	2,589,775	2,242,310	2,657,597	2,103,841
Units in international equity trusts	3,999,765	3,451,610	4,084,191	3,237,610
Units in Australian fixed interest trusts	809,102	760,626	224,672	185,015
Units in international fixed interest trusts	1,934,024	1,771,553	524,467	430,935
Total unlisted unit trusts	9,332,666	8,226,099	7,490,927	5,957,401
<b>Total financial assets at fair value through profit or loss</b>	<b>9,332,666</b>	<b>8,226,099</b>	<b>7,490,927</b>	<b>5,957,401</b>

An overview of the risk exposures relating to financial assets at fair value through profit or loss is included in note 3.

# Notes to the financial statements (continued)

For the year ended 30 June 2023

## 7 Net assets attributable to unitholders

Under AASB 132 *Financial instruments: Presentation*, puttable financial instruments meet the definition of a financial liability to be classified as equity where certain strict criteria are met. The Funds shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions. Otherwise the financial instrument should be disclosed as a liability (refer to note 2(c)).

Movement in number of units and net assets attributable to unitholders during the year were as follows:

	Vanguard Diversified Bond Index Fund			
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	No. '000	No. '000	\$'000	\$'000
Balance as at 1 July	366,843	340,406	298,782	312,002
Applications	79,766	115,104	64,679	103,060
Redemptions	(80,776)	(88,829)	(64,957)	(78,851)
Units issued upon reinvestment of distributions	16	162	13	148
Distributions paid and payable	-	-	(566)	(1,341)
Profit/(loss) for the year	-	-	(3,618)	(36,236)
<b>Closing balance as at 30 June</b>	<b>365,849</b>	<b>366,843</b>	<b>294,333</b>	<b>298,782</b>

	Vanguard Balanced Index Fund							
	Wholesale Class				ETF Class			
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
No. '000	No. '000	\$'000	\$'000	No. '000	No. '000	\$'000	\$'000	
Balance as at 1 July	5,423,233	4,586,163	6,888,902	6,647,991	12,226	8,182	588,646	449,319
Applications	941,553	1,611,025	1,233,800	2,321,258	606	4,035	29,984	222,818
Redemptions	(1,123,697)	(791,906)	(1,474,578)	(1,122,257)	(590)	(40)	(29,509)	(1,938)
Units issued upon reinvestment of distributions	14,242	17,951	18,161	25,926	40	49	1,948	2,707
Increase/(decrease) in net assets attributable to unitholders	-	-	368,990	(984,016)	-	-	34,612	(84,260)
<b>Closing balance as at 30 June</b>	<b>5,255,331</b>	<b>5,423,233</b>	<b>7,035,275</b>	<b>6,888,902</b>	<b>12,282</b>	<b>12,226</b>	<b>625,681</b>	<b>588,646</b>

	Vanguard Conservative Index Fund							
	Wholesale Class				ETF Class			
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
No. '000	No. '000	\$'000	\$'000	No. '000	No. '000	\$'000	\$'000	
Balance as at 1 July	2,710,358	2,415,714	2,934,830	2,934,279	4,832	3,405	229,965	181,571
Applications	381,384	800,752	420,159	962,606	84	1,550	4,122	83,556
Redemptions	(679,423)	(513,687)	(748,513)	(607,760)	(675)	(140)	(32,750)	(6,853)
Units issued upon reinvestment of distributions	5,274	7,579	5,702	9,150	9	17	430	882
Increase/(decrease) in net assets attributable to unitholders	-	-	91,681	(363,445)	-	-	7,190	(29,191)
<b>Closing balance as at 30 June</b>	<b>2,417,593</b>	<b>2,710,358</b>	<b>2,703,859</b>	<b>2,934,830</b>	<b>4,250</b>	<b>4,832</b>	<b>208,957</b>	<b>229,965</b>

# Notes to the financial statements (continued)

For the year ended 30 June 2023

## 7 Net assets attributable to unitholders (continued)

	Vanguard Growth Index Fund							
	Wholesale Class				ETF Class			
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	No. '000	No. '000	\$'000	\$'000	No. '000	No. '000	\$'000	\$'000
Balance as at 1 July	5,909,685	4,701,244	7,755,683	7,064,585	11,554	8,193	577,331	468,256
Applications	1,155,312	1,864,528	1,588,837	2,811,807	1,164	3,265	60,649	187,529
Redemptions	(975,496)	(684,428)	(1,346,241)	(1,013,642)	(45)	-	(2,247)	-
Units issued upon reinvestment of distributions	30,010	28,341	39,698	42,588	96	96	4,823	5,489
Increase/(decrease) in net assets attributable to unitholders	-	-	675,993	(1,149,655)	-	-	51,803	(83,943)
<b>Closing balance as at 30 June</b>	<b>6,119,511</b>	<b>5,909,685</b>	<b>8,713,970</b>	<b>7,755,683</b>	<b>12,769</b>	<b>11,554</b>	<b>692,359</b>	<b>577,331</b>

	Vanguard High Growth Index Fund							
	Wholesale Class				ETF Class			
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	No. '000	No. '000	\$'000	\$'000	No. '000	No. '000	\$'000	\$'000
Balance as at 1 July	2,834,904	2,308,382	4,444,519	4,168,276	31,068	18,451	1,604,258	1,096,254
Applications	726,123	818,510	1,212,540	1,478,870	3,380	12,120	182,449	724,909
Redemptions	(401,207)	(306,247)	(673,777)	(549,421)	(270)	-	(15,305)	-
Units issued upon reinvestment of distributions	11,708	14,259	18,573	25,838	567	497	29,614	29,644
Increase/(decrease) in net assets attributable to unitholders	-	-	550,512	(679,044)	-	-	201,934	(246,549)
<b>Closing balance as at 30 June</b>	<b>3,171,528</b>	<b>2,834,904</b>	<b>5,552,367</b>	<b>4,444,519</b>	<b>34,745</b>	<b>31,068</b>	<b>2,002,950</b>	<b>1,604,258</b>

Each unit represents a right to an individual share in the Funds and does not extend to a right to the underlying assets of the Funds. The Vanguard Diversified Bond Index Fund has no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

### Capital risk management

The Funds consider their net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified either as a liability or equity. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Funds are subject to daily applications and redemptions at the discretion of unitholders.

Daily applications and redemptions are reviewed relative to the liquidity of the Funds' underlying assets on a daily basis by the Responsible Entity. Under the terms of the Funds' Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unitholders.

## 8 Distributions to unitholders paid and payable

The distributions during the year were as follows:

	Vanguard Diversified Bond Index Fund			
	30 Jun 2023		30 Jun 2022	
	\$'000	CPU	\$'000	CPU
Distributions paid				
- 30 September	158	0.0423	276	0.0766
- 31 December	53	0.0147	780	0.2123
- 31 March	165	0.0457	285	0.0785
Distributions payable				
- 30 June	190	0.0518	-	-
	<b>566</b>	<b>0.1545</b>	<b>1,341</b>	<b>0.3674</b>

# Notes to the financial statements (continued)

For the year ended 30 June 2023

## 8 Distributions to unitholders paid and payable (continued)

	Vanguard Balanced Index Fund							
	Wholesale Class				ETF Class			
	30 Jun 2023		30 Jun 2022		30 Jun 2023		30 Jun 2022	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 30 September	35,927	0.6544	29,217	0.5835	3,136	24.9331	2,123	21.6373
- 31 December	20,606	0.3782	29,068	0.5547	1,863	14.5862	2,283	20.6937
- 31 March	31,000	0.5773	57,301	1.0661	1,886	15.2293	4,786	39.9232
Distributions payable								
- 30 June	57,023	1.0850	103,469	1.9079	3,456	27.8935	8,934	72.8308
	<b>144,556</b>	<b>2.6949</b>	<b>219,055</b>	<b>4.1122</b>	<b>10,341</b>	<b>82.6421</b>	<b>18,126</b>	<b>155.0850</b>

	Vanguard Conservative Index Fund							
	Wholesale Class				ETF Class			
	30 Jun 2023		30 Jun 2022		30 Jun 2023		30 Jun 2022	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 30 September	10,431	0.3867	8,760	0.3400	824	17.1808	602	14.1583
- 31 December	5,970	0.2288	9,347	0.3477	481	10.2397	720	14.7625
- 31 March	6,287	0.2515	16,363	0.6008	496	11.1821	1,304	26.4440
Distributions payable								
- 30 June	9,008	0.3726	27,479	1.0138	724	16.8191	1,981	40.7957
	<b>31,696</b>	<b>1.2396</b>	<b>61,949</b>	<b>2.3023</b>	<b>2,525</b>	<b>55.4217</b>	<b>4,607</b>	<b>96.1605</b>

	Vanguard Growth Index Fund							
	Wholesale Class				ETF Class			
	30 Jun 2023		30 Jun 2022		30 Jun 2023		30 Jun 2022	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 30 September	52,626	0.8639	41,316	0.8142	3,918	32.8540	2,736	30.2476
- 31 December	28,870	0.4713	37,018	0.6578	2,239	18.0881	2,557	24.9589
- 31 March	38,929	0.6344	79,027	1.3659	3,048	24.2868	5,401	48.1999
Distributions payable								
- 30 June	90,133	1.4729	147,120	2.4895	7,249	55.9580	11,018	94.4855
	<b>210,558</b>	<b>3.4425</b>	<b>304,481</b>	<b>5.3274</b>	<b>16,454</b>	<b>131.1869</b>	<b>21,712</b>	<b>197.8919</b>

	Vanguard High Growth Index Fund							
	Wholesale Class				ETF Class			
	30 Jun 2023		30 Jun 2022		30 Jun 2023		30 Jun 2022	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 30 September	38,883	1.3039	30,389	1.2208	13,590	42.8686	8,322	38.3806
- 31 December	22,944	0.7495	22,511	0.8551	8,496	24.8061	7,152	28.0213
- 31 March	23,922	0.7679	63,392	2.3444	8,831	25.5010	21,679	75.2608
Distributions payable								
- 30 June	63,362	1.9978	103,510	3.6513	23,895	66.4465	38,005	119.9308
	<b>149,111</b>	<b>4.8191</b>	<b>219,802</b>	<b>8.0716</b>	<b>54,812</b>	<b>159.6222</b>	<b>75,158</b>	<b>261.5935</b>

# Notes to the financial statements (continued)

For the year ended 30 June 2023

## 9 Cash and cash equivalents

	Vanguard Diversified Bond Index Fund		Vanguard Balanced Index Fund		Vanguard Conservative Index Fund	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Domestic cash at bank	537	225	8,104	6,676	2,049	2,152
<b>Total cash and cash equivalents</b>	<b>537</b>	<b>225</b>	<b>8,104</b>	<b>6,676</b>	<b>2,049</b>	<b>2,152</b>

	Vanguard Growth Index Fund		Vanguard High Growth Index Fund	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	\$'000	\$'000	\$'000	\$'000
Domestic cash at bank	13,702	8,949	14,958	7,943
<b>Total cash and cash equivalents</b>	<b>13,702</b>	<b>8,949</b>	<b>14,958</b>	<b>7,943</b>

## 10 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

	Vanguard Diversified Bond Index Fund		Vanguard Balanced Index Fund		Vanguard Conservative Index Fund	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities</b>						
Profit/(loss) for the year	(3,618)	(36,236)	-	-	-	-
Increase/(decrease) in net assets attributable to unitholders	-	-	403,602	(1,068,276)	98,871	(392,636)
Distribution to unitholders	-	-	154,897	237,181	34,221	66,556
Proceeds from sale of financial instruments at fair value through profit or loss	31,683	30,304	683,314	648,710	464,554	271,526
Purchases of financial instruments at fair value through profit or loss	(30,443)	(51,622)	(250,192)	(1,812,268)	(60,068)	(623,816)
Net (gains)/losses on financial instruments at fair value through profit or loss	7,852	40,548	(382,281)	1,062,213	(70,031)	398,304
Net change in receivables	(530)	984	27,741	6,603	6,117	5,548
Net change in payables	-	2	(7)	(53)	(20)	(239)
Non-cash items	(3,886)	(5,497)	(208,864)	(242,797)	(71,304)	(79,860)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>1,058</b>	<b>(21,517)</b>	<b>428,210</b>	<b>(1,168,687)</b>	<b>402,340</b>	<b>(354,617)</b>

### (b) Non-cash financing activities

During the year, the distribution payments satisfied by the issue of units under the distribution reinvestment plan	13	148	20,109	28,633	6,132	10,032
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# Notes to the financial statements (continued)

For the year ended 30 June 2023

## 10 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities (continued)

	Vanguard Growth Index Fund		Vanguard High Growth Index Fund	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	\$'000	\$'000	\$'000	\$'000
<b>(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities</b>				
Increase/(decrease) in net assets attributable to unitholders	727,796	(1,233,598)	752,446	(925,593)
Distribution to unitholders	227,012	326,193	203,923	294,960
Proceeds from sale of financial instruments at fair value through profit or loss	514,912	654,125	267,662	377,557
Purchases of financial instruments at fair value through profit or loss	(566,364)	(2,329,041)	(757,257)	(1,765,892)
Net (gains)/losses on financial instruments at fair value through profit or loss	(714,631)	1,218,015	(745,209)	894,773
Net change in receivables	42,155	(5,894)	36,831	(14,388)
Net change in payables	47	91	73	49
Non-cash items	(288,367)	(310,773)	(252,392)	(253,613)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(57,440)</b>	<b>(1,680,882)</b>	<b>(493,923)</b>	<b>(1,392,147)</b>
<b>(b) Non-cash financing activities</b>				
During the year, the distribution payments satisfied by the issue of units under the distribution reinvestment plan	44,521	48,077	48,187	55,482

## 11 Remuneration of auditors

The auditor's remuneration is borne by the Responsible Entity. During the year, the following fees were paid or payable for services provided by the auditor of the Funds.

	Vanguard Diversified Bond Index Fund		Vanguard Balanced Index Fund		Vanguard Conservative Index Fund	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	\$	\$	\$	\$	\$	\$
<b>Auditors of the Funds - PwC</b>						
Audit and review of financial statements	12,445	11,595	12,445	11,595	12,445	11,595
Other assurance services						
Audit of compliance plan	3,930	2,006	3,930	2,006	3,930	2,006
Other non-audit services						
Tax compliance services	6,075	5,714	6,075	5,714	6,075	5,714
<b>Total services provided by PwC</b>	<b>22,450</b>	<b>19,315</b>	<b>22,450</b>	<b>19,315</b>	<b>22,450</b>	<b>19,315</b>

	Vanguard Growth Index Fund		Vanguard High Growth Index Fund	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	\$	\$	\$	\$
<b>Auditors of the Funds - PwC</b>				
Audit and review of financial statements	12,445	11,595	12,445	11,595
Other assurance services				
Audit of compliance plan	3,930	2,006	3,930	2,006
Other non-audit services				
Tax compliance services	6,075	5,714	6,075	5,714
<b>Total services provided by PwC</b>	<b>22,450</b>	<b>19,315</b>	<b>22,450</b>	<b>19,315</b>

# Notes to the financial statements (continued)

For the year ended 30 June 2023

## 12 Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factors in deciding who controls the entity, or when voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Funds. The Funds consider investments in unit trusts and managed funds to be structured entities. The Funds have exposures to unconsolidated structured entities through their investment activities and these have been accounted for as financial assets at fair value through profit or loss. The nature and extent of the Funds' interests in related unconsolidated structured entities are units in underlying funds and are summarised in note 13. There are no interests in unrelated unconsolidated structured entities held by the Funds as at the reporting date.

The Funds' maximum exposure to loss is restricted to the carrying value of the assets. Exposure to trading assets is managed in accordance with financial risk management practices as set out in note 3, which includes an indication of changes in risk measures compared to prior year.

During the year, the Funds have not provided any financial or other support to unconsolidated structured entities and have no intention of providing financial or other support to unconsolidated structured entities in the future.

## 13 Related party transactions

### Responsible Entity

The Responsible Entity of the Vanguard Diversified Funds and ETFs is Vanguard Investments Australia Ltd (ABN 72 072 881 086 AFSL 227263), which is a wholly owned subsidiary of The Vanguard Group, Inc.

### Key management personnel

Key management personnel includes persons who were directors of Responsible Entity at any time during the financial year are as follows:

Daniel Shrimski

John Bendl

Curt Jacques

Kim Petersen

No other person had authority and responsibility for planning, directing and controlling the activities of the Funds, directly or indirectly during the financial year.

### Transactions with key management personnel

Key management personnel services are provided by Vanguard Investments Australia Ltd and included in the management fees. There is no separate charge for these services. There was no compensation paid directly by the Funds to any of the key management personnel.

### Key management personnel unitholdings

The key management personnel of Vanguard Investments Australia Ltd (VIA) held units in the Funds for the financial year ended 30 June 2023 as follows:

30 Jun 2023 Unitholder	Vanguard High Growth Index Fund						
	Number of units held opening	Number of units held closing	Fair value of investments	Interest held at year end	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund
	Units	Units	\$	%	Units	Units	\$
D Shrimski and related parties	-	762	1,335	0.00	762	-	19
Kim Petersen and related parties	-	698	1,222	0.00	698	-	19

The key management personnel of Vanguard Investments Australia Ltd (VIA) did not hold any units in the Funds during the financial year ended 30 June 2022.

# Notes to the financial statements (continued)

For the year ended 30 June 2023

## 13 Related party transactions (continued)

### Key management personnel remuneration

Key management personnel are paid by the Responsible Entity. Payments made from the Funds do not include any amounts directly attributable to key management personnel remuneration.

### Key management personnel loan disclosures

The Funds have not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

### Responsible Entity's fees and other transactions

During the year ended 30 June 2023, the Responsible Entity received an all-inclusive management fee (inclusive of GST, net of RITC available to the Funds) over the Funds' average net assets attributable to unitholders for the year as follows:

	Management costs		Management cost deducted directly from the fund		Management cost deducted from underlying funds	
	2023	2022	2023	2022	2023	2022
	% per annum	% per annum	% per annum	% per annum	% per annum	% per annum
Vanguard Diversified Bond Index Fund	0.29	0.29	0.06	0.05	0.23	0.24
Vanguard Balanced Index Fund - Wholesale Class	0.29	0.29	0.07	0.07	0.22	0.22
Vanguard Balanced Index Fund - ETF Class	0.27	0.27	0.05	0.05	0.22	0.22
Vanguard Conservative Index Fund - Wholesale Class	0.29	0.29	0.07	0.06	0.22	0.23
Vanguard Conservative Index Fund - ETF Class	0.27	0.27	0.05	0.04	0.22	0.23
Vanguard Growth Index Fund - Wholesale Class	0.29	0.29	0.07	0.07	0.22	0.22
Vanguard Growth Index Fund - ETF Class	0.27	0.27	0.05	0.05	0.22	0.22
Vanguard High Growth Index Fund - Wholesale Class	0.29	0.29	0.08	0.08	0.21	0.21
Vanguard High Growth Index Fund - ETF Class	0.27	0.27	0.06	0.06	0.21	0.21

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the year and amounts payable at year end between the Funds and the Responsible Entity are as follows:

	Vanguard Diversified Bond Index Fund		Vanguard Balanced Index Fund		Vanguard Conservative Index Fund	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	\$	\$	\$	\$	\$	\$
Responsible Entity's fees for the year	192,115	196,529	5,292,131	5,377,577	2,255,090	2,164,799
Fees earned by the Responsible Entity in respect of investments by the Funds in other schemes managed by the Responsible Entity	646,498	713,824	16,525,187	17,069,969	6,461,167	7,129,787
Total fees payable to the Responsible Entity at year end	15,721	15,825	428,080	434,515	176,559	195,614

\* Where monies are invested into other Funds managed by the Responsible Entity, the Responsible Entity fee is calculated taking into account the fees charged in the underlying Funds.

# Notes to the financial statements (continued)

For the year ended 30 June 2023

## 13 Related party transactions (continued)

### Responsible Entity's fees and other transactions (continued)

	Vanguard Growth Index Fund		Vanguard High Growth Index Fund	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	\$	\$	\$	\$
Responsible Entity's fees for the year	6,494,029	6,172,836	4,881,317	4,380,681
Fees earned by the Responsible Entity in respect of investments by the Funds in other schemes managed by the Responsible Entity*	19,092,798	18,450,734	14,509,018	12,975,958
Total fees payable to the Responsible Entity at year end	550,951	503,600	431,977	359,177

\* Where monies are invested into other Funds managed by the Responsible Entity, the Responsible Entity fee is calculated taking into account the fees charged in the underlying Funds.

### Related party unitholdings

Vanguard Investments Australia Ltd did not hold any units in the Funds during the year.

Parties related to the Funds including the Responsible Entity, its affiliates or other schemes managed by the Responsible Entity did not hold any units in the Funds during the year.

### Investments

The Funds held investments in the following schemes which were also managed by the Responsible Entity or its related parties and information about the Funds' interests in unconsolidated structured entities is included in the following tables. The fair values of a Fund's investments in each of its underlying funds represent the Fund's maximum exposure in these underlying funds.

30 Jun 2023	Vanguard Diversified Bond Index Fund						
	Fair value of investments	Country of Establishment and Principal Place of Business	Interest held	Distributions received/receivable	Number of units acquired	Number of units disposed	Distributions receivable unpaid
	\$		%	\$	Units	Units	\$
Vanguard Australian Fixed Interest Index Fund	87,763,165	Australia	1.58	778,424	10,973,146	13,106,673	234,847
Vanguard Global Aggregate Bond Index Fund (Hedged)	205,065,071	Australia	2.93	3,638,170	27,790,021	22,111,058	1,245,924
	292,828,236			4,416,594	38,763,167	35,217,731	1,480,771

30 Jun 2022	Vanguard Diversified Bond Index Fund						
	Fair value of investments	Country of Establishment and Principal Place of Business	Interest held	Distributions received/receivable	Number of units acquired	Number of units disposed	Distributions receivable unpaid
	\$		%	\$	Units	Units	\$
Vanguard Australian Fixed Interest Index Fund	89,708,928	Australia	1.64	1,481,534	18,330,501	10,324,350	-
Vanguard Global Aggregate Bond Index Fund (Hedged)	208,093,048	Australia	3.09	3,031,119	38,528,989	18,779,606	951,071
	297,801,976			4,512,653	56,859,490	29,103,956	951,071

# Notes to the financial statements (continued)

For the year ended 30 June 2023

## 13 Related party transactions (continued)

### Investments (continued)

30 Jun 2023	Vanguard Balanced Index Fund						
	Fair value of investments \$	Country of Establishment and Principal Place of Business	Interest held %	Distributions received/receivable \$	Number of units acquired Units	Number of units disposed Units	Distributions receivable unpaid \$
Vanguard Australian Fixed Interest Index Fund	1,121,278,687	Australia	20.15	10,031,383	34,926,302	47,972,816	3,000,441
Vanguard International Small Companies Index Fund	277,713,122	Australia	15.64	10,767,027	11,248,979	10,646,321	2,913,457
Vanguard Australian Shares Index Fund	1,512,416,499	Australia	8.53	64,322,657	59,970,776	82,109,662	14,886,954
Vanguard International Shares Index Fund	1,095,053,319	Australia	4.69	42,186,468	19,116,128	70,999,410	23,436,913
Vanguard Emerging Markets Shares Index Fund	238,002,553	Australia	13.54	6,285,181	5,613,670	1,132,596	1,774,565
Vanguard International Shares Index Fund (Hedged) - AUD Class	694,264,705	Australia	7.88	-	10,390,015	104,021,266	-
Vanguard Global Aggregate Bond Index Fund (Hedged)	2,665,408,849	Australia	38.12	47,535,629	237,354,533	82,016,662	16,194,359
	7,604,137,734			181,128,345	378,620,403	398,898,733	62,206,689

30 Jun 2022	Vanguard Balanced Index Fund						
	Fair value of investments \$	Country of Establishment and Principal Place of Business	Interest held %	Distributions received/receivable \$	Number of units acquired Units	Number of units disposed Units	Distributions receivable unpaid \$
Vanguard Australian Fixed Interest Index Fund	1,131,686,124	Australia	20.70	18,526,715	276,736,176	76,793,964	-
Vanguard International Small Companies Index Fund	246,106,177	Australia	16.52	14,489,495	34,135,586	-	6,422,589
Vanguard Australian Shares Index Fund	1,430,854,527	Australia	9.31	117,538,652	149,476,638	54,973,912	47,064,295
Vanguard International Shares Index Fund	1,056,441,606	Australia	5.41	43,009,088	98,937,107	40,740,764	23,128,860
Vanguard Emerging Markets Shares Index Fund	225,577,853	Australia	13.59	4,534,999	27,988,669	-	1,280,943
Vanguard International Shares Index Fund (Hedged) - AUD Class	671,919,837	Australia	9.36	-	226,250,886	61,272,140	-
Vanguard Global Aggregate Bond Index Fund (Hedged)	2,635,691,274	Australia	39.19	38,198,030	775,534,667	238,991,033	12,046,195
	7,398,277,398			236,296,979	1,589,059,729	472,771,813	89,942,882

30 Jun 2023	Vanguard Conservative Index Fund						
	Fair value of investments \$	Country of Establishment and Principal Place of Business	Interest held %	Distributions received/receivable \$	Number of units acquired Units	Number of units disposed Units	Distributions receivable unpaid \$
Vanguard Australian Fixed Interest Index Fund	518,209,944	Australia	9.31	4,785,456	11,885,888	66,656,750	1,386,683
Vanguard International Small Companies Index Fund	59,164,952	Australia	3.33	2,368,931	2,080,348	6,479,901	620,693
Vanguard Australian Shares Index Fund	340,833,936	Australia	1.92	15,237,914	16,022,003	38,516,951	3,354,882
Vanguard International Shares Index Fund	246,400,456	Australia	1.05	9,613,302	6,469,812	26,510,640	5,273,593
Vanguard Emerging Markets Shares Index Fund	58,534,490	Australia	3.33	1,657,045	828,564	3,385,919	436,438
Vanguard International Shares Index Fund (Hedged) - AUD Class	163,649,424	Australia	1.86	-	4,866,740	44,361,295	-
Vanguard Global Aggregate Bond Index Fund (Hedged)	1,218,812,727	Australia	17.43	22,430,712	53,200,585	133,570,878	7,405,202
Vanguard Cash Reserve Fund	288,526,831	Australia	46.36	9,081,818	11,433,864	43,314,464	1,039,178
	2,894,132,760			65,175,178	106,787,804	362,796,798	19,516,669

# Notes to the financial statements (continued)

For the year ended 30 June 2023

## 13 Related party transactions (continued)

### Investments (continued)

		Vanguard Conservative Index Fund						
30 Jun 2022	Fair value of investments	Country of Establishment and Principal Place of Business	Interest held	Distributions received/receivable	Number of units acquired	Number of units disposed	Distributions receivable unpaid	
	\$		%	\$	Units	Units	\$	
Vanguard Australian Fixed Interest Index Fund	572,584,859	Australia	10.47	9,431,614	105,617,272	24,677,065	-	
Vanguard International Small Companies Index Fund	59,515,724	Australia	3.99	3,536,302	6,398,964	-	1,553,171	
Vanguard Australian Shares Index Fund	362,044,456	Australia	2.36	29,910,084	37,007,758	18,475,770	11,908,525	
Vanguard International Shares Index Fund	258,585,808	Australia	1.32	10,598,977	26,485,683	16,802,064	5,661,264	
Vanguard Emerging Markets Shares Index Fund	62,755,535	Australia	3.78	1,274,999	6,535,605	-	356,357	
Vanguard International Shares Index Fund (Hedged) - AUD Class	172,677,152	Australia	2.41	-	54,471,913	19,265,911	-	
Vanguard Global Aggregate Bond Index Fund (Hedged)	1,333,506,428	Australia	19.83	19,378,927	312,145,238	89,923,008	6,094,674	
Vanguard Cash Reserve Fund	320,689,077	Australia	53.31	176,761	40,675,034	33,765,469	70,673	
	3,142,359,039			74,307,664	589,337,467	202,909,287	25,644,664	

		Vanguard Growth Index Fund						
30 Jun 2023	Fair value of investments	Country of Establishment and Principal Place of Business	Interest held	Distributions received/receivable	Number of units acquired	Number of units disposed	Distributions receivable unpaid	
	\$		%	\$	Units	Units	\$	
Vanguard Australian Fixed Interest Index Fund	809,102,489	Australia	14.54	7,074,458	82,232,979	36,590,811	2,165,085	
Vanguard International Small Companies Index Fund	477,341,119	Australia	26.88	17,816,819	14,664,798	-	5,007,731	
Vanguard Australian Shares Index Fund	2,589,775,632	Australia	14.60	105,711,614	107,741,672	53,768,169	25,491,570	
Vanguard International Shares Index Fund	1,931,941,422	Australia	8.27	72,242,171	64,141,481	74,473,953	41,348,437	
Vanguard Emerging Markets Shares Index Fund	367,911,238	Australia	20.94	9,649,483	8,701,881	-	2,743,174	
Vanguard International Shares Index Fund (Hedged) - AUD Class	1,222,570,855	Australia	13.87	-	48,636,160	43,224,356	-	
Vanguard Global Aggregate Bond Index Fund (Hedged)	1,934,023,554	Australia	27.66	33,715,601	326,554,348	47,539,326	11,750,645	
	9,332,666,309			246,210,146	652,673,319	255,596,615	88,506,642	

		Vanguard Growth Index Fund						
30 Jun 2022	Fair value of investments	Country of Establishment and Principal Place of Business	Interest held	Distributions received/receivable	Number of units acquired	Number of units disposed	Distributions receivable unpaid	
	\$		%	\$	Units	Units	\$	
Vanguard Australian Fixed Interest Index Fund	760,625,539	Australia	13.91	12,219,980	225,723,275	62,761,498	-	
Vanguard International Small Companies Index Fund	401,690,386	Australia	26.96	23,423,709	67,929,560	-	10,482,843	
Vanguard Australian Shares Index Fund	2,242,311,279	Australia	14.59	181,498,395	261,124,113	68,542,662	73,755,087	
Vanguard International Shares Index Fund	1,661,229,305	Australia	8.50	67,280,921	164,023,758	45,867,703	36,369,582	
Vanguard Emerging Markets Shares Index Fund	345,175,375	Australia	20.79	6,797,420	54,504,987	-	1,960,077	
Vanguard International Shares Index Fund (Hedged) - AUD Class	1,043,514,528	Australia	14.54	-	358,185,807	51,651,889	-	
Vanguard Global Aggregate Bond Index Fund (Hedged)	1,771,553,023	Australia	26.34	25,416,017	663,699,535	214,675,835	8,096,727	
	8,226,099,435			316,636,442	1,795,191,035	443,499,587	130,664,316	

# Notes to the financial statements (continued)

For the year ended 30 June 2023

## 13 Related party transactions (continued)

### Investments (continued)

30 Jun 2023	Vanguard High Growth Index Fund						
	Fair value of investments \$	Country of Establishment and Principal Place of Business	Interest held %	Distributions received/receivable \$	Number of units acquired Units	Number of units disposed Units	Distributions receivable unpaid \$
Vanguard Australian Fixed Interest Index Fund	224,671,938	Australia	4.04	1,872,686	57,429,041	18,995,022	601,202
Vanguard International Small Companies Index Fund	490,333,433	Australia	27.61	17,931,462	33,108,456	-	5,144,032
Vanguard Australian Shares Index Fund	2,657,597,045	Australia	14.98	104,143,637	152,066,796	9,488,373	26,159,147
Vanguard International Shares Index Fund	1,990,769,109	Australia	8.52	73,414,956	90,121,367	41,910,964	42,607,498
Vanguard Emerging Markets Shares Index Fund	365,548,857	Australia	20.80	9,348,915	21,516,879	-	2,725,560
Vanguard International Shares Index Fund (Hedged) - AUD Class	1,237,539,189	Australia	14.04	-	131,266,048	21,683,130	-
Vanguard Global Aggregate Bond Index Fund (Hedged)	524,467,061	Australia	7.50	8,838,144	180,923,580	46,870,636	3,186,531
	7,490,926,632			215,549,800	666,432,167	138,948,125	80,423,970

30 Jun 2022	Vanguard High Growth Index Fund						
	Fair value of investments \$	Country of Establishment and Principal Place of Business	Interest held %	Distributions received/receivable \$	Number of units acquired Units	Number of units disposed Units	Distributions receivable unpaid \$
Vanguard Australian Fixed Interest Index Fund	185,015,411	Australia	3.38	2,970,437	60,454,952	15,034,928	-
Vanguard International Small Companies Index Fund	384,391,192	Australia	25.80	21,886,432	75,500,177	-	10,031,389
Vanguard Australian Shares Index Fund	2,103,841,052	Australia	13.69	168,199,471	265,972,866	57,140,996	69,200,463
Vanguard International Shares Index Fund	1,564,970,221	Australia	8.01	62,649,909	172,218,084	40,954,964	34,262,165
Vanguard Emerging Markets Shares Index Fund	317,365,249	Australia	19.12	6,188,456	53,775,173	-	1,802,157
Vanguard International Shares Index Fund (Hedged) - AUD Class	970,882,994	Australia	13.52	-	360,766,814	40,133,888	-
Vanguard Global Aggregate Bond Index Fund (Hedged)	430,934,696	Australia	6.41	6,094,157	171,762,256	46,873,747	1,969,549
	5,957,400,815			267,988,862	1,160,450,322	200,138,523	117,265,723

Interest held represents the entity's year end percentage interest in the Wholesale class of the investee funds.

A Fund's maximum exposure to loss from its interest in investee funds is equal to the total fair value of its investments in the investee funds as there is no off-balance sheet exposure relating to any of the investee funds. Once the Fund has disposed of its shares in an investee fund, it ceases to be exposed to any risk from that investee fund.

The proportion of ownership interest is equal to the proportion of the voting power held.

The Funds did not hold any investments in Vanguard Investments Australia Ltd during the year.

### Other transactions within the Funds

Apart from those details disclosed in this note, no directors have entered into a material contract with the Funds during the financial year and there were no material contracts involving directors' interests subsisting at year end.

# Notes to the financial statements (continued)

For the year ended 30 June 2023

## 14 Responsible Entity's fees

	Vanguard Diversified Bond Index Fund		Vanguard Balanced Index Fund				Vanguard Conservative Index Fund			
	30 Jun 2023	30 Jun 2022	Wholesale Class		ETF Class		Wholesale Class		ETF Class	
			30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Responsible Entity's fees incurred by the Funds	192	197	4,981	5,091	311	287	2,132	2,046	123	119
Management costs per annum	0.29%	0.29%	0.29%	0.29%	0.27%	0.27%	0.29%	0.29%	0.27%	0.27%

	Vanguard Growth Index Fund				Vanguard High Growth Index Fund			
	Wholesale Class		ETF Class		Wholesale Class		ETF Class	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Responsible Entity's fees incurred by the Funds	6,151	5,871	343	302	3,843	3,534	1,038	847
Management costs per annum	0.29%	0.29%	0.27%	0.27%	0.29%	0.29%	0.27%	0.27%

## 15 Operating segments

Operating segments are reported in a manner consistent with internal reporting used by the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Directors of the Responsible Entity. The Funds' investments are managed on a single portfolio basis in one operating segment, being investments in unlisted unit trusts and cash and cash equivalents, and performance is reviewed against the Funds' investment objective.

## 16 Events occurring after the reporting period

There are no significant events that have occurred since balance date which would impact on the financial position of the Funds as disclosed in the balance sheet as at 30 June 2023 or on the results and cash flows of the Funds for the year ended on that date.

## 17 Contingent assets, contingent liabilities and commitments

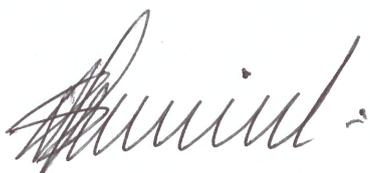
There are no outstanding contingent assets, liabilities or commitments as at 30 June 2023 (30 June 2022: Nil).

## Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 8 to 34 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Funds' financial position as at 30 June 2023 and of their performance, as represented by the results of their operations for the financial year ended on that date.
- (b) there are reasonable grounds to believe that the Funds will be able to pay their debts as and when they become due and payable.
- (c) Note 2(a) confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors.



Daniel Shrimski  
*Managing Director, Vanguard Investments Australia Ltd*  
Melbourne  
13 September 2023



## Independent auditor's report

To the unitholders of:

- Vanguard Diversified Bond Index Fund
- Vanguard Balanced Index Fund\*
- Vanguard Conservative Index Fund\*
- Vanguard Growth Index Fund\*
- Vanguard High Growth Index Fund\*

referred to collectively as the Vanguard Diversified Funds and ETFs.

\*denotes listed Funds

### Report on the audit of the financial report

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#### Our opinion

In our opinion:

The accompanying financial report of the Vanguard Diversified Funds and ETFs (the Funds) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Funds' financial positions as at 30 June 2023 and of their financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### What we have audited

The financial report comprises:

- the balance sheets as at 30 June 2023
- the statements of comprehensive income for the year then ended
- the statements of changes in equity for the year then ended
- the statements of cash flows for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

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#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* 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 are independent of the Funds in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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### **Our audit approach**

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the structure of the Funds, the accounting processes and controls and the industry in which the Funds operate.



#### **Materiality**

- For the purpose of our audit, we used approximately 1% of each Fund's net assets to set our overall materiality for each Fund.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose net assets because, in our view, it is the metric against which the performance of the Funds is most commonly measured and is a generally accepted benchmark.
- We utilised 1% as the threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

#### **Audit Scope**

- Our audit focused on where the Funds made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- Our audit approach reflects the nature of the investments held by the Funds and the consideration of the work undertaken by third-party service providers. The key service provider relevant to our audit is the administrator who maintains the accounting records.



## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matter was addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matter to the Audit Committee.

### Key audit matter

### How our audit addressed the key audit matter

#### **Investments in financial assets at fair value through profit or loss**

*Refer to note 2 (Summary of significant accounting policies) and note 4 (Fair value measurement)*

At 30 June 2023, investments in financial assets at fair value through profit or loss comprised primarily of investments in unlisted unit trusts.

Investments in financial assets at fair value through profit or loss was a key audit matter because investments represent the principal element of the balance sheet. A discrepancy in the valuation or existence of investments could cause the net asset value to be materially misstated which would also impact the Funds' reported performance as the valuation of investments is the main driver of movements in the profit of the Funds.

To assess the design and operating effectiveness of the service provider's relevant controls, we performed the following procedures, amongst others:

- inspected the most recent reports provided to Vanguard Investments Australia Ltd (the Responsible Entity) by the service providers setting out the controls in place at those service providers, and that included an audit opinion from the service provider auditor over the design and operating effectiveness of those controls.
- developed an understanding of the control objectives and associated control activities and evaluated the results of the tests undertaken and the conclusions formed by the service provider's auditor on the design and operating effectiveness of controls, to the extent relevant to our audit of the Funds.

We performed the following procedures, amongst others, to assess the valuation and existence of the Funds' investments in unlisted unit trusts:

- We obtained confirmation from the unit registry for investments in unlisted unit trusts at year end and compared the confirmed balance to the Funds' accounting records.
- We compared the prices used by the Funds to value these investments to the most recent audited financial statements of the unlisted unit trusts and to the 30 June 2023 price quoted by the unlisted unit trusts' Responsible Entity.

## Other information

The directors of the Responsible Entity (the directors) are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.



Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

---

### **Responsibilities of the directors for the financial report**

The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Funds to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Funds or to cease operations, or have no realistic alternative but to do so.

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### **Auditor's responsibilities for the audit of the financial report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 the Australian Auditing Standards 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 the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

[https://www.auasb.gov.au/admin/file/content102/c3/ar2\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf), for the listed funds and

[https://www.auasb.gov.au/auditors\\_responsibilities/ar6.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar6.pdf), for the unlisted funds. These descriptions form part of our auditor's report.

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in cursive script that reads 'Adrian Gut'.

Adrian Gut  
Partner

Melbourne  
13 September 2023

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