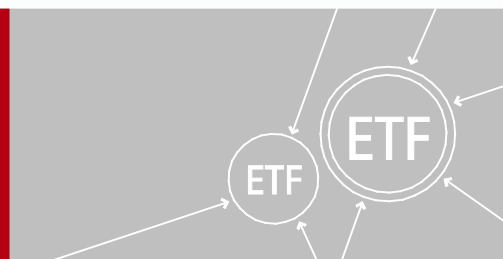


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Annual Report for the Vanguard® Exchange Traded Funds (ETF)

10 September 2019



Vanguard Investments Australia Ltd announces the following: Vanguard has prepared an Annual Report for the ETFs listed below, for the financial year ending 30 June 2019. The Annual Report provides financial information for each fund and where indicated, provides specific information for the ETF class (where applicable).

ETF	ASX CODE	ANNOUNCEMENT
Vanguard Ethically Conscious International Shares Index ETF	VESG	Annual Report
Vanguard MSCI Index International Shares (Hedged) ETF	VGAD	Annual Report
Vanguard Global Minimum Volatility Active ETF	VMIN	Annual Report

Further Information

If you have any queries on Vanguard ETFs, please visit vanguard.com.au

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The funds or securities referred to herein are not sponsored, endorsed or promoted by MSCI and MSCI bears no liability with respect to any such funds or securities. The Product Disclosure Statement contains a more detailed description of the limited relationship MSCI has with The Vanguard Group and any related funds.

Vanguard Wholesale International Equities Funds (Hedged) and ETFs

Responsible Entity

Vanguard Investments Australia Ltd
ABN 72 072 881 086
AFSL 227263

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Vanguard Investments Australia Ltd ABN 72 072 881 086 AFSL 227263

2018-
2019

Vanguard Wholesale International Equities Funds (Hedged) and ETFs

Vanguard Global Infrastructure Index Fund (Hedged) ETF	ASX: VGAD	ARSN 165 786 989	ABN 92 314 430 239
Vanguard International Property Securities Index Fund (Hedged)		ARSN 115 001 360	ABN 52 511 318 838
Vanguard International Small Companies Index Fund (Hedged)		ARSN 127 015 436	ABN 13 064 564 422
Vanguard Ethically Conscious International Shares Index Fund	ASX: VESG	ARSN 626 133 275	ABN 89 276 633 202
Vanguard Global Minimum Volatility Fund	ASX: VMIN	ARSN 165 787 708	ABN 80 259 391 198
Vanguard International Shares Index Fund (Hedged)		ARSN 093 254 909	ABN 97 123 270 094
Vanguard International Shares Select Exclusions Index Fund		ARSN 613 045 739	ABN 45 215 187 041

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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 more than AUD \$7.9 trillion in assets under management as of 30 June 2019, including more than AUD \$1.5 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 more than 20 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 40 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 Wholesale International Equities Funds (Hedged) & ETFs (the "Funds") for the year ended 30 June 2019 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 June 2019.

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 seek to track the returns of the Funds' respective indices, before taking into account fees, expenses and tax.

The Vanguard Ethically Conscious International Shares Fund was registered on 28 May 2018 and commenced trading on 28 August 2018.

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

The following persons held office as directors of the Responsible Entity during the year and up to the date of this report:

J M Norris

C Kelton (Resigned 4 September 2018)

L Carr (Resigned 1 March 2019)

C Lui

J Platt

F Kolimago (Appointed 4 September 2018)

Review and results of operations

The Funds invest in listed equity securities, listed unit trusts, listed property trusts, unlisted unit trusts, derivatives and cash and cash equivalents. The investment policy of the Funds continue to be in accordance with the provisions of the Funds' Constitution.

Results

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

	Vanguard Global Infrastructure Index Fund (Hedged)		Vanguard MSCI Index International Shares (Hedged) ETF		Vanguard International Property Securities Index Fund (Hedged)		Vanguard International Small Companies Index Fund (Hedged)	
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
Operating profit/(loss) before finance costs attributable to unitholders (\$'000)	32,642	5,848	37,991	33,485	89,904	50,691	(4,060)	13,085
Distributions - Wholesale Class								
Distribution paid and payable (\$'000)	75	7,855	-	-	88	76,825	834	6,760
Distribution (cents per unit)	0.0267	5.7163	-	-	0.0063	4.7362	1.0220	6.6569
Distributions - ETF Class								
Distribution paid and payable (\$'000)	-	-	-	7,924	-	-	-	-
Distribution (cents per unit)	-	-	-	130.0907	-	-	-	-

Directors' report (continued)

Review and results of operations (continued)

Results (continued)

	Vanguard Ethically Conscious International Shares Index Fund	Vanguard Global Minimum Volatility Fund		Vanguard International Shares Index Fund (Hedged)		Vanguard International Shares Select Exclusions Index Fund	
	30 Jun 2019	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
Operating profit/(loss) before finance costs attributable to unitholders (\$'000)	25,350	2,105	2,133	309,195	476,851	138,419	100,473
Distributions - Wholesale Class							
Distribution paid and payable (\$'000)	-	-	831	-	-	-	-
Distribution (cents per unit)	-	-	3.3416	-	-	-	-
Distributions - ETF Class							
Distribution paid and payable (\$'000)	250	-	-	-	-	-	-
Distribution (cents per unit)	60.2932	-	-	-	-	-	-
Distributions - AUD Class							
Distribution paid and payable (\$'000)	-	-	-	30,240	269,091	-	-
Distribution (cents per unit)	-	-	-	0.5513	5.2441	-	-
Distributions - NZD Class							
Distribution paid and payable (\$'000)	7,120	-	-	7,354	13,402	-	-
Distribution (cents per unit)	2.2703	-	-	7.0266	4.7336	-	-
Distributions - AUD Unhedged Class							
Distribution paid and payable (\$'000)	670	-	-	-	-	12,586	10,375
Distribution (cents per unit)	1.1507	-	-	-	-	3.9044	4.9491
Distributions - AUD Hedged Class							
Distribution paid and payable (\$'000)	-	-	-	-	-	1,478	256
Distribution (cents per unit)	-	-	-	-	-	1.6205	1.4193
Distributions - NZD Hedged Class							
Distribution paid and payable (\$'000)	-	-	-	-	-	17,392	22,099
Distribution (cents per unit)	-	-	-	-	-	2.7304	2.6887

Performance

The table below details 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 2019 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.

	2019 %	2018 %	2017 %	2016 %	2015 %
Vanguard Global Infrastructure Index Fund (Hedged)					
Capital growth	15.16	(0.57)	0.14	6.32	(1.88)
Distribution of income	0.04	6.42	10.61	2.62	4.97
Total return	15.20	5.85	10.75	8.94	3.09
Benchmark					
FTSE Developed Core Infrastructure (with net dividends reinvested) hedged into AUD	15.29	5.71	10.69	9.34	3.47

Directors' report (continued)

Review and results of operations (continued)

Performance (continued)

	2019 %	2018 %	2017 %	2016 %	2015 %
Vanguard MSCI Index International Shares (Hedged) ETF					
Capital growth	6.40	9.22	15.53	(2.82)	5.01
Distribution of income	-	2.24	4.95	1.36	-
Total return	6.40	11.46	20.48	(1.46)	5.01
Benchmark					
<i>MSCI World ex-Australia (with net dividends reinvested), hedged into Australian dollars Index</i>	6.22	11.48	20.54	(1.42)	5.15

	2019 %	2018 %	2017 %	2016 %	2015 %
Vanguard International Property Securities Index Fund (Hedged)					
Capital growth	7.80	(0.57)	(19.85)	10.93	8.01
Distribution of income	0.01	6.20	19.71	7.24	-
Total return	7.81	5.63	(0.14)	18.17	8.01
Benchmark					
<i>FTSE EPRA/NAREIT Developed ex-Australia Rental index (with net dividends reinvested) hedged into AUD</i>	7.63	5.47	(0.12)	18.27	8.02

	2019 %	2018 %	2017 %	2016 %	2015 %
Vanguard International Small Companies Index Fund (Hedged)					
Capital growth	(4.08)	7.86	12.21	(36.33)	10.53
Distribution of income	1.00	7.26	11.54	32.51	-
Total return	(3.08)	15.12	23.75	(3.82)	10.53
Benchmark					
<i>MSCI World ex-Australia Small Cap (with net dividends reinvested) hedged into AUD</i>	(2.99)	15.35	23.88	(3.52)	10.81

	2019 %	2018 %	2017 %	2016 %	2015 %
Vanguard Ethically Conscious International Shares Index Fund - ETF Class					
Capital growth	3.00	-	-	-	-
Distribution of income	1.27	-	-	-	-
Total return	4.27	-	-	-	-
Benchmark					
<i>FTSE Developed ex Australia ex Non-Renewable Energy/Vice Products/Weapons in AUD*</i>	4.16	-	-	-	-

*Benchmark performance data is since inception.

	2019 %	2018 %	2017 %	2016 %	2015 %
Vanguard Ethically Conscious International Shares Index Fund - AUD Unhedged Class					
Capital growth	10.20	-	-	-	-
Distribution of income	1.21	-	-	-	-
Total return	11.41	-	-	-	-
Benchmark					
<i>FTSE Developed ex Australia ex Non-Renewable Energy/Vice Products/Weapons in AUD*</i>	11.33	-	-	-	-

*Benchmark performance data is since inception.

Directors' report (continued)

Review and results of operations (continued)

Performance (continued)

	2019 %	2018 %	2017 %	2016 %	2015 %
Vanguard Ethically Conscious International Shares Index Fund - NZD Hedged Class					
Capital growth	(1.27)	-	-	-	-
Distribution of income	2.62	-	-	-	-
Total return	1.35	-	-	-	-
Benchmark					
<i>FTSE Developed ex Australia ex Non-renewable Energy, Vice Products and Weapons Index (with net dividends reinvested) hedged into New Zealand dollars (NZD)*</i>	1.28	-	-	-	-

*Benchmark performance data is since inception.

	2019 %	2018 %	2017 %	2016 %	2015 %
Vanguard Global Minimum Volatility Fund -Wholesale class					
Capital growth	8.52	6.06	7.28	6.01	-
Distribution of income	-	3.07	4.88	2.30	-
Total return	8.52	9.13	12.16	8.31	-
Benchmark					
<i>FTSE Global All Cap Index (AUD hedged)</i>	4.61	11.45	20.53	(2.13)	-

	2019 %	2018 %	2017 %	2016 %	2015 %
Vanguard International Shares Index Fund (Hedged) - AUD Class					
Capital growth	5.73	4.57	0.15	(9.91)	10.98
Distribution of income	0.70	6.92	20.40	8.64	-
Total return	6.43	11.49	20.55	(1.27)	10.98
Benchmark					
<i>MSCI World ex-Australia (with net dividends reinvested) hedged into Australian dollars Index</i>	6.22	11.48	20.53	(1.43)	10.94

	2019 %	2018 %	2017 %	2016 %	2015 %
Vanguard International Shares Index Fund (Hedged) - NZD Class					
Capital growth	1.16	7.91	5.43	(2.75)	11.38
Distribution of income	5.27	3.97	15.39	1.57	-
Total return	6.43	11.88	20.82	(1.18)	11.38
Benchmark					
<i>MSCI World ex-Australia (with net dividends reinvested) hedged into New Zealand dollars Index</i>	6.30	11.99	20.99	1.14	11.66

	2019 %	2018 %	2017 %	2016 %	2015 %
Vanguard International Shares Select Exclusions Index Fund - AUD Unhedged Class					
Capital growth	8.70	10.95	5.31	-	-
Distribution of income	3.52	4.83	1.38	-	-
Total return	12.22	15.78	6.69	-	-
Benchmark					
<i>MSCI World ex Australia, ex Tobacco, ex Controversial Weapons, ex Nuclear Weapons (with net dividends reinvested) in Australian dollars Index</i>	12.10	15.73	6.63	-	-

Directors' report (continued)

Review and results of operations (continued)

Performance (continued)

	2019 %	2018 %	2017 %	2016 %	2015 %
Vanguard International Shares Select Exclusions Index Fund - AUD Hedged Class					
Capital growth	4.64	-	-	-	-
Distribution of income	1.87	-	-	-	-
Total return	6.51	-	-	-	-
Benchmark					
<i>MSCI World ex Australia, ex Tobacco, ex Controversial Weapons, ex Nuclear Weapons (with net dividends reinvested) hedged into Australian dollars Index</i>	6.36	-	-	-	-

	2019 %	2018 %	2017 %	2016 %	2015 %
Vanguard International Shares Select Exclusions Index Fund - NZD Hedged Class					
Capital growth	3.99	9.49	8.30	-	-
Distribution of income	2.51	2.76	-	-	-
Total return	6.50	12.25	8.30	-	-
Benchmark					
<i>MSCI World ex Australia, ex Tobacco, ex Controversial Weapons, ex Nuclear Weapons (with net dividends reinvested) hedged into New Zealand dollars Index</i>	6.45	12.33	8.37	-	-

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	
	2019 \$	2018 \$	2019 \$	2018 \$	2019 \$	2018 \$
Vanguard Global Infrastructure Index Fund (Hedged)	1.0387	0.9327	1.0553	0.9446	0.8608	0.8463
Vanguard MSCI Index International Shares (Hedged) ETF	69.0307	65.5670	69.3379	68.0661	56.5571	59.2604
Vanguard International Property Securities Index Fund (Hedged)	0.8438	0.7963	0.8672	0.8079	0.7205	0.7073
Vanguard International Small Companies Index Fund (Hedged)	0.9859	1.0511	1.0565	1.0778	0.8174	0.9327
Vanguard Ethically Conscious International Shares Index Fund - ETF Class	51.8738	-	52.7228	-	42.4708	-
Vanguard Ethically Conscious International Shares Index Fund - AUD Unhedged Class	1.1078	-	1.1258	-	0.9068	-
Vanguard Ethically Conscious International Shares Index Fund - NZD Hedged Class*	0.9860	-	1.0065	-	0.8323	-
Vanguard Global Minimum Volatility Fund - Wholesale Class	1.3072	1.2044	1.3133	1.2145	1.1182	1.1260
Vanguard Global Minimum Volatility Fund - ETF Class	56.2229	51.7710	56.4829	52.0657	48.0789	50.0000
Vanguard International Shares Index Fund (Hedged) - AUD Class	0.8613	0.8345	0.8651	0.8723	0.7063	0.7731
Vanguard International Shares Index Fund (Hedged) - NZD Class*	1.4474	1.4524	1.5161	1.5235	1.2503	1.3234
Vanguard International Shares Select Exclusions Index Fund - AUD Unhedged Class	1.2859	1.1999	1.3067	1.2190	1.0613	1.0267
Vanguard International Shares Select Exclusions Index Fund - AUD Hedged Class	1.0468	1.0062	1.0585	1.0456	0.8736	0.9525
Vanguard International Shares Select Exclusions Index Fund - NZD Hedged Class*	1.2319	1.1946	1.2535	1.2491	1.0363	1.0803

*All unit prices are expressed in New Zealand dollars.

Directors' report (continued)

Significant changes in state of affairs

The Vanguard Ethically Conscious International Shares Fund inception date was 28 May 2018. The Wholesale Class units commenced trading on 28 August 2018 and the ETF Class units were listed and commenced trading on the ASX on 13 September 2018.

On 1 November 2018, Vanguard Global Minimum Volatility Fund and Vanguard International Shares Select Exclusions Index Fund entered into securities lending arrangements.

Colin Kelton resigned as a Director of Vanguard Investments Australia Ltd on 4 September 2018.

Frank Kolimago was appointed as a Director of Vanguard Investments Australia Ltd on 4 September 2018.

Lucy Carr resigned as a Director of Vanguard Investments Australia Ltd on 1 March 2019.

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 June 2019 that has significantly affected, or may significantly affect:

- (i) the operations of the Funds in future financial years; or
- (ii) the results of those operations in future financial years; or
- (iii) 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.

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 14 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 14 of the financial statements.

Interests in the Funds

The movement in units on issue in the Funds during the year is disclosed in note 9 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.

Directors' report (continued)

Rounding of amounts to the nearest thousand dollars

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

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 11.

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



F Kolimago
Managing Director
Melbourne
3 September 2019



Auditor's Independence Declaration for Vanguard Wholesale International Equities Funds (Hedged) & ETFs:

- Vanguard Global Infrastructure Index Fund (Hedged)
- Vanguard MSCI Index International Shares (Hedged) ETF
- Vanguard International Property Securities Index Fund (Hedged)
- Vanguard International Small Companies Index Fund (Hedged)
- Vanguard Ethically Conscious International Shares Index Fund
- Vanguard Global Minimum Volatility Fund
- Vanguard International Shares Index Fund (Hedged)
- Vanguard International Shares Select Exclusions Index Fund

As lead auditor for the audit of Vanguard Wholesale International Equities Funds (Hedged) & ETFs for the period ended 30 June 2019, 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 blue ink, appearing to read 'Britt Hawkins'.

Britt Hawkins
Partner
PricewaterhouseCoopers

Melbourne
3 September 2019

Statements of comprehensive income

For the year ended 30 June 2019

		Vanguard Global Infrastructure Index Fund (Hedged)		Vanguard MSCI Index International Shares (Hedged) ETF		Vanguard International Property Securities Index Fund (Hedged)		Vanguard International Small Companies Index Fund (Hedged)	
		30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000
	Notes								
Investment income									
Interest income		18	3	129	19	19	25	31	18
Distribution income		9,716	7,065	13,931	9,204	60,827	105,060	4,169	5,824
Net gains/(losses) on financial instruments at fair value through profit or loss	5	22,987	(1,180)	23,977	24,254	29,443	(54,121)	(8,197)	7,302
Other operating income		-	-	162	194	-	133	-	-
Total net investment income/(loss)		32,721	5,888	38,199	33,671	90,289	51,097	(3,997)	13,144
Expenses									
Responsible Entity's fees	14	65	32	173	128	362	392	34	36
Custody fees		14	8	35	58	22	13	29	23
Other operating expenses		-	-	-	-	1	1	-	-
Total operating expenses		79	40	208	186	385	406	63	59
Operating profit/(loss)		32,642	5,848	37,991	33,485	89,904	50,691	(4,060)	13,085
Finance costs attributable to unitholders									
Distributions to unitholders	10	-	-	-	-	-	-	-	-
(Increase)/decrease in net assets attributable to unitholders	9	-	-	-	-	-	-	-	-
Profit/(loss) for the year		32,642	5,848	37,991	33,485	89,904	50,691	(4,060)	13,085
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income for the year		32,642	5,848	37,991	33,485	89,904	50,691	(4,060)	13,085

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

Statements of comprehensive income (continued)

For the year ended 30 June 2019

		Vanguard Ethically Conscious International Shares Index Fund	Vanguard Global Minimum Volatility Fund		Vanguard International Shares Index Fund (Hedged)		Vanguard International Shares Select Exclusions Index Fund	
	Notes	[^] 30 Jun 2019 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Investment income								
Interest income		28	5	3	1,140	116	124	9
Dividend income		5,442	567	544	-	-	25,171	22,111
Distribution income		241	269	147	227,752	160,385	1,183	1,033
Net gains/(losses) on financial instruments at fair value through profit or loss	5	20,484	1,391	1,599	81,938	318,092	114,846	80,610
Other operating income		24	12	3	18	246	247	38
Total net investment income/(loss)		26,219	2,244	2,296	310,848	478,839	141,571	103,801
Expenses								
Responsible Entity's fees	14	662	88	94	1,576	1,724	2,950	2,667
Custody fees		45	25	48	76	169	121	124
Transaction costs		26	7	6	-	-	35	55
Other operating expenses		136	19	15	1	95	46	482
Total operating expenses		869	139	163	1,653	1,988	3,152	3,328
Operating profit/(loss)		25,350	2,105	2,133	309,195	476,851	138,419	100,473
Finance costs attributable to unitholders								
Distributions to unitholders	10	(8,040)	-	(831)	(37,594)	(282,493)	(31,456)	(32,730)
(Increase)/decrease in net assets attributable to unitholders	9	(17,310)	(2,105)	(1,302)	(271,601)	(194,358)	(106,963)	(67,743)
Profit/(loss) for the year		-	-	-	-	-	-	-
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	-	-	-

[^]Covers the period from 28 May 2018 to 30 June 2019.

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

Balance sheets

As at 30 June 2019

		Vanguard Global Infrastructure Index Fund (Hedged)		Vanguard MSCI Index International Shares (Hedged) ETF		Vanguard International Property Securities Index Fund (Hedged)		Vanguard International Small Companies Index Fund (Hedged)	
		30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000
	Notes								
Assets									
Cash and cash equivalents	11	837	5,051	2,658	3,811	7,890	17,401	400	1,489
Margin accounts		35	158	2,051	6,878	468	671	122	1,417
Receivables		725	1	4	3	398	68,364	14	27
Accrued income		4,641	5,263	5,945	5,259	11,582	70,468	2,359	4,377
Due from brokers - receivable for securities sold		-	-	-	-	-	-	394	3,224
Financial assets at fair value through profit or loss	6	298,017	132,985	614,428	403,298	1,331,717	1,124,809	78,032	104,732
Total assets		304,255	143,458	625,086	419,249	1,352,055	1,281,713	81,321	115,266
Liabilities									
Margin accounts		-	1	-	-	-	-	-	-
Distribution payable	10	-	4,683	-	4,385	-	19,768	834	3,686
Payables		7	125	101	37	747	733	37	11
Due to brokers - payables for securities purchased		2,223	-	-	-	7,981	40,009	-	-
Financial liabilities at fair value through profit or loss	7	967	2,578	4,620	7,671	2,899	21,774	767	2,120
Total liabilities		3,197	7,387	4,721	12,093	11,627	82,284	1,638	5,817
Net assets attributable to unitholders (equity)*	9	301,058	136,071	620,365	407,156	1,340,428	1,199,429	79,683	109,449

*Effective from 1 July 2017, Vanguard Global Infrastructure Index Fund (Hedged), Vanguard MSCI Index International Shares (Hedged) ETF, Vanguard International Property Securities Index Fund (Hedged) and Vanguard International Small Companies Index Fund (Hedged) units have been reclassified from financial liability to equity. Refer note 9 for further details.

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

Balance sheets (continued)

As at 30 June 2019

		Vanguard Ethically Conscious International Shares Index Fund	Vanguard Global Minimum Volatility Fund		Vanguard International Shares Index Fund (Hedged)		Vanguard International Shares Select Exclusions Index Fund	
	Notes	30 Jun 2019 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Assets								
Cash and cash equivalents	11	6,841	490	168	33,608	80,945	14,032	14,763
Margin accounts		599	42	728	7,943	77,748	2,147	15,321
Receivables		8,303	171	31	1,601	1,114	6,244	2,432
Accrued income		517	117	68	107,763	101,702	1,189	1,164
Due from brokers - receivable for securities sold		1	-	73	-	-	-	9,842
Financial assets at fair value through profit or loss	6	522,131	28,170	23,318	4,753,736	4,414,657	1,395,757	1,208,274
Total assets		538,392	28,990	24,386	4,904,651	4,676,166	1,419,369	1,251,796
Liabilities								
Margin accounts		4,020	-	-	3,807	-	8,968	-
Distribution payable	10	867	-	-	25,645	130,725	5,789	14,623
Payables		101	7	7	1,977	23,719	467	1,630
Due to brokers - payables for securities purchased		14,500	378	62	-	-	20,078	-
Financial liabilities at fair value through profit or loss	7	6,246	130	665	66,059	109,728	15,324	32,017
Total liabilities		25,734	515	734	97,488	264,172	50,626	48,270
Net assets attributable to unitholders (liability)	9	512,658	28,475	23,652	4,807,163	4,411,994	1,368,743	1,203,526

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

Statements of changes in equity

For the year ended 30 June 2019

		Vanguard Global Infrastructure Index Fund (Hedged)		Vanguard MSCI Index International Shares (Hedged) ETF		Vanguard International Property Securities Index Fund (Hedged)		Vanguard International Small Companies Index Fund (Hedged)	
		30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total equity at the beginning of the financial year		136,071	-	407,156	-	1,199,429	-	109,449	-
Reclassification due to AMIT tax regime implementation*	9	-	67,116	-	237,187	-	1,232,860	-	69,602
Comprehensive income for the year									
Profit/(loss) for the year		32,642	5,848	37,991	33,485	89,904	50,691	(4,060)	13,085
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income for the year		32,642	5,848	37,991	33,485	89,904	50,691	(4,060)	13,085
Transactions with unitholders									
Applications		193,809	107,516	174,645	168,906	556,926	805,383	23,297	42,245
Redemptions		(64,129)	(43,987)	-	(25,944)	(518,369)	(1,051,399)	(48,654)	(9,772)
Units issued upon reinvestment of distributions		2,740	7,433	573	1,446	12,626	238,719	485	1,049
Distributions paid and payable		(75)	(7,855)	-	(7,924)	(88)	(76,825)	(834)	(6,760)
Total transactions with unitholders		132,345	63,107	175,218	136,484	51,095	(84,122)	(25,706)	26,762
Total equity at the end of the financial year		301,058	136,071	620,365	407,156	1,340,428	1,199,429	79,683	109,449

*Effective from 1 July 2017, Vanguard Global Infrastructure Index Fund (Hedged), Vanguard MSCI Index International Shares (Hedged) ETF, Vanguard International Property Securities Index Fund (Hedged) and Vanguard International Small Companies Index Fund (Hedged) units have been reclassified from financial liability to equity.

		Vanguard Ethically Conscious International Shares Index Fund		Vanguard Global Minimum Volatility Fund		Vanguard International Shares Index Fund (Hedged)		Vanguard International Shares Select Exclusions Index Fund	
		30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total equity at the beginning of the financial year		-	-	-	-	-	-	-	-
Profit/(loss) for the year		-	-	-	-	-	-	-	-
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	-	-	-	-
Transactions with unitholders in their capacity as owners		-	-	-	-	-	-	-	-
Total equity at the end of the financial year		-	-	-	-	-	-	-	-

^Covers the period from 28 May 2018 to 30 June 2019.

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 2019

		Vanguard Global Infrastructure Index Fund (Hedged)		Vanguard MSCI Index International Shares (Hedged) ETF		Vanguard International Property Securities Index Fund (Hedged)		Vanguard International Small Companies Index Fund (Hedged)	
		30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities									
Proceeds from sale of financial instruments at fair value through profit or loss		57,916	55,943	81,451	18,470	411,696	1,104,921	35,776	6,311
Purchases of financial instruments at fair value through profit or loss		(188,939)	(112,043)	(253,683)	(148,365)	(520,331)	(705,036)	(8,371)	(31,179)
Interest received		18	3	70	19	17	29	22	16
Other income received		-	-	222	194	-	490	1	-
Responsible Entity's fees paid		(61)	(31)	(170)	(124)	(358)	(413)	(34)	(35)
Operating expenses paid		(15)	(8)	(35)	(37)	(379)	(14)	(36)	(16)
Net cash inflow/(outflow) from operating activities	12(a)	(131,081)	(56,136)	(172,145)	(129,843)	(109,355)	399,977	27,358	(24,903)
Cash flows from financing activities									
Proceeds from applications by unitholders		193,086	107,611	174,645	169,525	624,892	737,693	23,309	42,331
Payments for redemptions by unitholders		(64,251)	(43,866)	-	(25,944)	(518,003)	(1,051,243)	(48,621)	(9,828)
Distributions paid from operating activities		(2,018)	(2,697)	(3,812)	(12,290)	(7,230)	(72,001)	(3,201)	(7,098)
Net cash inflow/(outflow) from financing activities		126,817	61,048	170,833	131,291	99,659	(385,551)	(28,513)	25,405
Net increase/(decrease) in cash and cash equivalents		(4,264)	4,912	(1,312)	1,448	(9,696)	14,426	(1,155)	502
Cash and cash equivalents at the beginning of the year		5,051	139	3,811	2,154	17,401	2,579	1,489	933
Effects of foreign currency exchange rate changes on cash and cash equivalents		50	-	159	209	185	396	66	54
Cash and cash equivalents at the end of the year	11	837	5,051	2,658	3,811	7,890	17,401	400	1,489
Non-cash financing activities	12(b)	2,740	7,433	573	1,446	12,626	238,719	485	1,049

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

Statements of cash flows (continued)

For the year ended 30 June 2019

		Vanguard Ethically Conscious International Shares Index Fund	Vanguard Global Minimum Volatility Fund		Vanguard International Shares Index Fund (Hedged)		Vanguard International Shares Select Exclusions Index Fund	
	Notes	[^] 30 Jun 2019 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Cash flows from operating activities								
Proceeds from sale of financial instruments at fair value through profit or loss		21,485	15,771	18,792	437,017	771,771	393,739	206,502
Purchases of financial instruments at fair value through profit or loss		(499,472)	(18,714)	(15,295)	(443,062)	(1,197,723)	(432,834)	(432,374)
Transaction costs on purchases of financial instruments at fair value through profit or loss		(26)	(7)	(6)	-	-	(35)	(55)
Interest received		28	4	2	689	116	158	-
Dividends received		4,770	516	542	-	-	24,368	20,962
Distributions received		195	252	138	-	-	1,169	926
Other income received		24	12	5	23	1,035	230	3,567
Responsible Entity's fees paid		(565)	(88)	(94)	(1,595)	(1,708)	(2,936)	(2,619)
Operating expenses paid		(205)	(44)	(63)	(1,044)	(263)	(1,374)	(132)
Net cash inflow/(outflow) from operating activities	12(a)	(473,766)	(2,298)	4,021	(7,972)	(426,772)	(17,515)	(203,223)
Cash flows from financing activities								
Proceeds from applications by unitholders		481,609	13,648	20,150	947,088	1,716,325	533,409	538,217
Payments for redemptions by unitholders		(613)	(11,050)	(24,191)	(930,490)	(969,062)	(510,474)	(336,479)
Distributions paid from operating activities		(904)	-	(50)	(56,952)	(253,786)	(8,070)	(4,641)
Net cash inflow/(outflow) from financing activities		480,092	2,598	(4,091)	(40,354)	493,477	14,865	197,097
Net increase/(decrease) in cash and cash equivalents		6,326	300	(70)	(48,326)	66,705	(2,650)	(6,126)
Cash and cash equivalents at the beginning of the year		-	168	245	80,945	13,441	14,763	21,845
Effects of foreign currency exchange rate changes on cash and cash equivalents		515	22	(7)	989	799	1,919	(956)
Cash and cash equivalents at the end of the year	11	6,841	490	168	33,608	80,945	14,032	14,763
Non-cash financing activities	12(b)	6,269	-	1,908	85,722	351,010	32,220	15,891

[^]Covers the period from 28 May 2018 to 30 June 2019.

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 2019

1 General information

These financial statements cover the Vanguard Wholesale International Equities Funds (Hedged) & ETFs (the "Funds") as registered managed investment schemes. The respective constitution dates are as follows:

- Vanguard Global Infrastructure Index Fund (Hedged) 26 October 2007
- Vanguard MSCI Index International Shares (Hedged) ETF 25 September 2013
- Vanguard International Property Securities Index Fund (Hedged) 30 June 2005
- Vanguard International Small Companies Index Fund (Hedged) 9 August 2007
- Vanguard Ethically Conscious International Shares Index Fund 28 May 2018
- Vanguard Global Minimum Volatility Fund 31 August 2016
- Vanguard International Shares Index Fund (Hedged) 8 June 2000
- Vanguard International Shares Select Exclusions Index Fund 9 December 2016

The Responsible Entity of the Vanguard Wholesale International Equities Funds (Hedged) & ETFs is Vanguard Investments Australia Ltd (the "Responsible Entity"). The Responsible Entity's registered office is Level 34, Freshwater Place, 2 Southbank Boulevard, Southbank Vic 3006.

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 seek to track the returns of the Funds' respective indices, before taking into account fees, expenses and tax.

The Vanguard Ethically Conscious International Shares Fund was registered on 28 May 2018 and commenced trading on 28 August 2018.

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 3 September 2019. 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 twelve 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 twelve 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.

Notes to the financial statements (continued)

For the year ended 30 June 2019

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(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

AASB 9 *Financial Instruments* (and applicable amendments), (effective from 1 January 2018)

AASB 9 *Financial Instruments* became effective for annual periods beginning on or after 1 January 2018. It addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in AASB 139.

Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. AASB 9 also introduces a new expected credit loss (ECL) impairment model.

AASB 9 has been applied retrospectively by the Funds without the use of hindsight and it has determined that adoption did not result in a change to the classification or measurement of financial instruments in either the current or comparative period. The Funds have elected to restate the comparative period presented to comply with AASB 9. The Funds' investment portfolios continue to be classified as fair value through profit or loss. There was no material impact on adoption from the application of the new impairment model.

AASB 15 *Revenue from Contracts with Customers* (effective from 1 January 2018)

AASB 15 *Revenue from Contracts with Customers* became effective for annual periods beginning on or after 1 January 2018. The adoption of this standard did not have a material impact on the Fund's accounting policies nor the amounts recognised in the financial statements.

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2018 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

(iii) New standards, amendments and interpretations effective after 1 January 2019 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019, 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.

Equity securities 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.

Notes to the financial statements (continued)

For the year ended 30 June 2019

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(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.

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 unit back to the Funds. This amount represents the expected cash flows on redemption of these units.

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
- 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 unfavorable 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.

Effective from 1 July 2017, Vanguard Global Infrastructure Index Fund (Hedged), Vanguard MSCI Index International Shares (Hedged) ETF, Vanguard International Property Securities Index Fund (Hedged) and Vanguard International Small Companies Index Fund (Hedged) units have been reclassified from financial liability to equity as they satisfied all the above criteria. Refer note 9 for further details.

(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.

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.

Notes to the financial statements (continued)

For the year ended 30 June 2019

2 Summary of significant accounting policies (continued)

(e) Margin accounts

Deposits held with brokers for margin, represent restricted margin deposits for derivative financial instruments.

The reported balance for collateral margins represents the level of restricted cash required to be settled as at close of business at balance date.

(f) Investment income

Dividend and distribution income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income within dividend income and 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.

(g) Expenses

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

(h) Income tax

Under current legislation, Funds that have elected into the AMIT tax regime are not subject to income tax provided they attribute the entirety of their taxable income to their unitholders.

The Vanguard Global Minimum Volatility Fund does not meet the AMIT tax regime qualification and is not subject to income tax as its unitholders are presently entitled to the income of the Fund.

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

(i) 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.

(j) 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.

(k) Functional and presentation currency

(i) 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.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the statement of comprehensive income on a net basis within net gains/(losses) on financial instruments at fair value through profit or loss.

Notes to the financial statements (continued)

For the year ended 30 June 2019

2 Summary of significant accounting policies (continued)

(l) 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.

(m) Receivables and accrued income

Receivables may include amounts for dividends, interest and trust distributions. Dividends and 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(f) above. Amounts are generally received within 30 days of being recorded as receivables.

(n) 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.

(o) 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.

(p) 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 100%, 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.

(q) Comparative revisions

Comparative information has been revised where appropriate to enhance comparability. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

(r) 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.

Notes to the financial statements (continued)

For the year ended 30 June 2019

2 Summary of significant accounting policies (continued)

(s) Investment entity exception

AASB 10 *Consolidated Financial Statements* for investment entities includes an exception to the consolidation rules for those entities qualifying as “investment entities”. Subsidiaries of investment entities will be accounted for at fair value through profit or loss, in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*.

A parent entity will need to make an assessment of whether it meets the definition of an investment entity. An investment entity is defined as an entity that:

- (a) obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- (b) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- (c) measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Funds have multiple investments that they control. However, the Funds have determined that they are investment entities under the definition in AASB 10, as they meet the following criteria:

- (a) the Funds have obtained funds from unitholders for the purpose of providing them with investment management services;
- (b) the Funds’ business purpose, which is communicated directly to unitholders, is investing solely for returns from capital appreciation and investment income; and
- (c) the performance of investments made by the Funds are measured and evaluated on a fair value basis.

The Funds also meet all of the typical characteristics of an investment entity, including:

- (a) holding more than one investment;
- (b) having more than one investor;
- (c) having investors that are not related parties of the entity; and
- (d) having ownership interests in the form of equity or similar interests.

As the Funds measure all of their controlled entities at fair value through profit or loss, they only present separate financial statements.

(t) Securities lending arrangements

The Vanguard Global Minimum Volatility Fund and Vanguard International Shares Select Exclusions Index Fund have entered into securities lending arrangements under which legal title to some of the Funds’ assets may be transferred to another entity. The securities are loaned by JPM Chase Bank, N.A., Sydney Branch as agent of the Responsible Entity, to a limited number of pre-approved brokers and other financial institutions (the ‘Borrowers’). The Borrowers provide collateral against loans to an amount of 105% of the fair value of the loaned securities. The earnings on securities lending arrangements have been recognised in the statement of comprehensive income as other income. All securities lending revenue, with the exception of a minimal lending agent fee, are received directly into the Funds.

The risks and benefits of ownership of the loaned assets remain with the Funds, because the Funds continue to enjoy the risks and benefits of ownership, assets that have been loaned have not been derecognised (i.e. treated as having been sold). JPM Chase Bank, N.A., Sydney Branch, as lending agent, indemnifies the Funds for replacement of any loaned securities (or, in certain circumstances, return of equivalent cash value) due to a Borrower default on a security loan.

Details of all open transactions at year-end are disclosed in note 16.

(u) 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.

Notes to the financial statements (continued)

For the year ended 30 June 2019

3 Financial risk management

The Funds' activities expose them to a variety of financial risks: market risk (including price risk and foreign exchange 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.

(a) Market risk

(i) Price risk

The Funds are exposed to equity securities and derivative 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 equities and related derivatives exposed to price risk were as follows:

	Vanguard Global Infrastructure Index Fund (Hedged)		Vanguard MSCI Index International Shares (Hedged) ETF		Vanguard International Property Securities Index Fund (Hedged)		Vanguard International Small Companies Index Fund (Hedged)	
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Derivative assets	4	1	225	5	15	188	7	2
Unlisted unit trusts	295,364	132,907	591,354	393,680	1,319,784	1,124,226	76,905	104,135
Derivative liabilities	-	-	(5)	(98)	(82)	(59)	-	(22)
Net total	295,368	132,908	591,574	393,587	1,319,717	1,124,355	76,912	104,115

	Vanguard Ethically Conscious International Shares Index Fund		Vanguard Global Minimum Volatility Fund		Vanguard International Shares Index Fund (Hedged)		Vanguard International Shares Select Exclusions Index Fund	
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Derivative assets	121	4	-	-	1,692	26	363	22
Equity securities	486,786	23,149	23,173	-	-	-	1,299,496	1,189,758
Listed unit trusts	13,461	4,750	-	-	-	-	33,846	-
Unlisted unit trusts	-	-	-	-	4,552,611	4,328,286	-	-
Derivative liabilities	(1)	-	(2)	(31)	(796)	(9)	(158)	
Net total	500,367	27,903	23,171	4,554,272	4,327,516	1,333,696	1,189,622	

The table presented in note 3(b) summarises 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.

Notes to the financial statements (continued)

For the year ended 30 June 2019

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk

The Funds have exposure to foreign assets and holds both monetary and non-monetary assets denominated in currencies other than the Australian dollar. Foreign exchange risk arises as the value of monetary securities denominated in other currencies will fluctuate due to changes in exchange rates. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk, not foreign exchange risk. The risk is measured using sensitivity analysis.

The Funds are exposed to foreign exchange risk as a result of investments in financial instruments denominated in foreign currencies. Fluctuations in the value of the Australian dollar and foreign currencies can affect the returns from overseas investments. This is because gains or losses must be converted back to Australian dollars. Accordingly, these Funds are affected directly by currency fluctuations.

The foreign exchange risk disclosures have been prepared on the basis of the Funds' direct investments and not on a look-through basis to investments held via interposed investment funds. In addition, any currency hedging to minimise the impact of foreign exchange risk has not been incorporated into the disclosures unless the derivatives are held directly in these Funds.

In accordance with the Funds' policy, the Investment Manager monitors the Funds' foreign exchange exposure on a daily basis.

The tables below summarise the Funds' assets and liabilities that are denominated in a currency other than the Australian dollar.

Vanguard Global Infrastructure Index Fund (Hedged)										
	As at 30 Jun 2019					As at 30 Jun 2018				
	US Dollars A\$'000	British Pounds A\$'000	Euros A\$'000	Japanese Yen A\$'000	Other Currencies A\$'000	US Dollars A\$'000	British Pounds A\$'000	Euros A\$'000	Japanese Yen A\$'000	Other Currencies A\$'000
Assets										
Cash and cash equivalents	36	-	13	22	19	(85)	-	(33)	-	(27)
Margin accounts	35	-	-	-	-	88	-	38	-	31
Financial assets at fair value through profit or loss	4	-	3	-	11	18	3	7	2	8
Total assets	75	-	16	22	30	21	3	12	2	12
Liabilities										
Financial liabilities at fair value through profit or loss	-	-	112	2	774	2,000	73	180	35	262
Total liabilities	-	-	112	2	774	2,000	73	180	35	262
Net increase/(decrease) in exposure from foreign currency forward contracts										
- Buy foreign currency	191,773	8,955	16,812	23,743	51,686	61,529	4,913	8,972	12,476	23,069
- Sell foreign currency	(385,292)	(17,585)	(33,626)	(45,399)	(102,846)	(145,978)	(9,838)	(16,997)	(24,484)	(45,680)
Net exposure including foreign currency forward contracts	(193,444)	(8,630)	(16,910)	(21,636)	(51,904)	(86,428)	(4,995)	(8,193)	(12,041)	(22,861)

Notes to the financial statements (continued)

For the year ended 30 June 2019

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

Vanguard MSCI Index International Shares (Hedged) ETF										
	As at 30 Jun 2019					As at 30 Jun 2018				
	US Dollars A\$'000	British Pounds A\$'000	Euros A\$'000	Japanese Yen A\$'000	Other Currencies A\$'000	US Dollars A\$'000	British Pounds A\$'000	Euros A\$'000	Japanese Yen A\$'000	Other Currencies A\$'000
Assets										
Cash and cash equivalents	1,591	244	323	239	254	833	171	214	105	233
Margin accounts	746	70	205	60	48	699	83	296	59	49
Accrued income	1	-	-	-	-	-	-	-	-	-
Financial assets at fair value through profit or loss	192	6	71	-	99	348	57	185	32	174
Total assets	2,530	320	599	299	401	1,880	311	695	196	456
Liabilities										
Financial liabilities at fair value through profit or loss	-	3	440	91	979	4,409	298	1,223	38	614
Total liabilities	-	3	440	91	979	4,409	298	1,223	38	614
Net increase/(decrease) in exposure from foreign currency forward contracts										
- Buy foreign currency	416,818	37,101	72,730	54,736	67,416	282,432	29,591	55,007	41,123	44,834
- Sell foreign currency	(806,333)	(72,247)	(137,532)	(104,296)	(129,878)	(528,106)	(55,790)	(100,978)	(76,317)	(84,722)
Net exposure including foreign currency forward contracts	(386,985)	(34,829)	(64,643)	(49,352)	(63,040)	(248,203)	(26,186)	(46,499)	(35,036)	(40,046)

Vanguard International Property Securities Index Fund (Hedged)										
	As at 30 Jun 2019					As at 30 Jun 2018				
	US Dollars A\$'000	British Pounds A\$'000	Euros A\$'000	Japanese Yen A\$'000	Other Currencies A\$'000	US Dollars A\$'000	British Pounds A\$'000	Euros A\$'000	Japanese Yen A\$'000	Other Currencies A\$'000
Assets										
Cash and cash equivalents	5,827	224	193	208	86	10,914	650	2,678	1,304	566
Margin accounts	352	12	63	29	12	336	28	219	59	29
Accrued income	1	-	-	-	-	1	-	(1)	-	-
Financial assets at fair value through profit or loss	7	1	28	3	13	276	17	21	10	26
Total assets	6,187	237	284	240	111	11,527	695	2,917	1,373	621
Liabilities										
Financial liabilities at fair value through profit or loss	81	4	1,058	20	1,491	16,431	965	2,807	251	1,304
Total liabilities	81	4	1,058	20	1,491	16,431	965	2,807	251	1,304
Net increase/(decrease) in exposure from foreign currency forward contracts										
- Buy foreign currency	846,404	71,845	160,735	129,575	157,269	741,754	71,615	135,584	84,807	121,563
- Sell foreign currency	(1,692,637)	(137,937)	(293,613)	(260,397)	(323,082)	(1,483,296)	(141,990)	(279,335)	(192,503)	(248,209)
Net exposure including foreign currency forward contracts	(840,127)	(65,859)	(133,652)	(130,602)	(167,193)	(746,446)	(70,645)	(143,641)	(106,574)	(127,329)

Notes to the financial statements (continued)

For the year ended 30 June 2019

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

Vanguard International Small Companies Index Fund (Hedged)										
As at 30 Jun 2019						As at 30 Jun 2018				
	US Dollars A\$'000	British Pounds A\$'000	Euros A\$'000	Japanese Yen A\$'000	Other Currencies A\$'000	US Dollars A\$'000	British Pounds A\$'000	Euros A\$'000	Japanese Yen A\$'000	Other Currencies A\$'000
Assets										
Cash and cash equivalents	13	9	26	11	5	241	9	142	40	94
Margin accounts	28	-	4	-	-	103	-	56	19	9
Financial assets at fair value through profit or loss	7	-	6	-	15	69	12	49	9	52
Total assets	48	9	36	11	20	413	21	247	68	155
Liabilities										
Financial liabilities at fair value through profit or loss	-	-	54	20	157	1,189	98	281	18	188
Total liabilities	-	-	54	20	157	1,189	98	281	18	188
Net increase/(decrease) in exposure from foreign currency forward contracts										
- Buy foreign currency	56,403	6,927	8,678	11,402	10,756	72,741	12,742	9,631	16,017	14,222
- Sell foreign currency	(103,633)	(12,653)	(15,802)	(20,903)	(20,201)	(135,583)	(22,953)	(17,857)	(29,700)	(26,530)
Net exposure including foreign currency forward contracts	(47,182)	(5,717)	(7,142)	(9,510)	(9,582)	(63,618)	(10,288)	(8,260)	(13,633)	(12,341)

Vanguard Ethically Conscious International Shares Index Fund					
As at 30 Jun 2019					
	US Dollars A\$'000	British Pounds A\$'000	Euros A\$'000	Japanese Yen A\$'000	Other Currencies A\$'000
Assets					
Cash and cash equivalents	3,588	214	601	579	9,145
Margin accounts	368	23	114	62	32
Receivables	11	1	108	-	72
Accrued income	216	136	31	51	79
Due to brokers - receivable for securities sold	-	-	1	-	-
Financial assets at fair value through profit or loss	321,804	22,635	47,116	45,096	85,480
Total assets	325,987	23,009	47,971	45,788	94,808
Liabilities					
Margin accounts	-	-	-	-	4,020
Due to brokers - payable for securities purchased	9,331	553	1,413	1,328	1,875
Financial liabilities at fair value through profit or loss	55	144	705	499	4,843
Total liabilities	9,386	697	2,118	1,827	10,738
Net increase/(decrease) in exposure from foreign currency forward contracts					
- Buy foreign currency	653,101	16,911	36,507	35,983	794,852
- Sell foreign currency	(883,360)	(33,413)	(69,405)	(68,326)	(482,865)
Net exposure including foreign currency forward contracts	86,342	5,810	12,955	11,618	396,057

Notes to the financial statements (continued)

For the year ended 30 June 2019

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

Vanguard Global Minimum Volatility Fund										
	As at 30 Jun 2019					As at 30 Jun 2018				
	US Dollars A\$'000	British Pounds A\$'000	Euros A\$'000	Japanese Yen A\$'000	Other Currencies A\$'000	US Dollars A\$'000	British Pounds A\$'000	Euros A\$'000	Japanese Yen A\$'000	Other Currencies A\$'000
Assets										
Cash and cash equivalents	47	2	3	46	21	21	3	1	4	9
Margin accounts	-	-	32	-	-	-	-	28	-	-
Receivables	15	-	9	-	24	4	-	6	-	19
Accrued income	74	20	-	4	11	47	9	-	1	8
Due to brokers - receivable for securities sold	-	-	-	-	-	37	-	-	-	32
Financial assets at fair value through profit or loss	16,647	2,698	1,376	1,105	4,848	13,344	2,521	1,280	966	4,161
Total assets	16,783	2,720	1,420	1,155	4,904	13,453	2,533	1,315	971	4,229
Liabilities										
Due to brokers - payable for securities purchased	140	37	21	107	55	29	-	-	-	25
Financial liabilities at fair value through profit or loss	-	8	7	7	87	655	-	2	-	7
Total liabilities	140	45	28	114	142	684	-	2	-	32
Net increase/(decrease) in exposure from foreign currency forward contracts										
- Buy foreign currency	13,750	121	196	-	128	11,313	-	148	-	-
- Sell foreign currency	(29,043)	(2,788)	(1,587)	(1,166)	(7,016)	(22,307)	(2,519)	(1,415)	(983)	(6,021)
Net exposure including foreign currency forward contracts	1,350	8	1	(125)	(2,126)	1,775	14	46	(12)	(1,824)

Notes to the financial statements (continued)

For the year ended 30 June 2019

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

Vanguard International Shares Index Fund (Hedged)										
	As at 30 Jun 2019					As at 30 Jun 2018				
	US Dollars A\$'000	British Pounds A\$'000	Euros A\$'000	Japanese Yen A\$'000	Other Currencies A\$'000	US Dollars A\$'000	British Pounds A\$'000	Euros A\$'000	Japanese Yen A\$'000	Other Currencies A\$'000
Assets										
Cash and cash equivalents	12,270	1,405	3,146	1,515	3,857	4,665	682	579	398	(804)
Margin accounts	5,276	503	1,447	449	268	5,716	643	2,285	511	5,632
Accrued income	5	-	1	-	-	-	-	-	-	-
Financial assets at fair value through profit or loss	2,167	1,101	2,371	576	5,453	23,406	1,253	3,632	200	2,325
Total assets	19,718	3,009	6,965	2,540	9,578	33,787	2,578	6,496	1,109	7,153
Liabilities										
Margin accounts	-	-	-	-	1,407	-	-	-	-	-
Payables	-	-	-	-	-	(1)	-	(2)	-	(8)
Financial liabilities at fair value through profit or loss	769	2,493	11,458	6,147	15,065	88,123	1,081	6,490	105	2,384
Total liabilities	769	2,493	11,458	6,147	16,472	88,122	1,081	6,488	105	2,376
Net increase/(decrease) in exposure from foreign currency forward contracts										
- Buy foreign currency	8,477,100	289,329	566,682	428,456	722,480	8,476,147	330,831	612,566	456,998	1,271,365
- Sell foreign currency	(11,511,420)	(563,744)	(1,074,082)	(813,985)	(1,115,006)	(11,199,160)	(620,708)	(1,121,563)	(848,783)	(1,348,003)
Net exposure including foreign currency forward contracts	(3,015,371)	(273,899)	(511,893)	(389,136)	(399,420)	(2,777,348)	(288,380)	(508,989)	(390,781)	(71,861)

Notes to the financial statements (continued)

For the year ended 30 June 2019

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

Vanguard International Shares Select Exclusions Index Fund										
	As at 30 Jun 2019					As at 30 Jun 2018				
	US Dollars A\$'000	British Pounds A\$'000	Euros A\$'000	Japanese Yen A\$'000	Other Currencies A\$'000	US Dollars A\$'000	British Pounds A\$'000	Euros A\$'000	Japanese Yen A\$'000	Other Currencies A\$'000
Assets										
Cash and cash equivalents	7,393	525	914	879	1,536	6,824	888	1,575	1,145	3,503
Margin accounts	1,210	160	398	105	74	1,487	158	647	136	12,887
Receivables	99	4	1,119	-	994	137	2	684	2	1,474
Accrued income	552	343	50	137	88	487	353	67	117	133
Due to brokers - receivable for securities sold	-	-	-	-	-	6,354	538	1,177	874	899
Financial assets at fair value through profit or loss	855,593	76,056	147,899	111,635	202,204	751,867	75,135	143,843	107,564	129,755
Total assets	864,847	77,088	150,380	112,756	204,896	767,156	77,074	147,993	109,838	148,651
Liabilities										
Margin accounts	-	-	-	-	8,968	-	-	-	-	-
Distribution payable	-	-	-	-	-	-	-	-	-	7
Payables	-	-	-	-	24	-	-	-	-	-
Due to brokers - payable for securities purchased	13,557	1,253	1,979	1,287	2,002	-	-	-	-	-
Financial liabilities at fair value through profit or loss	139	465	2,178	1,190	10,550	29,622	226	1,464	37	564
Total liabilities	13,696	1,718	4,157	2,477	21,544	29,622	226	1,464	37	571
Net increase/(decrease) in exposure from foreign currency forward contracts										
- Buy foreign currency	1,639,658	54,614	110,300	84,580	1,705,295	1,842,380	68,710	135,191	102,393	2,120,625
- Sell foreign currency	(2,214,821)	(105,524)	(208,113)	(160,274)	(1,036,986)	(2,438,440)	(129,143)	(247,952)	(191,068)	(1,275,365)
Net exposure including foreign currency forward contracts	275,988	24,460	48,410	34,585	851,661	141,474	16,415	33,768	21,126	993,340

Note 3(b) summarises the impact of an increase/decrease of foreign exchange rates of each Funds' operating profit and net assets attributable to unitholders through changes in fair value or changes in future cash flows.

(iii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value of future cash flows 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 Vanguard Global Infrastructure Index Fund (Hedged), Vanguard MSCI Index International Shares (Hedged) ETF, Vanguard International Property Securities Index Fund (Hedged), Vanguard International Small Companies Index Fund (Hedged) and Vanguard International Shares Index Fund (Hedged) 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.

Notes to the financial statements (continued)

For the year ended 30 June 2019

3 Financial risk management (continued)

(b) Summarised sensitivity analysis

The following tables summarise the sensitivity of the Funds' operating profit and net assets attributable to unitholders to interest rate risk, foreign exchange risk and 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 minus one standard deviation to the average return plus one standard deviation. For a normal distribution approximately two-thirds of the outcomes are expected to fall within plus or minus one standard deviation of the mean. Outcomes are expected to occur outside these ranges, approximately one-third of the time.

Impact on operating profit/(loss) and net assets attributable to unitholders												
Vanguard Global Infrastructure Index Fund (Hedged)												
Price risk		Foreign exchange risk										
		US Dollar		British Pound		Euro		Japanese Yen		Other		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High
	-2%	+3%	-6%	+2%	-5%	+4%	-5%	+1%	-11%	+2%	-6%	+1%
30 Jun 2019	(5,907)	8,861	(4)	1	-	-	5	(1)	(2)	-	45	(7)
	-2%	+3%	-10%	+1%	-10%	+4%	-9%	+2%	-9%	+1%	-8%	+2%
30 Jun 2018	(2,658)	3,987	198	(20)	7	(3)	15	(3)	3	-	20	(5)

Impact on operating profit/(loss) and net assets attributable to unitholders												
Vanguard MSCI Index International Shares (Hedged) ETF												
Price risk		Foreign exchange risk										
		US Dollar		British Pound		Euro		Japanese Yen		Other		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High
	-3%	+4%	-6%	+2%	-5%	+4%	-5%	+1%	-11%	+2%	-6%	+1%
30 Jun 2019	(17,748)	23,663	(140)	47	(16)	13	(7)	1	(23)	4	35	(6)
	-2%	+4%	-10%	+1%	-10%	+4%	-9%	+2%	-9%	+1%	-8%	+2%
30 Jun 2018	(7,872)	15,743	245	(25)	(1)	1	46	(10)	(15)	2	13	(3)

Impact on operating profit/(loss) and net assets attributable to unitholders												
Vanguard International Property Securities Index Fund (Hedged)												
Price risk		Foreign exchange risk										
		US Dollar		British Pound		Euro		Japanese Yen		Other		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High
	-5%	+6%	-6%	+2%	-5%	+4%	-5%	+1%	-11%	+2%	-6%	+1%
30 Jun 2019	(65,986)	79,183	(371)	124	(12)	9	39	(8)	(24)	4	83	(14)
	-5%	+6%	-10%	+1%	-10%	+4%	-9%	+2%	-9%	+1%	-8%	+2%
30 Jun 2018	(56,217)	67,462	506	(51)	28	(11)	(12)	3	(103)	11	55	(14)

Notes to the financial statements (continued)

For the year ended 30 June 2019

3 Financial risk management (continued)

(b) Summarised sensitivity analysis (continued)

Impact on operating profit/(loss) and net assets attributable to unitholders												
Vanguard International Small Companies Index Fund (Hedged)												
Price risk				Foreign exchange risk								
		US Dollar		British Pound		Euro		Japanese Yen		Other		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High
	-4%	+6%	-6%	+2%	-5%	+4%	-5%	+1%	-11%	+2%	-6%	+1%
30 Jun 2019	(3,076)	4,614	(2)	1	-	-	1	-	1	-	8	(1)
	-4%	+6%	-10%	+1%	-10%	+4%	-9%	+2%	-9%	+1%	-8%	+2%
30 Jun 2018	(4,164)	6,247	76	(8)	8	(3)	3	(1)	(5)	1	3	(1)

Impact on operating profit/(loss) and net assets attributable to unitholders												
Vanguard Ethically Conscious International Shares Index Fund												
	Price risk		Foreign exchange risk									
	\$'000	\$'000	US Dollar		British Pound		Euro		Japanese Yen		Other	
			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
			Low	High	Low	High	Low	High	Low	High	Low	High
			-2%	+4%	-6%	+2%	-5%	+4%	-5%	+1%	-11%	+2%
30 Jun 2019	(10,007)	20,014	309	(103)	13	(10)	56	(11)	120	(22)	(1,203)	201

Impact on operating profit/(loss) and net assets attributable to unitholders												
Vanguard Global Minimum Volatility Fund												
Price risk		Foreign exchange risk										
		US Dollar		British Pound		Euro		Japanese Yen		Other		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High
	-3%	+4%	-6%	+2%	-5%	+4%	-5%	+1%	-11%	+2%	-6%	+1%
30 Jun 2019	(836)	1,116	-	-	1	(1)	(1)	-	7	(1)	5	(1)
	-2%	+4%	-10%	+1%	-10%	+4%	-9%	+2%	-9%	+1%	-8%	+2%
30 Jun 2018	(464)	927	43	(4)	(1)	-	(3)	1	-	-	(3)	1

Impact on operating profit/(loss) and net assets attributable to unitholders												
Vanguard International Shares Index Fund (Hedged)												
Price risk		Foreign exchange risk										
		US Dollar		British Pound		Euro		Japanese Yen		Other		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High
	-4%	+5%	-6%	+2%	-5%	+4%	-5%	+1%	-11%	+2%	-6%	+1%
30 Jun 2019	(182,170)	227,714	(1,050)	350	(25)	20	235	(47)	398	(72)	413	(69)
	-3%	+5%	-10%	+1%	-10%	+4%	-9%	+2%	-9%	+1%	-8%	+2%
30 Jun 2018	(129,826)	216,376	5,374	(537)	(149)	60	(11)	2	(99)	11	(381)	95

Impact on operating profit/(loss) and net assets attributable to unitholders												
Vanguard International Shares Select Exclusions Index Fund												
Price risk		Foreign exchange risk										
		US Dollar		British Pound		Euro		Japanese Yen		Other		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High
	-2%	+4%	-6%	+2%	-5%	+4%	-5%	+1%	-11%	+2%	-6%	+1%
30 Jun 2019	(26,674)	53,348	259	(86)	24	(19)	64	(13)	137	(25)	(2,400)	400
	-1%	+3%	-10%	+1%	-10%	+4%	-9%	+2%	-9%	+1%	-8%	+2%
30 Jun 2018	(11,897)	35,689	344	(34)	(199)	79	(319)	71	(210)	23	(1,979)	495

Notes to the financial statements (continued)

For the year ended 30 June 2019

3 Financial risk management (continued)

(c) Credit risk

The Funds are exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due.

The Funds are exposed to counterparty credit risk on derivative financial instruments, cash and cash equivalents, amounts due from brokers and other receivables. The Funds have no significant direct exposure to credit risk.

For Funds which invest in forward exchange contracts there is a risk associated with unrealised profits.

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 2019 or 30 June 2018.

(i) Derivatives

The Responsible Entity has established counterparty limits such that, at any time, exposure to derivative financial instruments equivalent to less than 5% of the value of a Fund are with any individual counterparty, and all contracts are with counterparties included in the Board's Approved Counterparties list.

The Funds also restrict their exposure to credit losses on derivative instruments they hold by entering into master netting arrangements with counterparts with whom they undertake a significant volume of transactions. Master netting arrangements do not result in an offset of balance sheet assets and liabilities unless transactions are settled on a net basis. However, the credit risk associated with favourable contracts is reduced by master netting arrangements to the extent that if an event of default occurs, all amounts with the counterparty are closed and settled on a net basis. The Funds' overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangements. As at 30 June 2019, the Funds do not have outstanding netting arrangements that materially impact offsetting of financial assets and liabilities on the balance sheet. As a result, the financial assets and liabilities are presented on a gross basis.

During the year, the Funds could enter into collateral arrangements for forward foreign exchange contracts, repurchase agreements and reverse repurchase agreements to assist in enhancing returns in a risk controlled environment for the cash flow management of the Funds. Refer to note 6 for the balances in relation to these arrangements as of year-end.

(ii) Settlement of securities transactions

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered low, as delivery of securities sold is only made once the broker has made payment. Payment is made on purchase once the securities have been received by the Fund. The trade will fail if either party fails to meet its obligations.

(iii) Cash and cash equivalents

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a rating of A1+ short-term Standard & Poor's credit ratings (or Moody's equivalent).

In accordance with the Responsible Entity's derivatives policy, the Responsible Entity monitors the Funds' exposures on a daily basis, which the Board of Directors reviews quarterly. The derivatives policy is subject to annual review.

(iv) Other

The Funds are not materially exposed to credit risk on other financial assets. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of the financial assets.

The clearing and depository operations for the Funds' security transactions are mainly concentrated with one counterparty, namely JP Morgan Chase & Co. JP Morgan Chase & Co is a member of a major securities exchange, and at 30 June 2019 had a credit rating of A-1 (30 June 2018: A-1). At 30 June 2019, substantially all cash and cash equivalents, balances due from brokers and investments are held in custody by JP Morgan Chase & Co.

Notes to the financial statements (continued)

For the year ended 30 June 2019

3 Financial risk management (continued)

(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 are exposed to daily cash redemptions of redeemable units. The Funds primarily hold investments that are traded in active markets and can be readily disposed. The Funds' financial instruments include investments in equity investments, fixed interest securities and derivative contracts traded over-the-counter and on an exchange. The Funds' listed securities are considered to be readily realisable as they are all listed on major stock exchanges. The Funds may use futures to gain market exposure without investing directly in the securities. This allows the Funds to maintain liquidity without being under-invested in their respective investment policies. The derivatives are not used to leverage the Funds' portfolios.

The tables below analyses the Funds' financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period. The amounts in the table are contractual undiscounted cash flows.

Vanguard Global Infrastructure Index Fund (Hedged)										
	As at 30 Jun 2019					As at 30 Jun 2018				
	Less than 1 month \$'000	1- 6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000	Less than 1 month \$'000	1- 6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000
Financial liabilities at fair value through profit or loss	963	4	-	-	967	2,565	13	-	-	2,578
Margin accounts	-	-	-	-	-	1	-	-	-	1
Distribution payable	-	-	-	-	-	4,683	-	-	-	4,683
Payables	7	-	-	-	7	125	-	-	-	125
Due to brokers - payables for securities purchased	2,223	-	-	-	2,223	-	-	-	-	-
Total liabilities	3,193	4	-	-	3,197	7,374	13	-	-	7,387

Vanguard MSCI Index International Shares (Hedged) ETF										
	As at 30 Jun 2019					As at 30 Jun 2018				
	Less than 1 month \$'000	1- 6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000	Less than 1 month \$'000	1- 6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000
Financial liabilities at fair value through profit or loss	4,579	41	-	-	4,620	7,235	436	-	-	7,671
Distribution payable	-	-	-	-	-	4,385	-	-	-	4,385
Payables	101	-	-	-	101	37	-	-	-	37
Total liabilities	4,680	41	-	-	4,721	11,657	436	-	-	12,093

Vanguard International Property Securities Index Fund (Hedged)										
	As at 30 Jun 2019					As at 30 Jun 2018				
	Less than 1 month \$'000	1- 6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000	Less than 1 month \$'000	1- 6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000
Financial liabilities at fair value through profit or loss	2,773	126	-	-	2,899	21,617	157	-	-	21,774
Margin accounts	-	-	-	-	-	19,768	-	-	-	19,768
Distribution payable	-	-	-	-	-	733	-	-	-	733
Payables	747	-	-	-	747	-	-	-	-	-
Due to brokers - payables for securities purchased	7,981	-	-	-	7,981	40,009	-	-	-	40,009
Total liabilities	11,501	126	-	-	11,627	82,127	157	-	-	82,284

Notes to the financial statements (continued)

For the year ended 30 June 2019

3 Financial risk management (continued)

(d) Liquidity risk (continued)

Vanguard International Small Companies Index Fund (Hedged)										
	As at 30 Jun 2019					As at 30 Jun 2018				
	Less than 1 month \$'000	1- 6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000	Less than 1 month \$'000	1- 6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000
Financial liabilities at fair value through profit or loss	760	7	-	-	767	1,990	130	-	-	2,120
Margin accounts	-	-	-	-	-	-	-	-	-	-
Distribution payable	834	-	-	-	834	3,686	-	-	-	3,686
Payables	37	-	-	-	37	11	-	-	-	11
Total liabilities	1,631	7	-	-	1,638	5,687	130	-	-	5,817

Vanguard Ethically Conscious International Shares Index Fund										
	As at 30 Jun 2019					As at 30 Jun 2018				
	Less than 1 month \$'000	1- 6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000	Less than 1 month \$'000	1- 6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000
Financial liabilities at fair value through profit or loss	-	-	-	-	-	5,962	284	-	-	6,246
Margin accounts	-	-	-	-	-	4,020	-	-	-	4,020
Distribution payable	-	-	-	-	-	867	-	-	-	867
Payables	-	-	-	-	-	101	-	-	-	101
Due to brokers - payables for securities purchased	-	-	-	-	-	14,500	-	-	-	14,500
Net assets attributable to unitholders	-	-	-	-	-	512,658	-	-	-	512,658
Total liabilities	-	-	-	-	-	538,108	284	-	-	538,392

Vanguard Global Minimum Volatility Fund										
	As at 30 Jun 2019					As at 30 Jun 2018				
	Less than 1 month \$'000	1- 6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000	Less than 1 month \$'000	1- 6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000
Financial liabilities at fair value through profit or loss	130	-	-	-	130	663	2	-	-	665
Distribution payable	-	-	-	-	-	7	-	-	-	7
Payables	7	-	-	-	7	-	-	-	-	-
Due to brokers - payables for securities purchased	378	-	-	-	378	62	-	-	-	62
Net assets attributable to unitholders	28,475	-	-	-	28,475	23,652	-	-	-	23,652
Total liabilities	28,990	-	-	-	28,990	24,384	2	-	-	24,386

Vanguard International Shares Index Fund (Hedged)										
	As at 30 Jun 2019					As at 30 Jun 2018				
	Less than 1 month \$'000	1- 6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000	Less than 1 month \$'000	1- 6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000
Financial liabilities at fair value through profit or loss	61,988	4,071	-	-	66,059	98,795	10,933	-	-	109,728
Margin accounts	3,807	-	-	-	3,807	-	-	-	-	-
Distribution payable	25,645	-	-	-	25,645	130,725	-	-	-	130,725
Payables	1,977	-	-	-	1,977	23,719	-	-	-	23,719
Net assets attributable to unitholders	4,807,163	-	-	-	4,807,163	4,411,994	-	-	-	4,411,994
Total liabilities	4,900,580	4,071	-	-	4,904,651	4,665,233	10,933	-	-	4,676,166

Notes to the financial statements (continued)

For the year ended 30 June 2019

3 Financial risk management (continued)

(d) Liquidity risk (continued)

Vanguard International Shares Select Exclusions Index Fund										
	As at 30 Jun 2019					As at 30 Jun 2018				
	Less than 1 month \$'000	1- 6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000	Less than 1 month \$'000	1- 6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000
Financial liabilities at fair value through profit or loss	14,564	760	-	-	15,324	24,557	7,460	-	-	32,017
Margin accounts	8,968	-	-	-	8,968	-	-	-	-	-
Distribution payable	5,789	-	-	-	5,789	14,623	-	-	-	14,623
Payables	467	-	-	-	467	1,630	-	-	-	1,630
Due to brokers - payables for securities purchased	20,078	-	-	-	20,078	-	-	-	-	-
Net assets attributable to unitholders	1,368,743	-	-	-	1,368,743	1,203,526	-	-	-	1,203,526
Total liabilities	1,418,609	760	-	-	1,419,369	1,244,336	7,460	-	-	1,251,796

Maturities of gross-settled derivative financial instruments

The tables below analyse the Funds' gross-settled derivative financial instruments based on their contractual maturity. The Funds may at their discretion, settle financial instruments prior to their original contractual settlement date, in accordance with its investment strategy, where permitted by the terms and conditions of the relevant instruments.

Vanguard Global Infrastructure Index Fund (Hedged)										
	As at 30 Jun 2019					As at 30 Jun 2018				
	Less than 1 month \$'000	1- 6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000	Less than 1 month \$'000	1- 6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000
Derivative										
Inflows	585,775	291,878	-	-	877,653	240,889	111,489	-	-	352,378
(Outflows)	(584,095)	(291,876)	-	-	(875,971)	(243,413)	(111,466)	-	-	(354,879)
Net	1,680	2	-	-	1,682	(2,524)	23	-	-	(2,501)

Vanguard MSCI Index International Shares (Hedged) ETF										
	As at 30 Jun 2019					As at 30 Jun 2018				
	Less than 1 month \$'000	1- 6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000	Less than 1 month \$'000	1- 6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000
Derivative										
Inflows	1,273,527	622,597	-	-	1,896,124	862,634	435,966	-	-	1,298,600
(Outflows)	(1,272,762)	(619,929)	-	-	(1,892,691)	(868,941)	(435,212)	-	-	(1,304,153)
Net	765	2,668	-	-	3,433	(6,307)	754	-	-	(5,553)

Vanguard International Property Securities Index Fund (Hedged)										
	As at 30 Jun 2019					As at 30 Jun 2018				
	Less than 1 month \$'000	1- 6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000	Less than 1 month \$'000	1- 6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000
Derivative										
Inflows	2,713,622	1,359,664	-	-	4,073,286	2,283,632	1,217,170	-	-	3,500,802
(Outflows)	(2,704,507)	(1,359,678)	-	-	(4,064,185)	(2,304,856)	(1,217,266)	-	-	(3,522,122)
Net	9,115	(14)	-	-	9,101	(21,224)	(96)	-	-	(21,320)

Notes to the financial statements (continued)

For the year ended 30 June 2019

3 Financial risk management (continued)

(d) Liquidity risk (continued)

Vanguard International Small Companies Index Fund (Hedged)										
As at 30 Jun 2019					As at 30 Jun 2018					
	Less than 1 month \$'000	1- 6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000	Less than 1 month \$'000	1- 6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000
Derivative										
Inflows	187,376	79,466	-	-	266,842	235,548	122,272	-	-	357,820
(Outflows)	(187,373)	(79,116)	-	-	(266,489)	(237,290)	(122,033)	-	-	(359,323)
Net	3	350	-	-	353	(1,742)	239	-	-	(1,503)

Vanguard Ethically Conscious International Shares Index Fund					
As at 30 Jun 2019					
	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000
Derivative					
Inflows	1,045,695	508,965	-	-	1,554,660
(Outflows)	(1,041,215)	(506,507)	-	-	(1,547,722)
Net	4,480	2,458	-	-	6,938

Vanguard Global Minimum Volatility Fund										
	As at 30 Jun 2019					As at 30 Jun 2018				
	Less than 1 month \$'000	1- 6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000	Less than 1 month \$'000	1- 6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000
Derivative										
Inflows	42,771	-	-	-	42,771	33,953	-	-	-	33,953
(Outflows)	(42,634)	-	-	-	(42,634)	(34,470)	-	-	-	(34,470)
Net	137	-	-	-	137	(517)	-	-	-	(517)

Vanguard International Shares Index Fund (Hedged)										
	As at 30 Jun 2019					As at 30 Jun 2018				
	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000
Derivative										
Inflows	13,446,526	6,531,147	-	-	19,977,673	13,084,212	6,711,230	-	-	19,795,442
(Outflows)	(13,440,683)	(6,507,897)	-	-	(19,948,580)	(13,155,470)	(6,706,461)	-	-	(19,861,931)
Net	5,843	23,250	-	-	29,093	(71,258)	4,769	-	-	(66,489)

Vanguard International Shares Select Exclusions Index Fund										
As at 30 Jun 2019						As at 30 Jun 2018				
	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000
Derivative										
Inflows	2,616,677	1,265,961	-	-	3,882,638	2,873,268	1,434,698	-	-	4,307,966
(Outflows)	(2,606,662)	(1,259,977)	-	-	(3,866,639)	(2,886,062)	(1,441,134)	-	-	(4,327,196)
Net	10,015	5,984	-	-	15,999	(12,794)	(6,436)	-	-	(19,230)

Notes to the financial statements (continued)

For the year ended 30 June 2019

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 and 7)
- Derivative financial instruments (see note 8)

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;

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- (c) 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.

(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.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Funds would receive or pay to terminate the contract at the balance sheet date taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date. The fair value of an option contract is determined by applying the Black-Scholes option valuation model.

Investments in other unlisted unit trusts are recorded at the redemption value per unit as reported by the investment managers of such funds.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model 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.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

Notes to the financial statements (continued)

For the year ended 30 June 2019

4 Fair value measurement (continued)

Recognised fair value measurements

The following tables present the Funds' financial assets and liabilities (by asset class) measured at fair value according to the fair value hierarchy at 30 June 2019 and 30 June 2018.

Vanguard Global Infrastructure Index Fund (Hedged)								
	30 Jun 2019				30 Jun 2018			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss								
Derivatives	4	2,649	-	2,653	1	77	-	78
Unlisted unit trusts	-	295,364	-	295,364	-	132,907	-	132,907
Total	4	298,013	-	298,017	1	132,984	-	132,985
Financial liabilities at fair value through profit or loss								
Derivatives	-	967	-	967	-	2,578	-	2,578
Total	-	967	-	967	-	2,578	-	2,578

Vanguard MSCI Index International Shares (Hedged) ETF								
	30 Jun 2019				30 Jun 2018			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss								
Derivatives	225	8,048	-	8,273	5	2,019	-	2,024
Unlisted unit trusts	-	591,354	-	591,354	-	393,680	-	393,680
Fixed interest securities*	-	14,801	-	14,801	-	7,594	-	7,594
Total	225	614,203	-	614,428	5	403,293	-	403,298
Financial liabilities at fair value through profit or loss								
Derivatives	5	4,615	-	4,620	98	7,573	-	7,671
Total	5	4,615	-	4,620	98	7,573	-	7,671

*Reverse repurchase agreements are used to manage the Funds' liquidity and collateral requirements whilst preserving capital.

Vanguard International Property Securities Index Fund (Hedged)								
	30 Jun 2019				30 Jun 2018			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss								
Derivatives	15	11,918	-	11,933	188	395	-	583
Unlisted unit trusts	-	1,319,784	-	1,319,784	-	1,124,226	-	1,124,226
Total	15	1,331,702	-	1,331,717	188	1,124,621	-	1,124,809
Financial liabilities at fair value through profit or loss								
Derivatives	82	2,817	-	2,899	59	21,715	-	21,774
Total	82	2,817	-	2,899	59	21,715	-	21,774

Notes to the financial statements (continued)

For the year ended 30 June 2019

4 Fair value measurement (continued)

Recognised fair value measurements (continued)

Vanguard International Small Companies Index Fund (Hedged)								
	30 Jun 2019				30 Jun 2018			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss								
Derivatives	7	1,120	-	1,127	2	595	-	597
Unlisted unit trusts	-	76,905	-	76,905	-	104,135	-	104,135
Total	7	78,025	-	78,032	2	104,730	-	104,732
Financial liabilities at fair value through profit or loss								
Derivatives	-	767	-	767	22	2,098	-	2,120
Total	-	767	-	767	22	2,098	-	2,120

Vanguard Ethically Conscious International Shares Index Fund				
	30 Jun 2019			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Derivatives	121	13,183	-	13,304
Equity securities	486,786	-	-	486,786
Listed unit trusts	13,461	-	-	13,461
Fixed interest securities*	-	8,580	-	8,580
Total	500,368	21,763	-	522,131
Financial liabilities at fair value through profit or loss				
Derivatives	1	6,245	-	6,246
Total	1	6,245	-	6,246

*Reverse repurchase agreements are used to manage the Funds' liquidity and collateral requirements whilst preserving capital.

Vanguard Global Minimum Volatility Fund								
	30 Jun 2019				30 Jun 2018			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss								
Derivatives	4	267	-	271	-	145	-	145
Equity securities	23,149	-	-	23,149	23,173	-	-	23,173
Listed unit trusts	4,750	-	-	4,750	-	-	-	-
Total	27,903	267	-	28,170	23,173	145	-	23,318
Financial liabilities at fair value through profit or loss								
Derivatives	-	130	-	130	2	663	-	665
Total	-	130	-	130	2	663	-	665

Notes to the financial statements (continued)

For the year ended 30 June 2019

4 Fair value measurement (continued)

Recognised fair value measurements (continued)

Vanguard International Shares Index Fund (Hedged)								
	30 Jun 2019				30 Jun 2018			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss								
Derivatives	1,692	95,122	-	96,814	26	42,445	-	42,471
Unlisted unit trusts	-	4,552,611	-	4,552,611	-	4,328,286	-	4,328,286
Fixed interest securities*	-	104,311	-	104,311	-	43,900	-	43,900
Total	1,692	4,752,044	-	4,753,736	26	4,414,631	-	4,414,657
Financial liabilities at fair value through profit or loss								
Derivatives	31	66,028	-	66,059	796	108,932	-	109,728
Total	31	66,028	-	66,059	796	108,932	-	109,728

Vanguard International Shares Select Exclusions Index Fund								
	30 Jun 2019				30 Jun 2018			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss								
Derivatives	363	31,313	-	31,676	22	12,629	-	12,651
Listed unit trusts	33,846	-	-	33,846	-	-	-	-
Equity securities	1,299,496	-	-	1,299,496	1,189,759	-	-	1,189,759
Fixed interest securities*	-	30,739	-	30,739	-	5,864	-	5,864
Total	1,333,705	62,052	-	1,395,757	1,189,781	18,493	-	1,208,274
Financial liabilities at fair value through profit or loss								
Derivatives	9	15,315	-	15,324	158	31,859	-	32,017
Total	9	15,315	-	15,324	158	31,859	-	32,017

*Reverse repurchase agreements are used to manage the Funds' liquidity and collateral requirements whilst preserving capital.

The Funds' policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Transfers between levels

There were no transfers between the levels of the fair value hierarchy for during the year ended 30 June 2019.

There were no transfers into and out of level 3 during the reporting period.

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 Global Infrastructure Index Fund (Hedged)		Vanguard MSCI Index International Shares (Hedged) ETF		Vanguard International Property Securities Index Fund (Hedged)		Vanguard International Small Companies Index Fund (Hedged)	
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net unrealised gain/(loss) on financial instruments at fair value through profit or loss	34,922	(2,440)	55,200	24,436	107,343	(89,690)	(5,922)	6,082
Net realised gain/(loss) on financial instruments at fair value through profit or loss	(11,935)	1,260	(31,223)	(182)	(77,900)	35,569	(2,275)	1,220
Total net gains/(losses) on financial instruments at fair value through profit or loss	22,987	(1,180)	23,977	24,254	29,443	(54,121)	(8,197)	7,302

Notes to the financial statements (continued)

For the year ended 30 June 2019

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

	Vanguard Ethically Conscious International Shares Index Fund	Vanguard Global Minimum Volatility Fund		Vanguard International Shares Index Fund (Hedged)		Vanguard International Shares Select Exclusions Index Fund	
	30 Jun 2019 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Net unrealised gain/(loss) on financial instruments at fair value through profit or loss	28,313	2,040	(1,021)	251,932	138,467	103,196	73,649
Net realised gain/(loss) on financial instruments at fair value through profit or loss	(7,829)	(649)	2,620	(169,994)	179,625	11,650	6,961
Total net gains/(losses) on financial instruments at fair value through profit or loss	20,484	1,391	1,599	81,938	318,092	114,846	80,610

6 Financial assets at fair value through profit or loss

	Vanguard Global Infrastructure Index Fund (Hedged)		Vanguard MSCI Index International Shares (Hedged) ETF		Vanguard International Property Securities Index Fund (Hedged)		Vanguard International Small Companies Index Fund (Hedged)	
	30 Jun 2019 Fair value \$'000	30 Jun 2018 Fair value \$'000	30 Jun 2019 Fair value \$'000	30 Jun 2018 Fair value \$'000	30 Jun 2019 Fair value \$'000	30 Jun 2018 Fair value \$'000	30 Jun 2019 Fair value \$'000	30 Jun 2018 Fair value \$'000
Financial assets at fair value through profit or loss								
Derivatives	2,653	78	8,273	2,024	11,933	583	1,127	597
Fixed interest securities	-	-	14,801	7,594	-	-	-	-
Unlisted unit trusts	295,364	132,907	591,354	393,680	1,319,784	1,124,226	76,905	104,135
Total financial assets at fair value through profit or loss	298,017	132,985	614,428	403,298	1,331,717	1,124,809	78,032	104,732
Comprising:								
Derivatives								
Foreign currency forward contracts	2,649	77	8,048	2,019	11,918	395	1,120	595
International share price futures	4	1	225	5	15	188	7	2
Total derivatives	2,653	78	8,273	2,024	11,933	583	1,127	597
Fixed interest securities								
Australian reverse repurchase agreements*	-	-	14,801	7,594	-	-	-	-
Total fixed interest securities	-	-	14,801	7,594	-	-	-	-
Unlisted unit trusts								
Units in Australian equity trusts	-	-	591,354	393,680	-	-	-	-
Units in International equity trusts	295,364	132,907	-	-	-	-	76,905	104,135
Units in International property trusts	-	-	-	-	1,319,784	1,124,226	-	-
Total unlisted unit trusts	295,364	132,907	591,354	393,680	1,319,784	1,124,226	76,905	104,135
Total financial assets at fair value through profit or loss	298,017	132,985	614,428	403,298	1,331,717	1,124,809	78,032	104,732

*Reverse repurchase agreements are used to manage the Funds' liquidity and collateral requirements whilst preserving capital.

Notes to the financial statements (continued)

For the year ended 30 June 2019

6 Financial assets at fair value through profit or loss (continued)

	Vanguard Ethically Conscious International Shares Index Fund	Vanguard Global Minimum Volatility Fund		Vanguard International Shares Index Fund (Hedged)		Vanguard International Shares Select Exclusions Index Fund	
	30 Jun 2019	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000
Financial assets at fair value through profit or loss							
Derivatives	13,304	271	145	96,814	42,471	31,676	12,651
Equity securities	486,786	23,149	23,173	-	-	1,299,496	1,189,759
Listed unit trusts	13,461	4,750	-	-	-	33,846	-
Fixed interest securities	8,580	-	-	104,311	43,900	30,739	5,864
Unlisted unit trusts	-	-	-	4,552,611	4,328,286	-	-
Total financial assets at fair value through profit or loss	522,131	28,170	23,318	4,753,736	4,414,657	1,395,757	1,208,274
Comprising:							
Derivatives							
Foreign currency forward contracts	13,183	267	145	95,122	42,445	31,313	12,629
International share price futures	121	4	-	1,692	26	363	22
Total derivatives	13,304	271	145	96,814	42,471	31,676	12,651
Equity securities							
Australian equity securities	-	940	1,044	-	-	-	-
International equity securities	486,786	22,209	22,129	-	-	1,299,496	1,189,759
Total equity securities	486,786	23,149	23,173	-	-	1,299,496	1,189,759
Listed units trusts							
Australian listed trusts	-	294	-	-	-	-	-
International listed trusts	13,461	4,456	-	-	-	33,846	-
Total listed units trusts	13,461	4,750	-	-	-	33,846	-
Fixed interest securities							
Australian reverse repurchase agreements*	-	-	-	104,311	43,900	-	-
International reverse repurchase agreements*	8,580	-	-	-	-	30,739	5,864
Total fixed interest securities	8,580	-	-	104,311	43,900	30,739	5,864
Unlisted unit trusts							
Units in International equity trusts	-	-	-	4,552,611	4,328,286	-	-
Total unlisted unit trusts	-	-	-	4,552,611	4,328,286	-	-
Total financial assets at fair value through profit or loss	522,131	28,170	23,318	4,753,736	4,414,657	1,395,757	1,208,274

*Reverse repurchase agreements are used to manage the Funds' liquidity and collateral requirements whilst preserving capital.

Notes to the financial statements (continued)

For the year ended 30 June 2019

7 Financial liabilities at fair value through profit or loss

	Vanguard Global Infrastructure Index Fund (Hedged)		Vanguard MSCI Index International Shares (Hedged) ETF		Vanguard International Property Securities Index Fund (Hedged)		Vanguard International Small Companies Index Fund (Hedged)	
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000
Financial liabilities at fair value through profit or loss								
Derivatives	967	2,578	4,620	7,671	2,899	21,774	767	2,120
Total financial liabilities at fair value through profit or loss	967	2,578	4,620	7,671	2,899	21,774	767	2,120
Comprising:								
Derivatives								
Foreign currency forward contracts	967	2,578	4,615	7,573	2,817	21,715	767	2,098
International share price futures	-	-	5	98	82	59	-	22
Total derivatives	967	2,578	4,620	7,671	2,899	21,774	767	2,120
Total financial liabilities at fair value through profit or loss	967	2,578	4,620	7,671	2,899	21,774	767	2,120

	Vanguard Ethically Conscious International Shares Index Fund		Vanguard Global Minimum Volatility Fund		Vanguard International Shares Index Fund (Hedged)		Vanguard International Shares Select Exclusions Index Fund	
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000
Financial liabilities at fair value through profit or loss								
Derivatives	6,246	130	665	665	66,059	109,728	15,324	32,017
Total financial liabilities at fair value through profit or loss	6,246	130	665	665	66,059	109,728	15,324	32,017
Comprising:								
Derivatives								
Foreign currency forward contracts	6,245	130	663	663	66,028	108,932	15,315	31,859
International share price futures	1	-	2	2	31	796	9	158
Total derivatives	6,246	130	665	665	66,059	109,728	15,324	32,017
Total financial liabilities at fair value through profit or loss	6,246	130	665	665	66,059	109,728	15,324	32,017

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

Notes to the financial statements (continued)

For the year ended 30 June 2019

8 Derivative financial instruments

In the normal course of business the Funds enter into transactions in various derivative financial instruments with certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include a wide assortment of instruments, such as forwards, futures and options. Derivatives are considered to be part of the investment process. The use of derivatives is an essential part of the Funds' portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of a Fund against a fluctuation in market values or to reduce volatility
- a substitution for trading of physical securities
- adjusting asset exposures within the parameters set in the investment strategy, and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of the Funds.

The Funds hold the following derivative instruments:

Forward currency contracts

Forward currency contracts are primarily used by the Funds to manage against foreign currency risks on their investments. The Funds agree to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. Forward currency contracts are valued at the prevailing bid price at the end of each reporting period. The Funds recognise a gain or loss equal to the change in fair value at the end of each reporting period.

Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in futures contracts' values are usually settled net daily with the exchange. Interest rate futures are contractual obligations to receive or pay a net amount based on changes in interest rates at a future date at a specified price, established in an organised financial market.

The Funds' derivative financial instruments at year-end are detailed below:

	Vanguard Global Infrastructure Index Fund (Hedged)					
	2019			2018		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Forward currency contracts	877,653	2,649	(967)	352,378	77	2,578
International share price index futures	629	4	-	343	1	-
Total	878,282	2,653	(967)	352,721	78	2,578

	Vanguard MSCI Index International Shares (Hedged) ETF					
	2019			2018		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Forward currency contracts	1,896,124	8,048	4,615	1,298,600	2,019	7,573
International share price index futures	22,216	225	5	8,224	5	98
Total	1,918,340	8,273	4,620	1,306,824	2,024	7,671

Notes to the financial statements (continued)

For the year ended 30 June 2019

8 Derivative financial instruments (continued)

Vanguard International Property Securities Index Fund (Hedged)						
	2019			2018		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Forward currency contracts	4,073,286	11,918	2,817	3,500,802	395	21,715
International share price index futures	7,397	15	82	16,039	188	59
Total	4,080,683	11,933	2,899	3,516,841	583	21,774

Vanguard International Small Companies Index Fund (Hedged)						
	2019			2018		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Forward currency contracts	266,842	1,120	767	357,820	595	2,098
International share price index futures	366	7	-	1,288	2	22
Total	267,208	1,127	767	359,108	597	2,120

Vanguard Ethically Conscious International Shares Index Fund						
	2019			2018		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Forward currency contracts				1,554,660	13,183	6,245
International share price index futures				11,142	121	1
Total				1,565,802	13,304	6,246

Vanguard Global Minimum Volatility Fund						
	2019			2018		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Forward currency contracts	42,771	267	130	33,953	145	663
International share price index futures	394	4	-	268	-	2
Total	43,165	271	130	34,221	145	665

Vanguard International Shares Index Fund (Hedged)						
	2019			2018		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Forward currency contracts	19,977,673	95,121	66,028	19,795,442	42,445	108,932
International share price index futures	155,993	1,692	31	62,169	26	796
Total	20,133,666	96,813	66,059	19,857,611	42,471	109,728

Vanguard International Shares Select Exclusions Index Fund						
	2019			2018		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Forward currency contracts	3,882,638	31,314	15,315	4,307,966	12,629	31,859
International share price index futures	36,124	363	9	22,254	22	158
Total	3,918,762	31,677	15,324	4,330,220	12,651	32,017

Notes to the financial statements (continued)

For the year ended 30 June 2019

8 Derivative financial instruments (continued)

Risk exposures and fair value measurements

Information about the Funds' exposure to credit risk, foreign exchange risk, and interest rate risk and about the methods and assumptions used in determining fair values is provided in note 3 to the financial statements. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of derivative financial instruments disclosed above.

9 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.

On 1 July 2017, the Funds have elected into the AMIT tax regime. The Funds' Constitution have been amended on the same date and they no longer have a contractual obligation to pay distributions to unitholders.

The impact of this for the Vanguard Global Infrastructure Index Fund (Hedged), Vanguard MSCI Index International Shares (Hedged) ETF, Vanguard International Property Securities Index Fund (Hedged) and Vanguard International Small Companies Index Fund (Hedged) is that their net assets attributable to unitholders is no longer disclosed as a liability, but rather as equity. As a result of the reclassification, the Funds' distributions are no longer classified as finance cost in the statement of comprehensive income, but rather as distributions paid in the statement of changes in equity.

For the remaining Funds (except Vanguard Global Minimum Volatility Fund), their net assets attributable to unitholders remain disclosed as a liability as their multi-class structure means they have not met the strict criteria for recognition as equity, despite their election into the AMIT tax regime also. The Vanguard Global Minimum Volatility Fund does not meet the AMIT tax regime qualification and its net assets attributable to unitholders remains disclosed as a liability.

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

	Vanguard Global Infrastructure Index Fund (Hedged)				Vanguard MSCI Index International Shares (Hedged) ETF			
	30 Jun 2019 No. '000	30 Jun 2018 No. '000	30 Jun 2019 No. '000	30 Jun 2018 No. '000	30 Jun 2019 No. '000	30 Jun 2018 No. '000	30 Jun 2019 No. '000	30 Jun 2018 No. '000
Balance as at 1 July	150,826	73,968	136,071	67,116	6,282	3,993	407,156	237,187
Applications	201,813	117,978	193,809	107,516	2,704	2,670	174,645	168,906
Redemptions	(65,974)	(49,308)	(64,129)	(43,987)	-	(405)	-	(25,944)
Units issued upon reinvestment of distributions	3,034	8,188	2,740	7,433	9	24	573	1,446
Distributions paid and payable	-	-	(75)	(7,855)	-	-	-	(7,924)
Profit/(loss) for the year	-	-	32,642	5,848	-	-	37,991	33,485
Closing balance as at 30 June	289,699	150,826	301,058	136,071	8,995	6,282	620,365	407,156

	Vanguard International Property Securities Index Fund (Hedged)				Vanguard International Small Companies Index Fund (Hedged)			
	30 Jun 2019 No. '000	30 Jun 2018 No. '000	30 Jun 2019 No. '000	30 Jun 2018 No. '000	30 Jun 2019 No. '000	30 Jun 2018 No. '000	30 Jun 2019 No. '000	30 Jun 2018 No. '000
Balance as at 1 July	1,530,722	1,565,988	1,199,429	1,232,860	107,568	73,674	109,449	69,602
Applications	698,358	1,050,658	556,926	805,383	23,654	42,518	23,297	42,245
Redemptions	(656,942)	(1,389,775)	(518,369)	(1,051,399)	(50,069)	(9,712)	(48,654)	(9,772)
Units issued upon reinvestment of distributions	16,117	303,851	12,626	238,719	476	1,088	485	1,049
Distributions paid and payable	-	-	(88)	(76,825)	-	-	(834)	(6,760)
Profit/(loss) for the year	-	-	89,904	50,691	-	-	(4,060)	13,085
Closing balance as at 30 June	1,588,255	1,530,722	1,340,428	1,199,429	81,629	107,568	79,683	109,449

Notes to the financial statements (continued)

For the year ended 30 June 2019

9 Net assets attributable to unitholders (continued)

Vanguard Ethically Conscious International Shares Index Fund						
	ETF Class		AUD Unhedged Class		NZD Hedged Class	
	30 Jun 2019	30 Jun 2019	30 Jun 2019	30 Jun 2019	30 Jun 2019	30 Jun 2019
	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000
Balance as at 1 July	-	-	-	-	-	-
Applications	574	28,304	97,488	106,105	391,276	355,283
Redemptions	-	-	(570)	(597)	(17)	(16)
Units issued upon reinvestment of distributions	1	1	19	19	7,224	6,249
Increase/(decrease) in net assets attributable to unitholders	-	1,289	-	1,230	-	14,791
Closing balance as at 30 June	575	29,594	96,937	106,757	398,483	376,307

Vanguard Global Minimum Volatility Fund							
	Wholesale Class				ETF Class		
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2018
	No. '000	No. '000	\$'000	\$'000	No. '000	No. '000	\$'000
Balance as at 1 July	17,905	21,806	21,582	24,783	40	-	2,070
Applications	5,012	15,354	6,169	17,830	145	40	7,599
Redemptions	(9,094)	(20,917)	(11,050)	(24,191)	-	-	-
Units issued upon reinvestment of distributions	-	1,662	-	1,908	-	-	-
Increase/(decrease) in net assets attributable to unitholders	-	-	1,379	1,252	-	-	726
Closing balance as at 30 June	13,823	17,905	18,080	21,582	185	40	10,395

Vanguard International Shares Index Fund (Hedged)							
	AUD Class				NZD Class		
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2018
	No. '000	No. '000	\$'000	\$'000	No. '000	No. '000	\$'000
Balance as at 1 July	5,000,478	3,619,494	4,018,471	2,803,004	277,170	268,012	393,523
Applications	1,156,577	2,135,968	939,446	1,707,525	5,347	5,880	8,134
Redemptions	(759,088)	(1,162,945)	(616,180)	(962,587)	(216,336)	(21,154)	(293,554)
Units issued upon reinvestment of distributions	99,768	407,961	80,555	319,956	3,900	24,432	5,167
Increase/(decrease) in net assets attributable to unitholders	-	-	287,732	150,573	-	-	(16,131)
Closing balance as at 30 June	5,497,735	5,000,478	4,710,024	4,018,471	70,081	277,170	97,139

Vanguard International Shares Select Exclusions Index Fund						
	AUD Unhedged Class		AUD Hedged Class		NZD Hedged Class	
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	No. '000	No. '000	No. '000	No. '000	No. '000	No. '000
Balance as at 1 July	194,757	242,574	21,012	-	879,451	640,280
Applications	225,107	145,710	106,059	20,964	142,987	332,023
Redemptions	(82,934)	(198,101)	(1,682)	(23)	(365,011)	(102,948)
Units issued upon reinvestment of distributions	7,704	4,574	1,012	71	19,878	10,096
Closing balance as at 30 June	344,634	194,757	126,401	21,012	677,305	879,451

Notes to the financial statements (continued)

For the year ended 30 June 2019

9 Net assets attributable to unitholders (continued)

	Vanguard International Shares Select Exclusions Index Fund					
	AUD Unhedged Class		AUD Hedged Class		NZD Hedged Class	
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July	212,076	246,912	19,614	-	971,836	670,234
Applications	270,539	163,647	106,016	21,009	159,983	354,746
Redemptions	(99,235)	(225,006)	(1,678)	(24)	(409,591)	(111,626)
Units issued upon reinvestment of distributions	9,054	4,997	927	70	22,239	10,824
Increase/(decrease) in net assets attributable to unitholders	45,023	21,526	7,523	(1,441)	54,417	47,658
Closing balance as at 30 June	437,457	212,076	132,402	19,614	798,884	971,836

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 Global Infrastructure Index Fund (Hedged), Vanguard MSCI Index International Shares (Hedged) ETF, Vanguard International Property Securities Index Fund (Hedged) and Vanguard International Small Companies Index Fund (Hedged) have no separate classes of units and each unit has the same rights attaching to it as all other units of the Funds.

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.

The Funds' investment strategy remains unchanged and the Funds continue to hold direct investments which provide exposure to liquid assets including equity securities, income securities, interest earnings and cash equivalent securities. As such, the Funds will meet any capital requirements from the liquidation of liquid assets, which include cash and cash equivalents.

10 Distributions to unitholders paid and payable

The distributions during the year were as follows:

	Vanguard Global Infrastructure Index Fund (Hedged)				Vanguard MSCI Index International Shares (Hedged) ETF			
	30 Jun 2019		30 Jun 2018		30 Jun 2019		30 Jun 2018	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 30 September	-	-	2,046	1.6223	-	-	-	-
- 31 December	75	0.0267	596	0.4382	-	-	3,539	61.3852
- 31 March	-	-	530	0.5511	-	-	-	-
Distributions payable								
- 30 June	-	-	4,683	3.1047	-	-	4,385	68.7055
	75	0.0267	7,855	5.7163	-	-	7,924	130.0907

Notes to the financial statements (continued)

For the year ended 30 June 2019

10 Distributions to unitholders paid and payable (continued)

	Vanguard International Property Securities Index Fund (Hedged)				Vanguard International Small Companies Index Fund (Hedged)			
	30 Jun 2019 \$'000	CPU	30 Jun 2018 \$'000	CPU	30 Jun 2019 \$'000	CPU	30 Jun 2018 \$'000	CPU
Distributions paid								
- 30 September	-	-	30,899	1.8192	-	-	1,315	1.4361
- 31 December	88	0.0063	16,636	1.0276	-	-	1,435	1.4800
- 31 March	-	-	9,522	0.5980	-	-	324	0.3137
Distributions payable								
- 30 June	-	-	19,768	1.2914	834	1.0220	3,686	3.4271
	88	0.0063	76,825	4.7362	834	1.0220	6,760	6.6569

	Vanguard Ethically Conscious International Shares Index Fund							
	ETF Class		AUD Unhedged Class		NZD Hedged Class			
	30 Jun 2019 \$'000	CPU	30 Jun 2019 \$'000	CPU	30 Jun 2019 \$'000	CPU	30 Jun 2018 \$'000	CPU
Distributions paid								
- 30 September	-	-	-	-	62	0.0241		
- 31 December	12	16.5673	7	0.2596	3,472	1.1775		
- 31 March	21	6.2096	13	0.2207	3,586	1.0687		
Distributions payable								
- 30 June	217	37.5163	650	0.6704	-	-		
	250	60.2932	670	1.1507	7,120	2.2703		

	Vanguard Global Minimum Volatility Fund							
	Wholesale Class		ETF Class					
	30 Jun 2019 \$'000	CPU	30 Jun 2018 \$'000	CPU	30 Jun 2019 \$'000	CPU	30 Jun 2018 \$'000	CPU
Distributions paid								
- 30 September	-	-	373	1.5616	-	-	-	-
- 31 December	-	-	158	0.6300	-	-	-	-
- 31 March	-	-	300	1.1500	-	-	-	-
Distributions payable								
- 30 June	-	-	-	-	-	-	-	-
	-	-	831	3.3416	-	-	-	-

	Vanguard International Shares Index Fund (Hedged)							
	AUD Class		NZD Class					
	30 Jun 2019 \$'000	CPU	30 Jun 2018 \$'000	CPU	30 Jun 2019 \$'000	CPU	30 Jun 2018 \$'000	CPU
Distributions paid								
- 30 September	-	-	69,577	1.3470	-	-	3,057	1.0533
- 31 December	4,595	0.0848	48,788	0.9197	-	-	-	-
- 31 March	-	-	25,672	0.4766	3,344	3.2292	4,674	1.6345
- 12 April	-	-	-	-	4,010	3.7974	-	-
Distributions payable								
- 30 June	25,645	0.4665	125,054	2.5008	-	-	5,671	2.0458
	30,240	0.5513	269,091	5.2441	7,354	7.0266	13,402	4.7336

Notes to the financial statements (continued)

For the year ended 30 June 2019

10 Distributions to unitholders paid and payable (continued)

Vanguard International Shares Select Exclusions Index Fund												
	AUD Unhedged Class				AUD Hedged Class				NZD Hedged Class			
	30 Jun 2019		30 Jun 2018		30 Jun 2019		30 Jun 2018		30 Jun 2019		30 Jun 2018	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid												
- 30 September	1,326	0.5795	960	0.4230	-	-	-	-	-	-	3,115	0.4392
- 31 December	2,541	0.7862	2,097	0.9233	1,368	1.5143	75	0.5024	1,061	0.1666	-	-
- 31 March	2,930	0.8590	992	0.3548	110	0.1062	54	0.3123	16,331	2.5638	10,814	1.3205
Distributions payable												
- 30 June	5,789	1.6797	6,326	3.2480	-	-	127	0.6046	-	-	8,170	0.9290
	12,586	3.9044	10,375	4.9491	1,478	1.6205	256	1.4193	17,392	2.7304	22,099	2.6887

11 Cash and cash equivalents

	Vanguard Global Infrastructure Index Fund (Hedged)		Vanguard MSCI Index International Shares (Hedged) ETF		Vanguard International Property Securities Index Fund (Hedged)		Vanguard International Small Companies Index Fund (Hedged)	
	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Domestic cash at bank	747	5,196	7	2,255	1,352	1,289	336	963
Foreign cash at bank	90	(145)	2,651	1,556	6,538	16,112	64	526
Total cash and cash equivalents	837	5,051	2,658	3,811	7,890	17,401	400	1,489

	Vanguard Ethically Conscious International Shares Index Fund		Vanguard Global Minimum Volatility Fund		Vanguard International Shares Index Fund (Hedged)		Vanguard International Shares Select Exclusions Index Fund	
	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Domestic cash at bank	(7,286)	371	130	11,415	75,425	2,785	828	
Foreign cash at bank	14,127	119	38	22,193	5,520	11,247	13,935	
Total cash and cash equivalents	6,841	490	168	33,608	80,945	14,032	14,763	

Notes to the financial statements (continued)

For the year ended 30 June 2019

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

	Vanguard Global Infrastructure Index Fund (Hedged)		Vanguard MSCI Index International Shares (Hedged) ETF		Vanguard International Property Securities Index Fund (Hedged)		Vanguard International Small Companies Index Fund (Hedged)	
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities								
Profit/(loss) for the year	32,642	5,848	37,991	33,485	89,904	50,691	(4,060)	13,085
Proceeds from sale of financial instruments at fair value through profit or loss	57,916	55,943	81,451	18,470	411,696	1,104,921	35,776	6,311
Purchases of financial instruments at fair value through profit or loss	(188,939)	(112,043)	(253,683)	(148,365)	(520,331)	(705,036)	(8,371)	(31,179)
Net gains/(losses) on financial instruments at fair value through profit or loss	(22,987)	1,180	(23,977)	(24,254)	(29,443)	54,121	8,197	(7,302)
Net change in receivables	621	(1,566)	(687)	(1,590)	58,886	7,045	2,019	(349)
Net change in payables	4	1	64	26	(352)	335	(7)	8
Non-cash items	(10,338)	(5,499)	(13,304)	(7,615)	(119,715)	(112,100)	(6,196)	(5,477)
Net cash inflow/(outflow) from operating activities	(131,081)	(56,136)	(172,145)	(129,843)	(109,355)	399,977	27,358	(24,903)
(b) Non-cash financing activities								
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	2,740	7,433	573	1,446	12,626	238,719	485	1,049

	Vanguard Ethically Conscious International Shares Index Fund	Vanguard Global Minimum Volatility Fund		Vanguard International Shares Index Fund (Hedged)		Vanguard International Shares Select Exclusions Index Fund	
	30 Jun 2019 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities							
Increase/(decrease) in net assets attributable to unitholders	17,310	2,105	1,302	271,601	194,358	106,963	67,743
Distribution to unitholders	8,040	-	831	37,594	282,493	31,456	32,730
Proceeds from sale of financial instruments at fair value through profit or loss	21,485	15,771	18,792	437,017	771,771	393,739	206,502
Purchases of financial instruments at fair value through profit or loss	(499,472)	(18,714)	(15,295)	(443,062)	(1,197,723)	(432,834)	(432,374)
Net gains/(losses) on financial instruments at fair value through profit or loss	(20,484)	(1,391)	(1,599)	(81,938)	(318,092)	(114,846)	(80,610)
Net change in receivables	(737)	(69)	(10)	(6,056)	62,884	(708)	1,763
Net change in payables	101	-	-	(986)	800	(1,193)	1,251
Non-cash items	(9)	-	-	(222,142)	(223,263)	(92)	(228)
Net cash inflow/(outflow) from operating activities	(473,766)	(2,298)	4,021	(7,972)	(426,772)	(17,515)	(203,223)
(b) Non-cash financing activities							
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	6,269	-	1,908	85,722	351,010	32,220	15,891

Notes to the financial statements (continued)

For the year ended 30 June 2019

13 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 Global Infrastructure Index Fund (Hedged)		Vanguard International Property Securities Index Fund (Hedged)		Vanguard International Small Companies Index Fund (Hedged)		Vanguard Ethically Conscious International Shares Index Fund
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019
	\$	\$	\$	\$	\$	\$	\$
PricewaterhouseCoopers							
Audit and other assurance services							
Audit and review of financial statements	20,500	20,500	21,000	21,000	20,500	20,500	27,000
Audit of compliance plan, specified assertions report and internal controls report	9,402	7,412	9,402	7,412	9,402	7,412	9,402
Total remuneration for audit and other assurance services	29,902	27,912	30,402	28,412	29,902	27,912	36,402
Taxation services							
Tax compliance services	8,250	7,982	8,250	7,982	8,250	7,982	17,865
Total remuneration for taxation services	8,250	7,982	8,250	7,982	8,250	7,982	17,865
Total remuneration of PricewaterhouseCoopers	38,152	35,894	38,652	36,394	38,152	35,894	54,267

	Vanguard Global Minimum Volatility Fund		Vanguard International Shares Index Fund (Hedged)		Vanguard International Shares Select Exclusions Index Fund	
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	\$	\$	\$	\$	\$	\$
PricewaterhouseCoopers						
Audit and other assurance services						
Audit and review of financial statements			24,000	15,500	28,000	28,000
Audit of compliance plan, specified assertions report and internal controls report			9,402	7,412	9,402	7,412
Total remuneration for audit and other assurance services			33,402	22,912	37,402	35,412
Taxation services						
Tax compliance services			9,865	9,597	10,635	10,367
Total remuneration for taxation services			9,865	9,597	10,635	10,367
Total remuneration of PricewaterhouseCoopers			43,267	32,509	48,037	45,779

	Vanguard MSCI Index International Shares (Hedged) ETF	
	30 Jun 2019	30 Jun 2018
	\$	\$
PricewaterhouseCoopers		
Audit and other assurance services		
Audit and review of financial statements	23,000	23,000
Audit of compliance plan and specified assertions report	3,589	3,433
Total remuneration for audit and other assurance services	26,589	26,433
Taxation services		
Tax compliance services	8,250	7,982
Total remuneration for taxation services	8,250	7,982
Total remuneration of PricewaterhouseCoopers	34,839	34,415

Notes to the financial statements (continued)

For the year ended 30 June 2019

14 Related party transactions

Responsible Entity

The Responsible Entity of the Vanguard Wholesale International Equities Funds (Hedged) & 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 as follows:

J M Norris

C Kelton (Resigned 4 September 2018)

L Carr (Resigned 1 March 2019)

C Lui

J Platt

F Kolimago (Appointed 4 September 2018)

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) did not hold any units in the Funds during the financial year ended 30 June 2019.

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.

Notes to the financial statements (continued)

For the year ended 30 June 2019

14 Related party transactions (continued)

Responsible Entity's fees and other transactions

During the year ended 30 June 2019, 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	
	2019 % per annum	2018 % per annum
Vanguard Global Infrastructure Index Fund (Hedged)	0.52	0.52
Vanguard MSCI Index International Shares (Hedged) ETF	0.21	0.21
Vanguard International Property Securities Index Fund (Hedged)	0.43	0.43
Vanguard International Small Companies Index Fund (Hedged)	0.42	0.42
Vanguard Ethically Conscious International Shares Index Fund - ETF Class	0.18	N/A
Vanguard Ethically Conscious International Shares Index Fund - AUD Unhedged Class	0.20	N/A
Vanguard Ethically Conscious International Shares Index Fund - NZD Hedged	0.26	N/A
Vanguard Global Minimum Volatility Fund - Wholesale Class	0.35	0.35
Vanguard Global Minimum Volatility Fund - ETF Class	0.28	0.28
Vanguard International Shares Index Fund (Hedged) - AUD Class	0.21	0.21
Vanguard International Shares Index Fund (Hedged) - NZD Class	0.24	0.24
Vanguard International Shares Select Exclusions Index Fund - AUD Unhedged Class	0.20	0.20
Vanguard International Shares Select Exclusions Index Fund - AUD Hedged Class	0.23	0.23
Vanguard International Shares Select Exclusions Index Fund - NZD Hedged Class	0.26	0.26

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 Global Infrastructure Index Fund (Hedged)		Vanguard MSCI Index International Shares (Hedged) ETF		Vanguard International Property Securities Index Fund (Hedged)		Vanguard International Small Companies Index Fund (Hedged)	
	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Responsible Entity's fees for the year	65	32	173	128	362	392	34	36
Total fees payable to the Responsible Entity at year end	7	3	15	12	32	28	4	4

	Vanguard Ethically Conscious International Shares Index Fund		Vanguard Global Minimum Volatility Fund		Vanguard International Shares Index Fund (Hedged)		Vanguard International Shares Select Exclusions Index Fund	
	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Responsible Entity's fees for the year	662	88	94	94	1,576	1,724	2,950	2,667
Total fees payable to the Responsible Entity at year end	97	7	7	7	119	138	260	246

Notes to the financial statements (continued)

For the year ended 30 June 2019

14 Related party transactions (continued)

Related party unitholdings

Parties related to the Funds including the Responsible Entity, its affiliates or other schemes managed by the Responsible Entity held units in the Funds as follows:

Vanguard Global Infrastructure Index Fund (Hedged)							
30 Jun 2019 Unitholder	Number of units held opening Units	Number of units held closing Units	Fair value of investments \$	Interest held at year end %	Number of units acquired Units	Number of units disposed Units	Distributions paid/payable by the Fund \$
Vanguard Managed Payout Fund	-	1,900,627	1,974,181	0.66	2,307,047	406,420	409

Vanguard Global Infrastructure Index Fund (Hedged)							
30 Jun 2018 Unitholder	Number of units held opening Units	Number of units held closing Units	Fair value of investments \$	Interest held at year end %	Number of units acquired Units	Number of units disposed Units	Distributions paid/payable by the Fund \$
Vanguard Managed Payout Fund	5,809,225	-	-	-	143,549	5,952,774	-

Vanguard International Property Securities Index Fund (Hedged)							
30 Jun 2019 Unitholder	Number of units held opening Units	Number of units held closing Units	Fair value of investments \$	Interest held at year end %	Number of units acquired Units	Number of units disposed Units	Distributions paid/payable by the Fund \$
Vanguard Managed Payout Fund	512,392	885,628	747,293	0.06	529,530	156,294	43

Vanguard International Property Securities Index Fund (Hedged)							
30 Jun 2018 Unitholder	Number of units held opening Units	Number of units held closing Units	Fair value of investments \$	Interest held at year end %	Number of units acquired Units	Number of units disposed Units	Distributions paid/payable by the Fund \$
Vanguard LifeStrategy® Conservative Fund	672,762	-	-	-	138,259	811,021	-
Vanguard LifeStrategy® Balanced Fund	3,235,529	-	-	-	664,933	3,900,462	-
Vanguard LifeStrategy® Growth Fund	6,765,999	-	-	-	1,390,480	8,156,479	-
Vanguard LifeStrategy® High Growth Fund	8,404,423	-	-	-	1,727,192	10,131,615	-
Vanguard Conservative Index Fund	25,214,489	-	-	-	5,181,827	30,396,316	-
Vanguard Balanced Index Fund	70,947,721	-	-	-	14,580,459	85,528,180	-
Vanguard Growth Index Fund	87,190,625	-	-	-	17,918,536	105,109,161	-
Vanguard High Growth Index Fund	56,976,437	-	-	-	11,709,222	68,685,659	-
Vanguard Managed Payout Fund	3,587,724	512,392	401,400	0.03	1,889,028	4,964,360	169,904

Notes to the financial statements (continued)

For the year ended 30 June 2019

14 Related party transactions (continued)

Related party unitholdings (continued)

		Vanguard Global Minimum Volatility Fund					
30 Jun 2019		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
Unitholder		Units	Units	\$	%	Units	Units
Vanguard Managed Payout Fund		2,244,036	1,886,340	2,465,822	13.65	1,035,401	1,393,097
Vanguard Investments Australia Ltd		11,291,717	5,113,548	6,684,430	36.99	-	6,178,169

		Vanguard Global Minimum Volatility Fund					
30 Jun 2018		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
Unitholder		Units	Units	\$	%	Units	Units
Vanguard Managed Payout Fund		19,716,195	2,244,036	2,702,716	12.53	2,804,703	20,276,862
Vanguard Investments Australia Ltd		-	11,291,717	13,599,744	63.07	11,291,717	-

		Vanguard International Shares Index Fund (Hedged) - AUD Class					
30 Jun 2019		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
Unitholder		Units	Units	\$	%	Units	Units
Vanguard Index Hedged International Shares Fund		183,217,580	188,848,459	161,774,256	3.44	22,288,216	16,657,337
Vanguard LifeStrategy® Conservative Fund		2,632,267	2,908,047	2,491,135	0.05	934,505	658,725
Vanguard LifeStrategy® Balanced Fund		12,568,633	13,969,609	11,966,860	0.25	3,260,200	1,859,224
Vanguard LifeStrategy® Growth Fund		27,787,546	32,181,380	27,567,707	0.59	4,937,803	543,969
Vanguard LifeStrategy® High Growth Fund		37,849,905	47,346,054	40,558,301	0.86	9,621,136	124,987
Vanguard Conservative Index Fund		98,636,593	125,982,920	107,921,417	2.29	30,433,784	3,087,457
Vanguard Balanced Index Fund		332,797,243	454,491,543	389,333,500	8.27	121,694,300	-
Vanguard Growth Index Fund		502,687,476	716,796,750	614,033,399	13.04	214,109,274	-
Vanguard High Growth Index Fund		352,550,468	505,855,359	433,333,559	9.20	155,804,298	2,499,407

		Vanguard International Shares Index Fund (Hedged) - AUD Class					
30 Jun 2018		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
Unitholder		Units	Units	\$	%	Units	Units
Vanguard Index Hedged International Shares Fund		155,967,560	183,217,580	148,313,077	3.66	57,040,149	29,790,129
Vanguard LifeStrategy® Conservative Fund		-	2,632,267	2,130,798	0.05	3,874,762	1,242,495
Vanguard LifeStrategy® Balanced Fund		-	12,568,633	10,174,202	0.25	13,265,867	697,234
Vanguard LifeStrategy® Growth Fund		-	27,787,546	22,493,783	0.56	30,230,622	2,443,076
Vanguard LifeStrategy® High Growth Fund		-	37,849,905	30,639,177	0.76	39,364,749	1,514,844
Vanguard Conservative Index Fund		-	98,636,593	79,845,486	1.97	107,170,941	8,534,348
Vanguard Balanced Index Fund		-	332,797,243	269,396,546	6.66	340,707,419	7,910,176
Vanguard Growth Index Fund		-	502,687,476	406,921,249	10.05	506,282,443	3,594,967
Vanguard High Growth Index Fund		-	352,550,468	285,386,615	7.05	364,533,692	11,983,224

Notes to the financial statements (continued)

For the year ended 30 June 2019

14 Related party transactions (continued)

Investments

The Funds held investments in the following schemes which were also managed by Responsible Entity or its related parties:

30 Jun 2019	Vanguard Global Infrastructure Index Fund (Hedged)					
	Fair value of investment	Interest held	Distribution received/receivable	Number of units acquired	Number of units disposed	Distribution receivable unpaid
	\$	%	\$	Units	Units	\$
Vanguard Global Infrastructure Index Fund	295,363,693	44.65	9,716,256	169,717,661	62,598,929	4,640,882
	295,363,693		9,716,256	169,717,661	62,598,929	4,640,882

30 June 2018	Vanguard Global Infrastructure Index Fund (Hedged)					
	Fair value of investment	Interest held	Distribution received/receivable	Number of units acquired	Number of units disposed	Distribution receivable unpaid
	\$	%	\$	Units	Units	\$
Vanguard Global Infrastructure Index Fund	132,906,845	41.29	7,064,543	107,038,984	51,508,282	5,263,218
	132,906,845		7,064,543	107,038,984	51,508,282	5,263,218

30 Jun 2019	Vanguard MSCI Index International Shares (Hedged) ETF					
	Fair value of investment	Interest held	Distribution received/receivable	Number of units acquired	Number of units disposed	Distribution receivable unpaid
	\$	%	\$	Units	Units	\$
Vanguard International Shares Index Fund - B Class	591,353,857	3.50	13,930,570	2,279,882	101,211	5,885,587
	591,353,857		13,930,570	2,279,882	101,211	5,885,587

30 Jun 2018	Vanguard MSCI Index International Shares (Hedged) ETF					
	Fair value of investment	Interest held	Distribution received/receivable	Number of units acquired	Number of units disposed	Distribution receivable unpaid
	\$	%	\$	Units	Units	\$
Vanguard International Shares Index Fund - B Class	393,679,981	2.72	9,203,503	2,339,384	312,004	5,258,814
	393,679,981		9,203,503	2,339,384	312,004	5,258,814

30 Jun 2019	Vanguard International Property Securities Index Fund (Hedged)					
	Fair value of investment	Interest held	Distribution received/receivable	Number of units acquired	Number of units disposed	Distribution receivable unpaid
	\$	%	\$	Units	Units	\$
Vanguard International Property Securities Index Fund	1,319,783,783	69.93	60,826,985	554,326,958	462,701,839	11,578,527
	1,319,783,783		60,826,985	554,326,958	462,701,839	11,578,527

30 Jun 2018	Vanguard International Property Securities Index Fund (Hedged)					
	Fair value of investment	Interest held	Distribution received/receivable	Number of units acquired	Number of units disposed	Distribution receivable unpaid
	\$	%	\$	Units	Units	\$
Vanguard International Property Securities Index Fund	1,124,225,962	68.45	105,060,348	806,596,464	1,017,911,607	70,466,192
	1,124,225,962		105,060,348	806,596,464	1,017,911,607	70,466,192

Notes to the financial statements (continued)

For the year ended 30 June 2019

14 Related party transactions (continued)

Investments (continued)

30 Jun 2019	Vanguard International Small Companies Index Fund (Hedged)					
	Fair value of investment \$	Interest held %	Distribution received/ receivable \$	Number of units acquired Units	Number of units disposed Units	Distribution receivable unpaid \$
Vanguard International Small Companies Index Fund	76,905,123	8.67	4,168,973	8,829,947	23,616,866	2,347,881
	76,905,123		4,168,973	8,829,947	23,616,866	2,347,881

30 Jun 2018	Vanguard International Small Companies Index Fund (Hedged)					
	Fair value of investment \$	Interest held %	Distribution received/ receivable \$	Number of units acquired Units	Number of units disposed Units	Distribution receivable unpaid \$
Vanguard International Small Companies Index Fund	104,135,437	15.00	5,823,840	23,559,932	6,134,894	4,374,940
	104,135,437		5,823,840	23,559,932	6,134,894	4,374,940

30 Jun 2019	Vanguard International Shares Index Fund (Hedged)					
	Fair value of investment \$	Interest held %	Distribution received/ receivable \$	Number of units acquired Units	Number of units disposed Units	Distribution receivable unpaid \$
Vanguard International Shares Index Fund	4,552,610,252	31.60	227,751,597	260,702,472	286,538,885	107,312,454
	4,552,610,252		227,751,597	260,702,472	286,538,885	107,312,454

30 Jun 2018	Vanguard International Shares Index Fund (Hedged)					
	Fair value of investment \$	Interest held %	Distribution received/ receivable \$	Number of units acquired Units	Number of units disposed Units	Distribution receivable unpaid \$
Vanguard International Shares Index Fund	4,328,286,473	14.00	160,385,296	669,315,375	351,679,487	101,702,407
	4,328,286,473		160,385,296	669,315,375	351,679,487	101,702,407

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

A Funds' 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 2019

15 Responsible Entity's fees

	Vanguard Global Infrastructure Index Fund (Hedged)		Vanguard MSCI Index International Shares (Hedged) ETF		Vanguard International Property Securities Index Fund (Hedged)		Vanguard International Small Companies Index Fund (Hedged)	
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Responsible Entity's fees incurred by the Funds	65	32	173	128	362	392	34	36
Management costs per annum	0.52%	0.52%	0.21%	0.21%	0.43%	0.43%	0.42%	0.42%

	Vanguard Ethically Conscious International Shares Index Fund		
	ETF Class	AUD Unhedged Class	NZD Hedged Class
	30 Jun 2019	30 Jun 2019	30 Jun 2019
	\$'000	\$'000	\$'000
Responsible Entity's fees incurred by the Funds	15	38	609
Management costs per annum	0.18%	0.20%	0.26%

	Vanguard Global Minimum Volatility Fund				Vanguard International Shares Index Fund (Hedged)			
	Wholesale Class		ETF Class		AUD Class		NZD Class	
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Responsible Entity's fees incurred by the Funds	68	93	20	1	1,480	1,482	96	242
Management costs per annum	0.35%	0.35%	0.28%	0.28%	0.21%	0.21%	0.24%	0.24%

	Vanguard International Shares Select Exclusions Index Fund					
	AUD Unhedged Class		AUD Hedged Class		NZD Hedged Class	
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Responsible Entity's fees incurred by the Funds	720	528	176	20	2,054	2,119
Management costs per annum	0.20%	0.20%	0.23%	0.23%	0.26%	0.26%

16 Securities Lending

At 30 June 2019, the aggregate amount of securities on loan by the Funds and the value of collateral held by the Funds in respect of these securities are set out below. There was no cash collateral received.

	Value of outstanding securities on loan	Value of collateral
	\$'000	\$'000
Vanguard Global Minimum Volatility Fund	20	22
Vanguard International Shares Select Exclusions Index Fund	3,634	3,875

17 Withholding tax on dividend and distribution income

Withholdings taxes on dividend and distribution income were as follows:

	2019	2018
	\$'000	\$'000
Vanguard Ethically Conscious International Shares Index Fund	762	-
Vanguard Global Minimum Volatility Fund	104	85
Vanguard International Shares Select Exclusions Index Fund	3,553	3,134

Notes to the financial statements (continued)

For the year ended 30 June 2019

18 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 2019 or on the results and cash flows of the Funds for the year ended on that date.

19 Contingent assets, contingent liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2019 (2018: Nil).

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 12 to 62 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 2019 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.



F Kolimago
Managing Director
Melbourne
3 September 2019



Independent auditor's report

To the unitholders of:

- Vanguard Global Infrastructure Index Fund (Hedged)
- Vanguard MSCI Index International Shares (Hedged) ETF*
- Vanguard International Property Securities Index Fund (Hedged)
- Vanguard International Small Companies Index Fund (Hedged)
- Vanguard Ethically Conscious International Shares Index Fund*
- Vanguard Global Minimum Volatility Fund*
- Vanguard International Shares Index Fund (Hedged)
- Vanguard International Shares Select Exclusions Index Fund

referred to collectively as Vanguard Wholesale International Equities Funds (Hedged) & ETFs.

*denotes listed Funds

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Vanguard Wholesale International Equities Funds (Hedged) & 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 2019 and of their financial performance for the period 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 2019
- the statements of comprehensive income for the period then ended
- the statements of changes in equity for the period then ended
- the statements of cash flows for the period then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Other than for the following fund, the reporting period is the year from 1 July 2018 to 30 June 2019. The reporting period for the following fund is from the date of registration to 30 June 2019.

Fund	Date of registration
Vanguard Ethically Conscious International Shares Index Fund	28 May 2018

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

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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 and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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.

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 geographic and management structure of the Funds, their accounting processes and controls and the industry in which they operate.



Materiality

- For the purpose of our audit, we used approximately 2.5% of each Fund's net assets to set our overall materiality for Vanguard International Small Companies Index Fund (Hedged).
- For all of the other funds 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 are most commonly measured and is a generally accepted benchmark in the fund industry.
- We utilised 1% or 2.5% as the threshold based on our professional judgement, noting they are within the range of commonly acceptable net asset related thresholds in the industry.

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 and custodian, who maintains the accounting records of the Funds and provides custodian services for the investments.

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 matters were 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 these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit Committee.

Key audit matter

How our audit addressed the key audit matter

Investments in financial assets and financial liabilities

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

At 30 June 2019, investments in financial assets and financial liabilities comprised primarily of investments in listed equity securities, listed unit trusts, listed property trusts, unlisted unit trusts, repurchase agreements and derivatives.

Investments in financial assets and financial liabilities 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 performances 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 providers' relevant controls, we:

- 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 that service provider, and that included an independent audit opinion 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 auditor on the design and operating effectiveness of controls, to the extent relevant to our audit of the Funds.

We obtained an independent audit report from the third party service provider's auditors on the valuation and existence of the Funds' investments as at balance date. We compared the number and value of the investments at 30 June 2019 as recorded in the Funds' financial report and underlying accounting records to this report.



Key audit matter

How our audit addressed the key audit matter

For investments not held in custody by the custodian we performed the following procedures, amongst others:

- We obtained a confirmation from the counterparties for collateral held or from the unit registry of the Responsible Entity for investments in unlisted unit trusts at year end and compared the confirmed balance to the accounting records.
- We compared the price used by the Funds to value unlisted unit trust investments to the most recent audited financial statements of the unlisted unit trusts and to the 30 June 2019 price quoted by the unlisted unit trusts' Responsible Entity.
- We obtained the trade ticket for repurchase agreements and compared the loan amounts to the accounting records.
- We compared the loan amounts for repurchase agreements to cash settlement after year end.

Other information

The directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the annual report for the period ended 30 June 2019, 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.

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 of the Responsible Entity for the financial report

The directors of the Responsible Entity of the Funds 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 of the Responsible Entity determine 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 of the Responsible Entity 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 of the Responsible Entity either intend to liquidate the Funds or to cease operations, or have no realistic alternative but to do so.

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:

http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf, for the listed funds and

http://www.auasb.gov.au/auditors_responsibilities/ar6.pdf, for the unlisted funds. These descriptions form part of our auditor's report.

PricewaterhouseCoopers

PricewaterhouseCoopers

A blue ink signature, appearing to read 'RH', followed by a horizontal line.

Britt Hawkins
Partner

Melbourne
3 September 2019

Vanguard Investments Australia Ltd (ABN 72 072 881 086 / AFSL 227263) ('Vanguard') is the product issuer and Responsible Entity of the interests in the Vanguard Wholesale Funds and Australian ETFs. Interests in the Vanguard Wholesale Funds are offered through a Product Disclosure Statement ('PDS') only. Vanguard ETFs will only be issued to Authorised Participants. That is, persons who have entered into an Authorised Participant Agreement with Vanguard ("Eligible Investors"). Retail investors can transact in Vanguard ETFs through a stockbroker or financial adviser on the secondary market. You can access the relevant PDS at www.vanguard.com.au or by calling 1300 655 102.

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