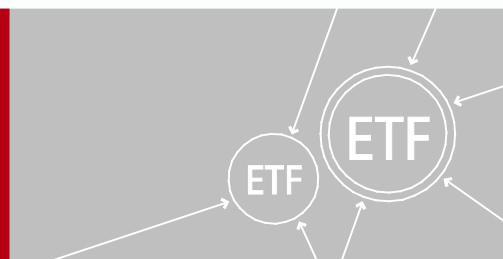


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Annual Report
for the Vanguard® Exchange Traded Funds (ETF)

10 September 2019



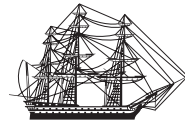
Vanguard Investments Australia Ltd announces the following: Vanguard has prepared an Annual Report for the ETFs listed below for the financial year ending 30 June 2019. The Annual Report provides financial information for each fund and where indicated, provides specific information for the ETF class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

ETF	ASX CODE	ANNOUNCEMENT
Vanguard Australian Corporate Fixed Interest Index ETF	VACF	Annual Report
Vanguard Australian Fixed Interest Index ETF	VAF	Annual Report
Vanguard Australian Government Bond Index ETF	VGB	Annual Report
Vanguard Ethically Conscious Global Aggregate Bond Index ETF (Hedged)	VEFI	Annual Report
Vanguard Global Aggregate Bond Index (Hedged) ETF	VBND	Annual Report
Vanguard International Credit Securities Index (Hedged) ETF	VCF	Annual Report
Vanguard International Fixed Interest Index (Hedged) ETF	VIF	Annual Report

Further Information

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

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Vanguard[®]

Annual Report | 30 June 2019

Vanguard Wholesale Fixed Income Funds and ETFs

Responsible Entity

Vanguard Investments Australia Ltd
ABN 72 072 881 086
AFSL 227263

Level 34
Freshwater Place
2 Southbank Boulevard
Southbank Vic 3006

Telephone: (03) 8888 3888
Facsimile: 1300 765 712

vanguard.com.au

Vanguard Investments Australia Ltd ABN 72 072 881 086 AFSL 227263

2018-
2019

Vanguard Wholesale Fixed Income Funds and ETFs

Vanguard Australian Inflation-Linked Bond Index Fund		ARSN 147 936 249	ABN 69 769 407 563
Vanguard Cash Plus Fund		ARSN 090 940 060	ABN 19 638 293 529
Vanguard Cash Reserve Fund		ARSN 127 015 301	ABN 62 738 136 510
Vanguard Australian Corporate Fixed Interest Index Fund	ASX: VACF	ARSN 147 938 001	ABN 51 978 865 366
Vanguard Australian Fixed Interest Index Fund	ASX: VAF	ARSN 090 939 941	ABN 52 931 145 473
Vanguard Australian Government Bond Index Fund	ASX: VGB	ARSN 134 177 807	ABN 23 499 844 319
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)	ASX: VEFI	ARSN 618 349 090	ABN 40 120 502 284
Vanguard Global Aggregate Bond Index Fund (Hedged)	ASX: VBND	ARSN 618 350 539	ABN 14 933 513 845
Vanguard International Credit Securities Index Fund (Hedged)	ASX: VCF	ARSN 095 366 055	ABN 15 118 646 737
Vanguard International Fixed Interest Index Fund (Hedged)	ASX: VIF	ARSN 090 940 337	ABN 59 108 266 812

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

The Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) inception date was 7 August 2018 and commenced trading on 7 August 2018.

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 fixed interest securities, money market securities, 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 Australian Inflation-Linked Bond Index Fund		Vanguard Cash Plus Fund		Vanguard Cash Reserve Fund		Vanguard Australian Corporate Fixed Interest 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
Operating profit/(loss) before finance costs attributable to unitholders (\$'000)	44,912	10,831	32,269	23,248	26,948	23,858	29,780	6,372
Distributions - Wholesale Class								
Distribution paid and payable (\$'000)	7,060	3,865	28,309	25,771	27,190	23,345	5,677	3,134
Distribution (cents per unit)	1.5251	1.4030	2.2599	2.0135	1.9668	1.6558	2.8772	2.6017
Distributions - ETF Class								
Distribution paid and payable (\$'000)	-	-	-	-	-	-	5,236	2,332
Distribution (cents per unit)	-	-	-	-	-	-	136.0538	123.7613

Directors' report (continued)

Review and results of operations (continued)

Results (continued)

	Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund		Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)	
	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)	555,882	158,992	57,347	12,432	39,919	-
Distributions - Wholesale Class						
Distribution paid and payable (\$'000)	141,499	141,253	7,773	8,888	-	-
Distribution (cents per unit)	3.0168	3.2291	2.1254	2.8479	-	-
Distributions - ETF Class						
Distribution paid and payable (\$'000)	22,177	20,120	4,120	3,864	41	-
Distribution (cents per unit)	131.6124	142.1012	103.3891	139.2566	75.7391	-
Distributions - AUD Hedged Class						
Distribution paid and payable (\$'000)	-	-	-	-	155	-
Distribution (cents per unit)	-	-	-	-	1.1183	-
Distributions - NZD Hedged Class						
Distribution paid and payable (\$'000)	-	-	-	-	15,400	-
Distribution (cents per unit)	-	-	-	-	4.3161	-

	Vanguard Global Aggregate Bond Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest Index Fund (Hedged)	
	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)	261,854	32,900	62,377	9,475	123,045	36,711
Distributions - Wholesale Class						
Distribution paid and payable (\$'000)	66,272	45,658	16,143	34,728	38,438	52,044
Distribution (cents per unit)	1.8874	1.7850	2.7522	5.9831	2.9380	3.8559
Distributions - ETF Class						
Distribution paid and payable (\$'000)	1,142	81	2,187	6,771	6,113	6,354
Distribution (cents per unit)	111.5094	46.3878	104.7613	287.4304	118.0752	190.2613

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 Australian Inflation-Linked Bond Index Fund					
Capital growth	7.26	2.33	(1.10)	1.77	3.32
Distribution of income	1.42	1.30	1.19	2.15	2.58
Total return	8.68	3.63	0.09	3.92	5.90
Benchmark					
<i>Bloomberg AusBond Inflation Treasury 1+ Yr Index</i>	9.02	3.95	0.28	4.24	6.22

Directors' report (continued)

Review and results of operations (continued)

Performance (continued)

	2019 %	2018 %	2017 %	2016 %	2015 %
Vanguard Cash Plus Fund					
Capital growth	0.32	(0.19)	0.05	0.01	0.08
Distribution of income	2.25	1.98	2.12	2.32	2.56
Total return	2.57	1.79	2.17	2.33	2.64
Benchmark					
<i>Bloomberg AusBond Bank Bill Index</i>	1.97	1.78	1.82	2.24	2.60
Vanguard Cash Reserve Fund					
Capital growth	(0.04)	0.04	(0.03)	0.01	-
Distribution of income	1.97	1.66	1.83	2.12	2.47
Total return	1.93	1.70	1.80	2.13	2.47
Benchmark					
<i>Bloomberg AusBond Bank Bill Index</i>	1.97	1.78	1.82	2.24	2.60
Vanguard Australian Corporate Fixed Interest Index Fund					
Capital growth	4.89	1.11	(0.42)	1.77	(0.40)
Distribution of income	2.87	2.57	3.11	3.28	1.80
Total return	7.76	3.68	2.69	5.05	1.40
Benchmark					
<i>Bloomberg AusBond Credit 0+ Yr Index</i>	8.08	3.76	2.83	5.34	1.50
Vanguard Australian Fixed Interest Index Fund					
Capital growth	6.54	(0.05)	(2.88)	1.91	1.34
Distribution of income	2.82	2.92	2.96	4.87	4.09
Total return	9.36	2.87	0.08	6.78	5.43
Benchmark					
<i>Bloomberg AusBond Composite 0+ Yr Index</i>	9.57	3.09	0.25	7.02	5.63
Vanguard Australian Government Bond Index Fund					
Capital growth	7.83	(0.05)	(3.15)	4.84	2.58
Distribution of income	2.15	2.78	2.49	2.50	3.02
Total return	9.98	2.73	(0.66)	7.34	5.60
Benchmark					
<i>Bloomberg AusBond Govt 0+ Yr Index</i>	10.24	3.00	(0.41)	7.60	5.77

Directors' report (continued)

Review and results of operations (continued)

Performance (continued)

	2019 %	2018 %	2017 %	2016 %	2015 %
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) - ETF Class					
Capital growth	5.45	-	-	-	-
Distribution of income	1.55	-	-	-	-
Total return	7.00	-	-	-	-
Benchmark					
<i>Bloomberg Barclays MSCI Global Aggregate SRI Exclusion Float Adjusted hedged into AUD Index¹</i>	7.13	-	-	-	-

¹On the 22 July 2019, Bloomberg applied the float adjustment to its benchmark to bring the benchmark in line with the stated float adjusted index methodology.

	2019 %	2018 %	2017 %	2016 %	2015 %
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) - AUD Hedged Class					
Capital growth	6.20	-	-	-	-
Distribution of income	1.12	-	-	-	-
Total return	7.32	-	-	-	-
Benchmark					
<i>Bloomberg Barclays MSCI Global Aggregate SRI Exclusion Float Adjusted hedged into AUD Index¹</i>	7.42	-	-	-	-

¹On the 22 July 2019, Bloomberg applied the float adjustment to its benchmark to bring the benchmark in line with the stated float adjusted index methodology.

	2019 %	2018 %	2017 %	2016 %	2015 %
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) - NZD Hedged Class					
Capital growth	2.36	-	-	-	-
Distribution of income	4.68	-	-	-	-
Total return	7.04	-	-	-	-
Benchmark					
<i>Bloomberg Barclays MSCI Global Aggregate SRI Exclusion Float Adjusted hedged into NZD Index¹</i>	7.27	-	-	-	-

¹On the 22 July 2019, Bloomberg applied the float adjustment to its benchmark to bring the benchmark in line with the stated float adjusted index methodology.

	2019 %	2018 %	2017 %	2016 %	2015 %
Vanguard Global Aggregate Bond Index Fund (Hedged)					
Capital growth	5.44	-	-	-	-
Distribution of income	1.96	-	-	-	-
Total return	7.40	-	-	-	-
Benchmark					
<i>Bloomberg Barclays Global Aggregate Float-Adjusted and Scaled Index hedged into AUD²</i>	7.50	-	-	-	-

²Effective 1 April 2019, the Bloomberg Barclays Global Aggregate Float Adjusted Index hedged into AUD was replaced by the Bloomberg Barclays Global Aggregate Float-Adjusted and Scaled Index hedged into AUD.

	2019 %	2018 %	2017 %	2016 %	2015 %
Vanguard International Credit Securities Index Fund (Hedged)					
Capital growth	5.67	(4.06)	(4.04)	3.50	4.38
Distribution of income	2.53	5.06	6.52	4.41	-
Total return	8.20	1.00	2.48	7.91	4.38
Benchmark					
<i>Bloomberg Barclays Global Aggregate Corporate and Government-Related Scaled Index hedged into AUD³</i>	8.39	1.26	2.83	8.21	4.70

³Effective 1 April 2019, the Bloomberg Barclays Global Aggregate Government-Related and Corporate Index hedged into AUD was replaced by the Bloomberg Barclays Global Aggregate Corporate and Government-Related Scaled Index hedged into AUD.

Directors' report (continued)

Review and results of operations (continued)

Performance (continued)

	2019 %	2018 %	2017 %	2016 %	2015 %
Vanguard International Fixed Interest Index Fund (Hedged)					
Capital growth	4.20	(1.08)	(7.92)	8.60	4.11
Distribution of income	2.59	3.27	6.63	1.86	1.93
Total return	6.79	2.19	(1.29)	10.46	6.04
Benchmark					
<i>Bloomberg Barclays Global Treasury Scaled Index hedged into AUD⁴</i>	7.00	2.46	0.97	10.84	6.31

⁴Effective 1 April 2019, the Bloomberg Barclays Global Treasury Index hedged into AUD was replaced by the Bloomberg Barclays Global Treasury Scaled Index hedged into AUD.

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 Australian Inflation-Linked Bond Index Fund	1.2092	1.1270	1.2214	1.1273	1.1100	1.0833
Vanguard Cash Plus Fund	1.0232	1.0192	1.0237	1.0219	1.0179	1.0175
Vanguard Cash Reserve Fund	1.0061	1.0058	1.0065	1.0059	1.0045	1.0039
Vanguard Australian Corporate Fixed Interest Index Fund - Wholesale Class	1.0942	1.0425	1.0956	1.0446	1.0345	1.0237
Vanguard Australian Corporate Fixed Interest Index Fund - ETF Class	53.0367	50.5158	53.1064	50.5879	50.1283	49.5725
Vanguard Australian Fixed Interest Index Fund - Wholesale Class	1.1984	1.1257	1.2010	1.1340	1.1138	1.1082
Vanguard Australian Fixed Interest Index Fund - ETF Class	52.0477	48.9153	52.1446	49.2516	48.3736	48.1037
Vanguard Australian Government Bond Index Fund - Wholesale Class	1.1230	1.0425	1.1253	1.0516	1.0318	1.0235
Vanguard Australian Government Bond Index Fund - ETF Class	52.9964	49.2020	53.1049	49.6250	48.6806	48.2996
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) - ETF Class	53.1582	-	53.1792	-	49.5664	-
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) - AUD Hedged Class	1.0714	-	1.0718	-	0.9985	-
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) - NZD Hedged Class*	1.0285	-	1.0290	-	0.9895	-
Vanguard Global Aggregate Bond Index Fund (Hedged) - Wholesale Class	1.0558	0.9988	1.0559	1.0161	0.9850	0.9879
Vanguard Global Aggregate Bond Index Fund (Hedged) - ETF Class	52.7225	49.9458	52.7276	50.5236	49.2758	49.3941
Vanguard International Credit Securities Index Fund (Hedged) - Wholesale Class	1.2012	1.1496	1.2012	1.1992	1.1212	1.1390
Vanguard International Credit Securities Index Fund (Hedged) - ETF Class	49.6655	47.4683	49.6655	49.8017	46.2715	47.0320
Vanguard International Fixed Interest Index Fund (Hedged) - Wholesale Class	1.2324	1.1846	1.2346	1.2098	1.1602	1.1694
Vanguard International Fixed Interest Index Fund (Hedged) - ETF Class	50.1098	48.1701	50.1574	49.4542	47.1237	47.5439

*All unit prices are expressed in New Zealand dollars.

Significant changes in state of affairs

The Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) inception date was 7 August 2018. The NZD Hedged Class units commenced trading on 7 August 2018, the ETF Class units were listed and commenced trading on the ASX on 13 September 2018 and the AUD Hedged Class units commenced trading on 13 November 2018.

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.

Directors' report (continued)

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.

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 10.

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 Fixed Income Funds & ETFs:

- Vanguard Australian Inflation-Linked Bond Index Fund
- Vanguard Cash Plus Fund
- Vanguard Cash Reserve Fund
- Vanguard Australian Corporate Fixed Interest Index Fund
- Vanguard Australian Fixed Interest Index Fund
- Vanguard Australian Government Bond Index Fund
- Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)
- Vanguard Global Aggregate Bond Index Fund (Hedged)
- Vanguard International Credit Securities Index Fund (Hedged)
- Vanguard International Fixed Interest Index Fund (Hedged)

As lead auditor for the audit of Vanguard Wholesale Fixed Income Funds & ETFs for the year 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', with a long horizontal flourish extending to the right.

Britt Hawkins
Partner
PricewaterhouseCoopers

Melbourne
3 September 2019

Statements of comprehensive income

For the year ended 30 June 2019

	Notes	Vanguard Australian Inflation-Linked Bond Index Fund		Vanguard Cash Plus Fund		Vanguard Cash Reserve Fund		Vanguard Australian Corporate Fixed Interest 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
Investment income									
Interest income		22	9	26	60	64	49	30	29
Net gains/(losses) on financial instruments at fair value through profit or loss	5	46,189	11,716	35,978	27,026	29,006	25,950	30,616	6,726
Other operating income		14	-	2	-	5	-	195	167
Total net investment income/(loss)		46,225	11,725	36,006	27,086	29,075	25,999	30,841	6,922
Expenses									
Responsible Entity's fees	14	1,312	878	3,730	3,825	2,109	2,131	1,049	539
Custody fees		1	2	6	13	8	7	12	11
Other operating expenses		-	14	1	-	10	3	-	-
Total operating expenses		1,313	894	3,737	3,838	2,127	2,141	1,061	550
Operating profit/(loss)		44,912	10,831	32,269	23,248	26,948	23,858	29,780	6,372
Finance costs attributable to unitholders									
Distributions to unitholders	10	-	-	-	-	-	-	(10,913)	(5,466)
(Increase)/decrease in net assets attributable to unitholders	9	-	-	-	-	-	-	(18,867)	(906)
Profit/(loss) for the year		44,912	10,831	32,269	23,248	26,948	23,858	-	-
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income for the year		44,912	10,831	32,269	23,248	26,948	23,858	-	-

	Notes	Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund		Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)	
		30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Investment income							
Interest income		227	262	34	17	127	-
Net gains/(losses) on financial instruments at fair value through profit or loss	5	569,886	171,825	58,683	13,652	40,661	-
Other operating income		70	34	62	9	8	-
Total net investment income/(loss)		570,183	172,121	58,779	13,678	40,796	-
Expenses							
Responsible Entity's fees	14	14,291	13,117	1,425	1,241	843	-
Custody fees		8	9	7	4	34	-
Other operating expenses		2	3	-	1	-	-
Total operating expenses		14,301	13,129	1,432	1,246	877	-
Operating profit/(loss)		555,882	158,992	57,347	12,432	39,919	-
Finance costs attributable to unitholders							
Distributions to unitholders	10	(163,676)	(161,373)	(11,893)	(12,752)	(15,596)	-
(Increase)/decrease in net assets attributable to unitholders	9	(392,206)	2,381	(45,454)	320	(24,323)	-
Profit/(loss) for the year		-	-	-	-	-	-
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	-	-

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

	Notes	Vanguard Global Aggregate Bond Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest 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
Investment income							
Interest income		224	-	18	29	227	-
Net gains/(losses) on financial instruments at fair value through profit or loss	5	269,730	38,757	64,623	11,906	127,179	41,244
Other operating income		241	188	165	239	224	151
Total net investment income/(loss)		270,195	38,945	64,806	12,174	127,630	41,395
Expenses							
Responsible Entity's fees	14	8,268	5,948	2,377	2,621	4,500	4,525
Custody fees		72	74	46	55	39	91
Transaction costs		-	-	-	-	14	-
Other operating expenses		1	23	6	23	32	68
Total operating expenses		8,341	6,045	2,429	2,699	4,585	4,684
Operating profit/(loss)		261,854	32,900	62,377	9,475	123,045	36,711
Finance costs attributable to unitholders							
Distributions to unitholders	10	(67,414)	(45,739)	(18,330)	(41,499)	(44,551)	(58,398)
(Increase)/decrease in net assets attributable to unitholders	9	(194,440)	12,839	(44,047)	32,024	(78,494)	21,687
Profit/(loss) for the year		-	-	-	-	-	-
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	-	-

[^]Covers the period from 12 April 2017 to 30 June 2018.

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

Balance sheets

As at 30 June 2019

	Notes	Vanguard Australian Inflation-Linked Bond Index Fund		Vanguard Cash Plus Fund		Vanguard Cash Reserve Fund		Vanguard Australian Corporate Fixed Interest 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
Assets									
Cash and cash equivalents	11	178	155	1,409	2,263	488,064	355,702	1,108	1,977
Margin accounts		-	-	28	127	1,122	66	64	16
Receivables		137	1	1,331	175	260	282	3,318	24
Accrued income		-	-	-	1	-	-	-	36
Due from brokers - receivable for securities sold		1,455	1,474	-	-	-	-	2,327	-
Financial assets at fair value through profit or loss	6	622,254	314,888	1,261,370	1,326,370	820,097	1,037,990	493,584	279,142
Total assets		624,024	316,518	1,264,138	1,328,936	1,309,543	1,394,040	500,401	281,195
Liabilities									
Margin accounts		-	-	-	-	-	1,449	-	-
Distribution payable	10	2,005	915	2,915	1,867	2,559	1,688	3,399	1,879
Payables		172	75	765	540	201	262	116	69
Due to brokers - payables for securities purchased		813	1,359	-	-	-	-	3,092	326
Financial liabilities at fair value through profit or loss	7	-	-	-	5	6	-	-	2
Total liabilities		2,990	2,349	3,680	2,412	2,766	3,399	6,607	2,276
Net assets attributable to unitholders (equity)*	9	621,034	314,169	1,260,458	1,326,524	1,306,777	1,390,641	-	-
Net assets attributable to unitholders (liability)	9	-	-	-	-	-	-	493,794	278,919

*Effective from 1 July 2017, Vanguard Australian Inflation-Linked Bond Index Fund, Vanguard Cash Plus Fund and Vanguard Cash Reserve Fund 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

	Notes	Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund		Vanguard Ethically Conscious Global Aggregate Bond 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
Assets							
Cash and cash equivalents	11	43,801	2,525	7,696	(250)	15,874	-
Margin accounts		108	162	92	34	1,990	-
Receivables		7,344	2,103	544	24	1,983	-
Accrued income		2	174	1	-	41	-
Due from brokers - receivable for securities sold		20,660	75,553	6,143	4,065	5,473	-
Financial assets at fair value through profit or loss	6	6,945,705	5,652,016	814,499	438,891	455,210	-
Total assets		7,017,620	5,732,533	828,975	442,764	480,571	-
Liabilities							
Margin accounts		-	-	-	-	6,221	-
Distribution payable	10	41,707	42,397	3,931	2,596	3,088	-
Payables		10,782	51,198	178	169	121	-
Due to brokers - payables for securities purchased		76,781	11,318	7,669	1,013	9,397	-
Financial liabilities at fair value through profit or loss	7	-	51	-	-	3,647	-
Total liabilities		129,270	104,964	11,778	3,778	22,474	-
Net assets attributable to unitholders (liability)	9	6,888,350	5,627,569	817,197	438,986	458,097	-

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

Balance sheets (continued)

As at 30 June 2019

	Notes	Vanguard Global Aggregate Bond Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest Index Fund (Hedged)	
		30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets							
Cash and cash equivalents	11	42,011	48,477	11,152	21,038	16,284	4,966
Margin accounts		8,431	40,485	321	310	9,317	23,920
Receivables		1,257	1,400	227	167	63,079	331
Accrued income		62	65	-	9	37	-
Due from brokers - receivable for securities sold		14,501	26,954	3,097	14,736	14,165	33,525
Financial assets at fair value through profit or loss	6	4,222,706	3,104,401	874,993	757,066	2,152,534	1,779,891
Total assets		4,288,968	3,221,782	889,790	793,326	2,255,416	1,842,633
Liabilities							
Margin accounts		252	-	-	-	-	-
Distribution payable	10	20,771	7,036	5,650	13,737	9,027	10,700
Payables		15,813	43,841	279	1,782	811	2,441
Due to brokers - payables for securities purchased		49,886	157,658	7,783	4,951	80,147	429
Financial liabilities at fair value through profit or loss	7	34,191	56,151	7,025	18,412	16,257	33,096
Total liabilities		120,913	264,686	20,737	38,882	106,242	46,666
Net assets attributable to unitholders (liability)	9	4,168,055	2,957,096	869,053	754,444	2,149,174	1,795,967

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

	Notes	Vanguard Australian Inflation-Linked Bond Index Fund		Vanguard Cash Plus Fund		Vanguard Cash Reserve Fund		Vanguard Australian Corporate Fixed Interest 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
Total equity at the beginning of the financial year		314,169	-	1,326,524	-	1,390,641	-	-	-
Reclassification due to AMIT tax regime implementation*	9	-	273,750	-	1,211,576	-	1,427,072	-	-
Comprehensive income for the year									
Profit/(loss) for the year		44,912	10,831	32,269	23,248	26,948	23,858	-	-
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income for the year		44,912	10,831	32,269	23,248	26,948	23,858	-	-
Transactions with unitholders									
Applications		288,336	34,546	297,494	500,403	579,633	113,264	-	-
Redemptions		(24,807)	(4,687)	(390,868)	(401,790)	(685,346)	(171,498)	-	-
Units issued upon reinvestment of distributions		5,484	3,594	23,348	18,858	22,091	21,290	-	-
Distributions paid and payable		(7,060)	(3,865)	(28,309)	(25,771)	(27,190)	(23,345)	-	-
Total transactions with unitholders		261,953	29,588	(98,335)	91,700	(110,812)	(60,289)	-	-
Total equity at the end of the financial year		621,034	314,169	1,260,458	1,326,524	1,306,777	1,390,641	-	-

*Effective from 1 July 2017, Vanguard Australian Inflation-Linked Bond Index Fund, Vanguard Cash Plus Fund and Vanguard Cash Reserve Fund units have been reclassified from financial liability to equity.

	Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund		Vanguard Ethically Conscious Global Aggregate Bond 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
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	-	-	-	-	-	-

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

Statements of changes in equity (continued)

For the year ended 30 June 2019

	Vanguard Global Aggregate Bond Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest Index Fund (Hedged)	
	30 Jun 2019	[^] 30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	\$'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 12 April 2017 to 30 June 2018.

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 Australian Inflation-Linked Bond Index Fund		Vanguard Cash Plus Fund		Vanguard Cash Reserve Fund		Vanguard Australian Corporate Fixed Interest 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
Cash flows from operating activities								
Proceeds from sale of financial instruments at fair value through profit or loss	79,432	53,958	2,579,284	2,847,248	4,274,531	4,088,989	98,245	58,351
Purchases of financial instruments at fair value through profit or loss	(341,136)	(82,451)	(2,478,212)	(2,934,394)	(4,030,131)	(4,227,271)	(281,682)	(231,994)
Interest received	22	9	27	122	64	308	66	29
Other income received	14	10	5	-	7	143	195	168
Responsible Entity's fees paid	(1,239)	(869)	(3,749)	(3,789)	(2,115)	(2,133)	(1,001)	(499)
Operating expenses paid	(27)	(16)	(7)	(24)	(18)	(21)	(155)	(38)
Net cash inflow/(outflow) from operating activities	12(a)	(262,934)	97,348	(90,837)	242,338	(139,985)	(184,332)	(173,983)
Cash flows from financing activities								
Proceeds from applications by unitholders	288,226	34,547	296,335	500,433	579,653	113,073	224,101	202,901
Payments for redemptions by unitholders	(24,783)	(4,761)	(390,624)	(402,007)	(685,401)	(171,461)	(31,568)	(25,271)
Distributions paid from operating activities	(486)	(358)	(3,913)	(7,000)	(4,228)	(2,365)	(9,070)	(4,232)
Net cash inflow/(outflow) from financing activities		29,428	(98,202)	91,426	(109,976)	(60,753)	183,463	173,398
Net increase/(decrease) in cash and cash equivalents		69	(854)	589	132,362	(200,738)	(869)	(585)
Cash and cash equivalents at the beginning of the year		155	2,263	1,674	355,702	556,440	1,977	2,562
Cash and cash equivalents at the end of the year	11	178	1,409	2,263	488,064	355,702	1,108	1,977
Non-cash financing activities	12(b)	5,484	23,348	18,858	22,091	21,290	323	242

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

	Notes	Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund		Vanguard Ethically Conscious Global Aggregate Bond 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
Cash flows from operating activities							
Proceeds from sale of financial instruments at fair value through profit or loss		1,517,612	1,522,010	98,935	165,617	231,010	-
Purchases of financial instruments at fair value through profit or loss		(2,121,056)	(1,568,646)	(411,340)	(102,887)	(634,564)	-
Interest received		399	312	33	18	86	-
Other income received		70	34	62	11	8	-
Responsible Entity's fees paid		(14,082)	(13,092)	(1,353)	(1,256)	(739)	-
Operating expenses paid		(37)	(23)	(18)	(4)	(47)	-
Net cash inflow/(outflow) from operating activities	12(a)	(617,094)	(59,405)	(313,681)	61,499	(404,246)	-
Cash flows from financing activities							
Proceeds from applications by unitholders		1,721,457	1,211,983	371,073	47,743	426,664	-
Payments for redemptions by unitholders		(978,928)	(1,122,659)	(40,176)	(97,960)	(5,576)	-
Distributions paid from operating activities		(84,159)	(81,181)	(9,270)	(12,076)	(1,775)	-
Net cash inflow/(outflow) from financing activities		658,370	8,143	321,627	(62,293)	419,313	-
Net increase/(decrease) in cash and cash equivalents		41,276	(51,262)	7,946	(794)	15,067	-
Cash and cash equivalents at the beginning of the year		2,525	53,787	(250)	544	-	-
Effects of foreign currency exchange rate changes on cash and cash equivalents		-	-	-	-	807	-
Cash and cash equivalents at the end of the year	11	43,801	2,525	7,696	(250)	15,874	-
Non-cash financing activities	12(b)	80,207	78,073	1,288	1,492	10,733	-

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

	Notes	Vanguard Global Aggregate Bond Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest 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
Cash flows from operating activities							
Proceeds from sale of financial instruments at fair value through profit or loss		2,988,086	3,372,943	416,476	1,191,030	695,990	1,922,251
Purchases of financial instruments at fair value through profit or loss		(3,921,155)	(6,289,519)	(466,701)	(407,956)	(843,539)	(604,868)
Transaction costs on purchases of financial instruments at fair value through profit or loss		-	-	-	-	(14)	-
Interest received		227	-	19	63	190	-
Other income received		241	188	165	1,779	224	1,410
Responsible Entity's fees paid		(8,050)	(5,360)	(2,357)	(2,814)	(4,444)	(4,795)
Operating expenses paid		(769)	(647)	(1,550)	(78)	(1,591)	(16)
Net cash inflow/(outflow) from operating activities	12(a)	(941,420)	(2,922,395)	(53,948)	782,024	(153,184)	1,313,982
Cash flows from financing activities							
Proceeds from applications by unitholders		1,145,314	3,054,060	219,163	181,219	641,643	504,510
Payments for redemptions by unitholders		(209,162)	(80,442)	(159,097)	(935,080)	(448,590)	(1,791,176)
Distributions paid from operating activities		(719)	(48)	(16,006)	(30,359)	(27,478)	(40,224)
Net cash inflow/(outflow) from financing activities		935,433	2,973,570	44,060	(784,220)	165,575	(1,326,890)
Net increase/(decrease) in cash and cash equivalents		(5,987)	51,175	(9,888)	(2,196)	12,391	(12,908)
Cash and cash equivalents at the beginning of the year		48,477	-	21,038	22,812	4,966	19,318
Effects of foreign currency exchange rate changes on cash and cash equivalents		(479)	(2,698)	2	422	(1,073)	(1,444)
Cash and cash equivalents at the end of the year	11	42,011	48,477	11,152	21,038	16,284	4,966
Non-cash financing activities	12(b)	52,960	38,653	10,410	34,076	18,746	48,054

[^]Covers the period 12 April 2017 to 30 June 2018.

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 Fixed Income Funds & ETFs (the "Funds") as registered managed investment schemes. The respective constitution dates are as follows:

- Vanguard Australian Inflation-Linked Bond Index Fund 17 December 2010
- Vanguard Cash Plus Fund 21 July 1998
- Vanguard Cash Reserve Fund 9 August 2007
- Vanguard Australian Corporate Fixed Interest Index Fund 17 May 2016
- Vanguard Australian Fixed Interest Index Fund 6 December 1996
- Vanguard Australian Government Bond Index Fund 14 November 2008
- Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) 7 August 2018
- Vanguard Global Aggregate Bond Index Fund (Hedged) 12 April 2017
- Vanguard International Credit Securities Index Fund (Hedged) 11 December 2000
- Vanguard International Fixed Interest Index Fund (Hedged) 18 May 1999

The Responsible Entity of the Vanguard Wholesale Fixed Income Funds & 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 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.

Classification and measurement of debt securities is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument represent solely payments of principal and interest (SPPI). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell.

All other debt instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

Derivative instruments are measured at fair value through profit or loss. 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.

For derivatives, the contractual cash flows of these instruments do not represent solely payments of principal and interest. Consequently, these investments are measured 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)

(b) Financial instruments (continued)

(i) Classification (continued)

For debt securities, the contractual cash flows are solely payments of principal and interest, however they are neither held for collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Funds' business model's objective. Consequently, the debt securities are measured at fair value through profit or loss.

(ii) Recognition/derecognition

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

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

(iii) Measurement

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

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

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 Australian Inflation-Linked Bond Index Fund, Vanguard Cash Plus Fund and Vanguard Cash Reserve Fund units have been reclassified from financial liability to equity as they satisfied all the above criteria. Refer note 9 for further details.

Notes to the financial statements (continued)

For the year ended 30 June 2019

2 Summary of significant accounting policies (continued)

(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.

(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

Interest income from financial assets at amortised cost is recognised on a time-proportionate basis using the effective interest method and includes interest from cash and cash equivalents.

Interest from financial assets at fair value through profit or loss is determined based on the contractual coupon interest rate and includes interest from debt securities.

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 Funds' 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 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.

Notes to the financial statements (continued)

For the year ended 30 June 2019

2 Summary of significant accounting policies (continued)

(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.

(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.

Notes to the financial statements (continued)

For the year ended 30 June 2019

2 Summary of significant accounting policies (continued)

(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.

(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.

Notes to the financial statements (continued)

For the year ended 30 June 2019

2 Summary of significant accounting policies (continued)

(t) Rounding of amounts

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

3 Financial risk management

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

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

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

(a) Market risk

(i) 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.

There is no foreign exchange risk to Vanguard Australian Inflation-Linked Bond Index Fund, Vanguard Cash Plus Fund, Vanguard Cash Reserve Fund, Vanguard Australian Corporate Fixed Interest Index Fund, Vanguard Australian Fixed Interest Index Fund and Vanguard Australian Government Bond Index Fund presented in this financial report.

The Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged), Vanguard Global Aggregate Bond Index Fund (Hedged), Vanguard International Credit Securities Index Fund (Hedged) and Vanguard International Fixed Interest Index Fund (Hedged) 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.

Notes to the financial statements (continued)

For the year ended 30 June 2019

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

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

Vanguard Ethically Conscious Global Aggregate Bond 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	648	62	2,276	411	8,305	-	-	-	-	-
Margin accounts	165	88	143	8	-	-	-	-	-	-
Receivables	-	-	-	-	1,957	-	-	-	-	-
Accrued income	1	-	(1)	-	8	-	-	-	-	-
Due to brokers - receivable for securities sold	321	-	163	4,241	748	-	-	-	-	-
Financial assets at fair value through profit or loss	195,679	20,727	107,386	75,633	39,705	-	-	-	-	-
Total assets	196,814	20,877	109,967	80,293	50,723	-	-	-	-	-
Liabilities										
Margin accounts	-	-	-	-	6,221	-	-	-	-	-
Due to brokers - payable for securities purchased	372	755	2,796	5,159	282	-	-	-	-	-
Financial liabilities at fair value through profit or loss	10	4	648	86	963	-	-	-	-	-
Total liabilities	382	759	3,444	5,245	7,466	-	-	-	-	-
Net increase/(decrease) in exposure from foreign currency forward contracts										
- Buy foreign currency	302,404	20,995	112,913	77,631	890,235	-	-	-	-	-
- Sell foreign currency	(500,955)	(41,251)	(219,370)	(152,634)	(506,009)	-	-	-	-	-
Net exposure including foreign currency forward contracts	(2,119)	(138)	66	45	427,483	-	-	-	-	-

Notes to the financial statements (continued)

For the year ended 30 June 2019

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

Vanguard Global Aggregate Bond 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	4,202	2,105	22,481	2,062	10,506	31,815	792	17,594	2,090	7,300
Margin accounts	-	116	57	43	-	(23)	49	132	-	27
Receivables	-	-	837	-	148	-	-	357	-	27
Accrued income	2	-	(7)	(1)	(3)	28	5	(1)	-	22
Due to brokers - receivable for securities sold	2,443	-	6,057	-	4,960	-	2,050	12,043	11,587	862
Financial assets at fair value through profit or loss	1,979,565	169,272	1,113,761	431,678	341,962	1,401,988	129,136	835,882	325,728	228,980
Total assets	1,986,212	171,493	1,143,186	433,782	357,573	1,433,808	132,032	866,007	339,405	237,218
Liabilities										
Margin accounts	252	-	-	-	-	-	-	-	-	-
Due to brokers - payable for securities purchased	20,127	1,688	24,767	1,961	1,081	152,173	357	4,099	-	1,029
Financial liabilities at fair value through profit or loss	104	13	6,724	457	9,807	25,505	1,417	20,073	154	1,790
Total liabilities	20,483	1,701	31,491	2,418	10,888	177,678	1,774	24,172	154	2,819
Net increase/(decrease) in exposure from foreign currency forward contracts										
- Buy foreign currency	3,049,837	166,032	1,115,039	447,654	408,565	2,017,004	132,504	872,246	354,875	272,679
- Sell foreign currency	(5,040,890)	(337,640)	(2,228,565)	(880,092)	(754,458)	(3,277,897)	(263,898)	(1,715,410)	(695,873)	(503,974)
Net exposure including foreign currency forward contracts	(25,324)	(1,816)	(1,831)	(1,074)	792	(4,763)	(1,136)	(1,329)	(1,747)	3,104

Notes to the financial statements (continued)

For the year ended 30 June 2019

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

Vanguard International Credit 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	132	452	69	3,295	6,160	7,258	114	5,040	1,853	4,276
Margin accounts	116	65	105	5	-	143	25	82	-	38
Receivables	-	-	-	-	38	-	-	-	-	18
Accrued income	-	-	-	-	-	1	-	6	-	(1)
Due to brokers - receivable for securities sold	860	-	1,285	663	289	11,262	1,156	1,359	-	959
Financial assets at fair value through profit or loss	470,240	37,763	235,619	29,701	74,292	417,273	33,755	211,173	27,279	51,652
Total assets	471,348	38,280	237,078	33,664	80,779	435,937	35,050	217,660	29,132	56,942
Liabilities										
Due to brokers - payable for securities purchased	1,021	716	5,209	-	837	3,330	179	1,093	-	349
Financial liabilities at fair value through profit or loss	50	304	4,411	168	2,090	18,147	14	176	25	48
Total liabilities	1,071	1,020	9,620	168	2,927	21,477	193	1,269	25	397
Net increase/(decrease) in exposure from foreign currency forward contracts										
- Buy foreign currency	1,584,053	37,520	232,044	41,935	70,512	1,444,079	36,242	222,415	30,430	58,224
- Sell foreign currency	(2,060,004)	(75,361)	(462,789)	(75,882)	(149,211)	(1,865,638)	(70,811)	(435,346)	(59,526)	(114,017)
Net exposure including foreign currency forward contracts	(5,674)	(581)	(3,287)	(451)	(847)	(7,099)	288	3,460	11	752

Notes to the financial statements (continued)

For the year ended 30 June 2019

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

Vanguard International Fixed Interest 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	1,064	15	4,705	3,809	1,399	372	136	666	229	3,569
Margin accounts	85	107	149	87	-	86	134	73	29	-
Receivables	-	-	-	4	150	-	-	-	-	31
Due to brokers - receivable for securities sold	5,668	-	1,622	2,058	4,817	9,170	4,188	7,794	12,373	-
Financial assets at fair value through profit or loss	648,552	125,388	551,099	609,605	167,301	506,612	116,430	478,595	504,908	142,792
Total assets	655,369	125,510	557,575	615,563	173,667	516,240	120,888	487,128	517,539	146,392
Liabilities										
Payables	-	-	-	-	-	-	-	(1)	-	(4)
Due to brokers - payable for securities purchased	30,812	3,933	21,896	17,969	3,764	-	-	-	-	429
Financial liabilities at fair value through profit or loss	27	-	3,169	642	4,048	10,721	1,116	11,677	1,337	1,149
Total liabilities	30,839	3,933	25,065	18,611	7,812	10,721	1,116	11,676	1,337	1,574
Net increase/(decrease) in exposure from foreign currency forward contracts										
- Buy foreign currency	1,108,099	131,541	552,789	619,590	213,271	926,314	125,545	493,148	541,133	198,010
- Sell foreign currency	(1,740,367)	(254,524)	(1,086,508)	(1,217,271)	(378,324)	(1,425,235)	(242,217)	(961,704)	(1,049,024)	(343,824)
Net exposure including foreign currency forward contracts	(7,738)	(1,406)	(1,209)	(729)	802	6,598	3,100	6,896	8,311	(996)

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.

(ii) 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 are exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose the Funds to fair value interest rate risk.

The Funds' interest bearing financial assets and financial liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis.

The interest rate risk disclosures have been prepared on the basis of the Funds' direct investments and not on a look-through basis for investments held indirectly through unit trusts. Consequently the disclosure of interest rate risk below may not represent the true interest rate risk profile of the Funds where the Funds have significant investments in unit trusts which also have exposure to the interest rate markets.

Notes to the financial statements (continued)

For the year ended 30 June 2019

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk (continued)

The tables below summarise those Funds whose exposure to interest rate risk is significant:

	Vanguard Australian Inflation-Linked Bond Index Fund							
	30 Jun 2019				30 Jun 2018			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
Assets								
Cash and cash equivalents	178	-	-	178	155	-	-	155
Receivables	-	-	137	137	-	-	1	1
Due from brokers - receivable for securities sold	-	-	1,455	1,455	-	-	1,474	1,474
Financial assets at fair value through profit or loss	-	622,254	-	622,254	-	314,888	-	314,888
Total assets	178	622,254	1,592	624,024	155	314,888	1,475	316,518
Liabilities								
Distribution payable	-	-	2,005	2,005	-	-	915	915
Payables	-	-	172	172	-	-	75	75
Due to brokers - payable for securities purchased	-	-	813	813	-	-	1,359	1,359
Total liabilities	-	-	2,990	2,990	-	-	2,349	2,349
Net assets attributable to unitholders (equity)	178	622,254	(1,398)	621,034	155	314,888	(874)	314,169
Net increase/(decrease) in exposure from Australian fixed interest futures	-	-	-	-	-	-	-	-
Net exposure	178	622,254	(1,398)	621,034	155	314,888	(874)	314,169

	Vanguard Cash Plus Fund							
	30 Jun 2019				30 Jun 2018			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
Assets								
Cash and cash equivalents	1,409	-	-	1,409	2,263	-	-	2,263
Margin accounts	28	-	-	28	127	-	-	127
Receivables	-	-	1,331	1,331	-	-	175	175
Accrued income	-	-	-	-	-	-	1	1
Financial assets at fair value through profit or loss	572,801	688,569	-	1,261,370	632,214	694,156	-	1,326,370
Total assets	574,238	688,569	1,331	1,264,138	634,604	694,156	176	1,328,936
Liabilities								
Distribution payable	-	-	2,915	2,915	-	-	1,867	1,867
Payables	-	-	765	765	-	-	540	540
Financial liabilities at fair value through profit or loss	-	-	-	-	5	-	-	5
Total liabilities	-	-	3,680	3,680	5	-	2,407	2,412
Net assets attributable to unitholders (equity)	574,238	688,569	(2,349)	1,260,458	634,599	694,156	(2,231)	1,326,524
Net increase/(decrease) in exposure from Australian money market futures	139,449	-	-	139,449	97,020	-	-	97,020
Net exposure	713,687	688,569	(2,349)	1,399,907	731,619	694,156	(2,231)	1,423,544

Notes to the financial statements (continued)

For the year ended 30 June 2019

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk (continued)

	Vanguard Cash Reserve Fund							
	30 Jun 2019				30 Jun 2018			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
Assets								
Cash and cash equivalents	488,064	-	-	488,064	355,702	-	-	355,702
Margin accounts	1,122	-	-	1,122	66	-	-	66
Receivables	-	-	260	260	-	-	282	282
Financial assets at fair value through profit or loss	544,732	275,365	-	820,097	676,270	361,720	-	1,037,990
Total assets	1,033,918	275,365	260	1,309,543	1,032,038	361,720	282	1,394,040
Liabilities								
Margin accounts	-	-	-	-	1,449	-	-	1,449
Distribution payable	-	-	2,559	2,559	-	-	1,688	1,688
Payables	-	-	201	201	-	-	262	262
Financial liabilities at fair value through profit or loss	6	-	-	6	-	-	-	-
Total liabilities	6	-	2,760	2,766	1,449	-	1,950	3,399
Net assets attributable to unitholders (equity)	1,033,912	275,365	(2,500)	1,306,777	1,030,589	361,720	(1,668)	1,390,641
Net increase/(decrease) in exposure from Australian money market futures	57,362	-	-	57,362	76,440	-	-	76,440
Net exposure	1,091,274	275,365	(2,500)	1,364,139	1,107,029	361,720	(1,668)	1,467,081

	Vanguard Australian Corporate Fixed Interest Index Fund							
	30 Jun 2019				30 Jun 2018			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
Assets								
Cash and cash equivalents	1,108	-	-	1,108	1,977	-	-	1,977
Margin accounts	64	-	-	64	16	-	-	16
Receivables	-	-	3,318	3,318	-	-	24	24
Accrued income	-	-	-	-	-	-	36	36
Due from brokers - receivable for securities sold	-	-	2,327	2,327	-	-	-	-
Financial assets at fair value through profit or loss	3,000	490,584	-	493,584	314	278,828	-	279,142
Total assets	4,172	490,584	5,645	500,401	2,307	278,828	60	281,195
Liabilities								
Distribution payable	-	-	3,399	3,399	-	-	1,879	1,879
Payables	-	-	116	116	-	-	69	69
Due to brokers - payable for securities purchased	-	-	3,092	3,092	-	-	326	326
Financial liabilities at fair value through profit or loss	-	-	-	-	-	2	-	2
Total liabilities	-	-	6,607	6,607	-	2	2,274	2,276
Net assets attributable to unitholders (liability)	4,172	490,584	(962)	493,794	2,307	278,826	(2,214)	278,919
Net increase/(decrease) in exposure from Australian fixed interest futures	-	-	-	-	-	(297)	-	(297)
Net exposure	4,172	490,584	(962)	493,794	2,307	278,529	(2,214)	278,622

Notes to the financial statements (continued)

For the year ended 30 June 2019

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk (continued)

Vanguard Australian Fixed Interest Index Fund								
	30 Jun 2019				30 Jun 2018			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
Assets								
Cash and cash equivalents	43,801	-	-	43,801	2,525	-	-	2,525
Margin accounts	108	-	-	108	162	-	-	162
Receivables	-	-	7,344	7,344	-	-	2,103	2,103
Accrued income	-	-	2	2	-	-	174	174
Due from brokers - receivable for securities sold	-	-	20,660	20,660	-	-	75,553	75,553
Financial assets at fair value through profit or loss	4,565	6,941,140	-	6,945,705	2,149	5,649,867	-	5,652,016
Total assets	48,474	6,941,140	28,006	7,017,620	4,836	5,649,867	77,830	5,732,533
Liabilities								
Distribution payable	-	-	41,707	41,707	-	-	42,397	42,397
Payables	-	-	10,782	10,782	-	-	51,198	51,198
Due to brokers - payable for securities purchased	-	-	76,781	76,781	-	-	11,318	11,318
Financial liabilities at fair value through profit or loss	-	-	-	-	-	51	-	51
Total liabilities	-	-	129,270	129,270	-	51	104,913	104,964
Net assets attributable to unitholders (liability)	48,474	6,941,140	(101,264)	6,888,350	4,836	5,649,816	(27,083)	5,627,569
Net increase/(decrease) in exposure from Australian money market futures	-	-	-	-	-	(9,450)	-	(9,450)
Net exposure	48,474	6,941,140	(101,264)	6,888,350	4,836	5,640,366	(27,083)	5,618,119

Notes to the financial statements (continued)

For the year ended 30 June 2019

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk (continued)

	Vanguard Australian Government Bond Index Fund							
	30 Jun 2019				30 Jun 2018			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
Assets								
Cash and cash equivalents	7,696	-	-	7,696	(250)	-	-	(250)
Margin accounts	92	-	-	92	34	-	-	34
Receivables	-	-	544	544	-	-	24	24
Accrued income	-	-	1	1	-	-	-	-
Due from brokers - receivable for securities sold	-	-	6,143	6,143	-	-	4,065	4,065
Financial assets at fair value through profit or loss	-	814,499	-	814,499	-	438,891	-	438,891
Total assets	7,788	814,499	6,688	828,975	(216)	438,891	4,089	442,764
Liabilities								
Distribution payable	-	-	3,931	3,931	-	-	2,596	2,596
Payables	-	-	178	178	-	-	169	169
Due to brokers - payable for securities purchased	-	-	7,669	7,669	-	-	1,013	1,013
Total liabilities	-	-	11,778	11,778	-	-	3,778	3,778
Net assets attributable to unitholders (liability)	7,788	814,499	(5,090)	817,197	(216)	438,891	311	438,986
Net increase/(decrease) in exposure from Australian fixed interest futures	-	(793)	-	(793)	-	-	-	-
Net exposure	7,788	813,706	(5,090)	816,404	(216)	438,891	311	438,986

Notes to the financial statements (continued)

For the year ended 30 June 2019

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk (continued)

	Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)							
	30 Jun 2019				30 Jun 2018			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
Assets								
Cash and cash equivalents	15,874	-	-	15,874	-	-	-	-
Margin accounts	1,990	-	-	1,990	-	-	-	-
Receivables	-	-	1,983	1,983	-	-	-	-
Accrued income	-	-	41	41	-	-	-	-
Due from brokers - receivable for securities sold	-	-	5,473	5,473	-	-	-	-
Financial assets at fair value through profit or loss	5,457	437,464	12,289	455,210	-	-	-	-
Total assets	23,321	437,464	19,786	480,571	-	-	-	-
Liabilities								
Margin accounts	6,221	-	-	6,221	-	-	-	-
Distribution payable	-	-	3,088	3,088	-	-	-	-
Payables	-	-	121	121	-	-	-	-
Due to brokers - payable for securities purchased	-	-	9,397	9,397	-	-	-	-
Financial liabilities at fair value through profit or loss	-	13	3,634	3,647	-	-	-	-
Total liabilities	6,221	13	16,240	22,474	-	-	-	-
Net assets attributable to unitholders (liability)								
Net exposure	17,100	437,451	3,546	458,097	-	-	-	-
Net increase/(decrease) in exposure from Australian fixed interest futures	-	2,474	-	2,474	-	-	-	-
Net increase/(decrease) in exposure from international fixed interest futures	-	18,345	-	18,345	-	-	-	-
Net exposure	17,100	458,270	3,546	478,916	-	-	-	-

Notes to the financial statements (continued)

For the year ended 30 June 2019

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk (continued)

	Vanguard Global Aggregate Bond Index Fund (Hedged)							
	30 Jun 2019				30 Jun 2018			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
Assets								
Cash and cash equivalents	42,011	-	-	42,011	48,477	-	-	48,477
Margin accounts	8,431	-	-	8,431	40,485	-	-	40,485
Receivables	-	-	1,257	1,257	-	-	1,400	1,400
Accrued income	-	-	62	62	-	-	65	65
Due from brokers - receivable for securities sold	-	-	14,501	14,501	-	-	26,954	26,954
Financial assets at fair value through profit or loss	76,752	4,097,737	48,217	4,222,706	41,821	3,046,816	15,764	3,104,401
Total assets	127,194	4,097,737	64,037	4,288,968	130,783	3,046,816	44,183	3,221,782
Liabilities								
Margin accounts	252	-	-	252	-	-	-	-
Distribution payable	-	-	20,771	20,771	-	-	7,036	7,036
Payables	-	-	15,813	15,813	-	-	43,841	43,841
Due to brokers - payable for securities purchased	-	-	49,886	49,886	-	-	157,658	157,658
Financial liabilities at fair value through profit or loss	-	44	34,147	34,191	-	10	56,141	56,151
Total liabilities	252	44	120,617	120,913	-	10	264,676	264,686
Net assets attributable to unitholders (liability)	126,942	4,097,693	(56,580)	4,168,055	130,783	3,046,806	(220,493)	2,957,096
Net increase/(decrease) in exposure from international fixed interest futures	-	64,944	-	64,944	-	-	-	-
Net increase/(decrease) in exposure from international money market futures	-	-	-	-	-	(3,948)	-	(3,948)
Net exposure	126,942	4,162,637	(56,580)	4,232,999	130,783	3,042,858	(220,493)	2,953,148

Notes to the financial statements (continued)

For the year ended 30 June 2019

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk (continued)

	Vanguard International Credit Securities Index Fund (Hedged)							
	30 Jun 2019				30 Jun 2018			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
Assets								
Cash and cash equivalents	11,152	-	-	11,152	21,038	-	-	21,038
Margin accounts	321	-	-	321	310	-	-	310
Receivables	-	-	227	227	-	-	167	167
Accrued income	-	-	-	-	-	-	9	9
Due from brokers - receivable for securities sold	-	-	3,097	3,097	-	-	14,736	14,736
Financial assets at fair value through profit or loss	42,851	822,251	9,891	874,993	29,923	724,956	2,187	757,066
Total assets	54,324	822,251	13,215	889,790	51,271	724,956	17,099	793,326
Liabilities								
Distribution payable	-	-	5,650	5,650	-	-	13,737	13,737
Payables	-	-	279	279	-	-	1,782	1,782
Due to brokers - payable for securities purchased	-	-	7,783	7,783	-	-	4,951	4,951
Financial liabilities at fair value through profit or loss	-	38	6,987	7,025	-	51	18,361	18,412
Total liabilities	-	38	20,699	20,737	-	51	38,831	38,882
Net assets attributable to unitholders (liability)	54,324	822,213	(7,484)	869,053	51,271	724,905	(21,732)	754,444
Net increase/(decrease) in exposure from international fixed interest futures	-	(664)	-	(664)	-	295	-	295
Net increase/(decrease) in exposure from international money market futures	-	-	-	-	-	2,198	-	2,198
Net exposure	54,324	821,549	(7,484)	868,389	51,271	727,398	(21,732)	756,937

Notes to the financial statements (continued)

For the year ended 30 June 2019

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk (continued)

	Vanguard International Fixed Interest Index Fund (Hedged)							
	30 Jun 2019				30 Jun 2018			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
Assets								
Cash and cash equivalents	16,284	-	-	16,284	4,966	-	-	4,966
Margin accounts	9,317	-	-	9,317	23,920	-	-	23,920
Receivables	-	-	63,079	63,079	-	-	331	331
Accrued income	-	-	37	37	-	-	-	-
Due from brokers - receivable for securities sold	-	-	14,165	14,165	-	-	33,525	33,525
Financial assets at fair value through profit or loss	4,595	2,128,643	19,296	2,152,534	-	1,766,768	13,123	1,779,891
Total assets	30,196	2,128,643	96,577	2,255,416	28,886	1,766,768	46,979	1,842,633
Liabilities								
Distribution payable	-	-	9,027	9,027	-	-	10,700	10,700
Payables	-	-	811	811	-	-	2,441	2,441
Due to brokers - payable for securities purchased	-	-	80,147	80,147	-	-	429	429
Financial liabilities at fair value through profit or loss	-	1	16,256	16,257	-	23	33,073	33,096
Total liabilities	-	1	106,241	106,242	-	23	46,643	46,666
Net assets attributable to unitholders (liability)	30,196	2,128,642	(9,664)	2,149,174	28,886	1,766,745	336	1,795,967
Net increase/(decrease) in exposure from Australian fixed interest futures	-	1,883	-	1,883	-	-	-	-
Net increase/(decrease) in exposure from international fixed interest futures	-	12,259	-	12,259	-	3,677	-	3,677
Net exposure	30,196	2,142,784	(9,664)	2,163,316	28,886	1,770,422	336	1,799,644

The table presented in note 3(b) summarises the impact of an increase/decrease of interest rates on the Funds' operating profit and net assets attributable to unitholders through changes in fair value or changes in future cash flows.

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 and foreign exchange 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.

Impact on operating profit/(loss) and net assets attributable to unitholders												
Vanguard Australian Inflation-Linked Bond Index Fund		Vanguard Cash Plus Fund		Vanguard Cash Reserve Fund		Vanguard Australian Corporate Fixed Interest Index Fund		Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund		
Interest rate risk		Interest rate risk		Interest rate risk		Interest rate risk		Interest rate risk		Interest rate risk		
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	
-25bps	+25bps	-25bps	+25bps	-25bps	+25bps	-25bps	+25bps	-25bps	+25bps	-25bps	+25bps	
30 Jun 2019	1,556	(1,556)	285	(285)	(1,897)	1,897	1,216	(1,216)	17,232	(17,232)	2,017	(2,017)
	-0bps	+0bps	-0bps	+0bps	-0bps	+0bps	-0bps	+0bps	-0bps	+0bps	-0bps	+0bps
30 Jun 2018	-	-	-	-	-	-	-	-	-	-	-	-

Impact on operating profit/(loss) and net assets attributable to unitholders												
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)												
Interest rate 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	
-25bps	+25bps	-6%	+2%	-5%	+4%	-5%	+1%	-11%	+2%	-6%	+1%	
30 Jun 2019	1,051	(1,051)	(11,783)	3,928	(1,006)	805	(5,325)	1,065	(8,255)	1,501	(2,595)	433
	-0bps	+0bps	-10%	+1%	-10%	+4%	-9%	+2%	-9%	+1%	-8%	+2%
30 Jun 2018	-	-	-	-	-	-	-	-	-	-	-	-

Impact on operating profit/(loss) and net assets attributable to unitholders												
Vanguard Global Aggregate Bond Index Fund (Hedged)												
Interest rate 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	
-25bps	+25bps	-6%	+2%	-5%	+4%	-5%	+1%	-11%	+2%	-6%	+1%	
30 Jun 2019	9,927	(9,927)	(117,907)	39,302	(8,490)	6,792	(55,585)	11,117	(475,450)	8,627	(20,801)	3,467
	-0bps	+0bps	-10%	+1%	-10%	+4%	-9%	+2%	-9%	+1%	-8%	+2%
30 Jun 2018	-	-	(125,613)	12,561	(13,026)	5,210	(75,765)	16,837	(30,533)	3,393	(18,752)	4,688

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 Credit Securities Index Fund (Hedged)												
Interest rate 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	
-25bps	+25bps	-6%	+2%	-5%	+4%	-5%	+1%	-11%	+2%	-6%	+1%	
30 Jun 2019	1,920	(1,920)	(28,219)	9,406	(1,863)	1,490	(11,373)	2,275	(3,684)	670	(4,671)	779
-0bps	+0bps	-10%	+1%	-10%	+4%	-9%	+2%	-9%	+1%	-8%	+2%	
30 Jun 2018	-	-	(41,446)	4,145	(3,486)	1,394	(19,475)	4,328	(2,620)	291	(4,523)	1,131

Impact on operating profit/(loss) and net assets attributable to unitholders												
Vanguard International Fixed Interest Index Fund (Hedged)												
Interest rate 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	
25bps	+25bps	-6%	+2%	-5%	+4%	-5%	+1%	-11%	+2%	-6%	+1%	
30 Jun 2019	5,247	(5,247)	(37,472)	12,491	(6,079)	4,863	(26,625)	5,325	(65,665)	11,939	(9,951)	1,659
-0bps	+0bps	-10%	+1%	-10%	+4%	-9%	+2%	-9%	+1%	-8%	+2%	
30 Jun 2018	-	-	(50,554)	5,055	(11,977)	4,791	(42,789)	9,509	(46,458)	5,162	(11,585)	2,896

(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 main concentration of credit risk, to which the Funds are exposed, arises from the Funds' investments in debt securities. The Funds are also exposed to counterparty credit risk on derivative financial instruments, cash and cash equivalents, amounts due from brokers and other receivables. None of these assets are impaired nor past due but not impaired.

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

Credit risk is managed by ensuring that:

- counterparties with respective credit limits are approved by the Responsible Entity; and
- transactions are undertaken with a number of counterparties.

The Funds invest in fixed interest securities and money market securities which have credit ratings as rated by well-known rating agencies. For unrated fixed interest securities a rating is assigned by the investment manager using an approach that is consistent with the approach used by rating agencies.

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.

Notes to the financial statements (continued)

For the year ended 30 June 2019

3 Financial risk management (continued)

(c) Credit risk (continued)

(i) Debt securities

There is credit risk associated with debt securities. Vanguard seeks to reduce this risk by selecting only debt securities with a sufficiently high credit rating and by diversifying the Funds' holding across issuers.

Vanguard will try to minimise the credit risk associated with holding bonds by primarily holding government and supranational (issued by government-owned or government-guaranteed entities) bonds or other investment-grade entities. Investment-grade issuers are defined as those rated BBB- or higher by Standard & Poor's or Baa3 or higher by Moody's. An analysis of debt by rating is set out in the table below.

Rating	Vanguard Australian Inflation-Linked Bond Index Fund		Vanguard Cash Plus Fund		Vanguard Cash Reserve Fund		Vanguard Australian Corporate Fixed Interest Index Fund		Vanguard Australian Fixed Interest 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	30 Jun 2019	30 Jun 2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
AAA	622,254	314,888	348,675	412,245	172,367	140,492	102,518	50,823	5,136,655	4,129,776
AA+	-	-	120,009	26,902	34,080	-	23,612	13,991	1,046,223	799,808
AA	-	-	-	-	-	20,015	13,426	9,249	32,566	137,702
AA-	-	-	149,759	180,776	84,999	153,190	84,540	51,351	206,630	153,503
A+	-	-	99,981	31,611	-	25,792	38,295	17,736	93,572	61,613
A	-	-	38,574	104,992	11,820	61,829	32,552	25,223	43,457	62,961
A-	-	-	109,395	85,357	76,168	29,981	81,164	52,108	145,363	139,516
A-1+	-	-	349,147	372,673	267,035	546,923	-	-	43,004	-
A-1	-	-	45,816	108,730	99,961	19,938	-	-	-	-
A-2	-	-	-	-	19,978	-	-	-	-	-
BBB+	-	-	-	-	-	-	63,756	31,517	107,892	92,253
BBB	-	-	-	-	-	-	49,205	19,862	82,483	54,205
BBB-	-	-	-	-	-	-	4,516	6,672	7,860	19,460
Not Rated	-	-	-	3,084	53,689	39,830	-	607	-	1,113
Total	622,254	314,888	1,261,356	1,326,370	820,097	1,037,990	493,584	279,139	6,945,705	5,651,910

Rating	Vanguard Australian Government Bond Index Fund		Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)		Vanguard Global Aggregate Bond Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest 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	30 Jun 2019	30 Jun 2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
AAA	652,086	351,876	162,589	-	1,571,582	1,121,832	101,897	95,977	859,141	672,001
AA+	156,197	75,830	18,439	-	282,895	113,662	57,072	53,853	87,132	26,664
AA	486	11,185	43,488	-	441,678	254,131	52,709	47,109	328,522	249,639
AA-	5,729	-	15,424	-	166,142	117,019	60,446	50,873	43,218	42,330
A+	-	-	82,215	-	517,221	410,145	84,120	77,921	576,252	514,044
A	-	-	12,394	-	137,137	96,808	69,147	60,411	20,448	16,170
A-	-	-	15,108	-	209,276	146,161	112,752	86,263	13,655	22,022
A-1+	-	-	5,700	-	79,608	123,112	-	-	7,799	2
A-2	-	-	-	-	4,961	-	-	-	4,595	-
BBB+	-	-	28,462	-	327,420	237,238	137,146	115,089	82,503	70,950
BBB	-	-	17,270	-	199,966	234,996	107,825	95,238	14,042	113,239
BBB-	-	-	16,309	-	200,838	90,796	61,997	61,078	89,713	2,174
BB+	-	-	204	-	3,450	13,267	1,737	2,227	-	9,929
BB	-	-	-	-	1,733	1,550	753	1,891	-	-
BB-	-	-	-	-	363	972	38	437	-	-
Not Rated	-	-	25,225	-	29,567	126,917	17,460	6,501	6,207	27,585
Total	814,498	438,891	442,827	-	4,173,837	3,088,606	865,099	754,868	2,133,227	1,766,749

Notes to the financial statements (continued)

For the year ended 30 June 2019

3 Financial risk management (continued)

(c) Credit risk (continued)

(ii) 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.

(iii) 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.

(iv) 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.

(v) 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.

(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 fixed interest securities, money market securities and derivative contracts traded over-the-counter and on an exchange. 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.

Notes to the financial statements (continued)

For the year ended 30 June 2019

3 Financial risk management (continued)

(d) Liquidity risk (continued)

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 Australian Inflation-Linked Bond 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
Distribution payable	2,005	-	-	-	2,005	915	-	-	-	915
Payables	172	-	-	-	172	75	-	-	-	75
Due to brokers - payables for securities purchased	813	-	-	-	813	1,359	-	-	-	1,359
Total liabilities	2,990	-	-	-	2,990	2,349	-	-	-	2,349

Vanguard Cash Plus 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	-	-	5
Distribution payable	2,915	-	-	-	2,915	1,867	-	-	-	1,867
Payables	765	-	-	-	765	540	-	-	-	540
Total liabilities	3,680	-	-	-	3,680	2,407	5	-	-	2,412

Vanguard Cash Reserve 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	-	6	-	-	6	-	-	-	-	-
Margin accounts	-	-	-	-	-	1,449	-	-	-	1,449
Distribution payable	2,559	-	-	-	2,559	1,688	-	-	-	1,688
Payables	201	-	-	-	201	262	-	-	-	262
Total liabilities	2,760	6	-	-	2,766	3,399	-	-	-	3,399

Vanguard Australian Corporate Fixed Interest 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	-	-	-	-	-	-	2	-	-	2
Distribution payable	3,399	-	-	-	3,399	1,879	-	-	-	1,879
Payables	116	-	-	-	116	69	-	-	-	69
Due to brokers - payables for securities purchased	3,092	-	-	-	3,092	326	-	-	-	326
Net assets attributable to unitholders	493,794	-	-	-	493,794	278,919	-	-	-	278,919
Total liabilities	500,401	-	-	-	500,401	281,193	2	-	-	281,195

Notes to the financial statements (continued)

For the year ended 30 June 2019

3 Financial risk management (continued)

(d) Liquidity risk (continued)

Vanguard Australian Fixed Interest 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	-	-	-	-	-	-	51	-	-	51
Distribution payable	41,707	-	-	-	41,707	42,397	-	-	-	42,397
Payables	10,782	-	-	-	10,782	51,198	-	-	-	51,198
Due to brokers - payables for securities purchased	76,781	-	-	-	76,781	11,318	-	-	-	11,318
Net assets attributable to unitholders	6,888,350	-	-	-	6,888,350	5,627,569	-	-	-	5,627,569
Total liabilities	7,017,620	-	-	-	7,017,620	5,732,482	51	-	-	5,732,533

Vanguard Australian Government Bond 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
Distribution payable	3,931	-	-	-	3,931	2,596	-	-	-	2,596
Payables	178	-	-	-	178	169	-	-	-	169
Due to brokers - payables for securities purchased	7,669	-	-	-	7,669	1,013	-	-	-	1,013
Net assets attributable to unitholders	817,197	-	-	-	817,197	438,986	-	-	-	438,986
Total liabilities	828,975	-	-	-	828,975	442,764	-	-	-	442,764

Vanguard Ethically Conscious Global Aggregate Bond 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	3,491	156	-	-	3,647	-	-	-	-	-
Margin accounts	6,221	-	-	-	6,221	-	-	-	-	-
Distribution payable	3,088	-	-	-	3,088	-	-	-	-	-
Payables	121	-	-	-	121	-	-	-	-	-
Due to brokers - payables for securities purchased	9,397	-	-	-	9,397	-	-	-	-	-
Net assets attributable to unitholders	458,097	-	-	-	458,097	-	-	-	-	-
Total liabilities	480,415	156	-	-	480,571	-	-	-	-	-

Notes to the financial statements (continued)

For the year ended 30 June 2019

3 Financial risk management (continued)

(d) Liquidity risk (continued)

	Vanguard Global Aggregate Bond 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	32,835	1,356	-	-	34,191	52,252	3,899	-	-	56,151
Margin accounts	252	-	-	-	252	-	-	-	-	-
Distribution payable	20,771	-	-	-	20,771	7,036	-	-	-	7,036
Payables	15,813	-	-	-	15,813	43,841	-	-	-	43,841
Due to brokers - payables for securities purchased	49,886	-	-	-	49,886	157,658	-	-	-	157,658
Net assets attributable to unitholders	4,168,055	-	-	-	4,168,055	2,957,096	-	-	-	2,957,096
Total liabilities	4,287,612	1,356	-	-	4,288,968	3,217,883	3,899	-	-	3,221,782

	Vanguard International Credit 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	6,946	79	-	-	7,025	18,313	99	-	-	18,412
Distribution payable	5,650	-	-	-	5,650	13,737	-	-	-	13,737
Payables	279	-	-	-	279	1,782	-	-	-	1,782
Due to brokers - payables for securities purchased	7,783	-	-	-	7,783	4,951	-	-	-	4,951
Net assets attributable to unitholders	869,053	-	-	-	869,053	754,444	-	-	-	754,444
Total liabilities	889,711	79	-	-	889,790	793,227	99	-	-	793,326

	Vanguard International Fixed Interest 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	15,896	361	-	-	16,257	30,959	2,137	-	-	33,096
Distribution payable	9,027	-	-	-	9,027	10,700	-	-	-	10,700
Payables	811	-	-	-	811	2,441	-	-	-	2,441
Due to brokers - payables for securities purchased	80,147	-	-	-	80,147	429	-	-	-	429
Net assets attributable to unitholders	2,149,174	-	-	-	2,149,174	1,795,967	-	-	-	1,795,967
Total liabilities	2,255,055	361	-	-	2,255,416	1,840,496	2,137	-	-	1,842,633

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.

Notes to the financial statements (continued)

For the year ended 30 June 2019

3 Financial risk management (continued)

(d) Liquidity risk (continued)

Maturities of gross settled derivative financial instruments (continued)

Vanguard Ethically Conscious Global Aggregate Bond 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	1,817,424	904,606	-	-	2,722,030	-	-	-	-	-
(Outflows)	(1,810,517)	(902,858)	-	-	(2,713,375)	-	-	-	-	-
Net	6,907	1,748	-	-	8,655	-	-	-	-	-

Vanguard Global Aggregate Bond 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	8,846,747	4,445,355	-	-	13,292,102	6,227,531	3,114,425	-	-	9,341,956
(Outflows)	(8,848,588)	(4,429,445)	-	-	(13,278,033)	(6,271,402)	(3,110,932)	-	-	(9,382,334)
Net	(1,841)	15,910	-	-	14,069	(43,871)	3,493	-	-	(40,378)

Vanguard International Credit 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	2,426,261	1,240,941	-	-	3,667,202	2,215,359	1,132,734	-	-	3,348,093
(Outflows)	(2,423,356)	(1,240,941)	-	-	(3,664,297)	(2,231,517)	(1,132,751)	-	-	(3,364,268)
Net	2,905	-	-	-	2,905	(16,158)	(17)	-	-	(16,175)

Vanguard International Fixed Interest 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	4,521,522	2,267,192	-	-	6,788,714	3,921,372	1,932,699	-	-	5,854,071
(Outflows)	(4,526,330)	(2,259,345)	-	-	(6,785,675)	(3,946,329)	(1,927,692)	-	-	(5,874,021)
Net	(4,808)	7,847	-	-	3,039	(24,957)	5,007	-	-	(19,950)

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 Australian Inflation-Linked Bond 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								
Fixed interest securities	-	622,254	-	622,254	-	314,888	-	314,888
Total	-	622,254	-	622,254	-	314,888	-	314,888

	Vanguard Cash Plus 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	14	-	-	14	-	-	-	-
Fixed interest securities	-	875,194	-	875,194	-	844,967	-	844,967
Money market securities	-	386,162	-	386,162	-	481,403	-	481,403
Total	14	1,261,356	-	1,261,370	-	1,326,370	-	1,326,370
Financial liabilities at fair value through profit or loss								
Derivatives	-	-	-	-	5	-	-	5
Total	-	-	-	-	5	-	-	5

	Vanguard Cash Reserve 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								
Fixed interest securities	-	540,328	-	540,328	-	648,988	-	648,988
Money market securities	279,769	-	-	279,769	389,002	-	-	389,002
Total	279,769	540,328	-	820,097	389,002	648,988	-	1,037,990
Financial liabilities at fair value through profit or loss								
Derivatives	6	-	-	6	-	-	-	-
Total	6	-	-	6	-	-	-	-

	Vanguard Australian Corporate Fixed Interest 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	-	-	-	-	3	-	-	3
Fixed interest securities	-	493,584	-	493,584	-	279,139	-	279,139
Total	-	493,584	-	493,584	3	279,139	-	279,142
Financial liabilities at fair value through profit or loss								
Derivatives	-	-	-	-	2	-	-	2
Total	-	-	-	-	2	-	-	2

Notes to the financial statements (continued)

For the year ended 30 June 2019

4 Fair value measurement (continued)

Recognised fair value measurements (continued)

Vanguard Australian Fixed Interest 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	-	-	-	-	106	-	-	106
Fixed interest securities	-	6,945,705	-	6,945,705	-	5,651,910	-	5,651,910
Total	-	6,945,705	-	6,945,705	106	5,651,910	-	5,652,016
Financial liabilities at fair value through profit or loss								
Derivatives	-	-	-	-	51	-	-	51
Total	-	-	-	-	51	-	-	51

Vanguard Australian Government Bond 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	1	-	-	1	-	-	-	-
Fixed interest securities	-	814,498	-	814,498	-	438,891	-	438,891
Total	1	814,498	-	814,499	-	438,891	-	438,891

Vanguard Ethically Conscious Global Aggregate Bond 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	94	12,289	-	12,383	-	-	-	-
Fixed interest securities	-	442,827	-	442,827	-	-	-	-
Total	94	455,116	-	455,210	-	-	-	-
Financial liabilities at fair value through profit or loss								
Derivatives	13	3,634	-	3,647	-	-	-	-
Total	13	3,634	-	3,647	-	-	-	-

Vanguard Global Aggregate Bond 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	652	48,217	-	48,869	31	15,764	-	15,795
Fixed interest securities	-	4,168,876	-	4,168,876	-	3,088,606	-	3,088,606
Money market securities	-	4,961	-	4,961	-	-	-	-
Total	652	4,222,054	-	4,222,706	31	3,104,370	-	3,104,401
Financial liabilities at fair value through profit or loss								
Derivatives	44	34,147	-	34,191	10	56,141	-	56,151
Total	44	34,147	-	34,191	10	56,141	-	56,151

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 Credit 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	3	9,891	-	9,894	11	2,187	-	2,198
Fixed interest securities	-	864,756	-	864,756	-	754,544	-	754,544
Money market securities	-	343	-	343	-	324	-	324
Total	3	874,990	-	874,993	11	757,055	-	757,066
Financial liabilities at fair value through profit or loss								
Derivatives	38	6,987	-	7,025	51	18,361	-	18,412
Total	38	6,987	-	7,025	51	18,361	-	18,412

	Vanguard International Fixed Interest 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	11	19,296	-	19,307	19	13,123	-	13,142
Fixed interest securities	-	2,128,632	-	2,128,632	-	1,766,749	-	1,766,749
Money market securities	-	4,595	-	4,595	-	-	-	-
Total	11	2,152,523	-	2,152,534	19	1,779,872	-	1,779,891
Financial liabilities at fair value through profit or loss								
Derivatives	1	16,256	-	16,257	23	33,073	-	33,096
Total	1	16,256	-	16,257	23	33,073	-	33,096

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.

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

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

	Vanguard Australian Inflation-Linked Bond Index Fund		Vanguard Cash Plus Fund		Vanguard Cash Reserve Fund		Vanguard Australian Corporate Fixed Interest 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
Net unrealised gain/(loss) on financial instruments at fair value through profit or loss	38,018	4,325	4,691	(2,503)	1,610	(356)	18,561	1,295
Net realised gain/(loss) on financial instruments at fair value through profit or loss	8,171	7,391	31,287	29,529	27,396	26,306	12,055	5,431
Total net gains/(losses) on financial instruments at fair value through profit or loss	46,189	11,716	35,978	27,026	29,006	25,950	30,616	6,726

	Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund		Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)			
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Net unrealised gain/(loss) on financial instruments at fair value through profit or loss			363,143	(31,698)	43,281	(1,149)	39,823	-
Net realised gain/(loss) on financial instruments at fair value through profit or loss			206,743	203,523	15,402	14,801	838	-
Total net gains/(losses) on financial instruments at fair value through profit or loss			569,886	171,825	58,683	13,652	40,661	-

	Vanguard Global Aggregate Bond Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest Index Fund (Hedged)	
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net unrealised gain/(loss) on financial instruments at fair value through profit or loss	324,865	70,400	73,624	(80,251)	141,302	(113,622)
Net realised gain/(loss) on financial instruments at fair value through profit or loss	(55,135)	(31,643)	(9,001)	92,157	(14,123)	154,866
Total net gains/(losses) on financial instruments at fair value through profit or loss	269,730	38,757	64,623	11,906	127,179	41,244

Notes to the financial statements (continued)

For the year ended 30 June 2019

6 Financial assets at fair value through profit or loss

	Vanguard Australian Inflation-Linked Bond Index Fund		Vanguard Cash Plus Fund		Vanguard Cash Reserve Fund		Vanguard Australian Corporate Fixed Interest 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 assets at fair value through profit or loss								
Derivatives	-	-	14	-	-	-	-	3
Fixed interest securities	622,254	314,888	875,194	844,967	540,328	648,988	493,584	279,139
Money market securities	-	-	386,162	481,403	279,769	389,002	-	-
Total financial assets at fair value through profit or loss	622,254	314,888	1,261,370	1,326,370	820,097	1,037,990	493,584	279,142
Comprising:								
Derivatives								
Australian interest rate futures	-	-	-	-	-	-	-	3
Australian money market futures	-	-	14	-	-	-	-	-
Total derivatives	-	-	14	-	-	-	-	3
Fixed interest securities								
Australian fixed interest securities	622,254	314,888	866,393	844,967	418,135	431,299	493,584	279,139
Australian reverse repurchase agreements*	-	-	8,801	-	122,193	217,689	-	-
Total fixed interest securities	622,254	314,888	875,194	844,967	540,328	648,988	493,584	279,139
Money market securities								
Australian money market securities	-	-	386,162	481,403	279,769	389,002	-	-
Total money market securities	-	-	386,162	481,403	279,769	389,002	-	-
Total financial assets at fair value through profit or loss	622,254	314,888	1,261,370	1,326,370	820,097	1,037,990	493,584	279,142

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 Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund		Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)	
	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
Financial assets at fair value through profit or loss						
Derivatives	-	106	1	-	12,383	-
Fixed interest securities	6,945,705	5,651,910	814,498	438,891	442,827	-
Total financial assets at fair value through profit or loss	6,945,705	5,652,016	814,499	438,891	455,210	-
Comprising:						
Derivatives						
Foreign currency forward contracts	-	-	-	-	12,289	-
Australian interest rate futures	-	106	1	-	14	-
International interest rate futures	-	-	-	-	80	-
Total derivatives	-	106	1	-	12,383	-
Fixed interest securities						
Australian fixed interest securities	6,902,701	5,651,910	814,498	438,891	5,550	-
International fixed interest securities	-	-	-	-	431,577	-
Australian reverse repurchase agreements*	43,004	-	-	-	5,700	-
Total fixed interest securities	6,945,705	5,651,910	814,498	438,891	442,827	-
Total financial assets at fair value through profit or loss	6,945,705	5,652,016	814,499	438,891	455,210	-

*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 Global Aggregate Bond Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest Index Fund (Hedged)	
	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
Financial assets at fair value through profit loss						
Derivatives	48,869	15,795	9,894	2,198	19,307	13,142
Fixed interest securities	4,168,876	3,088,606	864,756	754,544	2,128,632	1,766,749
Money market securities	4,961	-	343	324	4,595	-
Total financial assets at fair value through profit or loss	4,222,706	3,104,401	874,993	757,066	2,152,534	1,779,891
Comprising:						
Derivatives						
Foreign currency forward contracts	48,217	15,764	9,891	2,187	19,296	13,123
Australian interest rate futures	-	-	-	1	4	-
International interest rate futures	652	31	3	10	7	19
Total derivatives	48,869	15,795	9,894	2,198	19,307	13,142
Fixed interest securities						
Australian fixed interest securities	60,059	51,567	17,479	15,904	23,927	22,146
International fixed interest securities	4,029,209	2,913,927	847,277	738,640	2,096,906	1,744,601
Australian reverse repurchase agreements*	79,608	123,112	-	-	7,799	2
Total fixed interest securities	4,168,876	3,088,606	864,756	754,544	2,128,632	1,766,749
Money market securities						
International money market securities	4,961	-	343	324	4,595	-
Total money market securities	4,961	-	343	324	4,595	-
Total financial assets at fair value through profit or loss	4,222,706	3,104,401	874,993	757,066	2,152,534	1,779,891

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

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

7 Financial liabilities at fair value through profit or loss

	Vanguard Cash Plus Fund		Vanguard Cash Reserve Fund		Vanguard Australian Corporate Fixed Interest Index Fund		Vanguard Australian Fixed Interest 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	-	5	6	-	-	2	-	51
Total financial liabilities at fair value through profit or loss	-	5	6	-	-	2	-	51
Comprising:								
Derivatives								
Australian fixed interest futures	-	-	-	-	-	2	-	51
Australian money market futures	-	5	6	-	-	-	-	-
Total derivatives	-	5	6	-	-	2	-	51
Total financial liabilities at fair value through profit or loss	-	5	6	-	-	2	-	51

Notes to the financial statements (continued)

For the year ended 30 June 2019

7 Financial liabilities at fair value through profit or loss (continued)

	Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)		Vanguard Global Aggregate Bond Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest 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	3,647	-	34,191	56,151	7,025	18,412	16,257	33,096
Total financial liabilities at fair value through profit or loss	3,647	-	34,191	56,151	7,025	18,412	16,257	33,096
Comprising:								
Derivatives								
Foreign currency forward contracts	3,634	-	34,147	56,141	6,987	18,361	16,256	33,073
Australian interest rate futures	-	-	-	-	-	2	-	-
International interest rate futures	13	-	44	10	38	49	1	23
Total derivatives	3,647	-	34,191	56,151	7,025	18,412	16,257	33,096
Total financial liabilities at fair value through profit or loss	3,647	-	34,191	56,151	7,025	18,412	16,257	33,096

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

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.

Notes to the financial statements (continued)

For the year ended 30 June 2019

8 Derivative financial instruments (continued)

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

	Vanguard Cash Plus Fund					
	2019			2018		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Futures in respect of money market securities	139,449	14	-	97,020	-	5
Total	139,449	14	-	97,020	-	5

	Vanguard Cash Reserve Fund					
	2019			2018		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Futures in respect of money market securities	57,362	-	6	76,440	-	-
Total	57,362	-	6	76,440	-	-

	Vanguard Australian Corporate Fixed Interest Index Fund					
	2019			2018		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Australian fixed interest futures	-	-	-	(297)	3	2
Total	-	-	-	(297)	3	2

	Vanguard Australian Fixed Interest Index Fund					
	2019			2018		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Australian fixed interest futures	-	-	-	(9,450)	106	51
Total	-	-	-	(9,450)	106	51

	Vanguard Australian Government Bond Index Fund					
	2019			2018		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Australian fixed interest futures	(793)	1	-	-	-	-
Total	(793)	1	-	-	-	-

	Vanguard Ethically Conscious Global Aggregate Bond 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	2,722,030	12,289	3,634	-	-	-
Australian fixed interest futures	2,474	14	-	-	-	-
International fixed interest futures	18,345	80	13	-	-	-
Total	2,742,849	12,383	3,647	-	-	-

Notes to the financial statements (continued)

For the year ended 30 June 2019

8 Derivative financial instruments (continued)

	Vanguard Global Aggregate Bond 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	13,292,102	48,217	34,147	9,341,956	15,764	56,141
International fixed interest futures	64,944	652	44	(3,948)	31	10
Total	13,357,046	48,869	34,191	9,338,008	15,795	56,151

	Vanguard International Credit 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	3,667,202	9,891	6,987	3,348,093	2,187	18,361
Australian fixed interest futures	-	-	-	295	1	2
International fixed interest futures	(664)	3	38	2,198	10	49
Total	3,666,538	9,894	7,025	3,350,586	2,198	18,412

	Vanguard International Fixed Interest 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	6,788,714	19,296	16,256	5,854,071	13,123	33,073
Australian fixed interest futures	1,883	4	-	-	-	-
International fixed interest futures	12,259	7	1	3,677	19	23
Total	6,802,856	19,307	16,257	5,857,748	13,142	33,096

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 Australian Inflation-Linked Bond Index Fund, Vanguard Cash Plus Fund and Vanguard Cash Reserve Fund 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, 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.

Notes to the financial statements (continued)

For the year ended 30 June 2019

9 Net assets attributable to unitholders (continued)

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

	Vanguard Australian Inflation-Linked Bond Index Fund				Vanguard Cash Plus 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
	No. '000	No. '000	\$'000	\$'000	No. '000	No. '000	\$'000	\$'000
Balance as at 1 July	279,519	249,196	314,169	273,750	1,303,194	1,188,076	1,326,524	1,211,576
Applications	252,671	31,288	288,336	34,546	291,403	490,184	297,494	500,403
Redemptions	(21,839)	(4,221)	(24,807)	(4,687)	(383,142)	(393,569)	(390,868)	(401,790)
Units issued upon reinvestment of distributions	4,802	3,256	5,484	3,594	22,912	18,503	23,348	18,858
Distributions paid and payable	-	-	(7,060)	(3,865)	-	-	(28,309)	(25,771)
Profit/(loss) for the year	-	-	44,912	10,831	-	-	32,269	23,248
Closing balance as at 30 June	515,153	279,519	621,034	314,169	1,234,367	1,303,194	1,260,458	1,326,524

	Vanguard Cash Reserve Fund			
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	No. '000	No. '000	\$'000	\$'000
Balance as at 1 July	1,384,305	1,420,994	1,390,641	1,427,072
Applications	576,565	112,725	579,633	113,264
Redemptions	(681,510)	(170,615)	(685,346)	(171,498)
Units issued upon reinvestment of distributions	21,988	21,201	22,091	21,290
Distributions paid and payable	-	-	(27,190)	(23,345)
Profit/(loss) for the year	-	-	26,948	23,858
Closing balance as at 30 June	1,301,348	1,384,305	1,306,777	1,390,641

	Vanguard Australian Corporate Fixed Interest Index 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 2019	30 Jun 2018
No. '000	No. '000	\$'000	\$'000	No. '000	No. '000	\$'000	\$'000	
Balance as at 1 July	148,173	61,950	153,555	63,324	2,501	750	125,364	37,346
Applications	94,453	110,490	99,707	114,702	2,485	1,750	127,546	87,676
Redemptions	(30,054)	(24,451)	(31,568)	(25,277)	-	-	-	-
Units issued upon reinvestment of distributions	180	184	189	191	3	1	134	51
Increase/(decrease) in net assets attributable to unitholders	-	-	9,408	615	-	-	9,459	291
Closing balance as at 30 June	212,752	148,173	231,291	153,555	4,989	2,501	262,503	125,364

	Vanguard Australian Fixed Interest Index 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 2019	30 Jun 2018
No. '000	No. '000	\$'000	\$'000	No. '000	No. '000	\$'000	\$'000	
Balance as at 1 July	4,408,689	4,359,546	4,928,118	4,874,234	14,414	13,192	699,451	641,795
Applications	1,274,895	1,018,799	1,465,491	1,140,965	5,195	1,350	261,182	65,614
Redemptions	(821,807)	(1,038,617)	(938,305)	(1,163,494)	-	(150)	-	(7,237)
Units issued upon reinvestment of distributions	69,622	68,961	78,995	77,012	25	22	1,212	1,061
Increase/(decrease) in net assets attributable to unitholders	-	-	338,728	(599)	-	-	53,478	(1,782)
Closing balance as at 30 June	4,931,399	4,408,689	5,873,027	4,928,118	19,634	14,414	1,015,323	699,451

Notes to the financial statements (continued)

For the year ended 30 June 2019

9 Net assets attributable to unitholders (continued)

	Vanguard Australian Government Bond Index Fund							
	Wholesale Class				ETF Class			
	30 Jun 2019 No. '000	30 Jun 2018 No. '000	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 No. '000	30 Jun 2018 No. '000	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Balance as at 1 July	291,928	344,288	302,686	356,946	2,788	2,680	136,300	131,343
Applications	204,978	34,569	220,624	35,723	2,950	240	150,959	11,733
Redemptions	(30,205)	(88,001)	(31,836)	(91,054)	(160)	(140)	(8,278)	(6,877)
Units issued upon reinvestment of distributions	892	1,072	941	1,110	7	8	347	382
Increase/(decrease) in net assets attributable to unitholders	-	-	30,321	(39)	-	-	15,133	(281)
Closing balance as at 30 June	467,593	291,928	522,736	302,686	5,585	2,788	294,461	136,300

	Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)											
	ETF Class			AUD Hedged Class				NZD Hedged Class				
	30 Jun 2019 No. '000	30 Jun 2018 No. '000	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 No. '000	30 Jun 2018 No. '000	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 No. '000	30 Jun 2018 No. '000	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Balance as at 1 July												
Applications	80	-	4,115	-	13,891	-	14,623	-	443,154	-	409,879	-
Redemptions	-	-	-	-	(24)	-	(25)	-	(5,796)	-	(5,551)	-
Units issued upon reinvestment of distributions	-	-	-	-	-	-	-	-	11,238	-	10,733	-
Increase/(decrease) in net assets attributable to unitholders	-	-	100	-	-	-	120	-	-	-	24,103	-
	80	-	4,215	-	13,867	-	14,718	-	448,596	-	439,164	-

	Vanguard Global Aggregate Bond Index Fund (Hedged)							
	Wholesale Class				ETF Class			
	30 Jun 2019 No. '000	30 Jun 2018 No. '000	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 No. '000	30 Jun 2018 No. '000	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Balance as at 1 July								
Applications			1,072,685	3,032,838	1,090,814	3,037,895	1,060	345
Redemptions			(178,843)	(123,608)	(180,916)	(123,827)	-	-
Units issued upon reinvestment of distributions			52,470	38,552	52,929	38,653	1	-
Increase/(decrease) in net assets attributable to unitholders			-	-	191,726	(12,809)	-	-
Closing balance as at 30 June			3,894,094	2,947,782	4,094,465	2,939,912	1,406	345

	Vanguard International Credit Securities Index Fund (Hedged)							
	Wholesale Class				ETF Class			
	30 Jun 2019 No. '000	30 Jun 2018 No. '000	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 No. '000	30 Jun 2018 No. '000	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Balance as at 1 July	581,377	1,195,748	657,101	1,406,816	2,091	2,051	97,343	102,142
Applications	154,106	125,901	176,780	147,503	880	635	42,404	31,110
Redemptions	(121,382)	(769,012)	(138,368)	(906,385)	(445)	(600)	(20,664)	(28,794)
Units issued upon reinvestment of distributions	9,025	28,740	10,265	33,818	3	5	145	258
Increase/(decrease) in net assets attributable to unitholders	-	-	38,585	(24,651)	-	-	5,462	(7,373)
Closing balance as at 30 June	623,126	581,377	744,363	657,101	2,529	2,091	124,690	97,343

Notes to the financial statements (continued)

For the year ended 30 June 2019

9 Net assets attributable to unitholders (continued)

	Vanguard International Fixed Interest Index Fund (Hedged)							
	Wholesale Class				ETF Class			
	30 Jun 2019 No. '000	30 Jun 2018 No. '000	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 No. '000	30 Jun 2018 No. '000	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Balance as at 1 July	1,359,245	2,487,418	1,601,865	2,961,899	4,058	2,098	194,102	103,393
Applications	479,070	331,081	572,408	392,754	2,715	2,125	131,819	102,876
Redemptions	(364,799)	(1,499,530)	(431,251)	(1,783,148)	(350)	(170)	(17,009)	(8,174)
Units issued upon reinvestment of distributions	15,740	40,276	18,551	47,804	4	5	195	250
Increase/(decrease) in net assets attributable to unitholders	-	-	67,034	(17,444)	-	-	11,460	(4,243)
Closing balance as at 30 June	1,489,256	1,359,245	1,828,607	1,601,865	6,427	4,058	320,567	194,102

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 Australian Inflation-Linked Bond Index Fund, Vanguard Cash Plus Fund and Vanguard Cash Reserve Fund 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 Australian Inflation-Linked Bond Index Fund				Vanguard Cash Plus Fund				Vanguard Cash Reserve Fund			
	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												
- 31 July	-	-	-	-	1,994	0.1523	2,110	0.2034	2,302	0.1673	2,030	0.1448
- 31 August	-	-	-	-	2,376	0.1801	2,158	0.1672	2,252	0.1645	2,041	0.1458
- 30 September	615	0.2138	750	0.2775	2,372	0.1790	2,235	0.1723	2,340	0.1467	1,528	0.1093
- 31 October	-	-	-	-	2,516	0.1921	1,810	0.1392	2,757	0.1734	2,409	0.1726
- 30 November	-	-	-	-	2,360	0.1913	2,539	0.1946	2,075	0.1617	1,651	0.1178
- 31 December	2,091	0.4581	1,139	0.4146	2,274	0.1894	1,263	0.0965	2,316	0.1787	2,167	0.1536
- 31 January	-	-	-	-	2,291	0.1856	3,435	0.2621	2,017	0.1523	1,735	0.1215
- 28 February	-	-	-	-	2,105	0.1785	630	0.0479	1,982	0.1455	2,161	0.1515
- 31 March	2,349	0.4640	1,061	0.3834	2,481	0.1991	3,946	0.2986	2,292	0.1678	1,703	0.1194
- 30 April	-	-	-	-	2,539	0.2047	1,576	0.1199	2,169	0.1561	2,620	0.1837
- 31 May	-	-	-	-	2,086	0.1716	2,202	0.1685	2,129	0.1561	1,612	0.1139
Distributions payable												
- 30 June	2,005	0.3892	915	0.3275	2,915	0.2362	1,867	0.1433	2,559	0.1967	1,688	0.1219
	7,060	1.5251	3,865	1.4030	28,309	2.2599	25,771	2.0135	27,190	1.9668	23,345	1.6558

Notes to the financial statements (continued)

For the year ended 30 June 2019

10 Distributions to unitholders paid and payable (continued)

	Vanguard Australian Corporate Fixed Interest Index Fund							
	Wholesale Class				ETF Class			
	30 Jun 2019		30 Jun 2018		30 Jun 2019		30 Jun 2018	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 30 September	1,020	0.5250	477	0.5262	800	26.7775	313	25.3446
- 31 December	1,534	0.8116	722	0.6912	1,198	35.8274	549	33.0864
- 31 March	1,525	0.7894	899	0.6848	1,437	37.4629	627	31.7286
Distributions payable								
- 30 June	1,598	0.7512	1,036	0.6995	1,801	35.9860	843	33.6017
	5,677	2.8772	3,134	2.6017	5,236	136.0538	2,332	123.7613

	Vanguard Australian Fixed Interest Index Fund							
	Wholesale Class				ETF Class			
	30 Jun 2019		30 Jun 2018		30 Jun 2019		30 Jun 2018	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 30 September	27,891	0.6088	28,081	0.6515	3,841	26.4332	4,001	28.9810
- 31 December	37,761	0.8195	41,737	0.9607	5,574	35.8983	5,913	42.5302
- 31 March	40,289	0.8674	34,337	0.7754	6,613	38.2979	4,907	34.1368
Distributions payable								
- 30 June	35,558	0.7211	37,098	0.8415	6,149	30.9830	5,299	36.4532
	141,499	3.0168	141,253	3.2291	22,177	131.6124	20,120	142.1012

	Vanguard Australian Government Bond Index Fund							
	Wholesale Class				ETF Class			
	30 Jun 2019		30 Jun 2018		30 Jun 2019		30 Jun 2018	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 30 September	1,407	0.4911	1,763	0.5206	705	24.0830	705	25.7579
- 31 December	1,777	0.6020	2,468	0.7344	968	29.1369	973	35.4627
- 31 March	2,107	0.5015	2,910	0.9945	998	24.5351	1,337	48.0387
Distributions payable								
- 30 June	2,482	0.5308	1,747	0.5984	1,449	25.6341	849	29.9973
	7,773	2.1254	8,888	2.8479	4,120	103.3891	3,864	139.2566

	Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)											
	ETF 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	-	-	-	-	-	-	-	-	314	0.1153	-	-
- 31 December	6	31.4635	-	-	-	-	-	-	5,555	1.9454	-	-
- 31 March	-	-	-	-	-	-	-	-	6,633	1.6095	-	-
Distributions payable												
- 30 June	35	44.2756	-	-	155	1.1183	-	-	2,898	0.6459	-	-
	41	75.7391	-	-	155	1.1183	-	-	15,400	4.3161	-	-

Notes to the financial statements (continued)

For the year ended 30 June 2019

10 Distributions to unitholders paid and payable (continued)

	Vanguard Global Aggregate Bond Index Fund (Hedged)							
	Wholesale Class				ETF Class			
	30 Jun 2019		30 Jun 2018		30 Jun 2019		30 Jun 2018	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 30 September	11,624	0.3565	16,215	0.7202	98	17.1677	-	-
- 31 December	17,253	0.5285	9,654	0.3662	251	30.7819	17	18.5328
- 31 March	17,094	0.4811	12,790	0.4612	323	30.2759	27	17.1956
Distributions payable								
- 30 June	20,301	0.5213	6,999	0.2374	470	33.2839	37	10.6594
	66,272	1.8874	45,658	1.7850	1,142	111.5094	81	46.3878

	Vanguard International Credit Securities Index Fund (Hedged)							
	Wholesale Class				ETF Class			
	30 Jun 2019		30 Jun 2018		30 Jun 2019		30 Jun 2018	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 30 September	2,777	0.5296	13,279	2.2337	460	21.6145	3,320	130.6183
- 31 December	4,453	0.7588	5,274	0.9341	390	21.8752	890	39.5875
- 31 March	4,065	0.6859	4,231	0.7609	535	29.6944	768	31.6905
Distributions payable								
- 30 June	4,848	0.7779	11,944	2.0544	802	31.5772	1,793	85.5341
	16,143	2.7522	34,728	5.9831	2,187	104.7613	6,771	287.4304

	Vanguard International Fixed Interest Index Fund (Hedged)							
	Wholesale Class				ETF Class			
	30 Jun 2019		30 Jun 2018		30 Jun 2019		30 Jun 2018	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 30 September	4,670	0.3868	27,413	1.9976	700	15.4532	3,470	110.9713
- 31 December	22,323	1.7712	8,464	0.6450	3,537	72.0444	809	25.3602
- 31 March	3,811	0.2674	6,784	0.5230	483	9.0269	758	21.5961
Distributions payable								
- 30 June	7,634	0.5126	9,383	0.6903	1,393	21.5507	1,317	32.3337
	38,438	2.9380	52,044	3.8559	6,113	118.0752	6,354	190.2613

11 Cash and cash equivalents

	Vanguard Australian Inflation-Linked Bond Index Fund		Vanguard Cash Plus Fund		Vanguard Cash Reserve Fund		Vanguard Australian Corporate Fixed Interest 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
Domestic cash at bank	178	155	1,409	2,263	488,064	355,702	1,108	1,977
Total cash and cash equivalents	178	155	1,409	2,263	488,064	355,702	1,108	1,977

Notes to the financial statements (continued)

For the year ended 30 June 2019

11 Cash and cash equivalents (continued)

	Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund		Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)	
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Domestic cash at bank	43,801	2,525	7,696	(250)	4,172	-
Foreign cash at bank	-	-	-	-	11,702	-
Total cash and cash equivalents	43,801	2,525	7,696	(250)	15,874	-

	Vanguard Global Aggregate Bond Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest Index Fund (Hedged)	
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Domestic cash at bank	655	(11,114)	1,044	2,497	5,292	(6)
Foreign cash at bank	41,356	59,591	10,108	18,541	10,992	4,972
Total cash and cash equivalents	42,011	48,477	11,152	21,038	16,284	4,966

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

	Vanguard Australian Inflation-Linked Bond Index Fund		Vanguard Cash Plus Fund		Vanguard Cash Reserve Fund		Vanguard Australian Corporate Fixed Interest 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
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities								
Profit/(loss) for the year	44,912	10,831	32,269	23,248	26,948	23,858	-	-
Increase/(decrease) in net assets attributable to unitholders	-	-	-	-	-	-	18,867	906
Distribution to unitholders	-	-	-	-	-	-	10,913	5,466
Proceeds from sale of financial instruments at fair value through profit or loss	79,432	53,958	2,579,284	2,847,248	4,274,531	4,088,989	98,245	58,351
Purchases of financial instruments at fair value through profit or loss	(341,136)	(82,451)	(2,478,212)	(2,934,394)	(4,030,131)	(4,227,271)	(281,682)	(231,994)
Net (gains)/losses on financial instruments at fair value through profit or loss	(46,189)	(11,716)	(35,978)	(27,026)	(29,006)	(25,950)	(30,616)	(6,726)
Net change in receivables	(26)	10	4	51	2	402	(106)	(27)
Net change in payables	73	9	(19)	36	(6)	(13)	47	41
Non-cash items	-	-	-	-	-	-	-	-
Net cash inflow/(outflow) from operating activities	(262,934)	(29,359)	97,348	(90,837)	242,338	(139,985)	(184,332)	(173,983)
(b) Non-cash financing activities								
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	5,484	3,594	23,348	18,858	22,091	21,290	323	242

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 (continued)

	Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund		Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)	
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities						
Profit/(loss) for the year	-	-	-	-	-	-
Increase/(decrease) in net assets attributable to unitholders	392,206	(2,381)	45,454	(320)	24,323	-
Distribution to unitholders	163,676	161,373	11,893	12,752	15,596	-
Proceeds from sale of financial instruments at fair value through profit or loss	1,517,612	1,522,010	98,935	165,617	231,010	-
Purchases of financial instruments at fair value through profit or loss	(2,121,056)	(1,568,646)	(411,340)	(102,887)	(634,564)	-
Net (gains)/losses on financial instruments at fair value through profit or loss	(569,886)	(171,825)	(58,683)	(13,652)	(40,661)	-
Net change in receivables	147	37	(11)	3	(71)	-
Net change in payables	207	27	71	(14)	121	-
Non-cash items	-	-	-	-	-	-
Net cash inflow/(outflow) from operating activities	(617,094)	(59,405)	(313,681)	61,499	(404,246)	-
(b) Non-cash financing activities						
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	80,207	78,073	1,288	1,492	10,733	-

	Vanguard Global Aggregate Bond Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest Index Fund (Hedged)	
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities						
Profit/(loss) for the year	-	-	-	-	-	-
Increase/(decrease) in net assets attributable to unitholders	194,440	(12,839)	44,047	(32,024)	78,494	(21,687)
Distribution to unitholders	67,414	45,739	18,330	41,499	44,551	58,398
Proceeds from sale of financial instruments at fair value through profit or loss	2,988,086	3,372,943	416,476	1,191,030	695,990	1,922,251
Purchases of financial instruments at fair value through profit or loss	(3,921,155)	(6,289,519)	(466,701)	(407,956)	(843,539)	(604,868)
Net (gains)/losses on financial instruments at fair value through profit or loss	(269,730)	(38,757)	(64,623)	(11,906)	(127,179)	(41,244)
Net change in receivables	(693)	(550)	(38)	117	(201)	145
Net change in payables	218	588	(1,439)	1,264	(1,300)	987
Non-cash items	-	-	-	-	-	-
Net cash inflow/(outflow) from operating activities	(941,420)	(2,922,395)	(53,948)	782,024	(153,184)	1,313,982
(b) Non-cash financing activities						
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	52,960	38,653	10,410	34,076	18,746	48,054

^aCovers the period from 12 April 2017 to 30 June 2018.

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 Australian Inflation-Linked Bond Index Fund		Vanguard Cash Reserve Fund	
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	\$	\$	\$	\$
PricewaterhouseCoopers				
Audit and other assurance services				
Audit of financial statements	12,000	12,500	15,348	15,500
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	21,402	19,912	24,750	22,912
Taxation services				
Tax compliance services	9,865	9,597	9,865	9,597
Total remuneration for taxation services	9,865	9,597	9,865	9,597
Total remuneration of PricewaterhouseCoopers	31,267	29,509	34,615	32,509

	Vanguard Cash Plus Fund		Vanguard Australian Corporate Fixed Interest Index Fund		Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond 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
	\$	\$	\$	\$	\$	\$	\$	\$
PricewaterhouseCoopers								
Audit and other assurance services								
Audit and review of financial statements	17,251	18,000	18,500	18,500	21,000	21,000	21,000	21,000
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	7,412
Total remuneration for audit and other assurance services	26,653	25,412	27,902	25,912	30,402	28,412	30,402	28,412
Taxation services								
Tax compliance services	9,865	9,597	9,865	9,597	9,865	9,597	9,865	9,597
Total remuneration for taxation services	9,865	9,597	9,865	9,597	9,865	9,597	9,865	9,597
Total remuneration of PricewaterhouseCoopers	36,518	35,009	37,767	35,509	40,267	38,009	40,267	38,009

	Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)		Vanguard Global Aggregate Bond Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest 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
	\$	\$	\$	\$	\$	\$	\$	\$
PricewaterhouseCoopers								
Audit and other assurance services								
Audit and review of financial statements	28,500	500	29,000	29,000	26,000	26,000	30,000	30,000
Audit of compliance plan, specified assertions report and internal controls report	9,402	1,933	9,402	7,412	9,402	7,412	9,402	7,412
Total remuneration for audit and other assurance services	37,902	2,433	38,402	36,412	35,402	33,412	39,402	37,412
Taxation services								
Tax compliance services	17,865	-	9,865	9,597	9,865	9,597	9,865	9,597
Total remuneration for taxation services	17,865	-	9,865	9,597	9,865	9,597	9,865	9,597
Total remuneration of PricewaterhouseCoopers	55,767	2,433	48,267	46,009	45,267	43,009	49,267	47,009

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 Fixed Income Funds & 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 Australian Inflation-Linked Bond Index Fund	0.29	0.29
Vanguard Cash Plus Fund	0.29	0.29
Vanguard Cash Reserve Fund	0.15	0.15
Vanguard Australian Corporate Fixed Interest Index Fund - Wholesale Class	0.29	0.29
Vanguard Australian Corporate Fixed Interest Index Fund - ETF Class	0.26	0.26
Vanguard Australian Fixed Interest Index Fund - Wholesale Class	0.24	0.24
Vanguard Australian Fixed Interest Index Fund - ETF Class	0.20	0.20
Vanguard Australian Government Bond Index Fund - Wholesale Class	0.29	0.29
Vanguard Australian Government Bond Index Fund - ETF Class	0.20	0.20
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) - ETF Class	0.26	N/A
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) - AUD Hedged Class	0.28	N/A
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) - NZD Hedged Class	0.28	N/A
Vanguard Global Aggregate Bond Index Fund (Hedged) - Wholesale Class	0.24	0.24
Vanguard Global Aggregate Bond Index Fund (Hedged) - ETF Class	0.20	0.20
Vanguard International Credit Securities Index Fund (Hedged) - Wholesale Class	0.32	0.32
Vanguard International Credit Securities Index Fund (Hedged) - ETF Class	0.30	0.30
Vanguard International Fixed Interest Index Fund (Hedged) - Wholesale Class	0.26	0.26
Vanguard International Fixed Interest Index Fund (Hedged) - ETF Class	0.20	0.20

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 Australian Inflation-Linked Bond Index Fund		Vanguard Cash Plus Fund		Vanguard Cash Reserve Fund		Vanguard Australian Corporate Fixed Interest 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
Responsible Entity's fees for the year	1,312	878	3,730	3,825	2,109	2,131	1,049	539
Total fees payable to the Responsible Entity at year end	148	75	298	317	168	174	110	62

	Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund		Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)	
	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 for the year	14,291	13,117	1,425	1,241	843	-
Total fees payable to the Responsible Entity at year end	1,308	1,099	166	94	104	-

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 (continued)

	Vanguard Global Aggregate Bond Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest Index Fund (Hedged)	
	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 for the year	8,268	5,948	2,377	2,621	4,500	4,525
Total fees payable to the Responsible Entity at year end	806	588	225	205	428	372

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:

30 Jun 2019 Unitholder	Vanguard Cash Plus Fund						
	Number of units held opening	Number of units held closing	Fair value of investments	Interest held at year end	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund
	Units	Units	\$	%	Units	Units	\$
Vanguard Investor Cash Plus Fund	14,849,871	17,104,393	17,460,821	1.39	10,091,696	7,837,174	369,949
Vanguard LifeStrategy® Conservative Fund	3,984,383	4,266,293	4,355,196	0.35	1,424,646	1,142,736	93,456
Vanguard Conservative Index Fund	147,299,824	190,166,613	194,129,377	15.41	49,008,153	6,141,364	3,741,814

30 Jun 2018 Unitholder	Vanguard Cash Plus Fund						
	Number of units held opening	Number of units held closing	Fair value of investments	Interest held at year end	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund
	Units	Units	\$	%	Units	Units	\$
Vanguard Investor Cash Plus Fund	15,102,700	14,849,871	15,113,714	1.14	5,657,561	5,910,390	303,852
Vanguard LifeStrategy® Conservative Fund	3,826,486	3,984,383	4,055,175	0.31	233,975	76,078	80,076
Vanguard Conservative Index Fund	120,067,819	147,299,824	149,916,957	11.30	31,775,561	4,543,556	2,739,291

30 Jun 2019 Unitholder	Vanguard Australian Corporate Fixed Interest Index Fund						
	Number of units held opening	Number of units held closing	Fair value of investments	Interest held at year end	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund
	Units	Units	\$	%	Units	Units	\$
Vanguard Managed Payout Fund	515,186	900,543	978,609	0.42	455,935	70,578	21,901

30 Jun 2018 Unitholder	Vanguard Australian Corporate Fixed Interest Index Fund						
	Number of units held opening	Number of units held closing	Fair value of investments	Interest held at year end	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund
	Units	Units	\$	%	Units	Units	\$
Vanguard Managed Payout Fund	4,650,394	515,186	533,477	0.35	325,543	4,460,751	95,030

Notes to the financial statements (continued)

For the year ended 30 June 2019

14 Related party transactions (continued)

Related party unitholdings (continued)

		Vanguard Australian Fixed Interest Index Fund						
30 Jun 2019	Number of	Number of	Fair value of	Interest	Number	Number	Distributions	
Unitholder	units held	units held	investments	held at	of units	of units	paid/payable	
	opening	closing	\$	year end	acquired	disposed	by the Fund	
	Units	Units		%	Units	Units	\$	
Vanguard Index Diversified Bond Fund	16,709,632	16,909,652	20,142,599	0.34	3,235,351	3,035,331	509,079	
Vanguard LifeStrategy® Conservative Fund	6,436,644	6,772,127	8,066,887	0.14	911,613	576,130	200,962	
Vanguard LifeStrategy® Balanced Fund	15,235,243	16,780,947	19,989,286	0.34	3,275,044	1,729,340	497,859	
Vanguard LifeStrategy® Growth Fund	14,590,987	15,789,454	18,808,231	0.32	4,660,592	3,462,125	483,403	
Vanguard LifeStrategy® High Growth Fund	5,131,804	6,369,122	7,586,831	0.13	3,018,139	1,780,821	184,319	
Vanguard Conservative Index Fund	232,919,421	297,177,318	353,994,481	6.03	68,189,728	3,931,831	8,192,942	
Vanguard Balanced Index Fund	409,406,478	542,766,886	646,538,179	11.01	144,347,539	10,987,131	14,857,928	
Vanguard Growth Index Fund	255,875,866	363,797,437	433,351,663	7.38	111,484,385	3,562,814	9,858,006	
Vanguard High Growth Index Fund	44,513,863	65,304,094	77,789,546	1.32	25,900,544	5,110,313	1,837,035	
Vanguard Diversified Bond Index Fund	43,047,354	54,560,297	64,991,650	1.11	19,173,157	7,660,214	1,471,359	
Vanguard Managed Payout Fund	966,418	1,655,118	1,971,559	0.03	958,174	269,474	42,048	

		Vanguard Australian Fixed Interest Index Fund						
30 Jun 2018	Number of	Number of	Fair value of	Interest	Number	Number	Distributions	
Unitholder	units held	units held	investments	held at	of units	of units	paid/payable	
	opening	closing	\$	year end	acquired	disposed	by the Fund	
	Units	Units		%	Units	Units	\$	
Vanguard Index Diversified Bond Fund	25,931,130	16,709,632	18,669,426	0.38	2,581,289	11,802,787	572,386	
Vanguard LifeStrategy® Conservative Fund	8,343,747	6,436,644	7,191,568	0.15	1,501,147	3,408,250	209,389	
Vanguard LifeStrategy® Balanced Fund	18,184,876	15,235,243	17,022,114	0.35	3,994,969	6,944,602	490,067	
Vanguard LifeStrategy® Growth Fund	17,495,950	14,590,987	16,302,295	0.33	3,975,960	6,880,923	463,672	
Vanguard LifeStrategy® High Growth Fund	5,745,897	5,131,804	5,733,689	0.12	2,055,545	2,669,638	160,851	
Vanguard Conservative Index Fund	261,173,053	232,919,421	260,237,455	5.28	51,929,226	80,182,858	7,273,470	
Vanguard Balanced Index Fund	411,538,495	409,406,478	457,423,855	9.29	129,588,537	131,720,554	12,149,104	
Vanguard Growth Index Fund	235,360,354	255,875,866	285,886,354	5.80	103,819,781	83,304,269	7,609,645	
Vanguard High Growth Index Fund	39,084,498	44,513,863	49,734,686	1.01	33,320,625	27,891,260	1,375,355	
Vanguard Diversified Bond Index Fund	55,065,729	43,047,354	48,096,177	0.98	14,831,030	26,849,405	1,411,572	
Vanguard Managed Payout Fund	8,422,182	966,418	1,079,764	0.02	970,015	8,425,779	218,802	

		Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)						
30 Jun 2019	Number of	Number of	Fair value of	Interest	Number	Number	Distributions	
Unitholder	units held	units held	investments	held at	of units	of units	paid/payable	
	opening	closing	\$	year end	acquired	disposed	by the Fund	
	Units	Units		%	Units	Units	\$	
Vanguard Investments Australia Ltd	-	9,985	10,586	0.07	9,985	-	112	

Notes to the financial statements (continued)

For the year ended 30 June 2019

14 Related party transactions (continued)

Related party unitholdings (continued)

30 Jun 2019 Unitholder	Vanguard Global Aggregate Bond Index Fund (Hedged)						
	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 Index Diversified Bond Fund	44,183,055	44,847,460	47,116,148	1.15	4,433,412	3,769,007	840,512
Vanguard LifeStrategy® Conservative Fund	17,005,474	18,053,878	18,967,165	0.46	2,810,297	1,761,893	332,920
Vanguard LifeStrategy® Balanced Fund	40,329,314	44,453,998	46,702,782	1.14	7,972,856	3,848,172	818,227
Vanguard LifeStrategy® Growth Fund	38,938,565	44,421,217	46,668,343	1.14	10,641,188	5,158,536	805,619
Vanguard LifeStrategy® High Growth Fund	14,070,017	16,897,377	17,752,161	0.43	5,297,751	2,470,391	302,938
Vanguard Conservative Index Fund	623,265,500	778,596,370	817,983,047	19.99	167,263,349	11,932,479	13,484,008
Vanguard Balanced Index Fund	1,093,597,939	1,433,339,646	1,505,847,670	36.81	399,400,850	59,659,143	24,537,452
Vanguard Growth Index Fund	695,200,932	969,062,247	1,018,083,977	24.89	326,069,397	52,208,082	16,356,214
Vanguard High Growth Index Fund	134,231,088	178,517,283	187,547,896	4.58	76,428,068	32,141,873	2,922,486
Vanguard Diversified Bond Index Fund	113,571,011	143,528,708	150,789,362	3.69	34,122,075	4,164,378	2,436,718

30 Jun 2018 Unitholder	Vanguard Global Aggregate Bond Index Fund (Hedged)						
	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 Index Diversified Bond Fund	-	44,183,055	44,025,132	1.50	52,900,733	8,717,678	836,810
Vanguard LifeStrategy® Conservative Fund	-	17,005,474	16,944,692	0.58	20,030,291	3,024,817	303,478
Vanguard LifeStrategy® Balanced Fund	-	40,329,314	40,185,166	1.37	44,960,716	4,631,402	690,442
Vanguard LifeStrategy® Growth Fund	-	38,938,565	38,799,388	1.32	43,478,365	4,539,800	660,705
Vanguard LifeStrategy® High Growth Fund	-	14,070,017	14,019,727	0.48	19,018,442	4,948,425	231,900
Vanguard Conservative Index Fund	-	623,265,500	621,037,775	21.14	650,087,374	26,821,874	10,306,970
Vanguard Balanced Index Fund	-	1,093,597,939	1,089,689,114	37.10	1,110,744,444	17,146,505	16,969,989
Vanguard Growth Index Fund	-	695,200,932	692,716,090	23.58	725,002,851	29,801,918	10,463,277
Vanguard High Growth Index Fund	-	134,231,088	133,751,309	4.55	140,877,042	6,645,954	1,868,768
Vanguard Diversified Bond Index Fund	-	113,571,011	113,165,076	3.85	130,659,629	17,088,619	2,024,835

30 Jun 2019 Unitholder	Vanguard International Fixed Interest Index Fund (Hedged)						
	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	1,484,896	2,597,547	3,187,902	0.17	1,443,359	330,708	61,020

30 Jun 2018 Unitholder	Vanguard International Fixed Interest Index Fund (Hedged)						
	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	12,794,086	1,484,896	1,748,758	0.11	1,772,699	13,081,889	430,407

Notes to the financial statements (continued)

For the year ended 30 June 2019

14 Related party transactions (continued)

Investments

The Funds did not hold any investments in other schemes managed by the Responsible Entity or its related parties.

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.

15 Responsible Entity's fees

	Vanguard Australian Inflation-Linked Bond Index Fund		Vanguard Cash Plus Fund		Vanguard Cash Reserve Fund	
	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	1,312	878	3,730	3,825	2,109	2,131
Management costs per annum	0.29%	0.29%	0.29%	0.29%	0.15%	0.15%

	Vanguard Australian Corporate Fixed Interest Index Fund				Vanguard Australian Fixed Interest Index Fund				Vanguard Australian Government Bond Index Fund			
	Wholesale Class		ETF Class		Wholesale Class		ETF Class		Wholesale Class		ETF 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	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Responsible Entity's fees incurred by the Funds	579	325	470	214	12,692	11,751	1,599	1,366	1,062	968	363	273
Management costs per annum	0.29%	0.29%	0.26%	0.26%	0.24%	0.24%	0.20%	0.20%	0.29%	0.29%	0.20%	0.20%

	Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)						Vanguard Global Aggregate Bond Index Fund (Hedged)					
	ETF Class		AUD Hedged Class		NZD Hedged Class		Wholesale Class		ETF 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	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Responsible Entity's fees incurred by the Funds	3	-	5	-	835	-	8,183	5,937	85	11		
Management costs per annum	0.26%	-%	0.28%	-%	0.28%	-%	0.24%	0.24%	0.20%	0.20%		

	Vanguard International Credit Securities Index Fund (Hedged)				Vanguard International Fixed Interest Index Fund (Hedged)			
	Wholesale Class		ETF Class		Wholesale Class		ETF 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	2,090	2,291	287	330	4,054	4,213	446	312
Management costs per annum	0.32%	0.32%	0.30%	0.30%	0.26%	0.26%	0.20%	0.20%

Notes to the financial statements (continued)

For the year ended 30 June 2019

16 Interest income

The following table details the interest income earned by the Funds during the year:

	2019			2018		
	Average Balance \$'000	Interest \$'000	Average Rate %	Average Balance \$'000	Interest \$'000	Average Rate %
Vanguard Australian Inflation-Linked Bond Index Fund						
Fixed interest securities - domestic	462,585	8,763	1.89%	305,565	6,602	2.16%
Vanguard Cash Plus Fund						
Fixed interest securities - domestic	1,274,058	31,442	2.47%	1,304,755	33,732	2.59%
Vanguard Cash Reserve Fund						
Fixed interest securities - domestic	1,181,491	18,169	1.54%	1,220,241	19,278	1.58%
Vanguard Australian Corporate Fixed Interest Index Fund						
Fixed interest securities - domestic	387,188	14,077	3.64%	202,030	7,264	3.60%
Vanguard Australian Fixed Interest Index Fund						
Fixed interest securities - domestic	6,125,793	220,929	3.61%	5,585,114	214,456	3.84%
Vanguard Australian Government Bond Index Fund						
Fixed interest securities - domestic	563,530	19,277	3.42%	467,228	17,847	3.82%
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)						
Fixed interest securities - international	298,413	5,829	1.95%	-	-	-%
Vanguard Global Aggregate Bond Index Fund (Hedged)						
Fixed interest securities - international	3,453,539	79,804	2.31%	2,658,801	55,554	2.09%
Vanguard International Credit Securities Index Fund (Hedged)						
Fixed interest securities - international	746,793	21,752	2.91%	778,750	23,104	2.97%
Vanguard International Fixed Interest Index Fund (Hedged)						
Fixed interest securities - international	1,791,963	35,619	1.99%	1,737,049	35,744	2.06%

Interest revenue is recognised on an entitlements basis, and is shown in the income statement as part of net gains/losses on financial instruments designated at fair value. This is due to the discount securities and fixed interest securities being classified as financial instruments designated at fair value through profit or loss upon initial recognition, as detailed in note 2(b).

Interest revenue is net of withholding taxes of \$57,026 for Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged), \$615,853 for Vanguard Global Aggregate Bond Index Fund (Hedged), \$3,841 for Vanguard International Credit Securities Index Fund (Hedged) and \$233,657 for Vanguard International Fixed Interest Index Fund (Hedged).

17 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.

18 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 11 to 73 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 Australian Inflation-Linked Bond Index Fund
- Vanguard Cash Plus Fund
- Vanguard Cash Reserve Fund
- Vanguard Australian Corporate Fixed Interest Index Fund*
- Vanguard Australian Fixed Interest Index Fund*
- Vanguard Australian Government Bond Index Fund*
- Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)*
- Vanguard Global Aggregate Bond Index Fund (Hedged)*
- Vanguard International Credit Securities Index Fund (Hedged)*
- Vanguard International Fixed Interest Index Fund (Hedged)*

referred to collectively as Vanguard Wholesale Fixed Income Funds & ETFs.

* denotes listed Funds

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Vanguard Wholesale Fixed Income Funds & 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 its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the balance sheets as at 30 June 2019
- the statements of comprehensive income for the year then ended
- the statements of changes in equity for the year then ended
- the statements of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

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.

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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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

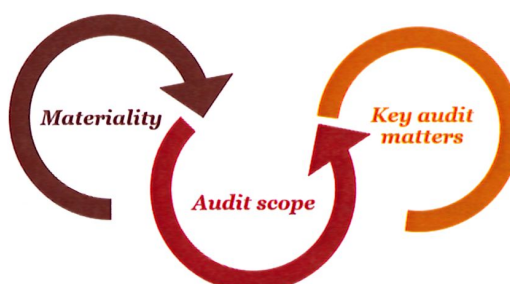
Independence

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 each of the following funds:
 - Vanguard Australian Inflation-Linked Bond Index Fund
 - Vanguard Cash Reserve Fund

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 it is 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 fixed interest securities, money market securities, 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 performance as the valuation of investments is the main driver of movements in the profit of the Funds.

To assess the design and operating effectiveness of the service 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.

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

- We obtained a confirmation from the counterparties for collateral held at year end and compared the confirmed balance to the accounting records.



Key audit matter

How our audit addressed the key audit matter

- 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, or obtained a confirmation from the counterparties for the loan amounts and compared the confirmed balance to the accounting records.

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 year 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 determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors 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 intends 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.

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A handwritten signature in blue ink, appearing to read 'Britt Hawkins', with a stylized flourish at the end.

Britt Hawkins
Partner

Melbourne
3 September 2019

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Responsible Entity

Vanguard Investments Australia Ltd
ABN 72 072 881 086
AFSL 227263

Level 34
Freshwater Place
2 Southbank Boulevard
Southbank Vic 3006

Telephone: (03) 8888 3888
Facsimile: 1300 765 712

vanguard.com.au



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