

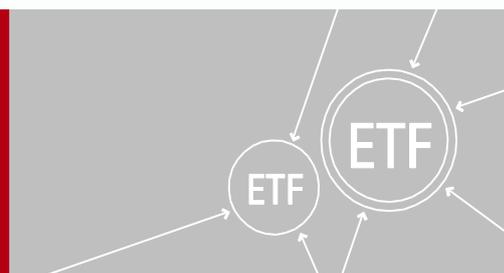
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Vanguard

Annual Report
for the Vanguard® Exchange Traded Funds

11 September 2020



Vanguard Investments Australia Ltd announces the following:

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 (Hedged) ETF	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

Vanguard has prepared an Annual Report for the year ended 30 June 2020, for the Vanguard Wholesale Fixed Income Funds and ETFs. The ETFs above are classes of units in the relevant funds. Units in the ETF class are those that are traded on the Australian Securities Exchange (ASX).

The Annual Report provides financial information for each fund and where indicated, provides specific information for the ETF class.

Further Information

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

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Vanguard Wholesale Fixed Income Funds and ETFs

2019
to
2020

Responsible Entity

Vanguard Investments Australia Ltd
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AFSL 227263

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Australia

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vanguard.com.au



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 \$8.8 trillion in assets under management as of 30 June 2020, including more than AUD \$1.8 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 and ETFs (the "Funds") for the year ended 30 June 2020 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 2020.

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 (with the exception of Vanguard Cash Plus Fund and Vanguard Cash Reserve Fund) seek to track the returns of the Funds' respective indices, before taking into account fees, expenses and tax. Vanguard Cash Plus Fund and Vanguard Cash Reserve Fund are actively managed and do not track or replicate the performance of the benchmark.

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

The Funds did not have any employees during the year.

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

Directors

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

J M Norris

C Lui

J Platt

F Kolimago

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 continues to be in accordance with the provisions of the Funds' Constitution.

Results

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

	Vanguard Australian Inflation-Linked Bond Index Fund		Vanguard Cash Plus Fund		Vanguard Cash Reserve Fund		Vanguard Australian Corporate Fixed Interest Index Fund	
	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
Operating profit/(loss) before finance costs attributable to unitholders (\$'000)	25,337	44,912	16,177	32,269	10,431	26,948	17,447	29,780
Distributions - Wholesale Class								
Distribution paid and payable (\$'000)	9,378	7,060	18,159	28,309	12,473	27,190	7,711	5,677
Distribution (cents per unit)	1.4508	1.5251	1.4379	2.2599	0.9394	1.9668	3.4890	2.8772
Distributions - ETF Class								
Distribution paid and payable (\$'000)	-	-	-	-	-	-	10,419	5,236
Distribution (cents per unit)	-	-	-	-	-	-	160.9930	136.0538

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 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
Operating profit/(loss) before finance costs attributable to unitholders (\$'000)	300,067	555,882	38,621	57,347	27,229	39,919
Distributions - Wholesale Class						
Distribution paid and payable (\$'000)	211,982	141,499	25,029	7,773	-	-
Distribution (cents per unit)	3.7613	3.0168	4.2952	2.1254	-	-
Distributions - ETF Class						
Distribution paid and payable (\$'000)	41,144	22,177	13,110	4,120	312	41
Distribution (cents per unit)	159.2064	131.6124	151.6262	103.3891	106.6562	75.7391
Distributions - AUD Hedged Class						
Distribution paid and payable (\$'000)	-	-	-	-	1,710	155
Distribution (cents per unit)	-	-	-	-	1.8488	1.1183
Distributions - NZD Hedged Class						
Distribution paid and payable (\$'000)	-	-	-	-	13,229	15,400
Distribution (cents per unit)	-	-	-	-	1.9132	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 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
Operating profit/(loss) before finance costs attributable to unitholders (\$'000)	246,285	261,854	37,172	62,377	117,397	123,045
Distributions - Wholesale Class						
Distribution paid and payable (\$'000)	108,672	66,272	16,790	16,143	93,757	38,438
Distribution (cents per unit)	2.3889	1.8874	2.7502	2.7522	5.9290	2.9380
Distributions - ETF Class						
Distribution paid and payable (\$'000)	2,876	1,142	4,183	2,187	17,237	6,113
Distribution (cents per unit)	106.2174	111.5094	118.1181	104.7613	182.2148	118.0752

Performance

The tables below detail the performance of the Funds as represented by the total return, net of fees, which is calculated as the aggregation of the percentage capital growth and percentage distribution of income. The total return is shown for the past five years to 30 June 2020 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.

	2020	2019	2018	2017	2016
	%	%	%	%	%
Vanguard Australian Inflation-Linked Bond Index Fund					
Capital growth	1.17	7.26	2.33	(1.10)	1.77
Distribution of income	1.21	1.42	1.30	1.19	2.15
Total return	2.38	8.68	3.63	0.09	3.92
Benchmark					
<i>Bloomberg AusBond Inflation Treasury 1+ Yr Index</i>	2.59	9.02	3.95	0.28	4.24

Directors' report (continued)

Review and results of operations (continued)

Performance (continued)

	2020 %	2019 %	2018 %	2017 %	2016 %
Vanguard Cash Plus Fund					
Capital growth	(0.12)	0.32	(0.19)	0.05	0.01
Distribution of income	1.41	2.25	1.98	2.12	2.32
Total return	1.29	2.57	1.79	2.17	2.33
Benchmark					
<i>Bloomberg AusBond Bank Bill Index</i>	0.85	1.97	1.78	1.82	2.24
Vanguard Cash Reserve Fund					
Capital growth	(0.14)	(0.04)	0.04	(0.03)	0.01
Distribution of income	0.94	1.97	1.66	1.83	2.12
Total return	0.80	1.93	1.70	1.80	2.13
Benchmark					
<i>Bloomberg AusBond Bank Bill Index</i>	0.85	1.97	1.78	1.82	2.24
Vanguard Australian Corporate Fixed Interest Index Fund					
Capital growth	(0.01)	4.89	1.11	(0.42)	1.77
Distribution of income	3.24	2.87	2.57	3.11	3.28
Total return	3.23	7.76	3.68	2.69	5.05
Benchmark					
<i>Bloomberg AusBond Credit 0+ Yr Index</i>	3.75	8.08	3.76	2.83	5.34
Vanguard Australian Fixed Interest Index Fund					
Capital growth	0.74	6.54	(0.05)	(2.88)	1.91
Distribution of income	3.19	2.82	2.92	2.96	4.87
Total return	3.93	9.36	2.87	0.08	6.78
Benchmark					
<i>Bloomberg AusBond Composite 0+ Yr Index</i>	4.18	9.57	3.09	0.25	7.02
Vanguard Australian Government Bond Index Fund					
Capital growth	0.26	7.83	(0.05)	(3.15)	4.84
Distribution of income	3.89	2.15	2.78	2.49	2.50
Total return	4.15	9.98	2.73	(0.66)	7.34
Benchmark					
<i>Bloomberg AusBond Govt 0+ Yr Index</i>	4.33	10.24	3.00	(0.41)	7.60

Directors' report (continued)

Review and results of operations (continued)

Performance (continued)

	2020 %	2019 %	2018 %	2017 %	2016 %
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) - ETF Class					
Capital growth	3.36	5.45	-	-	-
Distribution of income	2.05	1.55	-	-	-
Total return	5.41	7.00	-	-	-
Benchmark					
<i>Bloomberg Barclays MSCI Global Aggregate SRI Exclusions Float Adjusted hedged into AUD Index¹</i>	5.64	7.13	-	-	-
¹ Effective 22 July 2019, Bloomberg applied the float adjustment to its benchmark to bring the benchmark in line with the stated float adjusted index methodology.					
	2020 %	2019 %	2018 %	2017 %	2016 %
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) - AUD Hedged Class					
Capital growth	3.63	6.20	-	-	-
Distribution of income	1.76	1.12	-	-	-
Total return	5.39	7.32	-	-	-
Benchmark					
<i>Bloomberg Barclays MSCI Global Aggregate SRI Exclusions Float Adjusted hedged into AUD Index¹</i>	5.64	7.42	-	-	-
¹ Effective 22 July 2019, Bloomberg applied the float adjustment to its benchmark to bring the benchmark in line with the stated float adjusted index methodology.					
	2020 %	2019 %	2018 %	2017 %	2016 %
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) - NZD Hedged Class					
Capital growth	3.73	2.36	-	-	-
Distribution of income	2.01	4.68	-	-	-
Total return	5.74	7.04	-	-	-
Benchmark					
<i>Bloomberg Barclays MSCI Global Aggregate SRI Exclusions Float Adjusted hedged into NZD Index¹</i>	6.16	7.27	-	-	-
¹ Effective 22 July 2019, Bloomberg applied the float adjustment to its benchmark to bring the benchmark in line with the stated float adjusted index methodology.					
	2020 %	2019 %	2018 %	2017 %	2016 %
Vanguard Global Aggregate Bond Index Fund (Hedged)					
Capital growth	2.76	5.44	-	-	-
Distribution of income	2.31	1.96	-	-	-
Total return	5.07	7.40	-	-	-
Benchmark					
<i>Bloomberg Barclays Global Aggregate Float-Adjusted and Scaled Index hedged into AUD</i>	5.60	7.50	-	-	-
	2020 %	2019 %	2018 %	2017 %	2016 %
Vanguard International Credit Securities Index Fund (Hedged)					
Capital growth	2.43	5.67	(4.06)	(4.04)	3.50
Distribution of income	2.36	2.53	5.06	6.52	4.41
Total return	4.79	8.20	1.00	2.48	7.91
Benchmark					
<i>Bloomberg Barclays Global Aggregate Corporate and Government-Related Scaled Index hedged into AUD</i>	5.25	8.39	1.26	2.83	8.21

Directors' report (continued)

Review and results of operations (continued)

Performance (continued)

	2020 %	2019 %	2018 %	2017 %	2016 %
Vanguard International Fixed Interest Index Fund (Hedged)					
Capital growth	0.23	4.20	(1.08)	(7.92)	8.60
Distribution of income	4.85	2.59	3.27	6.63	1.86
Total return	5.08	6.79	2.19	(1.29)	10.46
Benchmark					
<i>Bloomberg Barclays Global Treasury Scaled Index hedged into AUD</i>	5.35	7.00	2.46	0.97	10.84

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	
	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$
Vanguard Australian Inflation-Linked Bond Index Fund	1.2224	1.2092	1.2691	1.2214	1.0854	1.1100
Vanguard Cash Plus Fund	1.0209	1.0232	1.0232	1.0237	1.0174	1.0179
Vanguard Cash Reserve Fund	1.0033	1.0061	1.0054	1.0065	1.0029	1.0045
Vanguard Australian Corporate Fixed Interest Index Fund - Wholesale Class	1.0975	1.0942	1.1135	1.0956	1.0619	1.0345
Vanguard Australian Corporate Fixed Interest Index Fund - ETF Class	53.4472	53.0367	53.9968	53.1064	52.3188	50.1283
Vanguard Australian Fixed Interest Index Fund - Wholesale Class	1.2142	1.1984	1.2312	1.2010	1.1801	1.1138
Vanguard Australian Fixed Interest Index Fund - ETF Class	52.8357	52.0477	53.5117	52.1446	51.4069	48.3736
Vanguard Australian Government Bond Index Fund - Wholesale Class	1.1359	1.1230	1.1548	1.1253	1.1034	1.0318
Vanguard Australian Government Bond Index Fund - ETF Class	54.0139	52.9964	54.7564	53.1049	52.3217	48.6806
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) - ETF Class	55.0204	53.1582	55.6171	53.1792	52.4903	49.5664
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) - AUD Hedged Class	1.1076	1.0714	1.1211	1.0718	1.0508	0.9985
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) - NZD Hedged Class*	1.0639	1.0285	1.0787	1.0290	1.0139	0.9895
Vanguard Global Aggregate Bond Index Fund (Hedged) - Wholesale Class	1.0882	1.0558	1.1069	1.0559	1.0320	0.9850
Vanguard Global Aggregate Bond Index Fund (Hedged) - ETF Class	54.3770	52.7225	55.2291	52.7276	51.8479	49.2758
Vanguard International Credit Securities Index Fund (Hedged) - Wholesale Class	1.2264	1.2012	1.2593	1.2012	1.1170	1.1212
Vanguard International Credit Securities Index Fund (Hedged) - ETF Class	50.9020	49.6655	52.0259	49.6655	46.6424	46.2715
Vanguard International Fixed Interest Index Fund (Hedged) - Wholesale Class	1.2782	1.2324	1.3007	1.2346	1.2255	1.1602
Vanguard International Fixed Interest Index Fund (Hedged) - ETF Class	51.9582	50.1098	52.8667	50.1574	49.7843	47.1237

*All unit prices are expressed in New Zealand dollars.

Significant changes in state of affairs

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

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

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2020 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.

Directors' report (continued)

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.

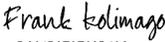
Rounding of amounts to the nearest thousand dollars

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.

DocuSigned by:

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F Kolimago
Managing Director
Melbourne
9 September 2020



Auditor's Independence Declaration

- 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 and ETFs.

As lead auditor for the audit of Vanguard Wholesale Fixed Income Funds and ETFs for the year ended 30 June 2020, 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 that reads 'Britt Hawkins'.

Britt Hawkins
Partner
PricewaterhouseCoopers

Melbourne
9 September 2020

Statements of comprehensive income

For the year ended 30 June 2020

	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 2020 \$'000	30 Jun 2019 \$'000	30 Jun 2020 \$'000	30 Jun 2019 \$'000	30 Jun 2020 \$'000	30 Jun 2019 \$'000	30 Jun 2020 \$'000	30 Jun 2019 \$'000
Investment income									
Interest income		8	22	12	26	28	64	14	30
Net gains/(losses) on financial instruments at fair value through profit or loss	5	27,471	46,189	19,917	35,978	12,464	29,006	18,292	30,616
Other operating income		-	14	-	2	-	5	792	195
Total net investment income/(loss)		27,479	46,225	19,929	36,006	12,492	29,075	19,098	30,841
Expenses									
Responsible Entity's fees	14	2,139	1,312	3,745	3,730	2,051	2,109	1,633	1,049
Custody fees		3	1	7	6	9	8	16	12
Other operating expenses		-	-	-	1	1	10	2	-
Total operating expenses		2,142	1,313	3,752	3,737	2,061	2,127	1,651	1,061
Operating profit/(loss)		25,337	44,912	16,177	32,269	10,431	26,948	17,447	29,780
Finance costs attributable to unitholders									
Distributions to unitholders	10	-	-	-	-	-	-	(18,130)	(10,913)
(Increase)/decrease in net assets attributable to unitholders	9	-	-	-	-	-	-	683	(18,867)
Profit/(loss) for the year		25,337	44,912	16,177	32,269	10,431	26,948	-	-
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income for the year		25,337	44,912	16,177	32,269	10,431	26,948	-	-

	Notes	Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund		Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)	
		30 Jun 2020 \$'000	30 Jun 2019 \$'000	30 Jun 2020 \$'000	30 Jun 2019 \$'000	30 Jun 2020 \$'000	30 Jun 2019 \$'000
Investment income							
Interest income		39	227	12	34	37	127
Net gains/(losses) on financial instruments at fair value through profit or loss	5	318,442	569,886	40,840	58,683	29,271	40,661
Other operating income		342	70	176	62	64	8
Total net investment income/(loss)		318,823	570,183	41,028	58,779	29,372	40,796
Expenses							
Responsible Entity's fees	14	18,693	14,291	2,387	1,425	2,067	843
Custody fees		23	8	17	7	76	34
Other operating expenses		40	2	3	-	-	-
Total operating expenses		18,756	14,301	2,407	1,432	2,143	877
Operating profit/(loss)		300,067	555,882	38,621	57,347	27,229	39,919
Finance costs attributable to unitholders							
Distributions to unitholders	10	(253,126)	(163,676)	(38,139)	(11,893)	(15,251)	(15,596)
(Increase)/decrease in net assets attributable to unitholders	9	(46,941)	(392,206)	(482)	(45,454)	(11,978)	(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 2020

	Notes	Vanguard Global Aggregate Bond Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest Index Fund (Hedged)	
		30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Investment income							
Interest income		-	224	-	18	-	227
Net gains/(losses) on financial instruments at fair value through profit or loss	5	259,386	269,730	39,776	64,623	123,260	127,179
Other operating income		286	241	398	165	256	224
Total net investment income/(loss)		259,672	270,195	40,174	64,806	123,516	127,630
Expenses							
Responsible Entity's fees	14	11,850	8,268	2,925	2,377	5,966	4,500
Custody fees		77	72	51	46	42	39
Transaction costs		1	-	-	-	-	14
Other operating expenses		1,459	1	26	6	111	32
Total operating expenses		13,387	8,341	3,002	2,429	6,119	4,585
Operating profit/(loss)		246,285	261,854	37,172	62,377	117,397	123,045
Finance costs attributable to unitholders							
Distributions to unitholders	10	(111,548)	(67,414)	(20,973)	(18,330)	(110,994)	(44,551)
(Increase)/decrease in net assets attributable to unitholders	9	(134,737)	(194,440)	(16,199)	(44,047)	(6,403)	(78,494)
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.

Balance sheets

As at 30 June 2020

	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 2020 \$'000	30 Jun 2019 \$'000	30 Jun 2020 \$'000	30 Jun 2019 \$'000	30 Jun 2020 \$'000	30 Jun 2019 \$'000	30 Jun 2020 \$'000	30 Jun 2019 \$'000
Assets									
Cash and cash equivalents	11	2,524	178	422	1,409	912,726	488,064	4,487	1,108
Margin accounts		-	-	595	28	1,161	1,122	202	64
Receivables		41	137	451	1,331	256	260	643	3,318
Due from brokers - receivable for securities sold		1,509	1,455	-	-	-	-	6,529	2,327
Financial assets at fair value through profit or loss	6	914,730	622,254	1,181,736	1,261,370	748,682	820,097	558,025	493,584
Total assets		918,804	624,024	1,183,204	1,264,138	1,662,825	1,309,543	569,886	500,401
Liabilities									
Margin accounts		-	-	510	-	1,040	-	-	-
Distribution payable	10	3,163	2,005	1,289	2,915	702	2,559	7,376	3,399
Payables		268	172	3,489	765	260	201	126	116
Due to brokers - payables for securities purchased		2,772	813	-	-	27,386	-	3,983	3,092
Financial liabilities at fair value through profit or loss	7	-	-	-	-	-	6	-	-
Total liabilities		6,203	2,990	5,288	3,680	29,388	2,766	11,485	6,607
Net assets attributable to unitholders (equity)	9	912,601	621,034	1,177,916	1,260,458	1,633,437	1,306,777	-	-
Net assets attributable to unitholders (liability)	9	-	-	-	-	-	-	558,401	493,794

	Notes	Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund		Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)	
		30 Jun 2020 \$'000	30 Jun 2019 \$'000	30 Jun 2020 \$'000	30 Jun 2019 \$'000	30 Jun 2020 \$'000	30 Jun 2019 \$'000
Assets							
Cash and cash equivalents	11	-	43,801	7,565	7,696	21,724	15,874
Margin accounts		270	108	94	92	713	1,990
Receivables		3,248	7,344	1,204	544	91	1,983
Accrued income		-	2	-	1	3	41
Due from brokers - receivable for securities sold		173,821	20,660	19,009	6,143	23,537	5,473
Financial assets at fair value through profit or loss	6	8,345,194	6,945,705	1,157,935	814,499	955,657	455,210
Total assets		8,522,533	7,017,620	1,185,807	828,975	1,001,725	480,571
Liabilities							
Bank overdraft	11	21,965	-	-	-	-	-
Margin accounts		-	-	-	-	25,233	6,221
Distribution payable	10	109,866	41,707	15,339	3,931	5,162	3,088
Payables		28,173	10,782	286	178	244	121
Due to brokers - payables for securities purchased		135,361	76,781	14,401	7,669	55,199	9,397
Financial liabilities at fair value through profit or loss	7	-	-	-	-	10,639	3,647
Total liabilities		295,365	129,270	30,026	11,778	96,477	22,474
Net assets attributable to unitholders (liability)	9	8,227,168	6,888,350	1,155,781	817,197	905,248	458,097

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

Balance sheets (continued)

As at 30 June 2020

	Notes	Vanguard Global Aggregate Bond Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest Index Fund (Hedged)	
		30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets							
Cash and cash equivalents	11	208,684	42,011	5,839	11,152	62,711	16,284
Margin accounts		1,289	8,431	366	321	894	9,317
Receivables		526	1,257	142	227	3,091	63,079
Accrued income		-	62	-	-	-	37
Due from brokers - receivable for securities sold		53,550	14,501	5,269	3,097	51,864	14,165
Financial assets at fair value through profit or loss	6	5,478,685	4,222,706	918,323	874,993	2,586,311	2,152,534
Total assets		5,742,734	4,288,968	929,939	889,790	2,704,871	2,255,416
Liabilities							
Margin accounts		138,880	252	-	-	65,630	-
Distribution payable	10	48,370	20,771	5,929	5,650	87,307	9,027
Payables		57,943	15,813	351	279	2,196	811
Due to brokers - payables for securities purchased		223,450	49,886	17,909	7,783	68,081	80,147
Financial liabilities at fair value through profit or loss	7	58,835	34,191	3,381	7,025	34,524	16,257
Total liabilities		527,478	120,913	27,570	20,737	257,738	106,242
Net assets attributable to unitholders (liability)	9	5,215,256	4,168,055	902,369	869,053	2,447,133	2,149,174

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

Statements of changes in equity

For the year ended 30 June 2020

	Vanguard Australian Inflation-Linked Bond Index Fund		Vanguard Cash Plus Fund		Vanguard Cash Reserve Fund		Vanguard Australian Corporate Fixed Interest Index Fund	
	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Notes								
Total equity at the beginning of the financial year	621,034	314,169	1,260,458	1,326,524	1,306,777	1,390,641	-	-
Comprehensive income for the year								
Profit/(loss) for the year	25,337	44,912	16,177	32,269	10,431	26,948	-	-
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the year	25,337	44,912	16,177	32,269	10,431	26,948	-	-
Transactions with unitholders								
Applications	308,351	288,336	433,533	297,494	665,841	579,633	-	-
Redemptions	(39,897)	(24,807)	(530,840)	(390,868)	(349,738)	(685,346)	-	-
Units issued upon reinvestment of distributions	7,154	5,484	16,747	23,348	12,599	22,091	-	-
Distributions paid and payable	(9,378)	(7,060)	(18,159)	(28,309)	(12,473)	(27,190)	-	-
Total transactions with unitholders	266,230	261,953	(98,719)	(98,335)	316,229	(110,812)	-	-
Total equity at the end of the financial year	912,601	621,034	1,177,916	1,260,458	1,633,437	1,306,777	-	-

	Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund		Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)	
	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Notes						
Total equity at the beginning of the financial year	-	-	-	-	-	-
Comprehensive income for the year						
Profit/(loss) for the year	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-
Transactions with unitholders						
Applications	-	-	-	-	-	-
Redemptions	-	-	-	-	-	-
Units issued upon reinvestment of distributions	-	-	-	-	-	-
Distributions paid and payable	-	-	-	-	-	-
Total transactions with unitholders	-	-	-	-	-	-
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 2020

	Notes	Vanguard Global Aggregate Bond Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest Index Fund (Hedged)	
		30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total equity at the beginning of the financial year		-	-	-	-	-	-
Comprehensive income for the year							
Profit/(loss) for the year		-	-	-	-	-	-
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	-	-
Transactions with unitholders							
Applications		-	-	-	-	-	-
Redemptions		-	-	-	-	-	-
Units issued upon reinvestment of distributions		-	-	-	-	-	-
Distributions paid and payable		-	-	-	-	-	-
Total transactions with unitholders		-	-	-	-	-	-
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 cash flows

For the year ended 30 June 2020

	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 2020 \$'000	30 Jun 2019 \$'000	30 Jun 2020 \$'000	30 Jun 2019 \$'000	30 Jun 2020 \$'000	30 Jun 2019 \$'000	30 Jun 2020 \$'000	30 Jun 2019 \$'000
Cash flows from operating activities									
Proceeds from sale of financial instruments at fair value through profit or loss		95,614	79,432	2,257,627	2,579,284	4,032,673	4,274,531	335,430	98,245
Purchases of financial instruments at fair value through profit or loss		(358,714)	(341,136)	(2,158,133)	(2,478,212)	(3,920,413)	(4,030,131)	(385,027)	(281,682)
Interest received		8	22	12	27	28	64	14	66
Other income received		-	14	5	5	-	7	934	195
Responsible Entity's fees paid		(2,073)	(1,239)	(3,767)	(3,749)	(2,017)	(2,115)	(1,617)	(1,001)
Operating expenses paid		(15)	(27)	(7)	(7)	(18)	(18)	(24)	(155)
Net cash inflow/(outflow) from operating activities	12(a)	(265,180)	(262,934)	95,737	97,348	110,253	242,338	(50,290)	(184,332)
Cash flows from financing activities									
Proceeds from applications by unitholders		308,459	288,226	434,409	296,335	665,848	579,653	250,612	224,101
Payments for redemptions by unitholders		(39,867)	(24,783)	(528,095)	(390,624)	(349,708)	(685,401)	(183,381)	(31,568)
Distributions paid from operating activities		(1,066)	(486)	(3,038)	(3,913)	(1,731)	(4,228)	(13,561)	(9,070)
Net cash inflow/(outflow) from financing activities		267,526	262,957	(96,724)	(98,202)	314,409	(109,976)	53,670	183,463
Net increase/(decrease) in cash and cash equivalents									
		2,346	23	(987)	(854)	424,662	132,362	3,380	(869)
Cash and cash equivalents at the beginning of the year		178	155	1,409	2,263	488,064	355,702	1,108	1,977
Effects of foreign currency exchange rate changes on cash and cash equivalents		-	-	-	-	-	-	(1)	-
Cash and cash equivalents at the end of the year	11	2,524	178	422	1,409	912,726	488,064	4,487	1,108
Non-cash financing activities	12(b)	7,154	5,484	16,747	23,348	12,599	22,091	592	323

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 2020

	Notes	Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund		Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)	
		30 Jun 2020 \$'000	30 Jun 2019 \$'000	30 Jun 2020 \$'000	30 Jun 2019 \$'000	30 Jun 2020 \$'000	30 Jun 2019 \$'000
Cash flows from operating activities							
Proceeds from sale of financial instruments at fair value through profit or loss		2,334,964	1,517,612	578,849	98,935	772,002	231,010
Purchases of financial instruments at fair value through profit or loss		(3,510,754)	(2,121,056)	(887,581)	(411,340)	(1,189,557)	(634,564)
Interest received		41	399	13	33	75	86
Other income received		342	70	176	62	64	8
Responsible Entity's fees paid		(18,409)	(14,082)	(2,339)	(1,353)	(1,958)	(739)
Operating expenses paid		(132)	(37)	(31)	(18)	(129)	(47)
Net cash inflow/(outflow) from operating activities	12(a)	(1,193,948)	(617,094)	(310,913)	(313,681)	(419,503)	(404,246)
Cash flows from financing activities							
Proceeds from applications by unitholders		2,523,326	1,721,457	781,832	371,073	549,057	426,664
Payments for redemptions by unitholders		(1,297,054)	(978,928)	(452,936)	(40,176)	(124,128)	(5,576)
Distributions paid from operating activities		(98,090)	(84,159)	(18,114)	(9,270)	(974)	(1,775)
Net cash inflow/(outflow) from financing activities		1,128,182	658,370	310,782	321,627	423,955	419,313
Net increase/(decrease) in cash and cash equivalents		(65,766)	41,276	(131)	7,946	4,452	15,067
Cash and cash equivalents at the beginning of the year		43,801	2,525	7,696	(250)	15,874	-
Effects of foreign currency exchange rate changes on cash and cash equivalents		-	-	-	-	1,398	807
Cash and cash equivalents at the end of the year	11	(21,965)	43,801	7,565	7,696	21,724	15,874
Non-cash financing activities	12(b)	86,877	80,207	8,617	1,288	12,203	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 2020

	Notes	Vanguard Global Aggregate Bond Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest Index Fund (Hedged)	
		30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities							
Proceeds from sale of financial instruments at fair value through profit or loss		4,659,033	2,988,086	525,854	416,476	1,264,813	695,990
Purchases of financial instruments at fair value through profit or loss		(5,369,230)	(3,921,155)	(524,315)	(466,701)	(1,536,123)	(843,539)
Transaction costs on purchases of financial instruments at fair value through profit or loss		(1)	-	-	-	-	(14)
Interest received		62	227	-	19	116	190
Other income received		285	241	411	165	256	224
Responsible Entity's fees paid		(11,611)	(8,050)	(2,917)	(2,357)	(5,883)	(4,444)
Operating expenses paid		(831)	(769)	(84)	(1,550)	(163)	(1,591)
Net cash inflow/(outflow) from operating activities	12(a)	(722,293)	(941,420)	(1,051)	(53,948)	(276,984)	(153,184)
Cash flows from financing activities							
Proceeds from applications by unitholders		2,030,221	1,145,314	238,422	219,163	747,555	641,643
Payments for redemptions by unitholders		(1,157,561)	(209,162)	(228,487)	(159,097)	(405,284)	(448,590)
Distributions paid from operating activities		(2,227)	(719)	(13,369)	(16,006)	(22,208)	(27,478)
Net cash inflow/(outflow) from financing activities		870,433	935,433	(3,434)	44,060	320,063	165,575
Net increase/(decrease) in cash and cash equivalents		148,140	(5,987)	(4,485)	(9,888)	43,079	12,391
Cash and cash equivalents at the beginning of the year		42,011	48,477	11,152	21,038	16,284	4,966
Effects of foreign currency exchange rate changes on cash and cash equivalents		18,533	(479)	(828)	2	3,348	(1,073)
Cash and cash equivalents at the end of the year	11	208,684	42,011	5,839	11,152	62,711	16,284
Non-cash financing activities	12(b)	81,722	52,960	7,325	10,410	10,506	18,746

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 2020

1 General information

These financial statements cover the Vanguard Wholesale Fixed Income Funds and 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 December 2010
- 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) 28 March 2017
- Vanguard Global Aggregate Bond Index Fund (Hedged) 28 March 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 and ETFs is Vanguard Investments Australia Ltd (the "Responsible Entity"). The Responsible Entity's registered office is Level 13, 130 Lonsdale Street, Melbourne VIC 3000.

The Funds invest in accordance with the investment policy of the Funds as set out in their respective Product Disclosure Statements (PDSs) and in accordance with the Funds' Constitution. The Funds (with the exception of Vanguard Cash Plus Fund and Vanguard Cash Reserve Fund) seek to track the returns of the Funds' respective indices, before taking into account fees, expenses and tax. Vanguard Cash Plus Fund and Vanguard Cash Reserve Fund are actively managed and do not track or replicate the performance of the benchmark.

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 9 September 2020. 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 2020

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

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2019 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 July 2020 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2020, 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.

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.

Notes to the financial statements (continued)

For the year ended 30 June 2020

2 Summary of significant accounting policies (continued)

(c) Net assets attributable to unitholders

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

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

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

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 unfavourable conditions to the Fund, and it is not a contract settled in the Fund's own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

(d) Cash and cash equivalents

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

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 sheet 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.

Notes to the financial statements (continued)

For the year ended 30 June 2020

2 Summary of significant accounting policies (continued)

(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.

(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.

Notes to the financial statements (continued)

For the year ended 30 June 2020

2 Summary of significant accounting policies (continued)

(m) Receivables and accrued income

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

(n) Payables

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

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

(o) Applications and redemptions

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

(p) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Responsible Entity by third parties have been passed onto the Funds. The Funds qualify for Reduced Input Tax Credit recovery rate of between 55% and 100%, hence Responsible Entity's fees, custodial fees and other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the balance sheet. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

(q) Comparative revisions

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

(r) Use of estimates

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

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

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

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

Notes to the financial statements (continued)

For the year ended 30 June 2020

2 Summary of significant accounting policies (continued)

(s) Investment entity exception

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

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

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

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

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

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

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

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

(t) 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.

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

Notes to the financial statements (continued)

For the year ended 30 June 2020

3 Financial risk management (continued)

(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. Foreign exchange risk is minimised as the Funds are hedged to Australian dollars so the value of the Funds are relatively unaffected by currency fluctuations.

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

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

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

	Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)					30 Jun 2019				
	US Dollar A\$'000	British Pound A\$'000	Euro A\$'000	Japanese Yen A\$'000	Other currencies A\$'000	US Dollar A\$'000	British Pound A\$'000	Euro A\$'000	Japanese Yen A\$'000	Other currencies A\$'000
Assets										
Cash and cash equivalents	8,936	114	802	8,651	3,003	648	62	2,276	411	8,305
Margin accounts	250	175	134	41	-	165	88	143	8	-
Receivables	-	-	-	-	17	-	-	-	-	1,957
Accrued income	-	-	(2)	(2)	4	1	-	(1)	-	8
Due to brokers - receivable for securities sold	17,761	814	2,672	-	2,170	321	-	163	4,241	748
Financial assets at fair value through profit or loss	427,545	35,487	249,724	92,029	83,981	195,679	20,727	107,386	75,633	39,705
Total assets	454,492	36,590	253,330	100,719	89,175	196,814	20,877	109,967	80,293	50,723
Liabilities										
Margin accounts	-	-	-	-	823	-	-	-	-	6,221
Payables	-	-	-	-	26	-	-	-	-	-
Due to brokers - payable for securities purchased	36,621	1,109	9,130	5,436	1,984	372	755	2,796	5,159	282
Financial liabilities at fair value through profit or loss	1,720	179	5,253	288	2,053	10	4	648	86	963
Total liabilities	38,341	1,288	14,383	5,724	4,886	382	759	3,444	5,245	7,466
Net increase/(decrease) in exposure from foreign currency forward contracts										
- Buy foreign currency	1,822,077	38,656	266,502	106,502	1,646,460	302,404	20,995	112,913	77,631	890,235
- Sell foreign currency	(2,253,531)	(75,399)	(515,223)	(205,514)	(958,078)	(500,955)	(41,251)	(219,370)	(152,634)	(506,009)
Net exposure including foreign currency forward contracts	(15,303)	(1,441)	(9,774)	(4,017)	772,671	(2,119)	(138)	66	45	427,483

Notes to the financial statements (continued)

For the year ended 30 June 2020

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

	Vanguard Global Aggregate Bond Index Fund (Hedged)									
	30 Jun 2020					30 Jun 2019				
	US Dollar A\$'000	British Pound A\$'000	Euro A\$'000	Japanese Yen A\$'000	Other currencies A\$'000	US Dollar A\$'000	British Pound A\$'000	Euro A\$'000	Japanese Yen A\$'000	Other currencies A\$'000
Assets										
Cash and cash equivalents	80,006	93	62,344	99,912	8,975	4,202	2,105	22,481	2,062	10,506
Margin accounts	127	213	783	45	11	-	116	57	43	-
Receivables	-	-	5	-	245	-	-	837	-	148
Accrued income	-	-	-	-	-	2	-	(7)	(1)	(3)
Due to brokers - receivable for securities sold	46,546	-	4,175	-	2,513	2,443	-	6,057	-	4,960
Financial assets at fair value through profit or loss	2,546,915	217,845	1,449,093	513,111	434,206	1,979,565	169,272	1,113,761	431,678	341,962
Total assets	2,673,594	218,151	1,516,400	613,068	445,950	1,986,212	171,493	1,143,186	433,782	357,573
Liabilities										
Margin accounts	-	-	-	-	-	252	-	-	-	-
Payables	-	-	31	19	1	-	-	-	-	-
Due to brokers - payable for securities purchased	187,927	1,166	22,395	10,419	1,146	20,127	1,688	24,767	1,961	1,081
Financial liabilities at fair value through profit or loss	10,862	1,063	29,396	2,025	9,354	104	13	6,724	457	9,807
Total liabilities	198,789	2,229	51,822	12,463	10,501	20,483	1,701	31,491	2,418	10,888
Net increase/(decrease) in exposure from foreign currency forward contracts										
- Buy foreign currency	10,606,190	219,081	1,487,765	654,123	547,732	3,049,837	166,032	1,115,039	447,654	408,565
- Sell foreign currency	(13,173,805)	(443,560)	(3,015,008)	(1,279,416)	(990,825)	(5,040,890)	(337,640)	(2,228,565)	(880,092)	(754,458)
Net exposure including foreign currency forward contracts	(92,810)	(8,557)	(62,665)	(24,688)	(7,644)	(25,324)	(1,816)	(1,831)	(1,074)	792

Notes to the financial statements (continued)

For the year ended 30 June 2020

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

Vanguard International Credit Securities Index Fund (Hedged)										
	30 Jun 2020					30 Jun 2019				
	US Dollar A\$'000	British Pound A\$'000	Euro A\$'000	Canadian Dollar A\$'000	Other currencies A\$'000	US Dollar A\$'000	British Pound A\$'000	Euro A\$'000	Japanese Yen A\$'000	Other currencies A\$'000
Assets										
Cash and cash equivalents	2,317	87	1,287	327	933	132	452	69	3,295	6,160
Margin accounts	135	30	163	-	23	116	65	105	5	-
Receivables	-	-	-	-	25	-	-	-	-	38
Due to brokers - receivable for securities sold	3,794	-	310	1,165	-	860	-	1,285	663	289
Financial assets at fair value through profit or loss	497,275	38,231	238,074	54,392	43,103	470,240	37,763	235,619	29,701	74,292
Total assets	503,521	38,348	239,834	55,884	44,084	471,348	38,280	237,078	33,664	80,779
Liabilities										
Due to brokers - payable for securities purchased	13,081	-	3,359	525	545	1,021	716	5,209	-	837
Financial liabilities at fair value through profit or loss	36	1	2,111	788	426	50	304	4,411	168	2,090
Total liabilities	13,117	1	5,470	1,313	971	1,071	1,020	9,620	168	2,927
Net increase/(decrease) in exposure from foreign currency forward contracts										
- Buy foreign currency	1,621,452	37,785	241,989	55,685	54,170	1,584,053	37,520	232,044	41,935	70,512
- Sell foreign currency	(2,129,984)	(77,673)	(485,738)	(112,325)	(98,531)	(2,060,004)	(75,361)	(462,789)	(75,882)	(149,211)
Net exposure including foreign currency forward contracts	(18,128)	(1,541)	(9,385)	(2,069)	(1,248)	(5,674)	(581)	(3,287)	(451)	(847)

Notes to the financial statements (continued)

For the year ended 30 June 2020

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

Vanguard International Fixed Interest Index Fund (Hedged)										
	30 Jun 2020					30 Jun 2019				
	US Dollar A\$'000	British Pound A\$'000	Euro A\$'000	Japanese Yen A\$'000	Other currencies A\$'000	US Dollar A\$'000	British Pound A\$'000	Euro A\$'000	Japanese Yen A\$'000	Other currencies A\$'000
Assets										
Cash and cash equivalents	9,114	1,529	30,854	19,137	2,900	1,064	15	4,705	3,809	1,399
Margin accounts	568	89	125	12	13	85	107	149	87	-
Receivables	-	-	-	-	75	-	-	-	4	150
Due to brokers - receivable for securities sold	31,229	5,337	-	13,846	1,452	5,668	-	1,622	2,058	4,817
Financial assets at fair value through profit or loss	735,492	162,165	654,469	666,610	211,659	648,552	125,388	551,099	609,605	167,301
Total assets	776,403	169,120	685,448	699,605	216,099	655,369	125,510	557,575	615,563	173,667
Liabilities										
Payables	-	-	17	7	1	-	-	-	-	-
Due to brokers - payable for securities purchased	42,549	4,870	10,726	5,157	4,779	30,812	3,933	21,896	17,969	3,764
Financial liabilities at fair value through profit or loss	8,522	804	13,968	716	4,993	27	-	3,169	642	4,048
Total liabilities	51,071	5,674	24,711	5,880	9,773	30,839	3,933	25,065	18,611	7,812
Net increase/(decrease) in exposure from foreign currency forward contracts										
- Buy foreign currency	6,094,079	166,602	677,409	760,480	282,303	1,108,099	131,541	552,789	619,590	213,271
- Sell foreign currency	(6,844,030)	(337,399)	(1,364,667)	(1,487,001)	(494,928)	(1,740,367)	(254,524)	(1,086,508)	(1,217,271)	(378,324)
Net exposure including foreign currency forward contracts	(24,619)	(7,351)	(26,521)	(32,796)	(6,299)	(7,738)	(1,406)	(1,209)	(729)	802

The tables presented in note 3(b) summarise 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 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 2020

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 2020				30 Jun 2019			
	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	2,524	-	-	2,524	178	-	-	178
Receivables	-	-	41	41	-	-	137	137
Due from brokers - receivable for securities sold	-	-	1,509	1,509	-	-	1,455	1,455
Financial assets at fair value through profit or loss	-	914,730	-	914,730	-	622,254	-	622,254
Total assets	2,524	914,730	1,550	918,804	178	622,254	1,592	624,024
Liabilities								
Distribution payable	-	-	3,163	3,163	-	-	2,005	2,005
Payables	-	-	268	268	-	-	172	172
Due to brokers - payable for securities purchased	-	-	2,772	2,772	-	-	813	813
Total liabilities	-	-	6,203	6,203	-	-	2,990	2,990
Net assets attributable to unitholders (equity)	2,524	914,730	(4,653)	912,601	178	622,254	(1,398)	621,034
Net exposure	2,524	914,730	(4,653)	912,601	178	622,254	(1,398)	621,034

	Vanguard Cash Plus Fund							
	30 Jun 2020				30 Jun 2019			
	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	422	-	-	422	1,409	-	-	1,409
Margin accounts	595	-	-	595	28	-	-	28
Receivables	-	-	451	451	-	-	1,331	1,331
Financial assets at fair value through profit or loss	416,767	764,969	-	1,181,736	572,801	688,569	-	1,261,370
Total assets	417,784	764,969	451	1,183,204	574,238	688,569	1,331	1,264,138
Liabilities								
Margin accounts	510	-	-	510	-	-	-	-
Distribution payable	-	-	1,289	1,289	-	-	2,915	2,915
Payables	-	-	3,489	3,489	-	-	765	765
Total liabilities	510	-	4,778	5,288	-	-	3,680	3,680
Net assets attributable to unitholders (equity)	417,274	764,969	(4,327)	1,177,916	574,238	688,569	(2,349)	1,260,458
Net increase/(decrease) in exposure from Australian money market futures	58,923	-	-	58,923	139,449	-	-	139,449
Net exposure	476,197	764,969	(4,327)	1,236,839	713,687	688,569	(2,349)	1,399,907

Notes to the financial statements (continued)

For the year ended 30 June 2020

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 2020				30 Jun 2019			
	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	912,726	-	-	912,726	488,064	-	-	488,064
Margin accounts	1,161	-	-	1,161	1,122	-	-	1,122
Receivables	-	-	256	256	-	-	260	260
Financial assets at fair value through profit or loss	321,863	426,819	-	748,682	544,732	275,365	-	820,097
Total assets	1,235,750	426,819	256	1,662,825	1,033,918	275,365	260	1,309,543
Liabilities								
Margin accounts	1,040	-	-	1,040	-	-	-	-
Distribution payable	-	-	702	702	-	-	2,559	2,559
Payables	-	-	260	260	-	-	201	201
Due to brokers - payable for securities purchased	-	-	27,386	27,386	-	-	-	-
Financial liabilities at fair value through profit or loss	-	-	-	-	6	-	-	6
Total liabilities	1,040	-	28,348	29,388	6	-	2,760	2,766
Net assets attributable to unitholders (equity)	1,234,710	426,819	(28,092)	1,633,437	1,033,912	275,365	(2,500)	1,306,777
Net increase/(decrease) in exposure from Australian money market futures	195,745	-	-	195,745	57,362	-	-	57,362
Net exposure	1,430,455	426,819	(28,092)	1,829,182	1,091,274	275,365	(2,500)	1,364,139

	Vanguard Australian Corporate Fixed Interest Index Fund							
	30 Jun 2020				30 Jun 2019			
	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	4,487	-	-	4,487	1,108	-	-	1,108
Margin accounts	202	-	-	202	64	-	-	64
Receivables	-	-	643	643	-	-	3,318	3,318
Due from brokers - receivable for securities sold	-	-	6,529	6,529	-	-	2,327	2,327
Financial assets at fair value through profit or loss	3,148	554,877	-	558,025	3,000	490,584	-	493,584
Total assets	7,837	554,877	7,172	569,886	4,172	490,584	5,645	500,401
Liabilities								
Distribution payable	-	-	7,376	7,376	-	-	3,399	3,399
Payables	-	-	126	126	-	-	116	116
Due to brokers - payable for securities purchased	-	-	3,983	3,983	-	-	3,092	3,092
Total liabilities	-	-	11,485	11,485	-	-	6,607	6,607
Net assets attributable to unitholders (liability)	7,837	554,877	(4,313)	558,401	4,172	490,584	(962)	493,794
Net exposure	7,837	554,877	(4,313)	558,401	4,172	490,584	(962)	493,794

Notes to the financial statements (continued)

For the year ended 30 June 2020

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 2020				30 Jun 2019			
	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
Margin accounts	270	-	-	270	108	-	-	108
Receivables	-	-	3,248	3,248	-	-	7,344	7,344
Accrued income	-	-	-	-	-	-	2	2
Due from brokers - receivable for securities sold	-	-	173,821	173,821	-	-	20,660	20,660
Financial assets at fair value through profit or loss	8,933	8,336,261	-	8,345,194	4,565	6,941,140	-	6,945,705
Total assets	9,203	8,336,261	177,069	8,522,533	48,474	6,941,140	28,006	7,017,620
Liabilities								
Bank overdraft	21,965	-	-	21,965	-	-	-	-
Distribution payable	-	-	109,866	109,866	-	-	41,707	41,707
Payables	-	-	28,173	28,173	-	-	10,782	10,782
Due to brokers - payable for securities purchased	-	-	135,361	135,361	-	-	76,781	76,781
Total liabilities	21,965	-	273,400	295,365	-	-	129,270	129,270
Net assets attributable to unitholders (liability)	(12,762)	8,336,261	(96,331)	8,227,168	48,474	6,941,140	(101,264)	6,888,350
Net exposure	(12,762)	8,336,261	(96,331)	8,227,168	48,474	6,941,140	(101,264)	6,888,350

Vanguard Australian Government Bond Index Fund								
	30 Jun 2020				30 Jun 2019			
	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	7,565	-	-	7,565	7,696	-	-	7,696
Margin accounts	94	-	-	94	92	-	-	92
Receivables	-	-	1,204	1,204	-	-	544	544
Accrued income	-	-	-	-	-	-	1	1
Due from brokers - receivable for securities sold	-	-	19,009	19,009	-	-	6,143	6,143
Financial assets at fair value through profit or loss	-	1,157,935	-	1,157,935	-	814,499	-	814,499
Total assets	7,659	1,157,935	20,213	1,185,807	7,788	814,499	6,688	828,975
Liabilities								
Distribution payable	-	-	15,339	15,339	-	-	3,931	3,931
Payables	-	-	286	286	-	-	178	178
Due to brokers - payable for securities purchased	-	-	14,401	14,401	-	-	7,669	7,669
Total liabilities	-	-	30,026	30,026	-	-	11,778	11,778
Net assets attributable to unitholders (liability)	7,659	1,157,935	(9,813)	1,155,781	7,788	814,499	(5,090)	817,197
Net increase/(decrease) in exposure from Australian interest rate futures	-	-	-	-	-	(793)	-	(793)
Net exposure	7,659	1,157,935	(9,813)	1,155,781	7,788	813,706	(5,090)	816,404

Notes to the financial statements (continued)

For the year ended 30 June 2020

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 2020				30 Jun 2019			
	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	21,724	-	-	21,724	15,874	-	-	15,874
Margin accounts	713	-	-	713	1,990	-	-	1,990
Receivables	-	-	91	91	-	-	1,983	1,983
Accrued income	-	-	3	3	-	-	41	41
Due from brokers - receivable for securities sold	-	-	23,537	23,537	-	-	5,473	5,473
Financial assets at fair value through profit or loss	17,760	899,266	38,631	955,657	5,457	437,464	12,289	455,210
Total assets	40,197	899,266	62,262	1,001,725	23,321	437,464	19,786	480,571
Liabilities								
Margin accounts	25,233	-	-	25,233	6,221	-	-	6,221
Distribution payable	-	-	5,162	5,162	-	-	3,088	3,088
Payables	-	-	244	244	-	-	121	121
Due to brokers - payable for securities purchased	-	-	55,199	55,199	-	-	9,397	9,397
Financial liabilities at fair value through profit or loss	-	26	10,613	10,639	-	13	3,634	3,647
Total liabilities	25,233	26	71,218	96,477	6,221	13	16,240	22,474
Net assets attributable to unitholders (liability)	14,964	899,240	(8,956)	905,248	17,100	437,451	3,546	458,097
Net increase/(decrease) in exposure from Australian interest rate futures	-	101	-	101	-	2,474	-	2,474
Net increase/(decrease) in exposure from international interest rate futures	-	8,908	-	8,908	-	18,345	-	18,345
Net exposure	14,964	908,249	(8,956)	914,257	17,100	458,270	3,546	478,916

Notes to the financial statements (continued)

For the year ended 30 June 2020

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 2020				30 Jun 2019			
	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	208,684	-	-	208,684	42,011	-	-	42,011
Margin accounts	1,289	-	-	1,289	8,431	-	-	8,431
Receivables	-	-	526	526	-	-	1,257	1,257
Accrued income	-	-	-	-	-	-	62	62
Due from brokers - receivable for securities sold	-	-	53,550	53,550	-	-	14,501	14,501
Financial assets at fair value through profit or loss	123,124	5,141,305	214,256	5,478,685	76,752	4,097,737	48,217	4,222,706
Total assets	333,097	5,141,305	268,332	5,742,734	127,194	4,097,737	64,037	4,288,968
Liabilities								
Margin accounts	138,880	-	-	138,880	252	-	-	252
Distribution payable	-	-	48,370	48,370	-	-	20,771	20,771
Payables	-	-	57,943	57,943	-	-	15,813	15,813
Due to brokers - payable for securities purchased	-	-	223,450	223,450	-	-	49,886	49,886
Financial liabilities at fair value through profit or loss	-	10	58,825	58,835	-	44	34,147	34,191
Total liabilities	138,880	10	388,588	527,478	252	44	120,617	120,913
Net assets attributable to unitholders (liability)	194,217	5,141,295	(120,256)	5,215,256	126,942	4,097,693	(56,580)	4,168,055
Net increase/(decrease) in exposure from Australian interest rate futures	-	(2,577)	-	(2,577)	-	-	-	-
Net increase/(decrease) in exposure from international interest rate futures	-	(8,063)	-	(8,063)	-	64,944	-	64,944
Net exposure	194,217	5,130,655	(120,256)	5,204,616	126,942	4,162,637	(56,580)	4,232,999

	Vanguard International Credit Securities Index Fund (Hedged)							
	30 Jun 2020				30 Jun 2019			
	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	5,839	-	-	5,839	11,152	-	-	11,152
Margin accounts	366	-	-	366	321	-	-	321
Receivables	-	-	142	142	-	-	227	227
Due from brokers - receivable for securities sold	-	-	5,269	5,269	-	-	3,097	3,097
Financial assets at fair value through profit or loss	50,166	836,588	31,569	918,323	42,851	822,251	9,891	874,993
Total assets	56,371	836,588	36,980	929,939	54,324	822,251	13,215	889,790
Liabilities								
Distribution payable	-	-	5,929	5,929	-	-	5,650	5,650
Payables	-	-	351	351	-	-	279	279
Due to brokers - payable for securities purchased	-	-	17,909	17,909	-	-	7,783	7,783
Financial liabilities at fair value through profit or loss	-	11	3,370	3,381	-	38	6,987	7,025
Total liabilities	-	11	27,559	27,570	-	38	20,699	20,737
Net assets attributable to unitholders (liability)	56,371	836,577	9,421	902,369	54,324	822,213	(7,484)	869,053
Net increase/(decrease) in exposure from international interest rate futures	-	6,798	-	6,798	-	(664)	-	(664)
Net exposure	56,371	843,375	9,421	909,167	54,324	821,549	(7,484)	868,389

Notes to the financial statements (continued)

For the year ended 30 June 2020

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 2020				30 Jun 2019			
	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	62,711	-	-	62,711	16,284	-	-	16,284
Margin accounts	894	-	-	894	9,317	-	-	9,317
Receivables	-	-	3,091	3,091	-	-	63,079	63,079
Accrued income	-	-	-	-	-	-	37	37
Due from brokers - receivable for securities sold	-	-	51,864	51,864	-	-	14,165	14,165
Financial assets at fair value through profit or loss	1,785	2,473,049	111,477	2,586,311	4,595	2,128,643	19,296	2,152,534
Total assets	65,390	2,473,049	166,432	2,704,871	30,196	2,128,643	96,577	2,255,416
Liabilities								
Margin accounts	65,630	-	-	65,630	-	-	-	-
Distribution payable	-	-	87,307	87,307	-	-	9,027	9,027
Payables	-	-	2,196	2,196	-	-	811	811
Due to brokers - payable for securities purchased	-	-	68,081	68,081	-	-	80,147	80,147
Financial liabilities at fair value through profit or loss	-	5	34,519	34,524	-	1	16,256	16,257
Total liabilities	65,630	5	192,103	257,738	-	1	106,241	106,242
Net assets attributable to unitholders (liability)	(240)	2,473,044	(25,671)	2,447,133	30,196	2,128,642	(9,664)	2,149,174
Net increase/(decrease) in exposure from Australian interest rate futures	-	(3,788)	-	(3,788)	-	1,883	-	1,883
Net increase/(decrease) in exposure from international interest rate futures	-	4,119	-	4,119	-	12,259	-	12,259
Net exposure	(240)	2,473,375	(25,671)	2,447,464	30,196	2,142,784	(9,664)	2,163,316

The tables presented in note 3(b) summarise the impact of an increase/decrease of interest rates of each 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 2020

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	
-88bps	+88bps	-88bps	+88bps	-88bps	+88bps	-88bps	+88bps	-88bps	+88bps	-88bps	+88bps	
30 Jun 2020	8,028	(8,028)	3,060	(3,060)	(7,109)	7,109	4,813	(4,813)	73,471	(73,471)	10,123	(10,123)
	-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)

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 currencies		
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	
-88bps	+88bps	-3%	+19%	-2%	+13%	-3%	+16%	-3%	+18%	-4%	+17%	
30 Jun 2020	7,781	(7,781)	(12,485)	79,070	(706)	4,589	(7,168)	38,227	(2,850)	17,099	(3,372)	14,329
	-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

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 currencies		
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	
-88bps	+88bps	-3%	+19%	-2%	+13%	-3%	+16%	-3%	+18%	-4%	+17%	
30 Jun 2020	43,534	(43,534)	(74,244)	470,213	(4,318)	28,070	(43,937)	234,331	(18,018)	108,108	(17,418)	74,026
	-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

Notes to the financial statements (continued)

For the year ended 30 June 2020

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										
\$'000	\$'000	US Dollar		British Pound		Euro		Canadian Dollar		Other currencies		
		Low	High	Low	High	Low	High	Low	High	Low	High	
	-88bps	+88bps	-3%	+19%	-2%	+13%	-3%	+16%	-0%	+13%	-4%	+17%
30 Jun 2020	6,866	(6,866)	(14,712)	93,175	(767)	4,985	(7,031)	37,500	-	7,094	(1,725)	7,329
\$'000	\$'000	US Dollar		British Pound		Euro		Japanese Yen		Other currencies		
		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

Impact on operating profit/(loss) and net assets attributable to unitholders												
Vanguard International Fixed Interest Index Fund (Hedged)												
Interest rate risk		Foreign exchange risk										
\$'000	\$'000	US Dollar		British Pound		Euro		Japanese Yen		Other currencies		
		Low	High	Low	High	Low	High	Low	High	Low	High	
	-88bps	+88bps	-3%	+19%	-2%	+13%	-3%	+16%	-3%	+18%	-4%	+17%
30 Jun 2020	21,765	(21,765)	(21,760)	137,814	(3,269)	21,248	(19,822)	105,718	(20,812)	124,871	(8,253)	35,075
\$'000	\$'000	US Dollar		British Pound		Euro		Japanese Yen		Other currencies		
		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

(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 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 2020 or 30 June 2019.

Notes to the financial statements (continued)

For the year ended 30 June 2020

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 tables below.

Rating	Vanguard Australian Inflation-Linked Bond Index Fund		Vanguard Cash Plus Fund		Vanguard Cash Reserve Fund		Vanguard Australian Corporate Fixed Interest Index Fund	
	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
AAA	914,730	622,254	500,525	348,675	147,064	172,367	125,813	102,518
AA+	-	-	25,989	120,009	82,880	34,080	22,695	23,612
AA	-	-	7,190	-	-	-	14,505	13,426
AA-	-	-	199,355	149,759	161,530	84,999	85,390	84,540
A+	-	-	90,275	99,981	87,091	-	49,385	38,295
A	-	-	16,523	38,574	23,061	11,820	26,718	32,552
A-	-	-	36,145	109,395	5,554	76,168	83,131	81,164
A-1+	-	-	251,828	349,147	191,497	267,035	-	-
A-1	-	-	53,906	45,816	-	99,961	-	-
A-2	-	-	-	-	-	19,978	-	-
BBB+	-	-	-	-	-	-	84,460	63,756
BBB	-	-	-	-	-	-	62,267	49,205
BBB-	-	-	-	-	-	-	3,661	4,516
Not Rated	-	-	-	-	50,001	53,689	-	-
Total	914,730	622,254	1,181,736	1,261,356	748,678	820,097	558,025	493,584

Rating	Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund		Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)	
	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
AAA	6,299,905	5,136,655	951,144	652,086	358,318	162,589
AA+	1,163,253	1,046,223	196,004	156,197	36,293	18,439
AA	55,273	32,566	1,559	486	86,491	43,488
AA-	205,721	206,630	9,228	5,729	29,418	15,424
A+	133,759	93,572	-	-	112,315	82,215
A	48,416	43,457	-	-	23,868	12,394
A-	129,444	145,363	-	-	39,440	15,108
A-1+	64,500	43,004	-	-	22,535	5,700
BBB+	125,213	107,892	-	-	60,500	28,462
BBB	108,590	82,483	-	-	37,781	17,270
BBB-	5,257	7,860	-	-	50,521	16,309
BB+	-	-	-	-	1,050	204
Not Rated	5,863	-	-	-	58,453	25,225
Total	8,345,194	6,945,705	1,157,935	814,498	916,983	442,827

Notes to the financial statements (continued)

For the year ended 30 June 2020

3 Financial risk management (continued)

(c) Credit risk (continued)

Rating	Vanguard Global Aggregate Bond Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest Index Fund (Hedged)	
	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
AAA	1,997,443	1,571,582	109,186	101,897	981,500	859,141
AA+	324,038	282,895	48,924	57,072	75,223	87,132
AA	581,221	441,678	55,301	52,709	352,674	328,522
AA-	197,166	166,142	51,672	60,446	65,895	43,218
A+	652,502	517,221	83,870	84,120	642,046	576,252
A	174,386	137,137	72,696	69,147	9,692	20,448
A-	278,144	209,276	115,952	112,752	18,155	13,655
A-1+	42,199	79,608	-	-	18,300	7,799
A-2	1,891	4,961	-	-	1,785	4,595
BBB+	406,267	327,420	139,590	137,146	84,914	82,503
BBB	287,274	199,966	119,547	107,825	14,213	14,042
BBB-	293,819	200,838	67,129	61,997	134,340	89,713
BB+	2,716	3,450	1,604	1,737	-	-
BB	1,736	1,733	431	753	-	-
BB-	692	363	265	38	-	-
Not Rated	22,919	29,567	20,579	17,460	76,096	6,207
Total	5,264,413	4,173,837	886,746	865,099	2,474,833	2,133,227

(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 2020, 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 A-1 or higher 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.

Notes to the financial statements (continued)

For the year ended 30 June 2020

3 Financial risk management (continued)

(c) Credit risk (continued)

(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 JPM Chase Bank, N.A., Sydney Branch. JPM Chase Bank, N.A., Sydney Branch, is a member of a major securities exchange, and at 30 June 2020 had a credit rating of A-1 (30 June 2019: A-1). At 30 June 2020, substantially all cash and cash equivalents, balances due from brokers and investments are held in custody by JPM Chase Bank, N.A., Sydney Branch.

(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.

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

Vanguard Australian Inflation-Linked Bond Index Fund										
	30 Jun 2020					30 Jun 2019				
	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	3,163	-	-	-	3,163	2,005	-	-	-	2,005
Payables	268	-	-	-	268	172	-	-	-	172
Due to brokers - payables for securities purchased	2,772	-	-	-	2,772	813	-	-	-	813
Total liabilities	6,203	-	-	-	6,203	2,990	-	-	-	2,990

Vanguard Cash Plus Fund										
	30 Jun 2020					30 Jun 2019				
	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
Margin accounts	510	-	-	-	510	-	-	-	-	-
Distribution payable	1,289	-	-	-	1,289	2,915	-	-	-	2,915
Payables	3,489	-	-	-	3,489	765	-	-	-	765
Total liabilities	5,288	-	-	-	5,288	3,680	-	-	-	3,680

Notes to the financial statements (continued)

For the year ended 30 June 2020

3 Financial risk management (continued)

(d) Liquidity risk (continued)

	Vanguard Cash Reserve Fund									
	30 Jun 2020					30 Jun 2019				
	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	1,040	-	-	-	1,040	-	-	-	-	-
Distribution payable	702	-	-	-	702	2,559	-	-	-	2,559
Payables	260	-	-	-	260	201	-	-	-	201
Due to brokers - payables for securities purchased	27,386	-	-	-	27,386	-	-	-	-	-
Total liabilities	29,388	-	-	-	29,388	2,760	6	-	-	2,766

	Vanguard Australian Corporate Fixed Interest Index Fund									
	30 Jun 2020					30 Jun 2019				
	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	7,376	-	-	-	7,376	3,399	-	-	-	3,399
Payables	126	-	-	-	126	116	-	-	-	116
Due to brokers - payables for securities purchased	3,983	-	-	-	3,983	3,092	-	-	-	3,092
Net assets attributable to unitholders	558,401	-	-	-	558,401	493,794	-	-	-	493,794
Total liabilities	569,886	-	-	-	569,886	500,401	-	-	-	500,401

	Vanguard Australian Fixed Interest Index Fund									
	30 Jun 2020					30 Jun 2019				
	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
Bank overdraft	21,965	-	-	-	21,965	-	-	-	-	-
Distribution payable	109,866	-	-	-	109,866	41,707	-	-	-	41,707
Payables	28,173	-	-	-	28,173	10,782	-	-	-	10,782
Due to brokers - payables for securities purchased	135,361	-	-	-	135,361	76,781	-	-	-	76,781
Net assets attributable to unitholders	8,227,168	-	-	-	8,227,168	6,888,350	-	-	-	6,888,350
Total liabilities	8,522,533	-	-	-	8,522,533	7,017,620	-	-	-	7,017,620

	Vanguard Australian Government Bond Index Fund									
	30 Jun 2020					30 Jun 2019				
	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	15,339	-	-	-	15,339	3,931	-	-	-	3,931
Payables	286	-	-	-	286	178	-	-	-	178
Due to brokers - payables for securities purchased	14,401	-	-	-	14,401	7,669	-	-	-	7,669
Net assets attributable to unitholders	1,155,781	-	-	-	1,155,781	817,197	-	-	-	817,197
Total liabilities	1,185,807	-	-	-	1,185,807	828,975	-	-	-	828,975

Notes to the financial statements (continued)

For the year ended 30 June 2020

3 Financial risk management (continued)

(d) Liquidity risk (continued)

Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)										
	30 Jun 2020					30 Jun 2019				
	Less than 1 month	1-6 months	6-12 months	1-2 years	Total	Less than 1 month	1-6 months	6-12 months	1-2 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities at fair value through profit or loss	9,980	659	-	-	10,639	3,491	156	-	-	3,647
Margin accounts	25,233	-	-	-	25,233	6,221	-	-	-	6,221
Distribution payable	5,162	-	-	-	5,162	3,088	-	-	-	3,088
Payables	244	-	-	-	244	121	-	-	-	121
Due to brokers - payables for securities purchased	55,199	-	-	-	55,199	9,397	-	-	-	9,397
Net assets attributable to unitholders	905,248	-	-	-	905,248	458,097	-	-	-	458,097
Total liabilities	1,001,066	659	-	-	1,001,725	480,415	156	-	-	480,571

Vanguard Global Aggregate Bond Index Fund (Hedged)										
	30 Jun 2020					30 Jun 2019				
	Less than 1 month	1-6 months	6-12 months	1-2 years	Total	Less than 1 month	1-6 months	6-12 months	1-2 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities at fair value through profit or loss	55,327	3,508	-	-	58,835	32,835	1,356	-	-	34,191
Margin accounts	138,880	-	-	-	138,880	252	-	-	-	252
Distribution payable	48,370	-	-	-	48,370	20,771	-	-	-	20,771
Payables	57,943	-	-	-	57,943	15,813	-	-	-	15,813
Due to brokers - payables for securities purchased	223,450	-	-	-	223,450	49,886	-	-	-	49,886
Net assets attributable to unitholders	5,215,256	-	-	-	5,215,256	4,168,055	-	-	-	4,168,055
Total liabilities	5,739,226	3,508	-	-	5,742,734	4,287,612	1,356	-	-	4,288,968

Vanguard International Credit Securities Index Fund (Hedged)										
	30 Jun 2020					30 Jun 2019				
	Less than 1 month	1-6 months	6-12 months	1-2 years	Total	Less than 1 month	1-6 months	6-12 months	1-2 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities at fair value through profit or loss	3,337	44	-	-	3,381	6,946	79	-	-	7,025
Distribution payable	5,929	-	-	-	5,929	5,650	-	-	-	5,650
Payables	351	-	-	-	351	279	-	-	-	279
Due to brokers - payables for securities purchased	17,909	-	-	-	17,909	7,783	-	-	-	7,783
Net assets attributable to unitholders	902,369	-	-	-	902,369	869,053	-	-	-	869,053
Total liabilities	929,895	44	-	-	929,939	889,711	79	-	-	889,790

Notes to the financial statements (continued)

For the year ended 30 June 2020

3 Financial risk management (continued)

(d) Liquidity risk (continued)

Vanguard International Fixed Interest Index Fund (Hedged)										
	30 Jun 2020					30 Jun 2019				
	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	32,892	1,632	-	-	34,524	15,896	361	-	-	16,257
Margin accounts	65,630	-	-	-	65,630	-	-	-	-	-
Distribution payable	87,307	-	-	-	87,307	9,027	-	-	-	9,027
Payables	2,196	-	-	-	2,196	811	-	-	-	811
Due to brokers - payables for securities purchased	68,081	-	-	-	68,081	80,147	-	-	-	80,147
Net assets attributable to unitholders	2,447,133	-	-	-	2,447,133	2,149,174	-	-	-	2,149,174
Total liabilities	2,703,239	1,632	-	-	2,704,871	2,255,055	361	-	-	2,255,416

Maturities of gross-settled derivative financial instruments

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

Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)										
	30 Jun 2020					30 Jun 2019				
	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	4,338,256	2,120,810	-	-	6,459,066	1,817,424	904,606	-	-	2,722,030
(Outflows)	(4,312,176)	(2,118,872)	-	-	(6,431,048)	(1,810,517)	(902,858)	-	-	(2,713,375)
Net	26,080	1,938	-	-	28,018	6,907	1,748	-	-	8,655

Vanguard Global Aggregate Bond Index Fund (Hedged)										
	30 Jun 2020					30 Jun 2019				
	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	16,003,755	8,035,748	-	-	24,039,503	8,846,747	4,445,355	-	-	13,292,102
(Outflows)	(15,858,969)	(8,025,103)	-	-	(23,884,072)	(8,848,588)	(4,429,445)	-	-	(13,278,033)
Net	144,786	10,645	-	-	155,431	(1,841)	15,910	-	-	14,069

Vanguard International Credit Securities Index Fund (Hedged)										
	30 Jun 2020					30 Jun 2019				
	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	2,510,538	1,256,100	-	-	3,766,638	2,426,261	1,240,941	-	-	3,667,202
(Outflows)	(2,482,320)	(1,256,119)	-	-	(3,738,439)	(2,423,356)	(1,240,941)	-	-	(3,664,297)
Net	28,218	(19)	-	-	28,199	2,905	-	-	-	2,905

Notes to the financial statements (continued)

For the year ended 30 June 2020

3 Financial risk management (continued)

(d) Liquidity risk (continued)

Maturities of gross-settled derivative financial instruments (continued)

	Vanguard International Fixed Interest Index Fund (Hedged)									
	30 Jun 2020					30 Jun 2019				
	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	8,767,723	4,246,674	-	-	13,014,397	4,521,522	2,267,192	-	-	6,788,714
(Outflows)	(8,698,998)	(4,238,441)	-	-	(12,937,439)	(4,526,330)	(2,259,345)	-	-	(6,785,675)
Net	68,725	8,233	-	-	76,958	(4,808)	7,847	-	-	3,039

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;

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

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

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

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

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

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

(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.

Notes to the financial statements (continued)

For the year ended 30 June 2020

4 Fair value measurement (continued)

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

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.

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 2020 and 30 June 2019.

	Vanguard Australian Inflation-Linked Bond Index Fund							
	30 Jun 2020				30 Jun 2019			
	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	-	914,730	-	914,730	-	622,254	-	622,254
Total	-	914,730	-	914,730	-	622,254	-	622,254

	Vanguard Cash Plus Fund							
	30 Jun 2020				30 Jun 2019			
	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	-	908,001	-	908,001	-	875,194	-	875,194
Money market securities	-	273,735	-	273,735	-	386,162	-	386,162
Total	-	1,181,736	-	1,181,736	14	1,261,356	-	1,261,370

	Vanguard Cash Reserve Fund							
	30 Jun 2020				30 Jun 2019			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss								
Derivatives	4	-	-	4	-	-	-	-
Fixed interest securities	-	673,679	-	673,679	-	540,328	-	540,328
Money market securities	74,999	-	-	74,999	279,769	-	-	279,769
Total	75,003	673,679	-	748,682	279,769	540,328	-	820,097
Financial liabilities at fair value through profit or loss								
Derivatives	-	-	-	-	6	-	-	6
Total	-	-	-	-	6	-	-	6

Notes to the financial statements (continued)

For the year ended 30 June 2020

4 Fair value measurement (continued)

Recognised fair value measurements (continued)

	Vanguard Australian Corporate Fixed Interest Index Fund							
	30 Jun 2020				30 Jun 2019			
	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	-	558,025	-	558,025	-	493,584	-	493,584
Total	-	558,025	-	558,025	-	493,584	-	493,584

	Vanguard Australian Fixed Interest Index Fund							
	30 Jun 2020				30 Jun 2019			
	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	-	8,345,194	-	8,345,194	-	6,945,705	-	6,945,705
Total	-	8,345,194	-	8,345,194	-	6,945,705	-	6,945,705

	Vanguard Australian Government Bond Index Fund							
	30 Jun 2020				30 Jun 2019			
	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	-	1,157,935	-	1,157,935	-	814,498	-	814,498
Total	-	1,157,935	-	1,157,935	1	814,498	-	814,499

	Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)							
	30 Jun 2020				30 Jun 2019			
	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	43	38,631	-	38,674	94	12,289	-	12,383
Fixed interest securities	-	916,983	-	916,983	-	442,827	-	442,827
Total	43	955,614	-	955,657	94	455,116	-	455,210
Financial liabilities at fair value through profit or loss								
Derivatives	26	10,613	-	10,639	13	3,634	-	3,647
Total	26	10,613	-	10,639	13	3,634	-	3,647

	Vanguard Global Aggregate Bond Index Fund (Hedged)							
	30 Jun 2020				30 Jun 2019			
	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	16	214,256	-	214,272	652	48,217	-	48,869
Fixed interest securities	-	5,262,522	-	5,262,522	-	4,168,876	-	4,168,876
Money market securities	-	1,891	-	1,891	-	4,961	-	4,961
Total	16	5,478,669	-	5,478,685	652	4,222,054	-	4,222,706
Financial liabilities at fair value through profit or loss								
Derivatives	10	58,825	-	58,835	44	34,147	-	34,191
Total	10	58,825	-	58,835	44	34,147	-	34,191

Notes to the financial statements (continued)

For the year ended 30 June 2020

4 Fair value measurement (continued)

Recognised fair value measurements (continued)

	Vanguard International Credit Securities Index Fund (Hedged)							
	30 Jun 2020				30 Jun 2019			
	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	8	31,569	-	31,577	3	9,891	-	9,894
Fixed interest securities	-	886,386	-	886,386	-	864,756	-	864,756
Money market securities	-	360	-	360	-	343	-	343
Total	8	918,315	-	918,323	3	874,990	-	874,993
Financial liabilities at fair value through profit or loss								
Derivatives	11	3,370	-	3,381	38	6,987	-	7,025
Total	11	3,370	-	3,381	38	6,987	-	7,025

	Vanguard International Fixed Interest Index Fund (Hedged)							
	30 Jun 2020				30 Jun 2019			
	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	111,477	-	111,478	11	19,296	-	19,307
Fixed interest securities	-	2,473,048	-	2,473,048	-	2,128,632	-	2,128,632
Money market securities	-	1,785	-	1,785	-	4,595	-	4,595
Total	1	2,586,310	-	2,586,311	11	2,152,523	-	2,152,534
Financial liabilities at fair value through profit or loss								
Derivatives	5	34,519	-	34,524	1	16,256	-	16,257
Total	5	34,519	-	34,524	1	16,256	-	16,257

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 the year ended 30 June 2020 and 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 2020

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 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net unrealised gain/(loss) on financial instruments at fair value through profit or loss	14,721	38,018	(6,658)	4,691	(2,041)	1,610	(2,234)	18,561
Net realised gain/(loss) on financial instruments at fair value through profit or loss	12,750	8,171	26,575	31,287	14,505	27,396	20,526	12,055
Total net gains/(losses) on financial instruments at fair value through profit or loss	27,471	46,189	19,917	35,978	12,464	29,006	18,292	30,616

	Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund		Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)	
	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net unrealised gain/(loss) on financial instruments at fair value through profit or loss	24,308	363,143	1,688	43,281	19,439	39,823
Net realised gain/(loss) on financial instruments at fair value through profit or loss	294,134	206,743	39,152	15,402	9,832	838
Total net gains/(losses) on financial instruments at fair value through profit or loss	318,442	569,886	40,840	58,683	29,271	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 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net unrealised gain/(loss) on financial instruments at fair value through profit or loss	80,824	324,865	21,820	73,624	7,709	141,302
Net realised gain/(loss) on financial instruments at fair value through profit or loss	178,562	(55,135)	17,956	(9,001)	115,551	(14,123)
Total net gains/(losses) on financial instruments at fair value through profit or loss	259,386	269,730	39,776	64,623	123,260	127,179

Notes to the financial statements (continued)

For the year ended 30 June 2020

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 2020 Fair value \$'000	30 Jun 2019 Fair value \$'000	30 Jun 2020 Fair value \$'000	30 Jun 2019 Fair value \$'000	30 Jun 2020 Fair value \$'000	30 Jun 2019 Fair value \$'000	30 Jun 2020 Fair value \$'000	30 Jun 2019 Fair value \$'000
Financial assets at fair value through profit or loss								
Derivatives	-	-	-	14	4	-	-	-
Fixed interest securities	914,730	622,254	908,001	875,194	673,679	540,328	558,025	493,584
Money market securities	-	-	273,735	386,162	74,999	279,769	-	-
Total financial assets at fair value through profit or loss	914,730	622,254	1,181,736	1,261,370	748,682	820,097	558,025	493,584
Comprising:								
Derivatives								
Australian money market futures	-	-	-	14	4	-	-	-
Total derivatives	-	-	-	14	4	-	-	-
Fixed interest securities								
Australian fixed interest securities	914,730	622,254	876,002	866,393	507,180	418,135	558,025	493,584
Australian reverse repurchase agreements*	-	-	31,999	8,801	166,499	122,193	-	-
Total fixed interest securities	914,730	622,254	908,001	875,194	673,679	540,328	558,025	493,584
Money market securities								
Australian money market securities	-	-	273,735	386,162	74,999	279,769	-	-
Total money market securities	-	-	273,735	386,162	74,999	279,769	-	-
Total financial assets at fair value through profit or loss	914,730	622,254	1,181,736	1,261,370	748,682	820,097	558,025	493,584

*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 2020

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 2020 Fair value \$'000	30 Jun 2019 Fair value \$'000	30 Jun 2020 Fair value \$'000	30 Jun 2019 Fair value \$'000	30 Jun 2020 Fair value \$'000	30 Jun 2019 Fair value \$'000
Financial assets at fair value through profit or loss						
Derivatives	-	-	-	1	38,674	12,383
Fixed interest securities	8,345,194	6,945,705	1,157,935	814,498	916,983	442,827
Total financial assets at fair value through profit or loss	8,345,194	6,945,705	1,157,935	814,499	955,657	455,210
Comprising:						
Derivatives						
Foreign currency forward contracts	-	-	-	-	38,631	12,289
Australian interest rate futures	-	-	-	1	1	14
International interest rate futures	-	-	-	-	42	80
Total derivatives	-	-	-	1	38,674	12,383
Fixed interest securities						
Australian fixed interest securities	8,280,694	6,902,701	1,157,935	814,498	14,930	5,550
International fixed interest securities	-	-	-	-	879,518	431,577
Australian reverse repurchase agreements*	64,500	43,004	-	-	16,600	5,700
International reverse repurchase agreements*	-	-	-	-	5,935	-
Total fixed interest securities	8,345,194	6,945,705	1,157,935	814,498	916,983	442,827
Total financial assets at fair value through profit or loss	8,345,194	6,945,705	1,157,935	814,499	955,657	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 2020

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 2020 Fair value \$'000	30 Jun 2019 Fair value \$'000	30 Jun 2020 Fair value \$'000	30 Jun 2019 Fair value \$'000	30 Jun 2020 Fair value \$'000	30 Jun 2019 Fair value \$'000
Financial assets at fair value through profit or loss						
Derivatives	214,272	48,869	31,577	9,894	111,478	19,307
Fixed interest securities	5,262,522	4,168,876	886,386	864,756	2,473,048	2,128,632
Money market securities	1,891	4,961	360	343	1,785	4,595
Total financial assets at fair value through profit or loss	5,478,685	4,222,706	918,323	874,993	2,586,311	2,152,534
Comprising:						
Derivatives						
Foreign currency forward contracts	214,256	48,217	31,569	9,891	111,477	19,296
Australian interest rate futures	-	-	-	-	1	4
International interest rate futures	16	652	8	3	-	7
Total derivatives	214,272	48,869	31,577	9,894	111,478	19,307
Fixed interest securities						
Australian fixed interest securities	74,546	60,059	15,826	17,479	37,560	23,927
International fixed interest securities	5,145,777	4,029,209	870,560	847,277	2,417,188	2,096,906
Australian reverse repurchase agreements*	42,199	79,608	-	-	18,300	7,799
Total fixed interest securities	5,262,522	4,168,876	886,386	864,756	2,473,048	2,128,632
Money market securities						
International money market securities	1,891	4,961	360	343	1,785	4,595
Total money market securities	1,891	4,961	360	343	1,785	4,595
Total financial assets at fair value through profit or loss	5,478,685	4,222,706	918,323	874,993	2,586,311	2,152,534

*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 Reserve Fund		Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)		Vanguard Global Aggregate Bond Index Fund (Hedged)	
	30 Jun 2020 Fair value \$'000	30 Jun 2019 Fair value \$'000	30 Jun 2020 Fair value \$'000	30 Jun 2019 Fair value \$'000	30 Jun 2020 Fair value \$'000	30 Jun 2019 Fair value \$'000
Financial liabilities at fair value through profit or loss						
Derivatives	-	6	10,639	3,647	58,835	34,191
Total financial liabilities at fair value through profit or loss	-	6	10,639	3,647	58,835	34,191
Comprising:						
Derivatives						
Foreign currency forward contracts	-	-	10,613	3,634	58,825	34,147
Australian interest rate futures	-	-	2	-	10	-
International interest rate futures	-	-	24	13	-	44
Australian money market futures	-	6	-	-	-	-
Total derivatives	-	6	10,639	3,647	58,835	34,191
Total financial liabilities at fair value through profit or loss	-	6	10,639	3,647	58,835	34,191

Notes to the financial statements (continued)

For the year ended 30 June 2020

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

	Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest Index Fund (Hedged)	
	30 Jun 2020 Fair value \$'000	30 Jun 2019 Fair value \$'000	30 Jun 2020 Fair value \$'000	30 Jun 2019 Fair value \$'000
Financial liabilities at fair value through profit or loss				
Derivatives	3,381	7,025	34,524	16,257
Total financial liabilities at fair value through profit or loss	3,381	7,025	34,524	16,257
Comprising:				
Derivatives				
Foreign currency forward contracts	3,370	6,987	34,519	16,256
Australian interest rate futures	-	-	1	-
International interest rate futures	11	38	4	1
Total derivatives	3,381	7,025	34,524	16,257
Total financial liabilities at fair value through profit or loss	3,381	7,025	34,524	16,257

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 2020

8 Derivative financial instruments (continued)

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

	Vanguard Cash Plus Fund					
	2020			2019		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Australian money market futures	58,923	-	-	139,449	14	-
Total	58,923	-	-	139,449	14	-

	Vanguard Cash Reserve Fund					
	2020			2019		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Australian money market futures	195,745	4	-	57,362	-	6
Total	195,745	4	-	57,362	-	6

	Vanguard Australian Government Bond Index Fund					
	2020			2019		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Australian interest rate futures	-	-	-	(793)	1	-
Total	-	-	-	(793)	1	-

	Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)					
	2020			2019		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Forward currency contracts	6,459,066	38,631	10,613	2,722,030	12,289	3,634
Australian interest rate futures	101	1	2	2,474	14	-
International interest rate futures	8,908	42	24	18,345	80	13
Total	6,468,075	38,674	10,639	2,742,849	12,383	3,647

	Vanguard Global Aggregate Bond Index Fund (Hedged)					
	2020			2019		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Forward currency contracts	24,039,503	214,256	58,825	13,292,102	48,217	34,147
Australian interest rate futures	(2,577)	-	10	-	-	-
International interest rate futures	(8,063)	16	-	64,944	652	44
Total	24,028,863	214,272	58,835	13,357,046	48,869	34,191

	Vanguard International Credit Securities Index Fund (Hedged)					
	2020			2019		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Forward currency contracts	3,766,638	31,569	3,370	3,667,202	9,891	6,987
International interest rate futures	6,798	8	11	(664)	3	38
Total	3,773,436	31,577	3,381	3,666,538	9,894	7,025

Notes to the financial statements (continued)

For the year ended 30 June 2020

8 Derivative financial instruments (continued)

	Vanguard International Fixed Interest Index Fund (Hedged)					
	2020			2019		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Forward currency contracts	13,014,397	111,477	34,519	6,788,714	19,296	16,256
Australian interest rate futures	(3,788)	1	1	1,883	4	-
International interest rate futures	4,119	-	4	12,259	7	1
Total	13,014,728	111,478	34,524	6,802,856	19,307	16,257

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.

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 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
	No. '000	No. '000	\$'000	\$'000	No. '000	No. '000	\$'000	\$'000
Balance as at 1 July	515,153	279,519	621,034	314,169	1,234,367	1,303,194	1,260,458	1,326,524
Applications	260,953	252,671	308,351	288,336	424,420	291,403	433,533	297,494
Redemptions	(33,709)	(21,839)	(39,897)	(24,807)	(520,319)	(383,142)	(530,840)	(390,868)
Units issued upon reinvestment of distributions	5,925	4,802	7,154	5,484	16,411	22,912	16,747	23,348
Distributions paid and payable	-	-	(9,378)	(7,060)	-	-	(18,159)	(28,309)
Profit/(loss) for the year	-	-	25,337	44,912	-	-	16,177	32,269
Closing balance as at 30 June	748,322	515,153	912,601	621,034	1,154,879	1,234,367	1,177,916	1,260,458

	Vanguard Cash Reserve Fund			
	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
	No. '000	No. '000	\$'000	\$'000
Balance as at 1 July	1,301,348	1,384,305	1,306,777	1,390,641
Applications	663,475	576,565	665,841	579,633
Redemptions	(348,428)	(681,510)	(349,738)	(685,346)
Units issued upon reinvestment of distributions	12,556	21,988	12,599	22,091
Distributions paid and payable	-	-	(12,473)	(27,190)
Profit/(loss) for the year	-	-	10,431	26,948
Closing balance as at 30 June	1,628,951	1,301,348	1,633,437	1,306,777

Notes to the financial statements (continued)

For the year ended 30 June 2020

9 Net assets attributable to unitholders (continued)

	Vanguard Australian Corporate Fixed Interest Index Fund							
	Wholesale Class				ETF Class			
	30 Jun 2020 No. '000	30 Jun 2019 No. '000	30 Jun 2020 \$'000	30 Jun 2019 \$'000	30 Jun 2020 No. '000	30 Jun 2019 No. '000	30 Jun 2020 \$'000	30 Jun 2019 \$'000
Balance as at 1 July	212,752	148,173	231,291	153,555	4,989	2,501	262,503	125,364
Applications	76,608	94,453	84,422	99,707	3,070	2,485	163,651	127,546
Redemptions	(82,355)	(30,054)	(90,098)	(31,568)	(1,745)	-	(93,277)	-
Units issued upon reinvestment of distributions	301	180	328	189	5	3	264	134
Increase/(decrease) in net assets attributable to unitholders	-	-	(601)	9,408	-	-	(82)	9,459
Closing balance as at 30 June	207,306	212,752	225,342	231,291	6,319	4,989	333,059	262,503

	Vanguard Australian Fixed Interest Index Fund							
	Wholesale Class				ETF Class			
	30 Jun 2020 No. '000	30 Jun 2019 No. '000	30 Jun 2020 \$'000	30 Jun 2019 \$'000	30 Jun 2020 No. '000	30 Jun 2019 No. '000	30 Jun 2020 \$'000	30 Jun 2019 \$'000
Balance as at 1 July	4,931,399	4,408,689	5,873,027	4,928,118	19,634	14,414	1,015,323	699,451
Applications	1,718,545	1,274,895	2,075,536	1,465,491	8,455	5,195	443,625	261,182
Redemptions	(1,017,304)	(821,807)	(1,231,223)	(938,305)	(1,580)	-	(82,938)	-
Units issued upon reinvestment of distributions	70,968	69,622	85,075	78,995	34	25	1,802	1,212
Increase/(decrease) in net assets attributable to unitholders	-	-	40,341	338,728	-	-	6,600	53,478
Closing balance as at 30 June	5,703,608	4,931,399	6,842,756	5,873,027	26,543	19,634	1,384,412	1,015,323

	Vanguard Australian Government Bond Index Fund							
	Wholesale Class				ETF Class			
	30 Jun 2020 No. '000	30 Jun 2019 No. '000	30 Jun 2020 \$'000	30 Jun 2019 \$'000	30 Jun 2020 No. '000	30 Jun 2019 No. '000	30 Jun 2020 \$'000	30 Jun 2019 \$'000
Balance as at 1 July	467,593	291,928	522,736	302,686	5,585	2,788	294,461	136,300
Applications	469,347	204,978	532,701	220,624	4,665	2,950	249,780	150,959
Redemptions	(365,226)	(30,205)	(412,023)	(31,836)	(765)	(160)	(40,973)	(8,278)
Units issued upon reinvestment of distributions	6,909	892	7,767	941	16	7	850	347
Increase/(decrease) in net assets attributable to unitholders	-	-	(2,669)	30,321	-	-	3,151	15,133
Closing balance as at 30 June	578,623	467,593	648,512	522,736	9,501	5,585	507,269	294,461

Notes to the financial statements (continued)

For the year ended 30 June 2020

9 Net assets attributable to unitholders (continued)

	Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)							
	ETF Class				AUD Hedged Class			
	30 Jun 2020 No. '000	30 Jun 2019 No. '000	30 Jun 2020 \$'000	30 Jun 2019 \$'000	30 Jun 2020 No. '000	30 Jun 2019 No. '000	30 Jun 2020 \$'000	30 Jun 2019 \$'000
Balance as at 1 July	80	-	4,215	-	13,867	-	14,718	-
Applications	310	80	16,670	4,115	151,074	13,891	163,161	14,623
Redemptions	(55)	-	(2,908)	-	(62,805)	(24)	(69,257)	(25)
Units issued upon reinvestment of distributions	-	-	11	-	722	-	777	-
Increase/(decrease) in net assets attributable to unitholders	-	-	263	100	-	-	3,691	120
Closing balance as at 30 June	335	80	18,251	4,215	102,858	13,867	113,090	14,718

	NZD Hedged Class			
	30 Jun 2020 No. '000	30 Jun 2019 No. '000	30 Jun 2020 \$'000	30 Jun 2019 \$'000
	Balance as at 1 July	448,596	-	439,164
Applications	371,164	443,154	367,293	409,879
Redemptions	(50,948)	(5,796)	(51,989)	(5,551)
Units issued upon reinvestment of distributions	11,519	11,238	11,415	10,733
Increase/(decrease) in net assets attributable to unitholders	-	-	8,024	24,103
Closing balance as at 30 June	780,331	448,596	773,907	439,164

	Vanguard Global Aggregate Bond Index Fund (Hedged)							
	Wholesale Class				ETF Class			
	30 Jun 2020 No. '000	30 Jun 2019 No. '000	30 Jun 2020 \$'000	30 Jun 2019 \$'000	30 Jun 2020 No. '000	30 Jun 2019 No. '000	30 Jun 2020 \$'000	30 Jun 2019 \$'000
Balance as at 1 July	3,894,094	2,947,782	4,094,465	2,939,912	1,406	345	73,590	17,184
Applications	1,802,362	1,072,685	1,933,672	1,090,814	1,804	1,060	96,492	53,661
Redemptions	(1,085,812)	(178,843)	(1,177,921)	(180,916)	(405)	-	(21,501)	-
Units issued upon reinvestment of distributions	76,834	52,470	81,588	52,929	3	1	134	31
Increase/(decrease) in net assets attributable to unitholders	-	-	131,981	191,726	-	-	2,756	2,714
Closing balance as at 30 June	4,687,478	3,894,094	5,063,785	4,094,465	2,808	1,406	151,471	73,590

	Vanguard International Credit Securities Index Fund (Hedged)							
	Wholesale Class				ETF Class			
	30 Jun 2020 No. '000	30 Jun 2019 No. '000	30 Jun 2020 \$'000	30 Jun 2019 \$'000	30 Jun 2020 No. '000	30 Jun 2019 No. '000	30 Jun 2020 \$'000	30 Jun 2019 \$'000
Balance as at 1 July	623,126	581,377	744,363	657,101	2,529	2,091	124,690	97,343
Applications	121,567	154,106	148,212	176,780	1,785	880	90,131	42,404
Redemptions	(157,915)	(121,382)	(189,171)	(138,368)	(800)	(445)	(39,380)	(20,664)
Units issued upon reinvestment of distributions	5,955	9,025	7,123	10,265	4	3	202	145
Increase/(decrease) in net assets attributable to unitholders	-	-	14,391	38,585	-	-	1,808	5,462
Closing balance as at 30 June	592,733	623,126	724,918	744,363	3,518	2,529	177,451	124,690

Notes to the financial statements (continued)

For the year ended 30 June 2020

9 Net assets attributable to unitholders (continued)

	Vanguard International Fixed Interest Index Fund (Hedged)							
	Wholesale Class				ETF Class			
	30 Jun 2020 No. '000	30 Jun 2019 No. '000	30 Jun 2020 \$'000	30 Jun 2019 \$'000	30 Jun 2020 No. '000	30 Jun 2019 No. '000	30 Jun 2020 \$'000	30 Jun 2019 \$'000
Balance as at 1 July	1,489,256	1,359,245	1,828,607	1,601,865	6,427	4,058	320,567	194,102
Applications	380,400	479,070	477,536	572,408	4,125	2,715	210,084	131,819
Redemptions	(293,192)	(364,799)	(368,788)	(431,251)	(740)	(350)	(37,782)	(17,009)
Units issued upon reinvestment of distributions	8,271	15,740	10,298	18,551	4	4	208	195
Increase/(decrease) in net assets attributable to unitholders	-	-	2,679	67,034	-	-	3,724	11,460
Closing balance as at 30 June	1,584,735	1,489,256	1,950,332	1,828,607	9,816	6,427	496,801	320,567

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			
	30 Jun 2020		30 Jun 2019		30 Jun 2020		30 Jun 2019	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 31 July	-	-	-	-	2,103	0.1639	1,994	0.1523
- 31 August	-	-	-	-	2,005	0.1525	2,376	0.1801
- 30 September	1,822	0.3287	615	0.2138	2,121	0.1582	2,372	0.1790
- 31 October	-	-	-	-	1,257	0.0964	2,516	0.1921
- 30 November	-	-	-	-	1,256	0.0957	2,360	0.1913
- 31 December	2,478	0.4413	2,091	0.4581	1,514	0.1145	2,274	0.1894
- 31 January	-	-	-	-	1,369	0.1028	2,291	0.1856
- 28 February	-	-	-	-	-	-	2,105	0.1785
- 29 February	-	-	-	-	1,337	0.0993	-	-
- 31 March	1,915	0.2582	2,349	0.4640	1,409	0.1216	2,481	0.1991
- 30 April	-	-	-	-	1,350	0.1196	2,539	0.2047
- 31 May	-	-	-	-	1,149	0.1018	2,086	0.1716
Distributions payable								
- 30 June	3,163	0.4226	2,005	0.3892	1,289	0.1116	2,915	0.2362
	9,378	1.4508	7,060	1.5251	18,159	1.4379	28,309	2.2599

Notes to the financial statements (continued)

For the year ended 30 June 2020

10 Distributions to unitholders paid and payable (continued)

	Vanguard Cash Reserve Fund			
	30 Jun 2020		30 Jun 2019	
	\$'000	CPU	\$'000	CPU
Distributions paid				
- 31 July	1,645	0.1312	2,302	0.1673
- 31 August	1,866	0.1478	2,252	0.1645
- 30 September	1,874	0.1476	2,340	0.1467
- 31 October	895	0.0724	2,757	0.1734
- 30 November	713	0.0575	2,075	0.1617
- 31 December	862	0.0682	2,316	0.1787
- 31 January	651	0.0498	2,017	0.1523
- 28 February	-	-	1,982	0.1455
- 29 February	881	0.0658	-	-
- 31 March	963	0.0683	2,292	0.1678
- 30 April	894	0.0552	2,169	0.1561
- 31 May	527	0.0325	2,129	0.1561
Distributions payable				
- 30 June	702	0.0431	2,559	0.1967
	12,473	0.9394	27,190	1.9668

	Vanguard Australian Corporate Fixed Interest Index Fund							
	Wholesale Class				ETF Class			
	30 Jun 2020		30 Jun 2019		30 Jun 2020		30 Jun 2019	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 30 September	1,239	0.5381	1,020	0.5250	1,629	26.0298	800	26.7775
- 31 December	1,693	0.6842	1,534	0.8116	2,366	32.3187	1,198	35.8274
- 31 March	1,627	0.7465	1,525	0.7894	2,200	35.9013	1,437	37.4629
Distributions payable								
- 30 June	3,152	1.5202	1,598	0.7512	4,224	66.7432	1,801	35.9860
	7,711	3.4890	5,677	2.8772	10,419	160.9930	5,236	136.0538

	Vanguard Australian Fixed Interest Index Fund							
	Wholesale Class				ETF Class			
	30 Jun 2020		30 Jun 2019		30 Jun 2020		30 Jun 2019	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 30 September	28,633	0.5379	27,891	0.6088	5,491	23.6089	3,841	26.4332
- 31 December	44,082	0.7728	37,761	0.8195	8,709	33.7000	5,574	35.8983
- 31 March	46,613	0.8261	40,289	0.8674	9,732	37.4056	6,613	38.2979
Distributions payable								
- 30 June	92,654	1.6245	35,558	0.7211	17,212	64.4919	6,149	30.9830
	211,982	3.7613	141,499	3.0168	41,144	159.2064	22,177	131.6124

Notes to the financial statements (continued)

For the year ended 30 June 2020

10 Distributions to unitholders paid and payable (continued)

	Vanguard Australian Government Bond Index Fund							
	Wholesale Class				ETF Class			
	30 Jun 2020		30 Jun 2019		30 Jun 2020		30 Jun 2019	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 30 September	6,456	1.0314	1,407	0.4911	1,648	23.5470	705	24.0830
- 31 December	4,879	0.7849	1,777	0.6020	2,970	37.1213	968	29.1369
- 31 March	4,032	0.8091	2,107	0.5015	2,815	31.5183	998	24.5351
Distributions payable								
- 30 June	9,662	1.6698	2,482	0.5308	5,677	59.4396	1,449	25.6341
	25,029	4.2952	7,773	2.1254	13,110	151.6262	4,120	103.3891

	Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)							
	ETF Class				AUD Hedged Class			
	30 Jun 2020		30 Jun 2019		30 Jun 2020		30 Jun 2019	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 30 September	27	17.5118	-	-	56	0.3575	-	-
- 31 December	58	20.2688	6	31.4635	216	0.1565	-	-
- 31 March	48	15.8668	-	-	362	0.2884	-	-
Distributions payable								
- 30 June	179	53.0088	35	44.2756	1,076	1.0464	155	1.1183
	312	106.6562	41	75.7391	1,710	1.8488	155	1.1183

	NZD Hedged Class			
	30 Jun 2020		30 Jun 2019	
	\$'000	CPU	\$'000	CPU
Distributions paid				
- 30 September	1,679	0.3190	314	0.1153
- 31 December	3,967	0.5752	5,555	1.9454
- 31 March	3,676	0.5183	6,633	1.6095
Distributions payable				
- 30 June	3,907	0.5007	2,898	0.6459
	13,229	1.9132	15,400	4.3161

	Vanguard Global Aggregate Bond Index Fund (Hedged)							
	Wholesale Class				ETF Class			
	30 Jun 2020		30 Jun 2019		30 Jun 2020		30 Jun 2019	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 30 September	15,185	0.3552	11,624	0.3565	359	16.0891	98	17.1677
- 31 December	23,084	0.4915	17,253	0.5285	650	23.6938	251	30.7819
- 31 March	23,128	0.5337	17,094	0.4811	772	27.7446	323	30.2759
Distributions payable								
- 30 June	47,275	1.0085	20,301	0.5213	1,095	38.6899	470	33.2839
	108,672	2.3889	66,272	1.8874	2,876	106.2174	1,142	111.5094

Notes to the financial statements (continued)

For the year ended 30 June 2020

10 Distributions to unitholders paid and payable (continued)

	Vanguard International Credit Securities Index Fund (Hedged)							
	Wholesale Class				ETF Class			
	30 Jun 2020		30 Jun 2019		30 Jun 2020		30 Jun 2019	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 30 September	2,990	0.4730	2,777	0.5296	572	18.9845	460	21.6145
- 31 December	4,899	0.7900	4,453	0.7588	1,088	32.4781	390	21.8752
- 31 March	4,311	0.7128	4,065	0.6859	1,184	28.7200	535	29.6944
Distributions payable								
- 30 June	4,590	0.7744	4,848	0.7779	1,339	37.9355	802	31.5772
	16,790	2.7502	16,143	2.7522	4,183	118.1181	2,187	104.7613

	Vanguard International Fixed Interest Index Fund (Hedged)							
	Wholesale Class				ETF Class			
	30 Jun 2020		30 Jun 2019		30 Jun 2020		30 Jun 2019	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 30 September	4,977	0.3254	4,670	0.3868	952	12.9041	700	15.4532
- 31 December	7,477	0.4747	22,323	1.7712	1,617	18.6318	3,537	72.0444
- 31 March	7,005	0.4405	3,811	0.2674	1,659	18.3137	483	9.0269
Distributions payable								
- 30 June	74,298	4.6884	7,634	0.5126	13,009	132.3652	1,393	21.5507
	93,757	5.9290	38,438	2.9380	17,237	182.2148	6,113	118.0752

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 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Domestic cash at bank	2,524	178	422	1,409	912,726	488,064	4,487	1,108
Total cash and cash equivalents	2,524	178	422	1,409	912,726	488,064	4,487	1,108

	Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund		Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)	
	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Domestic cash at bank	(21,965)	43,801	7,565	7,696	218	4,172
Foreign cash at bank	-	-	-	-	21,506	11,702
Total cash and cash equivalents	(21,965)	43,801	7,565	7,696	21,724	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 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Domestic cash at bank	(42,646)	655	888	1,044	(823)	5,292
Foreign cash at bank	251,330	41,356	4,951	10,108	63,534	10,992
Total cash and cash equivalents	208,684	42,011	5,839	11,152	62,711	16,284

Notes to the financial statements (continued)

For the year ended 30 June 2020

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 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
	\$'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	25,337	44,912	16,177	32,269	10,431	26,948	-	-
Increase/(decrease) in net assets attributable to unitholders	-	-	-	-	-	-	(683)	18,867
Distribution to unitholders	-	-	-	-	-	-	18,130	10,913
Proceeds from sale of financial instruments at fair value through profit or loss	95,614	79,432	2,257,627	2,579,284	4,032,673	4,274,531	335,430	98,245
Purchases of financial instruments at fair value through profit or loss	(358,714)	(341,136)	(2,158,133)	(2,478,212)	(3,920,413)	(4,030,131)	(385,027)	(281,682)
Net (gains)/losses on financial instruments at fair value through profit or loss	(27,471)	(46,189)	(19,917)	(35,978)	(12,464)	(29,006)	(18,292)	(30,616)
Net change in receivables	(12)	(26)	4	4	(3)	2	136	(106)
Net change in payables	66	73	(21)	(19)	29	(6)	16	47
Non-cash items	-	-	-	-	-	-	-	-
Net cash inflow/(outflow) from operating activities	(265,180)	(262,934)	95,737	97,348	110,253	242,338	(50,290)	(184,332)

(b) Non-cash financing activities

During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan

	7,154	5,484	16,747	23,348	12,599	22,091	592	323
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	Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund		Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)	
	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

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

Increase/(decrease) in net assets attributable to unitholders	46,941	392,206	482	45,454	11,978	24,323
Distribution to unitholders	253,126	163,676	38,139	11,893	15,251	15,596
Proceeds from sale of financial instruments at fair value through profit or loss	2,334,964	1,517,612	578,849	98,935	772,002	231,010
Purchases of financial instruments at fair value through profit or loss	(3,510,754)	(2,121,056)	(887,581)	(411,340)	(1,189,557)	(634,564)
Net (gains)/losses on financial instruments at fair value through profit or loss	(318,442)	(569,886)	(40,840)	(58,683)	(29,271)	(40,661)
Net change in receivables	(67)	147	(10)	(11)	(3)	(71)
Net change in payables	284	207	48	71	97	121
Net cash inflow/(outflow) from operating activities	(1,193,948)	(617,094)	(310,913)	(313,681)	(419,503)	(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

	86,877	80,207	8,617	1,288	12,203	10,733
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Notes to the financial statements (continued)

For the year ended 30 June 2020

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

	Vanguard Global Aggregate Bond Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest Index Fund (Hedged)	
	30 Jun 2020 \$'000	30 Jun 2019 \$'000	30 Jun 2020 \$'000	30 Jun 2019 \$'000	30 Jun 2020 \$'000	30 Jun 2019 \$'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities						
Increase/(decrease) in net assets attributable to unitholders	134,737	194,440	16,199	44,047	6,403	78,494
Distribution to unitholders	111,548	67,414	20,973	18,330	110,994	44,551
Proceeds from sale of financial instruments at fair value through profit or loss	4,659,033	2,988,086	525,854	416,476	1,264,813	695,990
Purchases of financial instruments at fair value through profit or loss	(5,369,230)	(3,921,155)	(524,315)	(466,701)	(1,536,123)	(843,539)
Net (gains)/losses on financial instruments at fair value through profit or loss	(259,386)	(269,730)	(39,776)	(64,623)	(123,260)	(127,179)
Net change in receivables	736	(693)	6	(38)	90	(201)
Net change in payables	269	218	8	(1,439)	99	(1,300)
Net cash inflow/(outflow) from operating activities	(722,293)	(941,420)	(1,051)	(53,948)	(276,984)	(153,184)
(b) Non-cash financing activities						
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	81,722	52,960	7,325	10,410	10,506	18,746

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 2020 \$	30 Jun 2019 \$	30 Jun 2020 \$	30 Jun 2019 \$
PricewaterhouseCoopers				
Audit and other assurance services				
Audit of financial statements	12,000	12,000	15,348	15,348
Audit of compliance plan, specified assertions report and internal controls report	9,324	9,402	9,324	9,402
Total remuneration for audit and other assurance services	21,324	21,402	24,672	24,750
Taxation services				
Tax compliance services	9,490	9,865	9,490	9,865
Total remuneration for taxation services	9,490	9,865	9,490	9,865
Total remuneration of PricewaterhouseCoopers	30,814	31,267	34,162	34,615

Notes to the financial statements (continued)

For the year ended 30 June 2020

13 Remuneration of auditors (continued)

	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 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
	\$	\$	\$	\$	\$	\$	\$	\$
PricewaterhouseCoopers								
Audit and other assurance services								
Audit and review of financial statements	17,251	17,251	18,500	18,500	21,000	21,000	21,000	21,000
Audit of compliance plan, specified assertions report and internal controls report	9,324	9,402	9,324	9,402	9,324	9,402	9,324	9,402
Total remuneration for audit and other assurance services	26,575	26,653	27,824	27,902	30,324	30,402	30,324	30,402
Taxation services								
Tax compliance services	9,490	9,865	9,490	9,865	9,490	9,865	9,490	9,865
Total remuneration for taxation services	9,490	9,865	9,490	9,865	9,490	9,865	9,490	9,865
Total remuneration of PricewaterhouseCoopers	36,065	36,518	37,314	37,767	39,814	40,267	39,814	40,267

	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 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
	\$	\$	\$	\$	\$	\$	\$	\$
PricewaterhouseCoopers								
Audit and other assurance services								
Audit and review of financial statements	29,000	28,500	29,000	29,000	26,000	26,000	30,000	30,000
Audit of compliance plan, specified assertions report and internal controls report	9,324	9,402	9,324	9,402	9,324	9,402	9,324	9,402
Total remuneration for audit and other assurance services	38,324	37,902	38,324	38,402	35,324	35,402	39,324	39,402
Taxation services								
Tax compliance services	23,397	17,865	9,490	9,865	9,490	9,865	9,490	9,865
Total remuneration for taxation services	23,397	17,865	9,490	9,865	9,490	9,865	9,490	9,865
Total remuneration of PricewaterhouseCoopers	61,721	55,767	47,814	48,267	44,814	45,267	48,814	49,267

14 Related party transactions

Responsible Entity

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

Key management personnel

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

J M Norris

C Lui

J Platt

F Kolimago

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

Notes to the financial statements (continued)

For the year ended 30 June 2020

14 Related party transactions (continued)

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 2020 and 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.

Responsible Entity's fees and other transactions

During the year ended 30 June 2020, 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	
	2020 % per annum	2019 % 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	0.26
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) - AUD Hedged Class	0.28	0.28
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) - NZD Hedged Class	0.28	0.28
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

Notes to the financial statements (continued)

For the year ended 30 June 2020

14 Related party transactions (continued)

Responsible Entity's fees and other transactions (continued)

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 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Responsible Entity's fees for the year	2,139	1,312	3,745	3,730	2,051	2,109	1,633	1,049
Total fees payable to the Responsible Entity at year end	214	148	276	298	202	168	126	110

	Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund		Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)	
	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Responsible Entity's fees for the year	18,693	14,291	2,387	1,425	2,067	843
Total fees payable to the Responsible Entity at year end	1,592	1,308	214	166	213	104

	Vanguard Global Aggregate Bond Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest Index Fund (Hedged)	
	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Responsible Entity's fees for the year	11,850	8,268	2,925	2,377	5,966	4,500
Total fees payable to the Responsible Entity at year end	1,045	806	233	225	511	428

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 2020 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	17,104,393	27,158,302	27,696,037	2.35	28,509,360	18,455,451	332,380
Vanguard LifeStrategy® Conservative Fund	4,266,293	5,625,976	5,737,370	0.49	2,403,896	1,044,213	76,364
Vanguard Conservative Index Fund	190,166,613	255,192,824	260,245,642	22.10	93,385,957	28,359,746	3,371,889
Vanguard Managed Payout Fund	-	-	-	-	9,791	9,791	-

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

Notes to the financial statements (continued)

For the year ended 30 June 2020

14 Related party transactions (continued)

Related party unitholdings (continued)

		Vanguard Australian Corporate Fixed Interest Index Fund						
30 Jun 2020	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	
Unitholder	Units	Units	\$	%	Units	Units	\$	
Vanguard Managed Payout Fund	900,543	1,112,055	1,203,577	0.54	457,929	246,417	38,318	

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

		Vanguard Australian Fixed Interest Index Fund						
30 Jun 2020	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	
Unitholder	Units	Units	\$	%	Units	Units	\$	
Vanguard Index Diversified Bond Fund	16,909,652	20,324,519	24,348,774	0.36	9,086,047	5,671,180	756,217	
Vanguard LifeStrategy® Conservative Fund	6,772,127	8,412,361	10,078,009	0.15	4,857,685	3,217,451	305,813	
Vanguard LifeStrategy® Balanced Fund	16,780,947	19,494,401	23,354,293	0.34	8,314,838	5,601,384	711,593	
Vanguard LifeStrategy® Growth Fund	15,789,454	17,273,667	20,693,853	0.30	7,188,456	5,704,243	639,234	
Vanguard LifeStrategy® High Growth Fund	6,369,122	6,644,034	7,959,552	0.12	4,252,114	3,977,202	243,262	
Vanguard Conservative Index Fund	297,177,318	386,907,604	463,155,910	6.78	136,138,133	46,407,847	13,971,963	
Vanguard Balanced Index Fund	542,766,886	664,165,513	795,670,285	11.64	239,746,180	118,347,553	24,126,481	
Vanguard Growth Index Fund	363,797,437	404,584,452	484,692,173	7.09	211,702,367	170,915,352	15,469,976	
Vanguard High Growth Index Fund	65,304,094	81,839,301	98,043,483	1.43	51,598,409	35,063,202	2,968,532	
Vanguard Diversified Bond Index Fund	54,560,297	66,849,012	80,085,116	1.17	26,998,997	14,710,282	2,427,295	
Vanguard Managed Payout Fund	1,655,118	1,987,172	2,380,632	0.03	840,277	508,223	73,774	

		Vanguard Australian Fixed Interest Index Fund						
30 Jun 2019	Number of units held opening	Number of units held closing	Fair value of investments	Interest held at year end	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund	
Unitholder	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	

Notes to the financial statements (continued)

For the year ended 30 June 2020

14 Related party transactions (continued)

Related party unitholdings (continued)

		Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)						
30 Jun 2020	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	
Unitholder	Units	Units	\$	%	Units	Units	\$	
Vanguard Investments Australia Ltd	9,985	-	-	-	138	10,123	36	

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

		Vanguard Global Aggregate Bond Index Fund (Hedged)						
30 Jun 2020	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	
Unitholder	Units	Units	\$	%	Units	Units	\$	
Vanguard Index Diversified Bond Fund	44,847,460	53,200,402	57,355,353	1.13	15,628,594	7,275,652	1,261,896	
Vanguard LifeStrategy® Conservative Fund	18,053,878	21,923,130	23,635,327	0.47	12,387,708	8,518,456	513,504	
Vanguard LifeStrategy® Balanced Fund	44,453,998	50,319,984	54,249,975	1.07	20,061,649	14,195,663	1,198,028	
Vanguard LifeStrategy® Growth Fund	44,421,217	44,557,622	48,037,572	0.95	17,180,894	17,044,489	1,051,925	
Vanguard LifeStrategy® High Growth Fund	16,897,377	17,434,347	18,795,970	0.37	12,593,733	12,056,763	408,934	
Vanguard Conservative Index Fund	778,596,370	1,005,276,874	1,083,788,998	21.45	340,779,874	114,099,370	23,181,774	
Vanguard Balanced Index Fund	1,433,339,646	1,724,969,939	1,859,690,091	36.80	637,420,113	345,789,820	40,011,199	
Vanguard Growth Index Fund	969,062,247	1,045,322,872	1,126,962,588	22.30	545,571,380	469,310,755	25,621,267	
Vanguard High Growth Index Fund	178,517,283	213,158,787	229,806,489	4.55	127,228,712	92,587,208	4,880,270	
Vanguard Diversified Bond Index Fund	143,528,708	173,505,332	187,056,098	3.70	60,776,716	30,800,092	4,034,379	

		Vanguard Global Aggregate Bond Index Fund (Hedged)						
30 Jun 2019	Number of units held opening	Number of units held closing	Fair value of investments	Interest held at year end	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund	
Unitholder	Units	Units	\$	%	Units	Units	\$	
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	

Notes to the financial statements (continued)

For the year ended 30 June 2020

14 Related party transactions (continued)

Related party unitholdings (continued)

		Vanguard International Credit Securities Index Fund (Hedged)						
30 Jun 2020	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	
Unitholder	Units	Units	\$	%	Units	Units	\$	
Vanguard Managed Payout Fund	-	-	-	-	8,212	8,212	-	

		Vanguard International Credit Securities Index Fund (Hedged)						
30 Jun 2019	Number of units held opening	Number of units held closing	Fair value of investments	Interest held at year end	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund	
Unitholder	Units	Units	\$	%	Units	Units	\$	
Vanguard Managed Payout Fund	-	-	-	-	-	-	-	

		Vanguard International Fixed Interest Index Fund (Hedged)						
30 Jun 2020	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	
Unitholder	Units	Units	\$	%	Units	Units	\$	
Vanguard Managed Payout Fund	2,597,547	3,060,528	3,768,428	0.19	1,267,734	804,753	180,839	

		Vanguard International Fixed Interest Index Fund (Hedged)						
30 Jun 2019	Number of units held opening	Number of units held closing	Fair value of investments	Interest held at year end	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund	
Unitholder	Units	Units	\$	%	Units	Units	\$	
Vanguard Managed Payout Fund	1,484,896	2,597,547	3,187,902	0.17	1,443,359	330,708	61,020	

Investments

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

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

Other transactions within the Funds

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

Notes to the financial statements (continued)

For the year ended 30 June 2020

15 Responsible Entity's fees

	Vanguard Australian Inflation-Linked Bond Index Fund		Vanguard Cash Plus Fund		Vanguard Cash Reserve Fund	
	30 Jun 2020 \$'000	30 Jun 2019 \$'000	30 Jun 2020 \$'000	30 Jun 2019 \$'000	30 Jun 2020 \$'000	30 Jun 2019 \$'000
Responsible Entity's fees incurred by the Funds	2,139	1,312	3,745	3,730	2,051	2,109
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			
	Wholesale Class		ETF Class		Wholesale Class		ETF Class	
	30 Jun 2020 \$'000	30 Jun 2019 \$'000	30 Jun 2020 \$'000	30 Jun 2019 \$'000	30 Jun 2020 \$'000	30 Jun 2019 \$'000	30 Jun 2020 \$'000	30 Jun 2019 \$'000
Responsible Entity's fees incurred by the Funds	735	579	898	470	16,092	12,692	2,601	1,599
Management costs per annum	0.29%	0.29%	0.26%	0.26%	0.24%	0.24%	0.20%	0.20%

	Vanguard Australian Government Bond Index Fund				Vanguard Global Aggregate Bond Index Fund (Hedged)			
	Wholesale Class		ETF Class		Wholesale Class		ETF Class	
	30 Jun 2020 \$'000	30 Jun 2019 \$'000	30 Jun 2020 \$'000	30 Jun 2019 \$'000	30 Jun 2020 \$'000	30 Jun 2019 \$'000	30 Jun 2020 \$'000	30 Jun 2019 \$'000
Responsible Entity's fees incurred by the Funds	1,531	1,062	856	363	11,582	8,183	268	85
Management costs per annum	0.29%	0.29%	0.20%	0.20%	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 2020 \$'000	30 Jun 2019 \$'000	30 Jun 2020 \$'000	30 Jun 2019 \$'000	30 Jun 2020 \$'000	30 Jun 2019 \$'000	30 Jun 2020 \$'000	30 Jun 2019 \$'000
Responsible Entity's fees incurred by the Funds	2,413	2,090	512	287	5,109	4,054	857	446
Management costs per annum	0.32%	0.32%	0.30%	0.30%	0.26%	0.26%	0.20%	0.20%

	Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)					
	ETF Class		AUD Hedged Class		NZD Hedged Class	
	30 Jun 2020 \$'000	30 Jun 2019 \$'000	30 Jun 2020 \$'000	30 Jun 2019 \$'000	30 Jun 2020 \$'000	30 Jun 2019 \$'000
Responsible Entity's fees incurred by the Funds	34	3	252	5	1,781	835
Management costs per annum	0.26%	0.26%	0.28%	0.28%	0.28%	0.28%

Notes to the financial statements (continued)

For the year ended 30 June 2020

16 Interest income

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

	2020			2019		
	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	753,506	11,898	1.58%	462,585	8,763	1.89%
Vanguard Cash Plus Fund						
Fixed interest securities - domestic	1,267,013	32,624	2.57%	1,274,058	31,442	2.47%
Vanguard Cash Reserve Fund						
Fixed interest securities - domestic	1,146,667	19,806	1.73%	1,181,491	18,169	1.54%
Vanguard Australian Corporate Fixed Interest Index Fund						
Fixed interest securities - domestic	600,466	20,595	3.43%	387,188	14,077	3.64%
Vanguard Australian Fixed Interest Index Fund						
Fixed interest securities - domestic	8,034,149	254,350	3.17%	6,125,793	220,929	3.61%
Vanguard Australian Government Bond Index Fund						
Fixed interest securities - domestic	1,074,978	32,613	3.03%	563,530	19,277	3.42%
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)						
Fixed interest securities - international	730,449	14,210	1.95%	298,413	5,829	1.95%
Vanguard Global Aggregate Bond Index Fund (Hedged)						
Fixed interest securities - international	4,915,528	105,925	2.15%	3,453,539	79,804	2.31%
Vanguard International Credit Securities Index Fund (Hedged)						
Fixed interest securities - international	914,966	24,959	2.73%	746,793	21,752	2.91%
Vanguard International Fixed Interest Index Fund (Hedged)						
Fixed interest securities - international	2,370,325	41,866	1.77%	1,791,963	35,619	1.99%

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 \$94,499 for Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged), \$830,632 for Vanguard Global Aggregate Bond Index Fund (Hedged), \$11,611 for Vanguard International Credit Securities Index Fund (Hedged) and \$293,441 for Vanguard International Fixed Interest Index Fund (Hedged).

17 Events occurring after the reporting period

On 19 August 2020, the Directors approved the name change of the Vanguard Cash Plus Fund to Vanguard Short Term Fixed Interest Fund.

There are no other 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 2020 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 2020 (2019: 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 70 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 2020 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.

DocuSigned by:
Frank Kolimago
DC91B2E3E62D42C...

F Kolimago
Managing Director
Melbourne
9 September 2020



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 and 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 and ETFs (the Funds) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Funds' financial positions as at 30 June 2020 and of their financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the balance sheets as at 30 June 2020
- 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.

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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 (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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, its accounting processes and controls and the industry in which it operates.



Materiality

- For the purpose of our audit, we used approximately 2.5% of the Fund's net assets to set our overall materiality for Vanguard Australian Inflation-Linked Bond Index 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 acceptable benchmark in the fund industry.
- We utilised 1% or 2.5% as the threshold based on our professional judgement, noting they are within the range of commonly acceptable thresholds.



Audit Scope

- Our audit focused on where the Funds made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- Our audit approach reflects the nature of the investments held by the Funds and the consideration of the work undertaken by third-party service providers. The key service provider relevant to our audit is the administrator 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 2020, investments in financial assets and financial liabilities comprised primarily of investments in fixed interest securities, money market securities 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 sheet date. We compared the number and value of the investments at 30 June 2020 as recorded in the Funds' financial report and underlying accounting records to this report.



Key audit matter

How our audit addressed the key audit matter

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

- We obtained a confirmation from the counterparties for collateral held and forward currency contracts at year end and compared the confirmed balance to the accounting records.
- We obtained the trade ticket for repurchase agreements and compared the loan amounts to the accounting records.
- We compared the loan amounts for repurchase agreements to cash settlement after year end.

Other information

The directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2020, 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 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: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf, for the listed funds and http://www.auasb.gov.au/auditors_responsibilities/ar6.pdf, for the unlisted funds. These descriptions form part of our auditor's report.

PricewaterhouseCoopers

PricewaterhouseCoopers

Britt Hawkins

Britt Hawkins
Partner

Melbourne
9 September 2020

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