

Please cross release to all the below company codes



# Annual Report

for the Vanguard® Exchange Traded Funds

13 September 2021

Vanguard Investments Australia Ltd announces the following:

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

Vanguard has prepared an Annual Report for the year ended 30 June 2021, for the Vanguard Wholesale International Equities Funds (Hedged) 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](http://vanguard.com.au)

© 2021 Vanguard Investments Australia Ltd (ABN 72 072 881 086 / AFS Licence 227263) is the product issuer, and is a wholly owned subsidiary of The Vanguard Group, Inc. based in the US. All rights reserved.

Vanguard Investments Australia Ltd, Level 13, 130 Lonsdale Street, Melbourne VIC 3000 [vanguard.com.au](http://vanguard.com.au) 1300 655 888

**Annual report** | 30 June 2021

# **Vanguard Wholesale International Equities Funds (Hedged) and ETFs**

## **Responsible Entity**

Vanguard Investments Australia Ltd.  
ABN 72 072 881 086  
AFSL 227263

Level 13  
130 Lonsdale Street  
Melbourne VIC 3000  
Australia

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

[vanguard.com.au](http://vanguard.com.au)

## Vanguard Wholesale International Equities Funds (Hedged) and ETFs

Fund	ASX	ARSN	ABN
Vanguard Global Infrastructure Index Fund (Hedged)	-	128 385 197	92 392 829 821
Vanguard MSCI Index International Shares (Hedged) ETF	VGAD	165 786 989	92 314 430 239
Vanguard International Property Securities Index Fund (Hedged)	-	115 001 360	52 511 318 838
Vanguard International Small Companies Index Fund (Hedged) 2	-	127 015 436	13 064 564 42
Vanguard Ethically Conscious International Shares Index Fund	VESG	626 133 275	89 276 633 202
Vanguard Global Minimum Volatility Fund	VMIN	165 787 708	80 259 391 198
Vanguard International Shares Index Fund (Hedged)	-	093 254 909	97 123 270 094
Vanguard International Shares Select Exclusions Index Fund	-	613 045 739	45 215 187 041

# Contents

About Vanguard	1
Directors' report	2
Auditor's independence declaration	9
Statements of comprehensive income	10
Balance sheets	12
Statements of changes in equity	13
Statements of cash flows	14
Notes to the financial statements	16
Directors' declaration	62
Independent auditor's report	63

# About Vanguard

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

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

With over AUD \$10.6 trillion in assets under management as of 30 June 2021, including more than AUD \$2.6 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 25 years.

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

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

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

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

## **Our investment expertise**

When you invest with Vanguard, you have more than 40 years of investing experience behind you. So no matter which investment products suit your needs, you can feel confident that Vanguard investments are built on a rigorous investment philosophy that stands the test of time.

## **Low-cost investing**

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

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

# Directors' report

The Responsible Entity of the Vanguard Wholesale International Equities Funds (Hedged) and ETFs (the "Funds") for the year ended 30 June 2021 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 2021.

## 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 Global Minimum Volatility Fund) seek to track the returns of the Funds' respective indices, before taking into account fees, expenses and tax. The Vanguard Global Minimum Volatility Fund seeks to provide long-term capital appreciation with volatility lower than the FTSE Global All Cap Index (AUD Hedged), before taking into account fees, expenses and tax.

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

The Vanguard Ethically Conscious International Shares Index Fund AUD Hedged Class units commenced trading on 1 June 2021.

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 (Resigned 21 September 2020)

C Lui (Resigned 31 December 2020)

J Platt

F Kolimago

C McIsaac (Appointed 25 September 2020)

C Cosby (Appointed 21 May 2021)

D Shrimski (Appointed 21 May 2021)

## Review and results of operations

The Funds invest in listed equity securities, listed unit trusts, unlisted unit trusts, fixed interest 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 Global Infrastructure Index Fund (Hedged)		Vanguard MSCI Index International Shares (Hedged) ETF		Vanguard International Property Securities Index Fund (Hedged)		Vanguard International Small Companies Index Fund (Hedged)	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
Operating profit/(loss) before finance costs attributable to unitholders (\$'000)	83,573	(21,661)	412,100	35,576	407,865	(262,809)	25,447	(5,904)
<b>Distributions - Wholesale Class</b>								
Distribution paid and payable (\$'000)	74,747	20,763	-	-	132,170	-	12,191	-
Distribution (cents per unit)	13.1883	4.8373	-	-	6.9323	-	19.2232	-
<b>Distributions - ETF Class</b>								
Distribution paid and payable (\$'000)	-	-	177,372	-	-	-	-	-
Distribution (cents per unit)	-	-	955.9126	-	-	-	-	-

# Directors' report (continued)

## Review and results of operations (continued)

### Results (continued)

	Vanguard Ethically Conscious International Shares Index Fund		Vanguard Global Minimum Volatility Fund		Vanguard International Shares Index Fund (Hedged)		Vanguard International Shares Select Exclusions Index Fund	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
Operating profit/(loss) before finance costs attributable to unitholders (\$'000)	426,197	41,180	3,689	(2,492)	1,898,188	90,489	526,017	34,499
<b>Distributions - Wholesale Class</b>								
Distribution paid and payable (\$'000)	-	-	1,613	338	-	-	-	-
Distribution (cents per unit)	-	-	17.3271	2.8836	-	-	-	-
<b>Distributions - ETF Class</b>								
Distribution paid and payable (\$'000)	2,850	1,513	1,588	298	-	-	-	-
Distribution (cents per unit)	75.3019	92.5124	750.5016	120.5063	-	-	-	-
<b>Distributions - AUD Class</b>								
Distribution paid and payable (\$'000)	-	-	-	-	1,332,886	107,537	-	-
Distribution (cents per unit)	-	-	-	-	19.7506	1.7468	-	-
<b>Distributions - NZD Class</b>								
Distribution paid and payable (\$'000)	-	-	-	-	3,651	6,283	-	-
Distribution (cents per unit)	-	-	-	-	46.2235	9.1292	-	-
<b>Distributions - AUD Unhedged Class</b>								
Distribution paid and payable (\$'000)	7,805	4,248	-	-	-	-	29,587	24,910
Distribution (cents per unit)	1.4667	1.3828	-	-	-	-	6.2228	5.9793
<b>Distributions - NZD Hedged Class</b>								
Distribution paid and payable (\$'000)	68,065	-	-	-	-	-	128,958	103
Distribution (cents per unit)	11.0276	-	-	-	-	-	18.4833	0.0159
<b>Distributions - AUD Hedged Class</b>								
Distribution paid and payable (\$'000)	445	-	-	-	-	-	40,270	-
Distribution (cents per unit)	1.0443	-	-	-	-	-	17.9087	-

### 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 2021 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.

	2021 %	2020 %	2019 %	2018 %	2017 %
Vanguard Global Infrastructure Index Fund (Hedged)					
Capital growth	1.55	(9.78)	15.16	(0.57)	0.14
Distribution of income	15.07	4.66	0.04	6.42	10.61
Total return	16.62	(5.12)	15.20	5.85	10.75
Benchmark					
FTSE Developed Core Infrastructure (with net dividends reinvested) hedged into AUD	16.57	(5.17)	15.29	5.71	10.69
	2021 %	2020 %	2019 %	2018 %	2017 %
Vanguard MSCI Index International Shares (Hedged) ETF					
Capital growth	21.45	1.40	6.40	9.22	15.53
Distribution of income	14.27	-	-	2.24	4.95
Total return	35.72	1.40	6.40	11.46	20.48
Benchmark					
MSCI World ex-Australia (with net dividends reinvested), hedged into Australian dollars Index	35.75	1.30	6.22	11.48	20.54

# Directors' report (continued)

## Review and results of operations (continued)

### Performance (continued)

	2021 %	2020 %	2019 %	2018 %	2017 %
Vanguard International Property Securities Index Fund (Hedged)					
Capital growth	20.13	(16.46)	7.80	(0.57)	(19.85)
Distribution of income	11.30	-	0.01	6.20	19.71
Total return	31.43	(16.46)	7.81	5.63	(0.14)
Benchmark					
FTSE EPRA/NAREIT Developed ex-Australia Rental index (with net dividends reinvested) hedged into AUD	31.10	(16.60)	7.63	5.47	(0.12)

	2021 %	2020 %	2019 %	2018 %	2017 %
Vanguard International Small Companies Index Fund (Hedged)					
Capital growth	25.48	(7.78)	(4.08)	7.86	12.21
Distribution of income	23.04	-	1.00	7.26	11.54
Total return	48.52	(7.78)	(3.08)	15.12	23.75
Benchmark					
MSCI World ex-Australia Small Cap (with net dividends reinvested) hedged into AUD	48.92	(7.52)	(2.99)	15.35	23.88

	2021 %	2020 %	*2019 %	2018 %	2017 %
Vanguard Ethically Conscious International Shares Index Fund - ETF Class					
Capital growth	26.35	7.97	3.00	-	-
Distribution of income	1.50	1.83	1.27	-	-
Total return	27.85	9.80	4.27	-	-
Benchmark					
FTSE Developed ex Australia Choice Index (with net dividends reinvested) in AUD**	27.80	9.83	4.16	-	-

\*Benchmark performance data is since inception

\*\*Effective 22 June 2020 FTSE Developed ex Australia ex Non-Renewable Energy/Vice Products/Weapons in AUD was renamed to FTSE Developed ex Australia Choice Index (with net dividends reinvested) in AUD

	2021 %	2020 %	*2019 %	2018 %	2017 %
Vanguard Ethically Conscious International Shares Index Fund - AUD Unhedged Class					
Capital growth	26.47	8.51	10.20	-	-
Distribution of income	1.35	1.29	1.21	-	-
Total return	27.82	9.80	11.41	-	-
Benchmark					
FTSE Developed ex Australia Choice Index (with net dividends reinvested) in AUD**	27.80	9.83	11.33	-	-

\*Benchmark performance data is since inception

\*\*Effective 22 June 2020 FTSE Developed ex Australia ex Non-Renewable Energy/Vice Products/Weapons in AUD was renamed to FTSE Developed ex Australia Choice Index (with net dividends reinvested) in AUD

	2021 %	2020 %	*2019 %	2018 %	2017 %
Vanguard Ethically Conscious International Shares Index Fund - NZD Hedged Class					
Capital growth	24.16	6.53	(1.27)	-	-
Distribution of income	12.48	-	2.62	-	-
Total return	36.64	6.53	1.35	-	-
Benchmark					
FTSE Developed ex Australia Choice Index (with net dividends reinvested) hedged into NZD**	36.74	6.70	1.28	-	-

\*Benchmark performance data is since inception

\*\*Effective 22 June 2020 the FTSE Developed ex Australia ex Non-renewable Energy, Vice Products and Weapons Index (with net dividends reinvested) hedged into New Zealand dollars (NZD) was renamed the FTSE Developed ex Australia Choice Index (with net dividends reinvested) hedged into New Zealand dollars (NZD)

# Directors' report (continued)

## Review and results of operations (continued)

### Performance (continued)

	*2021 %	2020 %	2019 %	2018 %	2017 %
Vanguard Ethically Conscious International Shares Index Fund - AUD Hedged Class					
Capital growth	1.85	-	-	-	-
Distribution of income	1.04	-	-	-	-
Total return	2.89	-	-	-	-
Benchmark					
<i>FTSE Developed ex Australia Choice Index (with net dividends reinvested) hedged into AUD</i>	2.93	-	-	-	-
<i>*Benchmark performance data is since inception</i>					
	2021 %	2020 %	2019 %	2018 %	2017 %
Vanguard Global Minimum Volatility Fund					
Capital growth	1.59	(6.14)	8.52	6.06	7.28
Distribution of income	14.74	2.10	-	3.07	4.88
Total return	16.33	(4.04)	8.52	9.13	12.16
Benchmark					
<i>FTSE Global All Cap Index (AUD hedged)</i>	36.44	0.07	4.61	11.45	20.53
	2021 %	2020 %	2019 %	2018 %	2017 %
Vanguard International Shares Index Fund (Hedged) - AUD Class					
Capital growth	10.05	(0.62)	5.73	4.57	0.15
Distribution of income	25.67	2.04	0.70	6.92	20.40
Total return	35.72	1.42	6.43	11.49	20.55
Benchmark					
<i>MSCI World ex-Australia (with net dividends reinvested) hedged into Australian dollars Index</i>	35.75	1.30	6.22	11.48	20.53
	2021 %	2020 %	2019 %	2018 %	2017 %
Vanguard International Shares Index Fund (Hedged) - NZD Class					
Capital growth	(4.93)	(5.14)	1.16	7.91	5.43
Distribution of income	40.99	6.83	5.27	3.97	15.39
Total return	36.06	1.69	6.43	11.88	20.82
Benchmark					
<i>MSCI World ex-Australia (with net dividends reinvested) hedged into New Zealand dollars Index</i>	36.20	1.91	6.30	11.99	20.99
	2021 %	2020 %	2019 %	2018 %	2017 %
Vanguard International Shares Select Exclusions Index Fund - AUD Unhedged Class					
Capital growth	22.63	1.05	8.70	10.95	5.31
Distribution of income	5.03	4.82	3.52	4.83	1.38
Total return	27.66	5.87	12.22	15.78	6.69
Benchmark					
<i>MSCI World ex Australia, ex Tobacco, ex Controversial Weapons, ex Nuclear Weapons (with net dividends reinvested) in Australian dollars Index</i>	27.63	5.81	12.10	15.73	6.63



# Directors' report (continued)

## Review and results of operations (continued)

### Performance (continued)

	2021 %	2020 %	2019 %	2018 %	2017 %
Vanguard International Shares Select Exclusions Index Fund - AUD Hedged Class					
Capital growth	17.06	2.01	4.64	-	-
Distribution of income	18.78	-	1.87	-	-
Total return	35.84	2.01	6.51	-	-
Benchmark					
<i>MSCI World ex Australia, ex Tobacco, ex Controversial Weapons, ex Nuclear Weapons (with net dividends reinvested) hedged into Australian dollars Index</i>	35.90	1.92	6.36	-	-
	2021 %	2020 %	2019 %	2018 %	2017 %
Vanguard International Shares Select Exclusions Index Fund - NZD Hedged Class					
Capital growth	18.86	2.57	3.99	9.49	8.30
Distribution of income	17.36	0.02	2.51	2.76	-
Total return	36.22	2.59	6.50	12.25	8.30
Benchmark					
<i>MSCI World ex Australia, ex Tobacco, ex Controversial Weapons, ex Nuclear Weapons (with net dividends reinvested) hedged into New Zealand dollars Index</i>	36.35	2.53	6.45	12.33	8.37

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

### Unit redemption prices

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

	At 30 June		Period high		Period low	
	2021 \$	2020 \$	2021 \$	2020 \$	2021 \$	2020 \$
Vanguard Global Infrastructure Index Fund (Hedged)	0.9681	0.9853	0.9973	1.1770	0.9068	0.7486
Vanguard MSCI Index International Shares (Hedged) ETF	91.5194	69.9989	91.6489	78.3588	70.1999	50.3561
Vanguard International Property Securities Index Fund (Hedged)	0.8564	0.7048	0.8820	0.9581	0.6650	0.5208
Vanguard International Small Companies Index Fund (Hedged)	1.2056	0.8995	1.2700	1.0745	0.8900	0.6178
Vanguard Ethically Conscious International Shares Index Fund - ETF Class	70.4990	55.9538	70.6354	61.9247	55.5781	48.1213
Vanguard Ethically Conscious International Shares Index Fund - AUD Unhedged Class	1.5176	1.1971	1.5195	1.3245	1.1943	1.0291
Vanguard Ethically Conscious International Shares Index Fund - NZD Hedged Class*	1.3182	1.0502	1.3200	1.1403	1.0542	0.7615
Vanguard Ethically Conscious International Shares Index Fund - AUD Hedged Class	1.0279	-	1.0292	-	0.9976	-
Vanguard Global Minimum Volatility Fund - Wholesale Class	1.2986	1.2435	1.3326	1.4441	1.2040	1.0002
Vanguard Global Minimum Volatility Fund - ETF Class	55.5752	53.5802	57.0353	62.1904	51.7333	43.0914
Vanguard International Shares Index Fund (Hedged) - AUD Class	0.9816	0.8682	0.9941	0.9725	0.8415	0.6249
Vanguard International Shares Index Fund (Hedged) - NZD Class*	1.3885	1.3721	1.5353	1.5317	1.3002	0.9926
Vanguard International Shares Select Exclusions Index Fund - AUD Unhedged Class	1.6196	1.3010	1.6223	1.4932	1.2811	1.1424
Vanguard International Shares Select Exclusions Index Fund - AUD Hedged Class	1.2719	1.0682	1.2740	1.1892	1.0662	0.7676
Vanguard International Shares Select Exclusions Index Fund - NZD Hedged Class*	1.5436	1.2643	1.5470	1.4007	1.2670	0.9127

\*All prices are expressed in New Zealand dollars

# Directors' report (continued)

## Significant changes in state of affairs

Jim Norris resigned as a Director of Vanguard Investments Australia Ltd on 21 September 2020.

Chris McIsaac was appointed as a Director of Vanguard Investments Australia Ltd on 25 September 2020.

Cynthia Lui resigned as a Director of Vanguard Investments Australia Ltd on 31 December 2020.

Caroline Cosby was appointed as a Director of Vanguard Investments Australia Ltd on 21 May 2021.

Daniel Shrimski was appointed as a Director of Vanguard Investments Australia Ltd on 21 May 2021.

The Vanguard Ethically Conscious International Shares Index Fund AUD Hedged Class units commenced trading on 1 June 2021.

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 2021 that has significantly affected, or may significantly affect:

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

## Likely developments and expected results of operations

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

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

## Indemnity and insurance of officers and auditors

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

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

Fees paid to the Responsible Entity and its associates out of the Funds' property during the year are disclosed in note 14 of the financial statements.

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

The number of interests in the Funds held by the Responsible Entity or its associates as at the end of the financial year are disclosed in note 14 of the financial statements.

## Interests in the Funds

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

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

## Environmental regulation

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

# Directors' report (continued)

## Rounding of amounts to the nearest thousand dollars

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

## Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 9.

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



F Kolimago

*Managing Director*

Melbourne

9 September 2021



## *Auditor's Independence Declaration*

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

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

\*denotes listed Funds

As lead auditor for the audit of Vanguard Wholesale International Equities Funds (Hedged) and ETFs for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been:

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

A handwritten signature in blue ink, appearing to read 'Britt Hawkins'.

Britt Hawkins  
Partner  
PricewaterhouseCoopers

Melbourne  
9 September 2021

# Statements of comprehensive income

For the year ended 30 June 2021

		Vanguard Global Infrastructure Index Fund (Hedged)		Vanguard MSCI Index International Shares (Hedged) ETF		Vanguard International Property Securities Index Fund (Hedged)		Vanguard International Small Companies Index Fund (Hedged)	
		30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Investment income</b>									
Interest income		-	4	-	-	-	7	-	-
Distribution income		19,402	36,307	30,560	39,815	42,382	68,641	5,389	3,165
Net gains/(losses) on financial instruments at fair value through profit or loss	5	64,388	(57,833)	381,815	(4,308)	366,024	(330,987)	20,106	(9,017)
Other operating income		-	-	285	418	-	-	-	2
<b>Total net investment income/(loss)</b>		<b>83,790</b>	<b>(21,522)</b>	<b>412,660</b>	<b>35,925</b>	<b>408,406</b>	<b>(262,339)</b>	<b>25,495</b>	<b>(5,850)</b>
<b>Expenses</b>									
Responsible Entity's fees	15	186	119	487	267	492	443	27	22
Custody fees		17	20	35	35	27	26	20	23
Transaction costs		-	-	-	-	-	-	-	-
Other operating expenses		14	-	38	47	22	1	1	9
<b>Total operating expenses</b>		<b>217</b>	<b>139</b>	<b>560</b>	<b>349</b>	<b>541</b>	<b>470</b>	<b>48</b>	<b>54</b>
<b>Operating profit/(loss)</b>		<b>83,573</b>	<b>(21,661)</b>	<b>412,100</b>	<b>35,576</b>	<b>407,865</b>	<b>(262,809)</b>	<b>25,447</b>	<b>(5,904)</b>
<b>Finance costs attributable to unitholders</b>									
Distributions to unitholders	10	-	-	-	-	-	-	-	-
(Increase)/decrease in net assets attributable to unitholders	9	-	-	-	-	-	-	-	-
<b>Profit/(loss) for the year</b>		<b>83,573</b>	<b>(21,661)</b>	<b>412,100</b>	<b>35,576</b>	<b>407,865</b>	<b>(262,809)</b>	<b>25,447</b>	<b>(5,904)</b>
Other comprehensive income		-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>		<b>83,573</b>	<b>(21,661)</b>	<b>412,100</b>	<b>35,576</b>	<b>407,865</b>	<b>(262,809)</b>	<b>25,447</b>	<b>(5,904)</b>

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 2021

		Vanguard Ethically Conscious International Shares Index Fund		Vanguard Global Minimum Volatility Fund		Vanguard International Shares Index Fund (Hedged)		Vanguard International Shares Select Exclusions Index Fund	
		30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Investment income</b>									
Interest income		-	15	-	-	-	-	-	40
Dividend income		21,867	13,055	500	565	-	-	29,000	27,823
Distribution income		953	622	-	168	328,267	294,941	1,115	1,164
Net gains/(losses) on financial instruments at fair value through profit or loss	5	407,130	29,583	3,300	(3,100)	1,572,311	(202,255)	500,659	9,855
Other operating income		176	96	9	18	50	-	74	273
<b>Total net investment income/(loss)</b>		<b>430,126</b>	<b>43,371</b>	<b>3,809</b>	<b>(2,349)</b>	<b>1,900,628</b>	<b>92,686</b>	<b>530,848</b>	<b>39,155</b>
<b>Expenses</b>									
Responsible Entity's fees	15	3,384	1,738	78	88	2,217	1,782	4,370	3,645
Custody fees		87	110	19	19	63	63	117	112
Transaction costs		75	59	7	10	-	-	49	63
Other operating expenses		383	284	16	26	160	352	295	836
<b>Total operating expenses</b>		<b>3,929</b>	<b>2,191</b>	<b>120</b>	<b>143</b>	<b>2,440</b>	<b>2,197</b>	<b>4,831</b>	<b>4,656</b>
<b>Operating profit/(loss)</b>		<b>426,197</b>	<b>41,180</b>	<b>3,689</b>	<b>(2,492)</b>	<b>1,898,188</b>	<b>90,489</b>	<b>526,017</b>	<b>34,499</b>
<b>Finance costs attributable to unitholders</b>									
Distributions to unitholders	10	(79,165)	(5,761)	(3,201)	(636)	(1,336,537)	(113,820)	(198,815)	(25,013)
(Increase)/decrease in net assets attributable to unitholders	9	(347,032)	(35,419)	(488)	3,128	(561,651)	23,331	(327,202)	(9,486)
<b>Profit/(loss) for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other comprehensive income		-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

# Balance sheets

As at 30 June 2021

		Vanguard Global Infrastructure Index Fund (Hedged)		Vanguard MSCI Index International Shares (Hedged) ETF		Vanguard International Property Securities Index Fund (Hedged)		Vanguard International Small Companies Index Fund (Hedged)	
		30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>									
Cash and cash equivalents	11	3,560	989	28,594	9,785	6,125	704	1,831	1,246
Margin accounts		180	131	36,395	2,781	333	162	1,806	81
Receivables		418	417	23,357	6	638	470	37	52
Accrued income		7,546	17,134	13,797	28,312	15,057	13,344	2,322	937
Due from brokers - receivable for securities sold		14,671	-	95,045	-	42,969	-	3,664	-
Financial assets at fair value through profit or loss	6	653,647	408,449	1,667,970	1,055,938	1,635,575	1,361,977	74,531	56,194
<b>Total assets</b>		<b>680,022</b>	<b>427,120</b>	<b>1,865,158</b>	<b>1,096,822</b>	<b>1,700,697</b>	<b>1,376,657</b>	<b>84,191</b>	<b>58,510</b>
<b>Liabilities</b>									
Margin accounts		-	-	7,640	31,294	-	-	310	570
Distribution payable	10	11,176	20,763	127,027	-	16,831	-	5,078	-
Payables		149	109	50	92	1,091	311	3	2
Due to brokers - payables for securities purchased		-	3,617	-	32,400	-	22,488	-	1,100
Financial liabilities at fair value through profit or loss	7	13,703	147	74,579	6,393	31,972	891	3,512	438
<b>Total liabilities</b>		<b>25,028</b>	<b>24,636</b>	<b>209,296</b>	<b>70,179</b>	<b>49,894</b>	<b>23,690</b>	<b>8,903</b>	<b>2,110</b>
<b>Net assets attributable to unitholders (equity)</b>	9	<b>654,994</b>	<b>402,484</b>	<b>1,655,862</b>	<b>1,026,643</b>	<b>1,650,803</b>	<b>1,352,967</b>	<b>75,288</b>	<b>56,400</b>

		Vanguard Ethically Conscious International Shares Index Fund		Vanguard Global Minimum Volatility Fund		Vanguard International Shares Index Fund (Hedged)		Vanguard International Shares Select Exclusions Index Fund	
		30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000
	Notes								
<b>Assets</b>									
Cash and cash equivalents	11	30,495	11,419	382	353	119,333	38,919	17,253	22,689
Margin accounts		35,634	1,487	510	54	118,714	9,777	35,142	1,794
Receivables		10,762	1,641	38	39	4,620	1,724	2,838	1,593
Accrued income		1,466	727	48	58	174,847	183,637	1,348	1,151
Due from brokers - receivable for securities sold		8	5	948	-	245,978	-	5	2
Financial assets at fair value through profit or loss	6	2,270,972	1,030,301	23,815	27,242	6,877,706	5,433,013	2,130,671	1,589,164
<b>Total assets</b>		<b>2,349,337</b>	<b>1,045,580</b>	<b>25,741</b>	<b>27,746</b>	<b>7,541,198</b>	<b>5,667,070</b>	<b>2,187,257</b>	<b>1,616,393</b>
<b>Liabilities</b>									
Margin accounts		12,829	13,099	-	300	25	167,895	4,315	33,877
Distribution payable	10	14,135	1,585	945	378	329,967	107,537	55,754	8,062
Payables		441	209	7	7	77,400	59,280	2,032	482
Due to brokers - payables for securities purchased		20,003	4,952	-	-	-	37,976	2	14,611
Financial liabilities at fair value through profit or loss	7	47,968	3,568	685	28	308,417	34,445	69,448	7,258
<b>Total liabilities</b>		<b>95,376</b>	<b>23,413</b>	<b>1,637</b>	<b>713</b>	<b>715,809</b>	<b>407,133</b>	<b>131,551</b>	<b>64,290</b>
<b>Net assets attributable to unitholders (liability)</b>	9	<b>2,253,961</b>	<b>1,022,167</b>	<b>24,104</b>	<b>27,033</b>	<b>6,825,389</b>	<b>5,259,937</b>	<b>2,055,706</b>	<b>1,552,103</b>

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

# Statements of changes in equity

For the year ended 30 June 2021

	Notes	Vanguard Global Infrastructure Index Fund (Hedged)		Vanguard MSCI Index International Shares (Hedged) ETF		Vanguard International Property Securities Index Fund (Hedged)		Vanguard International Small Companies Index Fund (Hedged)	
		30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000
<b>Total equity at the beginning of the financial year</b>		<b>402,484</b>	301,058	<b>1,026,643</b>	620,365	<b>1,352,967</b>	1,340,428	<b>56,400</b>	79,683
<b>Comprehensive income for the year</b>									
Profit/(loss) for the year		83,573	(21,661)	412,100	35,576	407,865	(262,809)	25,447	(5,904)
Other comprehensive income		-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>		<b>83,573</b>	(21,661)	<b>412,100</b>	35,576	<b>407,865</b>	(262,809)	<b>25,447</b>	(5,904)
<b>Transactions with unitholders</b>									
Applications		292,031	268,470	400,902	397,480	361,649	533,184	16,040	35,145
Redemptions		(103,324)	(124,620)	(11,632)	(26,778)	(404,534)	(257,836)	(11,268)	(52,625)
Units issued upon reinvestment of distributions		54,977	-	5,221	-	65,026	-	860	101
Distributions paid and payable	10	(74,747)	(20,763)	(177,372)	-	(132,170)	-	(12,191)	-
<b>Total transactions with unitholders</b>		<b>168,937</b>	123,087	<b>217,119</b>	370,702	<b>(110,029)</b>	275,348	<b>(6,559)</b>	(17,379)
<b>Total equity at the end of the financial year</b>		<b>654,994</b>	402,484	<b>1,655,862</b>	1,026,643	<b>1,650,803</b>	1,352,967	<b>75,288</b>	56,400

  

	Notes	Vanguard Ethically Conscious International Shares Index Fund		Vanguard Global Minimum Volatility Fund		Vanguard International Shares Index Fund (Hedged)		Vanguard International Shares Select Exclusions Index Fund	
		30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000
<b>Total equity at the beginning of the financial year</b>		-	-	-	-	-	-	-	-
<b>Comprehensive income for the year</b>									
Profit/(loss) for the year		-	-	-	-	-	-	-	-
Other comprehensive income		-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>		-	-	-	-	-	-	-	-
<b>Transactions with unitholders</b>									
Applications		-	-	-	-	-	-	-	-
Redemptions		-	-	-	-	-	-	-	-
Units issued upon reinvestment of distributions		-	-	-	-	-	-	-	-
Distributions paid and payable	10	-	-	-	-	-	-	-	-
<b>Total transactions with unitholders</b>		-	-	-	-	-	-	-	-
<b>Total equity at the end of the financial year</b>		-	-	-	-	-	-	-	-

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



# Statements of cash flows

For the year ended 30 June 2021

		Vanguard Global Infrastructure Index Fund (Hedged)		Vanguard MSCI Index International Shares (Hedged) ETF		Vanguard International Property Securities Index Fund (Hedged)		Vanguard International Small Companies Index Fund (Hedged)	
		30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>									
Proceeds from sale of financial instruments at fair value through profit or loss		146,010	94,070	167,535	367,005	489,551	221,023	19,763	54,137
Purchases of financial instruments at fair value through profit or loss		(302,562)	(237,850)	(471,433)	(730,227)	(390,719)	(502,894)	(17,699)	(35,019)
Interest received		-	4	3	56	-	10	-	11
Other income received		-	-	285	418	-	-	-	2
Responsible Entity's fees paid		(181)	(115)	(467)	(257)	(487)	(441)	(26)	(25)
Operating expenses paid		(33)	(21)	(140)	(103)	(52)	(27)	(21)	(32)
<b>Net cash inflow/(outflow) from operating activities</b>	12(a)	<b>(156,766)</b>	<b>(143,912)</b>	<b>(304,217)</b>	<b>(363,108)</b>	<b>98,293</b>	<b>(282,329)</b>	<b>2,017</b>	<b>19,074</b>
<b>Cash flows from financing activities</b>									
Proceeds from applications by unitholders		292,035	268,779	377,555	397,480	361,484	533,112	16,055	35,107
Payments for redemptions by unitholders		(103,292)	(124,522)	(11,632)	(26,778)	(403,759)	(258,274)	(11,268)	(52,657)
Distributions paid from operating activities		(29,357)	-	(45,124)	-	(50,313)	-	(6,253)	(733)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>159,386</b>	<b>144,257</b>	<b>320,799</b>	<b>370,702</b>	<b>(92,588)</b>	<b>274,838</b>	<b>(1,466)</b>	<b>(18,283)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,620</b>	<b>345</b>	<b>16,582</b>	<b>7,594</b>	<b>5,705</b>	<b>(7,491)</b>	<b>551</b>	<b>791</b>
Cash and cash equivalents at the beginning of the year		989	837	9,785	2,658	704	7,890	1,246	400
Effects of foreign currency exchange rate changes on cash and cash equivalents		(49)	(193)	2,227	(467)	(284)	305	34	55
<b>Cash and cash equivalents at the end of the year</b>	11	<b>3,560</b>	<b>989</b>	<b>28,594</b>	<b>9,785</b>	<b>6,125</b>	<b>704</b>	<b>1,831</b>	<b>1,246</b>
Non-cash financing activities	12(b)	54,977	-	5,221	-	65,026	-	860	101

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 2021

		Vanguard Ethically Conscious International Shares Index Fund		Vanguard Global Minimum Volatility Fund		Vanguard International Shares Index Fund (Hedged)		Vanguard International Shares Select Exclusions Index Fund	
		30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000
	Notes								
<b>Cash flows from operating activities</b>									
Proceeds from sale of financial instruments at fair value through profit or loss		1,124,031	99,012	20,913	26,475	1,461,913	864,131	1,284,481	302,834
Purchases of financial instruments at fair value through profit or loss		(1,934,119)	(580,772)	(15,142)	(28,919)	(1,294,378)	(1,355,845)	(1,342,841)	(471,590)
Transaction costs on purchases of financial instruments at fair value through profit or loss		(75)	(59)	(7)	(10)	-	-	(49)	(63)
Interest received		1	13	-	2	19	432	5	10
Dividends received		20,589	12,630	505	585	-	-	28,052	28,390
Distributions received		869	588	-	216	-	-	1,103	1,161
Other income received		176	97	10	18	50	-	74	273
Responsible Entity's fees paid		(3,174)	(1,653)	(79)	(88)	(2,158)	(1,767)	(4,279)	(3,598)
Operating expenses paid		(521)	(418)	(35)	(46)	(224)	(417)	(436)	(960)
<b>Net cash inflow/(outflow) from operating activities</b>	12(a)	<b>(792,223)</b>	<b>(470,562)</b>	<b>6,165</b>	<b>(1,767)</b>	<b>165,222</b>	<b>(493,466)</b>	<b>(33,890)</b>	<b>(143,543)</b>
<b>Cash flows from financing activities</b>									
Proceeds from applications by unitholders		872,969	696,477	5,460	16,276	1,860,673	1,546,661	433,370	582,865
Payments for redemptions by unitholders		(50,092)	(219,317)	(9,684)	(14,572)	(1,524,499)	(1,031,772)	(373,545)	(422,196)
Distributions paid from operating activities		(13,156)	(1,157)	(1,825)	(157)	(431,314)	(13,545)	(33,583)	(5,436)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>809,721</b>	<b>476,003</b>	<b>(6,049)</b>	<b>1,547</b>	<b>(95,140)</b>	<b>501,344</b>	<b>26,242</b>	<b>155,233</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>17,498</b>	<b>5,441</b>	<b>116</b>	<b>(220)</b>	<b>70,082</b>	<b>7,878</b>	<b>(7,648)</b>	<b>11,690</b>
Cash and cash equivalents at the beginning of the year		11,419	6,841	353	490	38,919	33,608	22,689	14,032
Effects of foreign currency exchange rate changes on cash and cash equivalents		1,578	(863)	(87)	83	10,332	(2,567)	2,212	(3,033)
<b>Cash and cash equivalents at the end of the year</b>	11	<b>30,495</b>	<b>11,419</b>	<b>382</b>	<b>353</b>	<b>119,333</b>	<b>38,919</b>	<b>17,253</b>	<b>22,689</b>
Non-cash financing activities	12(b)	53,459	3,886	809	101	682,793	18,383	117,540	17,304

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 2021

## 1 General information

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

- Vanguard Global Infrastructure Index Fund (Hedged) 26 October 2007
- Vanguard MSCI Index International Shares (Hedged) ETF 12 September 2013
- Vanguard International Property Securities Index Fund (Hedged) 30 June 2005
- Vanguard International Small Companies Index Fund (Hedged) 9 August 2007
- Vanguard Ethically Conscious International Shares Index Fund 23 April 2018
- Vanguard Global Minimum Volatility Fund 12 September 2013
- Vanguard International Shares Index Fund (Hedged) 8 June 2000
- Vanguard International Shares Select Exclusions Index Fund 10 June 2016

The Responsible Entity of the Vanguard Wholesale International Equities Funds (Hedged) 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 Global Minimum Volatility Fund) seek to track the returns of the Funds’ respective indices, before taking into account fees, expenses and tax. The Vanguard Global Minimum Volatility Fund seeks to provide long-term capital appreciation with volatility lower than the FTSE Global All Cap Index (AUD Hedged), before taking into account fees, expenses and tax.

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

The Vanguard Ethically Conscious International Shares Index Fund AUD Hedged Class units commenced trading on 1 June 2021.

The financial statements were authorised for issue by the directors on 9 September 2021. 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 2021

## 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 2020 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 2021 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 2021, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Funds.

### (b) Financial instruments

#### (i) Classification

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

Equity securities and derivatives are measured at fair value through profit or loss.

#### (ii) Recognition/derecognition

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

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

#### (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 2021

## 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
- apart from the contractual obligation to redeem the units, the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Fund, and it is not a contract settled in the Fund's own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

### (d) Cash and cash equivalents

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

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

### (e) Margin accounts

Margin accounts comprise of cash held with brokers for derivative transactions to meet margin calls. It is not included as a component of cash and cash equivalents.

### (f) Investment income

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

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

### (g) Expenses

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

### (h) Income tax

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

The 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.

# Notes to the financial statements (continued)

For the year ended 30 June 2021

## 2 Summary of significant accounting policies (continued)

### (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.

### (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.

# Notes to the financial statements (continued)

For the year ended 30 June 2021

## 2 Summary of significant accounting policies (continued)

### (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.

### (s) Investment entity exception

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.

The Funds do not control any of the entities where they have an investment and therefore do not prepare consolidated financial statements. Instead, the Funds' investments are accounted for at fair value through profit or loss as disclosed in note 2(b).

### (t) Securities lending arrangements

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

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

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



# Notes to the financial statements (continued)

For the year ended 30 June 2021

## 2 Summary of significant accounting policies (continued)

### (u) Rounding of amounts

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

## 3 Financial risk management

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

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

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

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.

### (a) Market risk

#### (i) Price risk

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

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

At 30 June, the fair value of equities and related derivatives exposed to price risk were as follows:

	Vanguard Global Infrastructure Index Fund (Hedged)		Vanguard MSCI Index International Shares (Hedged) ETF		Vanguard International Property Securities Index Fund (Hedged)		Vanguard International Small Companies Index Fund (Hedged)	
	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000
Derivative assets	-	10	97	441	25	19	3	18
Unlisted unit trusts	653,208	392,640	1,635,344	973,737	1,635,112	1,316,988	72,856	53,988
Derivative liabilities	-	(13)	(34)	(87)	(10)	-	(2)	(2)
<b>Net total</b>	<b>653,208</b>	<b>392,637</b>	<b>1,635,407</b>	<b>974,091</b>	<b>1,635,127</b>	<b>1,317,007</b>	<b>72,857</b>	<b>54,004</b>

  

	Vanguard Ethically Conscious International Shares Index Fund		Vanguard Global Minimum Volatility Fund		Vanguard International Shares Index Fund (Hedged)		Vanguard International Shares Select Exclusions Index Fund	
	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000
Derivative assets	133	80	5	-	893	1,329	114	106
Equity securities	2,181,924	975,353	23,172	26,570	-	-	2,040,871	1,491,091
Listed unit trusts	55,011	24,680	472	310	-	-	45,502	36,028
Unlisted unit trusts	-	-	-	-	6,742,698	5,027,958	-	-
Derivative liabilities	(38)	(25)	-	(2)	(199)	(233)	(37)	(20)
<b>Net total</b>	<b>2,237,030</b>	<b>1,000,088</b>	<b>23,649</b>	<b>26,878</b>	<b>6,743,392</b>	<b>5,029,054</b>	<b>2,086,450</b>	<b>1,527,205</b>



# Notes to the financial statements (continued)

For the year ended 30 June 2021

## 3 Financial risk management (continued)

### (a) Market risk (continued)

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

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

#### (ii) Foreign exchange risk

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.

In accordance with the Funds' policy, the Investment Manager monitors the Funds' foreign exchange exposure on all foreign currency denominated assets and liabilities on a daily basis. Currency positions are reconciled daily and discrepancies are immediately resolved. Procedures are established with the Investment Manager to trade currency as closely as possible to the close of the markets, so as to obtain exchange rates that closely approximate the rates used in the daily valuation.

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

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

The tables below summarises the Funds' financial assets and liabilities, monetary and non-monetary, which are denominated in a currency other than the Australian dollar.

Vanguard Global Infrastructure Index Fund (Hedged)										
	30 Jun 2021					30 Jun 2020				
	US Dollar A\$'000	Canadian Dollar A\$'000	Euro A\$'000	Japanese Yen A\$'000	Other currencies A\$'000	US Dollar A\$'000	Canadian Dollar A\$'000	Euro A\$'000	Japanese Yen A\$'000	Other currencies A\$'000
<b>Assets</b>										
Cash and cash equivalents	1,380	32	81	15	-	322	202	117	240	-
Margin accounts	76	49	16	39	-	37	26	17	34	-
Financial assets at fair value through profit or loss	344	4	2	15	3	309	8	6	17	12
<b>Total assets</b>	<b>1,800</b>	<b>85</b>	<b>99</b>	<b>69</b>	<b>3</b>	<b>668</b>	<b>236</b>	<b>140</b>	<b>291</b>	<b>12</b>
<b>Liabilities</b>										
Financial liabilities at fair value through profit or loss	12,457	193	4	596	444	14	-	2	12	5
<b>Total liabilities</b>	<b>12,457</b>	<b>193</b>	<b>4</b>	<b>596</b>	<b>444</b>	<b>14</b>	<b>-</b>	<b>2</b>	<b>12</b>	<b>5</b>
<b>Net increase/(decrease) in exposure from foreign currency forward contracts</b>										
- Buy foreign currency	488,010	100,317	37,207	35,549	44,385	319,270	59,686	23,870	31,678	27,772
- Sell foreign currency	(923,454)	(187,505)	(76,580)	(68,208)	(84,005)	(607,837)	(114,061)	(46,191)	(59,298)	(54,351)
<b>Net exposure including foreign currency forward contracts</b>	<b>(435,444)</b>	<b>(87,188)</b>	<b>(39,373)</b>	<b>(32,659)</b>	<b>(39,620)</b>	<b>(288,567)</b>	<b>(54,375)</b>	<b>(22,321)</b>	<b>(27,620)</b>	<b>(26,579)</b>

# Notes to the financial statements (continued)

For the year ended 30 June 2021

## 3 Financial risk management (continued)

### (a) Market risk (continued)

#### (ii) Foreign exchange risk (continued)

Vanguard MSCI Index International Shares (Hedged) ETF										
	30 Jun 2021					30 Jun 2020				
	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
<b>Assets</b>										
Cash and cash equivalents	1,398	388	595	554	866	5,280	711	575	1,005	1,145
Margin accounts	2,110	210	565	128	132	1,065	129	476	181	120
Financial assets at fair value through profit or loss	32,626	-	-	-	-	1,171	33	131	-	167
<b>Total assets</b>	<b>36,134</b>	<b>598</b>	<b>1,160</b>	<b>682</b>	<b>998</b>	<b>7,516</b>	<b>873</b>	<b>1,182</b>	<b>1,186</b>	<b>1,432</b>
<b>Liabilities</b>										
Margin accounts	-	-	-	-	7,640	-	-	-	-	24
Payables	-	-	2	1	1	-	-	-	-	-
Financial liabilities at fair value through profit or loss	74,543	8	22	-	4	725	198	2,015	91	1,690
<b>Total liabilities</b>	<b>74,543</b>	<b>8</b>	<b>24</b>	<b>1</b>	<b>7,645</b>	<b>725</b>	<b>198</b>	<b>2,015</b>	<b>91</b>	<b>1,714</b>
<b>Net increase/(decrease) in exposure from foreign currency forward contracts</b>										
- Buy foreign currency	3,002,767	82,891	192,432	137,257	184,195	1,655,773	45,897	100,591	83,302	99,524
- Sell foreign currency	(4,107,808)	(154,787)	(359,695)	(252,038)	(348,382)	(2,347,546)	(93,846)	(205,809)	(168,703)	(203,207)
<b>Net exposure including foreign currency forward contracts</b>	<b>(1,143,450)</b>	<b>(71,306)</b>	<b>(166,127)</b>	<b>(114,100)</b>	<b>(170,834)</b>	<b>(684,982)</b>	<b>(47,274)</b>	<b>(106,051)</b>	<b>(84,306)</b>	<b>(103,965)</b>

Vanguard International Property Securities Index Fund (Hedged)										
	30 Jun 2021					30 Jun 2020				
	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
<b>Assets</b>										
Cash and cash equivalents	142	82	217	76	157	302	18	81	37	169
Margin accounts	120	130	25	4	24	32	20	77	11	22
Financial assets at fair value through profit or loss	160	-	8	1	26	21	1	1	7	2
<b>Total assets</b>	<b>422</b>	<b>212</b>	<b>250</b>	<b>81</b>	<b>207</b>	<b>355</b>	<b>39</b>	<b>159</b>	<b>55</b>	<b>193</b>
<b>Liabilities</b>										
Financial liabilities at fair value through profit or loss	27,772	68	18	2,360	1,740	131	4	16	25	28
<b>Total liabilities</b>	<b>27,772</b>	<b>68</b>	<b>18</b>	<b>2,360</b>	<b>1,740</b>	<b>131</b>	<b>4</b>	<b>16</b>	<b>25</b>	<b>28</b>
<b>Net increase/(decrease) in exposure from foreign currency forward contracts</b>										
- Buy foreign currency	1,059,391	93,718	176,362	139,991	226,505	812,863	65,498	141,171	137,807	167,459
- Sell foreign currency	(2,106,127)	(178,516)	(335,292)	(273,784)	(437,543)	(1,655,701)	(136,364)	(284,053)	(275,174)	(344,760)
<b>Net exposure including foreign currency forward contracts</b>	<b>(1,074,086)</b>	<b>(84,654)</b>	<b>(158,698)</b>	<b>(136,072)</b>	<b>(212,571)</b>	<b>(842,614)</b>	<b>(70,831)</b>	<b>(142,739)</b>	<b>(137,337)</b>	<b>(177,136)</b>

# Notes to the financial statements (continued)

For the year ended 30 June 2021

## 3 Financial risk management (continued)

### (a) Market risk (continued)

#### (ii) Foreign exchange risk (continued)

Vanguard International Small Companies Index Fund (Hedged)										
	30 Jun 2021					30 Jun 2020				
	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
<b>Assets</b>										
Cash and cash equivalents	294	9	32	343	5	104	9	201	93	5
Margin accounts	122	-	32	22	-	38	-	35	8	-
Financial assets at fair value through profit or loss	1,674	-	-	-	-	94	-	2	-	12
<b>Total assets</b>	<b>2,090</b>	<b>9</b>	<b>64</b>	<b>365</b>	<b>5</b>	<b>236</b>	<b>9</b>	<b>238</b>	<b>101</b>	<b>17</b>
<b>Liabilities</b>										
Financial liabilities at fair value through profit or loss	3,509	-	-	2	-	60	17	97	2	141
<b>Total liabilities</b>	<b>3,509</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>60</b>	<b>17</b>	<b>97</b>	<b>2</b>	<b>141</b>
<b>Net increase/(decrease) in exposure from foreign currency forward contracts</b>										
- Buy foreign currency	150,950	6,036	7,430	9,165	10,763	101,734	3,740	4,973	7,107	7,072
- Sell foreign currency	(196,535)	(11,144)	(13,519)	(17,323)	(20,375)	(135,141)	(7,668)	(9,739)	(14,475)	(14,376)
<b>Net exposure including foreign currency forward contracts</b>	<b>(47,004)</b>	<b>(5,099)</b>	<b>(6,025)</b>	<b>(7,795)</b>	<b>(9,607)</b>	<b>(33,231)</b>	<b>(3,936)</b>	<b>(4,625)</b>	<b>(7,269)</b>	<b>(7,428)</b>

# Notes to the financial statements (continued)

For the year ended 30 June 2021

## 3 Financial risk management (continued)

### (a) Market risk (continued)

#### (ii) Foreign exchange risk (continued)

Vanguard Ethically Conscious International Shares Index Fund										
	30 Jun 2021					30 Jun 2020				
	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
<b>Assets</b>										
Cash and cash equivalents	37,494	264	2,593	1,983	(15,676)	6,498	325	640	1,194	1,627
Margin accounts	2,564	48	696	161	32,165	735	55	248	110	339
Receivables	58	17	490	-	596	34	6	197	-	204
Accrued income	692	350	29	181	214	424	79	29	78	117
Due from brokers - receivable for securities sold	-	-	-	1	7	1	-	4	-	-
Financial assets at fair value through profit or loss	1,575,599	75,572	177,248	177,128	265,425	674,681	36,965	86,036	90,381	142,238
<b>Total assets</b>	<b>1,616,407</b>	<b>76,251</b>	<b>181,056</b>	<b>179,454</b>	<b>282,731</b>	<b>682,373</b>	<b>37,430</b>	<b>87,154</b>	<b>91,763</b>	<b>144,525</b>
<b>Liabilities</b>										
Margin accounts	-	-	-	-	12,829	-	-	-	-	13,099
Due to brokers - payable for securities purchased	14,038	948	1,638	1,711	1,668	3,398	177	447	356	574
Financial liabilities at fair value through profit or loss	47,853	1	30	3	81	878	68	683	21	1,918
<b>Total liabilities</b>	<b>61,891</b>	<b>949</b>	<b>1,668</b>	<b>1,714</b>	<b>14,578</b>	<b>4,276</b>	<b>245</b>	<b>1,130</b>	<b>377</b>	<b>15,591</b>
<b>Net increase/(decrease) in exposure from foreign currency forward contracts</b>										
- Buy foreign currency	1,601,690	35,275	87,081	80,346	1,949,336	779,352	18,617	38,544	42,585	998,350
- Sell foreign currency	(2,238,672)	(68,154)	(160,913)	(154,774)	(1,167,381)	(1,094,884)	(36,729)	(78,949)	(86,653)	(580,011)
<b>Net exposure including foreign currency forward contracts</b>	<b>917,534</b>	<b>42,423</b>	<b>105,556</b>	<b>103,312</b>	<b>1,050,108</b>	<b>362,565</b>	<b>19,073</b>	<b>45,619</b>	<b>47,318</b>	<b>547,273</b>

# Notes to the financial statements (continued)

For the year ended 30 June 2021

## 3 Financial risk management (continued)

### (a) Market risk (continued)

#### (ii) Foreign exchange risk (continued)

Vanguard Global Minimum Volatility Fund										
	30 Jun 2021					30 Jun 2020				
	US Dollar A\$'000	Hong Kong Dollar A\$'000	Swiss Franc A\$'000	Japanese Yen A\$'000	Other currencies A\$'000	US Dollar A\$'000	Canadian Dollar A\$'000	Swiss Franc A\$'000	Japanese Yen A\$'000	Other currencies A\$'000
<b>Assets</b>										
Cash and cash equivalents	132	5	16	30	90	120	4	1	10	81
Margin accounts	30	-	-	-	-	45	-	-	-	9
Receivables	2	-	15	-	19	8	-	18	-	9
Accrued income	12	24	-	7	5	35	5	-	12	5
Due from brokers - receivable for securities sold	494	16	-	176	171	-	-	-	-	-
Financial assets at fair value through profit or loss	14,744	1,610	972	2,504	3,032	17,465	796	874	3,295	3,530
<b>Total assets</b>	<b>15,414</b>	<b>1,655</b>	<b>1,003</b>	<b>2,717</b>	<b>3,317</b>	<b>17,673</b>	<b>805</b>	<b>893</b>	<b>3,317</b>	<b>3,634</b>
<b>Liabilities</b>										
Financial liabilities at fair value through profit or loss	685	-	-	-	-	4	3	5	-	15
<b>Total liabilities</b>	<b>685</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>3</b>	<b>5</b>	<b>-</b>	<b>15</b>
<b>Net increase/(decrease) in exposure from foreign currency forward contracts</b>										
- Buy foreign currency	12,941	62	134	202	183	11,344	-	-	72	-
- Sell foreign currency	(25,585)	(1,746)	(1,095)	(2,674)	(4,795)	(26,805)	(810)	(842)	(3,386)	(5,446)
<b>Net exposure including foreign currency forward contracts</b>	<b>2,085</b>	<b>(29)</b>	<b>42</b>	<b>245</b>	<b>(1,295)</b>	<b>2,208</b>	<b>(8)</b>	<b>46</b>	<b>3</b>	<b>(1,827)</b>

# Notes to the financial statements (continued)

For the year ended 30 June 2021

## 3 Financial risk management (continued)

### (a) Market risk (continued)

#### (ii) Foreign exchange risk (continued)

Vanguard International Shares Index Fund (Hedged)										
	30 Jun 2021					30 Jun 2020				
	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
<b>Assets</b>										
Cash and cash equivalents	7,015	1,675	5,523	3,708	4,557	11,457	778	2,759	699	2,062
Margin accounts	7,426	851	2,256	614	537	3,142	433	1,397	519	372
Accrued income	-	-	-	-	-	-	-	1	(1)	(2)
Financial assets at fair value through profit or loss	134,984	-	1	16	7	6,341	108	574	21	1,703
<b>Total assets</b>	<b>149,425</b>	<b>2,526</b>	<b>7,780</b>	<b>4,338</b>	<b>5,101</b>	<b>20,940</b>	<b>1,319</b>	<b>4,731</b>	<b>1,238</b>	<b>4,135</b>
<b>Liabilities</b>										
Margin accounts	-	-	-	-	25	-	-	-	-	861
Payables	-	-	8	2	4	-	-	-	-	-
Financial liabilities at fair value through profit or loss	308,213	53	143	-	5	4,142	1,067	10,797	234	9,106
<b>Total liabilities</b>	<b>308,213</b>	<b>53</b>	<b>151</b>	<b>2</b>	<b>34</b>	<b>4,142</b>	<b>1,067</b>	<b>10,797</b>	<b>234</b>	<b>9,967</b>
<b>Net increase/(decrease) in exposure from foreign currency forward contracts</b>										
- Buy foreign currency	12,183,235	336,752	774,750	554,805	767,365	8,918,767	249,557	547,996	456,759	581,986
- Sell foreign currency	(16,822,093)	(635,388)	(1,474,502)	(1,032,393)	(1,444,479)	(12,499,069)	(496,882)	(1,094,055)	(896,583)	(1,097,078)
<b>Net exposure including foreign currency forward contracts</b>	<b>(4,797,646)</b>	<b>(296,163)</b>	<b>(692,123)</b>	<b>(473,252)</b>	<b>(672,047)</b>	<b>(3,563,504)</b>	<b>(247,073)</b>	<b>(552,125)</b>	<b>(438,820)</b>	<b>(520,924)</b>

# Notes to the financial statements (continued)

For the year ended 30 June 2021

## 3 Financial risk management (continued)

### (a) Market risk (continued)

#### (ii) Foreign exchange risk (continued)

Vanguard International Shares Select Exclusions Index Fund										
	30 Jun 2021					30 Jun 2020				
	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
<b>Assets</b>										
Cash and cash equivalents	5,535	465	969	842	2,150	2,683	730	1,472	814	8,843
Margin accounts	2,309	246	676	201	25,510	407	159	332	73	533
Receivables	48	6	1,275	-	722	16	4	896	-	418
Accrued income	617	273	100	145	213	616	105	160	126	144
Due from brokers - receivable for securities sold	-	-	-	-	5	2	-	-	-	-
Financial assets at fair value through profit or loss	1,464,659	83,849	211,614	146,752	223,797	1,024,264	65,962	157,842	125,846	206,944
<b>Total assets</b>	<b>1,473,168</b>	<b>84,839</b>	<b>214,634</b>	<b>147,940</b>	<b>252,397</b>	<b>1,027,988</b>	<b>66,960</b>	<b>160,702</b>	<b>126,859</b>	<b>216,882</b>
<b>Liabilities</b>										
Margin accounts	-	-	-	-	4,315	-	-	-	-	27,097
Payables	-	-	-	-	3	-	-	-	-	114
Due to brokers - payable for securities purchased	-	-	-	2	-	10,159	628	1,292	891	1,641
Financial liabilities at fair value through profit or loss	69,387	7	21	6	27	1,057	197	2,117	17	3,475
<b>Total liabilities</b>	<b>69,387</b>	<b>7</b>	<b>21</b>	<b>8</b>	<b>4,345</b>	<b>11,216</b>	<b>825</b>	<b>3,409</b>	<b>908</b>	<b>32,327</b>
<b>Net increase/(decrease) in exposure from foreign currency forward contracts</b>										
- Buy foreign currency	2,363,552	61,919	149,947	107,958	2,338,796	1,728,003	46,642	108,197	90,102	1,704,958
- Sell foreign currency	(3,254,396)	(117,699)	(285,017)	(201,600)	(1,429,850)	(2,367,003)	(89,881)	(208,144)	(170,981)	(1,044,438)
<b>Net exposure including foreign currency forward contracts</b>	<b>512,937</b>	<b>29,052</b>	<b>79,543</b>	<b>54,290</b>	<b>1,156,998</b>	<b>377,772</b>	<b>22,896</b>	<b>57,346</b>	<b>45,072</b>	<b>845,075</b>

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.

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

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

The Funds have insufficient direct exposure to interest rate risk to be material. The Vanguard Global Infrastructure Index Fund (Hedged), Vanguard MSCI Index International Shares (Hedged) ETF, Vanguard International Property Securities Index Fund (Hedged), Vanguard International Small Companies Index Fund (Hedged) and Vanguard International Shares Index Fund (Hedged) are indirectly exposed to interest rate risk via their investment strategy of investing in the Vanguard Wholesale Funds. All financial liabilities are non-interest bearing.

# Notes to the financial statements (continued)

For the year ended 30 June 2021

## 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 price 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.

The Funds have revised the assumptions used to determine their sensitivity to price risk compared to the comparative period as a result of increases in market volatility in the recent period. Price risk movement represents the range of historical index returns from the average return based on the minimum suggested investment time frames indicated within the Funds' respective PDS minus one standard deviation to average return plus one standard deviation. The Funds have not made any other changes to the methods used to determine its sensitivity to the market risk compared to the comparative period.

Impact on operating profit/(loss) and net assets attributable to unitholders												
Vanguard Global Infrastructure Index Fund (Hedged)												
Price risk					Foreign exchange risk							
		US Dollar		Canadian Dollar		Euro		Japanese Yen		Other currencies		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High
	-2%	+4%	-6%	+8%	-7%	+1%	-4%	+5%	-3%	+12%	-5%	+5%
30 Jun 2021	(13,064)	26,128	639	(853)	8	(1)	(4)	5	16	(63)	22	(22)
		US Dollar		Canadian Dollar		Euro		Japanese Yen		Other currencies		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High
	-3%	+4%	-3%	+19%	0%	+13%	-3%	+16%	-3%	+18%	-4%	+17%
30 Jun 2020	(11,779)	15,706	(20)	124	-	30	(4)	22	(9)	52	-	1

Impact on operating profit/(loss) and net assets attributable to unitholders												
Vanguard MSCI Index International Shares (Hedged) ETF												
Price risk					Foreign exchange risk							
		US Dollar		British Pound		Euro		Japanese Yen		Other currencies		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High
	-3%	+5%	-6%	+8%	-6%	0%	-4%	+5%	-3%	+12%	-5%	+5%
30 Jun 2021	(49,062)	81,770	2,310	(3,081)	(36)	-	(46)	58	(20)	82	332	(332)
		US Dollar		British Pound		Euro		Japanese Yen		Other currencies		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High
	-3%	+5%	-3%	+19%	-2%	+13%	-3%	+16%	-3%	+18%	-4%	+17%
30 Jun 2020	(29,223)	48,705	(194)	1,230	(13)	84	27	(142)	(35)	213	13	(55)



# Notes to the financial statements (continued)

For the year ended 30 June 2021

## 3 Financial risk management (continued)

### (b) Summarised sensitivity analysis (continued)

Impact on operating profit/(loss) and net assets attributable to unitholders												
Vanguard International Property Securities Index Fund (Hedged)												
Price risk				Foreign exchange risk								
		US Dollar		British Pound		Euro		Japanese Yen		Other 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	
-4%	+5%	-6%	+8%	-6%	0%	-4%	+5%	-3%	+12%	-5%	+5%	
30 Jun 2021	(65,405)	81,757	1,642	(2,190)	(9)	-	(9)	12	68	(274)	77	(77)
		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	
-5%	+6%	-3%	+19%	-2%	+13%	-3%	+16%	-3%	+18%	-4%	+17%	
30 Jun 2020	(65,850)	79,020	(6)	39	(1)	4	(4)	23	(1)	5	(7)	28
Impact on operating profit/(loss) and net assets attributable to unitholders												
Vanguard International Small Companies Index Fund (Hedged)												
Price risk				Foreign exchange risk								
		US Dollar		British Pound		Euro		Japanese Yen		Other 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	
-4%	+6%	-6%	+8%	-6%	0%	-4%	+5%	-3%	+12%	-5%	+5%	
30 Jun 2021	(2,914)	4,371	85	(114)	(1)	-	(3)	3	(11)	44	-	-
		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	
-5%	+6%	-3%	+19%	-2%	+13%	-3%	+16%	-3%	+18%	-4%	+17%	
30 Jun 2020	(2,700)	3,240	(5)	30	-	(1)	(4)	23	(3)	18	5	(21)
Impact on operating profit/(loss) and net assets attributable to unitholders												
Vanguard Ethically Conscious International Shares Index Fund												
Price 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	
-2%	+4%	-6%	+8%	-6%	0%	-4%	+5%	-3%	+12%	-5%	+5%	
30 Jun 2021	(44,740)	89,481	189	(252)	16	-	(87)	108	(18)	74	(140)	140
		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	
-2%	+4%	-3%	+19%	-2%	+13%	-3%	+16%	-3%	+18%	-4%	+17%	
30 Jun 2020	(20,002)	40,003	(121)	768	(4)	29	(1)	3	(31)	185	(649)	2,758

# Notes to the financial statements (continued)

For the year ended 30 June 2021

## 3 Financial risk management (continued)

### (b) Summarised sensitivity analysis (continued)

Impact on operating profit/(loss) and net assets attributable to unitholders												
Vanguard Global Minimum Volatility Fund												
Price risk					Foreign exchange risk							
		US Dollar		Hong Kong Dollar		Swiss Franc		Japanese Yen		Other currencies		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High
	-3%	+5%	-6%	+8%	-6%	+8%	-4%	+8%	-3%	+12%	-5%	+4%
30 Jun 2021	(709)	1,183	(19)	12	(3)	4	(1)	2	(6)	25	(14)	11
		US Dollar		Canadian Dollar		Swiss Franc		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
	-3%	+5%	-3%	+19%	0%	+13%	-6%	+17%	-3%	+18%	-4%	+17%
30 Jun 2020	(806)	1,344	(7)	45	-	1	-	2	(1)	4	(4)	15
Impact on operating profit/(loss) and net assets attributable to unitholders												
Vanguard International Shares Index Fund (Hedged)												
Price risk					Foreign exchange risk							
		US Dollar		British Pound		Euro		Japanese Yen		Other 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
	-3%	+5%	-6%	+8%	-6%	0%	-4%	+5%	-3%	+12%	-5%	+5%
30 Jun 2021	(202,302)	337,170	9,580	(12,773)	(152)	-	(311)	389	(130)	518	(253)	253
		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
	-4%	+5%	-3%	+19%	-2%	+13%	-3%	+16%	-3%	+18%	-4%	+17%
30 Jun 2020	(201,162)	251,453	(475)	3,007	(4)	23	187	(997)	(37)	223	238	(1,011)
Impact on operating profit/(loss) and net assets attributable to unitholders												
Vanguard International Shares Select Exclusions Index Fund												
Price risk					Foreign exchange risk							
		US Dollar		British Pound		Euro		Japanese Yen		Other 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
	-2%	+4%	-6%	+8%	-6%	0%	-4%	+5%	-3%	+12%	-5%	+4%
30 Jun 2021	(41,729)	83,458	1,923	(2,564)	(59)	-	(121)	151	(36)	142	(1,213)	970
		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
	-3%	+5%	-3%	+19%	-2%	+13%	-3%	+16%	-3%	+18%	-4%	+17%
30 Jun 2020	(45,817)	76,360	177	(1,119)	(4)	23	14	(76)	(4)	24	(1,182)	5,024

# Notes to the financial statements (continued)

For the year ended 30 June 2021

## 3 Financial risk management (continued)

### (c) Credit risk

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

The Funds are exposed to counterparty credit risk on derivative financial instruments, cash and cash equivalents, amounts due from brokers and other receivables. No loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Funds.

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

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets. There were no significant concentrations of credit risk to counterparties at 30 June 2021 or 30 June 2020.

### (i) Derivatives

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

The Funds also restrict their exposure to credit losses on derivative instruments they hold by entering into master netting arrangements with counterparts with whom they undertake a significant volume of transactions. Master netting arrangements do not result in an offset of balance sheet assets and liabilities unless transactions are settled on a net basis. However, the credit risk associated with favourable contracts is reduced by master netting arrangements to the extent that if an event of default occurs, all amounts with the counterparty are closed and settled on a net basis. The Funds' overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangements. The Funds' agreements with derivative counterparties are based on the ISDA Master Agreement. Under the terms of these arrangements, only where certain credit events occur (such as default), the net position owing/receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As the Funds do not presently have a legally enforceable right of set-off, these amounts have not been offset in the balance sheet.

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

### (ii) Settlement of securities transactions

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

### (iii) Cash and cash equivalents

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a rating of 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.

### (iv) Other

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

The clearing and depository operations for the Funds' security transactions are mainly concentrated with one counterparty, namely 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 2021 had a credit rating of A-1 (30 June 2020: A-1). At 30 June 2021, substantially all cash and cash equivalents, balances due from brokers and investments are held in custody by JPM Chase Bank, N.A., Sydney Branch.

# Notes to the financial statements (continued)

For the year ended 30 June 2021

## 3 Financial risk management (continued)

### (d) Liquidity risk

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

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

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

Vanguard Global Infrastructure Index Fund (Hedged)										
	30 Jun 2021					30 Jun 2020				
	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	13,691	12	-	-	13,703	126	21	-	-	147
Distribution payable	11,176	-	-	-	11,176	20,763	-	-	-	20,763
Payables	149	-	-	-	149	109	-	-	-	109
Due to brokers - payables for securities purchased	-	-	-	-	-	3,617	-	-	-	3,617
<b>Total liabilities</b>	<b>25,016</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>25,028</b>	<b>24,615</b>	<b>21</b>	<b>-</b>	<b>-</b>	<b>24,636</b>

Vanguard MSCI Index International Shares (Hedged) ETF										
	30 Jun 2021					30 Jun 2020				
	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	59,872	14,707	-	-	74,579	6,091	302	-	-	6,393
Margin accounts	7,640	-	-	-	7,640	31,294	-	-	-	31,294
Distribution payable	127,027	-	-	-	127,027	-	-	-	-	-
Payables	50	-	-	-	50	92	-	-	-	92
Due to brokers - payables for securities purchased	-	-	-	-	-	32,400	-	-	-	32,400
<b>Total liabilities</b>	<b>194,589</b>	<b>14,707</b>	<b>-</b>	<b>-</b>	<b>209,296</b>	<b>69,877</b>	<b>302</b>	<b>-</b>	<b>-</b>	<b>70,179</b>

Vanguard International Property Securities Index Fund (Hedged)										
	30 Jun 2021					30 Jun 2020				
	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	31,931	41	-	-	31,972	851	40	-	-	891
Distribution payable	16,831	-	-	-	16,831	-	-	-	-	-
Payables	1,091	-	-	-	1,091	311	-	-	-	311
Due to brokers - payables for securities purchased	-	-	-	-	-	22,488	-	-	-	22,488
<b>Total liabilities</b>	<b>49,853</b>	<b>41</b>	<b>-</b>	<b>-</b>	<b>49,894</b>	<b>23,650</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>23,690</b>

# Notes to the financial statements (continued)

For the year ended 30 June 2021

## 3 Financial risk management (continued)

### (d) Liquidity risk (continued)

Vanguard International Small Companies Index Fund (Hedged)										
	30 Jun 2021					30 Jun 2020				
	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000
Financial liabilities at fair value through profit or loss	2,813	699	-	-	3,512	422	16	-	-	438
Margin accounts	310	-	-	-	310	570	-	-	-	570
Distribution payable	5,078	-	-	-	5,078	-	-	-	-	-
Payables	3	-	-	-	3	2	-	-	-	2
Due to brokers - payables for securities purchased	-	-	-	-	-	1,100	-	-	-	1,100
<b>Total liabilities</b>	<b>8,204</b>	<b>699</b>	<b>-</b>	<b>-</b>	<b>8,903</b>	<b>2,094</b>	<b>16</b>	<b>-</b>	<b>-</b>	<b>2,110</b>

Vanguard Ethically Conscious International Shares Index Fund										
	30 Jun 2021					30 Jun 2020				
	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	38,810	9,158	-	-	47,968	3,457	111	-	-	3,568
Margin accounts	12,829	-	-	-	12,829	13,099	-	-	-	13,099
Distribution payable	14,135	-	-	-	14,135	1,585	-	-	-	1,585
Payables	441	-	-	-	441	209	-	-	-	209
Due to brokers - payables for securities purchased	20,003	-	-	-	20,003	4,952	-	-	-	4,952
Net assets attributable to unitholders	2,253,961	-	-	-	2,253,961	1,022,167	-	-	-	1,022,167
<b>Total liabilities</b>	<b>2,340,179</b>	<b>9,158</b>	<b>-</b>	<b>-</b>	<b>2,349,337</b>	<b>1,045,469</b>	<b>111</b>	<b>-</b>	<b>-</b>	<b>1,045,580</b>

Vanguard Global Minimum Volatility Fund										
	30 Jun 2021					30 Jun 2020				
	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	685	-	-	-	685	26	2	-	-	28
Margin accounts	-	-	-	-	-	300	-	-	-	300
Distribution payable	945	-	-	-	945	378	-	-	-	378
Payables	7	-	-	-	7	7	-	-	-	7
Net assets attributable to unitholders	24,104	-	-	-	24,104	27,033	-	-	-	27,033
<b>Total liabilities</b>	<b>25,741</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,741</b>	<b>27,744</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>27,746</b>

# Notes to the financial statements (continued)

For the year ended 30 June 2021

## 3 Financial risk management (continued)

### (d) Liquidity risk (continued)

Vanguard International Shares Index Fund (Hedged)										
	30 Jun 2021					30 Jun 2020				
	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	248,065	60,352	-	-	308,417	33,058	1,387	-	-	34,445
Margin accounts	25	-	-	-	25	167,895	-	-	-	167,895
Distribution payable	329,967	-	-	-	329,967	107,537	-	-	-	107,537
Payables	77,400	-	-	-	77,400	59,280	-	-	-	59,280
Due to brokers - payables for securities purchased	-	-	-	-	-	37,976	-	-	-	37,976
Net assets attributable to unitholders	6,825,389	-	-	-	6,825,389	5,259,937	-	-	-	5,259,937
<b>Total liabilities</b>	<b>7,480,846</b>	<b>60,352</b>	<b>-</b>	<b>-</b>	<b>7,541,198</b>	<b>5,665,683</b>	<b>1,387</b>	<b>-</b>	<b>-</b>	<b>5,667,070</b>

Vanguard International Shares Select Exclusions Index Fund										
	30 Jun 2021					30 Jun 2020				
	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	56,846	12,602	-	-	69,448	7,028	230	-	-	7,258
Margin accounts	4,315	-	-	-	4,315	33,877	-	-	-	33,877
Distribution payable	55,754	-	-	-	55,754	8,062	-	-	-	8,062
Payables	2,032	-	-	-	2,032	482	-	-	-	482
Due to brokers - payables for securities purchased	2	-	-	-	2	14,611	-	-	-	14,611
Net assets attributable to unitholders	2,055,706	-	-	-	2,055,706	1,552,103	-	-	-	1,552,103
<b>Total liabilities</b>	<b>2,174,655</b>	<b>12,602</b>	<b>-</b>	<b>-</b>	<b>2,187,257</b>	<b>1,616,163</b>	<b>230</b>	<b>-</b>	<b>-</b>	<b>1,616,393</b>

### Maturities of gross-settled derivative financial instruments

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

Vanguard Global Infrastructure Index Fund (Hedged)										
	30 Jun 2021					30 Jun 2020				
	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000
Derivative										
Inflows	1,353,397	690,885	-	-	2,044,282	926,421	417,821	-	-	1,344,242
(Outflows)	(1,366,662)	(690,884)	-	-	(2,057,546)	(910,759)	(417,818)	-	-	(1,328,577)
<b>Net</b>	<b>(13,265)</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>(13,264)</b>	<b>15,662</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>15,665</b>

Vanguard MSCI Index International Shares (Hedged) ETF										
	30 Jun 2021					30 Jun 2020				
	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	4,689,205	2,457,916	-	-	7,147,121	2,639,362	1,349,636	-	-	3,988,998
(Outflows)	(4,719,274)	(2,469,863)	-	-	(7,189,137)	(2,607,981)	(1,347,862)	-	-	(3,955,843)
<b>Net</b>	<b>(30,069)</b>	<b>(11,947)</b>	<b>-</b>	<b>-</b>	<b>(42,016)</b>	<b>31,381</b>	<b>1,774</b>	<b>-</b>	<b>-</b>	<b>33,155</b>

# Notes to the financial statements (continued)

For the year ended 30 June 2021

## 3 Financial risk management (continued)

### (d) Liquidity risk (continued)

#### Maturities of gross-settled derivative financial instruments (continued)

Vanguard International Property Securities Index Fund (Hedged)										
	30 Jun 2021					30 Jun 2020				
	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	3,311,754	1,713,314	-	-	5,025,068	2,674,657	1,345,519	-	-	4,020,176
(Outflows)	(3,343,277)	(1,713,315)	-	-	(5,056,592)	(2,630,547)	(1,345,550)	-	-	(3,976,097)
Net	(31,523)	(1)	-	-	(31,524)	44,110	(31)	-	-	44,079

Vanguard International Small Companies Index Fund (Hedged)										
	30 Jun 2021					30 Jun 2020				
	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	231,182	118,242	-	-	349,424	156,488	79,752	-	-	236,240
(Outflows)	(232,479)	(118,783)	-	-	(351,262)	(154,849)	(79,639)	-	-	(234,488)
Net	(1,297)	(541)	-	-	(1,838)	1,639	113	-	-	1,752

Vanguard Ethically Conscious International Shares Index Fund										
	30 Jun 2021					30 Jun 2020				
	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	2,577,716	1,270,129	-	-	3,847,845	1,235,617	638,257	-	-	1,873,874
(Outflows)	(2,599,857)	(1,277,917)	-	-	(3,877,774)	(1,222,605)	(637,087)	-	-	(1,859,692)
Net	(22,141)	(7,788)	-	-	(29,929)	13,012	1,170	-	-	14,182

Vanguard Global Minimum Volatility Fund										
	30 Jun 2021					30 Jun 2020				
	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	38,804	-	-	-	38,804	38,106	-	-	-	38,106
(Outflows)	(39,323)	-	-	-	(39,323)	(37,770)	-	-	-	(37,770)
Net	(519)	-	-	-	(519)	336	-	-	-	336

Vanguard International Shares Index Fund (Hedged)										
	30 Jun 2021					30 Jun 2020				
	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	19,455,745	9,700,644	-	-	29,156,389	14,310,391	7,044,287	-	-	21,354,678
(Outflows)	(19,580,686)	(9,749,807)	-	-	(29,330,493)	(14,141,058)	(7,034,806)	-	-	(21,175,864)
Net	(124,941)	(49,163)	-	-	(174,104)	169,333	9,481	-	-	178,814

# Notes to the financial statements (continued)

For the year ended 30 June 2021

## 3 Financial risk management (continued)

### (d) Liquidity risk (continued)

#### Maturities of gross-settled derivative financial instruments (continued)

Vanguard International Shares Select Exclusions Index Fund										
	30 Jun 2021					30 Jun 2020				
	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	3,813,455	1,819,848	-	-	5,633,303	2,794,617	1,298,288	-	-	4,092,905
(Outflows)	(3,843,597)	(1,830,288)	-	-	(5,673,885)	(2,760,771)	(1,296,128)	-	-	(4,056,899)
Net	(30,142)	(10,440)	-	-	(40,582)	33,846	2,160	-	-	36,006

## 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 2021

## 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 2021 and 30 June 2020.

Vanguard Global Infrastructure Index Fund (Hedged)								
	30 Jun 2021				30 Jun 2020			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets at fair value through profit or loss</b>								
Derivatives	-	439	-	439	10	15,799	-	15,809
Unlisted unit trusts	-	653,208	-	653,208	-	392,640	-	392,640
<b>Total</b>	-	653,647	-	653,647	10	408,439	-	408,449
<b>Financial liabilities at fair value through profit or loss</b>								
Derivatives	-	13,703	-	13,703	13	134	-	147
<b>Total</b>	-	13,703	-	13,703	13	134	-	147

  

Vanguard MSCI Index International Shares (Hedged) ETF								
	30 Jun 2021				30 Jun 2020			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets at fair value through profit or loss</b>								
Derivatives	97	32,529	-	32,626	441	39,461	-	39,902
Unlisted unit trusts	-	1,635,344	-	1,635,344	-	973,737	-	973,737
Fixed interest securities*	-	-	-	-	-	42,299	-	42,299
<b>Total</b>	97	1,667,873	-	1,667,970	441	1,055,497	-	1,055,938
<b>Financial liabilities at fair value through profit or loss</b>								
Derivatives	34	74,545	-	74,579	87	6,306	-	6,393
<b>Total</b>	34	74,545	-	74,579	87	6,306	-	6,393

\*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 2021

## 4 Fair value measurement (continued)

### Recognised fair value measurements (continued)

Vanguard International Property Securities Index Fund (Hedged)								
	30 Jun 2021				30 Jun 2020			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets at fair value through profit or loss</b>								
Derivatives	25	438	-	463	19	44,970	-	44,989
Unlisted unit trusts	-	1,635,112	-	1,635,112	-	1,316,988	-	1,316,988
<b>Total</b>	<b>25</b>	<b>1,635,550</b>	<b>-</b>	<b>1,635,575</b>	<b>19</b>	<b>1,361,958</b>	<b>-</b>	<b>1,361,977</b>
<b>Financial liabilities at fair value through profit or loss</b>								
Derivatives	10	31,962	-	31,972	-	891	-	891
<b>Total</b>	<b>10</b>	<b>31,962</b>	<b>-</b>	<b>31,972</b>	<b>-</b>	<b>891</b>	<b>-</b>	<b>891</b>

Vanguard International Small Companies Index Fund (Hedged)								
	30 Jun 2021				30 Jun 2020			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets at fair value through profit or loss</b>								
Derivatives	3	1,672	-	1,675	18	2,188	-	2,206
Unlisted unit trusts	-	72,856	-	72,856	-	53,988	-	53,988
<b>Total</b>	<b>3</b>	<b>74,528</b>	<b>-</b>	<b>74,531</b>	<b>18</b>	<b>56,176</b>	<b>-</b>	<b>56,194</b>
<b>Financial liabilities at fair value through profit or loss</b>								
Derivatives	2	3,510	-	3,512	2	436	-	438
<b>Total</b>	<b>2</b>	<b>3,510</b>	<b>-</b>	<b>3,512</b>	<b>2</b>	<b>436</b>	<b>-</b>	<b>438</b>

Vanguard Ethically Conscious International Shares Index Fund								
	30 Jun 2021				30 Jun 2020			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets at fair value through profit or loss</b>								
Derivatives	133	18,001	-	18,134	80	17,725	-	17,805
Equity securities	2,181,911	-	13	2,181,924	975,234	119	-	975,353
Listed unit trusts	55,011	-	-	55,011	24,680	-	-	24,680
Fixed interest securities*	-	15,903	-	15,903	-	12,463	-	12,463
<b>Total</b>	<b>2,237,055</b>	<b>33,904</b>	<b>13</b>	<b>2,270,972</b>	<b>999,994</b>	<b>30,307</b>	<b>-</b>	<b>1,030,301</b>
<b>Financial liabilities at fair value through profit or loss</b>								
Derivatives	38	47,930	-	47,968	25	3,543	-	3,568
<b>Total</b>	<b>38</b>	<b>47,930</b>	<b>-</b>	<b>47,968</b>	<b>25</b>	<b>3,543</b>	<b>-</b>	<b>3,568</b>

\*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 2021

## 4 Fair value measurement (continued)

### Recognised fair value measurements (continued)

Vanguard Global Minimum Volatility Fund								
	30 Jun 2021				30 Jun 2020			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets at fair value through profit or loss</b>								
Derivatives	5	166	-	171	-	362	-	362
Equity securities	23,172	-	-	23,172	26,570	-	-	26,570
Listed unit trusts	472	-	-	472	310	-	-	310
<b>Total</b>	<b>23,649</b>	<b>166</b>	<b>-</b>	<b>23,815</b>	<b>26,880</b>	<b>362</b>	<b>-</b>	<b>27,242</b>
<b>Financial liabilities at fair value through profit or loss</b>								
Derivatives	-	685	-	685	2	26	-	28
<b>Total</b>	<b>-</b>	<b>685</b>	<b>-</b>	<b>685</b>	<b>2</b>	<b>26</b>	<b>-</b>	<b>28</b>

Vanguard International Shares Index Fund (Hedged)								
	30 Jun 2021				30 Jun 2020			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets at fair value through profit or loss</b>								
Derivatives	893	134,115	-	135,008	1,329	213,026	-	214,355
Unlisted unit trusts	-	6,742,698	-	6,742,698	-	5,027,958	-	5,027,958
Fixed interest securities*	-	-	-	-	-	190,700	-	190,700
<b>Total</b>	<b>893</b>	<b>6,876,813</b>	<b>-</b>	<b>6,877,706</b>	<b>1,329</b>	<b>5,431,684</b>	<b>-</b>	<b>5,433,013</b>
<b>Financial liabilities at fair value through profit or loss</b>								
Derivatives	199	308,218	-	308,417	233	34,212	-	34,445
<b>Total</b>	<b>199</b>	<b>308,218</b>	<b>-</b>	<b>308,417</b>	<b>233</b>	<b>34,212</b>	<b>-</b>	<b>34,445</b>

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

Vanguard International Shares Select Exclusions Index Fund								
	30 Jun 2021				30 Jun 2020			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets at fair value through profit or loss</b>								
Derivatives	114	28,829	-	28,943	106	43,244	-	43,350
Equity securities	2,040,871	-	-	2,040,871	1,491,091	-	-	1,491,091
Listed unit trusts	45,502	-	-	45,502	36,028	-	-	36,028
Fixed interest securities*	-	15,355	-	15,355	-	18,695	-	18,695
<b>Total</b>	<b>2,086,487</b>	<b>44,184</b>	<b>-</b>	<b>2,130,671</b>	<b>1,527,225</b>	<b>61,939</b>	<b>-</b>	<b>1,589,164</b>
<b>Financial liabilities at fair value through profit or loss</b>								
Derivatives	37	69,411	-	69,448	20	7,238	-	7,258
<b>Total</b>	<b>37</b>	<b>69,411</b>	<b>-</b>	<b>69,448</b>	<b>20</b>	<b>7,238</b>	<b>-</b>	<b>7,258</b>

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

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

# Notes to the financial statements (continued)

For the year ended 30 June 2021

## 4 Fair value measurement (continued)

### Transfers between levels

The following table presents the transfers between levels during the year ended 30 June 2021 and 30 June 2020:

	Vanguard Ethically Conscious International Shares Index Fund		
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>30 Jun 2021</b>			
Transfers between level 1 and 3:			
Equity securities	(9)	-	9
Transfers between level 2 and 3:			
Equity securities	-	(4)	4
<b>30 Jun 2020</b>			
Transfers between level 1 and 2:			
Equity securities	(119)	119	-

The equity securities transferred into level 2 relates to the frequency of quoted price valuations. Equity securities were classified as level 3 as they are infrequently traded, or have a stale price. There were no transfers out of level 3 during the reporting period.

### Valuation processes

Portfolio reviews are undertaken regularly by management to identify securities that potentially may not be actively traded or have stale security pricing. This process identifies securities which possibly could be regarded as being level 3 securities.

Further analysis, should it be required, is undertaken to determine the accounting significance of the identification. For certain security types, in selecting the most appropriate valuation model, management performs back testing and considers actual market transactions. Changes in allocation to or from level 3 are analysed at the end of each reporting period.

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

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

	Vanguard Global Infrastructure Index Fund (Hedged)		Vanguard MSCI Index International Shares (Hedged) ETF		Vanguard International Property Securities Index Fund (Hedged)		Vanguard International Small Companies Index Fund (Hedged)	
	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000
Net unrealised gain/(loss) on financial instruments at fair value through profit or loss	11,857	(45,968)	205,872	17,161	229,747	(241,522)	10,926	(9,486)
Net realised gain/(loss) on financial instruments at fair value through profit or loss	52,531	(11,865)	175,943	(21,469)	136,277	(89,465)	9,180	469
<b>Total net gains/(losses) on financial instruments at fair value through profit or loss</b>	<b>64,388</b>	<b>(57,833)</b>	<b>381,815</b>	<b>(4,308)</b>	<b>366,024</b>	<b>(330,987)</b>	<b>20,106</b>	<b>(9,017)</b>

  

	Vanguard Ethically Conscious International Shares Index Fund		Vanguard Global Minimum Volatility Fund		Vanguard International Shares Index Fund (Hedged)		Vanguard International Shares Select Exclusions Index Fund	
	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000
Net unrealised gain/(loss) on financial instruments at fair value through profit or loss	322,930	56,361	(209)	(2,867)	573,323	(122,520)	286,303	36,513
Net realised gain/(loss) on financial instruments at fair value through profit or loss	84,200	(26,778)	3,509	(233)	998,988	(79,735)	214,356	(26,658)
<b>Total net gains/(losses) on financial instruments at fair value through profit or loss</b>	<b>407,130</b>	<b>29,583</b>	<b>3,300</b>	<b>(3,100)</b>	<b>1,572,311</b>	<b>(202,255)</b>	<b>500,659</b>	<b>9,855</b>

# Notes to the financial statements (continued)

For the year ended 30 June 2021

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

	Vanguard Global Infrastructure Index Fund (Hedged)		Vanguard MSCI Index International Shares (Hedged) ETF		Vanguard International Property Securities Index Fund (Hedged)		Vanguard International Small Companies Index Fund (Hedged)	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000
<b>Financial assets at fair value through profit or loss</b>								
Derivatives	439	15,809	32,626	39,902	463	44,989	1,675	2,206
Fixed interest securities	-	-	-	42,299	-	-	-	-
Unlisted unit trusts	653,208	392,640	1,635,344	973,737	1,635,112	1,316,988	72,856	53,988
<b>Total financial assets at fair value through profit or loss</b>	<b>653,647</b>	<b>408,449</b>	<b>1,667,970</b>	<b>1,055,938</b>	<b>1,635,575</b>	<b>1,361,977</b>	<b>74,531</b>	<b>56,194</b>
<b>Comprising:</b>								
<b>Derivatives</b>								
Foreign currency forward contracts	439	15,799	32,529	39,461	438	44,970	1,672	2,188
Australian share price futures	-	1	-	-	-	-	-	-
International share price futures	-	9	97	441	25	19	3	18
<b>Total derivatives</b>	<b>439</b>	<b>15,809</b>	<b>32,626</b>	<b>39,902</b>	<b>463</b>	<b>44,989</b>	<b>1,675</b>	<b>2,206</b>
<b>Fixed interest securities</b>								
Australian reverse repurchase agreements*	-	-	-	42,299	-	-	-	-
<b>Total fixed interest securities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42,299</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Unlisted unit trusts</b>								
Units in international equity trusts	653,208	392,640	1,635,344	973,737	-	-	72,856	53,988
Units in international property trusts	-	-	-	-	1,635,112	1,316,988	-	-
<b>Total unlisted unit trusts</b>	<b>653,208</b>	<b>392,640</b>	<b>1,635,344</b>	<b>973,737</b>	<b>-</b>	<b>1,316,988</b>	<b>72,856</b>	<b>53,988</b>
<b>Total financial assets at fair value through profit or loss</b>	<b>653,647</b>	<b>408,449</b>	<b>1,667,970</b>	<b>1,055,938</b>	<b>1,635,575</b>	<b>1,361,977</b>	<b>74,531</b>	<b>56,194</b>

\*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 2021

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

	Vanguard Ethically Conscious International Shares Index Fund		Vanguard Global Minimum Volatility Fund		Vanguard International Shares Index Fund (Hedged)		Vanguard International Shares Select Exclusions Index Fund	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000
<b>Financial assets at fair value through profit or loss</b>								
Derivatives	18,134	17,805	171	362	135,008	214,355	28,943	43,350
Equity securities	2,181,924	975,353	23,172	26,570	-	-	2,040,871	1,491,091
Listed unit trusts	55,011	24,680	472	310	-	-	45,502	36,028
Fixed interest securities	15,903	12,463	-	-	-	190,700	15,355	18,695
Unlisted unit trusts	-	-	-	-	6,742,698	5,027,958	-	-
<b>Total financial assets at fair value through profit or loss</b>	<b>2,270,972</b>	<b>1,030,301</b>	<b>23,815</b>	<b>27,242</b>	<b>6,877,706</b>	<b>5,433,013</b>	<b>2,130,671</b>	<b>1,589,164</b>
<b>Comprising:</b>								
<b>Derivatives</b>								
Foreign currency forward contracts	18,001	17,725	166	362	134,115	213,026	28,829	43,244
International share price futures	133	80	5	-	893	1,329	114	106
<b>Total derivatives</b>	<b>18,134</b>	<b>17,805</b>	<b>171</b>	<b>362</b>	<b>135,008</b>	<b>214,355</b>	<b>28,943</b>	<b>43,350</b>
<b>Equity securities</b>								
Australian equity securities	-	-	953	950	-	-	-	-
International equity securities	2,181,924	975,353	22,219	25,620	-	-	2,040,871	1,491,091
<b>Total equity securities</b>	<b>2,181,924</b>	<b>975,353</b>	<b>23,172</b>	<b>26,570</b>	<b>-</b>	<b>-</b>	<b>2,040,871</b>	<b>1,491,091</b>
<b>Listed units trusts</b>								
International listed trusts	55,011	24,680	472	310	-	-	45,502	36,028
<b>Total listed unit trusts</b>	<b>55,011</b>	<b>24,680</b>	<b>472</b>	<b>310</b>	<b>-</b>	<b>-</b>	<b>45,502</b>	<b>36,028</b>
<b>Fixed interest securities</b>								
Australian reverse repurchase agreements*	-	-	-	-	-	190,700	-	-
International reverse repurchase agreements*	15,903	12,463	-	-	-	-	15,355	18,695
<b>Total fixed interest securities</b>	<b>15,903</b>	<b>12,463</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>190,700</b>	<b>15,355</b>	<b>18,695</b>
<b>Unlisted unit trusts</b>								
Units in international equity trusts	-	-	-	-	6,742,698	5,027,958	-	-
<b>Total unlisted unit trusts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,742,698</b>	<b>5,027,958</b>	<b>-</b>	<b>-</b>
<b>Total financial assets at fair value through profit or loss</b>	<b>2,270,972</b>	<b>1,030,301</b>	<b>23,815</b>	<b>27,242</b>	<b>6,877,706</b>	<b>5,433,013</b>	<b>2,130,671</b>	<b>1,589,164</b>

\*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.

# Notes to the financial statements (continued)

For the year ended 30 June 2021

## 7 Financial liabilities at fair value through profit or loss

	Vanguard Global Infrastructure Index Fund (Hedged)		Vanguard MSCI Index International Shares (Hedged) ETF		Vanguard International Property Securities Index Fund (Hedged)		Vanguard International Small Companies Index Fund (Hedged)	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000
<b>Financial liabilities at fair value through profit or loss</b>								
Derivatives	13,703	147	74,579	6,393	31,972	891	3,512	438
<b>Total financial liabilities at fair value through profit or loss</b>	<b>13,703</b>	<b>147</b>	<b>74,579</b>	<b>6,393</b>	<b>31,972</b>	<b>891</b>	<b>3,512</b>	<b>438</b>
<b>Comprising:</b>								
<b>Derivatives</b>								
Foreign currency forward contracts	13,703	134	74,545	6,306	31,962	891	3,510	436
International share price futures	-	13	34	87	10	-	2	2
Total derivatives	13,703	147	74,579	6,393	31,972	891	3,512	438
<b>Total financial liabilities at fair value through profit or loss</b>	<b>13,703</b>	<b>147</b>	<b>74,579</b>	<b>6,393</b>	<b>31,972</b>	<b>891</b>	<b>3,512</b>	<b>438</b>

  

	Vanguard Ethically Conscious International Shares Index Fund		Vanguard Global Minimum Volatility Fund		Vanguard International Shares Index Fund (Hedged)		Vanguard International Shares Select Exclusions Index Fund	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000
<b>Financial liabilities at fair value through profit or loss</b>								
Derivatives	47,968	3,568	685	28	308,417	34,445	69,448	7,258
<b>Total financial liabilities at fair value through profit or loss</b>	<b>47,968</b>	<b>3,568</b>	<b>685</b>	<b>28</b>	<b>308,417</b>	<b>34,445</b>	<b>69,448</b>	<b>7,258</b>
<b>Comprising:</b>								
<b>Derivatives</b>								
Foreign currency forward contracts	47,930	3,543	685	26	308,218	34,212	69,411	7,238
International share price futures	38	25	-	2	199	233	37	20
Total derivatives	47,968	3,568	685	28	308,417	34,445	69,448	7,258
<b>Total financial liabilities at fair value through profit or loss</b>	<b>47,968</b>	<b>3,568</b>	<b>685</b>	<b>28</b>	<b>308,417</b>	<b>34,445</b>	<b>69,448</b>	<b>7,258</b>

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

# Notes to the financial statements (continued)

For the year ended 30 June 2021

## 8 Derivative financial instruments

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

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

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

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

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

The Funds hold the following derivative instruments:

### Forward currency contracts

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

### Futures

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

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

	Vanguard Global Infrastructure Index Fund (Hedged)					
	2021			2020		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Forward currency contracts	2,044,282	439	13,703	1,344,242	15,799	134
Australian share price index futures	-	-	-	295	1	-
International share price index futures	-	-	-	5,061	9	13
<b>Total</b>	<b>2,044,282</b>	<b>439</b>	<b>13,703</b>	<b>1,349,598</b>	<b>15,809</b>	<b>147</b>

  

	Vanguard MSCI Index International Shares (Hedged) ETF					
	2021			2020		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Forward currency contracts	7,147,122	32,529	74,545	3,988,998	39,461	6,306
International share price index futures	18,965	97	34	22,453	441	87
<b>Total</b>	<b>7,166,087</b>	<b>32,626</b>	<b>74,579</b>	<b>4,011,451</b>	<b>39,902</b>	<b>6,393</b>



# Notes to the financial statements (continued)

For the year ended 30 June 2021

## 8 Derivative financial instruments (continued)

Vanguard International Property Securities Index Fund (Hedged)						
	2021			2020		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Forward currency contracts	5,025,068	438	31,962	4,020,176	44,970	891
Australian share price index futures	361	-	-	-	-	-
International share price index futures	4,755	25	10	17,374	19	-
<b>Total</b>	<b>5,030,184</b>	<b>463</b>	<b>31,972</b>	<b>4,037,550</b>	<b>44,989</b>	<b>891</b>

Vanguard International Small Companies Index Fund (Hedged)						
	2021			2020		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Forward currency contracts	349,424	1,672	3,510	236,240	2,188	436
International share price index futures	741	3	2	1,162	18	2
<b>Total</b>	<b>350,165</b>	<b>1,675</b>	<b>3,512</b>	<b>237,402</b>	<b>2,206</b>	<b>438</b>

Vanguard Ethically Conscious International Shares Index Fund						
	2021			2020		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Forward currency contracts	3,847,845	18,001	47,930	1,873,874	17,725	3,543
International share price index futures	22,440	133	38	19,251	80	25
<b>Total</b>	<b>3,870,285</b>	<b>18,134</b>	<b>47,968</b>	<b>1,893,125</b>	<b>17,805</b>	<b>3,568</b>

Vanguard Global Minimum Volatility Fund						
	2021			2020		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Forward currency contracts	38,804	166	685	38,106	362	26
International share price index futures	428	5	-	135	-	2
<b>Total</b>	<b>39,232</b>	<b>171</b>	<b>685</b>	<b>38,241</b>	<b>362</b>	<b>28</b>

Vanguard International Shares Index Fund (Hedged)						
	2021			2020		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Forward currency contracts	29,156,389	134,115	308,219	21,354,678	213,026	34,212
International share price index futures	91,965	893	199	103,393	1,329	233
<b>Total</b>	<b>29,248,354</b>	<b>135,008</b>	<b>308,418</b>	<b>21,458,071</b>	<b>214,355</b>	<b>34,445</b>

# Notes to the financial statements (continued)

For the year ended 30 June 2021

## 8 Derivative financial instruments (continued)

	Vanguard International Shares Select Exclusions Index Fund					
	2021			2020		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Forward currency contracts	5,633,303	28,829	69,411	4,092,905	43,244	7,238
International share price index futures	12,271	114	37	25,594	106	20
<b>Total</b>	<b>5,645,574</b>	<b>28,943</b>	<b>69,448</b>	<b>4,118,499</b>	<b>43,350</b>	<b>7,258</b>

### Risk exposures and fair value measurements

Information about the Funds' exposure to credit risk and foreign exchange 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 Global Infrastructure Index Fund (Hedged)				Vanguard MSCI Index International Shares (Hedged) ETF			
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	No. '000	No. '000	\$'000	\$'000	No. '000	No. '000	\$'000	\$'000
Balance as at 1 July	429,232	289,699	402,484	301,058	14,675	8,995	1,026,643	620,365
Applications	307,415	260,307	292,031	268,470	4,900	6,160	400,902	397,480
Redemptions	(107,700)	(120,774)	(103,324)	(124,620)	(150)	(480)	(11,632)	(26,778)
Units issued upon reinvestment of distributions	58,815	-	54,977	-	66	-	5,221	-
Distributions paid and payable	-	-	(74,747)	(20,763)	-	-	(177,372)	-
Profit/(loss) for the year	-	-	83,573	(21,661)	-	-	412,100	35,576
<b>Closing balance as at 30 June</b>	<b>687,762</b>	<b>429,232</b>	<b>654,994</b>	<b>402,484</b>	<b>19,491</b>	<b>14,675</b>	<b>1,655,862</b>	<b>1,026,643</b>

  

	Vanguard International Property Securities Index Fund (Hedged)				Vanguard International Small Companies Index Fund (Hedged)			
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	No. '000	No. '000	\$'000	\$'000	No. '000	No. '000	\$'000	\$'000
Balance as at 1 July	1,918,533	1,588,255	1,352,967	1,340,428	62,641	81,629	56,400	79,683
Applications	478,507	660,405	361,649	533,184	14,326	36,768	16,040	35,145
Redemptions	(534,903)	(330,127)	(404,534)	(257,836)	(11,121)	(55,859)	(11,268)	(52,625)
Units issued upon reinvestment of distributions	86,640	-	65,026	-	780	103	860	101
Distributions paid and payable	-	-	(132,170)	-	-	-	(12,191)	-
Profit/(loss) for the year	-	-	407,865	(262,809)	-	-	25,447	(5,904)
<b>Closing balance as at 30 June</b>	<b>1,948,777</b>	<b>1,918,533</b>	<b>1,650,803</b>	<b>1,352,967</b>	<b>66,626</b>	<b>62,641</b>	<b>75,288</b>	<b>56,400</b>

# Notes to the financial statements (continued)

For the year ended 30 June 2021

## 9 Net assets attributable to unitholders (continued)

Vanguard Ethically Conscious International Shares Index Fund								
	ETF Class				AUD Unhedged Class			
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	No. '000	No. '000	\$'000	\$'000	No. '000	No. '000	\$'000	\$'000
Balance as at 1 July	2,196	575	122,045	29,594	353,064	96,937	421,889	106,757
Applications	2,635	1,695	165,978	95,567	303,813	292,646	406,832	338,406
Redemptions	-	(75)	-	(4,114)	(23,456)	(39,824)	(31,472)	(45,934)
Units issued upon reinvestment of distributions	6	1	330	73	3,171	3,305	4,090	3,813
Increase/(decrease) in net assets attributable to unitholders	-	-	51,375	925	-	-	161,062	18,847
<b>Closing balance as at 30 June</b>	<b>4,837</b>	<b>2,196</b>	<b>339,728</b>	<b>122,045</b>	<b>636,592</b>	<b>353,064</b>	<b>962,401</b>	<b>421,889</b>

  

Vanguard Ethically Conscious International Shares Index Fund								
	NZD Hedged Class				AUD Hedged Class			
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	No. '000	No. '000	\$'000	\$'000	No. '000	No. '000	\$'000	\$'000
Balance as at 1 July	486,601	398,483	478,233	376,307	-	-	-	-
Applications	233,597	268,601	265,979	255,575	42,597	-	42,627	-
Redemptions	(16,213)	(180,482)	(18,641)	(169,296)	-	-	-	-
Units issued upon reinvestment of distributions	43,653	-	49,039	-	-	-	-	-
Increase/(decrease) in net assets attributable to unitholders	-	-	133,866	15,647	-	-	729	-
<b>Closing balance as at 30 June</b>	<b>747,638</b>	<b>486,602</b>	<b>908,476</b>	<b>478,233</b>	<b>42,597</b>	<b>-</b>	<b>43,356</b>	<b>-</b>

  

Vanguard Global Minimum Volatility Fund								
	Wholesale Class				ETF Class			
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	No. '000	No. '000	\$'000	\$'000	No. '000	No. '000	\$'000	\$'000
Balance as at 1 July	12,131	13,823	14,890	18,080	230	185	12,143	10,395
Applications	2,746	5,760	3,530	7,478	35	149	1,929	8,679
Redemptions	(5,654)	(7,522)	(7,201)	(9,823)	(45)	(105)	(2,484)	(4,749)
Units issued upon reinvestment of distributions	560	70	700	99	2	1	109	2
Increase/(decrease) in net assets attributable to unitholders	-	-	283	(944)	-	-	205	(2,184)
<b>Closing balance as at 30 June</b>	<b>9,783</b>	<b>12,131</b>	<b>12,202</b>	<b>14,890</b>	<b>222</b>	<b>230</b>	<b>11,902</b>	<b>12,143</b>

  

Vanguard International Shares Index Fund (Hedged)								
	AUD Class				NZD Class			
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	No. '000	No. '000	\$'000	\$'000	No. '000	No. '000	\$'000	\$'000
Balance as at 1 July	6,156,421	5,497,735	5,240,184	4,710,024	15,385	70,081	19,753	97,139
Applications	2,000,238	1,867,354	1,863,548	1,546,782	5	-	7	-
Redemptions	(1,632,674)	(1,228,080)	(1,529,956)	(1,019,477)	(9,459)	(56,080)	(12,591)	(69,583)
Units issued upon reinvestment of distributions	754,503	19,412	680,585	16,630	1,788	1,384	2,208	1,753
Increase/(decrease) in net assets attributable to unitholders	-	-	561,654	(13,775)	-	-	(3)	(9,556)
<b>Closing balance as at 30 June</b>	<b>7,278,488</b>	<b>6,156,421</b>	<b>6,816,015</b>	<b>5,240,184</b>	<b>7,719</b>	<b>15,385</b>	<b>9,374</b>	<b>19,753</b>

# Notes to the financial statements (continued)

For the year ended 30 June 2021

## 9 Net assets attributable to unitholders (continued)

	Vanguard International Shares Select Exclusions Index Fund							
	AUD Unhedged Class				AUD Hedged Class			
	30 Jun 2021 No. '000	30 Jun 2020 No. '000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 No. '000	30 Jun 2020 No. '000	30 Jun 2021 \$'000	30 Jun 2020 \$'000
Balance as at 1 July	451,618	344,634	579,226	437,457	191,966	126,401	205,116	132,402
Applications	111,967	201,004	159,512	265,326	79,432	112,374	91,106	115,674
Redemptions	(102,369)	(107,677)	(149,831)	(139,587)	(81,425)	(46,809)	(97,870)	(48,024)
Units issued upon reinvestment of distributions	9,669	13,657	12,992	17,304	24,509	-	28,534	-
Increase/(decrease) in net assets attributable to unitholders	-	-	138,991	(1,274)	-	-	41,498	5,064
<b>Closing balance as at 30 June</b>	<b>470,885</b>	<b>451,618</b>	<b>740,890</b>	<b>579,226</b>	<b>214,482</b>	<b>191,966</b>	<b>268,384</b>	<b>205,116</b>

  

	NZD Hedged Class			
	30 Jun 2021 No. '000	30 Jun 2020 No. '000	30 Jun 2021 \$'000	30 Jun 2020 \$'000
	30 Jun 2021 No. '000	30 Jun 2020 No. '000	30 Jun 2021 \$'000	30 Jun 2020 \$'000
Balance as at 1 July	649,643	677,305	767,761	798,884
Applications	136,179	169,918	183,242	197,735
Redemptions	(95,652)	(197,580)	(127,298)	(234,554)
Units issued upon reinvestment of distributions	57,891	-	76,014	-
Increase/(decrease) in net assets attributable to unitholders	-	-	146,713	5,696
<b>Closing balance as at 30 June</b>	<b>748,061</b>	<b>649,643</b>	<b>1,046,432</b>	<b>767,761</b>

Each unit represents a right to an individual share in the Funds and does not extend to a right to the underlying assets of the Funds. The Vanguard Global Infrastructure Index Fund (Hedged), Vanguard MSCI Index International Shares (Hedged) ETF, Vanguard International Property Securities Index Fund (Hedged) and Vanguard International Small Companies Index Fund (Hedged) have no separate classes of units and each unit has the same rights attaching to it as all other units of the Funds.

### Capital risk management

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

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

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

# Notes to the financial statements (continued)

For the year ended 30 June 2021

## 10 Distributions to unitholders paid and payable

The distributions during the year were as follows:

	Vanguard Global Infrastructure Index Fund (Hedged)				Vanguard MSCI Index International Shares (Hedged) ETF			
	30 Jun 2021 \$'000	CPU	30 Jun 2020 \$'000	CPU	30 Jun 2021 \$'000	CPU	30 Jun 2020 \$'000	CPU
Distributions paid								
- 30 September	22,342	5.0108	-	-	-	-	-	-
- 31 December	12,734	2.2355	-	-	50,345	305.1337	-	-
- 31 March	28,495	4.3170	-	-	-	-	-	-
Distributions payable								
- 30 June	11,176	1.6250	20,763	4.8373	127,027	650.7789	-	-
	74,747	13.1883	20,763	4.8373	177,372	955.9126	-	-

  

	Vanguard International Property Securities Index Fund (Hedged)				Vanguard International Small Companies Index Fund (Hedged)			
	30 Jun 2021 \$'000	CPU	30 Jun 2020 \$'000	CPU	30 Jun 2021 \$'000	CPU	30 Jun 2020 \$'000	CPU
Distributions paid								
- 30 September	32,569	1.8166	-	-	1,491	2.5459	-	-
- 31 December	16,549	0.8635	-	-	447	0.7433	-	-
- 31 March	66,221	3.3885	-	-	5,175	8.3125	-	-
Distributions payable								
- 30 June	16,831	0.8637	-	-	5,078	7.6215	-	-
	132,170	6.9323	-	-	12,191	19.2232	-	-

  

	Vanguard Ethically Conscious International Shares Index Fund ETF Class				AUD Unhedged Class			
	30 Jun 2021 \$'000	CPU	30 Jun 2020 \$'000	CPU	30 Jun 2021 \$'000	CPU	30 Jun 2020 \$'000	CPU
Distributions paid								
- 30 September	351	15.4388	119	17.6690	1,337	0.3261	943	0.3465
- 31 December	611	19.0377	253	20.7971	1,754	0.3741	1,366	0.4563
- 31 March	650	16.4299	351	18.8608	1,290	0.2286	1,144	0.3546
Distributions payable								
- 30 June	1,238	24.3955	790	35.1855	3,424	0.5379	795	0.2254
	2,850	75.3019	1,513	92.5124	7,805	1.4667	4,248	1.3828

  

	NZD Hedged Class				AUD Hedged Class			
	30 Jun 2021 \$'000	CPU	30 Jun 2020 \$'000	CPU	30 Jun 2021 \$'000	CPU	30 Jun 2020 \$'000	CPU
Distributions paid								
- 30 September	3,869	0.7240	-	-	-	-	-	-
- 31 December	17,904	3.1258	-	-	-	-	-	-
- 31 March	37,264	5.9703	-	-	-	-	-	-
Distributions payable								
- 30 June	9,028	1.2075	-	-	445	1.0443	-	-
	68,065	11.0276	-	-	445	1.0443	-	-

# Notes to the financial statements (continued)

For the year ended 30 June 2021

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

Vanguard Global Minimum Volatility Fund								
Wholesale Class				ETF Class				
	30 Jun 2021		30 Jun 2020		30 Jun 2021		30 Jun 2020	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 30 September	280	3.1557	-	-	320	149.1154	-	-
- 31 December	289	3.0795	132	1.1829	303	155.1182	126	46.0156
- 31 March	532	5.8630	-	-	532	251.8101	-	-
Distributions payable								
- 30 June	512	5.2289	206	1.7007	433	194.4579	172	74.4907
	1,613	17.3271	338	2.8836	1,588	750.5016	298	120.5063

  

Vanguard International Shares Index Fund (Hedged)								
AUD Class				NZD Class				
	30 Jun 2021		30 Jun 2020		30 Jun 2021		30 Jun 2020	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 31 August	-	-	-	-	-	-	6,283	9.1292
- 30 September	226,504	3.6365	-	-	940	11.1129	-	-
- 31 December	231,868	3.5413	-	-	894	10.8397	-	-
- 31 March	545,151	8.0476	-	-	1,213	16.4478	-	-
Distributions payable								
- 30 June	329,363	4.5252	107,537	1.7468	604	7.8231	-	-
	1,332,886	19.7506	107,537	1.7468	3,651	46.2235	6,283	9.1292

  

Vanguard International Shares Select Exclusions Index Fund								
AUD Unhedged Class				AUD Hedged Class				
	30 Jun 2021		30 Jun 2020		30 Jun 2021		30 Jun 2020	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 30 September	1,763	0.3738	3,399	0.9643	8,377	3.8753	-	-
- 31 December	3,086	0.5983	2,990	0.7256	6,944	3.0635	-	-
- 31 March	2,634	0.5565	10,562	2.5272	20,264	8.7857	-	-
Distributions payable								
- 30 June	22,104	4.6942	7,959	1.7622	4,685	2.1842	-	-
	29,587	6.2228	24,910	5.9793	40,270	17.9087	-	-

  

NZD Hedged Class				
	30 Jun 2021		30 Jun 2020	
	\$'000	CPU	\$'000	CPU
Distributions paid				
- 30 September	13,512	2.0891	-	-
- 31 December	30,505	4.5494	-	-
- 31 March	55,976	7.9728	-	-
Distributions payable				
- 30 June	28,965	3.8720	103	0.0159
	128,958	18.4833	103	0.0159

# Notes to the financial statements (continued)

For the year ended 30 June 2021

## 11 Cash and cash equivalents

	Vanguard Global Infrastructure Index Fund (Hedged)		Vanguard MSCI Index International Shares (Hedged) ETF		Vanguard International Property Securities Index Fund (Hedged)		Vanguard International Small Companies Index Fund (Hedged)	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Domestic cash at bank	2,052	108	24,793	1,069	5,451	97	1,148	834
Foreign cash at bank	1,508	881	3,801	8,716	674	607	683	412
<b>Total cash and cash equivalents</b>	<b>3,560</b>	<b>989</b>	<b>28,594</b>	<b>9,785</b>	<b>6,125</b>	<b>704</b>	<b>1,831</b>	<b>1,246</b>

	Vanguard Ethically Conscious International Shares Index Fund		Vanguard Global Minimum Volatility Fund		Vanguard International Shares Index Fund (Hedged)		Vanguard International Shares Select Exclusions Index Fund	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Domestic cash at bank	3,837	1,135	109	138	96,855	21,164	7,292	8,147
Foreign cash at bank	26,658	10,284	273	215	22,478	17,755	9,961	14,542
<b>Total cash and cash equivalents</b>	<b>30,495</b>	<b>11,419</b>	<b>382</b>	<b>353</b>	<b>119,333</b>	<b>38,919</b>	<b>17,253</b>	<b>22,689</b>

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

	Vanguard Global Infrastructure Index Fund (Hedged)		Vanguard MSCI Index International Shares (Hedged) ETF		Vanguard International Property Securities Index Fund (Hedged)		Vanguard International Small Companies Index Fund (Hedged)	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities</b>								
Profit/(loss) for the year	83,573	(21,661)	412,100	35,576	407,865	(262,809)	25,447	(5,904)
Proceeds from sale of financial instruments at fair value through profit or loss	146,010	94,070	167,534	367,005	489,551	221,023	19,763	54,137
Purchases of financial instruments at fair value through profit or loss	(302,562)	(237,850)	(471,433)	(730,227)	(390,719)	(502,894)	(17,699)	(35,019)
Net (gains)/losses on financial instruments at fair value through profit or loss	(64,388)	57,833	(381,815)	4,308	(366,024)	330,987	(20,106)	9,017
Net change in receivables	9,583	(12,494)	14,511	(22,369)	(1,716)	(1,762)	(1,385)	1,422
Net change in payables	8	4	(42)	(9)	5	2	1	(3)
Non-cash items	(28,990)	(23,814)	(45,072)	(17,392)	(40,669)	(66,876)	(4,004)	(4,576)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(156,766)</b>	<b>(143,912)</b>	<b>(304,217)</b>	<b>(363,108)</b>	<b>98,293</b>	<b>(282,329)</b>	<b>2,017</b>	<b>19,074</b>
<b>(b) Non-cash financing activities</b>								
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	54,977	-	5,221	-	65,026	-	860	101

# Notes to the financial statements (continued)

For the year ended 30 June 2021

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

	Vanguard Ethically Conscious International Shares Index Fund		Vanguard Global Minimum Volatility Fund		Vanguard International Shares Index Fund (Hedged)		Vanguard International Shares Select Exclusions Index Fund	
	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000
<b>(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities</b>								
Increase/(decrease) in net assets attributable to unitholders	347,032	35,419	488	(3,128)	561,651	(23,331)	327,202	9,486
Distribution to unitholders	79,165	5,761	3,201	636	1,336,537	113,820	198,815	25,013
Proceeds from sale of financial instruments at fair value through profit or loss	1,124,031	99,012	20,913	26,475	1,461,913	864,131	1,284,481	302,834
Purchases of financial instruments at fair value through profit or loss	(1,934,119)	(580,772)	(15,142)	(28,919)	(1,294,378)	(1,355,845)	(1,342,841)	(471,590)
Net (gains)/losses on financial instruments at fair value through profit or loss	(407,130)	(29,583)	(3,300)	3,100	(1,572,311)	202,255	(500,659)	(9,855)
Net change in receivables	(1,413)	(477)	10	72	8,776	(75,876)	(952)	559
Net change in payables	211	81	(1)	-	72	15	96	46
Non-cash items	-	(3)	(4)	(3)	(337,038)	(218,635)	(32)	(36)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(792,223)</b>	<b>(470,562)</b>	<b>6,165</b>	<b>(1,767)</b>	<b>165,222</b>	<b>(493,466)</b>	<b>(33,890)</b>	<b>(143,543)</b>
<b>(b) Non-cash financing activities</b>								
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	53,459	3,886	809	101	682,793	18,383	117,540	17,304

## 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 MSCI Index International Shares (Hedged) ETF	
	30 Jun 2021 \$	30 Jun 2020 \$
<b>Auditors of the Funds - PwC</b>		
Audit and review of financial statements	25,265	23,000
Other assurance services		
Audit of compliance plan and specified assertions report	3,388	3,699
Other non-audit services		
Tax compliance services	6,905	6,375
<b>Total services provided by PwC</b>	<b>35,558</b>	<b>33,074</b>



# Notes to the financial statements (continued)

For the year ended 30 June 2021

## 13 Remuneration of auditors (continued)

	Vanguard International Small Companies Index Fund (Hedged)	
	30 Jun 2021 \$	30 Jun 2020 \$
<b>Auditors of the Funds - PwC</b>		
Audit of financial statements	17,720	15,500
Other assurance services		
Audit of compliance plan, specified assertions report and internal controls report	10,451	9,324
Other non-audit services		
Tax compliance services	6,905	6,375
<b>Total services provided by PwC</b>	<b>35,076</b>	<b>31,199</b>

  

	Vanguard Global Infrastructure Index Fund (Hedged)		Vanguard International Property Securities Index Fund (Hedged)		Vanguard Ethically Conscious International Shares Index Fund	
	30 Jun 2021 \$	30 Jun 2020 \$	30 Jun 2021 \$	30 Jun 2020 \$	30 Jun 2021 \$	30 Jun 2020 \$
<b>Auditors of the Funds - PwC</b>						
Audit and review of financial statements	22,765	20,500	23,265	21,000	29,265	27,000
Other assurance services						
Audit of compliance plan, specified assertions report and internal controls report	10,451	9,324	10,451	9,324	10,451	9,324
Other non-audit services						
Tax compliance services	6,905	6,375	6,905	6,375	29,840	23,397
<b>Total services provided by PwC</b>	<b>40,121</b>	<b>36,199</b>	<b>40,621</b>	<b>36,699</b>	<b>69,556</b>	<b>59,721</b>

  

	Vanguard Global Minimum Volatility Fund		Vanguard International Shares Index Fund (Hedged)		Vanguard International Shares Select Exclusions Index Fund	
	30 Jun 2021 \$	30 Jun 2020 \$	30 Jun 2021 \$	30 Jun 2020 \$	30 Jun 2021 \$	30 Jun 2020 \$
<b>Auditors of the Funds - PwC</b>						
Audit and review of financial statements	26,265	24,000	30,265	28,000	26,265	24,000
Other assurance services						
Audit of compliance plan, specified assertions report and internal controls report	10,451	9,324	10,451	9,324	10,451	9,324
Other non-audit services						
Tax compliance services	10,020	9,490	11,277	10,729	23,885	23,397
<b>Total services provided by PwC</b>	<b>46,736</b>	<b>42,814</b>	<b>51,993</b>	<b>48,053</b>	<b>60,601</b>	<b>56,721</b>

# Notes to the financial statements (continued)

For the year ended 30 June 2021

## 14 Related party transactions

### Responsible Entity

The Responsible Entity of the Vanguard Wholesale International Equities Funds (Hedged) 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 (Resigned 21 September 2020)

C Lui (Resigned 31 December 2020)

J Platt

F Kolimago

C McIsaac (Appointed 25 September 2020)

C Cosby (Appointed 21 May 2021)

D Shrimski (Appointed 21 May 2021)

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

### Transactions with key management personnel

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

### Key management personnel unitholdings

The key management personnel of Vanguard Investments Australia Ltd (VIA) did not hold any units in the Funds during the financial year ended 30 June 2021 and 30 June 2020.

### Key management personnel remuneration

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

### Key management personnel loan disclosures

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

# Notes to the financial statements (continued)

For the year ended 30 June 2021

## 14 Related party transactions (continued)

### Responsible Entity's fees and other transactions

During the year ended 30 June 2021, 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	
	2021 % per annum	2020 % per annum
Vanguard Global Infrastructure Index Fund (Hedged)	0.52	0.52
Vanguard MSCI Index International Shares (Hedged) ETF	0.21	0.21
Vanguard International Property Securities Index Fund (Hedged)	0.43	0.43
Vanguard International Small Companies Index Fund (Hedged)	0.42	0.42
Vanguard Ethically Conscious International Shares Index Fund - ETF Class	0.18	0.18
Vanguard Ethically Conscious International Shares Index Fund - AUD Unhedged Class	0.20	0.20
Vanguard Ethically Conscious International Shares Index Fund - NZD Hedged Class	0.26	0.26
Vanguard Ethically Conscious International Shares Index Fund - AUD Hedged Class	0.23	-
Vanguard Global Minimum Volatility Fund - Wholesale Class	0.35	0.35
Vanguard Global Minimum Volatility Fund - ETF Class	0.28	0.28
Vanguard International Shares Index Fund (Hedged) - AUD Class	0.21	0.21
Vanguard International Shares Index Fund (Hedged) - NZD Class	0.24	0.24
Vanguard International Shares Select Exclusions Index Fund - AUD Unhedged Class	0.20	0.20
Vanguard International Shares Select Exclusions Index Fund - AUD Hedged Class	0.23	0.23
Vanguard International Shares Select Exclusions Index Fund - NZD Hedged Class	0.26	0.26

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

	Vanguard Global Infrastructure Index Fund (Hedged)		Vanguard MSCI Index International Shares (Hedged) ETF		Vanguard International Property Securities Index Fund (Hedged)		Vanguard International Small Companies Index Fund (Hedged)	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	\$	\$	\$	\$	\$	\$	\$	\$
Responsible Entity's fees for the year	185,925	119,289	486,735	267,109	491,668	443,429	26,643	21,543
Total fees payable to the Responsible Entity at year end	15,851	10,995	46,479	25,191	39,361	34,937	2,330	1,391

	Vanguard Ethically Conscious International Shares Index Fund		Vanguard Global Minimum Volatility Fund		Vanguard International Shares Index Fund (Hedged)		Vanguard International Shares Select Exclusions Index Fund	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	\$	\$	\$	\$	\$	\$	\$	\$
Responsible Entity's fees for the year	3,383,345	1,737,931	77,709	88,080	2,217,281	1,782,798	4,370,302	3,645,362
Total fees payable to the Responsible Entity at year end	392,476	181,588	6,422	7,194	193,139	133,759	398,053	206,972

# Notes to the financial statements (continued)

For the year ended 30 June 2021

## 14 Related party transactions (continued)

### Related party unitholdings

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

	Vanguard Global Infrastructure Index Fund (Hedged)						
	Number of units held opening Units	Number of units held closing Units	Fair value of investments \$	Interest held at year end %	Number of units acquired Units	Number of units disposed Units	Distributions paid/payable by the Fund \$
30 Jun 2021 Unitholder							
Vanguard Managed Payout Fund	902,361	-	-	-	98,902	1,001,263	-

	Vanguard Global Infrastructure Index Fund (Hedged)						
	Number of units held opening Units	Number of units held closing Units	Fair value of investments \$	Interest held at year end %	Number of units acquired Units	Number of units disposed Units	Distributions paid/payable by the Fund \$
30 Jun 2020 Unitholder							
Vanguard Managed Payout Fund	1,900,627	902,361	845,422	0.21	539,612	1,537,878	43,650

	Vanguard International Property Securities Index Fund (Hedged)						
	Number of units held opening Units	Number of units held closing Units	Fair value of investments \$	Interest held at year end %	Number of units acquired Units	Number of units disposed Units	Distributions paid/payable by the Fund \$
30 Jun 2021 Unitholder							
Vanguard Managed Payout Fund	1,240,337	-	-	-	143,897	1,384,234	-

	Vanguard International Property Securities Index Fund (Hedged)						
	Number of units held opening Units	Number of units held closing Units	Fair value of investments \$	Interest held at year end %	Number of units acquired Units	Number of units disposed Units	Distributions paid/payable by the Fund \$
30 Jun 2020 Unitholder							
Vanguard Managed Payout Fund	885,628	1,240,337	874,190	0.06	587,716	233,007	-

	Vanguard Global Minimum Volatility Fund						
	Number of units held opening Units	Number of units held closing Units	Fair value of investments \$	Interest held at year end %	Number of units acquired Units	Number of units disposed Units	Distributions paid/payable by the Fund \$
30 Jun 2021 Unitholder							
Vanguard Managed Payout Fund	3,657,092	-	-	-	66,590	3,723,682	-

	Vanguard Global Minimum Volatility Fund						
	Number of units held opening Units	Number of units held closing Units	Fair value of investments \$	Interest held at year end %	Number of units acquired Units	Number of units disposed Units	Distributions paid/payable by the Fund \$
30 Jun 2020 Unitholder							
Vanguard Managed Payout Fund	1,886,340	3,657,092	4,485,424	30.14	2,452,084	681,332	100,744
Vanguard Investments Australia Ltd	5,113,548	-	-	-	-	5,113,548	-

# Notes to the financial statements (continued)

For the year ended 30 June 2021

## 14 Related party transactions (continued)

### Related party unitholdings (continued)

30 Jun 2021 Unitholder	Vanguard International Shares Index Fund (Hedged)						
	Number of units held opening Units	Number of units held closing Units	Fair value of investments \$	Interest held at year end %	Number of units acquired Units	Number of units disposed Units	Distributions paid/payable by the Fund \$
Vanguard Index Hedged International Shares Fund	182,080,305	202,369,726	189,478,775	2.78	44,949,841	24,660,420	38,106,309
Vanguard LifeStrategy® Conservative Fund	3,688,352	3,075,993	2,880,052	0.04	2,550,564	3,162,923	629,888
Vanguard LifeStrategy® Balanced Fund	16,568,198	16,688,827	15,625,749	0.23	6,616,950	6,496,321	3,231,528
Vanguard LifeStrategy® Growth Fund	33,822,192	36,280,826	33,969,738	0.50	12,572,012	10,113,378	6,796,395
Vanguard LifeStrategy® High Growth Fund	50,859,078	59,337,363	55,557,573	0.82	19,584,114	11,105,829	10,806,016
Vanguard Conservative Index Fund	168,495,721	175,273,218	164,108,314	2.41	98,416,329	91,638,832	33,151,000
Vanguard Balanced Index Fund	562,824,774	654,036,170	612,374,066	8.99	292,520,592	201,309,196	118,823,500
Vanguard Growth Index Fund	795,278,776	965,424,308	903,926,779	13.26	423,385,489	253,239,957	170,614,739
Vanguard High Growth Index Fund	626,728,718	862,793,445	807,833,503	11.85	437,988,366	201,923,639	146,412,707

30 Jun 2020 Unitholder	Vanguard International Shares Index Fund (Hedged)						
	Number of units held opening Units	Number of units held closing Units	Fair value of investments \$	Interest held at year end %	Number of units acquired Units	Number of units disposed Units	Distributions paid/payable by the Fund \$
Vanguard Index Hedged International Shares Fund	188,848,459	182,080,305	154,895,715	2.96	11,477,537	18,245,691	3,180,488
Vanguard LifeStrategy® Conservative Fund	2,908,047	3,688,352	3,137,681	0.06	3,406,646	2,626,341	64,426
Vanguard LifeStrategy® Balanced Fund	13,969,609	16,568,198	14,094,566	0.27	5,467,019	2,868,430	289,405
Vanguard LifeStrategy® Growth Fund	32,181,380	33,822,192	28,772,539	0.55	7,045,647	5,404,835	590,789
Vanguard LifeStrategy® High Growth Fund	47,346,054	50,859,078	43,265,818	0.83	14,005,808	10,492,784	888,381
Vanguard Conservative Index Fund	125,982,920	168,495,721	143,339,310	2.74	85,869,826	43,357,025	2,943,199
Vanguard Balanced Index Fund	454,491,543	562,824,774	478,795,035	9.14	239,984,786	131,651,555	9,831,142
Vanguard Growth Index Fund	716,796,750	795,278,776	676,543,655	12.92	314,214,640	235,732,614	13,891,532
Vanguard High Growth Index Fund	505,855,359	626,728,718	533,158,121	10.18	213,667,021	92,793,662	10,947,384

## Investments

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

30 Jun 2021	Vanguard Global Infrastructure Index Fund (Hedged)					
	Fair value of investment \$	Interest held %	Distribution received/ receivable \$	Number of units acquired Units	Number of units disposed Units	Distribution receivable unpaid \$
Vanguard Global Infrastructure Index Fund	653,207,741	61.85	19,401,917	284,052,384	89,810,989	7,545,522
	653,207,741		19,401,917	284,052,384	89,810,989	7,545,522

30 Jun 2020	Vanguard Global Infrastructure Index Fund (Hedged)					
	Fair value of investment \$	Interest held %	Distribution received/ receivable \$	Number of units acquired Units	Number of units disposed Units	Distribution receivable unpaid \$
Vanguard Global Infrastructure Index Fund	392,639,756	57.31	36,307,451	199,899,420	86,692,666	17,134,405
	392,639,756		36,307,451	199,899,420	86,692,666	17,134,405

# Notes to the financial statements (continued)

For the year ended 30 June 2021

## 14 Related party transactions (continued)

### Investments (continued)

30 Jun 2021	Vanguard MSCI Index International Shares (Hedged) ETF					
	Fair value of investment \$	Interest held %	Distribution received/ receivable \$	Number of units acquired Units	Number of units disposed Units	Distribution receivable unpaid \$
<b>Vanguard International Shares Index Fund - B Class</b>	<b>1,635,343,104</b>	<b>0.25</b>	<b>30,559,508</b>	<b>5,937,402</b>	<b>1,444,689</b>	<b>13,797,313</b>
	1,635,343,104		30,559,508	5,937,402	1,444,689	13,797,313

30 Jun 2020	Vanguard MSCI Index International Shares (Hedged) ETF					
	Fair value of investment \$	Interest held %	Distribution received/ receivable \$	Number of units acquired Units	Number of units disposed Units	Distribution receivable unpaid \$
<b>Vanguard International Shares Index Fund - B Class</b>	<b>973,736,739</b>	<b>5.42</b>	<b>39,814,646</b>	<b>5,917,336</b>	<b>856,019</b>	<b>28,309,296</b>
	973,736,739		39,814,646	5,917,336	856,019	28,309,296

30 Jun 2021	Vanguard International Property Securities Index Fund (Hedged)					
	Fair value of investment \$	Interest held %	Distribution received/ receivable \$	Number of units acquired Units	Number of units disposed Units	Distribution receivable unpaid \$
<b>Vanguard International Property Securities Index Fund</b>	<b>1,635,111,907</b>	<b>71.07</b>	<b>42,381,878</b>	<b>417,049,331</b>	<b>371,326,716</b>	<b>15,056,997</b>
	1,635,111,907		42,381,878	417,049,331	371,326,716	15,056,997

30 Jun 2020	Vanguard International Property Securities Index Fund (Hedged)					
	Fair value of investment \$	Interest held %	Distribution received/ receivable \$	Number of units acquired Units	Number of units disposed Units	Distribution receivable unpaid \$
<b>Vanguard International Property Securities Index Fund</b>	<b>1,316,988,012</b>	<b>72.34</b>	<b>68,641,295</b>	<b>523,415,762</b>	<b>283,331,492</b>	<b>13,344,147</b>
	1,316,988,012		68,641,295	523,415,762	283,331,492	13,344,147

30 Jun 2021	Vanguard International Small Companies Index Fund (Hedged)					
	Fair value of investment \$	Interest held %	Distribution received/ receivable \$	Number of units acquired Units	Number of units disposed Units	Distribution receivable unpaid \$
<b>Vanguard International Small Companies Index Fund</b>	<b>72,856,161</b>	<b>5.09</b>	<b>5,389,019</b>	<b>11,834,956</b>	<b>10,393,199</b>	<b>2,321,588</b>
	72,856,161		5,389,019	11,834,956	10,393,199	2,321,588

30 Jun 2020	Vanguard International Small Companies Index Fund (Hedged)					
	Fair value of investment \$	Interest held %	Distribution received/ receivable \$	Number of units acquired Units	Number of units disposed Units	Distribution receivable unpaid \$
<b>Vanguard International Small Companies Index Fund</b>	<b>53,988,166</b>	<b>5.20</b>	<b>3,165,078</b>	<b>24,811,362</b>	<b>35,514,162</b>	<b>937,089</b>
	53,988,166		3,165,078	24,811,362	35,514,162	937,089

# Notes to the financial statements (continued)

For the year ended 30 June 2021

## 14 Related party transactions (continued)

### Investments (continued)

30 Jun 2021	Vanguard International Shares Index Fund (Hedged)					
	Fair value of investment	Interest held	Distribution received/receivable	Number of units acquired	Number of units disposed	Distribution receivable unpaid
	\$	%	\$	Units	Units	\$
Vanguard International Shares Index Fund	6,742,698,480	34.35	328,267,086	648,174,031	413,606,916	174,846,820
	6,742,698,480		328,267,086	648,174,031	413,606,916	174,846,820

30 Jun 2020	Vanguard International Shares Index Fund (Hedged)					
	Fair value of investment	Interest held	Distribution received/receivable	Number of units acquired	Number of units disposed	Distribution receivable unpaid
	\$	%	\$	Units	Units	\$
Vanguard International Shares Index Fund	5,027,957,761	33.91	294,941,181	604,158,632	379,563,211	183,618,481
	5,027,957,761		294,941,181	604,158,632	379,563,211	183,618,481

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

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

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

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

### Other transactions within the Funds

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

## 15 Responsible Entity's fees

	Vanguard Global Infrastructure Index Fund (Hedged)		Vanguard MSCI Index International Shares (Hedged) ETF		Vanguard International Property Securities Index Fund (Hedged)		Vanguard International Small Companies Index Fund (Hedged)	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2020	30 Jun 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Responsible Entity's fees incurred by the Funds	186	119	487	267	492	443	27	22
Management costs per annum	0.52%	0.52%	0.21%	0.21%	0.43%	0.43%	0.42%	0.42%

	Vanguard Ethically Conscious International Shares Index Fund							
	ETF Class		AUD Unhedged Class		NZD Hedged Class		AUD Hedged Class	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Responsible Entity's fees incurred by the Funds	369	130	1,281	685	1,725	923	8	-
Management costs per annum	0.18%	0.18%	0.20%	0.20%	0.26%	0.26%	0.23%	-%

	Vanguard Global Minimum Volatility Fund				Vanguard International Shares Index Fund (Hedged)			
	Wholesale Class		ETF Class		AUD Class		NZD Class	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Responsible Entity's fees incurred by the Funds	44	50	34	38	2,209	1,756	8	26
Management costs per annum	0.35%	0.35%	0.28%	0.28%	0.21%	0.21%	0.24%	0.24%

# Notes to the financial statements (continued)

For the year ended 30 June 2021

## 15 Responsible Entity's fees (continued)

	Vanguard International Shares Select Exclusions Index Fund					
	AUD Unhedged Class		AUD Hedged Class		NZD Hedged Class	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Responsible Entity's fees incurred by the Funds	1,378	1,058	622	435	2,370	2,152
Management costs per annum	0.20%	0.20%	0.23%	0.23%	0.26%	0.26%

## 16 Securities Lending

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

	30 Jun 2021		30 Jun 2020	
	Value of outstanding securities on loan	Value of collateral	Value of outstanding securities on loan	Value of collateral
	\$'000	\$'000	\$'000	\$'000
Vanguard Ethically Conscious International Shares Index Fund	4,540	4,906	3,690	3,939
Vanguard International Shares Select Exclusions Index Fund	2,555	2,762	6,296	6,675

## 17 Withholding tax on dividend and distribution income

Withholding tax on dividend and distribution income were as follows:

	2021 \$'000	2020 \$'000
Vanguard Ethically Conscious International Shares Index Fund	3,344	1,958
Vanguard Global Minimum Volatility Fund	67	101
Vanguard International Shares Select Exclusions Index Fund	4,190	4,099

## 18 Events occurring after the reporting period

There are no significant events that have occurred since balance date which would impact on the financial position of the Funds as disclosed in the balance sheet as at 30 June 2021 or on the results and cash flows of the Funds for the year ended on that date.

## 19 Contingent assets, contingent liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2021 (30 June 2020: Nil).



# Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 10 to 61 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 2021 and of their performance, as represented by the results of their operations for the financial year ended on that date.
- (b) there are reasonable grounds to believe that the Funds will be able to pay their debts as and when they become due and payable.
- (c) Note 2(a) confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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



F Kolimago  
*Managing Director*  
Melbourne  
9 September 2021



## *Independent auditor's report*

To the unitholders of:

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

referred to collectively as Vanguard Wholesale International Equities Funds (Hedged) 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 International Equities Funds (Hedged) 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 2021 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 2021
- the statements of comprehensive income for the year then ended
- the statements of changes in equity for the year then ended
- the statements of cash flows for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

---

### *Basis for opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

---

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

Liability limited by a scheme approved under Professional Standards Legislation.



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

### ***Independence***

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

---

### ***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 in order to perform sufficient work to enable us to provide an opinion on the financial report as a whole, taking into account the structure of the Funds, the accounting processes and controls and the industry in which the Funds operate.



#### ***Materiality***

- For the purpose of our audit, we used approximately 2.5% of the Fund's net assets to set our overall materiality for Vanguard International Small Companies Index Fund (Hedged).
- For all of the other funds, we used approximately 1% of each Fund's net assets to set our overall materiality for each Fund.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose net assets because, in our view, it is the metric against which the performance of the Funds are most commonly measured and is a generally accepted benchmark in the fund industry.
- We utilised 1% or 2.5% as the threshold based on our professional judgement, noting they are within the range of commonly acceptable 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 at fair value through profit or loss and financial liabilities at fair value through profit or loss**

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

At 30 June 2021, investments in financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss comprised primarily of investments in listed equity securities, listed unit trusts, unlisted unit trusts, fixed interest securities and derivatives.

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

To assess the design and operating effectiveness of the service 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 2021 as recorded



#### *Key audit matter*

#### *How our audit addressed the key audit matter*

in the Funds' financial report and underlying accounting records to this report.

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

- We obtained a confirmation from the counterparties for collateral held and forward currency contracts or from the unit registry for investments in unlisted unit trusts at year end and compared the confirmed balance to the accounting records.
- We compared the price used by the Funds to value unlisted unit trust investments to the most recent audited financial statements of the unlisted unit trusts and to the 30 June 2021 price quoted by the unlisted unit trusts' Responsible Entity.
- We obtained the trade ticket for repurchase agreements and compared the loan amounts to the accounting records.
- We compared the loan amounts for repurchase agreements to cash settlement after year end.

---

#### *Other information*

The directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2021, 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](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](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 2021

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

Past performance is not an indication of future performance. In preparing this Annual Report, individual circumstances, for example tax implications, have not been taken into account and it may, therefore, not be applicable to an individual's situation. Before making an investment decision, you should consider your circumstances and whether the information contained in the Annual Report is applicable to your situation. This Annual Report was prepared in good faith and we accept no liability for any errors or omissions. All marks are the exclusive property of their respective owners.

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

London Stock Exchange Group companies include FTSE International Limited ('FTSE'), Frank Russell Company ('Russell'), MTS Next Limited ('MTS'), and FTSE TMX Global Debt Capital Markets Inc. ('FTSE TMX'). All rights reserved. 'FTSE®', 'Russell®', 'MTS®', 'FTSE TMX®' and 'FTSE Russell' and other service marks and trademarks related to the FTSE or Russell indexes are trademarks of the London Stock Exchange Group companies and are used by FTSE, MTS, FTSE TMX and Russell under licence. All information is provided for information purposes only. No responsibility or liability can be accepted by the London Stock Exchange Group companies nor its licensors for any errors or for any loss from use of this publication. Neither the London Stock Exchange Group companies nor any of their licensors make any claim, prediction, warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the FTSE Indices or the fitness or suitability of the Indices for any particular purpose to which they might be put.

©2021 Vanguard Investments Australia Ltd. All rights reserved.

## **Responsible Entity**

Vanguard Investments Australia Ltd  
ABN 72 072 881 086  
AFSL 227263

Level 13  
130 Lonsdale Street  
Melbourne VIC 3000

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

[vanguard.com.au](http://vanguard.com.au)

Vanguard Investments Australia Ltd (ABN 72 072 881 086 / AFS Licence 227263) is the product issuer. We have not taken yours or your clients' circumstances into account when preparing the information so it may not be applicable to the particular situation you are considering. You should consider yours and your clients' circumstances, and our Product Disclosure Statements ("PDSs"), before making any investment decision or recommendation. You can access our PDSs at [vanguard.com.au](http://vanguard.com.au) or by calling 1300 655 205. Past performance is not an indication of future performance. This publication was prepared in good faith and we accept no liability for any errors or omissions. © 2021 Vanguard Investments Australia Ltd. All rights reserved. ARIEQH\_092021

The Vanguard logo, featuring the word "Vanguard" in a bold, red, serif font with a registered trademark symbol.

[vanguard.com.au](http://vanguard.com.au)  
1300 655 101