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Annual Report

for the Vanguard® Exchange Traded Funds

13 September 2021

Vanguard Investments Australia Ltd announces the following:

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

Vanguard has prepared an Annual Report for the year ended 30 June 2021, for the Vanguard Wholesale Fixed Income Funds and ETFs. The ETFs above are classes of units in the relevant funds. Units in the ETF class are those that are traded on the Australian Securities Exchange (ASX).

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

Further Information

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

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Vanguard Wholesale Fixed Income Funds and ETFs

Responsible Entity

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Vanguard Wholesale Fixed Income Funds and ETFs

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

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About Vanguard

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

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

With 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 Fixed Income Funds 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 Short Term Fixed Interest Fund and Vanguard Cash Reserve Fund) seek to track the returns of the Funds' respective indices, before taking into account fees, expenses and tax. Vanguard Short Term Fixed Interest Fund and Vanguard Cash Reserve Fund are actively managed and do not track or replicate the performance of the benchmark.

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

The Funds did not have any employees during the year.

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

Directors

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

J M Norris (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 fixed interest securities, money market securities, derivatives and cash and cash equivalents. The investment policy of the Funds continues to be in accordance with the provisions of the Funds' Constitution.

Results

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

	Vanguard Australian Inflation-Linked Bond Index Fund		Vanguard Short Term Fixed Interest Fund		Vanguard Cash Reserve Fund		Vanguard Australian Corporate Fixed Interest 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)	45,783	25,337	2,606	16,177	(466)	10,431	12,759	17,447
Distributions - Wholesale Class								
Distribution paid and payable (\$'000)	29,809	9,378	4,822	18,159	3	12,473	4,284	7,711
Distribution (cents per unit)	3.9837	1.4508	0.6040	1.4379	0.0002	0.9394	2.0073	3.4890
Distributions - ETF Class								
Distribution paid and payable (\$'000)	-	-	-	-	-	-	8,926	10,419
Distribution (cents per unit)	-	-	-	-	-	-	96.3795	160.9930

Directors' report (continued)

Review and results of operations (continued)

Results (continued)

	Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund		Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)	
	30 Jun 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)	(109,861)	300,067	(20,078)	38,621	(11,826)	27,229
Distributions - Wholesale Class						
Distribution paid and payable (\$'000)	201,973	211,982	18,659	25,029	-	-
Distribution (cents per unit)	3.1249	3.7613	3.3360	4.2952	-	-
Distributions - ETF Class						
Distribution paid and payable (\$'000)	39,643	41,144	13,234	13,110	4,015	312
Distribution (cents per unit)	137.7485	159.2064	123.3477	151.6262	501.3380	106.6562
Distributions - AUD Hedged Class						
Distribution paid and payable (\$'000)	-	-	-	-	15,982	1,710
Distribution (cents per unit)	-	-	-	-	10.8080	1.8488
Distributions - NZD Hedged Class						
Distribution paid and payable (\$'000)	-	-	-	-	89,065	13,229
Distribution (cents per unit)	-	-	-	-	9.8985	1.9132

	Vanguard Global Aggregate Bond Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest Index Fund (Hedged)	
	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)	(31,073)	246,285	15,086	37,172	(44,403)	117,397
Distributions - Wholesale Class						
Distribution paid and payable (\$'000)	653,112	108,672	92,722	16,790	222,782	93,757
Distribution (cents per unit)	11.4466	2.3889	15.4625	2.7502	13.7240	5.9290
Distributions - ETF Class						
Distribution paid and payable (\$'000)	32,480	2,876	25,324	4,183	68,998	17,237
Distribution (cents per unit)	556.4462	106.2174	629.0971	118.1181	557.1285	182.2148

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 Australian Inflation-Linked Bond Index Fund					
Capital growth	1.76	1.17	7.26	2.33	(1.10)
Distribution of income	3.31	1.21	1.42	1.30	1.19
Total return	5.07	2.38	8.68	3.63	0.09
Benchmark					
<i>Bloomberg AusBond Inflation Treasury 1+ Yr Index</i>	5.35	2.59	9.02	3.95	0.28

Directors' report (continued)

Review and results of operations (continued)

Performance (continued)

	2021 %	2020 %	2019 %	2018 %	2017 %
Vanguard Short Term Fixed Interest Fund					
Capital growth	(0.34)	(0.12)	0.32	(0.19)	0.05
Distribution of income	0.59	1.41	2.25	1.98	2.12
Total return	0.25	1.29	2.57	1.79	2.17
Benchmark					
<i>Bloomberg AusBond Bank Bill Index</i>	0.06	0.85	1.97	1.78	1.82
	2021 %	2020 %	2019 %	2018 %	2017 %
Vanguard Cash Reserve Fund					
Capital growth	(0.04)	(0.14)	(0.04)	0.04	(0.03)
Distribution of income	-	0.94	1.97	1.66	1.83
Total return	(0.04)	0.80	1.93	1.70	1.80
Benchmark					
<i>Bloomberg AusBond Bank Bill Index</i>	0.06	0.85	1.97	1.78	1.82
	2021 %	2020 %	2019 %	2018 %	2017 %
Vanguard Australian Corporate Fixed Interest Index Fund					
Capital growth	0.39	(0.01)	4.89	1.11	(0.42)
Distribution of income	1.85	3.24	2.87	2.57	3.11
Total return	2.24	3.23	7.76	3.68	2.69
Benchmark					
<i>Bloomberg AusBond Credit 0+ Yr Index</i>	2.52	3.75	8.08	3.76	2.83
	2021 %	2020 %	2019 %	2018 %	2017 %
Vanguard Australian Fixed Interest Index Fund					
Capital growth	(3.64)	0.74	6.54	(0.05)	(2.88)
Distribution of income	2.58	3.19	2.82	2.92	2.96
Total return	(1.06)	3.93	9.36	2.87	0.08
Benchmark					
<i>Bloomberg AusBond Composite 0+ Yr Index</i>	(0.84)	4.18	9.57	3.09	0.25
	2021 %	2020 %	2019 %	2018 %	2017 %
Vanguard Australian Government Bond Index Fund					
Capital growth	(4.51)	0.26	7.83	(0.05)	(3.15)
Distribution of income	2.93	3.89	2.15	2.78	2.49
Total return	(1.58)	4.15	9.98	2.73	(0.66)
Benchmark					
<i>Bloomberg AusBond Govt 0+ Yr Index</i>	(1.37)	4.33	10.24	3.00	(0.41)

Directors' report (continued)

Review and results of operations (continued)

Performance (continued)

	2021 %	2020 %	2019 %	2018 %	2017 %
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) - ETF Class					
Capital growth	(9.76)	3.36	5.45	-	-
Distribution of income	9.18	2.05	1.55	-	-
Total return	(0.58)	5.41	7.00	-	-
Benchmark					
<i>Bloomberg Barclays MSCI Global Aggregate SRI Exclusions Float Adjusted hedged into AUD Index¹</i>	(0.37)	5.64	7.13	-	-
¹ Effective 22 July 2019, Bloomberg applied the float adjustment to its benchmark to bring the benchmark in line with the stated float adjusted index methodology.					
	2021 %	2020 %	2019 %	2018 %	2017 %
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) - AUD Hedged Class					
Capital growth	(10.39)	3.63	6.20	-	-
Distribution of income	9.80	1.76	1.12	-	-
Total return	(0.59)	5.39	7.32	-	-
Benchmark					
<i>Bloomberg Barclays MSCI Global Aggregate SRI Exclusions Float Adjusted hedged into AUD Index¹</i>	(0.37)	5.64	7.42	-	-
¹ Effective 22 July 2019, Bloomberg applied the float adjustment to its benchmark to bring the benchmark in line with the stated float adjusted index methodology.					
	2021 %	2020 %	2019 %	2018 %	2017 %
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) - NZD Hedged Class					
Capital growth	(10.51)	3.73	2.36	-	-
Distribution of income	10.05	2.01	4.68	-	-
Total return	(0.46)	5.74	7.04	-	-
Benchmark					
<i>Bloomberg Barclays MSCI Global Aggregate SRI Exclusions Float Adjusted hedged into NZD Index¹</i>	(0.19)	6.16	7.27	-	-
¹ Effective 22 July 2019, Bloomberg applied the float adjustment to its benchmark to bring the benchmark in line with the stated float adjusted index methodology.					
	2021 %	2020 %	2019 %	2018 %	2017 %
Vanguard Global Aggregate Bond Index Fund (Hedged)					
Capital growth	(10.84)	2.76	5.44	-	-
Distribution of income	10.57	2.31	1.96	-	-
Total return	(0.27)	5.07	7.40	-	-
Benchmark					
<i>Bloomberg Barclays Global Aggregate Float-Adjusted and Scaled Index hedged into AUD</i>	(0.10)	5.60	7.50	-	-
	2021 %	2020 %	2019 %	2018 %	2017 %
Vanguard International Credit Securities Index Fund (Hedged)					
Capital growth	(10.83)	2.43	5.67	(4.06)	(4.04)
Distribution of income	12.69	2.36	2.53	5.06	6.52
Total return	1.86	4.79	8.20	1.00	2.48
Benchmark					
<i>Bloomberg Barclays Global Aggregate Corporate and Government-Related Scaled Index hedged into AUD</i>	2.08	5.25	8.39	1.26	2.83

Directors' report (continued)

Review and results of operations (continued)

Performance (continued)

	2021 %	2020 %	2019 %	2018 %	2017 %
Vanguard International Fixed Interest Index Fund (Hedged)					
Capital growth	(12.79)	0.23	4.20	(1.08)	(7.92)
Distribution of income	11.06	4.85	2.59	3.27	6.63
Total return	(1.73)	5.08	6.79	2.19	(1.29)
Benchmark					
<i>Bloomberg Barclays Global Treasury Scaled Index hedged into AUD</i>	(1.51)	5.35	7.00	2.46	0.97

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 Australian Inflation-Linked Bond Index Fund	1.2619	1.2224	1.2878	1.2691	1.2047	1.0854
Vanguard Short Term Fixed Interest Fund	1.0183	1.0209	1.0210	1.0232	1.0181	1.0174
Vanguard Cash Reserve Fund	1.0025	1.0033	1.0031	1.0054	1.0025	1.0029
Vanguard Australian Corporate Fixed Interest Index Fund - Wholesale Class	1.0959	1.0975	1.1129	1.1135	1.0825	1.0619
Vanguard Australian Corporate Fixed Interest Index Fund - ETF Class	53.2428	53.4472	54.0579	53.9968	52.7415	52.3188
Vanguard Australian Fixed Interest Index Fund - Wholesale Class	1.1649	1.2142	1.2134	1.2312	1.1450	1.1801
Vanguard Australian Fixed Interest Index Fund - ETF Class	50.6875	52.8357	52.7725	53.5117	49.7933	51.4069
Vanguard Australian Government Bond Index Fund - Wholesale Class	1.0758	1.1359	1.1315	1.1548	1.0529	1.1034
Vanguard Australian Government Bond Index Fund - ETF Class	51.6748	54.0139	54.0496	54.7564	50.5894	52.3217
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) - ETF Class	49.4826	55.0204	55.1795	55.6171	48.9410	52.4903
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) - AUD Hedged Class	0.9912	1.1076	1.1116	1.1211	0.9804	1.0508
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) - NZD Hedged Class*	0.9542	1.0639	1.0725	1.0787	0.9433	1.0139
Vanguard Global Aggregate Bond Index Fund (Hedged) - Wholesale Class	0.9682	1.0882	1.0938	1.1069	0.9569	1.0320
Vanguard Global Aggregate Bond Index Fund (Hedged) - ETF Class	48.5775	54.3770	54.7441	55.2291	48.0056	51.8479
Vanguard International Credit Securities Index Fund (Hedged) - Wholesale Class	1.1031	1.2264	1.2471	1.2593	1.0845	1.1170
Vanguard International Credit Securities Index Fund (Hedged) - ETF Class	45.6671	50.9020	51.7002	52.0259	44.8970	46.6424
Vanguard International Fixed Interest Index Fund (Hedged) - Wholesale Class	1.0785	1.2782	1.2426	1.3007	1.0673	1.2255
Vanguard International Fixed Interest Index Fund (Hedged) - ETF Class	44.4451	51.9582	51.1009	52.8667	43.9987	49.7843

*All unit prices are expressed in New Zealand dollars.

Significant changes in state of affairs

On 19 August 2020, the Directors approved the name change of the Vanguard Cash Plus Fund to Vanguard Short Term Fixed Interest Fund with the name change effective 1 October 2020.

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.

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.

Directors' report (continued)

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.

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 8.

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

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

*denotes listed Funds

As lead auditor for the audit of Vanguard Wholesale Fixed Income Funds 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 that reads 'Britt Hawkins'.

Britt Hawkins
Partner
PricewaterhouseCoopers

Melbourne
9 September 2021

Statements of comprehensive income

For the year ended 30 June 2021

	Notes	Vanguard Australian Inflation-Linked Bond Index Fund		Vanguard Short Term Fixed Interest Fund		Vanguard Cash Reserve Fund		Vanguard Australian Corporate Fixed Interest 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
Investment income									
Interest income		2	8	1	12	-	28	-	14
Net gains/(losses) on financial instruments at fair value through profit or loss	5	48,674	27,471	4,666	19,917	2,023	12,464	14,261	18,292
Other operating income		56	-	-	-	2	-	379	792
Total net investment income/(loss)		48,732	27,479	4,667	19,929	2,025	12,492	14,640	19,098
Expenses									
Responsible Entity's fees	15	2,944	2,139	2,053	3,745	2,432	2,051	1,865	1,633
Custody fees		5	3	7	7	8	9	15	16
Other operating expenses		-	-	1	-	51	1	1	2
Total operating expenses		2,949	2,142	2,061	3,752	2,491	2,061	1,881	1,651
Operating profit/(loss)		45,783	25,337	2,606	16,177	(466)	10,431	12,759	17,447
Finance costs attributable to unitholders									
Distributions to unitholders	10	-	-	-	-	-	-	(13,210)	(18,130)
(Increase)/decrease in net assets attributable to unitholders	9	-	-	-	-	-	-	451	683
Profit/(loss) for the year		45,783	25,337	2,606	16,177	(466)	10,431	-	-
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income for the year		45,783	25,337	2,606	16,177	(466)	10,431	-	-

	Notes	Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund		Vanguard Ethically Conscious Global Aggregate Bond 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
Investment income							
Interest income		10	39	-	12	-	37
Net gains/(losses) on financial instruments at fair value through profit or loss	5	(88,998)	318,442	(17,446)	40,840	(8,867)	29,271
Other operating income		178	342	77	176	68	64
Total net investment income/(loss)		(88,810)	318,823	(17,369)	41,028	(8,799)	29,372
Expenses							
Responsible Entity's fees	15	21,035	18,693	2,591	2,387	2,874	2,067
Custody fees		15	23	14	17	81	76
Other operating expenses		1	40	104	3	72	-
Total operating expenses		21,051	18,756	2,709	2,407	3,027	2,143
Operating profit/(loss)		(109,861)	300,067	(20,078)	38,621	(11,826)	27,229
Finance costs attributable to unitholders							
Distributions to unitholders	10	(241,616)	(253,126)	(31,893)	(38,139)	(109,062)	(15,251)
(Increase)/decrease in net assets attributable to unitholders	9	351,477	(46,941)	51,971	(482)	120,888	(11,978)
Profit/(loss) for the year		-	-	-	-	-	-
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	-	-

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

Statements of comprehensive income (continued)

For the year ended 30 June 2021

	Notes	Vanguard Global Aggregate Bond Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest Index Fund (Hedged)	
		30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Investment income							
Net gains/(losses) on financial instruments at fair value through profit or loss	5	(17,097)	259,386	17,882	39,776	(38,335)	123,260
Other operating income		1,582	286	114	398	160	256
Total net investment income/(loss)		(15,515)	259,672	17,996	40,174	(38,175)	123,516
Expenses							
Responsible Entity's fees	15	14,771	11,850	2,835	2,925	6,031	5,966
Custody fees		92	77	46	51	48	42
Transaction costs		1	1	-	-	1	-
Other operating expenses		694	1,459	29	26	148	111
Total operating expenses		15,558	13,387	2,910	3,002	6,228	6,119
Operating profit/(loss)		(31,073)	246,285	15,086	37,172	(44,403)	117,397
Finance costs attributable to unitholders							
Distributions to unitholders	10	(685,592)	(111,548)	(118,046)	(20,973)	(291,780)	(110,994)
(Increase)/decrease in net assets attributable to unitholders	9	716,665	(134,737)	102,960	(16,199)	336,183	(6,403)
Profit/(loss) for the year		-	-	-	-	-	-
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	-	-

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

Balance sheets

As at 30 June 2021

	Notes	Vanguard Australian Inflation-Linked Bond Index Fund		Vanguard Short Term Fixed Interest Fund		Vanguard Cash Reserve Fund		Vanguard Australian Corporate Fixed Interest 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
Assets									
Cash and cash equivalents	11	405	2,524	37,844	422	806,100	912,726	1,443	4,487
Margin accounts		-	-	48	595	139	1,161	168	202
Receivables		246	41	848	451	20,658	256	6,071	643
Due from brokers - receivable for securities sold		11,330	1,509	-	-	-	-	5,016	6,529
Financial assets at fair value through profit or loss	6	908,040	914,730	543,518	1,181,736	782,811	748,682	825,206	558,025
Total assets		920,021	918,804	582,258	1,183,204	1,609,708	1,662,825	837,904	569,886
Liabilities									
Margin accounts		-	-	-	510	-	1,040	-	-
Distribution payable	10	15,129	3,163	1,135	1,289	-	702	3,645	7,376
Payables		214	268	488	3,489	4,358	260	283	126
Due to brokers - payables for securities purchased		6,781	2,772	-	-	3,044	27,386	7,314	3,983
Financial liabilities at fair value through profit or loss	7	-	-	-	-	4	-	11	-
Total liabilities		22,124	6,203	1,623	5,288	7,406	29,388	11,253	11,485
Net assets attributable to unitholders (equity)	9	897,897	912,601	580,635	1,177,916	1,602,302	1,633,437	-	-
Net assets attributable to unitholders (liability)	9	-	-	-	-	-	-	826,651	558,401

	Notes	Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund		Vanguard Ethically Conscious Global Aggregate Bond 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
Assets							
Cash and cash equivalents	11	45,037	-	893	7,565	44,748	21,724
Margin accounts		326	270	40	94	18,893	3,932
Receivables		7,400	3,248	310	1,204	2,122	91
Accrued income		-	-	-	-	-	3
Due from brokers - receivable for securities sold		50,540	173,821	7,787	19,009	27,505	23,537
Financial assets at fair value through profit or loss	6	9,321,949	8,345,194	1,187,606	1,157,935	1,178,669	955,657
Total assets		9,425,252	8,522,533	1,196,636	1,185,807	1,271,937	1,004,944
Liabilities							
Bank overdraft	11	-	21,965	-	-	-	-
Margin accounts		-	-	-	-	4,422	28,452
Distribution payable	10	72,026	109,866	6,557	15,339	6,709	5,162
Payables		56,018	28,173	1,848	286	294	244
Due to brokers - payables for securities purchased		19,247	135,361	2,595	14,401	54,114	55,199
Financial liabilities at fair value through profit or loss	7	76	-	-	-	55,140	10,639
Total liabilities		147,367	295,365	11,000	30,026	120,679	99,696
Net assets attributable to unitholders (liability)	9	9,277,885	8,227,168	1,185,636	1,155,781	1,151,258	905,248

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

Balance sheets (continued)

As at 30 June 2021

	Notes	Vanguard Global Aggregate Bond Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest 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
Assets							
Cash and cash equivalents	11	276,306	208,684	11,779	5,839	21,053	62,711
Margin accounts		50,952	15,419	423	366	22,139	11,034
Receivables		4,482	526	1,637	142	3,010	3,091
Due from brokers - receivable for securities sold		128,897	53,550	11,793	5,269	20,104	51,864
Financial assets at fair value through profit or loss	6	7,404,828	5,478,685	872,079	918,323	2,323,614	2,586,311
Total assets		7,865,465	5,756,864	897,711	929,939	2,389,920	2,715,011
Liabilities							
Margin accounts		29,690	153,010	442	-	9,941	75,770
Distribution payable	10	39,599	48,370	10,159	5,929	9,833	87,307
Payables		111,934	57,943	373	351	1,695	2,196
Due to brokers - payables for securities purchased		338,372	223,450	2,851	17,909	3,869	68,081
Financial liabilities at fair value through profit or loss	7	282,104	58,835	27,546	3,381	99,228	34,524
Total liabilities		801,699	541,608	41,371	27,570	124,566	267,878
Net assets attributable to unitholders (liability)	9	7,063,766	5,215,256	856,340	902,369	2,265,354	2,447,133

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

	Vanguard Australian Inflation-Linked Bond Index Fund		Vanguard Short Term Fixed Interest Fund		Vanguard Cash Reserve Fund		Vanguard Australian Corporate Fixed Interest 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
Total equity at the beginning of the financial year	912,601	621,034	1,177,916	1,260,458	1,633,437	1,306,777	-	-
Comprehensive income for the year								
Profit/(loss) for the year	45,783	25,337	2,606	16,177	(466)	10,431	-	-
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the year	45,783	25,337	2,606	16,177	(466)	10,431	-	-
Transactions with unitholders								
Applications	447,445	308,351	404,096	433,533	575,279	665,841	-	-
Redemptions	(489,379)	(39,897)	(1,002,530)	(530,840)	(606,579)	(349,738)	-	-
Units issued upon reinvestment of distributions	11,256	7,154	3,369	16,747	634	12,599	-	-
Distributions paid and payable	(29,809)	(9,378)	(4,822)	(18,159)	(3)	(12,473)	-	-
Total transactions with unitholders	(60,487)	266,230	(599,887)	(98,719)	(30,669)	316,229	-	-
Total equity at the end of the financial year	897,897	912,601	580,635	1,177,916	1,602,302	1,633,437	-	-

	Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund		Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000
Total equity at the beginning of the financial year	-	-	-	-	-	-
Comprehensive income for the year						
Profit/(loss) for the year	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-
Transactions with unitholders						
Applications	-	-	-	-	-	-
Redemptions	-	-	-	-	-	-
Units issued upon reinvestment of distributions	-	-	-	-	-	-
Distributions paid and payable	-	-	-	-	-	-
Total transactions with unitholders	-	-	-	-	-	-
Total equity at the end of the financial year	-	-	-	-	-	-

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

Statements of changes in equity (continued)

For the year ended 30 June 2021

	Notes	Vanguard Global Aggregate Bond Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest Index Fund (Hedged)	
		30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total equity at the beginning of the financial year		-	-	-	-	-	-
Comprehensive income for the year							
Profit/(loss) for the year		-	-	-	-	-	-
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	-	-
Transactions with unitholders							
Applications		-	-	-	-	-	-
Redemptions		-	-	-	-	-	-
Units issued upon reinvestment of distributions		-	-	-	-	-	-
Distributions paid and payable		-	-	-	-	-	-
Total transactions with unitholders		-	-	-	-	-	-
Total equity at the end of the financial year		-	-	-	-	-	-

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

Statements of cash flows

For the year ended 30 June 2021

	Notes	Vanguard Australian Inflation-Linked Bond Index Fund		Vanguard Short Term Fixed Interest Fund		Vanguard Cash Reserve Fund		Vanguard Australian Corporate Fixed Interest 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
Cash flows from operating activities									
Proceeds from sale of financial instruments at fair value through profit or loss		658,040	95,614	2,117,015	2,257,627	4,452,106	4,032,673	153,234	335,430
Purchases of financial instruments at fair value through profit or loss		(608,488)	(358,714)	(1,474,094)	(2,158,133)	(4,508,568)	(3,920,413)	(401,265)	(385,027)
Interest received		2	8	1	12	-	28	-	14
Other income received		56	-	31	5	2	-	379	934
Responsible Entity's fees paid		(2,954)	(2,073)	(2,235)	(3,767)	(2,440)	(2,017)	(1,811)	(1,617)
Operating expenses paid		(16)	(15)	(9)	(7)	(65)	(18)	(62)	(24)
Net cash inflow/(outflow) from operating activities	12(a)	46,640	(265,180)	640,709	95,737	(58,965)	110,253	(249,525)	(50,290)
Cash flows from financing activities									
Proceeds from applications by unitholders		447,251	308,459	403,668	434,409	554,883	665,848	298,301	250,612
Payments for redemptions by unitholders		(489,423)	(39,867)	(1,005,348)	(528,095)	(602,473)	(349,708)	(35,650)	(183,381)
Distributions paid from operating activities		(6,587)	(1,066)	(1,607)	(3,038)	(71)	(1,731)	(16,170)	(13,561)
Net cash inflow/(outflow) from financing activities		(48,759)	267,526	(603,287)	(96,724)	(47,661)	314,409	246,481	53,670
Net increase/(decrease) in cash and cash equivalents									
		(2,119)	2,346	37,422	(987)	(106,626)	424,662	(3,044)	3,380
Cash and cash equivalents at the beginning of the year		2,524	178	422	1,409	912,726	488,064	4,487	1,108
Effects of foreign currency exchange rate changes on cash and cash equivalents		-	-	-	-	-	-	-	(1)
Cash and cash equivalents at the end of the year	11	405	2,524	37,844	422	806,100	912,726	1,443	4,487
Non-cash financing activities	12(b)	11,256	7,154	3,369	16,747	634	12,599	771	592

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

	Notes	Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund		Vanguard Ethically Conscious Global Aggregate Bond 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
Cash flows from operating activities							
Proceeds from sale of financial instruments at fair value through profit or loss		2,560,769	2,334,964	495,539	578,849	1,277,220	772,002
Purchases of financial instruments at fair value through profit or loss		(3,619,335)	(3,510,754)	(543,186)	(887,581)	(1,487,877)	(1,189,557)
Interest received		10	41	-	13	3	75
Other income received		178	342	77	176	68	64
Responsible Entity's fees paid		(20,833)	(18,409)	(2,594)	(2,339)	(2,848)	(1,958)
Operating expenses paid		(101)	(132)	(124)	(31)	(199)	(129)
Net cash inflow/(outflow) from operating activities	12(a)	(1,079,312)	(1,193,948)	(50,288)	(310,913)	(213,633)	(419,503)
Cash flows from financing activities							
Proceeds from applications by unitholders		2,767,979	2,523,326	384,595	781,832	544,119	549,057
Payments for redemptions by unitholders		(1,476,605)	(1,297,054)	(314,691)	(452,936)	(268,570)	(124,128)
Distributions paid from operating activities		(145,060)	(98,090)	(26,288)	(18,114)	(18,127)	(974)
Net cash inflow/(outflow) from financing activities		1,146,314	1,128,182	43,616	310,782	257,422	423,955
Net increase/(decrease) in cash and cash equivalents		67,002	(65,766)	(6,672)	(131)	43,789	4,452
Cash and cash equivalents at the beginning of the year		(21,965)	43,801	7,565	7,696	21,724	15,874
Effects of foreign currency exchange rate changes on cash and cash equivalents		-	-	-	-	(20,765)	1,398
Cash and cash equivalents at the end of the year	11	45,037	(21,965)	893	7,565	44,748	21,724
Non-cash financing activities	12(b)	134,396	86,877	14,387	8,617	89,388	12,203

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

	Notes	Vanguard Global Aggregate Bond Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest Index Fund (Hedged)	
		30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities							
Proceeds from sale of financial instruments at fair value through profit or loss		7,189,807	4,659,033	516,580	525,854	1,521,813	1,264,813
Purchases of financial instruments at fair value through profit or loss		(8,931,788)	(5,369,230)	(447,883)	(524,315)	(1,302,905)	(1,536,123)
Transaction costs on purchases of financial instruments at fair value through profit or loss		(1)	(1)	-	-	(1)	-
Interest received		-	62	-	-	-	116
Other income received		1,582	285	114	411	163	256
Responsible Entity's fees paid		(14,435)	(11,611)	(2,843)	(2,917)	(6,074)	(5,883)
Operating expenses paid		(1,002)	(831)	(81)	(84)	(318)	(163)
Net cash inflow/(outflow) from operating activities	12(a)	(1,755,837)	(722,293)	65,887	(1,051)	212,678	(276,984)
Cash flows from financing activities							
Proceeds from applications by unitholders		3,299,949	2,030,221	229,950	238,422	792,110	747,555
Payments for redemptions by unitholders		(1,342,782)	(1,157,561)	(208,622)	(228,487)	(707,441)	(405,284)
Distributions paid from operating activities		(36,440)	(2,227)	(79,672)	(13,369)	(299,777)	(22,208)
Net cash inflow/(outflow) from financing activities		1,920,727	870,433	(58,344)	(3,434)	(215,108)	320,063
Net increase/(decrease) in cash and cash equivalents		164,890	148,140	7,543	(4,485)	(2,430)	43,079
Cash and cash equivalents at the beginning of the year		208,684	42,011	5,839	11,152	62,711	16,284
Effects of foreign currency exchange rate changes on cash and cash equivalents		(97,268)	18,533	(1,603)	(828)	(39,228)	3,348
Cash and cash equivalents at the end of the year	11	276,306	208,684	11,779	5,839	21,053	62,711
Non-cash financing activities	12(b)	657,923	81,722	34,144	7,325	69,477	10,506

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

- Vanguard Australian Inflation-Linked Bond Index Fund 17 December 2010
- Vanguard Short Term Fixed Interest Fund (formerly known as Vanguard Cash Plus Fund) 21 July 1998
- Vanguard Cash Reserve Fund 9 August 2007
- Vanguard Australian Corporate Fixed Interest Index Fund 17 December 2010
- Vanguard Australian Fixed Interest Index Fund 6 December 1996
- Vanguard Australian Government Bond Index Fund 14 November 2008
- Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) 28 March 2017
- Vanguard Global Aggregate Bond Index Fund (Hedged) 28 March 2017
- Vanguard International Credit Securities Index Fund (Hedged) 11 December 2000
- Vanguard International Fixed Interest Index Fund (Hedged) 18 May 1999

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

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

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

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

For derivatives, the contractual cash flows of these instruments do not represent solely payments of principal and interest. Consequently, these investments are measured at fair value through profit or loss.

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

(ii) Recognition/derecognition

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

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

(iii) Measurement

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

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

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

(iv) Offsetting financial instruments

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

Notes to the financial statements (continued)

For the year ended 30 June 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

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

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

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

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

Notes to the financial statements (continued)

For the year ended 30 June 2021

2 Summary of significant accounting policies (continued)

(g) Expenses

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

(h) Income tax

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

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

(i) Distributions

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

(j) Increase/decrease in net assets attributable to unitholders

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

(k) Functional and presentation currency

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

(l) Due from/to brokers

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

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

Notes to the financial statements (continued)

For the year ended 30 June 2021

2 Summary of significant accounting policies (continued)

(m) Receivables and accrued income

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

(n) Payables

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

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

(o) Applications and redemptions

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

(p) Goods and Services Tax (GST)

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

(q) Comparative revisions

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

(r) Use of estimates

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

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

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

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

Notes to the financial statements (continued)

For the year ended 30 June 2021

2 Summary of significant accounting policies (continued)

(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) Rounding of amounts

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

3 Financial risk management

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

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

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

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

(a) Market risk

(i) Foreign exchange risk

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

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.

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

The Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged), Vanguard Global Aggregate Bond Index Fund (Hedged), Vanguard International Credit Securities Index Fund (Hedged) and Vanguard International Fixed Interest Index Fund (Hedged) are exposed to foreign exchange risk as a result of investments in financial instruments denominated in foreign currencies. Fluctuations in the value of the Australian dollar and foreign currencies can affect the returns from overseas investments. This is because gains or losses must be converted back to Australian dollars. Foreign exchange risk is minimised as the Funds are hedged to Australian dollars so the value of the Funds are relatively unaffected by currency fluctuations.

Notes to the financial statements (continued)

For the year ended 30 June 2021

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

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 Ethically Conscious Global Aggregate Bond 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
Assets										
Cash and cash equivalents	18,966	247	1,475	547	7,035	8,936	114	802	8,651	3,003
Margin accounts	166	123	273	43	8,482	250	175	134	41	9
Receivables	-	-	-	-	50	-	-	-	-	17
Accrued income	-	-	-	-	-	-	-	(2)	(2)	4
Due from brokers - receivable for securities sold	11,633	183	2,540	2,994	666	17,761	814	2,672	-	2,170
Financial assets at fair value through profit or loss	549,316	50,167	326,572	104,732	104,422	427,545	35,487	249,724	92,029	83,981
Total assets	580,081	50,720	330,860	108,316	120,655	454,492	36,590	253,330	100,719	89,184
Liabilities										
Margin accounts	-	-	-	-	4,422	-	-	-	-	832
Payables	-	-	-	-	-	-	-	-	-	26
Due to brokers - payable for securities purchased	50,396	-	2,175	-	343	36,621	1,109	9,130	5,436	1,984
Financial liabilities at fair value through profit or loss	44,741	20	50	53	445	1,720	179	5,253	288	2,053
Total liabilities	95,137	20	2,225	53	5,210	38,341	1,288	14,383	5,724	4,895
Net increase/(decrease) in exposure from foreign currency forward contracts										
- Buy foreign currency	2,260,614	50,181	327,318	107,578	1,933,126	1,822,077	38,656	266,502	106,502	1,646,460
- Sell foreign currency	(2,746,893)	(100,587)	(654,715)	(214,038)	(1,140,974)	(2,253,531)	(75,399)	(515,223)	(205,514)	(958,078)
Net exposure including foreign currency forward contracts	(1,335)	294	1,238	1,803	907,597	(15,303)	(1,441)	(9,774)	(4,017)	772,671

Notes to the financial statements (continued)

For the year ended 30 June 2021

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

	Vanguard Global Aggregate Bond 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
Assets										
Cash and cash equivalents	105,743	51	43,486	7,606	13,435	80,006	93	62,344	99,912	8,975
Margin accounts	572	178	409	20	7	127	213	783	45	11
Receivables	-	-	-	-	361	-	-	5	-	245
Due from brokers - receivable for securities sold	74,609	2,480	11,558	32,673	7,577	46,546	-	4,175	-	2,513
Financial assets at fair value through profit or loss	3,564,045	314,418	2,037,649	605,987	639,333	2,546,915	217,845	1,449,093	513,111	434,206
Total assets	3,744,969	317,127	2,093,102	646,286	660,713	2,673,594	218,151	1,516,400	613,068	445,950
Liabilities										
Margin accounts	-	-	-	-	29,690	-	-	-	-	-
Payables	-	-	-	-	-	-	-	31	19	1
Due to brokers - payable for securities purchased	329,467	-	7,206	-	1,699	187,927	1,166	22,395	10,419	1,146
Financial liabilities at fair value through profit or loss	280,384	1	256	217	1,246	10,862	1,063	29,396	2,025	9,354
Total liabilities	609,851	1	7,462	217	32,635	198,789	2,229	51,822	12,463	10,501
Net increase/(decrease) in exposure from foreign currency forward contracts										
- Buy foreign currency	14,127,281	311,666	2,050,071	633,917	775,091	10,606,190	219,081	1,487,765	654,123	547,732
- Sell foreign currency	(17,282,851)	(626,702)	(4,129,247)	(1,270,772)	(1,424,827)	(13,173,805)	(443,560)	(3,015,008)	(1,279,416)	(990,825)
Net exposure including foreign currency forward contracts	(20,452)	2,090	6,464	9,214	(21,658)	(92,810)	(8,557)	(62,665)	(24,688)	(7,644)

Notes to the financial statements (continued)

For the year ended 30 June 2021

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

Vanguard International Credit Securities Index Fund (Hedged)										
	30 Jun 2021					30 Jun 2020				
	US Dollar A\$'000	British Pound A\$'000	Euro A\$'000	Canadian Dollar A\$'000	Other currencies A\$'000	US Dollar A\$'000	British Pound A\$'000	Euro A\$'000	Canadian Dollar A\$'000	Other currencies A\$'000
Assets										
Cash and cash equivalents	2,549	263	1,573	434	2,827	2,317	87	1,287	327	933
Margin accounts	162	67	164	-	23	135	30	163	-	23
Receivables	-	-	1	-	26	-	-	-	-	25
Due from brokers - receivable for securities sold	4,981	1,064	4,216	977	-	3,794	-	310	1,165	-
Financial assets at fair value through profit or loss	481,245	36,864	243,139	55,195	38,470	497,275	38,231	238,074	54,392	43,103
Total assets	488,937	38,258	249,093	56,606	41,346	503,521	38,348	239,834	55,884	44,084
Liabilities										
Margin accounts	-	-	-	-	442	-	-	-	-	-
Payables	-	-	-	-	1	-	-	-	-	-
Due to brokers - payable for securities purchased	1,025	104	1,218	504	-	13,081	-	3,359	525	545
Financial liabilities at fair value through profit or loss	27,478	8	21	1	37	36	1	2,111	788	426
Total liabilities	28,503	112	1,239	505	480	13,117	1	5,470	1,313	971
Net increase/(decrease) in exposure from foreign currency forward contracts										
- Buy foreign currency	1,669,044	41,414	264,977	59,482	48,189	1,621,452	37,785	241,989	55,685	54,170
- Sell foreign currency	(2,130,501)	(79,523)	(512,657)	(115,197)	(88,870)	(2,129,984)	(77,673)	(485,738)	(112,325)	(98,531)
Net exposure including foreign currency forward contracts	(1,023)	37	174	386	185	(18,128)	(1,541)	(9,385)	(2,069)	(1,248)

Notes to the financial statements (continued)

For the year ended 30 June 2021

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

Vanguard International Fixed Interest 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
Assets										
Cash and cash equivalents	2,370	22	375	55	3,189	9,114	1,529	30,854	19,137	2,900
Margin accounts	53	83	25	22	2	568	89	125	12	13
Receivables	-	-	-	-	183	-	-	-	-	75
Due from brokers - receivable for securities sold	-	737	1,957	15,871	1,539	31,229	5,337	-	13,846	1,452
Financial assets at fair value through profit or loss	720,668	166,729	610,917	561,871	225,540	735,492	162,165	654,469	666,610	211,659
Total assets	723,091	167,571	613,274	577,819	230,453	776,403	169,120	685,448	699,605	216,099
Liabilities										
Margin accounts	-	-	-	-	9,941	-	-	-	-	-
Payables	-	-	-	-	-	-	-	17	7	1
Due to brokers - payable for securities purchased	2,106	-	1,050	365	348	42,549	4,870	10,726	5,157	4,779
Financial liabilities at fair value through profit or loss	97,887	43	67	316	666	8,522	804	13,968	716	4,993
Total liabilities	99,993	43	1,117	681	10,955	51,071	5,674	24,711	5,880	9,773
Net increase/(decrease) in exposure from foreign currency forward contracts										
- Buy foreign currency	5,557,446	177,249	650,193	628,617	304,339	6,094,079	166,602	677,409	760,480	282,303
- Sell foreign currency	(6,193,666)	(343,647)	(1,259,819)	(1,197,569)	(530,096)	(6,844,030)	(337,399)	(1,364,667)	(1,487,001)	(494,928)
Net exposure including foreign currency forward contracts	(13,122)	1,130	2,531	8,186	(6,259)	(24,619)	(7,351)	(26,521)	(32,796)	(6,299)

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

(ii) Cash flow and fair value interest rate risk

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

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

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

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

Notes to the financial statements (continued)

For the year ended 30 June 2021

3 Financial risk management (continued)

(a) Market risk (continued)

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

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

	Vanguard Australian Inflation-Linked Bond Index Fund								
	30 Jun 2021				30 Jun 2020				
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000	
Assets									
Cash and cash equivalents	405	-	-	405	2,524	-	-	2,524	
Receivables	-	-	246	246	-	-	41	41	
Due from brokers - receivable for securities sold	-	-	11,330	11,330	-	-	1,509	1,509	
Financial assets at fair value through profit or loss	-	908,040	-	908,040	-	914,730	-	914,730	
Total assets	405	908,040	11,576	920,021	2,524	914,730	1,550	918,804	
Liabilities									
Distribution payable	-	-	15,129	15,129	-	-	3,163	3,163	
Payables	-	-	214	214	-	-	268	268	
Due to brokers - payable for securities purchased	-	-	6,781	6,781	-	-	2,772	2,772	
Total liabilities	-	-	22,124	22,124	-	-	6,203	6,203	
Net assets attributable to unitholders (equity)	405	908,040	(10,548)	897,897	2,524	914,730	(4,653)	912,601	
Net exposure	405	908,040	(10,548)	897,897	2,524	914,730	(4,653)	912,601	

	Vanguard Short Term Fixed Interest Fund								
	30 Jun 2021				30 Jun 2020				
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000	
Assets									
Cash and cash equivalents	37,844	-	-	37,844	422	-	-	422	
Margin accounts	48	-	-	48	595	-	-	595	
Receivables	-	-	848	848	-	-	451	451	
Financial assets at fair value through profit or loss	195,499	348,019	-	543,518	416,767	764,969	-	1,181,736	
Total assets	233,391	348,019	848	582,258	417,784	764,969	451	1,183,204	
Liabilities									
Margin accounts	-	-	-	-	510	-	-	510	
Distribution payable	-	-	1,135	1,135	-	-	1,289	1,289	
Payables	-	-	488	488	-	-	3,489	3,489	
Total liabilities	-	-	1,623	1,623	510	-	4,778	5,288	
Net assets attributable to unitholders (equity)	233,391	348,019	(775)	580,635	417,274	764,969	(4,327)	1,177,916	
Net increase/(decrease) in exposure from Australian money market futures	39,984	-	-	39,984	58,923	-	-	58,923	
Net exposure	273,375	348,019	(775)	620,619	476,197	764,969	(4,327)	1,236,839	

Notes to the financial statements (continued)

For the year ended 30 June 2021

3 Financial risk management (continued)

(a) Market risk (continued)

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

	Vanguard Cash Reserve Fund							
	30 Jun 2021				30 Jun 2020			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
Assets								
Cash and cash equivalents	806,100	-	-	806,100	912,726	-	-	912,726
Margin accounts	139	-	-	139	1,161	-	-	1,161
Receivables	-	-	20,658	20,658	-	-	256	256
Financial assets at fair value through profit or loss	224,841	557,970	-	782,811	321,863	426,819	-	748,682
Total assets	1,031,080	557,970	20,658	1,609,708	1,235,750	426,819	256	1,662,825
Liabilities								
Margin accounts	-	-	-	-	1,040	-	-	1,040
Distribution payable	-	-	-	-	-	-	702	702
Payables	-	-	4,358	4,358	-	-	260	260
Due to brokers - payable for securities purchased	-	-	3,044	3,044	-	-	27,386	27,386
Financial liabilities at fair value through profit or loss	4	-	-	4	-	-	-	-
Total liabilities	4	-	7,402	7,406	1,040	-	28,348	29,388
Net assets attributable to unitholders (equity)	1,031,076	557,970	13,256	1,602,302	1,234,710	426,819	(28,092)	1,633,437
Net increase/(decrease) in exposure from Australian money market futures	283,886	-	-	283,886	195,745	-	-	195,745
Net exposure	1,314,962	557,970	13,256	1,886,188	1,430,455	426,819	(28,092)	1,829,182
	Vanguard Australian Corporate Fixed Interest Index Fund							
	30 Jun 2021				30 Jun 2020			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
Assets								
Cash and cash equivalents	1,443	-	-	1,443	4,487	-	-	4,487
Margin accounts	168	-	-	168	202	-	-	202
Receivables	-	-	6,071	6,071	-	-	643	643
Due from brokers - receivable for securities sold	-	-	5,016	5,016	-	-	6,529	6,529
Financial assets at fair value through profit or loss	20,429	804,777	-	825,206	3,148	554,877	-	558,025
Total assets	22,040	804,777	11,087	837,904	7,837	554,877	7,172	569,886
Liabilities								
Distribution payable	-	-	3,645	3,645	-	-	7,376	7,376
Payables	-	-	283	283	-	-	126	126
Due to brokers - payable for securities purchased	-	-	7,314	7,314	-	-	3,983	3,983
Financial liabilities at fair value through profit or loss	-	11	-	11	-	-	-	-
Total liabilities	-	11	11,242	11,253	-	-	11,485	11,485
Net assets attributable to unitholders (liability)	22,040	804,766	(155)	826,651	7,837	554,877	(4,313)	558,401
Net increase/(decrease) in exposure from Australian interest rate futures	-	4,699	-	4,699	-	-	-	-
Net exposure	22,040	809,465	(155)	831,350	7,837	554,877	(4,313)	558,401

Notes to the financial statements (continued)

For the year ended 30 June 2021

3 Financial risk management (continued)

(a) Market risk (continued)

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

Vanguard Australian Fixed Interest Index Fund								
	30 Jun 2021				30 Jun 2020			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
Assets								
Cash and cash equivalents	45,037	-	-	45,037	-	-	-	-
Margin accounts	326	-	-	326	270	-	-	270
Receivables	-	-	7,400	7,400	-	-	3,248	3,248
Due from brokers - receivable for securities sold	-	-	50,540	50,540	-	-	173,821	173,821
Financial assets at fair value through profit or loss	33,158	9,288,791	-	9,321,949	8,933	8,336,261	-	8,345,194
Total assets	78,521	9,288,791	57,940	9,425,252	9,203	8,336,261	177,069	8,522,533
Liabilities								
Bank overdraft	-	-	-	-	21,965	-	-	21,965
Distribution payable	-	-	72,026	72,026	-	-	109,866	109,866
Payables	-	-	56,018	56,018	-	-	28,173	28,173
Due to brokers - payable for securities purchased	-	-	19,247	19,247	-	-	135,361	135,361
Financial liabilities at fair value through profit or loss	-	76	-	76	-	-	-	-
Total liabilities	-	76	147,291	147,367	21,965	-	273,400	295,365
Net assets attributable to unitholders (liability)	78,521	9,288,715	(89,351)	9,277,885	(12,762)	8,336,261	(96,331)	8,227,168
Net increase/(decrease) in exposure from Australian interest rate futures	-	(6,498)	-	(6,498)	-	-	-	-
Net exposure	78,521	9,282,217	(89,351)	9,271,387	(12,762)	8,336,261	(96,331)	8,227,168

Vanguard Australian Government Bond Index Fund								
	30 Jun 2021				30 Jun 2020			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
Assets								
Cash and cash equivalents	893	-	-	893	7,565	-	-	7,565
Margin accounts	40	-	-	40	94	-	-	94
Receivables	-	-	310	310	-	-	1,204	1,204
Due from brokers - receivable for securities sold	-	-	7,787	7,787	-	-	19,009	19,009
Financial assets at fair value through profit or loss	-	1,187,606	-	1,187,606	-	1,157,935	-	1,157,935
Total assets	933	1,187,606	8,097	1,196,636	7,659	1,157,935	20,213	1,185,807
Liabilities								
Distribution payable	-	-	6,557	6,557	-	-	15,339	15,339
Payables	-	-	1,848	1,848	-	-	286	286
Due to brokers - payable for securities purchased	-	-	2,595	2,595	-	-	14,401	14,401
Total liabilities	-	-	11,000	11,000	-	-	30,026	30,026
Net assets attributable to unitholders (liability)	933	1,187,606	(2,903)	1,185,636	7,659	1,157,935	(9,813)	1,155,781
Net exposure	933	1,187,606	(2,903)	1,185,636	7,659	1,157,935	(9,813)	1,155,781

Notes to the financial statements (continued)

For the year ended 30 June 2021

3 Financial risk management (continued)

(a) Market risk (continued)

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

Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)								
	30 Jun 2021				30 Jun 2020			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
Assets								
Cash and cash equivalents	44,748	-	-	44,748	21,724	-	-	21,724
Margin accounts	18,893	-	-	18,893	3,932	-	-	3,932
Receivables	-	-	2,122	2,122	-	-	91	91
Accrued income	-	-	-	-	-	-	3	3
Due from brokers - receivable for securities sold	-	-	27,505	27,505	-	-	23,537	23,537
Financial assets at fair value through profit or loss	31,990	1,119,741	26,938	1,178,669	17,760	899,266	38,631	955,657
Total assets	95,631	1,119,741	56,565	1,271,937	43,416	899,266	62,262	1,004,944
Liabilities								
Margin accounts	4,422	-	-	4,422	28,452	-	-	28,452
Distribution payable	-	-	6,709	6,709	-	-	5,162	5,162
Payables	-	1	293	294	-	-	244	244
Due to brokers - payable for securities purchased	-	-	54,114	54,114	-	-	55,199	55,199
Financial liabilities at fair value through profit or loss	-	83	55,057	55,140	-	26	10,613	10,639
Total liabilities	4,422	84	116,173	120,679	28,452	26	71,218	99,696
Net assets attributable to unitholders (liability)	91,209	1,119,657	(59,608)	1,151,258	14,964	899,240	(8,956)	905,248
Net increase/(decrease) in exposure from Australian interest rate futures	-	5,966	-	5,966	-	101	-	101
Net increase/(decrease) in exposure from international interest rate futures	-	19,034	-	19,034	-	8,908	-	8,908
Net exposure	91,209	1,144,657	(59,608)	1,176,258	14,964	908,249	(8,956)	914,257

Notes to the financial statements (continued)

For the year ended 30 June 2021

3 Financial risk management (continued)

(a) Market risk (continued)

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

	Vanguard Global Aggregate Bond Index Fund (Hedged)							
	30 Jun 2021				30 Jun 2020			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
Assets								
Cash and cash equivalents	276,306	-	-	276,306	208,684	-	-	208,684
Margin accounts	50,952	-	-	50,952	15,419	-	-	15,419
Receivables	-	-	4,482	4,482	-	-	526	526
Due from brokers - receivable for securities sold	-	-	128,897	128,897	-	-	53,550	53,550
Financial assets at fair value through profit or loss	195,557	7,048,405	160,866	7,404,828	123,124	5,141,305	214,256	5,478,685
Total assets	522,815	7,048,405	294,245	7,865,465	347,227	5,141,305	268,332	5,756,864
Liabilities								
Margin accounts	29,690	-	-	29,690	153,010	-	-	153,010
Distribution payable	-	-	39,599	39,599	-	-	48,370	48,370
Payables	-	-	111,934	111,934	-	-	57,943	57,943
Due to brokers - payable for securities purchased	-	-	338,372	338,372	-	-	223,450	223,450
Financial liabilities at fair value through profit or loss	-	88	282,016	282,104	-	10	58,825	58,835
Total liabilities	29,690	88	771,921	801,699	153,010	10	388,588	541,608
Net assets attributable to unitholders (liability)	493,125	7,048,317	(477,676)	7,063,766	194,217	5,141,295	(120,256)	5,215,256
Net increase/(decrease) in exposure from Australian interest rate futures	-	(2,166)	-	(2,166)	-	(2,577)	-	(2,577)
Net increase/(decrease) in exposure from international interest rate futures	-	(92,368)	-	(92,368)	-	(8,063)	-	(8,063)
Net exposure	493,125	6,953,783	(477,676)	6,969,232	194,217	5,130,655	(120,256)	5,204,616

	Vanguard International Credit Securities Index Fund (Hedged)							
	30 Jun 2021				30 Jun 2020			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
Assets								
Cash and cash equivalents	11,779	-	-	11,779	5,839	-	-	5,839
Margin accounts	423	-	-	423	366	-	-	366
Receivables	-	-	1,637	1,637	-	-	142	142
Due from brokers - receivable for securities sold	-	-	11,793	11,793	-	-	5,269	5,269
Financial assets at fair value through profit or loss	60,854	798,766	12,459	872,079	50,166	836,588	31,569	918,323
Total assets	73,056	798,766	25,889	897,711	56,371	836,588	36,980	929,939
Liabilities								
Margin accounts	442	-	-	442	-	-	-	-
Distribution payable	-	-	10,159	10,159	-	-	5,929	5,929
Payables	-	-	373	373	-	-	351	351
Due to brokers - payable for securities purchased	-	-	2,851	2,851	-	-	17,909	17,909
Financial liabilities at fair value through profit or loss	-	25	27,521	27,546	-	11	3,370	3,381
Total liabilities	442	25	40,904	41,371	-	11	27,559	27,570
Net assets attributable to unitholders (liability)	72,614	798,741	(15,015)	856,340	56,371	836,577	9,421	902,369
Net increase/(decrease) in exposure from international interest rate futures	-	(2,283)	-	(2,283)	-	6,798	-	6,798
Net exposure	72,614	796,458	(15,015)	854,057	56,371	843,375	9,421	909,167

Notes to the financial statements (continued)

For the year ended 30 June 2021

3 Financial risk management (continued)

(a) Market risk (continued)

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

	Vanguard International Fixed Interest Index Fund (Hedged)							
	30 Jun 2021				30 Jun 2020			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
Assets								
Cash and cash equivalents	21,053	-	-	21,053	62,711	-	-	62,711
Margin accounts	22,139	-	-	22,139	11,034	-	-	11,034
Receivables	-	-	3,010	3,010	-	-	3,091	3,091
Due from brokers - receivable for securities sold	-	-	20,104	20,104	-	-	51,864	51,864
Financial assets at fair value through profit or loss	-	2,261,828	61,786	2,323,614	1,785	2,473,049	111,477	2,586,311
Total assets	43,192	2,261,828	84,900	2,389,920	75,530	2,473,049	166,432	2,715,011
Liabilities								
Margin accounts	9,941	-	-	9,941	75,770	-	-	75,770
Distribution payable	-	-	9,833	9,833	-	-	87,307	87,307
Payables	-	-	1,695	1,695	-	-	2,196	2,196
Due to brokers - payable for securities purchased	-	-	3,869	3,869	-	-	68,081	68,081
Financial liabilities at fair value through profit or loss	-	-	99,228	99,228	-	5	34,519	34,524
Total liabilities	9,941	-	114,625	124,566	75,770	5	192,103	267,878
Net assets attributable to unitholders (liability)	33,251	2,261,828	(29,725)	2,265,354	(240)	2,473,044	(25,671)	2,447,133
Net increase/(decrease) in exposure from Australian interest rate futures	-	-	-	-	-	(3,788)	-	(3,788)
Net increase/(decrease) in exposure from international interest rate futures	-	(2,584)	-	(2,584)	-	4,119	-	4,119
Net exposure	33,251	2,259,244	(29,725)	2,262,770	(240)	2,473,375	(25,671)	2,447,464

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

Notes to the financial statements (continued)

For the year ended 30 June 2021

3 Financial risk management (continued)

(b) Summarised sensitivity analysis (continued)

Impact on operating profit/(loss) and net assets attributable to unitholders												
Vanguard International Credit Securities Index Fund (Hedged)												
	Interest rate risk		Foreign exchange risk									
	\$'000	\$'000	US Dollar		British Pound		Euro		Canadian Dollar		Other currencies	
	Low	High	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	-15bps	+15bps	-6%	+8%	-6%	+0%	-4%	+5%	-7%	+1%	-4%	+7%
30 Jun 2021	1,307	(1,307)	(27,626)	36,835	(2,289)	-	(9,914)	12,392	(3,927)	561	(1,635)	2,861
	Interest rate risk		Foreign exchange risk									
	\$'000	\$'000	US Dollar		British Pound		Euro		Canadian Dollar		Other currencies	
	Low	High	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	-88bps	+88bps	-3%	+19%	-2%	+13%	-3%	+16%	-0%	+13%	-4%	+17%
30 Jun 2020	6,866	(6,866)	(14,712)	93,175	(767)	4,985	(7,031)	37,500	-	7,094	(1,725)	7,329

Impact on operating profit/(loss) and net assets attributable to unitholders												
Vanguard International Fixed Interest Index Fund (Hedged)												
	Interest rate risk		Foreign exchange risk									
	\$'000	\$'000	US Dollar		British Pound		Euro		Japanese Yen		Other currencies	
	Low	High	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	-15bps	+15bps	-6%	+8%	-6%	+0%	-4%	+5%	-3%	+12%	-6%	+4%
30 Jun 2021	3,443	(3,443)	(37,386)	49,848	(10,052)	-	(24,486)	30,608	(17,314)	69,257	(13,169)	8,780
	Interest rate risk		Foreign exchange risk									
	\$'000	\$'000	US Dollar		British Pound		Euro		Japanese Yen		Other currencies	
	Low	High	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	-88bps	+88bps	-3%	+19%	-2%	+13%	-3%	+16%	-3%	+18%	-4%	+17%
30 Jun 2020	21,765	(21,765)	(21,760)	137,814	(3,269)	21,248	(19,822)	105,718	(20,812)	124,871	(8,253)	35,075

(c) Credit risk

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

The main concentration of credit risk, to which the Funds are exposed, arises from the Funds' investments in debt securities. The Funds are also exposed to counterparty credit risk on derivative financial instruments, cash and cash equivalents, amounts due from brokers and other receivables. 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.

Credit risk is managed by ensuring that:

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

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

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

Notes to the financial statements (continued)

For the year ended 30 June 2021

3 Financial risk management (continued)

(c) Credit risk (continued)

(i) Debt securities

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

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

Rating	Vanguard Australian Inflation-Linked Bond Index Fund		Vanguard Short Term Fixed Interest Fund		Vanguard Cash Reserve Fund		Vanguard Australian Corporate Fixed Interest 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
AAA	908,040	914,730	213,730	500,525	43,443	147,064	182,360	125,813
AA+	-	-	18,414	25,989	-	82,880	28,326	22,695
AA	-	-	6,862	7,190	-	-	37,742	14,505
AA-	-	-	186,293	199,355	230,583	161,530	97,745	85,390
A+	-	-	96,679	90,275	86,756	87,091	66,130	49,385
A	-	-	523	16,523	-	23,061	38,279	26,718
A-	-	-	21,016	36,145	8,031	5,554	113,830	83,131
A-1+	-	-	-	251,828	413,998	191,497	-	-
A-1	-	-	-	53,906	-	-	-	-
BBB+	-	-	-	-	-	-	144,760	84,460
BBB	-	-	-	-	-	-	103,574	62,267
BBB-	-	-	-	-	-	-	12,440	3,661
Not Rated	-	-	-	-	-	50,001	-	-
Total	908,040	914,730	543,517	1,181,736	782,811	748,678	825,186	558,025

Rating	Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund		Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
AAA	6,131,636	6,299,905	819,626	951,144	393,591	358,318
AA+	1,809,526	1,163,253	273,359	196,004	98,832	36,293
AA	611,840	55,273	84,753	1,559	76,323	86,491
AA-	180,220	205,721	9,868	9,228	86,697	29,418
A+	116,968	133,759	-	-	71,865	112,315
A	68,945	48,416	-	-	102,578	23,868
A-	108,719	129,444	-	-	71,396	39,440
A-1+	-	64,500	-	-	-	22,535
BBB+	157,804	125,213	-	-	72,209	60,500
BBB	122,550	108,590	-	-	60,691	37,781
BBB-	7,102	5,257	-	-	75,744	50,521
BB+	-	-	-	-	1,580	1,050
WD	-	-	-	-	686	-
Not Rated	6,639	5,863	-	-	39,402	58,453
Total	9,321,949	8,345,194	1,187,606	1,157,935	1,151,594	916,983

Notes to the financial statements (continued)

For the year ended 30 June 2021

3 Financial risk management (continued)

(c) Credit risk (continued)

Rating	Vanguard Global Aggregate Bond Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest Index Fund (Hedged)	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
AAA	2,259,885	1,997,443	98,961	109,186	889,373	981,500
AA+	772,921	324,038	42,457	48,924	28,439	75,223
AA	574,388	581,221	62,586	55,301	186,262	352,674
AA-	432,473	197,166	44,323	51,672	228,670	65,895
A+	381,588	652,502	82,401	83,870	145,573	642,046
A	675,875	174,386	69,558	72,696	442,956	9,692
A-	496,523	278,144	106,152	115,952	75,861	18,155
A-1+	112,900	42,199	-	-	-	18,300
A-1	-	-	-	-	8,957	-
A-2	-	1,891	-	-	-	1,785
BBB+	526,605	406,267	149,185	139,590	43,655	84,914
BBB	440,538	287,274	119,576	119,547	42,960	14,213
BBB-	499,020	293,819	72,445	67,129	168,900	134,340
BB+	11,954	2,716	3,387	1,604	-	-
BB	123	1,736	165	431	-	-
BB-	1,684	692	249	265	-	-
WD	4,962	-	-	-	187	-
Not Rated	52,514	22,919	8,150	20,579	25	76,096
Total	7,243,953	5,264,413	859,595	886,746	2,261,818	2,474,833

(ii) Derivatives

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

The Funds also restrict their exposure to credit losses on derivative instruments they hold by entering into master netting arrangements with counterparties 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.

During the year ended 30 June 2021, Vanguard Australian Fixed Interest Index Fund, Vanguard Global Aggregate Bond Index Fund, Vanguard Ethically Conscious Global Aggregate Bond Index and Vanguard International Credit Securities Index Fund have entered into agreement for securities to qualify as another eligible credit support on derivatives transactions under which legal title to some of the Funds' financial assets such as debt securities are transferred to a counterparty.

The risks and benefits of the transferred assets remain with the Funds, because the Funds continue to enjoy the risks and benefits of the assets and have not been derecognised (i.e. treated as having been sold).

Details of all open transactions at year end are disclosed in note 17.

Notes to the financial statements (continued)

For the year ended 30 June 2021

3 Financial risk management (continued)

(c) Credit risk (continued)

(iii) Settlement of securities transactions

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

(iv) Cash and cash equivalents

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a rating of A-1 or higher short-term Standard & Poor's credit ratings (or Moody's equivalent).

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

(v) Other

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

The clearing and depository operations for the Funds' security transactions are mainly concentrated with one counterparty, namely JPM Chase Bank, N.A., Sydney Branch. JPM Chase Bank, N.A., Sydney Branch, is a member of a major securities exchange, and at 30 June 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.

(d) Liquidity risk

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

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

The tables below 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 Australian Inflation-Linked Bond 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
Distribution payable	15,129	-	-	-	15,129	3,163	-	-	-	3,163
Payables	214	-	-	-	214	268	-	-	-	268
Due to brokers - payables for securities purchased	6,781	-	-	-	6,781	2,772	-	-	-	2,772
Total liabilities	22,124	-	-	-	22,124	6,203	-	-	-	6,203

Vanguard Short Term Fixed Interest 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
Margin accounts	-	-	-	-	-	510	-	-	-	510
Distribution payable	1,135	-	-	-	1,135	1,289	-	-	-	1,289
Payables	488	-	-	-	488	3,489	-	-	-	3,489
Total liabilities	1,623	-	-	-	1,623	5,288	-	-	-	5,288

Notes to the financial statements (continued)

For the year ended 30 June 2021

3 Financial risk management (continued)

(d) Liquidity risk (continued)

	Vanguard Cash Reserve 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	-	4	-	-	4	-	-	-	-	-
Margin accounts	-	-	-	-	-	1,040	-	-	-	1,040
Distribution payable	-	-	-	-	-	702	-	-	-	702
Payables	4,358	-	-	-	4,358	260	-	-	-	260
Due to brokers - payables for securities purchased	3,044	-	-	-	3,044	27,386	-	-	-	27,386
Total liabilities	7,402	4	-	-	7,406	29,388	-	-	-	29,388

	Vanguard Australian Corporate Fixed Interest 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	-	11	-	-	11	-	-	-	-	-
Distribution payable	3,645	-	-	-	3,645	7,376	-	-	-	7,376
Payables	283	-	-	-	283	126	-	-	-	126
Due to brokers - payables for securities purchased	7,314	-	-	-	7,314	3,983	-	-	-	3,983
Net assets attributable to unitholders	826,651	-	-	-	826,651	558,401	-	-	-	558,401
Total liabilities	837,893	11	-	-	837,904	569,886	-	-	-	569,886

	Vanguard Australian Fixed Interest 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	-	76	-	-	76	-	-	-	-	-
Bank overdraft	-	-	-	-	-	21,965	-	-	-	21,965
Distribution payable	72,026	-	-	-	72,026	109,866	-	-	-	109,866
Payables	56,018	-	-	-	56,018	28,173	-	-	-	28,173
Due to brokers - payables for securities purchased	19,247	-	-	-	19,247	135,361	-	-	-	135,361
Net assets attributable to unitholders	9,277,885	-	-	-	9,277,885	8,227,168	-	-	-	8,227,168
Total liabilities	9,425,176	76	-	-	9,425,252	8,522,533	-	-	-	8,522,533

	Vanguard Australian Government Bond 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
Distribution payable	6,557	-	-	-	6,557	15,339	-	-	-	15,339
Payables	1,848	-	-	-	1,848	286	-	-	-	286
Due to brokers - payables for securities purchased	2,595	-	-	-	2,595	14,401	-	-	-	14,401
Net assets attributable to unitholders	1,185,636	-	-	-	1,185,636	1,155,781	-	-	-	1,155,781
Total liabilities	1,196,636	-	-	-	1,196,636	1,185,807	-	-	-	1,185,807

Notes to the financial statements (continued)

For the year ended 30 June 2021

3 Financial risk management (continued)

(d) Liquidity risk (continued)

Vanguard Ethically Conscious Global Aggregate Bond 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	44,926	10,214	-	-	55,140	9,980	659	-	-	10,639
Margin accounts	4,422	-	-	-	4,422	28,452	-	-	-	28,452
Distribution payable	6,709	-	-	-	6,709	5,162	-	-	-	5,162
Payables	294	-	-	-	294	244	-	-	-	244
Due to brokers - payables for securities purchased	54,114	-	-	-	54,114	55,199	-	-	-	55,199
Net assets attributable to unitholders	1,151,258	-	-	-	1,151,258	905,248	-	-	-	905,248
Total liabilities	1,261,723	10,214	-	-	1,271,937	1,004,285	659	-	-	1,004,944

Vanguard Global Aggregate Bond 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	225,186	56,918	-	-	282,104	55,327	3,508	-	-	58,835
Margin accounts	29,690	-	-	-	29,690	153,010	-	-	-	153,010
Distribution payable	39,599	-	-	-	39,599	48,370	-	-	-	48,370
Payables	111,934	-	-	-	111,934	57,943	-	-	-	57,943
Due to brokers - payables for securities purchased	338,372	-	-	-	338,372	223,450	-	-	-	223,450
Net assets attributable to unitholders	7,063,766	-	-	-	7,063,766	5,215,256	-	-	-	5,215,256
Total liabilities	7,808,547	56,918	-	-	7,865,465	5,753,356	3,508	-	-	5,756,864

Vanguard International Credit 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	27,488	58	-	-	27,546	3,337	44	-	-	3,381
Margin accounts	442	-	-	-	442	-	-	-	-	-
Distribution payable	10,159	-	-	-	10,159	5,929	-	-	-	5,929
Payables	373	-	-	-	373	351	-	-	-	351
Due to brokers - payables for securities purchased	2,851	-	-	-	2,851	17,909	-	-	-	17,909
Net assets attributable to unitholders	856,340	-	-	-	856,340	902,369	-	-	-	902,369
Total liabilities	897,653	58	-	-	897,711	929,895	44	-	-	929,939

Notes to the financial statements (continued)

For the year ended 30 June 2021

3 Financial risk management (continued)

(d) Liquidity risk (continued)

Vanguard International Fixed Interest 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	79,856	19,372	-	-	99,228	32,892	1,632	-	-	34,524
Margin accounts	9,941	-	-	-	9,941	75,770	-	-	-	75,770
Distribution payable	9,833	-	-	-	9,833	87,307	-	-	-	87,307
Payables	1,695	-	-	-	1,695	2,196	-	-	-	2,196
Due to brokers - payables for securities purchased	3,869	-	-	-	3,869	68,081	-	-	-	68,081
Net assets attributable to unitholders	2,265,354	-	-	-	2,265,354	2,447,133	-	-	-	2,447,133
Total liabilities	2,370,548	19,372	-	-	2,389,920	2,713,379	1,632	-	-	2,715,011

Maturities of gross-settled derivative financial instruments

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

Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)										
	30 Jun 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	5,175,664	2,592,858	-	-	7,768,522	4,338,256	2,120,810	-	-	6,459,066
(Outflows)	(5,196,677)	(2,599,964)	-	-	(7,796,641)	(4,312,176)	(2,118,872)	-	-	(6,431,048)
Net	(21,013)	(7,106)	-	-	(28,119)	26,080	1,938	-	-	28,018

Vanguard Global Aggregate Bond 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	21,104,416	10,582,876	-	-	31,687,292	16,003,755	8,035,748	-	-	24,039,503
(Outflows)	(21,186,021)	(10,622,421)	-	-	(31,808,442)	(15,858,969)	(8,025,103)	-	-	(23,884,072)
Net	(81,605)	(39,545)	-	-	(121,150)	144,786	10,645	-	-	155,431

Vanguard International Credit 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	2,604,810	1,244,287	-	-	3,849,097	2,510,538	1,256,100	-	-	3,766,638
(Outflows)	(2,619,859)	(1,244,301)	-	-	(3,864,160)	(2,482,320)	(1,256,119)	-	-	(3,738,439)
Net	(15,049)	(14)	-	-	(15,063)	28,218	(19)	-	-	28,199

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 Fixed Interest 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	8,143,599	3,838,159	-	-	11,981,758	8,767,723	4,246,674	-	-	13,014,397
(Outflows)	(8,168,656)	(3,850,544)	-	-	(12,019,200)	(8,698,998)	(4,238,441)	-	-	(12,937,439)
Net	(25,057)	(12,385)	-	-	(37,442)	68,725	8,233	-	-	76,958

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 Australian Inflation-Linked Bond 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
Financial assets at fair value through profit or loss								
Fixed interest securities	-	908,040	-	908,040	-	914,730	-	914,730
Total	-	908,040	-	908,040	-	914,730	-	914,730

	Vanguard Short Term Fixed Interest 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
Financial assets at fair value through profit or loss								
Derivatives	1	-	-	1	-	-	-	-
Fixed interest securities	-	471,575	-	471,575	-	908,001	-	908,001
Money market securities	71,942	-	-	71,942	-	273,735	-	273,735
Total	71,943	471,575	-	543,518	-	1,181,736	-	1,181,736

	Vanguard Cash Reserve 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
Financial assets at fair value through profit or loss								
Derivatives	-	-	-	-	4	-	-	4
Fixed interest securities	-	782,811	-	782,811	-	673,679	-	673,679
Money market securities	-	-	-	-	74,999	-	-	74,999
Total	-	782,811	-	782,811	75,003	673,679	-	748,682
Financial liabilities at fair value through profit or loss								
Derivatives	4	-	-	4	-	-	-	-
Total	4	-	-	4	-	-	-	-

Notes to the financial statements (continued)

For the year ended 30 June 2021

4 Fair value measurement (continued)

Recognised fair value measurements (continued)

Vanguard Australian Corporate Fixed Interest 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
Financial assets at fair value through profit or loss								
Derivatives	20	-	-	20	-	-	-	-
Fixed interest securities	-	820,647	-	820,647	-	558,025	-	558,025
Money market securities	-	4,539	-	4,539	-	-	-	-
Total	20	825,186	-	825,206	-	558,025	-	558,025
Financial liabilities at fair value through profit or loss								
Derivatives	11	-	-	11	-	-	-	-
Total	11	-	-	11	-	-	-	-

Vanguard Australian Fixed Interest 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
Financial assets at fair value through profit or loss								
Fixed interest securities	-	9,312,818	-	9,312,818	-	8,345,194	-	8,345,194
Money market securities	-	9,131	-	9,131	-	-	-	-
Total	-	9,321,949	-	9,321,949	-	8,345,194	-	8,345,194
Financial liabilities at fair value through profit or loss								
Derivatives	76	-	-	76	-	-	-	-
Total	76	-	-	76	-	-	-	-

Vanguard Australian Government Bond 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
Financial assets at fair value through profit or loss								
Fixed interest securities	-	1,187,606	-	1,187,606	-	1,157,935	-	1,157,935
Total	-	1,187,606	-	1,187,606	-	1,157,935	-	1,157,935

Vanguard Ethically Conscious Global Aggregate Bond 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
Financial assets at fair value through profit or loss								
Derivatives	137	26,938	-	27,075	43	38,631	-	38,674
Fixed interest securities	-	1,151,594	-	1,151,594	-	916,983	-	916,983
Total	137	1,178,532	-	1,178,669	43	955,614	-	955,657
Financial liabilities at fair value through profit or loss								
Derivatives	83	55,057	-	55,140	26	10,613	-	10,639
Total	83	55,057	-	55,140	26	10,613	-	10,639

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 Aggregate Bond 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
Financial assets at fair value through profit or loss								
Derivatives	9	160,866	-	160,875	16	214,256	-	214,272
Fixed interest securities	-	7,243,385	-	7,243,385	-	5,262,522	-	5,262,522
Money market securities	-	568	-	568	-	1,891	-	1,891
Total	9	7,404,819	-	7,404,828	16	5,478,669	-	5,478,685
Financial liabilities at fair value through profit or loss								
Derivatives	88	282,016	-	282,104	10	58,825	-	58,835
Total	88	282,016	-	282,104	10	58,825	-	58,835

Vanguard International Credit 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
Financial assets at fair value through profit or loss								
Derivatives	25	12,459	-	12,484	8	31,569	-	31,577
Fixed interest securities	-	859,595	-	859,595	-	886,386	-	886,386
Money market securities	-	-	-	-	-	360	-	360
Total	25	872,054	-	872,079	8	918,315	-	918,323
Financial liabilities at fair value through profit or loss								
Derivatives	25	27,521	-	27,546	11	3,370	-	3,381
Total	25	27,521	-	27,546	11	3,370	-	3,381

Vanguard International Fixed Interest 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
Financial assets at fair value through profit or loss								
Derivatives	10	61,786	-	61,796	1	111,477	-	111,478
Fixed interest securities	-	2,261,818	-	2,261,818	-	2,473,048	-	2,473,048
Money market securities	-	-	-	-	-	1,785	-	1,785
Total	10	2,323,604	-	2,323,614	1	2,586,310	-	2,586,311
Financial liabilities at fair value through profit or loss								
Derivatives	-	99,228	-	99,228	5	34,519	-	34,524
Total	-	99,228	-	99,228	5	34,519	-	34,524

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

Transfers between levels

There were no transfers between the levels of the fair value hierarchy for the year ended 30 June 2021 and 30 June 2020.

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

Notes to the financial statements (continued)

For the year ended 30 June 2021

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

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

	Vanguard Australian Inflation-Linked Bond Index Fund		Vanguard Short Term Fixed Interest Fund		Vanguard Cash Reserve Fund		Vanguard Australian Corporate Fixed Interest 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	(3,766)	14,721	(1,625)	(6,658)	(3,212)	(2,041)	(4,199)	(2,234)
Net realised gain/(loss) on financial instruments at fair value through profit or loss	52,440	12,750	6,291	26,575	5,235	14,505	18,460	20,526
Total net gains/(losses) on financial instruments at fair value through profit or loss	48,674	27,471	4,666	19,917	2,023	12,464	14,261	18,292

	Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund		Vanguard Ethically Conscious Global Aggregate Bond 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		
Net unrealised gain/(loss) on financial instruments at fair value through profit or loss			(344,667)	24,308	(49,642)	1,688	(112,296)	19,439
Net realised gain/(loss) on financial instruments at fair value through profit or loss			255,669	294,134	32,196	39,152	103,429	9,832
Total net gains/(losses) on financial instruments at fair value through profit or loss			(88,998)	318,442	(17,446)	40,840	(8,867)	29,271

	Vanguard Global Aggregate Bond Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest 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		
Net unrealised gain/(loss) on financial instruments at fair value through profit or loss			(638,482)	80,824	(107,095)	21,820	(326,785)	7,709
Net realised gain/(loss) on financial instruments at fair value through profit or loss			621,385	178,562	124,977	17,956	288,450	115,551
Total net gains/(losses) on financial instruments at fair value through profit or loss			(17,097)	259,386	17,882	39,776	(38,335)	123,260

Notes to the financial statements (continued)

For the year ended 30 June 2021

6 Financial assets at fair value through profit or loss

	Vanguard Australian Inflation-Linked Bond Index Fund		Vanguard Short Term Fixed Interest Fund		Vanguard Cash Reserve Fund		Vanguard Australian Corporate Fixed Interest Index Fund	
	30 Jun 2021 Fair value \$'000	30 Jun 2020 Fair value \$'000	30 Jun 2021 Fair value \$'000	30 Jun 2020 Fair value \$'000	30 Jun 2021 Fair value \$'000	30 Jun 2020 Fair value \$'000	30 Jun 2021 Fair value \$'000	30 Jun 2020 Fair value \$'000
Financial assets at fair value through profit or loss								
Derivatives	-	-	1	-	-	4	20	-
Fixed interest securities	908,040	914,730	471,575	908,001	782,811	673,679	820,647	558,025
Money market securities	-	-	71,942	273,735	-	74,999	4,539	-
Total financial assets at fair value through profit or loss	908,040	914,730	543,518	1,181,736	782,811	748,682	825,206	558,025
Comprising:								
Derivatives								
Australian interest rate futures	-	-	-	-	-	-	20	-
Australian money market futures	-	-	1	-	-	4	-	-
Total derivatives	-	-	1	-	-	4	20	-
Fixed interest securities								
Australian fixed interest securities	908,040	914,730	471,575	876,002	782,811	507,180	820,647	558,025
Australian reverse repurchase agreements*	-	-	-	31,999	-	166,499	-	-
Total fixed interest securities	908,040	914,730	471,575	908,001	782,811	673,679	820,647	558,025
Money market securities								
Australian money market securities	-	-	71,942	273,735	-	74,999	4,539	-
Total money market securities	-	-	71,942	273,735	-	74,999	4,539	-
Total financial assets at fair value through profit or loss	908,040	914,730	543,518	1,181,736	782,811	748,682	825,206	558,025

*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 Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund		Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)	
	30 Jun 2021 Fair value \$'000	30 Jun 2020 Fair value \$'000	30 Jun 2021 Fair value \$'000	30 Jun 2020 Fair value \$'000	30 Jun 2021 Fair value \$'000	30 Jun 2020 Fair value \$'000
Financial assets at fair value through profit or loss						
Derivatives	-	-	-	-	27,075	38,674
Fixed interest securities	9,312,818	8,345,194	1,187,606	1,157,935	1,151,594	916,983
Money market securities	9,131	-	-	-	-	-
Total financial assets at fair value through profit or loss	9,321,949	8,345,194	1,187,606	1,157,935	1,178,669	955,657
Comprising:						
Derivatives						
Foreign currency forward contracts	-	-	-	-	26,938	38,631
Australian interest rate futures	-	-	-	-	2	1
International interest rate futures	-	-	-	-	135	42
Total derivatives	-	-	-	-	27,075	38,674
Fixed interest securities						
Australian fixed interest securities	9,312,818	8,280,694	1,187,606	1,157,935	42,764	14,930
International fixed interest securities	-	-	-	-	1,108,830	879,518
Australian reverse repurchase agreements*	-	64,500	-	-	-	16,600
International reverse repurchase agreements*	-	-	-	-	-	5,935
Total fixed interest securities	9,312,818	8,345,194	1,187,606	1,157,935	1,151,594	916,983
Money market securities						
Australian money market securities	9,131	-	-	-	-	-
Total money market securities	9,131	-	-	-	-	-
Total financial assets at fair value through profit or loss	9,321,949	8,345,194	1,187,606	1,157,935	1,178,669	955,657

*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 Global Aggregate Bond Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest Index Fund (Hedged)	
	30 Jun 2021 Fair value \$'000	30 Jun 2020 Fair value \$'000	30 Jun 2021 Fair value \$'000	30 Jun 2020 Fair value \$'000	30 Jun 2021 Fair value \$'000	30 Jun 2020 Fair value \$'000
Financial assets at fair value through profit or loss						
Derivatives	160,875	214,272	12,484	31,577	61,796	111,478
Fixed interest securities	7,243,385	5,262,522	859,595	886,386	2,261,818	2,473,048
Money market securities	568	1,891	-	360	-	1,785
Total financial assets at fair value through profit or loss	7,404,828	5,478,685	872,079	918,323	2,323,614	2,586,311
Comprising:						
Derivatives						
Foreign currency forward contracts	160,866	214,256	12,459	31,569	61,786	111,477
Australian interest rate futures	8	-	-	-	-	1
International interest rate futures	1	16	25	8	10	-
Total derivatives	160,875	214,272	12,484	31,577	61,796	111,478
Fixed interest securities						
Australian fixed interest securities	243,388	74,546	17,148	15,826	37,816	37,560
International fixed interest securities	6,999,997	5,145,777	842,447	870,560	2,224,002	2,417,188
Australian reverse repurchase agreements*	-	42,199	-	-	-	18,300
International reverse repurchase agreements*	-	-	-	-	-	-
Total fixed interest securities	7,243,385	5,262,522	859,595	886,386	2,261,818	2,473,048
Money market securities						
International money market securities	568	1,891	-	360	-	1,785
Total money market securities	568	1,891	-	360	-	1,785
Total financial assets at fair value through profit or loss	7,404,828	5,478,685	872,079	918,323	2,323,614	2,586,311

*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 Cash Reserve Fund		Vanguard Australian Corporate Fixed Interest Index Fund		Vanguard Australian Fixed Interest Index Fund		Vanguard Ethically Conscious Global Aggregate Bond 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
Financial liabilities at fair value through profit or loss								
Derivatives	4	-	11	-	76	-	55,140	10,639
Total financial liabilities at fair value through profit or loss	4	-	11	-	76	-	55,140	10,639
Comprising:								
Derivatives								
Foreign currency forward contracts	-	-	-	-	-	-	55,057	10,613
Australian interest rate futures	-	-	11	-	76	-	15	2
International interest rate futures	-	-	-	-	-	-	68	24
Australian money market futures	4	-	-	-	-	-	-	-
Total derivatives	4	-	11	-	76	-	55,140	10,639
Total financial liabilities at fair value through profit or loss	4	-	11	-	76	-	55,140	10,639

	Vanguard Global Aggregate Bond Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest Index Fund (Hedged)	
	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
Financial liabilities at fair value through profit or loss						
Derivatives	282,104	58,835	27,546	3,381	99,228	34,524
Total financial liabilities at fair value through profit or loss	282,104	58,835	27,546	3,381	99,228	34,524
Comprising:						
Derivatives						
Foreign currency forward contracts	282,016	58,825	27,521	3,370	99,228	34,519
Australian interest rate futures	-	10	-	-	-	1
International interest rate futures	88	-	25	11	-	4
Total derivatives	282,104	58,835	27,546	3,381	99,228	34,524
Total financial liabilities at fair value through profit or loss	282,104	58,835	27,546	3,381	99,228	34,524

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.

Notes to the financial statements (continued)

For the year ended 30 June 2021

8 Derivative financial instruments (continued)

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

	Vanguard Short Term Fixed Interest Fund					
	2021			2020		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Australian money market futures	39,984	1	-	58,923	-	-
Total	39,984	1	-	58,923	-	-

	Vanguard Cash Reserve Fund					
	2021			2020		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Australian money market futures	283,886	-	4	195,745	4	-
Total	283,886	-	4	195,745	4	-

	Vanguard Ethically Conscious Global Aggregate Bond 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	7,768,522	26,938	55,057	6,459,066	38,631	10,613
Australian interest rate futures	5,966	2	15	101	1	2
International interest rate futures	19,034	135	68	8,908	42	24
Total	7,793,522	27,075	55,140	6,468,075	38,674	10,639

	Vanguard Global Aggregate Bond 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	31,687,292	160,866	282,016	24,039,503	214,256	58,825
Australian interest rate futures	(2,166)	8	-	(2,577)	-	10
International interest rate futures	(92,368)	1	88	(8,063)	16	-
Total	31,592,758	160,875	282,104	24,028,863	214,272	58,835

	Vanguard International Credit 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	3,849,097	12,459	27,522	3,766,638	31,569	3,370
International interest rate futures	(2,283)	25	25	6,798	8	11
Total	3,846,814	12,484	27,547	3,773,436	31,577	3,381

Notes to the financial statements (continued)

For the year ended 30 June 2021

8 Derivative financial instruments (continued)

	Vanguard International Fixed Interest 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	11,981,758	61,786	99,228	13,014,397	111,477	34,519
Australian interest rate futures	-	-	-	(3,788)	1	1
International interest rate futures	(2,584)	10	-	4,119	-	4
Total	11,979,174	61,796	99,228	13,014,728	111,478	34,524

	Vanguard Australian Corporate Fixed Interest Index Fund					
	2021			2020		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Australian interest rate futures	4,699	20	11	-	-	-
Total	4,699	20	11	-	-	-

	Vanguard Australian Fixed Interest Index Fund					
	2021			2020		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Australian interest rate futures	(6,498)	-	76	-	-	-
Total	(6,498)	-	76	-	-	-

Risk exposures and fair value measurements

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

9 Net assets attributable to unitholders

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

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

	Vanguard Australian Inflation-Linked Bond Index Fund				Vanguard Short Term Fixed Interest Fund			
	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	748,322	515,153	912,601	621,034	1,154,879	1,234,367	1,177,916
Applications	356,183	260,953	447,445	308,351	396,012	424,420	404,096	433,533
Redemptions	(390,091)	(33,709)	(489,379)	(39,897)	(982,980)	(520,319)	(1,002,530)	(530,840)
Units issued upon reinvestment of distributions	9,134	5,925	11,256	7,154	3,303	16,411	3,369	16,747
Distributions paid and payable	-	-	(29,809)	(9,378)	-	-	(4,822)	(18,159)
Profit/(loss) for the year	-	-	45,783	25,337	-	-	2,606	16,177
Closing balance as at 30 June	723,548	748,322	897,897	912,601	571,214	1,154,879	580,635	1,177,916

Notes to the financial statements (continued)

For the year ended 30 June 2021

9 Net assets attributable to unitholders (continued)

	Vanguard Cash Reserve Fund			
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	No. '000	No. '000	\$'000	\$'000
Balance as at 1 July	1,628,951	1,301,348	1,633,437	1,306,777
Applications	573,606	663,475	575,279	665,841
Redemptions	(604,816)	(348,428)	(606,579)	(349,738)
Units issued upon reinvestment of distributions	632	12,556	634	12,599
Distributions paid and payable	-	-	(3)	(12,473)
Profit/(loss) for the year	-	-	(466)	10,431
Closing balance as at 30 June	1,598,373	1,628,951	1,602,302	1,633,437

	Vanguard Australian Corporate Fixed Interest Index 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	207,306	212,752	225,342	231,291	6,319	4,989	333,059	262,503
Applications	46,649	76,608	51,364	84,422	4,720	3,070	252,319	163,651
Redemptions	(32,539)	(82,355)	(35,753)	(90,098)	-	(1,745)	-	(93,277)
Units issued upon reinvestment of distributions	323	301	354	328	8	5	417	264
Increase/(decrease) in net assets attributable to unitholders	-	-	639	(601)	-	-	(1,090)	(82)
Closing balance as at 30 June	221,739	207,306	241,946	225,342	11,047	6,319	584,705	333,059

	Vanguard Australian Fixed Interest Index 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	5,703,608	4,931,399	6,842,756	5,873,027	26,543	19,634	1,384,412	1,015,323
Applications	2,173,608	1,718,545	2,581,662	2,075,536	3,640	8,455	190,384	443,625
Redemptions	(1,203,645)	(1,017,304)	(1,421,451)	(1,231,223)	(1,645)	(1,580)	(82,797)	(82,938)
Units issued upon reinvestment of distributions	110,477	70,968	131,602	85,075	54	34	2,794	1,802
Increase/(decrease) in net assets attributable to unitholders	-	-	(293,279)	40,341	-	-	(58,198)	6,600
Closing balance as at 30 June	6,784,048	5,703,608	7,841,290	6,842,756	28,592	26,543	1,436,595	1,384,412

	Vanguard Australian Government Bond Index 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	578,623	467,593	648,512	522,736	9,501	5,585	507,269	294,461
Applications	260,566	469,347	285,240	532,701	1,845	4,665	98,454	249,780
Redemptions	(246,710)	(365,226)	(271,306)	(412,023)	(870)	(765)	(44,949)	(40,973)
Units issued upon reinvestment of distributions	11,870	6,909	13,177	7,767	23	16	1,210	850
Increase/(decrease) in net assets attributable to unitholders	-	-	(28,964)	(2,669)	-	-	(23,007)	3,151
Closing balance as at 30 June	604,349	578,623	646,659	648,512	10,499	9,501	538,977	507,269

Notes to the financial statements (continued)

For the year ended 30 June 2021

9 Net assets attributable to unitholders (continued)

	Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)							
	ETF 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	335	80	18,251	4,215	102,858	13,867	113,090	14,718
Applications	890	310	46,549	16,670	102,373	151,074	108,529	163,161
Redemptions	(15)	(55)	(775)	(2,908)	(25,467)	(62,805)	(27,512)	(69,257)
Units issued upon reinvestment of distributions	6	-	319	11	14,746	722	15,107	777
Increase/(decrease) in net assets attributable to unitholders	-	-	(7,857)	263	-	-	(28,083)	3,691
Closing balance as at 30 June	1,216	335	56,487	18,251	194,510	102,858	181,131	113,090

	NZD Hedged Class			
	30 Jun 2021 No. '000	30 Jun 2020 No. '000	30 Jun 2021 \$'000	30 Jun 2020 \$'000
	Balance as at 1 July	780,331	448,596	773,907
Applications	413,651	371,164	391,027	367,293
Redemptions	(255,920)	(50,948)	(240,308)	(51,989)
Units issued upon reinvestment of distributions	80,339	11,519	73,962	11,415
Increase/(decrease) in net assets attributable to unitholders	-	-	(84,948)	8,024
Closing balance as at 30 June	1,018,401	780,331	913,640	773,907

	Vanguard Global Aggregate Bond Index Fund (Hedged)							
	Wholesale Class				ETF 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	4,687,478	3,894,094	5,063,785	4,094,465	2,808	1,406	151,471	73,590
Applications	2,922,020	1,802,362	3,037,727	1,933,672	5,115	1,804	265,853	96,492
Redemptions	(1,328,216)	(1,085,812)	(1,395,051)	(1,177,921)	(25)	(405)	(1,277)	(21,501)
Units issued upon reinvestment of distributions	653,920	76,834	656,356	81,588	31	3	1,567	134
Increase/(decrease) in net assets attributable to unitholders	-	-	(681,796)	131,981	-	-	(34,869)	2,756
Closing balance as at 30 June	6,935,202	4,687,478	6,681,021	5,063,785	7,929	2,808	382,745	151,471

	Vanguard International Credit Securities Index Fund (Hedged)							
	Wholesale Class				ETF 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	592,733	623,126	724,918	744,363	3,518	2,529	177,451	124,690
Applications	159,133	121,567	184,726	148,212	965	1,785	46,713	90,131
Redemptions	(180,847)	(157,915)	(207,473)	(189,171)	(25)	(800)	(1,179)	(39,380)
Units issued upon reinvestment of distributions	28,680	5,955	32,863	7,123	27	4	1,281	202
Increase/(decrease) in net assets attributable to unitholders	-	-	(80,831)	14,391	-	-	(22,129)	1,808
Closing balance as at 30 June	599,699	592,733	654,203	724,918	4,485	3,518	202,137	177,451

Notes to the financial statements (continued)

For the year ended 30 June 2021

9 Net assets attributable to unitholders (continued)

	Vanguard International Fixed Interest Index Fund (Hedged)							
	Wholesale Class				ETF 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	1,584,735	1,489,256	1,950,332	1,828,607	9,816	6,427	496,801	320,567
Applications	522,253	380,400	599,925	477,536	3,945	4,125	191,999	210,084
Redemptions	(617,741)	(293,192)	(699,573)	(368,788)	(155)	(740)	(7,424)	(37,782)
Units issued upon reinvestment of distributions	57,482	8,271	66,021	10,298	74	4	3,456	208
Increase/(decrease) in net assets attributable to unitholders	-	-	(256,544)	2,679	-	-	(79,639)	3,724
Closing balance as at 30 June	1,546,729	1,584,735	1,660,161	1,950,332	13,680	9,816	605,193	496,801

Each unit represents a right to an individual share in the Funds and does not extend to a right to the underlying assets of the Funds. The Vanguard Australian Inflation-Linked Bond Index Fund, Vanguard Short Term Fixed Interest Fund and Vanguard Cash Reserve Fund have no separate classes of units and each unit has the same rights attaching to it as all other units of the Funds.

Capital risk management

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

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

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

10 Distributions to unitholders paid and payable

The distributions during the year were as follows:

	Vanguard Australian Inflation-Linked Bond Index Fund				Vanguard Short Term Fixed Interest Fund			
	30 Jun 2021		30 Jun 2020		30 Jun 2021		30 Jun 2020	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 31 July	-	-	-	-	800	0.0642	2,103	0.1639
- 31 August	-	-	-	-	242	0.0191	2,005	0.1525
- 30 September	942	0.1135	1,822	0.3287	367	0.0263	2,121	0.1582
- 31 October	-	-	-	-	225	0.0203	1,257	0.0964
- 30 November	-	-	-	-	515	0.0465	1,256	0.0957
- 31 December	4,284	0.4966	2,478	0.4413	-	-	1,514	0.1145
- 31 January	-	-	-	-	885	0.1287	1,369	0.1028
- 28 February	-	-	-	-	260	0.0391	-	-
- 29 February	-	-	-	-	-	-	1,337	0.0993
- 31 March	9,454	1.2826	1,915	0.2582	127	0.0197	1,409	0.1216
- 30 April	-	-	-	-	174	0.0270	1,350	0.1196
- 31 May	-	-	-	-	92	0.0145	1,149	0.1018
Distributions payable								
- 30 June	15,129	2.0910	3,163	0.4226	1,135	0.1986	1,289	0.1116
	29,809	3.9837	9,378	1.4508	4,822	0.6040	18,159	1.4379

Notes to the financial statements (continued)

For the year ended 30 June 2021

10 Distributions to unitholders paid and payable (continued)

	Vanguard Cash Reserve Fund			
	30 Jun 2021		30 Jun 2020	
	\$'000	CPU	\$'000	CPU
Distributions paid				
- 31 July	3	0.0002	1,645	0.1312
- 31 August	-	-	1,866	0.1478
- 30 September	-	-	1,874	0.1476
- 31 October	-	-	895	0.0724
- 30 November	-	-	713	0.0575
- 31 December	-	-	862	0.0682
- 31 January	-	-	651	0.0498
- 29 February	-	-	881	0.0658
- 31 March	-	-	963	0.0683
- 30 April	-	-	894	0.0552
- 31 May	-	-	527	0.0325
Distributions payable				
- 30 June	-	-	702	0.0431
	3	0.0002	12,473	0.9394

	Vanguard Australian Corporate Fixed Interest Index 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	968	0.4626	1,239	0.5381	1,593	21.8718	1,629	26.0298
- 31 December	1,152	0.5486	1,693	0.6842	2,274	25.9189	2,366	32.3187
- 31 March	1,094	0.5136	1,627	0.7465	2,484	25.3455	2,200	35.9013
Distributions payable								
- 30 June	1,070	0.4825	3,152	1.5202	2,575	23.2433	4,224	66.7432
	4,284	2.0073	7,711	3.4890	8,926	96.3795	10,419	160.9930

	Vanguard Australian Fixed Interest Index 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	48,233	0.8079	28,633	0.5379	9,234	33.9368	5,491	23.6089
- 31 December	60,337	0.9330	44,082	0.7728	12,367	41.5627	8,709	33.7000
- 31 March	32,829	0.4911	46,613	0.8261	6,590	22.5512	9,732	37.4056
Distributions payable								
- 30 June	60,574	0.8929	92,654	1.6245	11,452	39.6978	17,212	64.4919
	201,973	3.1249	211,982	3.7613	39,643	137.7485	41,144	159.2064

Notes to the financial statements (continued)

For the year ended 30 June 2021

10 Distributions to unitholders paid and payable (continued)

	Vanguard Australian Government Bond Index 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	8,017	1.4806	6,456	1.0314	3,065	28.7826	1,648	23.5470
- 31 December	5,199	0.9257	4,879	0.7849	4,962	45.6386	2,970	37.1213
- 31 March	2,030	0.3649	4,032	0.8091	2,063	19.3338	2,815	31.5183
Distributions payable								
- 30 June	3,413	0.5648	9,662	1.6698	3,144	29.5927	5,677	59.4396
	18,659	3.3360	25,029	4.2952	13,234	123.3477	13,110	151.6262

	Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)							
	ETF 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	576	156.2008	27	17.5118	3,128	2.6208	56	0.3575
- 31 December	442	64.4200	58	20.2688	2,793	1.9879	216	0.1565
- 31 March	2,619	250.0386	48	15.8668	8,839	5.5708	362	0.2884
Distributions payable								
- 30 June	378	30.6786	179	53.0088	1,222	0.6285	1,076	1.0464
	4,015	501.3380	312	106.6562	15,982	10.8080	1,710	1.8488

	NZD Hedged Class			
	30 Jun 2021		30 Jun 2020	
	\$'000	CPU	\$'000	CPU
Distributions paid				
- 30 September	16,418	1.8838	1,679	0.3190
- 31 December	27,631	3.0784	3,967	0.5752
- 31 March	39,907	4.4346	3,676	0.5183
Distributions payable				
- 30 June	5,109	0.5017	3,907	0.5007
	89,065	9.8985	13,229	1.9132

	Vanguard Global Aggregate Bond Index Fund (Hedged)							
	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	157,701	3.1501	15,185	0.3552	5,501	151.8773	359	16.0891
- 31 December	108,926	1.9640	23,084	0.4915	5,740	94.9284	650	23.6938
- 31 March	349,044	5.7926	23,128	0.5337	19,081	282.5720	772	27.7446
Distributions payable								
- 30 June	37,441	0.5399	47,275	1.0085	2,158	27.0685	1,095	38.6899
	653,112	11.4466	108,672	2.3889	32,480	556.4462	2,876	106.2174

Notes to the financial statements (continued)

For the year ended 30 June 2021

10 Distributions to unitholders paid and payable (continued)

	Vanguard International Credit Securities Index Fund (Hedged)							
	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	31,869	5.5508	2,990	0.4730	8,406	229.4867	572	18.9845
- 31 December	20,108	3.2949	4,899	0.7900	4,812	121.6496	1,088	32.4781
- 31 March	32,992	5.3240	4,311	0.7128	9,700	224.4084	1,184	28.7200
Distributions payable								
- 30 June	7,753	1.2928	4,590	0.7744	2,406	53.5524	1,339	37.9355
	92,722	15.4625	16,790	2.7502	25,324	629.0971	4,183	118.1181

	Vanguard International Fixed Interest Index Fund (Hedged)							
	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	61,121	3.9180	4,977	0.3254	16,534	148.3558	952	12.9041
- 31 December	37,750	2.3573	7,477	0.4747	12,303	99.9824	1,617	18.6318
- 31 March	116,668	6.9804	7,005	0.4405	37,571	289.9980	1,659	18.3137
Distributions payable								
- 30 June	7,243	0.4683	74,298	4.6884	2,590	18.7923	13,009	132.3652
	222,782	13.7240	93,757	5.9290	68,998	557.1285	17,237	182.2148

11 Cash and cash equivalents

	Vanguard Australian Inflation-Linked Bond Index Fund		Vanguard Short Term Fixed Interest Fund		Vanguard Cash Reserve Fund		Vanguard Australian Corporate Fixed Interest 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	405	2,524	37,844	422	806,100	912,726	1,443	4,487
Total cash and cash equivalents	405	2,524	37,844	422	806,100	912,726	1,443	4,487

	Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund		Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Domestic cash at bank	45,037	(21,965)	893	7,565	16,478	218
Foreign cash at bank	-	-	-	-	28,270	21,506
Total cash and cash equivalents	45,037	(21,965)	893	7,565	44,748	21,724

	Vanguard Global Aggregate Bond Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest Index Fund (Hedged)	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Domestic cash at bank	105,985	(42,646)	4,134	888	15,043	(823)
Foreign cash at bank	170,321	251,330	7,645	4,951	6,010	63,534
Total cash and cash equivalents	276,306	208,684	11,779	5,839	21,053	62,711

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

	Vanguard Australian Inflation-Linked Bond Index Fund		Vanguard Short Term Fixed Interest Fund		Vanguard Cash Reserve Fund		Vanguard Australian Corporate Fixed Interest 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
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities								
Profit/(loss) for the year	45,783	25,337	2,606	16,177	(466)	10,431	-	-
Increase/(decrease) in net assets attributable to unitholders	-	-	-	-	-	-	(451)	(683)
Distribution to unitholders	-	-	-	-	-	-	13,210	18,130
Proceeds from sale of financial instruments at fair value through profit or loss	658,040	95,614	2,117,015	2,257,627	4,452,106	4,032,673	153,234	335,430
Purchases of financial instruments at fair value through profit or loss	(608,488)	(358,714)	(1,474,094)	(2,158,133)	(4,508,568)	(3,920,413)	(401,265)	(385,027)
Net (gains)/losses on financial instruments at fair value through profit or loss	(48,674)	(27,471)	(4,666)	(19,917)	(2,023)	(12,464)	(14,261)	(18,292)
Net change in receivables	(11)	(12)	31	4	(6)	(3)	(46)	136
Net change in payables	(10)	66	(183)	(21)	(8)	29	54	16
Non-cash items	-	-	-	-	-	-	-	-
Net cash inflow/(outflow) from operating activities	46,640	(265,180)	640,709	95,737	(58,965)	110,253	(249,525)	(50,290)

(b) Non-cash financing activities

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

	11,256	7,154	3,369	16,747	634	12,599	771	592
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	Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund		Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)	
	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000

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

Increase/(decrease) in net assets attributable to unitholders	(351,477)	46,941	(51,971)	482	(120,888)	11,978
Distribution to unitholders	241,616	253,126	31,893	38,139	109,062	15,251
Proceeds from sale of financial instruments at fair value through profit or loss	2,560,769	2,334,964	495,539	578,849	1,277,220	772,002
Purchases of financial instruments at fair value through profit or loss	(3,619,335)	(3,510,754)	(543,186)	(887,581)	(1,487,877)	(1,189,557)
Net (gains)/losses on financial instruments at fair value through profit or loss	88,998	(318,442)	17,446	(40,840)	8,867	(29,271)
Net change in receivables	(85)	(67)	(7)	(10)	(266)	(3)
Net change in payables	202	284	(2)	48	249	97
Net cash inflow/(outflow) from operating activities	(1,079,312)	(1,193,948)	(50,288)	(310,913)	(213,633)	(419,503)

(b) Non-cash financing activities

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

	134,396	86,877	14,387	8,617	89,388	12,203
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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 Global Aggregate Bond Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest 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
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities						
Increase/(decrease) in net assets attributable to unitholders	(716,665)	134,737	(102,960)	16,199	(336,183)	6,403
Distribution to unitholders	685,592	111,548	118,046	20,973	291,780	110,994
Proceeds from sale of financial instruments at fair value through profit or loss	7,189,807	4,659,033	516,580	525,854	1,521,813	1,264,813
Purchases of financial instruments at fair value through profit or loss	(8,931,788)	(5,369,230)	(447,883)	(524,315)	(1,302,905)	(1,536,123)
Net (gains)/losses on financial instruments at fair value through profit or loss	17,097	(259,386)	(17,882)	(39,776)	38,335	(123,260)
Net change in receivables	(325)	736	(6)	6	(105)	90
Net change in payables	445	269	(8)	8	(57)	99
Net cash inflow/(outflow) from operating activities	(1,755,837)	(722,293)	65,887	(1,051)	212,678	(276,984)
(b) Non-cash financing activities						
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	657,923	81,722	34,144	7,325	69,477	10,506

13 Remuneration of auditors

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

	Vanguard Australian Inflation-Linked Bond Index Fund		Vanguard Cash Reserve Fund	
	30 Jun 2021 \$	30 Jun 2020 \$	30 Jun 2021 \$	30 Jun 2020 \$
Auditors of the Funds - PwC				
Audit of financial statements	19,265	12,000	23,613	15,348
Other assurance services				
Audit of compliance plan, specified assertions report and internal controls report	10,451	9,324	10,451	9,324
Other non-audit services				
Tax compliance services	10,020	9,490	10,020	9,490
Total services provided by PwC	39,736	30,814	44,084	34,162

Notes to the financial statements (continued)

For the year ended 30 June 2021

13 Remuneration of auditors (continued)

	Vanguard Short Term Fixed Interest Fund		Vanguard Australian Corporate Fixed Interest Index Fund		Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond 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
	\$	\$	\$	\$	\$	\$	\$	\$
Auditors of the Funds - PwC								
Audit and review of financial statements	19,516	17,251	20,765	18,500	23,265	21,000	23,265	21,000
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	10,451	9,324
Other non-audit services								
Tax compliance services	10,020	9,490	10,020	9,490	10,020	9,490	10,020	9,490
Total services provided by PwC	39,987	36,065	41,236	37,314	43,736	39,814	43,736	39,814

	Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)		Vanguard Global Aggregate Bond Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest 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
	\$	\$	\$	\$	\$	\$	\$	\$
Auditors of the Funds - PwC								
Audit and review of financial statements	30,765	29,000	31,265	29,000	28,265	26,000	32,265	30,000
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	10,451	9,324
Other non-audit services								
Tax compliance services	23,885	23,397	10,020	9,490	10,020	9,490	10,020	9,490
Total services provided by PwC	65,101	61,721	51,736	47,814	48,736	44,814	52,736	48,814

14 Related party transactions

Responsible Entity

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

Key management personnel

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

J M Norris (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.

Notes to the financial statements (continued)

For the year ended 30 June 2021

14 Related party transactions (continued)

Transactions with key management personnel

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

Key management personnel unitholdings

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

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 Australian Inflation-Linked Bond Index Fund	0.29	0.29
Vanguard Short Term Fixed Interest Fund	0.19	0.29
Vanguard Cash Reserve Fund	0.15	0.15
Vanguard Australian Corporate Fixed Interest Index Fund - Wholesale Class	0.29	0.29
Vanguard Australian Corporate Fixed Interest Index Fund - ETF Class	0.26	0.26
Vanguard Australian Fixed Interest Index Fund - Wholesale Class	0.24	0.24
Vanguard Australian Fixed Interest Index Fund - ETF Class	0.20	0.20
Vanguard Australian Government Bond Index Fund - Wholesale Class	0.24	0.24
Vanguard Australian Government Bond Index Fund - ETF Class	0.20	0.20
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) - ETF Class	0.26	0.26
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) - AUD Hedged Class	0.28	0.28
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) - NZD Hedged Class	0.28	0.28
Vanguard Global Aggregate Bond Index Fund (Hedged) - Wholesale Class	0.24	0.24
Vanguard Global Aggregate Bond Index Fund (Hedged) - ETF Class	0.20	0.20
Vanguard International Credit Securities Index Fund (Hedged) - Wholesale Class	0.32	0.32
Vanguard International Credit Securities Index Fund (Hedged) - ETF Class	0.30	0.30
Vanguard International Fixed Interest Index Fund (Hedged) - Wholesale Class	0.26	0.26
Vanguard International Fixed Interest Index Fund (Hedged) - ETF Class	0.20	0.20

Notes to the financial statements (continued)

For the year ended 30 June 2021

14 Related party transactions (continued)

Responsible Entity's fees and other transactions (continued)

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

	Vanguard Australian Inflation-Linked Bond Index Fund		Vanguard Short Term Fixed Interest Fund		Vanguard Cash Reserve Fund		Vanguard Australian Corporate Fixed Interest 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	2,944,292	2,138,998	2,052,918	3,745,174	2,432,499	2,051,424	1,865,074	1,632,575
Total fees payable to the Responsible Entity at year end	204,014	214,043	94,111	276,513	194,526	201,545	179,635	126,393

	Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund		Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)	
	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	21,035,048	18,692,592	2,590,607	2,386,503	2,873,924	2,066,820
Total fees payable to the Responsible Entity at year end	1,794,454	1,591,412	211,494	214,675	239,155	212,872

	Vanguard Global Aggregate Bond Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest Index Fund (Hedged)	
	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	14,771,031	11,850,172	2,835,278	2,924,724	6,031,316	5,966,227
Total fees payable to the Responsible Entity at year end	1,381,252	1,044,922	224,914	233,220	468,262	511,289

Related party unitholdings

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

30 Jun 2021 Unitholder	Vanguard Short Term Fixed Interest Fund						
	Number of units held opening	Number of units held closing	Fair value of investments	Interest held at year end	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund
	Units	Units	\$	%	Units	Units	\$
Vanguard Investor Short Term Fixed Interest Fund (formerly known as Vanguard Investor Cash Plus Fund)	27,158,302	18,661,704	18,965,890	3.27	2,394,545	10,891,143	134,301
Vanguard LifeStrategy® Conservative Fund	5,625,976	-	-	-	365,764	5,991,740	6,214
Vanguard Conservative Index Fund	255,192,824	-	-	-	25,327,895	280,520,719	294,934

30 Jun 2020 Unitholder	Vanguard Short Term Fixed Interest Fund						
	Number of units held opening	Number of units held closing	Fair value of investments	Interest held at year end	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund
	Units	Units	\$	%	Units	Units	\$
Vanguard Investor Cash Plus Fund	17,104,393	27,158,302	27,696,037	2.35	28,509,360	18,455,451	332,380
Vanguard LifeStrategy® Conservative Fund	4,266,293	5,625,976	5,737,370	0.49	2,403,896	1,044,213	76,364
Vanguard Conservative Index Fund	190,166,613	255,192,824	260,245,642	22.10	93,385,957	28,359,746	3,371,889
Vanguard Managed Payout Fund	-	-	-	-	9,791	9,791	-

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 Cash Reserve 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 \$
Vanguard LifeStrategy® Conservative Fund	-	5,551,616	5,565,495	0.35	6,391,877	840,261	-
Vanguard Conservative Index Fund	-	313,267,228	314,050,396	19.60	357,150,262	43,883,034	-

30 Jun 2021 Unitholder	Vanguard Australian Corporate Fixed Interest Index 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 \$
Vanguard Managed Payout Fund	1,112,055	-	-	-	91,435	1,203,490	-

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

30 Jun 2021 Unitholder	Vanguard Australian Fixed Interest Index 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 \$
Vanguard Index Diversified Bond Fund	20,324,519	18,300,660	21,155,563	0.27	5,280,636	7,304,495	624,253
Vanguard LifeStrategy® Conservative Fund	8,412,361	8,553,972	9,888,391	0.13	2,631,113	2,489,502	268,112
Vanguard LifeStrategy® Balanced Fund	19,494,401	23,465,620	27,126,257	0.35	6,868,797	2,897,578	687,817
Vanguard LifeStrategy® Growth Fund	17,273,667	21,757,799	25,152,015	0.32	7,320,218	2,836,086	623,725
Vanguard LifeStrategy® High Growth Fund	6,644,034	9,340,958	10,798,148	0.14	4,410,825	1,713,901	255,980
Vanguard Conservative Index Fund	386,607,604	482,128,786	557,340,877	7.11	194,856,578	99,335,396	14,022,552
Vanguard Balanced Index Fund	664,165,513	912,936,265	1,055,354,323	13.46	377,761,193	128,990,441	25,352,629
Vanguard Growth Index Fund	404,584,452	585,022,822	676,286,383	8.62	287,156,036	106,717,666	15,773,120
Vanguard High Growth Index Fund	81,839,301	136,520,590	157,817,802	2.01	83,542,921	28,861,632	3,517,788
Vanguard Diversified Bond Index Fund	66,849,012	80,211,892	92,724,948	1.18	23,569,861	10,206,981	2,374,860
Vanguard Managed Payout Fund	1,987,172	-	-	-	123,135	2,110,307	-

30 Jun 2020 Unitholder	Vanguard Australian Fixed Interest Index 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 \$
Vanguard Index Diversified Bond Fund	16,909,652	20,324,519	24,348,774	0.36	9,086,047	5,671,180	756,217
Vanguard LifeStrategy® Conservative Fund	6,772,127	8,412,361	10,078,009	0.15	4,857,685	3,217,451	305,813
Vanguard LifeStrategy® Balanced Fund	16,780,947	19,494,401	23,354,293	0.34	8,314,838	5,601,384	711,593
Vanguard LifeStrategy® Growth Fund	15,789,454	17,273,667	20,693,853	0.30	7,188,456	5,704,243	639,234
Vanguard LifeStrategy® High Growth Fund	6,369,122	6,644,034	7,959,552	0.12	4,252,114	3,977,202	243,262
Vanguard Conservative Index Fund	297,177,318	386,607,604	463,155,910	6.78	136,138,133	46,707,847	13,971,963
Vanguard Balanced Index Fund	542,766,886	664,165,513	795,670,285	11.64	239,746,180	118,347,553	24,126,481
Vanguard Growth Index Fund	363,797,437	404,584,452	484,692,173	7.09	211,702,367	170,915,352	15,469,976
Vanguard High Growth Index Fund	65,304,094	81,839,301	98,043,483	1.43	51,598,409	35,063,202	2,968,532
Vanguard Diversified Bond Index Fund	54,560,297	66,849,012	80,085,116	1.17	26,998,997	14,710,282	2,427,295
Vanguard Managed Payout Fund	1,655,118	1,987,172	2,380,632	0.03	840,277	508,223	73,774

Notes to the financial statements (continued)

For the year ended 30 June 2021

14 Related party transactions (continued)

Related party unitholdings (continued)

Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)							
30 Jun 2021 Unitholder	Number of units held opening Units	Number of units held closing Units	Fair value of investments \$	Interest held at year end %	Number of units acquired Units	Number of units disposed Units	Distributions paid/payable by the Fund \$
Vanguard Investments Australia Ltd	-	-	-	-	-	-	-

Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)							
30 Jun 2020 Unitholder	Number of units held opening Units	Number of units held closing Units	Fair value of investments \$	Interest held at year end %	Number of units acquired Units	Number of units disposed Units	Distributions paid/payable by the Fund \$
Vanguard Investments Australia Ltd	9,985	-	-	-	138	10,123	36

Vanguard Global Aggregate Bond Index Fund (Hedged)							
30 Jun 2021 Unitholder	Number of units held opening Units	Number of units held closing Units	Fair value of investments \$	Interest held at year end %	Number of units acquired Units	Number of units disposed Units	Distributions paid/payable by the Fund \$
Vanguard Index Diversified Bond Fund	53,200,402	51,340,890	49,431,009	0.74	11,170,052	13,029,564	6,081,999
Vanguard LifeStrategy® Conservative Fund	21,923,130	24,014,907	23,121,552	0.35	7,967,617	5,875,840	2,619,075
Vanguard LifeStrategy® Balanced Fund	50,319,984	66,093,757	63,635,069	0.95	28,501,589	12,727,816	6,661,357
Vanguard LifeStrategy® Growth Fund	44,557,622	61,650,445	59,357,049	0.89	29,299,168	12,206,345	6,026,382
Vanguard LifeStrategy® High Growth Fund	17,434,347	26,423,559	25,440,602	0.38	13,849,698	4,860,486	2,484,927
Vanguard Conservative Index Fund	1,005,276,874	1,351,608,087	1,301,328,266	19.49	605,699,020	259,367,807	134,768,363
Vanguard Balanced Index Fund	1,724,969,939	2,574,150,658	2,478,392,254	37.12	1,338,746,690	489,565,971	241,778,526
Vanguard Growth Index Fund	1,045,322,872	1,641,797,760	1,580,722,883	23.67	987,798,535	391,323,647	149,869,828
Vanguard High Growth Index Fund	213,158,787	383,709,032	369,435,056	5.53	281,817,241	111,266,996	33,160,653
Vanguard Diversified Bond Index Fund	173,505,332	225,846,094	217,444,619	3.26	69,561,050	17,220,288	22,715,120

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

Vanguard International Credit Securities Index Fund (Hedged)							
30 Jun 2020 Unitholder	Number of units held opening Units	Number of units held closing Units	Fair value of investments \$	Interest held at year end %	Number of units acquired Units	Number of units disposed Units	Distributions paid/payable by the Fund \$
Vanguard Managed Payout Fund	-	-	-	-	8,212	8,212	-

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 Fixed Interest Index Fund (Hedged)						
	Number of units held opening Units	Number of units held closing Units	Fair value of investments \$	Interest held at year end %	Number of units acquired Units	Number of units disposed Units	Distributions paid/payable by the Fund \$
Vanguard Managed Payout Fund	3,060,528	-	-	-	284,778	3,345,306	-

30 Jun 2020 Unitholder	Vanguard International Fixed Interest Index Fund (Hedged)						
	Number of units held opening Units	Number of units held closing Units	Fair value of investments \$	Interest held at year end %	Number of units acquired Units	Number of units disposed Units	Distributions paid/payable by the Fund \$
Vanguard Managed Payout Fund	2,597,547	3,060,528	3,768,428	0.19	1,267,734	804,753	180,839

Investments

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

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

Other transactions within the Funds

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

15 Responsible Entity's fees

	Vanguard Australian Inflation-Linked Bond Index Fund		Vanguard Short Term Fixed Interest Fund		Vanguard Cash Reserve 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
Responsible Entity's fees incurred by the Funds	2,944	2,139	2,053	3,745	2,432	2,051
Management costs per annum	0.29%	0.29%	0.19%	0.29%	0.15%	0.15%

	Vanguard Australian Corporate Fixed Interest Index Fund				Vanguard Australian Fixed Interest Index Fund			
	Wholesale Class		ETF Class		Wholesale Class		ETF Class	
	30 Jun 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
Responsible Entity's fees incurred by the Funds	673	735	1,192	898	18,078	16,092	2,957	2,601
Management costs per annum	0.29%	0.29%	0.26%	0.26%	0.24%	0.24%	0.20%	0.20%

	Vanguard Australian Government Bond Index Fund				Vanguard Global Aggregate Bond Index Fund (Hedged)			
	Wholesale Class		ETF Class		Wholesale Class		ETF Class	
	30 Jun 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
Responsible Entity's fees incurred by the Funds	1,472	1,531	1,119	856	14,199	11,582	572	268
Management costs per annum	0.24%	0.24%	0.20%	0.20%	0.24%	0.24%	0.20%	0.20%

Notes to the financial statements (continued)

For the year ended 30 June 2021

15 Responsible Entity's fees (continued)

	Vanguard International Credit Securities Index Fund (Hedged)				Vanguard International Fixed Interest Index Fund (Hedged)			
	Wholesale Class		ETF Class		Wholesale Class		ETF Class	
	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
Responsible Entity's fees incurred by the Funds	2,257	2,413	578	512	4,902	5,109	1,129	857
Management costs per annum	0.32%	0.32%	0.30%	0.30%	0.26%	0.26%	0.20%	0.20%

	Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)					
	ETF Class		AUD Hedged Class		NZD Hedged Class	
	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000
Responsible Entity's fees incurred by the Funds	99	34	409	252	2,366	1,781
Management costs per annum	0.26%	0.26%	0.28%	0.28%	0.28%	0.28%

16 Interest income

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

	2021			2020		
	Average Balance \$'000	Interest \$'000	Average Rate %	Average Balance \$'000	Interest \$'000	Average Rate %
Vanguard Australian Inflation-Linked Bond Index Fund						
Fixed interest securities - domestic	1,003,158	15,747	1.57%	753,506	11,898	1.58%
Vanguard Short Term Fixed Interest Fund						
Fixed interest securities - domestic	831,158	20,620	2.48%	1,267,013	32,624	2.57%
Vanguard Cash Reserve Fund						
Fixed interest securities - domestic	1,200,608	10,675	0.89%	1,146,667	19,806	1.73%
Vanguard Australian Corporate Fixed Interest Index Fund						
Fixed interest securities - domestic	700,244	21,909	3.13%	600,466	20,595	3.43%
Vanguard Australian Fixed Interest Index Fund						
Fixed interest securities - domestic	9,035,026	256,293	2.84%	8,034,149	254,350	3.17%
Vanguard Australian Government Bond Index Fund						
Fixed interest securities - domestic	1,175,393	31,875	2.71%	1,074,978	32,613	3.03%
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)						
Fixed interest securities - international	1,020,403	16,882	1.65%	730,449	14,210	1.95%
Vanguard Global Aggregate Bond Index Fund (Hedged)						
Fixed interest securities - international	6,171,441	108,142	1.75%	4,915,528	105,925	2.15%
Vanguard International Credit Securities Index Fund (Hedged)						
Fixed interest securities - international	1,121,000	21,914	1.95%	914,966	24,959	2.73%
Vanguard International Fixed Interest Index Fund (Hedged)						
Fixed interest securities - international	2,407,425	36,101	1.50%	2,370,325	41,866	1.77%

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

Interest revenue is net of withholding taxes of \$151,904 for Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged), \$925,060 for Vanguard Global Aggregate Bond Index Fund (Hedged), \$18,164 for Vanguard International Credit Securities Index Fund (Hedged) and \$364,420 for Vanguard International Fixed Interest Index Fund (Hedged).

Notes to the financial statements (continued)

For the year ended 30 June 2021

17 Securities Collateral

The aggregate amount of securities provided as collateral under agreement with the counterparty are set out below:

	30 Jun 2021	30 Jun 2020
	Carrying amount of transferred assets	Carrying amount of transferred assets
	\$'000	\$'000
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)	8,537	-
Vanguard Global Aggregate Bond Index Fund (Hedged)	78,038	-
Vanguard International Credit Securities Index Fund (Hedged)	13,346	-
Vanguard International Fixed Interest Index Fund (Hedged)	27,503	-

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 9 to 69 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 Australian Inflation-Linked Bond Index Fund
- Vanguard Short Term Fixed Interest Fund
(formally known as Vanguard Cash Plus Fund)
- Vanguard Cash Reserve Fund
- Vanguard Australian Corporate Fixed Interest Index Fund*
- Vanguard Australian Fixed Interest Index Fund*
- Vanguard Australian Government Bond Index Fund*
- Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)*
- Vanguard Global Aggregate Bond Index Fund (Hedged)*
- Vanguard International Credit Securities Index Fund (Hedged)*
- Vanguard International Fixed Interest Index Fund (Hedged)*

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

*denotes listed Funds

Report on the audit of the financial report

Our opinion

In our opinion:

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

- (a) giving a true and fair view of the Funds' financial positions as at 30 June 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.

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Basis for opinion

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

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

Independence

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

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 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% as the threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit Scope

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



Key audit matter

How our audit addressed the key audit matter

2021 as recorded in the Funds' financial report and underlying accounting records to this report.

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

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

Other information

The directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 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, for the listed funds and
https://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

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