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Annual Report

for the Vanguard® Exchange Traded Funds

13 September 2022

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 2022, 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

Past performance information is given for illustrative purposes only and should not be relied upon as, and is not, an indication of future performance. In preparing the information, individual circumstances, for example tax implications, have not been taken into account and it may, therefore, not be applicable to an individual's situation. Before making an investment decision, you should consider your circumstances and whether the above information is applicable to your situation.

© 2022 Vanguard Investments Australia Ltd (ABN 72 072 881 086 / AFS Licence 227263) is the issuer of the Vanguard® Australian ETFs, and is a wholly owned subsidiary of The Vanguard Group, Inc. based in the US. All rights reserved.

Vanguard ETFs will only be issued to Authorised Participants. That is, persons who have entered into an Authorised Participant Agreement with Vanguard ("Eligible Investors"). Retail investors can transact in Vanguard ETFs through Vanguard Personal Investor, a stockbroker or financial adviser on the secondary market.

Investors should consider the Prospectus or Product Disclosure Statement ("PDS") in deciding whether to acquire Vanguard ETFs. Retail investors can only use the Prospectus or PDS for informational purposes. A copy of the Target Market Determinations (TMD) for Vanguard's financial products can be obtained at vanguard.com.au free of charge and include a description of who the financial product is appropriate for. You should refer to the TMD before making any investment decisions. You can access our disclosure documents at vanguard.com.au or by calling 1300 655 101. There is no guarantee that distributions will be declared in the future or the future availability of the Distribution Reinvestment Plan. This publication was prepared in good faith and we accept no liability for any errors or omissions.

Vanguard Investments Australia Ltd, Level 13, 130 Lonsdale Street, Melbourne VIC 3000 vanguard.com.au 1300 655 888

Annual report | 30 June 2022

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 \$10.3 trillion in assets under management globally as of 30 June 2022, including AUD \$2.8 trillion in ETFs, Vanguard is one of the world's largest global investment management companies.

In Australia, Vanguard has been serving financial advisers, retail clients and institutional investors for 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 2022 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 2022.

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 Platt (Resigned 21 January 2022)

F Kolimago (Resigned 15 October 2021)

C McIsaac (Resigned 21 January 2022)

C Cosby (Resigned 31 December 2021)

D Shrimski

J Bendl (Appointed 21 January 2022)

C Jacques (Appointed 21 January 2022)

K Petersen (Appointed 21 January 2022)

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 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
Operating profit/(loss) before finance costs attributable to unitholders (\$'000)	(80,186)	45,783	(8,594)	2,606	(1,433)	(466)	(87,606)	12,759
Distributions - Wholesale Class								
Distribution paid and payable (\$'000)	11,019	29,809	627	4,822	329	3	3,255	4,284
Distribution (cents per unit)	1.5684	3.9837	0.0644	0.6040	0.0538	0.0002	1.2925	2.0073
Distributions - ETF Class								
Distribution paid and payable (\$'000)	-	-	-	-	-	-	8,121	8,926
Distribution (cents per unit)	-	-	-	-	-	-	65.2486	96.3795

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 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
Operating profit/(loss) before finance costs attributable to unitholders (\$'000)	(914,200)	(109,861)	(142,849)	(20,078)	(204,739)	(11,826)
Distributions - Wholesale Class						
Distribution paid and payable (\$'000)	111,436	201,973	4,397	18,659	-	-
Distribution (cents per unit)	1.7014	3.1249	0.6833	3.3360	-	-
Distributions - ETF Class						
Distribution paid and payable (\$'000)	20,734	39,643	3,725	13,234	828	4,015
Distribution (cents per unit)	74.3383	137.7485	34.6095	123.3477	49.8650	501.3380
Distributions - AUD Hedged Class						
Distribution paid and payable (\$'000)	-	-	-	-	8,357	15,982
Distribution (cents per unit)	-	-	-	-	5.8000	10.8080
Distributions - NZD Hedged Class						
Distribution paid and payable (\$'000)	-	-	-	-	13,703	89,065
Distribution (cents per unit)	-	-	-	-	0.9539	9.8985

	Vanguard Global Aggregate Bond Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest Index Fund (Hedged)	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
Operating profit/(loss) before finance costs attributable to unitholders (\$'000)	(882,121)	(31,073)	(79,281)	15,086	(185,598)	(44,403)
Distributions - Wholesale Class						
Distribution paid and payable (\$'000)	98,245	653,112	8,912	92,722	18,612	222,782
Distribution (cents per unit)	1.2448	11.4466	2.2680	15.4625	1.4434	13.7240
Distributions - ETF Class						
Distribution paid and payable (\$'000)	6,319	32,480	4,348	25,324	9,677	68,998
Distribution (cents per unit)	61.8407	556.4462	90.5615	629.0971	63.4527	557.1285

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 2022 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.

	2022	2021	2020	2019	2018
	%	%	%	%	%
Vanguard Australian Inflation-Linked Bond Index Fund					
Capital growth	(12.61)	1.76	1.17	7.26	2.33
Distribution of income	1.13	3.31	1.21	1.42	1.30
Total return	(11.48)	5.07	2.38	8.68	3.63
Benchmark					
<i>Bloomberg AusBond Inflation Treasury 1+ Yr Index</i>	(11.14)	5.35	2.59	9.02	3.95

Directors' report (continued)

Review and results of operations (continued)

Performance (continued)

	2022 %	2021 %	2020 %	2019 %	2018 %
Vanguard Short Term Fixed Interest Fund					
Capital growth	(0.94)	(0.34)	(0.12)	0.32	(0.19)
Distribution of income	0.06	0.59	1.41	2.25	1.98
Total return	(0.88)	0.25	1.29	2.57	1.79
Benchmark					
<i>Bloomberg AusBond Bank Bill Index</i>	0.10	0.06	0.85	1.97	1.78
Vanguard Cash Reserve Fund					
Capital growth	(0.09)	(0.04)	(0.14)	(0.04)	0.04
Distribution of income	0.05	-	0.94	1.97	1.66
Total return	(0.04)	(0.04)	0.80	1.93	1.70
Benchmark					
<i>Bloomberg AusBond Bank Bill Index</i>	0.10	0.06	0.85	1.97	1.78
Vanguard Australian Corporate Fixed Interest Index Fund					
Capital growth	(10.24)	0.39	(0.01)	4.89	1.11
Distribution of income	1.11	1.85	3.24	2.87	2.57
Total return	(9.13)	2.24	3.23	7.76	3.68
Benchmark					
<i>Bloomberg AusBond Credit 0+ Yr Index</i>	(8.89)	2.52	3.75	8.08	3.76
Vanguard Australian Fixed Interest Index Fund					
Capital growth	(12.05)	(3.64)	0.74	6.54	(0.05)
Distribution of income	1.35	2.58	3.19	2.82	2.92
Total return	(10.70)	(1.06)	3.93	9.36	2.87
Benchmark					
<i>Bloomberg AusBond Composite 0+ Yr Index</i>	(10.51)	(0.84)	4.18	9.57	3.09
Vanguard Australian Government Bond Index Fund					
Capital growth	(11.74)	(4.51)	0.26	7.83	(0.05)
Distribution of income	0.58	2.93	3.89	2.15	2.78
Total return	(11.16)	(1.58)	4.15	9.98	2.73
Benchmark					
<i>Bloomberg AusBond Govt 0+ Yr Index</i>	(10.95)	(1.37)	4.33	10.24	3.00

Directors' report (continued)

Review and results of operations (continued)

Performance (continued)

	2022	2021	2020	2019	2018
	%	%	%	%	%
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) - ETF Class					
Capital growth	(11.40)	(9.76)	3.36	5.45	-
Distribution of income	0.95	9.18	2.05	1.55	-
Total return	(10.45)	(0.58)	5.41	7.00	-
Benchmark					
<i>Bloomberg MSCI Global Aggregate SRI Exclusions Float Adjusted Index in AUD</i>	(10.42)	(0.37)	5.64	7.13	-
	2022	2021	2020	2019	2018
	%	%	%	%	%
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) - AUD Hedged Class					
Capital growth	(16.18)	(10.39)	3.63	6.20	-
Distribution of income	5.73	9.80	1.76	1.12	-
Total return	(10.45)	(0.59)	5.39	7.32	-
Benchmark					
<i>Bloomberg MSCI Global Aggregate SRI Exclusions Float Adjusted Index in AUD</i>	(10.42)	(0.37)	5.64	7.42	-
	2022	2021	2020	2019	2018
	%	%	%	%	%
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) - NZD Hedged Class					
Capital growth	(11.03)	(10.51)	3.73	2.36	-
Distribution of income	1.03	10.05	2.01	4.68	-
Total return	(10.00)	(0.46)	5.74	7.04	-
Benchmark					
<i>Bloomberg MSCI Global Aggregate SRI Exclusions Float Adjusted Index in NZD</i>	(9.95)	(0.19)	6.16	7.27	-
	2022	2021	2020	2019	2018
	%	%	%	%	%
Vanguard Global Aggregate Bond Index Fund (Hedged)					
Capital growth	(12.01)	(10.84)	2.76	5.44	-
Distribution of income	1.21	10.57	2.31	1.96	-
Total return	(10.80)	(0.27)	5.07	7.40	-
Benchmark					
<i>Bloomberg Global Aggregate Float-Adjusted and Scaled Index in AUD</i>	(10.75)	(0.10)	5.60	7.50	-
	2022	2021	2020	2019	2018
	%	%	%	%	%
Vanguard International Credit Securities Index Fund (Hedged)					
Capital growth	(14.64)	(10.83)	2.43	5.67	(4.06)
Distribution of income	1.92	12.69	2.36	2.53	5.06
Total return	(12.72)	1.86	4.79	8.20	1.00
Benchmark					
<i>Bloomberg Global Aggregate Corporate and Government-Related Scaled Index in AUD</i>	(12.66)	2.08	5.25	8.39	1.26

Directors' report (continued)

Review and results of operations (continued)

Performance (continued)

	2022	2021	2020	2019	2018
	%	%	%	%	%
Vanguard International Fixed Interest Index Fund (Hedged)					
Capital growth	(10.35)	(12.79)	0.23	4.20	(1.08)
Distribution of income	1.30	11.06	4.85	2.59	3.27
Total return	(9.05)	(1.73)	5.08	6.79	2.19
Benchmark					
<i>Bloomberg Global Treasury Scaled Index in AUD</i>	(8.97)	(1.51)	5.35	7.00	2.46

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	
	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$
Vanguard Australian Inflation-Linked Bond Index Fund	1.0845	1.2619	1.2871	1.2878	1.0374	1.2047
Vanguard Short Term Fixed Interest Fund	1.0068	1.0183	1.0170	1.0210	1.0035	1.0181
Vanguard Cash Reserve Fund	1.0018	1.0025	1.0025	1.0031	1.0011	1.0025
Vanguard Australian Corporate Fixed Interest Index Fund - Wholesale Class	0.9800	1.0959	1.1050	1.1129	0.9615	1.0825
Vanguard Australian Corporate Fixed Interest Index Fund - ETF Class	47.6092	53.2428	53.6894	54.0579	46.7125	52.7415
Vanguard Australian Fixed Interest Index Fund - Wholesale Class	1.0169	1.1649	1.1825	1.2134	0.9883	1.1450
Vanguard Australian Fixed Interest Index Fund - ETF Class	44.2568	50.6875	51.4294	52.7725	43.0051	49.7933
Vanguard Australian Government Bond Index Fund - Wholesale Class	0.9445	1.0758	1.0967	1.1315	0.9158	1.0529
Vanguard Australian Government Bond Index Fund - ETF Class	45.3475	51.6748	52.6570	54.0496	43.9710	50.5894
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) - ETF Class	43.7238	49.4826	49.9269	55.1795	42.7416	48.9410
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) - AUD Hedged Class	0.8578	0.9912	1.0000	1.1116	0.8386	0.9804
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) - NZD Hedged Class*	0.8479	0.9542	0.9633	1.0725	0.8285	0.9433
Vanguard Global Aggregate Bond Index Fund (Hedged) - Wholesale Class	0.8513	0.9682	0.9776	1.0938	0.8325	0.9569
Vanguard Global Aggregate Bond Index Fund (Hedged) - ETF Class	42.7274	48.5775	49.0507	54.7441	41.7879	48.0056
Vanguard International Credit Securities Index Fund (Hedged) - Wholesale Class	0.9375	1.1031	1.1057	1.2471	0.9214	1.0845
Vanguard International Credit Securities Index Fund (Hedged) - ETF Class	38.8422	45.6671	45.7724	51.7002	38.1762	44.8970
Vanguard International Fixed Interest Index Fund (Hedged) - Wholesale Class	0.9702	1.0785	1.0917	1.2426	0.9494	1.0673
Vanguard International Fixed Interest Index Fund (Hedged) - ETF Class	40.0118	44.4451	44.9982	51.1009	39.1734	43.9987

*All unit prices are expressed in New Zealand dollars.

Significant changes in state of affairs

Frank Kolimago resigned as a Director of Vanguard Investments Australia Ltd on 15 October 2021.

Caroline Cosby resigned as a Director of Vanguard Investments Australia Ltd on 31 December 2021.

Chris McIsaac resigned as a Director of Vanguard Investments Australia Ltd on 21 January 2022.

Jo Platt resigned as a Director of Vanguard Investments Australia Ltd on 21 January 2022.

John Bendl appointed as a Director of Vanguard Investments Australia Ltd on 21 January 2022.

Curt Jacques appointed as a Director of Vanguard Investments Australia Ltd on 21 January 2022.

Kim Petersen appointed as a Director of Vanguard Investments Australia Ltd on 21 January 2022.

Significant market disruptions, such as those caused by pandemics (e.g., COVID-19 pandemic), natural or environmental disasters, war (e.g., Russia's invasion of Ukraine), acts of terrorism, or other events, can adversely affect local and global markets and normal market operations. Any such disruptions could have an adverse impact on the value of the Funds' investments and fund performance.

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 2022 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 15 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 15 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.



Daniel Shrimski

Managing Director, Vanguard Investments Australia Ltd

Melbourne

9 September 2022



Auditor's Independence Declaration

- 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*
- 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 2022, 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 black ink, appearing to read 'Adrian Gut', with a small flourish at the end.

Adrian Gut
Partner
PricewaterhouseCoopers

Melbourne
9 September 2022

Statements of comprehensive income

For the year ended 30 June 2022

	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 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Investment income									
Interest income		-	2	-	1	-	-	-	-
Net gains/(losses) on financial instruments at fair value through profit or loss	5	(77,926)	48,674	(7,012)	4,666	703	2,023	(85,658)	14,261
Other operating income		-	56	-	-	1	2	142	379
Total net investment income/(loss)		(77,926)	48,732	(7,012)	4,667	704	2,025	(85,516)	14,640
Expenses									
Responsible Entity's fees	16	2,250	2,944	1,567	2,053	2,116	2,432	2,033	1,865
Custody fees		9	5	13	7	19	8	31	15
Other operating expenses		1	-	2	1	2	51	26	1
Total operating expenses		2,260	2,949	1,582	2,061	2,137	2,491	2,090	1,881
Operating profit/(loss)		(80,186)	45,783	(8,594)	2,606	(1,433)	(466)	(87,606)	12,759
Finance costs attributable to unitholders									
Distributions to unitholders	10	-	-	-	-	-	-	(11,376)	(13,210)
(Increase)/decrease in net assets attributable to unitholders	9	-	-	-	-	-	-	98,982	451
Profit/(loss) for the year		(80,186)	45,783	(8,594)	2,606	(1,433)	(466)	-	-
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income for the year		(80,186)	45,783	(8,594)	2,606	(1,433)	(466)	-	-

	Notes	Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund		Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)	
		30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Investment income							
Interest income		-	10	-	-	-	-
Net gains/(losses) on financial instruments at fair value through profit or loss	5	(897,288)	(88,998)	(140,237)	(17,446)	(200,881)	(8,715)
Other operating income		196	178	58	77	498	68
Total net investment income/(loss)		(897,092)	(88,810)	(140,179)	(17,369)	(200,383)	(8,647)
Expenses							
Responsible Entity's fees	16	17,074	21,035	2,653	2,591	3,936	2,874
Custody fees		34	15	16	14	124	81
Withholding tax expense		-	-	-	-	185	152
Other operating expenses		-	1	1	104	111	72
Total operating expenses		17,108	21,051	2,670	2,709	4,356	3,179
Operating profit/(loss)		(914,200)	(109,861)	(142,849)	(20,078)	(204,739)	(11,826)
Finance costs attributable to unitholders							
Distributions to unitholders	10	(132,170)	(241,616)	(8,122)	(31,893)	(22,888)	(109,062)
(Increase)/decrease in net assets attributable to unitholders	9	1,046,370	351,477	150,971	51,971	227,627	120,888
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 2022

	Notes	Vanguard Global Aggregate Bond Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest Index Fund (Hedged)	
		30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Investment income							
Net gains/(losses) on financial instruments at fair value through profit or loss	5	(862,190)	(16,172)	(77,169)	17,900	(180,181)	(37,971)
Other operating income		216	1,582	64	114	102	160
Total net investment income/(loss)		(861,974)	(14,590)	(77,105)	18,014	(180,079)	(37,811)
Expenses							
Responsible Entity's fees	16	18,462	14,771	2,055	2,835	5,043	6,031
Custody fees		135	92	85	46	62	48
Transaction costs		2	1	-	-	1	1
Withholding tax expense		951	925	16	18	296	364
Other operating expenses		597	694	20	29	117	148
Total operating expenses		20,147	16,483	2,176	2,928	5,519	6,592
Operating profit/(loss)		(882,121)	(31,073)	(79,281)	15,086	(185,598)	(44,403)
Finance costs attributable to unitholders							
Distributions to unitholders	10	(104,564)	(685,592)	(13,260)	(118,046)	(28,289)	(291,780)
(Increase)/decrease in net assets attributable to unitholders	9	986,685	716,665	92,541	102,960	213,887	336,183
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 2022

	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 2022 \$'000	30 Jun 2021 \$'000	30 Jun 2022 \$'000	30 Jun 2021 \$'000	30 Jun 2022 \$'000	30 Jun 2021 \$'000	30 Jun 2022 \$'000	30 Jun 2021 \$'000
Assets									
Cash and cash equivalents	11	505	405	22	3,851	27	127,172	2,131	1,443
Margin accounts		8	-	42	48	139	139	276	168
Receivables		33	246	117	847	45	20,659	287	6,071
Due from brokers - receivable for securities sold		1,440	11,330	-	-	-	-	2,914	5,016
Financial assets at fair value through profit or loss	6	388,178	908,040	287,760	577,512	602,394	1,461,738	858,160	825,206
Total assets		390,164	920,021	287,941	582,258	602,605	1,609,708	863,768	837,904
Liabilities									
Distribution payable	10	-	15,129	-	1,135	133	-	602	3,645
Payables		177	214	389	488	969	4,358	280	283
Due to brokers - payables for securities purchased		1,722	6,781	-	-	-	3,044	4,755	7,314
Financial liabilities at fair value through profit or loss	7	-	-	-	-	-	4	-	11
Total liabilities		1,899	22,124	389	1,623	1,102	7,406	5,637	11,253
Net assets attributable to unitholders (equity)	9	388,265	897,897	287,552	580,635	601,503	1,602,302	-	-
Net assets attributable to unitholders (liability)	9	-	-	-	-	-	-	858,131	826,651

	Notes	Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund		Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)			
		30 Jun 2022 \$'000	30 Jun 2021 \$'000	30 Jun 2022 \$'000	30 Jun 2021 \$'000	30 Jun 2022 \$'000	30 Jun 2021 \$'000		
Assets									
Cash and cash equivalents	11			15,312	45,037	3,159	893	11,306	44,748
Margin accounts				641	326	182	40	19,245	18,893
Receivables				21,114	7,400	3,717	310	307	2,122
Accrued income				-	-	-	-	11	-
Due from brokers - receivable for securities sold				138,232	50,540	32,392	7,787	52,523	27,505
Financial assets at fair value through profit or loss	6			6,965,808	9,321,949	1,243,267	1,187,606	1,362,326	1,178,669
Total assets				7,141,107	9,425,252	1,282,717	1,196,636	1,445,718	1,271,937
Liabilities									
Margin accounts				-	-	284	-	21,239	4,422
Distribution payable	10			-	72,026	-	6,557	7,287	6,709
Payables				67,734	56,018	624	1,848	423	294
Due to brokers - payables for securities purchased				105,728	19,247	37,569	2,595	2,668	54,114
Financial liabilities at fair value through profit or loss	7			99,710	76	20,454	-	143,713	55,140
Total liabilities				273,172	147,367	58,931	11,000	175,330	120,679
Net assets attributable to unitholders (liability)	9			6,867,935	9,277,885	1,223,786	1,185,636	1,270,388	1,151,258

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

Balance sheets (continued)

As at 30 June 2022

	Notes	Vanguard Global Aggregate Bond Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest Index Fund (Hedged)	
		30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets							
Cash and cash equivalents	11	100,201	276,306	5,336	11,779	8,401	21,053
Margin accounts		2,016	50,952	1,077	423	357	22,139
Receivables		2,234	4,482	4,715	1,637	994	3,010
Accrued income		-	-	1	-	-	-
Due from brokers - receivable for securities sold		259,605	128,897	9,668	11,793	43,262	20,104
Financial assets at fair value through profit or loss	6	7,385,957	7,404,828	523,344	872,079	1,870,811	2,323,614
Total assets		7,750,013	7,865,465	544,141	897,711	1,923,825	2,389,920
Liabilities							
Margin accounts		27,153	29,690	910	442	2,441	9,941
Distribution payable	10	32,819	39,599	3,763	10,159	14,830	9,833
Payables		103,429	111,934	162	373	4,380	1,695
Due to brokers - payables for securities purchased		22,927	338,372	1,682	2,851	4,976	3,869
Financial liabilities at fair value through profit or loss	7	365,006	282,104	25,565	27,546	88,016	99,228
Total liabilities		551,334	801,699	32,082	41,371	114,643	124,566
Net assets attributable to unitholders (liability)	9	7,198,679	7,063,766	512,059	856,340	1,809,182	2,265,354

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

Statements of changes in equity

For the year ended 30 June 2022

	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 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total equity at the beginning of the financial year	897,897	912,601	580,635	1,177,916	1,602,302	1,633,437	-	-
Comprehensive income for the year								
Profit/(loss) for the year	(80,186)	45,783	(8,594)	2,606	(1,433)	(466)	-	-
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the year	(80,186)	45,783	(8,594)	2,606	(1,433)	(466)	-	-
Transactions with unitholders								
Applications	120,397	447,445	664,036	404,096	157,240	575,279	-	-
Redemptions	(556,743)	(489,379)	(948,939)	(1,002,530)	(1,156,427)	(606,579)	-	-
Units issued upon reinvestment of distributions	17,919	11,256	1,041	3,369	150	634	-	-
Distributions paid and payable	(11,019)	(29,809)	(627)	(4,822)	(329)	(3)	-	-
Total transactions with unitholders	(429,446)	(60,487)	(284,489)	(599,887)	(999,366)	(30,669)	-	-
Total equity at the end of the financial year	388,265	897,897	287,552	580,635	601,503	1,602,302	-	-

	Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund		Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	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 2022

	Notes	Vanguard Global Aggregate Bond Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest Index Fund (Hedged)	
		30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
		\$'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 2022

	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 2022 \$'000	30 Jun 2021 \$'000	30 Jun 2022 \$'000	30 Jun 2021 \$'000	30 Jun 2022 \$'000	30 Jun 2021 \$'000	30 Jun 2022 \$'000	30 Jun 2021 \$'000
Cash flows from operating activities									
Proceeds from sale of financial instruments at fair value through profit or loss		626,641	658,040	2,238,509	2,117,015	5,268,321	4,452,106	230,676	153,234
Purchases of financial instruments at fair value through profit or loss		(179,882)	(608,488)	(1,955,763)	(1,508,087)	(4,411,322)	(5,187,496)	(349,864)	(401,265)
Interest received		-	2	-	1	-	-	-	-
Other income received		18	56	-	31	11	2	168	379
Responsible Entity's fees paid		(2,361)	(2,954)	(1,615)	(2,235)	(2,234)	(2,440)	(2,062)	(1,811)
Operating expenses paid		(10)	(16)	(17)	(9)	(21)	(65)	(70)	(62)
Net cash inflow/(outflow) from operating activities	12(a)	444,406	46,640	281,114	606,716	854,755	(737,893)	(121,152)	(249,525)
Cash flows from financing activities									
Proceeds from applications by unitholders		120,592	447,251	664,768	403,668	177,844	554,883	225,231	298,301
Payments for redemptions by unitholders		(556,669)	(489,423)	(948,990)	(1,005,348)	(1,159,698)	(602,473)	(89,497)	(35,650)
Distributions paid from operating activities		(8,229)	(6,587)	(721)	(1,607)	(46)	(71)	(13,894)	(16,170)
Net cash inflow/(outflow) from financing activities		(444,306)	(48,759)	(284,943)	(603,287)	(981,900)	(47,661)	121,840	246,481
Net increase/(decrease) in cash and cash equivalents		100	(2,119)	(3,829)	3,429	(127,145)	(785,554)	688	(3,044)
Cash and cash equivalents at the beginning of the year		405	2,524	3,851	422	127,172	912,726	1,443	4,487
Cash and cash equivalents at the end of the year	11	505	405	22	3,851	27	127,172	2,131	1,443
Non-cash financing activities	12(b)	17,919	11,256	1,041	3,369	150	634	525	771

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 2022

	Notes	Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund		Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)	
		30 Jun 2022 \$'000	30 Jun 2021 \$'000	30 Jun 2022 \$'000	30 Jun 2021 \$'000	30 Jun 2022 \$'000	30 Jun 2021 \$'000
Cash flows from operating activities							
Proceeds from sale of financial instruments at fair value through profit or loss		3,432,587	2,560,769	273,212	495,539	1,452,049	1,277,220
Purchases of financial instruments at fair value through profit or loss		(1,875,626)	(3,619,335)	(438,145)	(543,186)	(1,789,355)	(1,487,877)
Interest received		-	10	-	-	-	3
Other income received		321	178	58	77	498	68
Responsible Entity's fees paid		(17,841)	(20,833)	(2,649)	(2,594)	(3,869)	(2,848)
Operating expenses paid		(34)	(101)	(18)	(124)	(253)	(199)
Net cash inflow/(outflow) from operating activities	12(a)	1,539,407	(1,079,312)	(167,542)	(50,288)	(340,930)	(213,633)
Cash flows from financing activities							
Proceeds from applications by unitholders		1,853,153	2,767,979	446,222	384,595	810,008	544,119
Payments for redemptions by unitholders		(3,331,511)	(1,476,605)	(266,480)	(314,691)	(476,694)	(268,570)
Distributions paid from operating activities		(90,774)	(145,060)	(9,934)	(26,288)	(6,983)	(18,127)
Net cash inflow/(outflow) from financing activities		(1,569,132)	1,146,314	169,808	43,616	326,331	257,422
Net increase/(decrease) in cash and cash equivalents		(29,725)	67,002	2,266	(6,672)	(14,599)	43,789
Cash and cash equivalents at the beginning of the year		45,037	(21,965)	893	7,565	44,748	21,724
Effects of foreign currency exchange rate changes on cash and cash equivalents		-	-	-	-	(18,843)	(20,765)
Cash and cash equivalents at the end of the year	11	15,312	45,037	3,159	893	11,306	44,748
Non-cash financing activities	12(b)	113,422	134,396	4,714	14,387	15,327	89,388

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 2022

	Notes	Vanguard Global Aggregate Bond Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest Index Fund (Hedged)	
		30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities							
Proceeds from sale of financial instruments at fair value through profit or loss		6,718,245	7,189,807	550,810	516,580	1,192,324	1,521,813
Purchases of financial instruments at fair value through profit or loss		(7,872,443)	(8,931,788)	(283,326)	(447,883)	(923,347)	(1,302,905)
Transaction costs on purchases of financial instruments at fair value through profit or loss		(2)	(1)	-	-	(1)	(1)
Other income received		216	1,582	771	114	130	163
Responsible Entity's fees paid		(18,408)	(14,435)	(2,147)	(2,843)	(5,151)	(6,074)
Operating expenses paid		(775)	(1,002)	(775)	(81)	(494)	(318)
Net cash inflow/(outflow) from operating activities	12(a)	(1,173,167)	(1,755,837)	265,333	65,887	263,461	212,678
Cash flows from financing activities							
Proceeds from applications by unitholders		2,248,188	3,299,949	97,426	229,950	522,363	792,110
Payments for redemptions by unitholders		(1,236,671)	(1,342,782)	(358,398)	(208,622)	(764,744)	(707,441)
Distributions paid from operating activities		(7,531)	(36,440)	(13,659)	(79,672)	(18,396)	(299,777)
Net cash inflow/(outflow) from financing activities		1,003,986	1,920,727	(274,631)	(58,344)	(260,777)	(215,108)
Net increase/(decrease) in cash and cash equivalents		(169,181)	164,890	(9,298)	7,543	2,684	(2,430)
Cash and cash equivalents at the beginning of the year		276,306	208,684	11,779	5,839	21,053	62,711
Effects of foreign currency exchange rate changes on cash and cash equivalents		(6,924)	(97,268)	2,855	(1,603)	(15,336)	(39,228)
Cash and cash equivalents at the end of the year	11	100,201	276,306	5,336	11,779	8,401	21,053
Non-cash financing activities	12(b)	103,813	657,923	5,997	34,144	4,896	69,477

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 2022

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 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 2022. 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 2022

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 2021 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 2022 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 2022, 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.

Derivatives 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. Realised gains and losses on investments transactions and unrealised gain or loss of investments are both computed on weighted average cost basis.

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. Refer to note 3(c)(ii) to the financial statements for further information.

Notes to the financial statements (continued)

For the year ended 30 June 2022

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 2022

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. The Funds may incur withholding taxes imposed by certain countries on investment income. Such income is recorded gross of withholding taxes in the statement of comprehensive income.

(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 2022

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 2022

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) Operating segments

The Funds with ETF class units are within the scope of AASB 8: *Operating Segments* as they satisfy the requirement, under AASB 8, of having debt or equity instruments traded in a public market or filing financial statements with a regulator for the purpose of issuing any class of instruments in a public market.

(u) Rounding of amounts

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

3 Financial risk management

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

Significant market disruptions, such as those caused by pandemics (e.g., COVID-19 pandemic), natural or environmental disasters, war (e.g., Russia's invasion of Ukraine), acts of terrorism, or other events, can adversely affect local and global markets and normal market operations. Any such disruptions could have an adverse impact on the value of the Fund's investments and fund performance.

(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.

Notes to the financial statements (continued)

For the year ended 30 June 2022

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

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

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

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 2022					30 Jun 2021				
	US Dollar A\$'000	New Zealand Dollar 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	286	558	4,691	926	4,716	18,966	247	1,475	547	7,035
Margin accounts	588	17,468	424	75	211	166	123	273	43	8,482
Receivables	-	-	-	-	65	-	-	-	-	50
Accrued income	-	13	-	-	-	-	-	-	-	-
Due from brokers - receivable for securities sold	29,605	-	11,878	7,385	2,592	11,633	183	2,540	2,994	666
Financial assets at fair value through profit or loss	721,367	8,686	333,250	105,934	162,684	549,316	50,167	326,572	104,732	104,422
Total assets	751,846	26,725	350,243	114,320	170,268	580,081	50,720	330,860	108,316	120,655
Liabilities										
Margin accounts	-	-	-	-	21,239	-	-	-	-	4,422
Due to brokers - payable for securities purchased	1,991	-	454	-	223	50,396	-	2,175	-	343
Financial liabilities at fair value through profit or loss	140,379	443	1,878	361	181	44,741	20	50	53	445
Total liabilities	142,370	443	2,332	361	21,643	95,137	20	2,225	53	5,210
Net increase/(decrease) in exposure from foreign currency forward contracts										
- Buy foreign currency	6,493,343	2,556,990	423,046	136,860	203,590	2,260,614	50,181	327,318	107,578	1,933,126
- Sell foreign currency	(7,112,446)	(1,400,538)	(760,680)	(251,639)	(373,096)	(2,746,893)	(100,587)	(654,715)	(214,038)	(1,140,974)
Net exposure including foreign currency forward contracts	(9,627)	1,182,734	10,277	(820)	(20,881)	(1,335)	294	1,238	1,803	907,597

Notes to the financial statements (continued)

For the year ended 30 June 2022

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

	Vanguard Global Aggregate Bond Index Fund (Hedged)									
	30 Jun 2022					30 Jun 2021				
	US Dollar A\$'000	Canadian Dollar 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	50,992	8,833	16,305	5,729	17,986	105,743	51	43,486	7,606	13,435
Margin accounts	860	-	520	18	618	572	178	409	20	7
Receivables	-	-	-	72	423	-	-	-	-	361
Due from brokers - receivable for securities sold	124,826	22,153	53,263	44,083	8,412	74,609	2,480	11,558	32,673	7,577
Financial assets at fair value through profit or loss	3,886,367	207,279	1,877,376	569,584	699,378	3,564,045	314,418	2,037,649	605,987	639,333
Total assets	4,063,045	238,265	1,947,464	619,486	726,817	3,744,969	317,127	2,093,102	646,286	660,713
Liabilities										
Margin accounts	-	-	-	-	27,153	-	-	-	-	29,690
Due to brokers - payable for securities purchased	18,165	2,794	1,968	-	-	329,467	-	7,206	-	1,699
Financial liabilities at fair value through profit or loss	359,795	71	1,188	1,838	651	280,384	1	256	217	1,246
Total liabilities	377,960	2,865	3,156	1,838	27,804	609,851	1	7,462	217	32,635
Net increase/(decrease) in exposure from foreign currency forward contracts										
- Buy foreign currency	15,123,883	258,092	2,190,494	720,084	817,353	14,127,281	311,666	2,050,071	633,917	775,091
- Sell foreign currency	(18,841,941)	(487,730)	(4,096,388)	(1,344,385)	(1,537,382)	(17,282,851)	(626,702)	(4,129,247)	(1,270,772)	(1,424,827)
Net exposure including foreign currency forward contracts	(32,973)	5,762	38,414	(6,653)	(21,016)	(20,452)	2,090	6,464	9,214	(21,658)

Notes to the financial statements (continued)

For the year ended 30 June 2022

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

	Vanguard International Credit Securities Index Fund (Hedged)									
	30 Jun 2022					30 Jun 2021				
	US Dollar A\$'000	Japanese Yen 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	387	44	470	318	669	2,549	263	1,573	434	2,827
Margin accounts	185	8	236	-	127	162	67	164	-	23
Receivables	-	-	-	-	23	-	-	1	-	26
Due from brokers - receivable for securities sold	4,395	-	3,650	1,266	357	4,981	1,064	4,216	977	-
Financial assets at fair value through profit or loss	299,790	10,656	138,752	32,461	31,479	481,245	36,864	243,139	55,195	38,470
Total assets	304,757	10,708	143,108	34,045	32,655	488,937	38,258	249,093	56,606	41,346
Liabilities										
Margin accounts	-	-	-	-	-	-	-	-	-	442
Payables	-	-	-	-	-	-	-	-	-	1
Due to brokers - payable for securities purchased	368	-	882	279	153	1,025	104	1,218	504	-
Financial liabilities at fair value through profit or loss	25,481	1	44	13	25	27,478	8	21	1	37
Total liabilities	25,849	1	926	292	178	28,503	112	1,239	505	480
Net increase/(decrease) in exposure from foreign currency forward contracts										
- Buy foreign currency	1,044,565	12,128	160,785	37,694	37,554	1,669,044	41,414	264,977	59,482	48,189
- Sell foreign currency	(1,327,380)	(23,054)	(300,117)	(70,576)	(69,624)	(2,130,501)	(79,523)	(512,657)	(115,197)	(88,870)
Net exposure including foreign currency forward contracts	(3,907)	(219)	2,850	871	407	(1,023)	37	174	386	185

Notes to the financial statements (continued)

For the year ended 30 June 2022

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

Vanguard International Fixed Interest Index Fund (Hedged)										
	30 Jun 2022					30 Jun 2021				
	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	581	7	1,210	338	3,070	2,370	22	375	55	3,189
Margin accounts	11	79	201	21	2	53	83	25	22	2
Receivables	-	-	-	-	204	-	-	-	-	183
Due from brokers - receivable for securities sold	12,688	3,774	7,745	16,114	2,521	-	737	1,957	15,871	1,539
Financial assets at fair value through profit or loss	682,083	116,508	439,915	424,264	175,613	720,668	166,729	610,917	561,871	225,540
Total assets	695,363	120,368	449,071	440,737	181,410	723,091	167,571	613,274	577,819	230,453
Liabilities										
Margin accounts	31	-	-	-	-	-	-	-	-	9,941
Due to brokers - payable for securities purchased	4,976	-	-	-	-	2,106	-	1,050	365	348
Financial liabilities at fair value through profit or loss	86,187	8	171	1,317	119	97,887	43	67	316	666
Total liabilities	91,194	8	171	1,317	119	99,993	43	1,117	681	10,955
Net increase/(decrease) in exposure from foreign currency forward contracts										
- Buy foreign currency	3,900,802	129,239	485,302	477,610	153,104	5,557,446	177,249	650,193	628,617	304,339
- Sell foreign currency	(4,047,925)	(250,236)	(924,878)	(925,438)	(281,133)	(6,193,666)	(343,647)	(1,259,819)	(1,197,569)	(530,096)
Net exposure including foreign currency forward contracts	457,046	(637)	9,324	(8,408)	53,262	(13,122)	1,130	2,531	8,186	(6,259)

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 2022

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 2022				30 Jun 2021			
	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	505	-	-	505	405	-	-	405
Margin accounts	8	-	-	8	-	-	-	-
Receivables	-	-	33	33	-	-	246	246
Due from brokers - receivable for securities sold	-	-	1,440	1,440	-	-	11,330	11,330
Financial assets at fair value through profit or loss	-	388,178	-	388,178	-	908,040	-	908,040
Total assets	513	388,178	1,473	390,164	405	908,040	11,576	920,021
Liabilities								
Distribution payable	-	-	-	-	-	-	15,129	15,129
Payables	-	-	177	177	-	-	214	214
Due to brokers - payable for securities purchased	-	-	1,722	1,722	-	-	6,781	6,781
Total liabilities	-	-	1,899	1,899	-	-	22,124	22,124
Net assets attributable to unitholders (equity)	513	388,178	(426)	388,265	405	908,040	(10,548)	897,897
Net exposure	513	388,178	(426)	388,265	405	908,040	(10,548)	897,897

Vanguard Short Term Fixed Interest Fund								
	30 Jun 2022				30 Jun 2021			
	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	22	-	-	22	3,851	-	-	3,851
Margin accounts	42	-	-	42	48	-	-	48
Receivables	-	-	117	117	-	-	847	847
Financial assets at fair value through profit or loss	146,977	140,783	-	287,760	229,493	348,019	-	577,512
Total assets	147,041	140,783	117	287,941	233,392	348,019	847	582,258
Liabilities								
Distribution payable	-	-	-	-	-	-	1,135	1,135
Payables	-	-	389	389	-	-	488	488
Total liabilities	-	-	389	389	-	-	1,623	1,623
Net assets attributable to unitholders (equity)	147,041	140,783	(272)	287,552	233,392	348,019	(776)	580,635
Net increase/(decrease) in exposure from Australian money market futures	8,753	-	-	8,753	39,984	-	-	39,984
Net exposure	155,794	140,783	(272)	296,305	273,376	348,019	(776)	620,619

Notes to the financial statements (continued)

For the year ended 30 June 2022

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 2022				30 Jun 2021			
	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	27	-	-	27	127,172	-	-	127,172
Margin accounts	139	-	-	139	139	-	-	139
Receivables	-	-	45	45	-	-	20,659	20,659
Financial assets at fair value through profit or loss	391,924	210,470	-	602,394	903,768	557,970	-	1,461,738
Total assets	392,090	210,470	45	602,605	1,031,079	557,970	20,659	1,609,708
Liabilities								
Distribution payable	-	-	133	133	-	-	-	-
Payables	-	-	969	969	-	-	4,358	4,358
Due to brokers - payable for securities purchased	-	-	-	-	-	-	3,044	3,044
Financial liabilities at fair value through profit or loss	-	-	-	-	4	-	-	4
Total liabilities	-	-	1,102	1,102	4	-	7,402	7,406
Net assets attributable to unitholders (equity)	392,090	210,470	(1,057)	601,503	1,031,075	557,970	13,257	1,602,302
Net increase/(decrease) in exposure from Australian money market futures	63,213	-	-	63,213	283,886	-	-	283,886
Net exposure	455,303	210,470	(1,057)	664,716	1,314,961	557,970	13,257	1,886,188
	Vanguard Australian Corporate Fixed Interest Index Fund							
	30 Jun 2022				30 Jun 2021			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
Assets								
Cash and cash equivalents	2,131	-	-	2,131	1,443	-	-	1,443
Margin accounts	276	-	-	276	168	-	-	168
Receivables	-	-	287	287	-	-	6,071	6,071
Due from brokers - receivable for securities sold	-	-	2,914	2,914	-	-	5,016	5,016
Financial assets at fair value through profit or loss	17,585	840,575	-	858,160	20,429	804,777	-	825,206
Total assets	19,992	840,575	3,201	863,768	22,040	804,777	11,087	837,904
Liabilities								
Distribution payable	-	-	602	602	-	-	3,645	3,645
Payables	-	-	280	280	-	-	283	283
Due to brokers - payable for securities purchased	-	-	4,755	4,755	-	-	7,314	7,314
Financial liabilities at fair value through profit or loss	-	-	-	-	-	11	-	11
Total liabilities	-	-	5,637	5,637	-	11	11,242	11,253
Net assets attributable to unitholders (liability)	19,992	840,575	(2,436)	858,131	22,040	804,766	(155)	826,651
Net increase/(decrease) in exposure from Australian interest rate futures	-	873	-	873	-	4,699	-	4,699
Net exposure	19,992	841,448	(2,436)	859,004	22,040	809,465	(155)	831,350

Notes to the financial statements (continued)

For the year ended 30 June 2022

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 2022				30 Jun 2021			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
Assets								
Cash and cash equivalents	15,312	-	-	15,312	45,037	-	-	45,037
Margin accounts	641	-	-	641	326	-	-	326
Receivables	-	-	21,114	21,114	-	-	7,400	7,400
Due from brokers - receivable for securities sold	-	-	138,232	138,232	-	-	50,540	50,540
Financial assets at fair value through profit or loss	30,491	6,935,317	-	6,965,808	33,158	9,288,791	-	9,321,949
Total assets	46,444	6,935,317	159,346	7,141,107	78,521	9,288,791	57,940	9,425,252
Liabilities								
Distribution payable	-	-	-	-	-	-	72,026	72,026
Payables	-	-	67,734	67,734	-	-	56,018	56,018
Due to brokers - payable for securities purchased	-	-	105,728	105,728	-	-	19,247	19,247
Financial liabilities at fair value through profit or loss	-	99,710	-	99,710	-	76	-	76
Total liabilities	-	99,710	173,462	273,172	-	76	147,291	147,367
Net assets attributable to unitholders (liability)	46,444	6,835,607	(14,116)	6,867,935	78,521	9,288,715	(89,351)	9,277,885
Net increase/(decrease) in exposure from Australian interest rate futures	-	-	-	-	-	(6,498)	-	(6,498)
Net exposure	46,444	6,835,607	(14,116)	6,867,935	78,521	9,282,217	(89,351)	9,271,387

Vanguard Australian Government Bond Index Fund								
	30 Jun 2022				30 Jun 2021			
	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	3,159	-	-	3,159	893	-	-	893
Margin accounts	182	-	-	182	40	-	-	40
Receivables	-	-	3,717	3,717	-	-	310	310
Due from brokers - receivable for securities sold	-	-	32,392	32,392	-	-	7,787	7,787
Financial assets at fair value through profit or loss	-	1,243,267	-	1,243,267	-	1,187,606	-	1,187,606
Total assets	3,341	1,243,267	36,109	1,282,717	933	1,187,606	8,097	1,196,636
Liabilities								
Margin accounts	284	-	-	284	-	-	-	-
Distribution payable	-	-	-	-	-	-	6,557	6,557
Payables	-	-	624	624	-	-	1,848	1,848
Due to brokers - payable for securities purchased	-	-	37,569	37,569	-	-	2,595	2,595
Financial liabilities at fair value through profit or loss	-	20,454	-	20,454	-	-	-	-
Total liabilities	284	20,454	38,193	58,931	-	-	11,000	11,000
Net assets attributable to unitholders (liability)	3,057	1,222,813	(2,084)	1,223,786	933	1,187,606	(2,903)	1,185,636
Net exposure	3,057	1,222,813	(2,084)	1,223,786	933	1,187,606	(2,903)	1,185,636

Notes to the financial statements (continued)

For the year ended 30 June 2022

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 2022				30 Jun 2021			
	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	11,306	-	-	11,306	44,748	-	-	44,748
Margin accounts	19,245	-	-	19,245	18,893	-	-	18,893
Receivables	-	-	307	307	-	-	2,122	2,122
Accrued income	-	-	11	11	-	-	-	-
Due from brokers - receivable for securities sold	-	-	52,523	52,523	-	-	27,505	27,505
Financial assets at fair value through profit or loss	40,003	1,225,660	96,663	1,362,326	31,990	1,119,741	26,938	1,178,669
Total assets	70,554	1,225,660	149,504	1,445,718	95,631	1,119,741	56,565	1,271,937
Liabilities								
Margin accounts	21,239	-	-	21,239	4,422	-	-	4,422
Distribution payable	-	-	7,287	7,287	-	-	6,709	6,709
Payables	-	-	423	423	-	1	293	294
Due to brokers - payable for securities purchased	-	-	2,668	2,668	-	-	54,114	54,114
Financial liabilities at fair value through profit or loss	-	6,494	137,219	143,713	-	83	55,057	55,140
Total liabilities	21,239	6,494	147,597	175,330	4,422	84	116,173	120,679
Net assets attributable to unitholders (liability)	49,315	1,219,166	1,907	1,270,388	91,209	1,119,657	(59,608)	1,151,258
Net increase/(decrease) in exposure from Australian interest rate futures	-	3,192	-	3,192	-	5,966	-	5,966
Net increase/(decrease) in exposure from international interest rate futures	-	24,118	-	24,118	-	19,034	-	19,034
Net exposure	49,315	1,246,476	1,907	1,297,698	91,209	1,144,657	(59,608)	1,176,258

Notes to the financial statements (continued)

For the year ended 30 June 2022

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 2022				30 Jun 2021			
	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	100,201	-	-	100,201	276,306	-	-	276,306
Margin accounts	2,016	-	-	2,016	50,952	-	-	50,952
Receivables	-	-	2,234	2,234	-	-	4,482	4,482
Due from brokers - receivable for securities sold	-	-	259,605	259,605	-	-	128,897	128,897
Financial assets at fair value through profit or loss	251,181	6,982,591	152,185	7,385,957	195,557	7,048,405	160,866	7,404,828
Total assets	353,398	6,982,591	414,024	7,750,013	522,815	7,048,405	294,245	7,865,465
Liabilities								
Margin accounts	27,153	-	-	27,153	29,690	-	-	29,690
Distribution payable	-	-	32,819	32,819	-	-	39,599	39,599
Payables	-	-	103,429	103,429	-	-	111,934	111,934
Due to brokers - payable for securities purchased	-	-	22,927	22,927	-	-	338,372	338,372
Financial liabilities at fair value through profit or loss	-	11,921	353,085	365,006	-	88	282,016	282,104
Total liabilities	27,153	11,921	512,260	551,334	29,690	88	771,921	801,699
Net assets attributable to unitholders (liability)	326,245	6,970,670	(98,236)	7,198,679	493,125	7,048,317	(477,676)	7,063,766
Net increase/(decrease) in exposure from Australian interest rate futures	-	-	-	-	-	(2,166)	-	(2,166)
Net increase/(decrease) in exposure from international interest rate futures	-	(18,467)	-	(18,467)	-	(92,368)	-	(92,368)
Net exposure	326,245	6,952,203	(98,236)	7,180,212	493,125	6,953,783	(477,676)	6,969,232

Notes to the financial statements (continued)

For the year ended 30 June 2022

3 Financial risk management (continued)

(a) Market risk (continued)

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

	Vanguard International Credit Securities Index Fund (Hedged)							
	30 Jun 2022				30 Jun 2021			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
Assets								
Cash and cash equivalents	5,336	-	-	5,336	11,779	-	-	11,779
Margin accounts	1,077	-	-	1,077	423	-	-	423
Receivables	-	-	4,715	4,715	-	-	1,637	1,637
Accrued income	-	-	1	1	-	-	-	-
Due from brokers - receivable for securities sold	-	-	9,668	9,668	-	-	11,793	11,793
Financial assets at fair value through profit or loss	42,985	470,248	10,111	523,344	60,854	798,766	12,459	872,079
Total assets	49,398	470,248	24,495	544,141	73,056	798,766	25,889	897,711
Liabilities								
Margin accounts	910	-	-	910	442	-	-	442
Distribution payable	-	-	3,763	3,763	-	-	10,159	10,159
Payables	-	-	162	162	-	-	373	373
Due to brokers - payable for securities purchased	-	-	1,682	1,682	-	-	2,851	2,851
Financial liabilities at fair value through profit or loss	-	37	25,528	25,565	-	25	27,521	27,546
Total liabilities	910	37	31,135	32,082	442	25	40,904	41,371
Net assets attributable to unitholders (liability)	48,488	470,211	(6,640)	512,059	72,614	798,741	(15,015)	856,340
Net increase/(decrease) in exposure from Australian interest rate futures	-	97	-	97	-	-	-	-
Net increase/(decrease) in exposure from international interest rate futures	-	1,894	-	1,894	-	(2,283)	-	(2,283)
Net exposure	48,488	472,202	(6,640)	514,050	72,614	796,458	(15,015)	854,057

Notes to the financial statements (continued)

For the year ended 30 June 2022

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 2022				30 Jun 2021			
	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	8,401	-	-	8,401	21,053	-	-	21,053
Margin accounts	357	-	-	357	22,139	-	-	22,139
Receivables	-	-	994	994	-	-	3,010	3,010
Due from brokers - receivable for securities sold	-	-	43,262	43,262	-	-	20,104	20,104
Financial assets at fair value through profit or loss	-	1,812,033	58,778	1,870,811	-	2,261,828	61,786	2,323,614
Total assets	8,758	1,812,033	103,034	1,923,825	43,192	2,261,828	84,900	2,389,920
Liabilities								
Margin accounts	2,441	-	-	2,441	9,941	-	-	9,941
Distribution payable	-	-	14,830	14,830	-	-	9,833	9,833
Payables	-	-	4,380	4,380	-	-	1,695	1,695
Due to brokers - payable for securities purchased	-	-	4,976	4,976	-	-	3,869	3,869
Financial liabilities at fair value through profit or loss	-	-	88,016	88,016	-	-	99,228	99,228
Total liabilities	2,441	-	112,202	114,643	9,941	-	114,625	124,566
Net assets attributable to unitholders (liability)	6,317	1,812,033	(9,168)	1,809,182	33,251	2,261,828	(29,725)	2,265,354
Net increase/(decrease) in exposure from international interest rate futures	-	(1,523)	-	(1,523)	-	(2,584)	-	(2,584)
Net exposure	6,317	1,810,510	(9,168)	1,807,659	33,251	2,259,244	(29,725)	2,262,770

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 2022

3 Financial risk management (continued)

(b) Summarised sensitivity analysis

The following tables summarise the sensitivity of the Funds' operating profit and net assets attributable to unitholders to interest rate risk and foreign exchange risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and foreign exchange rates as well as the indices that the individual Funds are designed to track. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the Funds invest. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

Impact on operating profit/(loss) and net assets attributable to unitholders												
Vanguard Australian Inflation-Linked Bond Index Fund		Vanguard Short Term Fixed Interest Fund		Vanguard Cash Reserve Fund		Vanguard Australian Corporate Fixed Interest Index Fund		Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund		
Interest rate risk		Interest rate risk		Interest rate risk		Interest rate risk		Interest rate risk		Interest rate risk		
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	
-0bps	+66bps	-0bps	+66bps	-0bps	+66bps	-0bps	+66bps	-0bps	+66bps	-0bps	+66bps	
30 Jun 2022	-	(2,565)	-	(1,899)	-	(3,977)	-	(5,680)	-	(45,422)	-	(8,091)
	-15bps	+15bps	-15bps	+15bps	-15bps	+15bps	-15bps	+15bps	-15bps	+15bps	-15bps	+15bps
30 Jun 2021	1,363	(1,363)	923	(923)	2,384	(2,384)	1,240	(1,240)	14,051	(14,051)	1,782	(1,782)

Impact on operating profit/(loss) and net assets attributable to unitholders												
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)												
Interest rate risk				Foreign exchange risk								
		US Dollar		New Zealand Dollar		Euro		Japanese Yen		Other currencies		
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	
-0bps	+66bps	-11%	+0%	-1%	+7%	-6%	+7%	-2%	+17%	-5%	+4%	
30 Jun 2022	-	(8,371)	(67,040)	-	(263)	1,839	(20,866)	24,344	(2,279)	19,373	(7,431)	5,945
		US Dollar		British Pound		Euro		Japanese Yen		Other currencies		
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	
-15bps	+15bps	-6%	+8%	-6%	+0%	-4%	+5%	-3%	+12%	-3%	+3%	
30 Jun 2021	1,816	(1,816)	(29,093)	38,790	(3,043)	-	(13,145)	16,431	(3,248)	12,991	(3,463)	3,463

Impact on operating profit/(loss) and net assets attributable to unitholders												
Vanguard Global Aggregate Bond Index Fund (Hedged)												
Interest rate risk				Foreign exchange risk								
		US Dollar		Canadian Dollar		Euro		Japanese Yen		Other currencies		
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	
-0bps	+66bps	-11%	+0%	-7%	+0%	-6%	+7%	-2%	+17%	-5%	+6%	
30 Jun 2022	-	(48,155)	(405,359)	-	(16,478)	-	(116,658)	136,101	(12,353)	105,000	(34,951)	41,941
		US Dollar		British Pound		Euro		Japanese Yen		Other currencies		
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	
-15bps	+15bps	-6%	+8%	-6%	+0%	-4%	+5%	-3%	+12%	-5%	+5%	
30 Jun 2021	11,312	(11,312)	(188,110)	250,813	(19,027)	-	(83,427)	104,284	(19,382)	77,528	(31,404)	31,404

Notes to the financial statements (continued)

For the year ended 30 June 2022

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		US Dollar		Japanese Yen		Euro		Canadian Dollar		Other currencies		
Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	
-0bps	+66bps	-11%	+0%	-2%	+17%	-6%	+7%	-7%	+0%	-4%	+5%	
30 Jun 2022	-	(3,433)	(30,678)	-	(214)	1,820	(8,531)	9,953	(2,363)	-	(1,299)	1,624

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		US Dollar		British Pound		Euro		Canadian Dollar		Other currencies		
Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	
-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

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		US Dollar		British Pound		Euro		Japanese Yen		Other currencies		
Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	
-0bps	+66bps	-11%	+0%	-2%	+8%	-6%	+7%	-2%	+17%	-4%	+4%	
30 Jun 2022	-	(12,001)	(66,459)	-	(2,407)	9,629	(26,934)	31,423	(8,788)	74,701	(7,252)	7,252

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		US Dollar		British Pound		Euro		Japanese Yen		Other currencies		
Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	
-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

(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 2022 or 30 June 2021.

Notes to the financial statements (continued)

For the year ended 30 June 2022

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 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
AAA	388,178	908,040	85,366	213,730	184,267	103,441	194,479	182,360
AA+	-	-	-	18,414	64,835	-	28,843	28,326
AA	-	-	-	6,862	-	104,991	41,605	37,742
AA-	-	-	123,740	208,289	150,122	528,548	120,200	97,745
A+	-	-	62,949	103,678	115,976	220,741	66,057	66,130
A	-	-	8,469	5,522	46,937	81,988	39,551	38,279
A-	-	-	5,035	21,016	4,728	8,031	100,048	113,830
A-1+	-	-	2,199	-	35,489	413,998	-	-
BBB+	-	-	-	-	-	-	154,462	144,760
BBB	-	-	-	-	-	-	99,844	103,574
BBB-	-	-	-	-	-	-	13,062	12,440
Total	388,178	908,040	287,758	577,511	602,354	1,461,738	858,151	825,186

Rating	Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund		Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
AAA	4,671,680	6,131,636	885,283	819,626	438,694	393,591
AA+	1,105,306	1,809,526	229,106	273,359	176,782	98,832
AA	522,838	611,840	99,992	84,753	91,163	76,323
AA-	140,521	180,220	8,440	9,868	64,996	86,697
A+	85,024	116,968	-	-	114,155	71,865
A	32,477	68,945	-	-	95,224	102,578
A-	82,034	108,719	-	-	62,872	71,396
A-1+	-	-	-	-	4,112	-
BBB+	127,306	157,804	-	-	60,145	72,209
BBB	90,437	122,550	-	-	98,987	60,691
BBB-	8,476	7,102	-	-	33,753	75,744
BB+	-	-	-	-	1,361	1,580
WD	-	-	-	-	-	686
Not Rated	(1)	6,639	(8)	-	16,756	39,402
Total	6,866,098	9,321,949	1,222,813	1,187,606	1,259,000	1,151,594

Notes to the financial statements (continued)

For the year ended 30 June 2022

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 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
AAA	2,487,577	2,259,885	59,740	98,961	823,182	889,373
AA+	857,524	772,921	32,700	42,457	23,836	28,439
AA	506,258	574,388	34,984	62,586	137,252	186,262
AA-	337,865	432,473	27,027	44,323	153,563	228,670
A+	599,255	381,588	51,140	82,401	220,352	145,573
A	577,290	675,875	39,995	69,558	283,652	442,956
A-	412,916	496,523	72,128	106,152	17,730	75,861
A-1+	-	112,900	-	-	-	-
A-1	-	-	-	-	-	8,957
BBB+	445,920	526,605	79,037	149,185	24,391	43,655
BBB	633,144	440,538	71,108	119,576	113,735	42,960
BBB-	245,992	499,020	39,833	72,445	13,016	168,900
BB+	10,687	11,954	1,485	3,387	1,324	-
BB	-	123	4	165	-	-
BB-	-	1,684	-	249	-	-
WD	-	4,962	-	-	-	187
Not Rated	107,415	52,514	3,992	8,150	-	25
Total	7,221,843	7,243,953	513,173	859,595	1,812,033	2,261,818

(ii) Derivatives

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

The Funds also restrict their exposure to credit losses on derivative instruments they hold by entering into master netting arrangements with counterparts with whom they undertake a significant volume of transactions. Master netting arrangements do not result in an offset of balance sheet assets and liabilities unless transactions are settled on a net basis. However, the credit risk associated with favourable contracts is reduced by master netting arrangements to the extent that if an event of default occurs, all amounts with the counterparty are closed and settled on a net basis. The Funds' overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangements. 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, 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 could enter 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 18.

Notes to the financial statements (continued)

For the year ended 30 June 2022

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 2022 had a credit rating of A-1 (30 June 2021: A-1). At 30 June 2022, 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 2022					30 Jun 2021				
	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
Payables	177	-	-	-	177	214	-	-	-	214
Due to brokers - payables for securities purchased	1,722	-	-	-	1,722	6,781	-	-	-	6,781
Total liabilities	1,899	-	-	-	1,899	22,124	-	-	-	22,124

Vanguard Short Term Fixed Interest Fund										
	30 Jun 2022					30 Jun 2021				
	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	-	-	-	-	-	1,135	-	-	-	1,135
Payables	389	-	-	-	389	488	-	-	-	488
Total liabilities	389	-	-	-	389	1,623	-	-	-	1,623

Notes to the financial statements (continued)

For the year ended 30 June 2022

3 Financial risk management (continued)

(d) Liquidity risk (continued)

	Vanguard Cash Reserve Fund									
	30 Jun 2022					30 Jun 2021				
	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	133	-	-	-	133	-	-	-	-	-
Payables	969	-	-	-	969	4,358	-	-	-	4,358
Due to brokers - payables for securities purchased	-	-	-	-	-	3,044	-	-	-	3,044
Total liabilities	1,102	-	-	-	1,102	7,402	-	-	-	7,402

	Vanguard Australian Corporate Fixed Interest Index Fund									
	30 Jun 2022					30 Jun 2021				
	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	602	-	-	-	602	3,645	-	-	-	3,645
Payables	280	-	-	-	280	283	-	-	-	283
Due to brokers - payables for securities purchased	4,755	-	-	-	4,755	7,314	-	-	-	7,314
Net assets attributable to unitholders	858,131	-	-	-	858,131	826,651	-	-	-	826,651
Total liabilities	863,768	-	-	-	863,768	837,893	-	-	-	837,893

	Vanguard Australian Fixed Interest Index Fund									
	30 Jun 2022					30 Jun 2021				
	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	99,710	-	-	-	99,710	-	-	-	-	-
Distribution payable	-	-	-	-	-	72,026	-	-	-	72,026
Payables	67,734	-	-	-	67,734	56,018	-	-	-	56,018
Due to brokers - payables for securities purchased	105,728	-	-	-	105,728	19,247	-	-	-	19,247
Net assets attributable to unitholders	6,867,935	-	-	-	6,867,935	9,277,885	-	-	-	9,277,885
Total liabilities	7,141,107	-	-	-	7,141,107	9,425,176	-	-	-	9,425,176

	Vanguard Australian Government Bond Index Fund									
	30 Jun 2022					30 Jun 2021				
	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	20,454	-	-	-	20,454	-	-	-	-	-
Margin accounts	284	-	-	-	284	-	-	-	-	-
Distribution payable	-	-	-	-	-	6,557	-	-	-	6,557
Payables	624	-	-	-	624	1,848	-	-	-	1,848
Due to brokers - payables for securities purchased	37,569	-	-	-	37,569	2,595	-	-	-	2,595
Net assets attributable to unitholders	1,223,786	-	-	-	1,223,786	1,185,636	-	-	-	1,185,636
Total liabilities	1,282,717	-	-	-	1,282,717	1,196,636	-	-	-	1,196,636

Notes to the financial statements (continued)

For the year ended 30 June 2022

3 Financial risk management (continued)

(d) Liquidity risk (continued)

Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)										
	30 Jun 2022					30 Jun 2021				
	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	3+ years \$'000	Total \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	3+ years \$'000	Total \$'000
Financial liabilities at fair value through profit or loss	-	-	-	6,431	6,431	-	-	-	-	-
Margin accounts	21,239	-	-	-	21,239	4,422	-	-	-	4,422
Distribution payable	7,287	-	-	-	7,287	6,709	-	-	-	6,709
Payables	423	-	-	-	423	294	-	-	-	294
Due to brokers - payables for securities purchased	2,668	-	-	-	2,668	54,114	-	-	-	54,114
Net assets attributable to unitholders	1,270,388	-	-	-	1,270,388	1,151,258	-	-	-	1,151,258
Total liabilities	1,302,005	-	-	6,431	1,308,436	1,216,797	-	-	-	1,216,797

Vanguard Global Aggregate Bond Index Fund (Hedged)										
	30 Jun 2022					30 Jun 2021				
	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	3+ years \$'000	Total \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	3+ years \$'000	Total \$'000
Financial liabilities at fair value through profit or loss	-	-	-	11,826	11,826	-	-	-	-	-
Margin accounts	27,153	-	-	-	27,153	29,690	-	-	-	29,690
Distribution payable	32,819	-	-	-	32,819	39,599	-	-	-	39,599
Payables	103,429	-	-	-	103,429	111,934	-	-	-	111,934
Due to brokers - payables for securities purchased	22,927	-	-	-	22,927	338,372	-	-	-	338,372
Net assets attributable to unitholders	7,198,679	-	-	-	7,198,679	7,063,766	-	-	-	7,063,766
Total liabilities	7,385,007	-	-	11,826	7,396,833	7,583,361	-	-	-	7,583,361

Vanguard International Credit Securities Index Fund (Hedged)										
	30 Jun 2022					30 Jun 2021				
	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	910	-	-	-	910	442	-	-	-	442
Distribution payable	3,763	-	-	-	3,763	10,159	-	-	-	10,159
Payables	162	-	-	-	162	373	-	-	-	373
Due to brokers - payables for securities purchased	1,682	-	-	-	1,682	2,851	-	-	-	2,851
Net assets attributable to unitholders	512,059	-	-	-	512,059	856,340	-	-	-	856,340
Total liabilities	518,576	-	-	-	518,576	870,165	-	-	-	870,165

Notes to the financial statements (continued)

For the year ended 30 June 2022

3 Financial risk management (continued)

(d) Liquidity risk (continued)

Vanguard International Fixed Interest Index Fund (Hedged)										
	30 Jun 2022					30 Jun 2021				
	Less than 1 month	1-6 months	6-12 months	1-2 years	Total	Less than 1 month	1-6 months	6-12 months	1-2 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Margin accounts	2,441	-	-	-	2,441	9,941	-	-	-	9,941
Distribution payable	14,830	-	-	-	14,830	9,833	-	-	-	9,833
Payables	4,380	-	-	-	4,380	1,695	-	-	-	1,695
Due to brokers - payables for securities purchased	4,976	-	-	-	4,976	3,869	-	-	-	3,869
Net assets attributable to unitholders	1,809,182	-	-	-	1,809,182	2,265,354	-	-	-	2,265,354
Total liabilities	1,835,809	-	-	-	1,835,809	2,290,692	-	-	-	2,290,692

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 2022					30 Jun 2021				
	Less than 1 month	1-6 months	6-12 months	1-2 years	Total	Less than 1 month	1-6 months	6-12 months	1-2 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Derivative										
Inflows	9,709,211	4,430,470	-	-	14,139,681	5,175,664	2,592,858	-	-	7,768,522
(Outflows)	(9,739,638)	(4,440,599)	-	-	(14,180,237)	(5,196,677)	(2,599,964)	-	-	(7,796,641)
Net	(30,427)	(10,129)	-	-	(40,556)	(21,013)	(7,106)	-	-	(28,119)

Vanguard Global Aggregate Bond Index Fund (Hedged)										
	30 Jun 2022					30 Jun 2021				
	Less than 1 month	1-6 months	6-12 months	1-2 years	Total	Less than 1 month	1-6 months	6-12 months	1-2 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Derivative										
Inflows	23,075,874	11,600,132	-	-	34,676,006	21,104,416	10,582,876	-	-	31,687,292
(Outflows)	(23,256,328)	(11,620,578)	-	-	(34,876,906)	(21,186,021)	(10,622,421)	-	-	(31,808,442)
Net	(180,454)	(20,446)	-	-	(200,900)	(81,605)	(39,545)	-	-	(121,150)

Vanguard International Credit Securities Index Fund (Hedged)										
	30 Jun 2022					30 Jun 2021				
	Less than 1 month	1-6 months	6-12 months	1-2 years	Total	Less than 1 month	1-6 months	6-12 months	1-2 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Derivative										
Inflows	1,629,928	782,112	-	-	2,412,040	2,604,810	1,244,287	-	-	3,849,097
(Outflows)	(1,643,581)	(783,877)	-	-	(2,427,458)	(2,619,859)	(1,244,301)	-	-	(3,864,160)
Net	(13,653)	(1,765)	-	-	(15,418)	(15,049)	(14)	-	-	(15,063)

Notes to the financial statements (continued)

For the year ended 30 June 2022

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 2022					30 Jun 2021				
	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	6,321,857	3,171,785	-	-	9,493,642	8,143,599	3,838,159	-	-	11,981,758
(Outflows)	(6,345,586)	(3,177,293)	-	-	(9,522,879)	(8,168,656)	(3,850,544)	-	-	(12,019,200)
Net	(23,729)	(5,508)	-	-	(29,237)	(25,057)	(12,385)	-	-	(37,442)

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 2022

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 2022 and 30 June 2021.

	Vanguard Australian Inflation-Linked Bond Index Fund							
	30 Jun 2022				30 Jun 2021			
	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	-	388,178	-	388,178	-	908,040	-	908,040
Total	-	388,178	-	388,178	-	908,040	-	908,040

	Vanguard Short Term Fixed Interest Fund							
	30 Jun 2022				30 Jun 2021			
	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	2	-	-	2	1	-	-	1
Fixed interest securities	-	169,390	-	169,390	-	471,575	-	471,575
Money market securities	-	118,368	-	118,368	-	105,936	-	105,936
Total	2	287,758	-	287,760	1	577,511	-	577,512

	Vanguard Cash Reserve Fund							
	30 Jun 2022				30 Jun 2021			
	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	40	-	-	40	-	-	-	-
Fixed interest securities	-	357,471	-	357,471	-	782,811	-	782,811
Money market securities	-	244,883	-	244,883	-	678,927	-	678,927
Total	40	602,354	-	602,394	-	1,461,738	-	1,461,738
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 2022

4 Fair value measurement (continued)

Recognised fair value measurements (continued)

Vanguard Australian Corporate Fixed Interest Index Fund								
	30 Jun 2022				30 Jun 2021			
	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	-	-	9	20	-	-	20
Fixed interest securities	-	853,896	-	853,896	-	820,647	-	820,647
Money market securities	-	4,255	-	4,255	-	4,539	-	4,539
Total	9	858,151	-	858,160	20	825,186	-	825,206
Financial liabilities at fair value through profit or loss								
Derivatives	-	-	-	-	11	-	-	11
Total	-	-	-	-	11	-	-	11

Vanguard Australian Fixed Interest Index Fund								
	30 Jun 2022				30 Jun 2021			
	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	-	6,960,760	-	6,960,760	-	9,312,818	-	9,312,818
Money market securities	-	5,048	-	5,048	-	9,131	-	9,131
Total	-	6,965,808	-	6,965,808	-	9,321,949	-	9,321,949
Financial liabilities at fair value through profit or loss								
Derivatives	-	-	-	-	76	-	-	76
Fixed interest securities	-	99,710	-	99,710	-	-	-	-
Total	-	99,710	-	99,710	76	-	-	76

Vanguard Australian Government Bond Index Fund								
	30 Jun 2022				30 Jun 2021			
	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	-	1,243,267	-	1,243,267	-	1,187,606	-	1,187,606
Total	-	1,243,267	-	1,243,267	-	1,187,606	-	1,187,606
Financial liabilities at fair value through profit or loss								
Fixed interest securities	-	20,454	-	20,454	-	-	-	-
Total	-	20,454	-	20,454	-	-	-	-

Notes to the financial statements (continued)

For the year ended 30 June 2022

4 Fair value measurement (continued)

Recognised fair value measurements (continued)

	Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)							
	30 Jun 2022				30 Jun 2021			
	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	232	96,663	-	96,895	137	26,938	-	27,075
Fixed interest securities	-	1,265,431	-	1,265,431	-	1,151,594	-	1,151,594
Total	232	1,362,094	-	1,362,326	137	1,178,532	-	1,178,669
Financial liabilities at fair value through profit or loss								
Derivatives	63	137,219	-	137,282	83	55,057	-	55,140
Fixed interest securities	-	6,431	-	6,431	-	-	-	-
Total	63	143,650	-	143,713	83	55,057	-	55,140

	Vanguard Global Aggregate Bond Index Fund (Hedged)							
	30 Jun 2022				30 Jun 2021			
	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	103	152,185	-	152,288	9	160,866	-	160,875
Fixed interest securities	-	7,233,669	-	7,233,669	-	7,243,385	-	7,243,385
Money market securities	-	-	-	-	-	568	-	568
Total	103	7,385,854	-	7,385,957	9	7,404,819	-	7,404,828
Financial liabilities at fair value through profit or loss								
Derivatives	95	353,085	-	353,180	88	282,016	-	282,104
Fixed interest securities	-	11,826	-	11,826	-	-	-	-
Total	95	364,911	-	365,006	88	282,016	-	282,104

	Vanguard International Credit Securities Index Fund (Hedged)							
	30 Jun 2022				30 Jun 2021			
	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	60	10,111	-	10,171	25	12,459	-	12,484
Fixed interest securities	-	513,173	-	513,173	-	859,595	-	859,595
Total	60	523,284	-	523,344	25	872,054	-	872,079
Financial liabilities at fair value through profit or loss								
Derivatives	37	25,528	-	25,565	25	27,521	-	27,546
Total	37	25,528	-	25,565	25	27,521	-	27,546

Notes to the financial statements (continued)

For the year ended 30 June 2022

4 Fair value measurement (continued)

Recognised fair value measurements (continued)

	Vanguard International Fixed Interest Index Fund (Hedged)							
	30 Jun 2022				30 Jun 2021			
	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	-	58,778	-	58,778	10	61,786	-	61,796
Fixed interest securities	-	1,812,033	-	1,812,033	-	2,261,818	-	2,261,818
Total	-	1,870,811	-	1,870,811	10	2,323,604	-	2,323,614
Financial liabilities at fair value through profit or loss								
Derivatives	-	88,016	-	88,016	-	99,228	-	99,228
Total	-	88,016	-	88,016	-	99,228	-	99,228

The Funds' policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no changes made to any of the valuation techniques applied as of 30 June 2022.

Transfers between levels

There were no transfers between levels of the fair value hierarchy at the end of the reporting periods 30 June 2022 and 30 June 2021.

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

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

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

	Vanguard 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 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net unrealised gain/(loss) on financial instruments at fair value through profit or loss	(90,536)	(3,766)	(1,165)	(1,625)	603	(3,212)	(103,460)	(4,199)
Net realised gain/(loss) on financial instruments at fair value through profit or loss	12,610	52,440	(5,847)	6,291	100	5,235	17,802	18,460
Total net gains/(losses) on financial instruments at fair value through profit or loss	(77,926)	48,674	(7,012)	4,666	703	2,023	(85,658)	14,261

	Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund		Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)			
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Net unrealised gain/(loss) on financial instruments at fair value through profit or loss			(970,185)	(344,667)	(150,450)	(49,642)	(124,029)	(112,296)
Net realised gain/(loss) on financial instruments at fair value through profit or loss			72,897	255,669	10,213	32,196	(76,852)	103,581
Total net gains/(losses) on financial instruments at fair value through profit or loss			(897,288)	(88,998)	(140,237)	(17,446)	(200,881)	(8,715)

Notes to the financial statements (continued)

For the year ended 30 June 2022

5 Net gains/(losses) on financial instruments 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 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net unrealised gain/(loss) on financial instruments at fair value through profit or loss	(765,393)	(638,482)	(73,639)	(107,095)	(199,525)	(326,785)
Net realised gain/(loss) on financial instruments at fair value through profit or loss	(96,797)	622,310	(3,530)	124,995	19,344	288,814
Total net gains/(losses) on financial instruments at fair value through profit or loss	(862,190)	(16,172)	(77,169)	17,900	(180,181)	(37,971)

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 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000
Financial assets at fair value through profit or loss								
Derivatives	-	-	2	1	40	-	9	20
Fixed interest securities	388,178	908,040	169,390	471,575	357,471	782,811	853,896	820,647
Money market securities	-	-	118,368	105,936	244,883	678,927	4,255	4,539
Total financial assets at fair value through profit or loss	388,178	908,040	287,760	577,512	602,394	1,461,738	858,160	825,206
Comprising:								
Derivatives								
Australian interest rate futures	-	-	-	-	-	-	9	20
Australian money market futures	-	-	2	1	40	-	-	-
Total derivatives	-	-	2	1	40	-	9	20
Fixed interest securities								
Australian fixed interest securities	388,178	908,040	169,390	471,575	357,471	782,811	853,896	820,647
Total fixed interest securities	388,178	908,040	169,390	471,575	357,471	782,811	853,896	820,647
Money market securities								
Australian money market securities	-	-	118,368	105,936	244,883	678,927	4,255	4,539
Total money market securities	-	-	118,368	105,936	244,883	678,927	4,255	4,539
Total financial assets at fair value through profit or loss	388,178	908,040	287,760	577,512	602,394	1,461,738	858,160	825,206

Notes to the financial statements (continued)

For the year ended 30 June 2022

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 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000
Financial assets at fair value through profit or loss						
Derivatives	-	-	-	-	96,895	27,075
Fixed interest securities	6,960,760	9,312,818	1,243,267	1,187,606	1,265,431	1,151,594
Money market securities	5,048	9,131	-	-	-	-
Total financial assets at fair value through profit or loss	6,965,808	9,321,949	1,243,267	1,187,606	1,362,326	1,178,669
Comprising:						
Derivatives						
Foreign currency forward contracts	-	-	-	-	96,663	26,938
Australian interest rate futures	-	-	-	-	8	2
International interest rate futures	-	-	-	-	224	135
Total derivatives	-	-	-	-	96,895	27,075
Fixed interest securities						
Australian fixed interest securities	6,960,760	9,312,818	1,243,267	1,187,606	29,527	42,764
International fixed interest securities	-	-	-	-	1,235,904	1,108,830
Total fixed interest securities	6,960,760	9,312,818	1,243,267	1,187,606	1,265,431	1,151,594
Money market securities						
Australian money market securities	5,048	9,131	-	-	-	-
Total money market securities	5,048	9,131	-	-	-	-
Total financial assets at fair value through profit or loss	6,965,808	9,321,949	1,243,267	1,187,606	1,362,326	1,178,669

Notes to the financial statements (continued)

For the year ended 30 June 2022

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 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000
Financial assets at fair value through profit or loss						
Derivatives	152,288	160,875	10,171	12,484	58,778	61,796
Fixed interest securities	7,233,669	7,243,385	513,173	859,595	1,812,033	2,261,818
Money market securities	-	568	-	-	-	-
Total financial assets at fair value through profit or loss	7,385,957	7,404,828	523,344	872,079	1,870,811	2,323,614
Comprising:						
Derivatives						
Foreign currency forward contracts	152,185	160,866	10,111	12,459	58,778	61,786
Australian interest rate futures	-	8	1	-	-	-
International interest rate futures	103	1	59	25	-	10
Total derivatives	152,288	160,875	10,171	12,484	58,778	61,796
Fixed interest securities						
Australian fixed interest securities	145,092	243,388	10,201	17,148	32,209	37,816
International fixed interest securities	7,088,577	6,999,997	502,972	842,447	1,779,824	2,224,002
Total fixed interest securities	7,233,669	7,243,385	513,173	859,595	1,812,033	2,261,818
Money market securities						
International money market securities	-	568	-	-	-	-
Total money market securities	-	568	-	-	-	-
Total financial assets at fair value through profit or loss	7,385,957	7,404,828	523,344	872,079	1,870,811	2,323,614

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 2022

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 Australian Government Bond Index Fund	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	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	-	-
Fixed interest securities	-	-	-	-	99,710	-	20,454	-
Total financial liabilities at fair value through profit or loss	-	4	-	11	99,710	76	20,454	-
Comprising:								
Derivatives								
Australian interest rate futures	-	-	-	11	-	76	-	-
Australian money market futures	-	4	-	-	-	-	-	-
Total derivatives	-	4	-	11	-	76	-	-
Fixed interest securities								
Australian fixed interest securities	-	-	-	-	99,710	-	20,454	-
Total fixed interest securities	-	-	-	-	99,710	-	20,454	-
Total financial liabilities at fair value through profit or loss	-	4	-	11	99,710	76	20,454	-

	Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)		Vanguard Global Aggregate Bond Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest Index Fund (Hedged)	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	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	137,282	55,140	353,180	282,104	25,565	27,546	88,016	99,228
Fixed interest securities	6,431	-	11,826	-	-	-	-	-
Total financial liabilities at fair value through profit or loss	143,713	55,140	365,006	282,104	25,565	27,546	88,016	99,228
Comprising:								
Derivatives								
Foreign currency forward contracts	137,219	55,057	353,085	282,016	25,528	27,521	88,016	99,228
Australian interest rate futures	-	15	-	-	-	-	-	-
International interest rate futures	63	68	95	88	37	25	-	-
Total derivatives	137,282	55,140	353,180	282,104	25,565	27,546	88,016	99,228
Fixed interest securities								
International fixed interest securities	6,431	-	11,826	-	-	-	-	-
Total fixed interest securities	6,431	-	11,826	-	-	-	-	-
Total financial liabilities at fair value through profit or loss	143,713	55,140	365,006	282,104	25,565	27,546	88,016	99,228

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 2022

8 Derivative financial instruments

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

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

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

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

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

The Funds hold the following derivative instruments:

Forward currency contracts

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

Futures

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

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

	Vanguard Short Term Fixed Interest Fund					
	2022			2021		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Australian money market futures	8,753	2	-	39,984	1	-
Total	8,753	2	-	39,984	1	-

	Vanguard Cash Reserve Fund					
	2022			2021		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Australian money market futures	63,213	40	-	283,886	-	4
Total	63,213	40	-	283,886	-	4

	Vanguard Australian Corporate Fixed Interest Index Fund					
	2022			2021		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Australian interest rate futures	873	9	-	4,699	20	11
Total	873	9	-	4,699	20	11

Notes to the financial statements (continued)

For the year ended 30 June 2022

8 Derivative financial instruments (continued)

	Vanguard Australian Fixed Interest Index Fund					
	2022			2021		
	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

	Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)					
	2022			2021		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Forward currency contracts	14,139,681	96,663	137,219	7,768,522	26,938	55,057
Australian interest rate futures	3,192	8	-	5,966	2	15
International interest rate futures	24,118	224	63	19,034	135	68
Total	14,166,991	96,895	137,282	7,793,522	27,075	55,140

	Vanguard Global Aggregate Bond Index Fund (Hedged)					
	2022			2021		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Forward currency contracts	34,676,006	152,185	353,085	31,687,292	160,866	282,016
Australian interest rate futures	-	-	-	(2,166)	8	-
International interest rate futures	(18,467)	103	95	(92,368)	1	88
Total	34,657,539	152,288	353,180	31,592,758	160,875	282,104

	Vanguard International Credit Securities Index Fund (Hedged)					
	2022			2021		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Forward currency contracts	2,412,040	10,111	25,528	3,849,097	12,459	27,522
Australian interest rate futures	97	1	-	-	-	-
International interest rate futures	1,894	59	37	(2,283)	25	25
Total	2,414,031	10,171	25,565	3,846,814	12,484	27,547

	Vanguard International Fixed Interest Index Fund (Hedged)					
	2022			2021		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Forward currency contracts	9,493,642	58,778	88,016	11,981,758	61,786	99,228
International interest rate futures	(1,523)	-	-	(2,584)	10	-
Total	9,492,119	58,778	88,016	11,979,174	61,796	99,228

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.

Notes to the financial statements (continued)

For the year ended 30 June 2022

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 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	No. '000	No. '000	\$'000	\$'000	No. '000	No. '000	\$'000	\$'000
Balance as at 1 July	723,548	748,322	897,897	912,601	571,214	1,154,879	580,635	1,177,916
Applications	99,419	356,183	120,397	447,445	653,410	396,012	664,036	404,096
Redemptions	(479,556)	(390,091)	(556,743)	(489,379)	(940,057)	(982,980)	(948,939)	(1,002,530)
Units issued upon reinvestment of distributions	14,545	9,134	17,919	11,256	1,025	3,303	1,041	3,369
Distributions paid and payable	-	-	(11,019)	(29,809)	-	-	(627)	(4,822)
Profit/(loss) for the year	-	-	(80,186)	45,783	-	-	(8,594)	2,606
Closing balance as at 30 June	357,956	723,548	388,265	897,897	285,592	571,214	287,552	580,635

	Vanguard Cash Reserve Fund			
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	No. '000	No. '000	\$'000	\$'000
Balance as at 1 July	1,598,373	1,628,951	1,602,302	1,633,437
Applications	156,923	573,606	157,240	575,279
Redemptions	(1,154,866)	(604,816)	(1,156,427)	(606,579)
Units issued upon reinvestment of distributions	149	632	150	634
Distributions paid and payable	-	-	(329)	(3)
Profit/(loss) for the year	-	-	(1,433)	(466)
Closing balance as at 30 June	600,579	1,598,373	601,503	1,602,302

	Vanguard Australian Corporate Fixed Interest Index Fund							
	Wholesale Class				ETF Class			
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
No. '000	No. '000	\$'000	\$'000	No. '000	No. '000	\$'000	\$'000	
Balance as at 1 July	221,739	207,306	241,946	225,342	11,047	6,319	584,705	333,059
Applications	113,532	46,649	119,406	51,364	1,885	4,720	100,054	252,319
Redemptions	(31,442)	(32,539)	(32,921)	(35,753)	(1,145)	-	(56,602)	-
Units issued upon reinvestment of distributions	178	323	190	354	6	8	335	417
Increase/(decrease) in net assets attributable to unitholders	-	-	(30,816)	639	-	-	(68,166)	(1,090)
Closing balance as at 30 June	304,007	221,739	297,805	241,946	11,793	11,047	560,326	584,705

	Vanguard Australian Fixed Interest Index Fund							
	Wholesale Class				ETF Class			
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
No. '000	No. '000	\$'000	\$'000	No. '000	No. '000	\$'000	\$'000	
Balance as at 1 July	6,784,048	5,703,608	7,841,290	6,842,756	28,592	26,543	1,436,595	1,384,412
Applications	1,474,203	2,173,608	1,660,915	2,581,662	4,610	3,640	206,077	190,384
Redemptions	(2,979,150)	(1,203,645)	(3,267,763)	(1,421,451)	(1,575)	(1,645)	(76,231)	(82,797)
Units issued upon reinvestment of distributions	98,125	110,477	110,909	131,602	51	54	2,513	2,794
Increase/(decrease) in net assets attributable to unitholders	-	-	(878,306)	(293,279)	-	-	(168,064)	(58,198)
Closing balance as at 30 June	5,377,226	6,784,048	5,467,045	7,841,290	31,678	28,592	1,400,890	1,436,595

Notes to the financial statements (continued)

For the year ended 30 June 2022

9 Net assets attributable to unitholders (continued)

	Vanguard Australian Government Bond Index Fund							
	Wholesale Class				ETF Class			
	30 Jun 2022 No. '000	30 Jun 2021 No. '000	30 Jun 2022 \$'000	30 Jun 2021 \$'000	30 Jun 2022 No. '000	30 Jun 2021 No. '000	30 Jun 2022 \$'000	30 Jun 2021 \$'000
Balance as at 1 July	604,349	578,623	646,659	648,512	10,499	9,501	538,977	507,269
Applications	276,308	260,566	278,305	285,240	3,630	1,845	171,324	98,454
Redemptions	(248,524)	(246,710)	(245,851)	(271,306)	(390)	(870)	(19,371)	(44,949)
Units issued upon reinvestment of distributions	3,949	11,870	4,161	13,177	11	23	553	1,210
Increase/(decrease) in net assets attributable to unitholders	-	-	(82,554)	(28,964)	-	-	(68,417)	(23,007)
Closing balance as at 30 June	636,082	604,349	600,720	646,659	13,750	10,499	623,066	538,977

	Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)							
	ETF Class				AUD Hedged Class			
	30 Jun 2022 No. '000	30 Jun 2021 No. '000	30 Jun 2022 \$'000	30 Jun 2021 \$'000	30 Jun 2022 No. '000	30 Jun 2021 No. '000	30 Jun 2022 \$'000	30 Jun 2021 \$'000
Balance as at 1 July	1,216	335	56,487	18,251	194,510	102,858	181,131	113,090
Applications	720	890	35,106	46,549	89,483	102,373	86,574	108,529
Redemptions	(605)	(15)	(26,884)	(775)	(225,516)	(25,467)	(205,400)	(27,512)
Units issued upon reinvestment of distributions	1	6	54	319	2,318	14,746	2,267	15,107
Increase/(decrease) in net assets attributable to unitholders	-	-	(11,886)	(7,857)	-	-	(18,797)	(28,083)
Closing balance as at 30 June	1,332	1,216	52,877	56,487	60,795	194,510	45,775	181,131

	NZD Hedged Class			
	30 Jun 2022 No. '000	30 Jun 2021 No. '000	30 Jun 2022 \$'000	30 Jun 2021 \$'000
	Balance as at 1 July	1,018,401	780,331	913,640
Applications	792,936	413,651	686,473	391,027
Redemptions	(304,086)	(255,920)	(244,439)	(240,308)
Units issued upon reinvestment of distributions	14,865	80,339	13,006	73,962
Increase/(decrease) in net assets attributable to unitholders	-	-	(196,944)	(84,948)
Closing balance as at 30 June	1,522,116	1,018,401	1,171,736	913,640

	Vanguard Global Aggregate Bond Index Fund (Hedged)							
	Wholesale Class				ETF Class			
	30 Jun 2022 No. '000	30 Jun 2021 No. '000	30 Jun 2022 \$'000	30 Jun 2021 \$'000	30 Jun 2022 No. '000	30 Jun 2021 No. '000	30 Jun 2022 \$'000	30 Jun 2021 \$'000
Balance as at 1 July	6,935,202	4,687,478	6,681,021	5,063,785	7,929	2,808	382,745	151,471
Applications	2,200,248	2,922,020	2,085,413	3,037,727	3,395	5,115	160,124	265,853
Redemptions	(1,306,390)	(1,328,216)	(1,215,414)	(1,395,051)	(260)	(25)	(12,338)	(1,277)
Units issued upon reinvestment of distributions	107,895	653,920	102,168	656,356	35	31	1,645	1,567
Increase/(decrease) in net assets attributable to unitholders	-	-	(926,162)	(681,796)	-	-	(60,523)	(34,869)
Closing balance as at 30 June	7,936,955	6,935,202	6,727,026	6,681,021	11,099	7,929	471,653	382,745

Notes to the financial statements (continued)

For the year ended 30 June 2022

9 Net assets attributable to unitholders (continued)

	Vanguard International Credit Securities Index Fund (Hedged)							
	Wholesale Class				ETF Class			
	30 Jun 2022 No. '000	30 Jun 2021 No. '000	30 Jun 2022 \$'000	30 Jun 2021 \$'000	30 Jun 2022 No. '000	30 Jun 2021 No. '000	30 Jun 2022 \$'000	30 Jun 2021 \$'000
Balance as at 1 July	599,699	592,733	654,203	724,918	4,485	3,518	202,137	177,451
Applications	67,713	159,133	71,478	184,726	665	965	29,049	46,713
Redemptions	(324,912)	(180,847)	(346,641)	(207,473)	(265)	(25)	(11,623)	(1,179)
Units issued upon reinvestment of distributions	5,359	28,680	5,778	32,863	5	27	219	1,281
Increase/(decrease) in net assets attributable to unitholders	-	-	(61,023)	(80,831)	-	-	(31,518)	(22,129)
Closing balance as at 30 June	347,859	599,699	323,795	654,203	4,890	4,485	188,264	202,137

	Vanguard International Fixed Interest Index Fund (Hedged)							
	Wholesale Class				ETF Class			
	30 Jun 2022 No. '000	30 Jun 2021 No. '000	30 Jun 2022 \$'000	30 Jun 2021 \$'000	30 Jun 2022 No. '000	30 Jun 2021 No. '000	30 Jun 2022 \$'000	30 Jun 2021 \$'000
Balance as at 1 July	1,546,729	1,584,735	1,660,161	1,950,332	13,680	9,816	605,193	496,801
Applications	388,756	522,253	412,575	599,925	2,480	3,945	107,779	191,999
Redemptions	(701,760)	(617,741)	(742,102)	(699,573)	(580)	(155)	(25,433)	(7,424)
Units issued upon reinvestment of distributions	4,310	57,482	4,564	66,021	8	74	332	3,456
Increase/(decrease) in net assets attributable to unitholders	-	-	(143,940)	(256,544)	-	-	(69,947)	(79,639)
Closing balance as at 30 June	1,238,035	1,546,729	1,191,258	1,660,161	15,588	13,680	617,924	605,193

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.

Notes to the financial statements (continued)

For the year ended 30 June 2022

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 2022		30 Jun 2021		30 Jun 2022		30 Jun 2021	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 31 July	-	-	-	-	24	0.0042	800	0.0642
- 31 August	-	-	-	-	26	0.0034	242	0.0191
- 30 September	6,018	0.8271	942	0.1135	7	0.0009	367	0.0263
- 31 October	-	-	-	-	-	-	225	0.0203
- 30 November	-	-	-	-	-	-	515	0.0465
- 31 December	2,688	0.3785	4,284	0.4966	230	0.0225	-	-
- 31 January	-	-	-	-	85	0.0083	885	0.1287
- 28 February	-	-	-	-	104	0.0102	260	0.0391
- 31 March	2,313	0.3628	9,454	1.2826	151	0.0149	127	0.0197
- 30 April	-	-	-	-	-	-	174	0.0270
- 31 May	-	-	-	-	-	-	92	0.0145
Distributions payable								
- 30 June	-	-	15,129	2.0910	-	-	1,135	0.1986
	11,019	1.5684	29,809	3.9837	627	0.0644	4,822	0.6040

	Vanguard Cash Reserve Fund			
	30 Jun 2022		30 Jun 2021	
	\$'000	CPU	\$'000	CPU
Distributions paid				
- 31 July	-	-	3	0.0002
- 31 May	196	0.0317	-	-
Distributions payable				
- 30 June	133	0.0221	-	-
	329	0.0538	3	0.0002

	Vanguard Australian Corporate Fixed Interest Index Fund							
	Wholesale Class				ETF Class			
	30 Jun 2022		30 Jun 2021		30 Jun 2022		30 Jun 2021	
\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	
Distributions paid								
- 30 September	989	0.4307	968	0.4626	2,607	21.1889	1,593	21.8718
- 31 December	907	0.3901	1,152	0.5486	2,487	19.2279	2,274	25.9189
- 31 March	1,170	0.4095	1,094	0.5136	2,614	21.4087	2,484	25.3455
Distributions payable								
- 30 June	189	0.0622	1,070	0.4825	413	3.4231	2,575	23.2433
	3,255	1.2925	4,284	2.0073	8,121	65.2486	8,926	96.3795

Notes to the financial statements (continued)

For the year ended 30 June 2022

10 Distributions to unitholders paid and payable (continued)

	Vanguard Australian Fixed Interest Index Fund							
	Wholesale Class				ETF Class			
	30 Jun 2022		30 Jun 2021		30 Jun 2022		30 Jun 2021	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 30 September	26,376	0.3747	48,233	0.8079	4,299	15.4579	9,234	33.9368
- 31 December	58,956	0.9155	60,337	0.9330	11,404	40.9504	12,367	41.5627
- 31 March	26,104	0.4112	32,829	0.4911	5,031	17.9300	6,590	22.5512
Distributions payable								
- 30 June	-	-	60,574	0.8929	-	-	11,452	39.6978
	111,436	1.7014	201,973	3.1249	20,734	74.3383	39,643	137.7485

	Vanguard Australian Government Bond Index Fund							
	Wholesale Class				ETF Class			
	30 Jun 2022		30 Jun 2021		30 Jun 2022		30 Jun 2021	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 30 September	1,471	0.2399	8,017	1.4806	1,204	11.9134	3,065	28.7826
- 31 December	1,619	0.2572	5,199	0.9257	1,361	12.7601	4,962	45.6386
- 31 March	1,307	0.1862	2,030	0.3649	1,160	9.9360	2,063	19.3338
Distributions payable								
- 30 June	-	-	3,413	0.5648	-	-	3,144	29.5927
	4,397	0.6833	18,659	3.3360	3,725	34.6095	13,234	123.3477

	Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)							
	ETF Class				AUD Hedged Class			
	30 Jun 2022		30 Jun 2021		30 Jun 2022		30 Jun 2021	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 30 September	114	7.1078	576	156.2008	387	0.1727	3,128	2.6208
- 31 December	289	16.0291	442	64.4200	774	0.3134	2,793	1.9879
- 31 March	222	11.8630	2,619	250.0386	5,243	2.1010	8,839	5.5708
Distributions payable								
- 30 June	203	14.8651	378	30.6786	1,953	3.2129	1,222	0.6285
	828	49.8650	4,015	501.3380	8,357	5.8000	15,982	10.8080

	NZD Hedged Class							
	30 Jun 2022				30 Jun 2021			
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 30 September	1,877	0.1580	16,418	1.8838	3,522	0.2525	27,631	3.0784
- 31 December	3,522	0.2525	27,631	3.0784	3,173	0.2063	39,907	4.4346
- 31 March	3,173	0.2063	39,907	4.4346				
Distributions payable								
- 30 June	5,131	0.3371	5,109	0.5017				
	13,703	0.9539	89,065	9.8985				

Notes to the financial statements (continued)

For the year ended 30 June 2022

10 Distributions to unitholders paid and payable (continued)

	Vanguard Global Aggregate Bond Index Fund (Hedged)							
	Wholesale Class				ETF Class			
	30 Jun 2022		30 Jun 2021		30 Jun 2022		30 Jun 2021	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 30 September	15,846	0.2028	157,701	3.1501	937	10.0682	5,501	151.8773
- 31 December	28,902	0.3717	108,926	1.9640	1,781	18.6463	5,740	94.9284
- 31 March	22,761	0.2830	349,044	5.7926	1,518	14.4688	19,081	282.5720
Distributions payable								
- 30 June	30,736	0.3873	37,441	0.5399	2,083	18.6574	2,158	27.0685
	98,245	1.2448	653,112	11.4466	6,319	61.8407	32,480	556.4462

	Vanguard International Credit Securities Index Fund (Hedged)							
	Wholesale Class				ETF Class			
	30 Jun 2022		30 Jun 2021		30 Jun 2022		30 Jun 2021	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 30 September	1,894	0.4312	31,869	5.5508	729	15.7950	8,406	229.4867
- 31 December	2,767	0.6881	20,108	3.2949	1,352	28.4847	4,812	121.6496
- 31 March	1,844	0.4568	32,992	5.3240	911	18.6772	9,700	224.4084
Distributions payable								
- 30 June	2,407	0.6919	7,753	1.2928	1,356	27.6046	2,406	53.5524
	8,912	2.2680	92,722	15.4625	4,348	90.5615	25,324	629.0971

	Vanguard International Fixed Interest Index Fund (Hedged)							
	Wholesale Class				ETF Class			
	30 Jun 2022		30 Jun 2021		30 Jun 2022		30 Jun 2021	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 30 September	2,225	0.1429	61,121	3.9180	844	6.0485	16,534	148.3558
- 31 December	4,309	0.3323	37,750	2.3573	2,114	14.2777	12,303	99.9824
- 31 March	2,670	0.2083	116,668	6.9804	1,297	8.4537	37,571	289.9980
Distributions payable								
- 30 June	9,408	0.7599	7,243	0.4683	5,422	34.6728	2,590	18.7923
	18,612	1.4434	222,782	13.7240	9,677	63.4527	68,998	557.1285

Notes to the financial statements (continued)

For the year ended 30 June 2022

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 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Domestic cash at bank	505	405	22	3,851	27	127,172	2,131	1,443
Total cash and cash equivalents	505	405	22	3,851	27	127,172	2,131	1,443

	Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund		Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Domestic cash at bank	15,312	45,037	3,159	893	129	16,478
Foreign cash at bank	-	-	-	-	11,177	28,270
Total cash and cash equivalents	15,312	45,037	3,159	893	11,306	44,748

	Vanguard Global Aggregate Bond Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest Index Fund (Hedged)	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Domestic cash at bank	356	105,985	3,448	4,134	3,195	15,043
Foreign cash at bank	99,845	170,321	1,888	7,645	5,206	6,010
Total cash and cash equivalents	100,201	276,306	5,336	11,779	8,401	21,053

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 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

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

Profit/(loss) for the year	(80,186)	45,783	(8,594)	2,606	(1,433)	(466)	-	-
Increase/(decrease) in net assets attributable to unitholders	-	-	-	-	-	-	(98,982)	(451)
Distribution to unitholders	-	-	-	-	-	-	11,376	13,210
Proceeds from sale of financial instruments at fair value through profit or loss	626,641	658,040	2,238,509	2,117,015	5,268,321	4,452,106	230,676	153,234
Purchases of financial instruments at fair value through profit or loss	(179,882)	(608,488)	(1,955,763)	(1,508,087)	(4,411,322)	(5,187,496)	(349,864)	(401,265)
Net (gains)/losses on financial instruments at fair value through profit or loss	77,926	(48,674)	7,012	(4,666)	(703)	(2,023)	85,658	(14,261)
Net change in receivables	18	(11)	(2)	31	10	(6)	13	(46)
Net change in payables	(111)	(10)	(48)	(183)	(118)	(8)	(29)	54
Net cash inflow/(outflow) from operating activities	444,406	46,640	281,114	606,716	854,755	(737,893)	(121,152)	(249,525)

(b) Non-cash financing activities

During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	17,919	11,256	1,041	3,369	150	634	525	771
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Notes to the financial statements (continued)

For the year ended 30 June 2022

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

	Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund		Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)	
	30 Jun 2022 \$'000	30 Jun 2021 \$'000	30 Jun 2022 \$'000	30 Jun 2021 \$'000	30 Jun 2022 \$'000	30 Jun 2021 \$'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities						
Increase/(decrease) in net assets attributable to unitholders	(1,046,370)	(351,477)	(150,971)	(51,971)	(227,627)	(120,888)
Distribution to unitholders	132,170	241,616	8,122	31,893	22,888	109,062
Proceeds from sale of financial instruments at fair value through profit or loss	3,432,587	2,560,769	273,212	495,539	1,452,049	1,277,220
Purchases of financial instruments at fair value through profit or loss	(1,875,626)	(3,619,335)	(438,145)	(543,186)	(1,789,355)	(1,487,877)
Net (gains)/losses on financial instruments at fair value through profit or loss	897,288	88,998	140,237	17,446	200,881	8,715
Net change in receivables	125	(85)	-	(7)	134	(266)
Net change in payables	(767)	202	3	(2)	100	401
Net cash inflow/(outflow) from operating activities	1,539,407	(1,079,312)	(167,542)	(50,288)	(340,930)	(213,633)

(b) Non-cash financing activities

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

	113,422	134,396	4,714	14,387	15,327	89,388
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	Vanguard Global Aggregate Bond Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest Index Fund (Hedged)	
	30 Jun 2022 \$'000	30 Jun 2021 \$'000	30 Jun 2022 \$'000	30 Jun 2021 \$'000	30 Jun 2022 \$'000	30 Jun 2021 \$'000

(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities						
Increase/(decrease) in net assets attributable to unitholders	(986,685)	(716,665)	(92,541)	(102,960)	(213,887)	(336,183)
Distribution to unitholders	104,564	685,592	13,260	118,046	28,289	291,780
Proceeds from sale of financial instruments at fair value through profit or loss	6,718,245	7,189,807	550,810	516,580	1,192,324	1,521,813
Purchases of financial instruments at fair value through profit or loss	(7,872,443)	(8,931,788)	(283,326)	(447,883)	(923,347)	(1,302,905)
Net (gains)/losses on financial instruments at fair value through profit or loss	862,190	16,172	77,169	(17,900)	180,181	37,971
Net change in receivables	(403)	(325)	22	(6)	7	(105)
Net change in payables	1,365	1,370	(61)	10	(106)	307
Net cash inflow/(outflow) from operating activities	(1,173,167)	(1,755,837)	265,333	65,887	263,461	212,678

(b) Non-cash financing activities

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

	103,813	657,923	5,997	34,144	4,896	69,477
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Notes to the financial statements (continued)

For the year ended 30 June 2022

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 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	\$	\$	\$	\$
Auditors of the Funds - PwC				
Audit and review of financial statements	17,095	19,265	21,443	23,613
Other assurance services				
Audit of compliance plan, specified assertions report and internal controls report	9,598	10,451	9,598	10,451
Other non-audit services				
Tax compliance services	8,829	10,020	8,829	10,020
Total services provided by PwC	35,522	39,736	39,870	44,084

	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 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	\$	\$	\$	\$	\$	\$	\$	\$
Auditors of the Funds - PwC								
Audit and review of financial statements	17,346	19,516	18,595	20,765	21,095	23,265	21,095	23,265
Other assurance services								
Audit of compliance plan, specified assertions report and internal controls report	9,598	10,451	9,598	10,451	9,598	10,451	9,598	10,451
Other non-audit services								
Tax compliance services	8,829	10,020	8,829	10,020	8,829	10,020	8,829	10,020
Total services provided by PwC	35,773	39,987	37,022	41,236	39,522	43,736	39,522	43,736

	Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)		Vanguard Global Aggregate Bond Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest Index Fund (Hedged)	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	\$	\$	\$	\$	\$	\$	\$	\$
Auditors of the Funds - PwC								
Audit and review of financial statements	28,595	30,765	29,095	31,265	26,095	28,265	30,095	32,265
Other assurance services								
Audit of compliance plan, specified assertions report and internal controls report	9,598	10,451	9,598	10,451	9,598	10,451	9,598	10,451
Other non-audit services								
Tax compliance services	22,821	23,885	8,829	10,020	8,829	10,020	8,829	10,020
Total services provided by PwC	61,014	65,101	47,522	51,736	44,522	48,736	48,522	52,736

Notes to the financial statements (continued)

For the year ended 30 June 2022

14 Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factors in deciding who controls the entity, or when voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Funds. The Funds consider investments in unit trusts, managed funds, and asset-backed securities to be structured entities. The Funds have exposures to unconsolidated structured entities through their investment activities and these have been accounted for as financial assets at fair value through profit or loss. The nature and extent of the Funds' interests in related unconsolidated structured entities are units in underlying funds and are summarised in note 15. There are no significant interests in unrelated unconsolidated structured entities held by the Funds as at the reporting date.

The Funds' maximum exposure to loss is restricted to the carrying value of the assets. Exposure to trading assets is managed in accordance with financial risk management practices as set out in note 3, which includes an indication of changes in risk measures compared to prior year.

During the year, the Funds have not provided any financial or other support to unconsolidated structured entities and have no intention of providing financial or other support to unconsolidated structured entities in the future.

15 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 Platt (Resigned 21 January 2022)

F Kolimago (Resigned 15 October 2021)

C Mclsaac (Resigned 21 January 2022)

C Cosby (Resigned 31 December 2021)

D Shrimski

J Bendl (Appointed 21 January 2022)

C Jacques (Appointed 21 January 2022)

K Petersen (Appointed 21 January 2022)

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

Transactions with key management personnel

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

Key management personnel unitholdings

The key management personnel of Vanguard Investments Australia Ltd (VIA) did not hold any units in the Funds during the financial year ended 30 June 2022 and 30 June 2021.

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.

Notes to the financial statements (continued)

For the year ended 30 June 2022

15 Related party transactions (continued)

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 2022, 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	
	2022 % per annum	2021 % per annum
Vanguard Australian Inflation-Linked Bond Index Fund	0.29	0.29
Vanguard Short Term Fixed Interest Fund	0.19	0.19
Vanguard Cash Reserve Fund	0.15	0.15
Vanguard Australian Corporate Fixed Interest Index Fund - Wholesale Class	0.24	0.29
Vanguard Australian Corporate Fixed Interest Index Fund - ETF Class	0.20	0.26
Vanguard Australian Fixed Interest Index Fund - Wholesale Class	0.19	0.24
Vanguard Australian Fixed Interest Index Fund - ETF Class	0.15	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

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 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	\$	\$	\$	\$	\$	\$	\$	\$
Responsible Entity's fees for the year	2,249,761	2,944,292	1,567,427	2,052,918	2,116,415	2,432,499	2,033,327	1,865,074
Total fees payable to the Responsible Entity at year end	92,756	204,014	45,931	94,111	75,746	194,526	151,023	179,635

	Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund		Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	\$	\$	\$	\$	\$	\$
Responsible Entity's fees for the year	17,073,923	21,035,048	2,652,834	2,590,607	3,935,739	2,873,924
Total fees payable to the Responsible Entity at year end	1,027,646	1,794,454	215,116	211,494	306,363	239,155

Notes to the financial statements (continued)

For the year ended 30 June 2022

15 Related party transactions (continued)

Responsible Entity's fees and other transactions (continued)

	Vanguard Global Aggregate Bond Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest Index Fund (Hedged)	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	\$	\$	\$	\$	\$	\$
Responsible Entity's fees for the year	18,461,738	14,771,031	2,055,131	2,835,278	5,043,085	6,031,316
Total fees payable to the Responsible Entity at year end	1,435,440	1,381,252	132,585	224,914	360,121	468,262

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 and information about the Funds' interests in unconsolidated structured entities is included in the following tables. The fair values of a Fund's investments in each of its underlying funds represent the Fund's maximum exposure in these underlying funds.

Vanguard Short Term Fixed Interest Fund								
30 Jun 2022 Unitholder	Number of units held opening Units	Number of units held closing Units	Country of Establishment and Principal Place of Business	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 Investor Short Term Fixed Interest Fund	18,661,704	15,510,322	Australia	15,615,792	5.43	710,330	3,861,712	10,524

Vanguard Short Term Fixed Interest Fund								
30 Jun 2021 Unitholder	Number of units held opening Units	Number of units held closing Units	Country of Establishment and Principal Place of Business	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 Investor Short Term Fixed Interest Fund	27,158,302	18,661,704	Australia	18,965,890	3.27	2,394,545	10,891,143	134,301
Vanguard LifeStrategy® Conservative Fund	5,625,976	-	Australia	-	-	365,764	5,991,740	6,214
Vanguard Conservative Index Fund	255,192,824	-	Australia	-	-	25,327,895	280,520,719	294,934

Vanguard Cash Reserve Fund								
30 Jun 2022 Unitholder	Number of units held opening Units	Number of units held closing Units	Country of Establishment and Principal Place of Business	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	4,398,420	Australia	4,405,457	0.73	295,711	1,448,907	2,458
Vanguard Conservative Index Fund	313,267,228	320,176,793	Australia	320,689,077	53.31	40,675,034	33,765,469	176,761

Vanguard Cash Reserve Fund								
30 Jun 2021 Unitholder	Number of units held opening Units	Number of units held closing Units	Country of Establishment and Principal Place of Business	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	Australia	5,565,495	0.35	6,391,877	840,261	-
Vanguard Conservative Index Fund	-	313,267,228	Australia	314,050,396	19.60	357,150,262	43,883,034	-

Notes to the financial statements (continued)

For the year ended 30 June 2022

15 Related party transactions (continued)

Related party unitholdings (continued)

Vanguard Australian Corporate Fixed Interest Index Fund								
30 Jun 2021 Unitholder	Number of units held opening Units	Number of units held closing Units	Country of Establishment and Principal Place of Business	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	-	Australia	-	-	91,435	1,203,490	-

Vanguard Australian Fixed Interest Index Fund								
30 Jun 2022 Unitholder	Number of units held opening Units	Number of units held closing Units	Country of Establishment and Principal Place of Business	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	18,300,660	16,350,098	Australia	16,626,415	0.30	1,303,675	3,254,237	298,890
Vanguard LifeStrategy® Conservative Fund	8,553,972	7,889,907	Australia	8,023,246	0.15	755,988	1,420,053	146,069
Vanguard LifeStrategy® Balanced Fund	23,465,620	23,211,285	Australia	23,603,557	0.43	2,778,796	3,033,131	420,278
Vanguard LifeStrategy® Growth Fund	21,757,799	23,102,219	Australia	23,492,646	0.43	4,507,848	3,163,428	405,458
Vanguard LifeStrategy® High Growth Fund	9,340,958	10,073,444	Australia	10,243,686	0.19	3,347,429	2,614,943	172,666
Vanguard Conservative Index Fund	482,128,786	563,068,993	Australia	572,584,859	10.47	105,617,272	24,677,065	9,431,614
Vanguard Balanced Index Fund	912,936,265	1,112,878,477	Australia	1,131,686,124	20.70	276,736,176	76,793,964	18,526,715
Vanguard Growth Index Fund	585,022,822	747,984,599	Australia	760,625,539	13.91	225,723,275	62,761,498	12,219,980
Vanguard High Growth Index Fund	136,520,590	181,940,614	Australia	185,015,411	3.38	60,454,952	15,034,928	2,970,437
Vanguard Diversified Bond Index Fund	80,211,892	88,218,043	Australia	89,708,928	1.64	18,330,501	10,324,350	1,481,534

Vanguard Australian Fixed Interest Index Fund								
30 Jun 2021 Unitholder	Number of units held opening Units	Number of units held closing Units	Country of Establishment and Principal Place of Business	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	Australia	21,155,563	0.27	5,280,636	7,304,495	624,253
Vanguard LifeStrategy® Conservative Fund	8,412,361	8,553,972	Australia	9,888,391	0.13	2,631,113	2,489,502	268,112
Vanguard LifeStrategy® Balanced Fund	19,494,401	23,465,620	Australia	27,126,257	0.35	6,868,797	2,897,578	687,817
Vanguard LifeStrategy® Growth Fund	17,273,667	21,757,799	Australia	25,152,015	0.32	7,320,218	2,836,086	623,725
Vanguard LifeStrategy® High Growth Fund	6,644,034	9,340,958	Australia	10,798,148	0.14	4,410,825	1,713,901	255,980
Vanguard Conservative Index Fund	386,607,604	482,128,786	Australia	557,340,877	7.11	194,856,578	99,335,396	14,022,552
Vanguard Balanced Index Fund	664,165,513	912,936,265	Australia	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	Australia	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	Australia	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	Australia	92,724,948	1.18	23,569,861	10,206,981	2,374,860
Vanguard Managed Payout Fund	1,987,172	-	Australia	-	-	123,135	2,110,307	-

Notes to the financial statements (continued)

For the year ended 30 June 2022

15 Related party transactions (continued)

Related party unitholdings (continued)

Vanguard Global Aggregate Bond Index Fund (Hedged)								
30 Jun 2022 Unitholder	Number of units held opening Units	Number of units held closing Units	Country of Establishment and Principal Place of Business	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	51,340,890	45,497,149	Australia	38,549,735	0.57	2,127,704	7,971,445	594,764
Vanguard LifeStrategy® Conservative Fund	24,014,907	21,881,673	Australia	18,540,341	0.28	1,214,589	3,347,823	289,453
Vanguard LifeStrategy® Balanced Fund	66,093,757	64,877,090	Australia	54,970,358	0.82	9,212,868	10,429,535	837,219
Vanguard LifeStrategy® Growth Fund	61,650,445	64,572,768	Australia	54,712,506	0.81	11,434,423	8,512,100	812,253
Vanguard LifeStrategy® High Growth Fund	26,423,559	28,156,477	Australia	23,856,983	0.35	7,362,323	5,629,405	352,774
Vanguard Conservative Index Fund	1,351,608,087	1,573,830,317	Australia	1,333,506,428	19.83	312,145,238	89,923,008	19,378,927
Vanguard Balanced Index Fund	2,574,150,658	3,110,694,292	Australia	2,635,691,274	39.19	775,534,667	238,991,033	38,198,030
Vanguard Growth Index Fund	1,641,797,760	2,090,821,460	Australia	1,771,553,023	26.34	663,699,535	214,675,835	25,416,017
Vanguard High Growth Index Fund	383,709,032	508,597,541	Australia	430,934,696	6.41	171,762,256	46,873,747	6,094,157
Vanguard Diversified Bond Index Fund	225,846,094	245,595,477	Australia	208,093,048	3.09	38,528,989	18,779,606	3,031,119

Vanguard Global Aggregate Bond Index Fund (Hedged)								
30 Jun 2021 Unitholder	Number of units held opening Units	Number of units held closing Units	Country of Establishment and Principal Place of Business	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	Australia	49,431,009	0.74	11,170,052	13,029,564	6,081,999
Vanguard LifeStrategy® Conservative Fund	21,923,130	24,014,907	Australia	23,121,552	0.35	7,967,617	5,875,840	2,619,075
Vanguard LifeStrategy® Balanced Fund	50,319,984	66,093,757	Australia	63,635,069	0.95	28,501,589	12,727,816	6,661,357
Vanguard LifeStrategy® Growth Fund	44,557,622	61,650,445	Australia	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	Australia	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	Australia	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	Australia	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	Australia	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	Australia	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	Australia	217,444,619	3.26	69,561,050	17,220,288	22,715,120

Vanguard International Fixed Interest Index Fund (Hedged)								
30 Jun 2021 Unitholder	Number of units held opening Units	Number of units held closing Units	Country of Establishment and Principal Place of Business	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	-	Australia	-	-	284,778	3,345,306	-

Investments

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

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

Other transactions within the Funds

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

Notes to the financial statements (continued)

For the year ended 30 June 2022

16 Responsible Entity's fees

	Vanguard Australian Inflation-Linked Bond Index Fund		Vanguard Short Term Fixed Interest Fund		Vanguard Cash Reserve Fund	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Responsible Entity's fees incurred by the Funds	2,250	2,944	1,567	2,053	2,116	2,432
Management costs per annum	0.29%	0.29%	0.19%	0.19%	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 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Responsible Entity's fees incurred by the Funds	679	673	1,354	1,192	14,833	18,078	2,241	2,957
Management costs per annum	0.24%	0.29%	0.20%	0.26%	0.19%	0.24%	0.15%	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 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Responsible Entity's fees incurred by the Funds	1,563	1,472	1,090	1,119	17,549	14,199	913	572
Management costs per annum	0.24%	0.24%	0.20%	0.20%	0.24%	0.24%	0.20%	0.20%

	Vanguard International Credit Securities Index Fund (Hedged)				Vanguard International Fixed Interest Index Fund (Hedged)			
	Wholesale Class		ETF Class		Wholesale Class		ETF Class	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Responsible Entity's fees incurred by the Funds	1,443	2,257	612	578	3,771	4,902	1,272	1,129
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 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Responsible Entity's fees incurred by the Funds	198	99	509	409	3,229	2,366
Management costs per annum	0.26%	0.26%	0.28%	0.28%	0.28%	0.28%

Notes to the financial statements (continued)

For the year ended 30 June 2022

17 Interest income

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

	2022			2021		
	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	748,047	12,158	1.63%	1,003,158	15,747	1.57%
Vanguard Short Term Fixed Interest Fund						
Fixed interest securities - domestic	786,913	14,552	1.85%	831,158	20,620	2.48%
Vanguard Cash Reserve Fund						
Fixed interest securities - domestic	1,068,088	11,494	1.08%	1,200,608	10,675	0.89%
Vanguard Australian Corporate Fixed Interest Index Fund						
Fixed interest securities - domestic	898,865	28,156	3.13%	700,244	21,909	3.13%
Vanguard Australian Fixed Interest Index Fund						
Fixed interest securities - domestic	8,504,000	234,126	2.75%	9,035,026	256,293	2.84%
Vanguard Australian Government Bond Index Fund						
Fixed interest securities - domestic	1,201,449	31,382	2.61%	1,175,393	31,875	2.71%
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)						
Fixed interest securities - international	1,380,322	22,760	1.65%	1,020,403	16,882	1.65%
Vanguard Global Aggregate Bond Index Fund (Hedged)						
Fixed interest securities - international	7,719,087	134,974	1.75%	6,171,441	108,142	1.75%
Vanguard International Credit Securities Index Fund (Hedged)						
Fixed interest securities - international	637,554	16,324	2.56%	1,121,000	21,914	1.95%
Vanguard International Fixed Interest Index Fund (Hedged)						
Fixed interest securities - international	2,052,153	27,310	1.33%	2,407,425	36,101	1.50%

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).

Notes to the financial statements (continued)

For the year ended 30 June 2022

18 Securities Collateral

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

	30 Jun 2022	30 Jun 2021
	Carrying amount of transferred assets	Carrying amount of transferred assets
	\$'000	\$'000
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)	39,513	8,537
Vanguard Global Aggregate Bond Index Fund (Hedged)	243,360	78,038
Vanguard International Credit Securities Index Fund (Hedged)	16,783	13,346
Vanguard International Fixed Interest Index Fund (Hedged)	50,172	27,503

19 Operating segments

Operating segments are reported in a manner consistent with internal reporting used by the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Directors of the Responsible Entity. The Funds' investments are managed on a single portfolio basis in one operating segment, being investments in fixed interest securities, money market securities, derivatives and cash and cash equivalents, and performance is reviewed against the performance of the Funds' target.

20 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 2022 or on the results and cash flows of the Funds for the year ended on that date.

21 Contingent assets, contingent liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2022 (30 June 2021: 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 70 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Funds' financial position as at 30 June 2022 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.



Daniel Shrimski
Managing Director, Vanguard Investments Australia Ltd
Melbourne
9 September 2022



Independent auditor's report

To the unitholders of:

- 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*
- 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 2022 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 2022
- the statements of comprehensive income for the year then ended
- the statements of changes in equity for the year then ended
- the statements of cash flows for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

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

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 for:
 - Vanguard Cash Reserve Fund, we used approximately 2.5% of the Fund's net assets to set our overall materiality
 - all the other Funds, we used approximately 1% of each Fund's net assets to set our overall materiality for each Fund.



- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose net assets because, in our view, it is the metric against which the performance of the Funds is most commonly measured and is a generally accepted benchmark in the fund industry.
- We utilised 1% or 2.5% as the thresholds based on our professional judgement, noting they are within the range of commonly acceptable thresholds.

Audit Scope

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matter was 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 this matter. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matter to the Audit Committee.

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 2022, 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

How our audit addressed the key audit matter

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 those service providers, 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



Key audit matter	How our audit addressed the key audit matter
<p>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.</p>	<p>conclusions formed by the auditor on the design and operating effectiveness of controls, to the extent relevant to our audit of the Funds.</p> <p>We inspected an independent audit report issued by the third-party service provider's auditor on the valuation and existence of the Funds' investments as at balance sheet date. We compared the value of the investments at 30 June 2022 as recorded in the Funds' financial report and underlying accounting records to this report.</p> <p>For investments not held in custody at the custodian, we performed the following procedures, amongst others:</p> <ul style="list-style-type: none">• For a sample of collateral and forward currency contracts held at year end, we obtained confirmation from the counterparties at year end and compared the confirmed balances to the Funds' accounting records.• We obtained the trade ticket for repurchase agreements and compared the loan amounts to the Funds' accounting records.• We compared the loan amounts for repurchase agreements to cash settlement after year end.

Other information

The directors of the Responsible Entity (the directors) are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2022, 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 for the financial report

The directors 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 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 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 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.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive script.

PricewaterhouseCoopers

A handwritten signature in black ink that reads 'Adrian Gut' in a cursive script.

Adrian Gut
Partner

Melbourne
9 September 2022

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