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Annual Report

for the Vanguard® Exchange Traded Funds

15 September 2023

Vanguard Investments Australia Ltd announces the following:

ETF	ASX CODE	ANNOUNCEMENT
Vanguard MSCI Australian Large Companies Index ETF	VLC	Annual Report
Vanguard MSCI Australian Small Companies Index ETF	VSO	Annual Report
Vanguard Australian Property Securities Index ETF	VAP	Annual Report
Vanguard Australian Shares High Yield ETF	VHY	Annual Report
Vanguard Australian Shares Index ETF	VAS	Annual Report
Vanguard Ethically Conscious Australian Shares ETF	VETH	Annual Report

Vanguard has prepared an Annual report for the year ended 30 June 2023, for the Vanguard Wholesale Australian Equities 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.

© 2023 Vanguard Investments Australia Ltd (ABN 72 072 881 086 / AFS Licence 227263) ("Vanguard") is the issuer of the Vanguard® Australian ETFs.

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 of these Fund before making any investment decisions. You can access our disclosure documents at vanguard.com.au or by calling 1300 655 101. This publication was prepared in good faith and we accept no liability for any errors or omissions.

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

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Vanguard Wholesale Australian Equities Funds and ETFs

Responsible Entity

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Vanguard Wholesale Australian Equities Funds and ETFs

Fund	ASX	ARSN	ABN
Vanguard MSCI Australian Large Companies Index ETF	VLC	147 936 105	17 468 108 459
Vanguard MSCI Australian Small Companies Index ETF	VSO	147 936 570	73 969 263 897
Vanguard Australian Property Securities Index Fund	VAP	090 939 549	27 186 332 271
Vanguard Australian Shares High Yield Fund	VHY	091 751 807	61 324 061 551
Vanguard Australian Shares Index Fund	VAS	090 939 718	65 759 271 740
Vanguard Ethically Conscious Australian Shares Fund	VETH	632 655 620	30 223 971 715

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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 \$12 trillion in assets under management globally as of 30 June 2023, including over AUD \$3.4 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 over 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 45+ 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 Australian Equities Funds and ETFs (the "Funds") for the year ended 30 June 2023 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 2023.

Principal activities

The Funds invest in accordance with the investment policy of the Funds as set out in their respective Product Disclosure Statements (PDSs) and in accordance with the Funds' Constitution. The Funds seek to track the returns of the Funds' respective indices, before taking into account fees, expenses and tax.

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

The 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:

Daniel Shrimski

John Bendl

Curt Jacques

Kim Petersen

Review and results of operations

The Funds invest in listed equity securities, listed unit trusts, 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 MSCI Australian Large Companies Index ETF		Vanguard MSCI Australian Small Companies Index ETF		Vanguard Australian Property Securities Index Fund	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
Operating profit/(loss) before finance costs attributable to unitholders (\$'000)	20,999	(6,555)	75,464	(90,730)	374,082	(635,101)
Distributions - Wholesale Class						
Distribution paid and payable (\$'000)	-	-	-	-	144,064	234,135
Distribution (cents per unit)	-	-	-	-	4.0143	6.1835
Distributions - ETF Class						
Distribution paid and payable (\$'000)	9,725	12,991	30,343	33,994	91,835	92,559
Distribution (cents per unit)	384.9985	634.4016	249.4438	338.9989	313.0655	346.5210

	Vanguard Australian Shares High Yield Fund		Vanguard Australian Shares Index Fund		Vanguard Ethically Conscious Australian Shares Fund	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
Operating profit/(loss) before finance costs attributable to unitholders (\$'000)	506,281	(76,417)	3,733,835	(1,907,855)	97,564	(88,020)
Distributions - Wholesale Class						
Distribution paid and payable (\$'000)	63,079	72,563	715,002	1,279,861	9,486	20,811
Distribution (cents per unit)	8.6076	10.5854	10.1451	18.9817	3.6550	7.8202
Distributions - ETF Class						
Distribution paid and payable (\$'000)	137,726	132,960	491,417	709,756	14,850	15,683
Distribution (cents per unit)	341.0108	414.2804	366.6341	625.9294	202.9335	263.0013

Directors' report (continued)

Review and results of operations (continued)

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 2023 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.

	2023	2022	2021	2020	2019
	%	%	%	%	%
Vanguard MSCI Australian Large Companies Index ETF					
Capital growth	7.62	(11.96)	26.44	(12.69)	8.35
Distribution of income	6.10	7.98	3.95	3.41	6.10
Total return	13.72	(3.98)	30.39	(9.28)	14.45
Benchmark					
<i>MSCI Australian Shares Large Cap Index</i>	13.97	(3.78)	30.66	(9.18)	14.71

	2023	2022	2021	2020	2019
	%	%	%	%	%
Vanguard MSCI Australian Small Companies Index ETF					
Capital growth	8.31	(17.41)	28.51	(8.25)	1.13
Distribution of income	4.46	4.56	5.16	6.85	3.37
Total return	12.77	(12.85)	33.67	(1.40)	4.50
Benchmark					
<i>MSCI Australian Shares Small Cap Index</i>	12.70	(12.85)	33.85	(1.44)	4.78

	2023	2022	2021	2020	2019
	%	%	%	%	%
Vanguard Australian Property Securities Index Fund - Wholesale Class					
Capital growth	2.27	(16.89)	26.42	(25.58)	11.60
Distribution of income	5.00	5.46	7.25	4.86	7.65
Total return	7.27	(11.43)	33.67	(20.72)	19.25
Benchmark					
<i>S&P/ASX 300 A-REIT Index</i>	7.49	(11.22)	33.91	(20.71)	19.39

	2023	2022	2021	2020	2019
	%	%	%	%	%
Vanguard Australian Property Securities Index Fund - ETF Class					
Capital growth	2.84	(14.99)	27.36	(23.67)	12.85
Distribution of income	4.41	3.52	6.31	2.95	6.41
Total return	7.25	(11.47)	33.67	(20.72)	19.26
Benchmark					
<i>S&P/ASX 300 A-REIT Index</i>	7.49	(11.22)	33.91	(20.71)	19.39

	2023	2022	2021	2020	2019
	%	%	%	%	%
Vanguard Australian Shares High Yield Fund - Wholesale Class					
Capital growth	9.02	(8.26)	29.33	(16.44)	7.33
Distribution of income	5.88	6.09	4.80	3.91	6.75
Total return	14.90	(2.17)	34.13	(12.53)	14.08
Benchmark					
<i>FTSE Australia High Dividend Yield Index</i>	15.31	(1.86)	34.55	(12.31)	14.40

Directors' report (continued)

Review and results of operations (continued)

Performance (continued)

	2023 %	2022 %	2021 %	2020 %	2019 %
Vanguard Australian Shares High Yield Fund - ETF Class					
Capital growth	9.07	(8.14)	29.38	(16.40)	7.40
Distribution of income	5.94	6.07	4.87	3.96	6.82
Total return	15.01	(2.07)	34.25	(12.44)	14.22
Benchmark					
<i>FTSE Australia High Dividend Yield Index</i>	15.31	(1.86)	34.55	(12.31)	14.40

	2023 %	2022 %	2021 %	2020 %	2019 %
Vanguard Australian Shares Index Fund - Wholesale Class					
Capital growth	9.52	(13.55)	23.95	(10.73)	6.23
Distribution of income	4.77	6.78	4.44	3.16	4.97
Total return	14.29	(6.77)	28.39	(7.57)	11.20
Benchmark					
<i>S&P/ASX 300 Index</i>	14.40	(6.78)	28.49	(7.61)	11.42

	2023 %	2022 %	2021 %	2020 %	2019 %
Vanguard Australian Shares Index Fund - ETF Class					
Capital growth	9.54	(12.94)	24.97	(10.62)	6.29
Distribution of income	4.80	6.23	3.49	3.11	4.95
Total return	14.34	(6.71)	28.46	(7.51)	11.24
Benchmark					
<i>S&P/ASX 300 Index</i>	14.40	(6.78)	28.49	(7.61)	11.42

	2023 %	2022 %	[^] 2021 %	2020 %	2019 %
Vanguard Ethically Conscious Australian Shares Fund - Wholesale Class					
Capital growth	10.32	(16.72)	21.23	-	-
Distribution of income	3.84	6.05	2.74	-	-
Total return	14.16	(10.67)	23.97	-	-
Benchmark					
<i>FTSE Australia 300 Choice Index</i>	14.22	(10.54)	24.21	-	-

[^] From inception to 30 June 2021

	2023 %	2022 %	[^] 2021 %	2020 %	2019 %
Vanguard Ethically Conscious Australian Shares Fund - ETF Class					
Capital growth	9.93	(14.71)	17.81	-	-
Distribution of income	4.26	4.07	2.09	-	-
Total return	14.19	(10.64)	19.90	-	-
Benchmark					
<i>FTSE Australia 300 Choice Index</i>	14.22	(10.54)	24.21	-	-

[^] From inception to 30 June 2021

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

Directors' report (continued)

Unit redemption prices

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

	At 30 June		Period high		Period low	
	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$
Vanguard MSCI Australian Large Companies Index ETF	73.0039	68.8429	76.4825	79.5191	65.2081	67.0767
Vanguard MSCI Australian Small Companies Index ETF	62.0160	58.4248	66.1616	75.5279	56.5592	57.5814
Vanguard Australian Property Securities Index Fund - Wholesale Class	0.8714	0.8646	0.9657	1.1729	0.7718	0.8269
Vanguard Australian Property Securities Index Fund - ETF Class	77.1083	75.4744	85.4291	101.3207	68.3136	72.1918
Vanguard Australian Shares High Yield Fund - Wholesale Class	1.7148	1.5879	1.7834	1.8021	1.5240	1.5467
Vanguard Australian Shares High Yield Fund - ETF Class	67.5107	62.4293	70.1876	70.8405	59.9768	60.8098
Vanguard Australian Shares Index Fund - Wholesale Class	2.5016	2.3359	2.5946	2.7352	2.2260	2.2862
Vanguard Australian Shares Index Fund - ETF Class	90.0700	83.5690	93.4020	97.7424	80.1411	81.7755
Vanguard Ethically Conscious Australian Shares Fund - Wholesale Class	1.1197	1.0520	1.1754	1.2792	1.0030	1.0380
Vanguard Ethically Conscious Australian Shares Fund - ETF Class	55.7312	51.1961	58.4974	62.2163	49.9544	50.5011

Significant changes in state of affairs

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.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2023 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.

Directors' report (continued)

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 *Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191*, unless otherwise indicated.


Additional disclosure

The relief available in *ASIC Corporations (Related Scheme Reports) Instrument 2015/839* has been applied in the directors' report and the financial report, combining information related to multiple Funds. In accordance with that, information related to each included Fund has been readily identified and amounts for each included Fund is presented in the adjacent columns in this report.

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 7.

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



Daniel Shrimski
Managing Director, Vanguard Investments Australia Ltd
Melbourne
13 September 2023



Auditor's Independence Declaration

- Vanguard MSCI Australian Large Companies Index ETF*
- Vanguard MSCI Australian Small Companies Index ETF*
- Vanguard Australian Property Securities Index Fund*
- Vanguard Australian Shares High Yield Fund*
- Vanguard Australian Shares Index Fund*
- Vanguard Ethically Conscious Australian Shares Fund*

referred to collectively as the Vanguard Wholesale Australian Equities Funds and ETFs.

*denotes listed Funds

As lead auditor for the audit of the Vanguard Wholesale Australian Equities Funds and ETFs for the year ended 30 June 2023, 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
13 September 2023

Statements of comprehensive income

For the year ended 30 June 2023

	Notes	Vanguard MSCI Australian Large Companies Index ETF		Vanguard MSCI Australian Small Companies Index ETF		Vanguard Australian Property Securities Index Fund	
		30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Investment income							
Interest income		-	-	44	-	-	-
Dividend income		9,118	10,168	19,860	14,521	-	-
Distribution income		331	212	4,623	4,291	256,666	236,628
Net gains/(losses) on financial instruments at fair value through profit or loss	5	11,894	(16,629)	51,649	(108,496)	130,322	(856,600)
Other operating income		22	12	1,651	1,136	74	117
Total net investment income/(loss)		21,365	(6,237)	77,827	(88,548)	387,062	(619,855)
Expenses							
Responsible Entity's fees	16	353	294	2,174	1,994	12,451	14,869
Custody fees		6	6	64	71	32	31
Transaction costs		4	11	46	45	99	207
Withholding tax expense		-	-	79	58	-	-
Other operating expenses		3	7	-	14	398	139
Total operating expenses		366	318	2,363	2,182	12,980	15,246
Operating profit/(loss)		20,999	(6,555)	75,464	(90,730)	374,082	(635,101)
Finance costs attributable to unitholders							
Distributions to unitholders	10	-	-	-	-	(235,899)	(326,694)
(Increase)/decrease in net assets attributable to unitholders	9	-	-	-	-	(138,183)	961,795
Profit/(loss) for the year		20,999	(6,555)	75,464	(90,730)	-	-
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the year		20,999	(6,555)	75,464	(90,730)	-	-

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 2023

	Notes	Vanguard Australian Shares High Yield Fund		Vanguard Australian Shares Index Fund		Vanguard Ethically Conscious Australian Shares Fund	
		30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Investment income							
Interest income		152	-	607	-	51	-
Dividend income		214,127	212,697	1,193,903	1,353,496	21,789	17,029
Distribution income		11,950	8,686	120,859	104,344	3,779	3,070
Net gains/(losses) on financial instruments at fair value through profit or loss	5	290,714	(288,571)	2,445,596	(3,336,956)	72,814	(107,278)
Other operating income		369	256	14,437	12,934	441	533
Total net investment income/(loss)		517,312	(66,932)	3,775,402	(1,866,182)	98,874	(86,646)
Expenses							
Responsible Entity's fees	16	10,857	9,171	39,342	38,121	1,215	1,108
Custody fees		70	45	161	214	44	151
Transaction costs		95	195	414	1,486	46	104
Withholding tax expense		-	-	1,650	1,432	5	-
Other operating expenses		9	74	-	420	-	11
Total operating expenses		11,031	9,485	41,567	41,673	1,310	1,374
Operating profit/(loss)		506,281	(76,417)	3,733,835	(1,907,855)	97,564	(88,020)
Finance costs attributable to unitholders							
Distributions to unitholders	10	(200,805)	(205,523)	(1,206,419)	(1,989,617)	(24,336)	(36,494)
(Increase)/decrease in net assets attributable to unitholders	9	(305,476)	281,940	(2,527,416)	3,897,472	(73,228)	124,514
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 2023

	Notes	Vanguard MSCI Australian Large Companies Index ETF		Vanguard MSCI Australian Small Companies Index ETF		Vanguard Australian Property Securities Index Fund	
		30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets							
Cash and cash equivalents	11	-	299	1,142	2,441	1,864	2,071
Margin accounts		103	117	153	63	1,651	-
Receivables		2,567	6	991	38	2,488	5,888
Accrued income		1,185	787	2,528	1,994	86,367	76,889
Due from brokers - receivable for securities sold		1,201	3,615	6,623	15,613	-	20,174
Financial assets at fair value through profit or loss	6	195,430	145,499	779,507	581,677	5,326,615	5,165,025
Total assets		200,486	150,323	790,944	601,826	5,418,985	5,270,047
Liabilities							
Bank overdraft	11	299	-	-	-	-	-
Payable securities lending		-	-	4,070	-	4,861	-
Margin accounts		-	-	-	-	-	926
Distribution payable	10	3,465	4,781	12,206	21,144	69,544	127,914
Payables		32	25	193	155	5,771	5,986
Due to brokers - payable for securities purchased		1,458	-	238	1,964	4,435	1,546
Financial liabilities at fair value through profit or loss	7	-	7	-	8	230	-
Total liabilities		5,254	4,813	16,707	23,271	84,841	136,372
Net assets attributable to unitholders (equity)	9	195,232	145,510	774,237	578,555	-	-
Net assets attributable to unitholders (liability)	9	-	-	-	-	5,334,144	5,133,675

	Notes	Vanguard Australian Shares High Yield Fund		Vanguard Australian Shares Index Fund		Vanguard Ethically Conscious Australian Shares Fund	
		30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets							
Cash and cash equivalents	11	7,826	35,349	-	10,563	2,132	1,519
Margin accounts		2,645	3,173	22,873	18,169	357	310
Receivables		12,688	5,471	12,558	26,352	387	587
Accrued income		28,169	19,503	147,906	122,221	3,184	3,895
Due from brokers - receivable for securities sold		-	-	723	167,280	27	4,806
Financial assets at fair value through profit or loss	6	4,193,759	3,249,120	30,107,419	26,030,598	524,731	630,321
Total assets		4,245,087	3,312,616	30,291,479	26,375,183	530,818	641,438
Liabilities							
Bank overdraft	11	-	-	969	-	-	-
Payable securities lending		-	-	44,955	-	488	-
Distribution payable	10	48,706	66,502	299,410	777,214	4,410	18,156
Payables		1,772	2,531	21,002	86,545	337	103
Due to brokers - payable for securities purchased		5,387	-	1,445	15,624	44	606
Financial liabilities at fair value through profit or loss	7	1	91	-	1,023	-	27
Total liabilities		55,866	69,124	367,781	880,406	5,279	18,892
Net assets attributable to unitholders (liability)	9	4,189,221	3,243,492	29,923,698	25,494,777	525,539	622,546

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

Statements of changes in equity

For the year ended 30 June 2023

	Notes	Vanguard MSCI Australian Large Companies Index ETF		Vanguard MSCI Australian Small Companies Index ETF		Vanguard Australian Property Securities Index Fund	
		30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total equity at the beginning of the financial year		145,510	136,632	578,555	577,573	-	-
Comprehensive income for the year							
Profit/(loss) for the year		20,999	(6,555)	75,464	(90,730)	-	-
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the year		20,999	(6,555)	75,464	(90,730)	-	-
Transactions with unitholders							
Applications		41,392	35,009	168,240	121,574	-	-
Redemptions		(4,272)	(7,585)	(23,157)	-	-	-
Units issued upon reinvestment of distributions		1,328	1,000	5,478	4,132	-	-
Distributions paid and payable	10	(9,725)	(12,991)	(30,343)	(33,994)	-	-
Total transactions with unitholders		28,723	15,433	120,218	91,712	-	-
Total equity at the end of the financial year	9	195,232	145,510	774,237	578,555	-	-

	Notes	Vanguard Australian Shares High Yield Fund		Vanguard Australian Shares Index Fund		Vanguard Ethically Conscious Australian Shares Fund	
		30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
		\$'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	10	-	-	-	-	-	-
Total transactions with unitholders		-	-	-	-	-	-
Total equity at the end of the financial year	9	-	-	-	-	-	-

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 2023

	Notes	Vanguard MSCI Australian Large Companies Index ETF		Vanguard MSCI Australian Small Companies Index ETF		Vanguard Australian Property Securities Index Fund	
		30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities							
Proceeds from sale of financial instruments at fair value through profit or loss		15,919	28,091	169,605	136,709	345,037	917,301
Purchases of financial instruments at fair value through profit or loss		(50,077)	(57,183)	(304,550)	(255,583)	(350,783)	(591,953)
Transaction costs on purchases of financial instruments at fair value through profit or loss		(4)	(11)	(46)	(45)	(99)	(207)
Interest received		-	-	44	-	-	-
Dividends received		8,727	10,022	19,517	14,148	-	-
Distributions received		324	209	4,353	4,132	247,133	249,409
Other income received		22	12	1,651	1,136	74	117
Responsible Entity's fees paid		(346)	(314)	(2,136)	(1,982)	(12,464)	(15,046)
Operating expenses paid		(16)	(15)	(87)	(93)	(447)	(182)
Net cash inflow/(outflow) from operating activities	12(a)	(25,451)	(19,189)	(111,649)	(101,578)	228,451	559,439
Cash flows from financing activities							
Proceeds from applications by unitholders		38,838	35,009	167,310	127,504	758,031	967,613
Payments for redemptions by unitholders		(4,272)	(7,585)	(23,157)	-	(753,121)	(1,246,215)
Distributions paid from operating activities		(9,713)	(7,848)	(33,803)	(25,723)	(233,623)	(294,278)
Net cash inflow/(outflow) from financing activities		24,853	19,576	110,350	101,781	(228,713)	(572,880)
Net increase/(decrease) in cash and cash equivalents		(598)	387	(1,299)	203	(262)	(13,441)
Cash and cash equivalents at the beginning of the year		299	(88)	2,441	2,238	2,071	15,539
Effects of foreign currency exchange rate changes on cash and cash equivalents		-	-	-	-	55	(27)
Cash and cash equivalents at the end of the year	11	(299)	299	1,142	2,441	1,864	2,071
Non-cash financing activities	12(b)	1,328	1,000	5,478	4,132	60,646	106,379

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 2023

	Notes	Vanguard Australian Shares High Yield Fund		Vanguard Australian Shares Index Fund		Vanguard Ethically Conscious Australian Shares Fund	
		30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities							
Proceeds from sale of financial instruments at fair value through profit or loss		282,488	536,827	1,647,810	2,914,524	333,950	153,950
Purchases of financial instruments at fair value through profit or loss		(930,588)	(1,113,246)	(3,087,444)	(7,333,597)	(150,915)	(536,650)
Transaction costs on purchases of financial instruments at fair value through profit or loss		(95)	(195)	(414)	(1,486)	(46)	(104)
Interest received		152	-	607	-	51	-
Dividends received		205,461	208,935	1,170,683	1,329,565	22,386	15,038
Distributions received		11,950	8,686	116,730	104,219	3,888	2,682
Other income received		369	260	14,437	12,934	441	533
Responsible Entity's fees paid		(10,695)	(9,080)	(39,041)	(37,978)	(1,240)	(1,063)
Operating expenses paid		(407)	(120)	(1,999)	(724)	(60)	(179)
Net cash inflow/(outflow) from operating activities	12(a)	(441,365)	(367,933)	(178,631)	(3,012,543)	208,455	(365,793)
Cash flows from financing activities							
Proceeds from applications by unitholders		750,213	654,341	3,692,060	6,131,262	138,788	451,470
Payments for redemptions by unitholders		(165,124)	(148,706)	(2,610,179)	(2,527,341)	(324,701)	(75,416)
Distributions paid from operating activities		(171,247)	(116,864)	(914,797)	(727,723)	(21,929)	(10,394)
Net cash inflow/(outflow) from financing activities		413,842	388,771	167,084	2,876,198	(207,842)	365,660
Net increase/(decrease) in cash and cash equivalents		(27,523)	20,838	(11,547)	(136,345)	613	(133)
Cash and cash equivalents at the beginning of the year		35,349	14,511	10,563	146,988	1,519	1,652
Effects of foreign currency exchange rate changes on cash and cash equivalents		-	-	15	(80)	-	-
Cash and cash equivalents at the end of the year	11	7,826	35,349	(969)	10,563	2,132	1,519
Non-cash financing activities	12(b)	47,354	36,823	769,426	635,335	16,153	9,275

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 2023

1 General information

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

- Vanguard MSCI Australian Large Companies Index ETF 17 December 2010
- Vanguard MSCI Australian Small Companies Index ETF 17 December 2010
- Vanguard Australian Property Securities Index Fund 6 December 1996
- Vanguard Australian Shares High Yield Fund 21 February 2000
- Vanguard Australian Shares Index Fund 6 December 1996
- Vanguard Ethically Conscious Australian Shares Fund 1 April 2019

The Responsible Entity of the Vanguard Wholesale Australian Equities 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 seek to track the returns of the Funds’ respective indices, before taking into account fees, expenses and tax.

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

The financial statements were authorised for issue by the directors on 13 September 2023. 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 12 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 12 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 2023

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 2022 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 2023 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 2023, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Funds.

(b) Financial instruments

(i) Classification

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

Equity securities, listed unit trusts, fixed interest securities and derivatives are measured at fair value through profit or loss.

(ii) Recognition/derecognition

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

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

(iii) Measurement

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

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

Notes to the financial statements (continued)

For the year ended 30 June 2023

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.

Cash collateral provided to the Funds under the securities lending arrangements are separately identified in the balance sheet as cash collateral. The Funds may invest this cash collateral into reverse repurchase agreements and the assets purchased are included in financial assets at fair value through profit or loss on the balance sheet. Details of collateral received at year end are disclosed in note 17.

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

(e) Margin accounts

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

(f) Investment income

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

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

(g) Expenses

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

(h) Income tax

Under current legislation, the Funds are not subject to income tax provided it attributes the entirety of its taxable income to its unitholders.

Notes to the financial statements (continued)

For the year ended 30 June 2023

2 Summary of significant accounting policies (continued)

(h) Income tax (continued)

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.

(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.

Notes to the financial statements (continued)

For the year ended 30 June 2023

2 Summary of significant accounting policies (continued)

(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.

(s) Consolidation

The Funds meet the criteria for the investment entity exception and as such, do not prepare consolidated financial statements. Instead, the Funds investments are accounted for at fair value as disclosed in note 2(b). Further, the Funds do not control any entities where they have investments.

(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) Securities lending arrangements

The Funds have entered into securities lending arrangements under which legal title to some of the Funds' assets may be transferred to another entity. The securities are loaned by JPM Chase Bank, N.A., Sydney Branch as securities lending agent of the Responsible Entity, to a limited number of pre-approved brokers and other financial institutions (the "Borrowers").

During the year, Vanguard MSCI Australian Small Companies Index ETF, Vanguard Australian Property Securities Index Fund, Vanguard Australian Shares Index Fund, Vanguard Australia Shares High Yield Fund and Vanguard Ethically Conscious Australian Shares Fund entered into revised arrangements whereby cash qualified as eligible collateral in securities lending transactions.

Notes to the financial statements (continued)

For the year ended 30 June 2023

2 Summary of significant accounting policies (continued)

(u) Securities lending arrangements (continued)

Under the amended agreement, Borrowers provide cash collateral to an amount equal to 102% of the fair value of the loaned securities if the cash collateral is in the same currency as the loaned securities otherwise at 105% of the fair value of the loaned securities. Cash collateral can only be in US Dollar or Australian Dollar and can be invested by the securities lending agent. The Funds may invest the cash collateral received to purchase a reverse repurchase agreement or borrow securities subject to a commitment to resell or return them. The assets purchased are included in financial assets at fair value through profit or loss on the balance sheet.

The non-cash collateral is maintained at 105% of the fair value of the loaned securities and cannot be sold, re-invested or pledged by the Funds except in the event of borrower default.

The earnings on securities lending arrangements and cash collateral have been recognised in the statement of comprehensive income as other operating income. The earnings are recognised net of rebates and fees paid to the Borrowers and to the securities lending agent, respectively.

JPM Chase Bank, N.A., Sydney Branch, as lending agent, indemnifies the Funds for replacement of any loaned securities (or, in certain circumstances, return of equivalent cash value) due to a Borrower default on a security loan and for the default caused by a reverse repurchase agreement counterparty. The Funds assumes the risks of loss resulting from the investment of cash collateral, which includes a loss realised on those investments or investments determined to be unlikely to be redeemed or will be redeemed at a loss at maturity.

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

(v) Rounding of amounts

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

3 Financial risk management

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

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

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

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) Price risk

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

Notes to the financial statements (continued)

For the year ended 30 June 2023

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Price risk (continued)

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

At 30 June, the fair value of securities exposed to price risk were as follows:

	Vanguard MSCI Australian Large Companies Index ETF		Vanguard MSCI Australian Small Companies Index ETF		Vanguard Australian Property Securities Index Fund	
	30 Jun 2023 \$'000	30 Jun 2022 \$'000	30 Jun 2023 \$'000	30 Jun 2022 \$'000	30 Jun 2023 \$'000	30 Jun 2022 \$'000
Derivative assets	2	-	-	-	-	-
Equity securities	183,709	136,505	687,345	511,956	27,359	28,619
Listed unit trusts	11,719	8,994	88,092	69,721	5,276,508	5,130,606
Derivative liabilities	-	(7)	-	(8)	(230)	-
Net total	195,430	145,492	775,437	581,669	5,303,637	5,159,225

	Vanguard Australian Shares High Yield Fund		Vanguard Australian Shares Index Fund		Vanguard Ethically Conscious Australian Shares Fund	
	30 Jun 2023 \$'000	30 Jun 2022 \$'000	30 Jun 2023 \$'000	30 Jun 2022 \$'000	30 Jun 2023 \$'000	30 Jun 2022 \$'000
Derivative assets	-	-	1,162	-	7	-
Equity securities	3,927,197	3,003,093	27,264,648	23,328,807	458,442	545,890
Listed unit trusts	266,562	246,027	2,628,527	2,491,996	65,794	84,431
Derivative liabilities	(1)	(91)	-	(1,023)	-	(27)
Net total	4,193,758	3,249,029	29,894,337	25,819,780	524,243	630,294

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

(ii) Cash flow and fair value interest rate risk

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

The Funds have insufficient direct exposure to interest rate risk to be material. All financial liabilities are non-interest bearing.

(b) Summarised sensitivity analysis

The following table summarises the sensitivity of the Funds' operating profit and net assets attributable to unitholders to price 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.

Notes to the financial statements (continued)

For the year ended 30 June 2023

3 Financial risk management (continued)

(b) Summarised sensitivity analysis (continued)

Price risk movement represents the range of historical index returns from the average return based on the minimum suggested investment time frames indicated within the Funds' respective PDS minus one standard deviation to average return plus one standard deviation. The Funds have not made any changes to the methods used to determine its sensitivity to the market risk.

Impact on operating profit/(loss) and net assets attributable to unitholders												
Vanguard MSCI Australian Large Companies Index ETF		Vanguard MSCI Australian Small Companies Index ETF		Vanguard Australian Property Securities Index Fund		Vanguard Australian Shares High Yield Fund		Vanguard Australian Shares Index Fund		Vanguard Ethically Conscious Australian Shares Fund		
Price risk		Price risk		Price risk		Price risk		Price risk		Price 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	
-3%	+5%	-4%	+6%	-6%	+7%	-3%	+5%	-3%	+5%	-4%	+5%	
30 Jun 2023	(5,863)	9,772	(31,017)	46,526	(318,218)	371,255	(125,813)	209,688	(896,830)	1,494,717	(20,970)	26,212
	-4%	+5%	-4%	+6%	-5%	+7%	-4%	+5%	-4%	+5%	-4%	+5%
30 Jun 2022	(5,820)	7,275	(23,267)	34,900	(257,961)	361,145	(129,961)	162,451	(1,032,791)	1,290,989	(25,212)	31,516

(c) Credit risk

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

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

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 2023 or 30 June 2022.

(i) Derivatives

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

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

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

(ii) Settlement of securities transactions

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

Notes to the financial statements (continued)

For the year ended 30 June 2023

3 Financial risk management (continued)

(c) Credit risk (continued)

(iii) Cash and cash equivalents

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

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

(iv) Other

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

The clearing and depository operations for the Funds' security transactions are mainly concentrated with one counterparty, namely JPM Chase Bank, N.A., Sydney Branch. JPM Chase Bank, N.A., Sydney Branch, is a member of a major securities exchange, and at 30 June 2023 had a credit rating of A-1 (30 June 2022: A-1). At 30 June 2023, 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 equity investments, fixed interest securities and derivative contracts traded over-the-counter and on an exchange. The Funds' listed securities are considered to be readily realisable as they are all listed on major stock exchanges. The Funds may use futures to gain market exposure without investing directly in the securities. This allows the Funds to maintain liquidity without being under-invested in their respective investment policies. The derivatives are not used to leverage the Funds' portfolios.

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

	Vanguard MSCI Australian Large Companies Index ETF									
	30 Jun 2023					30 Jun 2022				
	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-3 years \$'000	Total \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-3 years \$'000	Total \$'000
Bank overdraft	299	-	-	-	299	-	-	-	-	-
Distribution payable	3,465	-	-	-	3,465	4,781	-	-	-	4,781
Payables	32	-	-	-	32	25	-	-	-	25
Due to brokers - payable for securities purchased	1,458	-	-	-	1,458	-	-	-	-	-
Total liabilities	5,254	-	-	-	5,254	4,806	-	-	-	4,806

	Vanguard MSCI Australian Small Companies Index ETF									
	30 Jun 2023					30 Jun 2022				
	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-3 years \$'000	Total \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-3 years \$'000	Total \$'000
Payables securities lending	4,070	-	-	-	4,070	-	-	-	-	-
Distribution payable	12,206	-	-	-	12,206	21,144	-	-	-	21,144
Payables	193	-	-	-	193	155	-	-	-	155
Due to brokers - payable for securities purchased	238	-	-	-	238	1,964	-	-	-	1,964
Total liabilities	16,707	-	-	-	16,707	23,263	-	-	-	23,263

Notes to the financial statements (continued)

For the year ended 30 June 2023

3 Financial risk management (continued)

(d) Liquidity risk (continued)

	Vanguard Australian Property Securities Index Fund									
	30 Jun 2023					30 Jun 2022				
	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-3 years \$'000	Total \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-3 years \$'000	Total \$'000
Payables securities lending	4,861	-	-	-	4,861	-	-	-	-	-
Margin accounts	-	-	-	-	-	926	-	-	-	926
Distribution payable	69,544	-	-	-	69,544	127,914	-	-	-	127,914
Payables	5,771	-	-	-	5,771	5,986	-	-	-	5,986
Due to brokers - payable for securities purchased	4,435	-	-	-	4,435	1,546	-	-	-	1,546
Net assets attributable to unitholders	5,334,144	-	-	-	5,334,144	5,133,675	-	-	-	5,133,675
Total liabilities	5,418,755	-	-	-	5,418,755	5,270,047	-	-	-	5,270,047

	Vanguard Australian Shares High Yield Fund									
	30 Jun 2023					30 Jun 2022				
	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-3 years \$'000	Total \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-3 years \$'000	Total \$'000
Distribution payable	48,706	-	-	-	48,706	66,502	-	-	-	66,502
Payables	1,772	-	-	-	1,772	2,531	-	-	-	2,531
Due to brokers - payable for securities purchased	5,387	-	-	-	5,387	-	-	-	-	-
Net assets attributable to unitholders	4,189,221	-	-	-	4,189,221	3,243,492	-	-	-	3,243,492
Total liabilities	4,245,086	-	-	-	4,245,086	3,312,525	-	-	-	3,312,525

	Vanguard Australian Shares Index Fund									
	30 Jun 2023					30 Jun 2022				
	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-3 years \$'000	Total \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-3 years \$'000	Total \$'000
Bank overdraft	969	-	-	-	969	-	-	-	-	-
Payables securities lending	44,955	-	-	-	44,955	-	-	-	-	-
Distribution payable	299,410	-	-	-	299,410	777,214	-	-	-	777,214
Payables	21,002	-	-	-	21,002	86,545	-	-	-	86,545
Due to brokers - payable for securities purchased	1,445	-	-	-	1,445	15,624	-	-	-	15,624
Net assets attributable to unitholders	29,923,698	-	-	-	29,923,698	25,494,777	-	-	-	25,494,777
Total liabilities	30,291,479	-	-	-	30,291,479	26,374,160	-	-	-	26,374,160

	Vanguard Ethically Conscious Australian Shares Fund									
	30 Jun 2023					30 Jun 2022				
	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-3 years \$'000	Total \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-3 years \$'000	Total \$'000
Payables securities lending	488	-	-	-	488	-	-	-	-	-
Distribution payable	4,410	-	-	-	4,410	18,156	-	-	-	18,156
Payables	337	-	-	-	337	103	-	-	-	103
Due to brokers - payable for securities purchased	44	-	-	-	44	606	-	-	-	606
Net assets attributable to unitholders	525,539	-	-	-	525,539	622,546	-	-	-	622,546
Total liabilities	530,818	-	-	-	530,818	641,411	-	-	-	641,411

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)

Notes to the financial statements (continued)

For the year ended 30 June 2023

4 Fair value measurement (continued)

The Funds have no assets or liabilities at fair value on a non-recurring basis in the current reporting period.

AASB 13 requires disclosure of fair value measurements by level of the following fair value hierarchy:

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

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

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

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

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

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

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

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions. The carrying amounts of the Funds' assets and liabilities at the balance sheet date approximate their fair values.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Funds would receive or pay to terminate the contract at the balance sheet date taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date. The fair value of an option contract is determined by applying the Black-Scholes option valuation model.

Investments in other unlisted unit trusts are recorded at the redemption value per unit as reported by the investment managers of such funds.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Funds hold. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

Notes to the financial statements (continued)

For the year ended 30 June 2023

4 Fair value measurement (continued)

Recognised fair value measurements

The following tables present the Funds' financial assets and liabilities (by asset class) measured at fair value according to the fair value hierarchy at 30 June 2023 and 30 June 2022.

	Vanguard MSCI Australian Large Companies Index ETF							
	30 Jun 2023				30 Jun 2022			
	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	-	-	-	-
Equity securities	183,709	-	-	183,709	136,505	-	-	136,505
Listed unit trusts	11,719	-	-	11,719	8,994	-	-	8,994
Total	195,430	-	-	195,430	145,499	-	-	145,499
Financial liabilities at fair value through profit or loss								
Derivatives	-	-	-	-	7	-	-	7
Total	-	-	-	-	7	-	-	7

	Vanguard MSCI Australian Small Companies Index ETF							
	30 Jun 2023				30 Jun 2022			
	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								
Equity securities	686,382	-	963	687,345	508,183	-	3,773	511,956
Listed unit trusts	87,853	-	239	88,092	69,721	-	-	69,721
Fixed interest securities	-	4,070	-	4,070	-	-	-	-
Total	774,235	4,070	1,202	779,507	577,904	-	3,773	581,677
Financial liabilities at fair value through profit or loss								
Derivatives	-	-	-	-	8	-	-	8
Total	-	-	-	-	8	-	-	8

	Vanguard Australian Property Securities Index Fund							
	30 Jun 2023				30 Jun 2022			
	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								
Equity securities	27,359	-	-	27,359	28,619	-	-	28,619
Listed unit trusts	5,272,073	-	4,435	5,276,508	5,130,606	-	-	5,130,606
Fixed interest securities*	-	22,748	-	22,748	-	5,800	-	5,800
Total	5,299,432	22,748	4,435	5,326,615	5,159,225	5,800	-	5,165,025
Financial liabilities at fair value through profit or loss								
Derivatives	230	-	-	230	-	-	-	-
Total	230	-	-	230	-	-	-	-

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

Notes to the financial statements (continued)

For the year ended 30 June 2023

4 Fair value measurement (continued)

Recognised fair value measurements (continued)

	Vanguard Australian Shares High Yield Fund							
	30 Jun 2023				30 Jun 2022			
	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								
Equity securities	3,927,197	-	-	3,927,197	3,003,093	-	-	3,003,093
Listed unit trusts	266,562	-	-	266,562	246,027	-	-	246,027
Total	4,193,759	-	-	4,193,759	3,249,120	-	-	3,249,120
Financial liabilities at fair value through profit or loss								
Derivatives	1	-	-	1	91	-	-	91
Total	1	-	-	1	91	-	-	91

	Vanguard Australian Shares Index Fund							
	30 Jun 2023				30 Jun 2022			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss								
Derivatives	1,162	-	-	1,162	-	-	-	-
Equity securities	27,256,431	-	8,217	27,264,648	23,296,428	-	32,379	23,328,807
Listed unit trusts	2,627,082	-	1,445	2,628,527	2,491,996	-	-	2,491,996
Fixed interest securities*	-	213,082	-	213,082	-	209,795	-	209,795
Total	29,884,675	213,082	9,662	30,107,419	25,788,424	209,795	32,379	26,030,598
Financial liabilities at fair value through profit or loss								
Derivatives	-	-	-	-	1,023	-	-	1,023
Total	-	-	-	-	1,023	-	-	1,023

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

	Vanguard Ethically Conscious Australian Shares Fund							
	30 Jun 2023				30 Jun 2022			
	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	7	-	-	7	-	-	-	-
Equity securities	458,050	-	392	458,442	544,322	-	1,568	545,890
Listed unit trusts	65,750	-	44	65,794	84,431	-	-	84,431
Fixed interest securities*	-	488	-	488	-	-	-	-
Total	523,807	488	436	524,731	628,753	-	1,568	630,321
Financial liabilities at fair value through profit or loss								
Derivatives	-	-	-	-	27	-	-	27
Total	-	-	-	-	27	-	-	27

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

The Funds' policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no changes made to any of the valuation techniques applied as of 30 June 2023.

Transfers between levels

There was no transfer between levels of the fair value hierarchy at the end of reporting periods 30 June 2023 and 30 June 2022. There were no transfers into and out of level 3 during the reporting period 30 June 2023 and 30 June 2022.

Notes to the financial statements (continued)

For the year ended 30 June 2023

4 Fair value measurement (continued)

Valuation processes

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

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

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

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

	Vanguard MSCI Australian Large Companies Index ETF		Vanguard MSCI Australian Small Companies Index ETF		Vanguard Australian Property Securities Index Fund	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net unrealised gain/(loss) on financial instruments at fair value through profit or loss	12,153	(20,068)	42,558	(123,243)	94,907	(1,071,783)
Net realised gain/(loss) on financial instruments at fair value through profit or loss	(259)	3,439	9,091	14,747	35,415	215,183
Total net gains/(losses) on financial instruments at fair value through profit or loss	11,894	(16,629)	51,649	(108,496)	130,322	(856,600)

	Vanguard Australian Shares High Yield Fund		Vanguard Australian Shares Index Fund		Vanguard Ethically Conscious Australian Shares Fund	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net unrealised gain/(loss) on financial instruments at fair value through profit or loss	268,101	(339,126)	2,407,521	(3,804,684)	67,926	(110,033)
Net realised gain/(loss) on financial instruments at fair value through profit or loss	22,613	50,555	38,075	467,728	4,888	2,755
Total net gains/(losses) on financial instruments at fair value through profit or loss	290,714	(288,571)	2,445,596	(3,336,956)	72,814	(107,278)

Notes to the financial statements (continued)

For the year ended 30 June 2023

6 Financial assets at fair value through profit or loss

	Vanguard MSCI Australian Large Companies Index ETF		Vanguard MSCI Australian Small Companies Index ETF		Vanguard Australian Property Securities Index Fund	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	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	-	-	-	-	-
Equity securities	183,709	136,505	687,345	511,956	27,359	28,619
Listed unit trusts	11,719	8,994	88,092	69,721	5,276,508	5,130,606
Fixed interest securities	-	-	4,070	-	22,748	5,800
Total financial assets at fair value through profit or loss	195,430	145,499	779,507	581,677	5,326,615	5,165,025
Comprising:						
Derivatives						
Australian share price futures	2	-	-	-	-	-
Total derivatives	2	-	-	-	-	-
Equity securities						
Australian equity securities	183,709	136,505	687,345	511,956	27,359	28,619
Total equity securities	183,709	136,505	687,345	511,956	27,359	28,619
Listed unit trusts						
Australian listed trusts	11,719	8,994	88,092	69,721	5,276,508	5,130,606
Total listed unit trusts	11,719	8,994	88,092	69,721	5,276,508	5,130,606
Fixed interest securities						
Australian reverse repurchase agreements*	-	-	4,070	-	22,748	5,800
Total fixed interest securities	-	-	4,070	-	22,748	5,800
Total financial assets at fair value through profit or loss	195,430	145,499	779,507	581,677	5,326,615	5,165,025

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

Notes to the financial statements (continued)

For the year ended 30 June 2023

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

	Vanguard Australian Shares High Yield Fund		Vanguard Australian Shares Index Fund		Vanguard Ethically Conscious Australian Shares Fund	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	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	-	-	1,162	-	7	-
Equity securities	3,927,197	3,003,093	27,264,648	23,328,807	458,442	545,890
Listed unit trusts	266,562	246,027	2,628,527	2,491,996	65,794	84,431
Fixed interest securities	-	-	213,082	209,795	488	-
Total financial assets at fair value through profit or loss	4,193,759	3,249,120	30,107,419	26,030,598	524,731	630,321
Comprising:						
Derivatives						
Australian share price futures	-	-	1,162	-	7	-
Total derivatives	-	-	1,162	-	7	-
Equity securities						
Australian equity securities	3,927,197	3,003,093	27,264,648	23,328,807	458,442	545,890
Total equity securities	3,927,197	3,003,093	27,264,648	23,328,807	458,442	545,890
Listed unit trusts						
Australian listed trusts	266,562	246,027	2,628,527	2,491,996	65,794	84,431
Total listed unit trusts	266,562	246,027	2,628,527	2,491,996	65,794	84,431
Fixed interest securities						
Australian reverse repurchase agreements*	-	-	213,082	209,795	488	-
Total fixed interest securities	-	-	213,082	209,795	488	-
Total financial assets at fair value through profit or loss	4,193,759	3,249,120	30,107,419	26,030,598	524,731	630,321

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

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

7 Financial liabilities at fair value through profit or loss

	Vanguard MSCI Australian Large Companies Index ETF		Vanguard MSCI Australian Small Companies Index ETF		Vanguard Australian Property Securities Index Fund	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	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	-	7	-	8	230	-
Total financial liabilities at fair value through profit or loss	-	7	-	8	230	-
Comprising:						
Derivatives						
Australian share price futures	-	7	-	8	230	-
Total derivatives	-	7	-	8	230	-
Total financial liabilities at fair value through profit or loss	-	7	-	8	230	-

Notes to the financial statements (continued)

For the year ended 30 June 2023

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

	Vanguard Australian Shares High Yield Fund		Vanguard Australian Shares Index Fund		Vanguard Ethically Conscious Australian Shares Fund	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	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	1	91	-	1,023	-	27
Total financial liabilities at fair value through profit or loss	1	91	-	1,023	-	27
Comprising:						
Derivatives						
Australian share price futures	1	91	-	1,023	-	27
Total derivatives	1	91	-	1,023	-	27
Total financial liabilities at fair value through profit or loss	1	91	-	1,023	-	27

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

8 Derivative financial instruments

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

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

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

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

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

The Funds hold the following derivative instruments:

Futures

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

Notes to the financial statements (continued)

For the year ended 30 June 2023

8 Derivative financial instruments (continued)

Futures (continued)

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

	Vanguard MSCI Australian Large Companies Index ETF						
	Contract/ Notional \$'000	2023			Contract/ Notional \$'000	2022	
		Fair value		Liabilities \$'000		Fair value	
		Assets \$'000				Assets \$'000	Liabilities \$'000
Australian share price index futures	179	2	-	485	-	7	
Total	179	2	-	485	-	7	

	Vanguard MSCI Australian Small Companies Index ETF						
	Contract/ Notional \$'000	2023			Contract/ Notional \$'000	2022	
		Fair value		Liabilities \$'000		Fair value	
		Assets \$'000				Assets \$'000	Liabilities \$'000
Australian share price index futures	358	-	-	323	-	8	
Total	358	-	-	323	-	8	

	Vanguard Australian Property Securities Index Fund						
	Contract/ Notional \$'000	2023			Contract/ Notional \$'000	2022	
		Fair value		Liabilities \$'000		Fair value	
		Assets \$'000				Assets \$'000	Liabilities \$'000
Forward currency contracts	185	-	-	-	-	-	
Australian share price index futures	39,707	-	230	-	-	-	
Total	39,892	-	230	-	-	-	

	Vanguard Australian Shares High Yield Fund						
	Contract/ Notional \$'000	2023			Contract/ Notional \$'000	2022	
		Fair value		Liabilities \$'000		Fair value	
		Assets \$'000				Assets \$'000	Liabilities \$'000
Forward currency contracts	373	-	-	-	-	-	
Australian share price index futures	4,297	-	1	9,207	-	91	
Total	4,670	-	1	9,207	-	91	

	Vanguard Australian Shares Index Fund						
	Contract/ Notional \$'000	2023			Contract/ Notional \$'000	2022	
		Fair value		Liabilities \$'000		Fair value	
		Assets \$'000				Assets \$'000	Liabilities \$'000
Forward currency contracts	3,129	-	-	-	-	-	
Australian share price index futures	155,573	1,162	-	41,027	-	1,023	
Total	158,702	1,162	-	41,027	-	1,023	

Notes to the financial statements (continued)

For the year ended 30 June 2023

8 Derivative financial instruments (continued)

Futures (continued)

	Vanguard Ethically Conscious Australian Shares Fund						
	Contract/ Notional \$'000	2023			Contract/ Notional \$'000	2022	
		Fair value		Liabilities \$'000		Fair value	
		Assets \$'000				Assets \$'000	Liabilities \$'000
Forward currency contracts	30	-	-	-	-	-	
Australian share price index futures	1,790	7	-	1,131	-	27	
Total	1,820	7	-	1,131	-	27	

Risk exposures and fair value measurements

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

9 Net assets attributable to unitholders

Under AASB 132 *Financial instruments: Presentation*, puttable financial instruments meet the definition of a financial liability to be classified as equity where certain strict criteria are met. The Funds shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions. Otherwise the financial instrument should be disclosed as a liability (refer to note 2(c)).

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

	Vanguard MSCI Australian Large Companies Index ETF				Vanguard MSCI Australian Small Companies Index ETF			
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	No. '000	No. '000	\$'000	\$'000	No. '000	No. '000	\$'000	\$'000
Balance as at 1 July	2,183	1,804	145,510	136,632	10,277	8,478	578,555	577,573
Applications	580	465	41,392	35,009	2,689	1,740	168,240	121,574
Redemptions	(60)	(100)	(4,272)	(7,585)	(360)	-	(23,157)	-
Units issued upon reinvestment of distributions	20	14	1,328	1,000	94	59	5,478	4,132
Distributions paid and payable	-	-	(9,725)	(12,991)	-	-	(30,343)	(33,994)
Profit/(loss) for the year	-	-	20,999	(6,555)	-	-	75,464	(90,730)
Closing balance as at 30 June	2,723	2,183	195,232	145,510	12,700	10,277	774,237	578,555

	Vanguard Australian Property Securities Index Fund							
	Wholesale Class				ETF Class			
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	No. '000	No. '000	\$'000	\$'000	No. '000	No. '000	\$'000	\$'000
Balance as at 1 July	3,702,155	4,147,637	3,108,186	4,189,245	27,320	24,094	2,025,489	2,101,090
Applications	541,230	619,735	472,995	643,037	3,640	3,375	281,564	302,882
Redemptions	(751,806)	(1,156,588)	(666,171)	(1,223,796)	(1,100)	(280)	(86,748)	(23,367)
Units issued upon reinvestment of distributions	57,588	91,371	47,984	94,643	171	131	12,662	11,736
Increase/(decrease) in net assets attributable to unitholders	-	-	82,558	(594,943)	-	-	55,625	(366,852)
Closing balance as at 30 June	3,549,167	3,702,155	3,045,552	3,108,186	30,031	27,320	2,288,592	2,025,489

Notes to the financial statements (continued)

For the year ended 30 June 2023

9 Net assets attributable to unitholders (continued)

	Vanguard Australian Shares High Yield Fund							
	Wholesale Class				ETF Class			
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	No. '000	No. '000	\$'000	\$'000	No. '000	No. '000	\$'000	\$'000
Balance as at 1 July	701,214	664,385	1,090,715	1,126,269	35,198	27,920	2,152,777	1,858,586
Applications	117,074	109,799	196,581	185,142	8,530	7,110	560,521	468,168
Redemptions	(96,409)	(88,392)	(162,850)	(149,556)	(20)	-	(1,353)	-
Units issued upon reinvestment of distributions	19,776	15,422	31,415	25,763	255	168	15,939	11,060
Increase/(decrease) in net assets attributable to unitholders	-	-	101,365	(96,903)	-	-	204,111	(185,037)
Closing balance as at 30 June	741,655	701,214	1,257,226	1,090,715	43,963	35,198	2,931,995	2,152,777

	Vanguard Australian Shares Index Fund							
	Wholesale Class				ETF Class			
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	No. '000	No. '000	\$'000	\$'000	No. '000	No. '000	\$'000	\$'000
Balance as at 1 July	6,795,791	6,278,598	15,365,520	16,419,005	124,493	93,588	10,129,257	8,744,825
Applications	855,294	1,266,582	2,081,119	3,303,780	18,370	30,050	1,595,297	2,776,626
Redemptions	(767,154)	(950,967)	(1,869,667)	(2,467,645)	(7,600)	(220)	(674,670)	(19,677)
Units issued upon reinvestment of distributions	276,982	201,578	635,679	533,610	1,614	1,075	133,747	101,725
Increase/(decrease) in net assets attributable to unitholders	-	-	1,514,678	(2,423,230)	-	-	1,012,738	(1,474,242)
Closing balance as at 30 June	7,160,913	6,795,791	17,727,329	15,365,520	136,877	124,493	12,196,369	10,129,257

	Vanguard Ethically Conscious Australian Shares Fund							
	Wholesale Class				ETF Class			
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	No. '000	No. '000	\$'000	\$'000	No. '000	No. '000	\$'000	\$'000
Balance as at 1 July	260,449	178,736	262,769	216,499	7,166	2,461	359,777	144,847
Applications	62,264	139,945	68,617	172,472	1,285	4,695	69,955	279,388
Redemptions	(214,701)	(65,270)	(244,335)	(75,421)	(1,420)	-	(80,625)	-
Units issued upon reinvestment of distributions	13,946	7,038	14,345	8,681	35	10	1,808	594
Increase/(decrease) in net assets attributable to unitholders	-	-	34,302	(59,462)	-	-	38,926	(65,052)
Closing balance as at 30 June	121,958	260,449	135,698	262,769	7,066	7,166	389,841	359,777

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 MSCI Australian Large Companies Index ETF and Vanguard MSCI Australian Small Companies Index ETF 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 2023

10 Distributions to unitholders paid and payable

The distributions during the year were as follows:

	Vanguard MSCI Australian Large Companies Index ETF				Vanguard MSCI Australian Small Companies Index ETF			
	30 Jun 2023		30 Jun 2022		30 Jun 2023		30 Jun 2022	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 30 September	3,443	146.3576	3,009	157.9116	-	-	-	-
- 31 December	1,682	68.5917	1,134	58.9916	18,137	154.5024	12,850	134.8655
- 31 March	1,135	44.0677	4,067	199.7869	-	-	-	-
Distributions payable								
- 30 June	3,465	125.9815	4,781	217.7115	12,206	94.9414	21,144	204.1334
	9,725	384.9985	12,991	634.4016	30,343	249.4438	33,994	338.9989

	Vanguard Australian Property Securities Index Fund							
	Wholesale Class				ETF Class			
	30 Jun 2023		30 Jun 2022		30 Jun 2023		30 Jun 2022	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 30 September	30,421	0.8426	33,134	0.7819	15,877	57.8041	14,688	59.1647
- 31 December	35,724	0.9897	26,115	0.6798	26,901	92.1021	13,982	53.3418
- 31 March	33,697	0.9360	83,047	2.2411	23,735	80.2548	27,814	103.7449
Distributions payable								
- 30 June	44,222	1.2460	91,839	2.4807	25,322	82.9045	36,075	130.2696
	144,064	4.0143	234,135	6.1835	91,835	313.0655	92,559	346.5210

	Vanguard Australian Shares High Yield Fund							
	Wholesale Class				ETF Class			
	30 Jun 2023		30 Jun 2022		30 Jun 2023		30 Jun 2022	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 30 September	23,660	3.2699	27,332	4.0752	48,399	128.2170	46,369	158.5725
- 31 December	14,557	1.9779	8,214	1.2012	31,196	78.9615	15,087	48.2057
- 31 March	10,497	1.4229	14,678	2.1232	23,790	56.4349	27,341	82.8143
Distributions payable								
- 30 June	14,365	1.9369	22,339	3.1858	34,341	77.3974	44,163	124.6879
	63,079	8.6076	72,563	10.5854	137,726	341.0108	132,960	414.2804

	Vanguard Australian Shares Index Fund							
	Wholesale Class				ETF Class			
	30 Jun 2023		30 Jun 2022		30 Jun 2023		30 Jun 2022	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 30 September	286,535	4.1074	258,528	3.9103	187,989	145.0578	138,152	140.7340
- 31 December	142,869	2.0351	132,721	1.9230	100,477	74.9734	73,379	69.6543
- 31 March	110,990	1.5643	383,076	5.7094	78,149	57.6988	226,547	199.5879
Distributions payable								
- 30 June	174,608	2.4383	505,536	7.4390	124,802	88.9041	271,678	215.9532
	715,002	10.1451	1,279,861	18.9817	491,417	366.6341	709,756	625.9294

Notes to the financial statements (continued)

For the year ended 30 June 2023

10 Distributions to unitholders paid and payable (continued)

	Vanguard Ethically Conscious Australian Shares Fund							
	Wholesale Class				ETF Class			
	30 Jun 2023		30 Jun 2022		30 Jun 2023		30 Jun 2022	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 30 September	3,666	1.3159	3,005	1.3006	4,950	65.8297	2,252	63.0345
- 31 December	2,592	0.8894	2,072	0.7070	3,480	44.5330	2,149	39.0817
- 31 March	2,422	0.7890	4,476	1.4900	2,816	42.4690	4,384	65.3658
Distributions payable								
- 30 June	806	0.6607	11,258	4.3226	3,604	50.1018	6,898	95.5193
	9,486	3.6550	20,811	7.8202	14,850	202.9335	15,683	263.0013

11 Cash and cash equivalents

	Vanguard MSCI Australian Large Companies Index ETF		Vanguard MSCI Australian Small Companies Index ETF		Vanguard Australian Property Securities Index Fund	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Domestic cash at bank	-	299	1,142	2,441	1,862	2,069
Foreign cash at bank	-	-	-	-	2	2
Bank overdraft	(299)	-	-	-	-	-
Total cash and cash equivalents	(299)	299	1,142	2,441	1,864	2,071

	Vanguard Australian Shares High Yield Fund		Vanguard Australian Shares Index Fund		Vanguard Ethically Conscious Australian Shares Fund	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Domestic cash at bank	7,826	35,349	-	10,563	2,132	1,519
Bank overdraft	-	-	(969)	-	-	-
Total cash and cash equivalents	7,826	35,349	(969)	10,563	2,132	1,519

Notes to the financial statements (continued)

For the year ended 30 June 2023

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

	Vanguard MSCI Australian Large Companies Index ETF		Vanguard MSCI Australian Small Companies Index ETF		Vanguard Australian Property Securities Index Fund	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities						
Profit/(loss) for the year	20,999	(6,555)	75,464	(90,730)	-	-
Increase/(decrease) in net assets attributable to unitholders	-	-	-	-	138,183	(961,795)
Distribution to unitholders	-	-	-	-	235,899	326,694
Proceeds from sale of financial instruments at fair value through profit or loss	15,919	28,091	169,605	136,709	345,037	917,301
Purchases of financial instruments at fair value through profit or loss	(50,077)	(57,183)	(304,550)	(255,583)	(350,783)	(591,953)
Net (gains)/losses on financial instruments at fair value through profit or loss	(11,894)	16,629	(51,649)	108,496	(130,322)	856,600
Net change in receivables	(405)	(151)	(557)	(482)	(9,550)	12,772
Net change in payables	7	(20)	38	12	(13)	(180)
Net cash inflow/(outflow) from operating activities	(25,451)	(19,189)	(111,649)	(101,578)	228,451	559,439

(b) Non-cash financing activities

During the year, the distribution payments satisfied by the issue of units under the distribution reinvestment plan	1,328	1,000	5,478	4,132	60,646	106,379
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	Vanguard Australian Shares High Yield Fund		Vanguard Australian Shares Index Fund		Vanguard Ethically Conscious Australian Shares Fund	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities						
Increase/(decrease) in net assets attributable to unitholders	305,476	(281,940)	2,527,416	(3,897,472)	73,228	(124,514)
Distribution to unitholders	200,805	205,523	1,206,419	1,989,617	24,336	36,494
Proceeds from sale of financial instruments at fair value through profit or loss	282,488	536,827	1,647,810	2,914,524	333,950	153,950
Purchases of financial instruments at fair value through profit or loss	(930,588)	(1,113,246)	(3,087,444)	(7,333,597)	(150,915)	(536,650)
Net (gains)/losses on financial instruments at fair value through profit or loss	(290,714)	288,571	(2,445,596)	3,336,956	(72,814)	107,278
Net change in receivables	(8,994)	(3,758)	(27,535)	(22,713)	695	(2,395)
Net change in payables	162	90	299	142	(25)	44
Net cash inflow/(outflow) from operating activities	(441,365)	(367,933)	(178,631)	(3,012,543)	208,455	(365,793)

(b) Non-cash financing activities

During the year, the distribution payments satisfied by the issue of units under the distribution reinvestment plan	47,354	36,823	769,426	635,335	16,153	9,275
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Notes to the financial statements (continued)

For the year ended 30 June 2023

13 Remuneration of auditors

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

	Vanguard MSCI Australian Large Companies Index ETF		Vanguard MSCI Australian Small Companies Index ETF	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	\$	\$	\$	\$
Auditors of the Funds - PwC				
Audit and review of financial statements	19,340	18,095	19,340	18,095
Other assurance services				
Audit of compliance plan and specified assertions report	5,463	3,452	5,463	3,452
Other non-audit services				
Tax compliance services	9,416	8,829	9,416	8,829
Total services provided by PwC	34,219	30,376	34,219	30,376

	Vanguard Australian Property Securities Index Fund		Vanguard Australian Shares High Yield Fund		Vanguard Australian Shares Index Fund		Vanguard Ethically Conscious Australian Shares Fund	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	\$	\$	\$	\$	\$	\$	\$	\$
Auditors of the Funds - PwC								
Audit and review of financial statements	20,401	19,095	20,401	19,095	20,401	19,095	20,401	19,095
Other assurance services								
Audit of compliance plan, specified assertions report and internal controls report	11,491	9,598	11,491	9,598	11,491	9,598	11,491	9,598
Other non-audit services								
Tax compliance services	9,416	8,829	9,416	8,829	9,416	8,829	9,416	8,829
Total services provided by PwC	41,308	37,522	41,308	37,522	41,308	37,522	41,308	37,522

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 and managed funds 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 Australian Equities 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.

Notes to the financial statements (continued)

For the year ended 30 June 2023

15 Related party transactions (continued)

Key management personnel

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

Daniel Shrimski

John Bendl

Curt Jacques

Kim Petersen

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) held units in the Funds for the year ended 30 June 2023 and 30 June 2022 as follows:

30 Jun 2023	Vanguard Australian Shares Index Fund						
	Number of units held opening	Number of units held closing	Fair value of investments	Interest held at year end	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund
	Units	Units	\$	%	Units	Units	\$
Unitholder							
D Shrimski and related parties	24	194	17,301	0.00	170	-	291

30 Jun 2022	Vanguard Australian Shares Index Fund						
	Number of units held opening	Number of units held closing	Fair value of investments	Interest held at year end	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund
	Units	Units	\$	%	Units	Units	\$
Unitholder							
D Shrimski	-	24	1,954	0.00	24	-	52

Key management personnel remuneration

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

Key management personnel loan disclosures

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

Notes to the financial statements (continued)

For the year ended 30 June 2023

15 Related party transactions (continued)

Responsible Entity's fees and other transactions

During the year ended 30 June 2023, 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	
	2023 % per annum	2022 % per annum
Vanguard MSCI Australian Large Companies Index ETF	0.20	0.20
Vanguard MSCI Australian Small Companies Index ETF	0.30	0.30
Vanguard Australian Property Securities Index Fund - Wholesale Class	0.23	0.23
Vanguard Australian Property Securities Index Fund - ETF Class	0.23	0.23
Vanguard Australian Shares High Yield Fund - Wholesale Class	0.35	0.35
Vanguard Australian Shares High Yield Fund - ETF Class	0.25	0.25
Vanguard Australian Shares Index Fund - Wholesale Class	0.16	0.16
Vanguard Australian Shares Index Fund - ETF Class	0.10	0.10
Vanguard Ethically Conscious Australian Shares Fund - Wholesale Class	0.20	0.20
Vanguard Ethically Conscious Australian Shares Fund - ETF Class	0.16	0.16

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 MSCI Australian Large Companies Index ETF		Vanguard MSCI Australian Small Companies Index ETF		Vanguard Australian Property Securities Index Fund	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	\$	\$	\$	\$	\$	\$
Responsible Entity's fees for the year	353,376	293,578	2,173,584	1,993,908	12,451,128	14,869,043
Total fees payable to the Responsible Entity at year end	31,876	25,003	192,673	155,117	1,013,693	1,027,102

	Vanguard Australian Shares High Yield Fund		Vanguard Australian Shares Index Fund		Vanguard Ethically Conscious Australian Shares Fund	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	\$	\$	\$	\$	\$	\$
Responsible Entity's fees for the year	10,856,548	9,171,298	39,342,370	38,120,982	1,215,256	1,108,471
Total fees payable to the Responsible Entity at year end	954,809	792,533	3,338,437	3,037,041	72,837	98,340

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

Notes to the financial statements (continued)

For the year ended 30 June 2023

15 Related party transactions (continued)

Related party unitholdings (continued)

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 Australian Property Securities Index Fund									
	Number of units held opening	Number of units held closing	Country of Establishment and Principal Place of Business	Fair value of investments	Interest held at year end	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund	
30 Jun 2023	Units	Units		\$	%	Units	Units		\$
Unitholder									
Vanguard Index Australian Property Securities Fund	126,189,642	124,715,927	Australia	107,118,509	3.51	8,937,476	10,411,191		5,091,709

Vanguard Australian Property Securities Index Fund									
	Number of units held opening	Number of units held closing	Country of Establishment and Principal Place of Business	Fair value of investments	Interest held at year end	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund	
30 Jun 2022	Units	Units		\$	%	Units	Units		\$
Unitholder									
Vanguard Index Australian Property Securities Fund	126,594,163	126,189,642	Australia	105,974,061	3.41	11,451,406	11,855,927		7,892,692

Vanguard Australian Shares High Yield Fund									
	Number of units held opening	Number of units held closing	Country of Establishment and Principal Place of Business	Fair value of investments	Interest held at year end	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund	
30 Jun 2023	Units	Units		\$	%	Units	Units		\$
Unitholder									
Vanguard High Yield Australian Shares Fund	86,239,969	88,537,429	Australia	150,115,211	11.94	7,268,308	4,970,848		7,570,503

Vanguard Australian Shares High Yield Fund									
	Number of units held opening	Number of units held closing	Country of Establishment and Principal Place of Business	Fair value of investments	Interest held at year end	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund	
30 Jun 2022	Units	Units		\$	%	Units	Units		\$
Unitholder									
Vanguard High Yield Australian Shares Fund	89,622,530	86,239,969	Australia	134,198,016	12.30	7,287,525	10,670,086		9,197,354

Notes to the financial statements (continued)

For the year ended 30 June 2023

15 Related party transactions (continued)

Related party unitholdings (continued)

Vanguard Australian Shares Index Fund									
30 Jun 2023	Number of units held opening	Number of units held closing	Country of Establishment and Principal Place of Business	Fair value of investments	Interest held at year end	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund	
Unitholder	Units	Units		\$	%	Units	Units	\$	
Vanguard Index Australian Shares Fund	282,918,199	297,668,812	Australia	737,385,182	4.16	28,213,481	13,462,868	30,070,374	
Vanguard LifeStrategy® Conservative Fund	2,229,206	1,890,773	Australia	4,683,826	0.03	256,936	595,369	210,945	
Vanguard LifeStrategy® Balanced Fund	13,212,602	12,324,598	Australia	30,530,497	0.17	1,131,601	2,019,605	1,287,360	
Vanguard LifeStrategy® Growth Fund	30,379,383	30,469,263	Australia	75,478,460	0.43	2,721,564	2,631,684	3,146,422	
Vanguard LifeStrategy® High Growth Fund	50,805,082	53,369,297	Australia	132,206,425	0.75	5,040,690	2,476,475	5,373,765	
Vanguard Conservative Index Fund	160,083,328	137,588,380	Australia	340,833,936	1.92	16,022,003	38,516,951	15,237,914	
Vanguard Balanced Index Fund	632,673,562	610,534,676	Australia	1,512,416,499	8.53	59,970,776	82,109,662	64,322,657	
Vanguard Growth Index Fund	991,471,206	1,045,444,709	Australia	2,589,775,632	14.60	107,741,672	53,768,169	105,711,614	
Vanguard High Growth Index Fund	930,244,540	1,072,822,963	Australia	2,657,597,045	14.98	152,066,796	9,488,373	104,143,637	
Vanguard Super*	-	77,120,118	Australia	191,041,955	1.08	77,640,509	520,391	3,346,036	

* This Fund did not hold units during the year ended 30 June 2022.

Vanguard Australian Shares Index Fund									
30 Jun 2022	Number of units held opening	Number of units held closing	Country of Establishment and Principal Place of Business	Fair value of investments	Interest held at year end	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund	
Unitholder	Units	Units		\$	%	Units	Units	\$	
Vanguard Index Australian Shares Fund	277,312,984	282,918,199	Australia	639,847,801	4.16	21,344,329	15,739,114	53,400,982	
Vanguard LifeStrategy® Conservative Fund	2,536,135	2,229,206	Australia	5,041,575	0.03	498,962	805,891	441,093	
Vanguard LifeStrategy® Balanced Fund	13,831,779	13,212,602	Australia	29,881,622	0.19	2,185,586	2,804,763	2,557,993	
Vanguard LifeStrategy® Growth Fund	30,215,722	30,379,383	Australia	68,706,013	0.45	3,976,359	3,812,698	5,798,574	
Vanguard LifeStrategy® High Growth Fund	49,691,359	50,805,082	Australia	114,900,775	0.75	6,283,919	5,170,196	9,707,346	
Vanguard Conservative Index Fund	141,551,340	160,083,328	Australia	362,044,456	2.36	37,007,758	18,475,770	29,910,084	
Vanguard Balanced Index Fund	538,170,836	632,673,562	Australia	1,430,854,527	9.31	149,476,638	54,973,912	117,538,652	
Vanguard Growth Index Fund	798,889,755	991,471,206	Australia	2,242,311,279	14.59	261,124,113	68,542,662	181,498,395	
Vanguard High Growth Index Fund	721,412,670	930,244,540	Australia	2,103,841,052	13.69	265,972,866	57,140,996	168,199,471	

Vanguard Ethically Conscious Australian Shares Fund									
30 Jun 2023	Number of units held opening	Number of units held closing	Country of Establishment and Principal Place of Business	Fair value of investments	Interest held at year end	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund	
Unitholder	Units	Units		\$	%	Units	Units	\$	
Vanguard Super*	-	2,874,733	Australia	3,199,865	2.36	3,110,194	235,461	44,471	

* This Fund did not hold units during the year ended 30 June 2022.

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.

Notes to the financial statements (continued)

For the year ended 30 June 2023

15 Related party transactions (continued)

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.

16 Responsible Entity's fees

	Vanguard MSCI Australian Large Companies Index ETF		Vanguard MSCI Australian Small Companies Index ETF	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	\$'000	\$'000	\$'000	\$'000
Responsible Entity's fees incurred by the Funds	353	294	2,174	1,994
Management costs per annum	0.20%	0.20%	0.30%	0.30%

	Vanguard Australian Property Securities Index Fund				Vanguard Australian Shares High Yield Fund			
	Wholesale Class		ETF Class		Wholesale Class		ETF Class	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Responsible Entity's fees incurred by the Funds	7,306	9,454	5,145	5,415	4,294	4,019	6,563	5,152
Management costs per annum	0.23%	0.23%	0.23%	0.23%	0.35%	0.35%	0.25%	0.25%

	Vanguard Australian Shares Index Fund				Vanguard Ethically Conscious Australian Shares Fund			
	Wholesale Class		ETF Class		Wholesale Class		ETF Class	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Responsible Entity's fees incurred by the Funds	27,577	28,154	11,765	9,967	574	629	641	479
Management costs per annum	0.16%	0.16%	0.10%	0.10%	0.20%	0.20%	0.16%	0.16%

17 Securities Lending

The aggregate amount of securities on loan by the Funds and the value of collateral held by the Funds in respect of these securities are set out below. The cash collateral received are reinvested by the JPM Chase Bank, N.A., Sydney Branch and included under financial assets at fair value through profit or loss in the balance sheet.

	30 Jun 2023			30 Jun 2022		
	Value of outstanding securities on loan	Value of cash collateral	Value of non cash collateral	Value of outstanding securities on loan	Value of cash collateral	Value of non cash collateral
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Vanguard MSCI Australian Small Companies Index ETF	33,857	4,070	34,364	41,974	-	45,511
Vanguard Australian Property Securities Index Fund	10,925	4,861	6,700	2,343	-	2,475
Vanguard Australian Shares High Yield Fund	-	-	-	2,000	-	2,747
Vanguard Australian Shares Index Fund	290,025	44,955	276,974	307,905	-	336,454
Vanguard Ethically Conscious Australian Shares Fund	6,955	488	7,663	8,671	-	10,321

Notes to the financial statements (continued)

For the year ended 30 June 2023

18 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 equity securities, listed unit trusts, unlisted unit trusts, fixed interest securities, derivatives and cash and cash equivalents, and performance is reviewed against the Funds' investment objective.

19 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 2023 or on the results and cash flows of the Funds for the year ended on that date.

20 Contingent assets, contingent liabilities and commitments

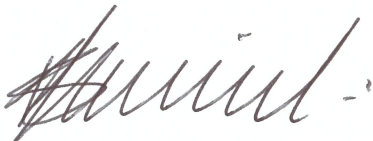
There are no outstanding contingent assets, liabilities or commitments as at 30 June 2023 (30 June 2022: Nil).

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 8 to 43 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 2023 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
13 September 2023



Independent auditor's report

To the unitholders of:

- Vanguard MSCI Australian Large Companies Index ETF*
- Vanguard MSCI Australian Small Companies Index ETF*
- Vanguard Australian Property Securities Index Fund*
- Vanguard Australian Shares High Yield Fund*
- Vanguard Australian Shares Index Fund*
- Vanguard Ethically Conscious Australian Shares Fund*

referred to collectively as the Vanguard Wholesale Australian Equities Funds and ETFs.

*denotes listed Funds

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of the Vanguard Wholesale Australian Equities 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 2023 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 2023
- 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 to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the structure of the Funds, the accounting processes and controls and the industry in which the Funds operate.



Materiality

- For the purpose of our audit, we used approximately 1% of each Fund's net assets to set our overall materiality for each Fund.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose net assets because, in our view, it is the metric against which the performance of the Funds is most commonly measured and is a generally accepted benchmark.
- We utilised 1% as the threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit Scope

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



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit 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	How our audit addressed the key audit matter
<p>Investments in financial assets at fair value through profit or loss <i>Refer to note 2 (Summary of significant accounting policies) and note 4 (Fair value measurement)</i></p> <p>At 30 June 2023, investments in financial assets at fair value through profit or loss comprised primarily of investments in listed equity securities and listed unit trusts.</p> <p>Investments in financial assets at fair value through profit or loss was a key audit matter because investments represent the principal element of the balance sheet. A discrepancy in the valuation or existence of investments could cause the net asset value to be materially misstated which would also impact the Funds' reported performance as the valuation of investments is the main driver of movements in the profit of the Funds.</p>	<p>To assess the design and operating effectiveness of the service providers' relevant controls, we performed the following procedures, amongst others:</p> <ul style="list-style-type: none">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 audit opinion from the service provider auditor over the design and operating effectiveness of those controls.developed an understanding of the control objectives and associated control activities and evaluated the results of the tests undertaken and the conclusions formed by the service provider's auditor on the design and operating effectiveness of controls, to the extent relevant to our audit of the Funds. <p>We inspected an 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 2023 as recorded in the Funds' financial report and underlying accounting records to this report.</p>

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 2023, 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 through our opinion on the financial report.



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 intend 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. This description forms part of our auditor's report.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

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

Adrian Gut
Partner

Melbourne
13 September 2023

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

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