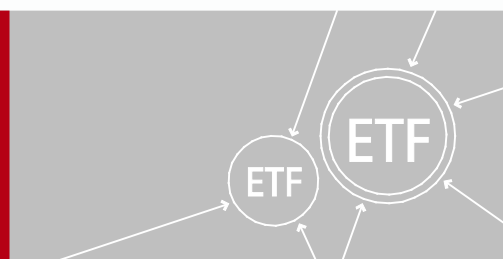




Annual Report for the Vanguard® Exchange Traded Funds

7 September 2016



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 FTSE Emerging Markets Shares ETF	VGE	Annual Report
Vanguard MSCI Index International Shares (Hedged) ETF	VGAD	Annual Report
Vanguard FTSE Asia ex Japan Shares Index ETF	VAE	Annual Report
Vanguard FTSE Europe Shares ETF	VEQ	Annual Report

Vanguard has prepared an Annual Report for the financial year ending 30 June 2016. 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/etf

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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.

Information about the Vanguard FTSE Emerging Markets Shares ETF is not intended for persons present in the United States of America. Retail investors can only use the PDS for informational purposes. You can access the PDS at vanguard.com.au.

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Vanguard® Wholesale Funds

ETFs (ASX Codes: VLC, VSO, VGE, VGAD, VAE, VEQ)

Vanguard funds covered in this annual report

Vanguard® Australian Large Companies Index Fund	ARSN 147 936 105	ABN 17 468 108 459
Vanguard® Australian Small Companies Index Fund	ARSN 147 936 570	ABN 73 969 263 897
Vanguard® Global Emerging Markets Shares Fund	ARSN 147 937 906	ABN 91 542 729 566
Vanguard® Global Shares Index Fund (Hedged) <i>(Formerly known as Vanguard Fund V)</i>	ARSN 165 786 989	ABN 92 314 430 239
Vanguard® Asia ex Japan Shares Index Fund	ARSN 606 451 110	ABN 50 411 576 623
Vanguard® Europe Shares Index Fund	ARSN 606 480 086	ABN 30 252 933 265

Responsible Entity

Vanguard Investments Australia Ltd
ABN 72 072 881 086
AFSL 227263

Level 34
Freshwater Place
2 Southbank Boulevard
Southbank Vic 3006

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

vanguard.com.au

Contents

About Vanguard	4
Directors' Report	5
Auditor's Independence Declaration	11
Statement of comprehensive income	12
Balance sheet	14
Statement of changes in equity	15
Statement of cash flows	16
Notes to the financial statements	18
Directors' Declaration	60
Independent Auditor's Report	61

About Vanguard

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

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

With more than \$4.6 trillion in assets under management as of 30 June 2016, including over \$750 billion in exchange traded funds, Vanguard is one of the world's largest global investment management companies.

In Australia, Vanguard has been helping investors meet their long-term financial goals with low-cost investment solutions for over 20 years.

Our unique structure – putting investors' interests first

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

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

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

Our investment expertise

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

Low-cost investing

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

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

Directors' Report

The directors of Vanguard Investments Australia Ltd, the Responsible Entity of the Vanguard Wholesale Funds, present their report together with the financial report of the following Vanguard Wholesale Funds ('the Funds') for the year ended 30 June 2016:

- Vanguard Australian Large Companies Index Fund
- Vanguard Australian Small Companies Index Fund
- Vanguard Global Emerging Markets Shares Fund
- Vanguard Global Shares Index Fund (Hedged)
- Vanguard Asia ex Japan Shares Index Fund
- Vanguard Europe Shares Index Fund

Principal activities

The Funds invest in accordance with the investment policy of the Funds as set out in the current Product Disclosure Statement (PDS) and in accordance with the Constitutions of the Funds. The Funds seek to track the returns of the Funds' respective indices, before taking into account Fund fees and expenses.

Vanguard Australian Large Companies Index Fund (ASX code VLC) and Vanguard Australian Small Companies Index Fund (ASX code VSO) commenced trading on 26 May 2011. Vanguard Global Emerging Markets Shares Fund (ASX code VGE) commenced trading on 21 November 2013 and Vanguard Global Shares Index Fund (Hedged) (ASX code VGAD) commenced trading on 20 November 2014. Vanguard Asia ex Japan Shares Index Fund (ASX code VAE) and Vanguard Europe Shares Index Fund (ASX code VEQ) commenced trading on 11 December 2015. The Funds operate as Exchange Traded Funds (ETF) listed on the Australian Stock 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 Vanguard Investments Australia Ltd during the period or since the end of the period and up to the date of this report:

- J M Norris
- G W Reed
- C R Comegys
- C Lui (Resigned 15 March 2016)
- C Kelton (Appointed 1 July 2015)
- M Lovett (Appointed 15 March 2016)

Directors' Report (continued)

Review and results of operations

During the period, the investment policy of the Funds continued to be that detailed in the current PDS and in accordance with the provisions of the Constitution of the Funds. There were no changes to the operations of the Funds since last year.

Results

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

	Vanguard Australian Large Companies Index Fund		Vanguard Australian Small Companies Index Fund		Vanguard Global Emerging Markets Shares Fund	
For the period ended 30 June	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating profit/(loss) before finance costs attributable to unitholders	(1,958)	1,201	8,262	(2,652)	(4,072)	3,764
Distributions						
Distribution paid and payable	2,408	1,545	2,534	1,566	890	596
Distribution (cents per unit)	250.1181	245.5757	164.6929	119.3729	102.5349	111.8142

	Vanguard Global Shares Index Fund (Hedged)		Vanguard Asia ex Japan Shares Index Fund		Vanguard Europe Shares Index Fund	
For the period ended 30 June	2016	2015 *	2016**	2015	2016**	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating profit/(loss) before finance costs attributable to unitholders	1,626	649	221	—	(318)	—
Distributions						
Distribution paid and payable	1,361	—	236	—	126	—
Distribution (cents per unit)	71.9960	—	51.2164	—	110.2837	—

* Vanguard Global Shares Index Fund (Hedged) commenced trading on 20 November 2014.

** Vanguard Asia ex Japan Shares Index Fund and Vanguard Europe Shares Index Fund commenced trading on 11 December 2015.

Directors' Report (continued)

Review and results of operations (continued)

Performance

The table below details 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 period from the date of inception to 30 June 2016 and assumes that all distributions were re-invested during that period. Performance is 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 the Fund's total return with the corresponding Index (the Benchmark) gross of fees.

	2016	2015	2014	2013	2012
	%	%	%	%	%
Vanguard Australian Large Companies Index Fund					
Capital growth	(9.37)	(0.07)	13.07	20.11	(9.73)
Distribution of income	4.15	4.05	4.28	5.71	3.76
Total return	(5.22)	3.98	17.35	25.82	(5.97)
Benchmark return					
<i>MSCI Australian Shares Large Cap Index</i>	(5.03)	4.19	17.62	26.23	(5.75)
Vanguard Australian Small Companies Index Fund					
Capital growth	8.20	(3.18)	11.69	(1.87)	(17.03)
Distribution of income	4.03	2.73	3.60	3.60	3.05
Total return	12.23	(0.45)	15.29	1.73	(13.98)
Benchmark return					
<i>MSCI Australian Shares Small Cap Index</i>	12.57	(0.21)	15.65	2.07	(13.88)
Vanguard Global Emerging Markets Shares Fund					
Capital growth	(11.03)	16.37	2.19	–	–
Distribution of income	1.76	2.34	1.42	–	–
Total return	(9.27)	18.71	3.61	–	–
Benchmark return					
<i>FTSE Emerging Markets All Cap China A Transition Index (with net dividends reinvested) in AUD</i>	(10.06)	20.13	4.32	–	–

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

Footnote to Emerging Index. From 2 November 2015 VGE commenced tracking the FTSE Emerging Markets All Cap China A Transition Index before moving to its destination benchmark in 2016. * TRANSITION BENCHMARK: FTSE Emerging Markets All Cap China A Transition Index * DESTINATION BENCHMARK: FTSE Emerging Markets All Cap China A Inclusion Index

Directors' Report (continued)

Review and results of operations (continued)

Performance (continued)

	2016	2015	2014	2013	2012
	%	%	%	%	%
Vanguard Global Shares Index Fund (Hedged)					
Capital growth	(2.82)	5.01	—	—	—
Distribution of income	1.36	—	—	—	—
Total return	(1.46)	5.01	—	—	—
Benchmark return					
<i>MSCI World Index Ex–Australia (with net dividends reinvested), hedged into Australian dollars index.</i>	(1.42)	5.15	—	—	—
<i>The Fund's inception date was 18 November 2014</i>					
Vanguard Asia ex Japan Shares Index Fund					
Capital growth	0.09	—	—	—	—
Distribution of income	1.03	—	—	—	—
Total return	1.12	—	—	—	—
Benchmark return					
<i>FTSE Asia Pacific ex Japan, Australia and New Zealand Index (with net dividends reinvested) in AUD</i>	1.17	—	—	—	—
<i>The Fund's inception date was 9 December 2015</i>					
Vanguard Europe Shares Index Fund					
Capital growth	(9.96)	—	—	—	—
Distribution of income	2.19	—	—	—	—
Total return	(7.77)	—	—	—	—
Benchmark return					
<i>FTSE Developed Europe All Cap Index (with net dividends reinvested) in AUD</i>	(8.50)	—	—	—	—
<i>The Fund's inception date was 9 December 2015</i>					

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

Directors' Report (continued)

Review and results of operations (continued)

Unit redemption prices

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

	Vanguard Australian Large Companies Index Fund		Vanguard Australian Small Companies Index Fund		Vanguard Global Emerging Markets Shares Fund	
	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$
At 30 June	55.7479	61.5155	46.8715	43.1088	53.1431	59.8856
High during period	63.6686	67.8202	47.9833	47.2858	60.6311	64.5828
Low during period	50.8998	58.5116	39.2676	40.6462	46.0428	51.2526

	Vanguard Global Shares Index Fund (Hedged)		Vanguard Asia ex Japan Shares Index Fund		Vanguard Europe Shares Index Fund	
	2016	2015*	2016**	2015	2016**	2015
	\$	\$	\$	\$	\$	\$
At 30 June	52.1395	52.9185	50.4205	—	45.7512	—
High during period	54.9810	54.9391	51.3787	—	50.5769	—
Low during period	45.6977	48.2477	45.8681	—	43.0729	—

* Vanguard Global Shares Index Fund (Hedged) commenced trading on 20 November 2014.

** Vanguard Asia ex Japan Shares Index Fund and Vanguard Europe Shares Index Fund commenced trading on 11 December 2015.

Significant changes in state of affairs

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

Except as disclosed in the financial report, no other matter or circumstance has arisen since 30 June 2016 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 Constitutions of the Funds.

The results of the Funds' operations will be affected by a number of factors, including the performance of investment markets in which each Fund invests. 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.

Further information on likely developments in the operations of the Funds and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Funds.

Directors' Report (continued)

Indemnity and insurance of officers

No insurance premiums are 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 Constitutions of the Funds and the Law, the officers remain indemnified out of the assets of the Funds against losses incurred while acting on behalf of the Funds.

Indemnity of auditors

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 Funds' property during the period are disclosed in note 14 to the financial statements.

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

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

Interests in the Fund

The movement in units on issue in the Funds during the period is set out in note 10(a) to the financial statements.

The value of each Fund's assets and liabilities is disclosed on the balance sheet and derived using the basis set out in note 2 to the financial statements.

Environmental regulation

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

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 11.

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



Colin Kelton
Managing Director
Melbourne
30 August 2016



Auditor's Independence Declaration for the Vanguard Wholesale Funds (ETF's):

- Vanguard Australian Small Companies Index Fund
- Vanguard Australian Large Companies Index Fund
- Vanguard Global Emerging Markets Shares Fund
- Vanguard Global Shares Index Fund (Hedged)
- Vanguard Asia ex Japan Shares Index Fund
- Vanguard Europe Shares Index Fund

As lead auditor for the audits of the Vanguard Wholesale Funds (ETF's) for the period ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audits; and
2. no contraventions of any applicable code of professional conduct in relation to the audits.

A handwritten signature in black ink, appearing to read 'JF Power'.

JF Power
Partner
PricewaterhouseCoopers

Melbourne
30 August 2016

Statement of comprehensive income

For the year ended 30 June 2016

		Vanguard Australian Large Companies Index Fund		Vanguard Australian Small Companies Index Fund		Vanguard Global Emerging Markets Shares Fund	
		2016	2015	2016	2015	2016	2015
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Investment income							
Interest income from financial instruments not held at fair value through profit or loss		—	—	1	—	1	2
Dividend income	17	2,513	1,655	2,249	1,409	—	—
Distribution income	17	237	99	483	492	972	711
Net gains/(losses) on financial instruments held at fair value through profit or loss	5	(4,596)	(471)	5,747	(4,396)	(4,901)	3,121
Other operating income		3	3	19	19	5	25
Total net investment income/(loss)		(1,843)	1,286	8,499	(2,476)	(3,923)	3,859
Expenses							
Responsible Entity's fees	7	111	78	234	170	148	88
Transaction costs		—	1	3	2	1	7
Other operating expenses		4	6	—	4	—	—
Total operating expenses		115	85	237	176	149	95
Operating profit/(loss)		(1,958)	1,201	8,262	(2,652)	(4,072)	3,764
Financing costs attributable to unitholders							
Distributions to unitholders	8	(2,408)	(1,545)	(2,534)	(1,566)	(890)	(596)
(Increase)/decrease in net assets attributable to unitholders	10(b)	4,366	344	(5,728)	4,218	4,962	(3,168)
Profit/(loss) for the period		—	—	—	—	—	—
Other comprehensive income		—	—	—	—	—	—
Total comprehensive income for the period		—	—	—	—	—	—

* Vanguard Global Shares Index Fund (Hedged) commenced trading on 20 November 2014.

** Vanguard Asia ex Japan Shares Index Fund and Vanguard Europe Shares Index Fund commenced trading on 11 December 2015.

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

Statement of comprehensive income (continued)

For the year ended 30 June 2016

		Vanguard Global Shares Index Fund (Hedged)		Vanguard Asia ex Japan Shares Index Fund		Vanguard Europe Shares Index Fund	
		2016	2015*	2016**	2015	2016**	2015
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Investment income							
Interest income from financial instruments not held at fair value through profit or loss		28	3	—	—	—	—
Dividend income	17	—	—	399	—	—	—
Distribution income	17	3,639	542	6	—	128	—
Net gains/(losses) on financial instruments held at fair value through profit or loss	5	(2,085)	102	(178)	—	(442)	—
Other operating income		98	15	69	—	3	—
Total net investment income/(loss)		1,680	662	296	—	(311)	—
Expenses							
Responsible Entity's fees	7	54	13	73	—	7	—
Transaction costs		—	—	—	—	—	—
Other operating expenses		—	—	2	—	—	—
Total operating expenses		54	13	75	—	7	—
Operating profit/(loss)		1,626	649	221	—	(318)	—
Financing costs attributable to unitholders							
Distributions to unitholders	8	(1,361)	—	(236)	—	(126)	—
(Increase)/decrease in net assets attributable to unitholders	10(b)	(265)	(649)	15	—	444	—
Profit/(loss) for the period		—	—	—	—	—	—
Other comprehensive income		—	—	—	—	—	—
Total comprehensive income for the period		—	—	—	—	—	—

* Vanguard Global Shares Index Fund (Hedged) commenced trading on 20 November 2014.

** Vanguard Asia ex Japan Shares Index Fund and Vanguard Europe Shares Index Fund commenced trading on 11 December 2015.

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

Balance sheet

As at 30 June 2016

		Vanguard Australian Large Companies Index Fund	Vanguard Australian Small Companies Index Fund	Vanguard Global Emerging Markets Shares Fund			
		2016	2015	2016	2015	2016	2015
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets							
Cash & cash equivalents	9	(448)	(215)	(18)	134	87	1,306
Futures margin deposit		12	—	32	18	—	—
Receivables		646	386	320	335	4	400
Due from brokers — receivable for securities sold		321	252	736	562	218	282
Financial assets held at fair value through profit or loss	11	58,909	42,917	77,515	75,006	51,360	43,400
Other assets		—	—	—	—	—	—
Total assets		59,440	43,340	78,585	76,055	51,669	45,388
Liabilities							
Collateral Margins		—	—	—	—	—	—
Payables	14(b)	12	8	19	18	14	11
Distribution payable	8	452	331	1,260	856	244	317
Due to brokers — payables for securities purchased		—	—	335	—	—	1,550
Financial liabilities held at fair value through profit or loss	12	—	—	—	—	—	5
Other liabilities		—	—	—	—	—	—
Total liabilities (excluding net assets attributable to unitholders)		464	339	1,614	874	258	1,883
Net assets attributable to unitholders (liability)	10(b)	58,976	43,001	76,971	75,181	51,411	43,505

		Vanguard Global Shares Index Fund (Hedged)		Vanguard Asia ex Japan Shares Index Fund		Vanguard Europe Shares Index Fund	
		2016	2015*	2016**	2015	2016**	2015
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets							
Cash & cash equivalents	9	5,247	533	132	—	6	—
Futures margin deposit		609	50	22	—	—	—
Receivables		2,772	363	170	—	—	—
Due from brokers – receivable for securities sold		—	—	90	—	87	—
Financial assets held at fair value through profit or loss	11	94,967	23,513	22,750	—	5,396	—
Other assets		—	—	—	—	—	—
Total assets		103,595	24,459	23,164	—	5,489	—
Liabilities							
Collateral Margins		2,770	—	—	—	—	—
Payables	14(b)	3	1	7	—	1	—
Distribution payable	8	1,361	—	172	—	88	—
Due to brokers – payables for securities purchased		1,150	—	—	—	—	—
Financial liabilities held at fair value through profit or loss	12	1,129	143	—	—	—	—
Other liabilities		—	—	—	—	—	—
Total liabilities (excluding net assets attributable to unitholders)		6,413	144	179	—	89	—
Net assets attributable to unitholders (liability)	10(b)	97,182	24,315	22,985	—	5,400	—

* Vanguard Global Shares Index Fund (Hedged) commenced trading on 20 November 2014.

** Vanguard Asia ex Japan Shares Index Fund and Vanguard Europe Shares Index Fund commenced trading on 11 December 2015.

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

Statement of changes in equity

For the year ended 30 June 2016

	Notes	Vanguard Australian Large Companies Index Fund		Vanguard Australian Small Companies Index Fund		Vanguard Global Emerging Markets Shares Fund	
		2016	2015	2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total equity at the beginning of the financial year							
Profit/(loss) for the year		—	—	—	—	—	—
Other comprehensive income		—	—	—	—	—	—
Total comprehensive income		—	—	—	—	—	—
Transactions with owners in their capacity as owners		—	—	—	—	—	—
Total equity at the end of the financial year		—	—	—	—	—	—

	Notes	Vanguard Global Shares Index Fund (Hedged)		Vanguard Asia ex Japan Shares Index Fund		Vanguard Europe Shares Index Fund	
		2016	2015*	2016**	2015	2016**	2015
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total equity at the beginning of the financial year							
Profit/(loss) for the year		—	—	—	—	—	—
Other comprehensive income		—	—	—	—	—	—
Total comprehensive income		—	—	—	—	—	—
Transactions with owners in their capacity as owners		—	—	—	—	—	—
Total equity at the end of the financial year		—	—	—	—	—	—

* Vanguard Global Shares Index Fund (Hedged) commenced trading on 20 November 2014.

** Vanguard Asia ex Japan Shares Index Fund and Vanguard Europe Shares Index Fund commenced trading on 11 December 2015.

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than equity. As a result there was no equity at the start or the end of the financial year.

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

Statement of cash flows

For the year ended 30 June 2016

		Vanguard Australian Large Companies Index Fund	Vanguard Australian Small Companies Index Fund	Vanguard Global Emerging Markets Shares Fund			
		2016	2015	2016	2015	2016	2015
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities							
Proceeds from sale of financial instruments held at fair value through profit or loss		3,762	3,047	53,668	22,306	935	258
Purchases of financial instruments held at fair value through profit or loss		(24,431)	(20,651)	(50,282)	(62,109)	(15,303)	(30,576)
Transaction costs on purchases of financial instruments held at fair value through profit or loss		—	(1)	(3)	(2)	(1)	(7)
Dividends received		2,301	1,525	2,217	1,345	—	—
Interest received		—	—	1	—	1	2
Distributions received		190	87	530	376	1,369	314
Other income received		3	3	19	18	5	25
Responsible Entity's fees paid		(108)	(75)	(233)	(161)	(145)	(79)
Payment of other expenses		(4)	(6)	—	(4)	(1)	(2)
Net cash inflow/(outflow) from operating activities	15(a)	(18,287)	(16,071)	5,917	(38,231)	(13,140)	(30,065)
Cash flows from financing activities							
Proceeds from applications by unitholders		20,342	17,459	28,687	48,401	12,868	31,654
Payments for redemptions by unitholders		—	—	(32,625)	(8,756)	—	—
Distributions paid from financing activities		(2,288)	(1,426)	(2,130)	(1,325)	(964)	(346)
Net cash inflow/(outflow) from financing activities		18,054	16,033	(6,068)	38,320	11,904	31,308
Net increase/(decrease) in cash and cash equivalents		(233)	(38)	(151)	89	(1,236)	1,243
Cash and cash equivalents at the beginning of the year		(215)	(177)	134	45	1,306	23
Effects of foreign currency exchange rate changes on cash and cash equivalents		—	—	—	—	17	40
Cash and cash equivalents at the end of the year	9	(448)	(215)	(17)	134	87	1,306
Non-cash financing activities	15(b)						

* Vanguard Global Shares Index Fund (Hedged) commenced trading on 20 November 2014.

** Vanguard Asia ex Japan Shares Index Fund and Vanguard Europe Shares Index Fund commenced trading on 11 December 2015.

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

Statement of cash flows (continued)

For the year ended 30 June 2016

		Vanguard Global Shares Index Fund (Hedged)		Vanguard Asia ex Japan Shares Index Fund		Vanguard Europe Shares Index Fund	
		2016	2015*	2016**	2015	2016**	2015
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities							
Proceeds from sale of financial instruments held at fair value through profit or loss		4,560	644	282	—	55	—
Purchases of financial instruments held at fair value through profit or loss		(72,879)	(23,788)	(23,271)	—	(5,961)	—
Transaction costs on purchases of financial instruments held at fair value through profit or loss		—	—	—	—	—	—
Dividends received		—	—	228	—	—	—
Interest received		26	3	—	—	—	—
Distributions received		362	—	4	—	128	—
Other income received		98	15	69	—	3	—
Responsible Entity's fees paid		(52)	(13)	(66)	—	(6)	—
Payment of other expenses		—	(1)	(5)	—	(1)	—
Net cash inflow/(outflow) from operating activities	15(a)	(67,885)	(23,140)	(22,759)	—	(5,782)	—
Cash flows from financing activities							
Proceeds from applications by unitholders		73,633	23,666	23,000	—	5,844	—
Payments for redemptions by unitholders		(1,030)	—	—	—	—	—
Distributions paid from financing activities		—	—	(63)	—	(38)	—
Net cash inflow/(outflow) from financing activities		72,603	23,666	22,937	—	5,806	—
Net increase/(decrease) in cash and cash equivalents		4,718	526	178	—	24	—
Cash and cash equivalents at the beginning of the year		533	—	—	—	—	—
Effects of foreign currency exchange rate changes on cash and cash equivalents		(4)	7	(46)	—	(18)	—
Cash and cash equivalents at the end of the year	9	5,247	533	132	—	6	—
Non-cash financing activities	15(b)						

* Vanguard Global Shares Index Fund (Hedged) commenced trading on 20 November 2014.

** Vanguard Asia ex Japan Shares Index Fund and Vanguard Europe Shares Index Fund commenced trading on 11 December 2015.

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

Notes to the financial statements

For the year ended 30 June 2016

1. General information

The Responsible Entity of the Vanguard Wholesale Funds is Vanguard Investments Australia Ltd. (the 'Responsible Entity'). The Responsible Entity's registered office is Level 34, Freshwater Place, 2 Southbank Boulevard, Southbank Vic 3006.

Vanguard Australian Large Companies Index Fund and Vanguard Australian Small Companies Index Fund were constituted on 17 December 2010 and will terminate on 17 December 2090 unless terminated earlier in accordance with the provisions of the Constitutions of the Funds. These two Funds commenced trading on the 26 May 2011.

Vanguard Global Emerging Market Shares Fund (Hedged) was constituted on 24 December 2010 and will terminate on 23 December 2090 unless terminated earlier in accordance with the provisions of the Constitution of the Fund. This Fund commenced trading on the 21 November 2013.

Vanguard Global Shares Index Fund (Hedged) was constituted on 25 September 2013 and will terminate on 25 December 2093 unless terminated earlier in accordance with the provisions of the Constitution of the Fund. This Fund commenced trading on the 20 November 2014.

Vanguard Asia ex Japan Shares Index Fund & Vanguard Europe Shares Index Fund were constituted on 28 May 2015 and will terminate on 27 May 2095 unless terminated earlier in accordance with the provisions of the Constitution of the Funds. These two Funds commenced trading on the 11 December 2015.

The Funds invest in accordance with the investment policy of the Funds as set out in the current Product Disclosure Statement (PDS) and in accordance with the Constitutions of the Funds. The Funds seek to track the returns of the Funds respective indexes, before taking into account Fund fees and expenses.

The financial statements were authorised for issue by the directors on 30 August 2016. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

The financial statements are presented in the Australian currency.

Notes to the financial statements (continued)

For the year ended 30 June 2016

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.

These 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 balances are expected to be recovered or settled within twelve months, except for financial assets at fair value through profit or loss and net assets attributable to unitholders.

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.

(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 2015 that have a material impact on the Funds.

(b) Financial instruments

(i) Classification

The Funds investments are categorised as at fair value through profit or loss. They comprise:

- **Financial instruments held for trading**
Derivative financial instruments such as futures, forward contracts, options and interest rate swaps are included under this classification. All derivatives in a net receivable or payable position are shown gross and reported as either derivative financial assets or derivative financial liabilities. The Funds do not designate any derivatives as hedges in a hedging relationship.
- **Financial instruments designated at fair value through profit or loss upon initial recognition**
These include financial assets that are not held for trading purposes and which may be sold. These are investments in exchange traded debt and equity instruments, unlisted trusts, unlisted equity instruments and commercial paper.

Financial assets and financial liabilities designated at fair value through profit and loss at inception are those that are managed and their performance 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 instruments on a fair value basis together with other related financial information.

Notes to the financial statements (continued)

For the year ended 30 June 2016

2. Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(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 have expired or the Funds have transferred substantially all risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Funds measure a financial asset at its 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 held at fair value through profit or loss in the period in which they arise. This also includes dividend expense on short sales of securities, which have been classified at fair value through profit or loss.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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 quoted market price used for financial assets held by the Funds is the current bid price and the quoted market price for financial liabilities is the current asking price.

The fair value of financial assets and liabilities that are not traded in an active market are determined using valuation techniques. The Funds use a variety of methods and make assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

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

(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.

(c) Net assets attributable to unitholders

Units are redeemable at the unitholders' option and are classified as financial liabilities as the Funds are required to distribute their taxable income. The units can be put back to the Funds at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the reporting period if unitholders exercised their right to redeem units in the Funds.

Notes to the financial statements (continued)

For the year ended 30 June 2016

2. Summary of significant accounting policies (continued)

(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 within assets as cash on the balance sheet. Futures margin deposit accounts are restricted cash balances and accordingly are not included in cash and cash equivalents.

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) Investment income

Interest income and expenses are recognised in the statement of comprehensive income for all financial instruments that are not held at fair value through profit and loss using the effective interest method. Interest on assets held at fair value through profit and loss is included in the net gains/(losses) on financial instruments. Other changes in fair value for such instruments are recorded in accordance with the policies described in note 2(b).

Dividend income is recognised on the ex-dividend date net of any related foreign withholding tax, but inclusive of reclaims that are yet to be received.

Trust distributions are recognised on an entitlements basis and stated net of foreign withholding tax.

(f) Expenses

All expenses, including Responsible Entity's fees and custodian fees, are recognised in the Statement of Comprehensive Income on an accruals basis.

(g) Income tax

Under current legislation, the Funds are not subject to income tax provided the taxable income of the Funds are fully distributed either by way of cash or reinvestment (i.e. unitholders are presently entitled to the income of the Funds).

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, the portion of the gain that is subject to capital gains tax will be distributed so that the Funds are not subject to capital gains tax.

Realised capital losses are not distributed to unitholders but are retained in the Funds to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unitholders.

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

The Funds currently incur withholding tax imposed by certain countries on investment income. Such income is recorded net of withholding tax in the statement of comprehensive income.

Notes to the financial statements (continued)

For the year ended 30 June 2016

2. Summary of significant accounting policies (continued)

(h) Distributions

In accordance with the Constitutions of the Funds, the Funds fully distribute their distributable income to unitholders by cash or reinvestment. Distributions payable are the amounts that the unitholders are presently entitled to as at 30 June 2016, but have not yet received. The distributions are payable at the end of September, December, March and June for Vanguard Australian Large Companies Index Fund and Vanguard Global Emerging Markets Shares Fund. Vanguard Australian Small Companies Index Fund and Vanguard Global Shares Index Fund (Hedged) are payable at the end of December and June. Distributions are recognised in the income statement as finance costs attributable to unitholders.

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

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the statement of comprehensive income as finance costs.

(j) Foreign currency translation

(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 are 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 held at fair value through profit or loss.

(k) Due from/to brokers

Amounts due from/to brokers represent payables for securities purchased and receivables for securities sold that have been contracted for but not yet delivered by the end of the year. A provision for impairment of amounts due from brokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant broker. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount due from brokers is impaired.

(l) Futures margin deposits

Deposits held with brokers for margin, represent restricted margin deposits for derivative financial instruments.

(m) Receivables

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 reporting date from the time of last payment using the effective interest rate method. Amounts are generally received within 30 days of being recorded as receivables.

Notes to the financial statements (continued)

For the year ended 30 June 2016

2. Summary of significant accounting policies (continued)

(n) Payables

Payables include liabilities and accrued expenses owing by the Funds which are unpaid as at balance date.

The distribution amount payable to unitholders as at the reporting date is recognised separately on the balance sheet as unitholders are presently entitled to the distributable income under the Constitutions of the Funds.

(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. There are currently no entry or exit fees charged for the Funds.

(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 (RITC) at a rate ranging from 55% to 75%, hence Responsible Entity 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) Use of estimates

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

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

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

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

Notes to the financial statements (continued)

For the year ended 30 June 2016

2. Summary of significant accounting policies (continued)

(r) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2016 reporting period and have not been early adopted by the Fund. The directors' assessment of the impact of these new standards (to the extent relevant to the Fund) and interpretations is set out below:

(i) AASB 9 *Financial Instruments* (and applicable amendments), (effective from 1 January 2018)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. The standard is not applicable until 1 January 2018 but is available for early adoption.

The directors do not expect this to have a significant impact on the recognition and measurement of the Fund's financial instruments as they are carried at fair value through profit or loss.

The derecognition rules have not been changed from the previous requirements, and the Fund does not apply hedge accounting. AASB 9 introduces a new impairment model. However, as the fund's investments are all held at fair value through profit or loss, the change in impairment rules will not impact the fund.

The Fund has not yet decided when to adopt AASB 9.

(ii) AASB 15 *Revenue from Contracts with Customers*, (effective from 1 January 2018)

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The fund's main source of income are interest, dividends and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As consequence, the directors do not expect the adoption of the new revenue recognition rules to have a significant impact on the Fund's accounting policies or the amounts recognised in the financial statements.

(s) Rounding of amounts

The Funds are registered schemes of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order, unless otherwise indicated.

Notes to the financial statements (continued)

For the year ended 30 June 2016

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 programme focuses on ensuring compliance with the Funds' Product Disclosure Statements and seek to deliver investment returns which closely match the total returns of selected indices. The Funds use derivative financial instruments to alter certain risk exposures. Financial risk management is carried out by the investment management department under the policies approved by the Board of Directors of the Responsible Entity.

The Funds use different methods to measure different types of risk to which they are exposed. These methods are explained below.

(a) Market risk

(i) Price risk

The Funds are exposed to price risk whereby the future prices of the Funds' securities are uncertain.

In any asset sector the returns of individual securities are a combination of the market return and returns specific to each security. By diversifying 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.

Note 3 (b) summarises the impact of an increase/decrease of each Fund's corresponding Index on net assets attributable to unitholders.

(ii) Foreign exchange risk

The Funds' assets are denominated in Australian dollars. There is no foreign exchange risk to Vanguard Australian Large Companies Index Fund and Vanguard Australian Small Companies Index Fund presented in this financial report.

However, Vanguard Global Emerging Markets Shares Fund, Vanguard Global Shares Index Fund (Hedged), Vanguard Asia ex Japan Shares Index Fund and Vanguard Europe Shares Index Fund are exposed to foreign exchange risk as a result of investments in financial instruments denominated in foreign currencies. Fluctuations in the value of the Australian dollar and foreign currencies can affect the returns from overseas investments. This is because gains or losses must be converted back to Australian dollars. Accordingly, these Funds are affected directly by currency fluctuations.

The foreign exchange risk disclosures have been prepared for Vanguard Global Emerging Markets Shares Fund, Vanguard Global Shares Index Fund (Hedged), Vanguard Asia ex Japan Shares Index Fund and Vanguard Europe Shares Index Fund direct investment and not on a look-through basis for investments held indirectly through unit trusts. Consequently the disclosure of currency risk in the note may not represent the true foreign currency risk profile of the Funds where the Funds have significant investments in feeder trusts which also have exposure to the foreign currency markets.

Note 3 (b) summarises the sensitivities of Vanguard Global Emerging Markets Shares Fund, Vanguard Global Shares Index Fund (Hedged), Vanguard Asia ex Japan Shares Index Fund and Vanguard Europe Shares Index Fund monetary assets and liabilities to foreign exchange risk.

The tables on the following pages summarise the Funds' exposure to foreign exchange risk.

Notes to the financial statements (continued)

For the year ended 30 June 2016

3. Financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

The following table summarises the Fund's exposure to foreign exchange risk.

Vanguard Global Emerging Markets Shares Fund							
	United States Dollar A\$'000	British Pound A\$'000	Euro A\$'000	Japanese Yen A\$'000	Other A\$'000	Australian Dollar A\$'000	TOTAL A\$'000
As at 30 June 2016							
Assets							
Cash and cash equivalents	62	—	—	—	—	25	87
Futures margin deposit	—	—	—	—	—	—	—
Financial assets held at fair value through profit or loss	51,360	—	—	—	—	—	51,360
Other assets and receivables	218	—	—	—	—	4	222
Total assets	51,640	—	—	—	—	29	51,669
Liabilities							
Payables	—	—	—	—	—	14	14
Distribution payable	—	—	—	—	—	244	244
Due to brokers — payables for securities purchased	—	—	—	—	—	—	—
Financial liabilities held at fair value through profit or loss	—	—	—	—	—	—	—
Other liabilities	—	—	—	—	—	—	—
Total liabilities	—	—	—	—	—	258	258
Net assets attributable to unitholders – liability	51,640	—	—	—	—	(229)	51,411
As at 30 June 2015							
Assets							
Cash and cash equivalents	69	—	—	—	—	1,237	1,306
Futures margin deposit	—	—	—	—	—	—	—
Financial assets held at fair value through profit or loss	43,400	—	—	—	—	—	43,400
Other assets and receivables	679	—	—	—	—	3	682
Total assets	44,148	—	—	—	—	1,240	45,388
Liabilities							
Payables	—	—	—	—	—	11	11
Distribution payable	—	—	—	—	—	317	317
Due to brokers — payables for securities purchased	1,550	—	—	—	—	—	1,550
Financial liabilities held at fair value through profit or loss	—	—	—	—	—	5	5
Other liabilities	—	—	—	—	—	—	—
Total liabilities	1,550	—	—	—	—	333	1,883
Net assets attributable to unitholders – liability	42,598	—	—	—	—	907	43,505

Notes to the financial statements (continued)

For the year ended 30 June 2016

3. Financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

The following table summarises the Fund's exposure to foreign exchange risk.

	Vanguard Global Shares Index Fund (Hedged)						
	United States Dollar	British Pound	Euro	Japanese Yen	Other	Australian** Dollar	TOTAL
As at 30 June 2016	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Assets							
Cash and cash equivalents	314	31	32	18	29	4,823	5,247
Futures margin deposit	305	47	148	78	31	–	609
Financial assets held at fair value through profit or loss	30	27	13	21	10	94,866	94,967
Other assets and receivables	–	–	–	–	–	2,772	2,772
Total assets	649	105	193	117	70	102,461	103,595
Liabilities							
Collateral Margins	–	–	–	–	–	2,770	2,770
Payables	–	–	–	–	–	3	3
Distribution payable	–	–	–	–	–	1,361	1,361
Due to brokers – payables for securities purchased	–	–	–	–	–	1,150	1,150
Financial liabilities held at fair value through profit or loss	45	–	–	338	5	741	1,129
Other liabilities	–	–	–	–	–	–	–
Total liabilities	45	–	–	338	5	6,025	6,413
Net assets attributable to unitholders – liability	604	105	193	(221)	65	96,436	97,182
As at 30 June 2015*							
Assets							
Cash and cash equivalents	7	2	3	10	–	511	533
Futures margin deposit	27	–	23	–	–	–	50
Financial assets held at fair value through profit or loss	1	1	3	–	–	23,508	23,513
Other assets and receivables	–	–	–	–	–	363	363
Total assets	35	3	29	10	–	24,382	24,459
Liabilities							
Collateral Margins	–	–	–	–	–	–	–
Payables	–	–	–	–	–	1	1
Distribution payable	–	–	–	–	–	–	–
Due to brokers – payables for securities purchased	–	–	–	–	–	–	–
Financial liabilities held at fair value through profit or loss	25	50	28	23	14	3	143
Other liabilities	–	–	–	–	–	–	–
Total liabilities	25	50	28	23	14	4	144
Net assets attributable to unitholders – liability	10	(47)	1	(13)	(14)	24,378	24,315

* Vanguard Global Shares Index Fund (Hedged) commenced trading on 20 November 2014.

** The exposure to the Australian Dollar is related to the investment in the Vanguard International Shares Index Fund.

Notes to the financial statements (continued)

For the year ended 30 June 2016

3. Financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

The following table summarises the Funds' exposure to foreign exchange risk.

	Vanguard Asia ex Japan Shares Index Fund							
	United States Dollar	Hong Kong Dollar	Taiwan New Dollar	Korean Won	Indian Rupee	Other	Australian Dollar	TOTAL
As at 30 June 2016**	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Assets								
Cash and cash equivalents	60	50	—	—	—	21	1	132
Futures margin deposit	22	—	—	—	—	—	—	22
Financial assets held at fair value through profit or loss	244	8,650	3,272	3,945	2,823	3,816	—	22,750
Other assets and receivables	8	151	41	25	13	19	3	260
Total assets	334	8,851	3,313	3,970	2,836	3,856	4	23,164
Liabilities								
Payables	—	—	—	—	—	—	7	7
Distribution payable	—	—	—	—	—	—	172	172
Due to brokers — payables for securities purchased	—	—	—	—	—	—	—	—
Financial liabilities held at fair value through profit or loss	—	—	—	—	—	—	—	—
Other liabilities	—	—	—	—	—	—	—	—
Total liabilities	—	—	—	—	—	—	179	179
Net assets attributable to unitholders — liability	334	8,851	3,313	3,970	2,836	3,856	(175)	22,985

** Vanguard Asia ex Japan Shares Index Fund and Vanguard Europe Shares Index Fund commenced trading on 11 December 2015.

	Vanguard Europe Shares Index Fund						
	United States Dollar	British Pound	Euro	Japanese Yen	Other	Australian Dollar	TOTAL
As at 30 June 2016**	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Assets							
Cash and cash equivalents	2	—	—	—	—	4	6
Futures margin deposit	—	—	—	—	—	—	—
Financial assets held at fair value through profit or loss	5,396	—	—	—	—	—	5,396
Other assets and receivables	87	—	—	—	—	—	87
Total assets	5,485	—	—	—	—	4	5,489
Liabilities							
Payables	—	—	—	—	—	1	1
Distribution payable	—	—	—	—	—	88	88
Due to brokers — payables for securities purchased	—	—	—	—	—	—	—
Financial liabilities held at fair value through profit or loss	—	—	—	—	—	—	—
Other liabilities	—	—	—	—	—	—	—
Total liabilities	—	—	—	—	—	89	89
Net assets attributable to unitholders — liability	5,485	—	—	—	—	(85)	5,400

** Vanguard Asia ex Japan Shares Index Fund and Vanguard Europe Shares Index Fund commenced trading on 11 December 2015.

Notes to the financial statements (continued)

For the year ended 30 June 2016

3. Financial risk management (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risk

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

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

Those Funds whose exposure to interest rate risk is significant are set out in the following table:

	Vanguard Australian Large Companies Index Fund				Vanguard Australian Small Companies Index Fund			
	Floating Interest Rate	Fixed Interest Rate	Non – Interest Bearing	Total	Floating Interest Rate	Fixed Interest Rate	Non – Interest Bearing	Total
30 June 2016	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets								
Cash and cash equivalents	(448)	–	–	(448)	(18)	–	–	(18)
Futures margin deposit	12	–	–	12	32	–	–	32
Financial assets held at fair value through profit or loss	–	–	58,909	58,909	–	–	77,515	77,515
Other assets & receivables	–	–	967	967	–	–	1,056	1,056
Total assets	(436)	–	59,876	59,440	14	–	78,571	78,585
Liabilities								
Other liabilities	–	–	464	464	–	–	1,614	1,614
Total liabilities (excluding net assets attributable to unitholders)	–	–	464	464	–	–	1,614	1,614
Net assets attributable to unitholders – liability	(436)	–	59,412	58,976	14	–	76,957	76,971
30 June 2015								
Assets								
Cash and cash equivalents	(215)	–	–	(215)	134	–	–	134
Futures margin deposit	–	–	–	–	18	–	–	18
Financial assets held at fair value through profit or loss	–	–	42,917	42,917	–	–	75,006	75,006
Other assets & receivables	–	–	638	638	–	–	897	897
Total assets	(215)	–	43,555	43,340	152	–	75,903	76,055
Liabilities								
Other liabilities	–	–	339	339	–	–	874	874
Total liabilities (excluding net assets attributable to unitholders)	–	–	339	339	–	–	874	874
Net assets attributable to unitholders – liability	(215)	–	43,216	43,001	152	–	75,029	75,181

Notes to the financial statements (continued)

For the year ended 30 June 2016

3. Financial risk management (continued)

(a) Market risk (continued)

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

	Vanguard Global Emerging Markets Shares Fund				Vanguard Global Shares Index Fund (Hedged)			
	Floating Interest Rate	Fixed Interest Rate	Non – Interest Bearing	Total	Floating Interest Rate	Fixed Interest Rate	Non – Interest Bearing	Total
30 June 2016	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets								
Cash and cash equivalents	87	–	–	87	5,247	–	–	5,247
Futures margin deposit	–	–	–	–	609	–	–	609
Due from brokers – receivable for securities sold	–	–	218	218	–	–	–	–
Financial assets held at fair value through profit or loss	–	–	51,360	51,360	–	–	94,967	94,967
Other assets & receivables	–	–	4	4	–	–	2,772	2,772
Total assets	87	–	51,582	51,669	5,856	–	97,739	103,595
Liabilities								
Collateral Margins	–	–	–	–	2,770	–	–	2,770
Other liabilities and payables	–	–	258	258	–	–	3,643	3,643
Total liabilities (excluding net assets attributable to unitholders)	–	–	258	258	2,770	–	3,643	6,413
Net assets attributable to unitholders – liability	87	–	51,324	51,411	3,086	–	94,096	97,182
30 June 2015*								
Assets								
Cash and cash equivalents	1,306	–	–	1,306	533	–	–	533
Futures margin deposit	–	–	–	–	50	–	–	50
Financial assets held at fair value through profit or loss	–	–	43,400	43,400	–	–	23,513	23,513
Other assets & receivables	–	–	682	682	–	–	363	363
Total assets	1,306	–	44,082	45,388	583	–	23,876	24,459
Liabilities								
Other liabilities	–	–	1,883	1,883	–	–	144	144
Total liabilities (excluding net assets attributable to unitholders)	–	–	1,883	1,883	–	–	144	144
Net assets attributable to unitholders – liability	1,306	–	42,199	43,505	583	–	23,732	24,315

* Vanguard Global Shares Index Fund (Hedged) commenced trading on 20 November 2014.

Notes to the financial statements (continued)

For the year ended 30 June 2016

3. Financial risk management (continued)

(a) Market risk (continued)

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

	Vanguard Asia ex Japan Shares Index Fund				Vanguard Europe Shares Index Fund			
	Floating Interest Rate	Fixed Interest Rate	Non – Interest Bearing	Total	Floating Interest Rate	Fixed Interest Rate	Non – Interest Bearing	Total
30 June 2016**	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets								
Cash and cash equivalents	132	–	–	132	6	–	–	6
Futures margin deposit	22	–	–	22	–	–	–	–
Due from brokers – receivable for securities sold	–	–	90	90	–	–	87	87
Financial assets held at fair value through profit or loss	–	–	22,750	22,750	–	–	5,396	5,396
Other assets & receivables	–	–	170	170	–	–	–	–
Total assets	154	–	23,010	23,164	6	–	5,483	5,489
Liabilities								
Payables	–	–	–	–	–	–	1	1
Distribution payable	–	–	–	–	–	–	88	88
Other liabilities	–	–	179	179	–	–	–	–
Total liabilities (excluding net assets attributable to unitholders)	–	–	179	179	–	–	89	89
Net assets attributable to unitholders – liability	154	–	22,831	22,985	6	–	5,394	5,400

** Vanguard Asia ex Japan Shares Index Fund and Vanguard Europe Shares Index Fund commenced trading on 11 December 2015.

Note 3 (b) summarises the impact of an increase/decrease of interest rates of each Fund's operating profit and net assets attributable to unitholders through changes in fair value or changes in future cash flows.

Notes to the financial statements (continued)

For the year ended 30 June 2016

3. Financial risk management (continued)

(b) Summarised sensitivity analysis

The following tables summarise the sensitivity of the Funds' operating profit and net assets attributable to unitholders to interest rate risk, foreign exchange risk and 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.

Price risk movement represents the range of historical index returns from the average return minus one standard deviation to the average return plus one standard deviation. For a normal distribution approximately two-thirds of the outcomes are expected to fall within plus or minus one standard deviation of the mean. Outcomes are expected to occur outside these ranges, approximately one-third of the time.

	Vanguard Australian Large Companies Index Fund				Vanguard Australian Small Companies Index Fund			
	Impact on operating profit/(loss) and net assets attributable to unitholders				Impact on operating profit/(loss) and net assets attributable to unitholders			
	Price risk		Interest rate risk		Price risk		Interest rate risk	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	– 3 %	+ 4 %	– 25 bps	+25 bps	– 4 %	+ 5 %	– 25 bps	+25 bps
30 June 2016	(1,767)	2,356	(1)	1	(3,101)	3,876	–	–
	– 3 %	+ 4 %	– 50 bps	+ 50 bps	– 4 %	+ 5 %	– 50 bps	+ 50 bps
30 June 2015	(1,288)	1,717	1	(1)	(3,000)	3,750	(1)	1

	Vanguard Global Emerging Markets Shares Fund					
	Impact on operating profit/(loss) and net assets attributable to unitholders					
	Price risk		Interest rate risk		Foreign exchange risk United States Dollar	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	– 3%	+ 3 %	– 25 bps	+ 25 bps	– 8%	+ 5%
30 June 2016	(1,541)	1,541	–	–	22	(14)
	– 1%	+ 4 %	– 50 bps	+ 50 bps	– 1%	+ 23%
30 June 2015	(434)	1,736	(7)	7	8	(184)

Notes to the financial statements (continued)

For the year ended 30 June 2016

3. Financial risk management (continued)

(b) Summarised sensitivity analysis (continued)

Vanguard Global Shares Index Fund (Hedged)														
Impact on operating profit/(loss) and net assets attributable to unitholders														
Price risk		Interest rate risk				Foreign exchange risk								
						United States Dollar		British Pound		Euro		Japanese Yen		Other
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	-3%	+4%	-25 bps	+25 bps	-8%	5%	-18%	0%	-8%	3%	-1%	24%	-5%	5%
30 June 2016	(2,718)	3,624	(8)	8	46	(29)	14	-	14	(5)	(2)	47	3	(3)
	-2%	+3%	-50 bps	+50 bps	-1%	23%	0%	18%	-5%	6%	-5%	9%	-2%	14%
30 June 2015*	(468)	703	(3)	3	-	(3)	-	8	-	-	(1)	1	-	2

* Vanguard Global Shares Index Fund (Hedged) commenced trading on 20 November 2014

Vanguard Asia ex Japan Shares Index Fund														
Impact on operating profit/(loss) and net assets attributable to unitholders														
Price risk		Interest rate risk				Foreign exchange risk								
						United States Dollar		British Pound		Euro		Japanese Yen		Other
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	-3%	+3%	-25 bps	+25 bps	-8%	5%	-5%	5%	-5%	5%	-5%	5%	-5%	5%
30 June 2016**	(683)	682	-	-	7	(5)	10	(10)	2	(2)	1	(1)	3	(3)

** Vanguard Asia ex Japan Shares Index Fund and Vanguard Europe Shares Index Fund commenced trading on 11 December 2015.

Vanguard Europe Shares Index Fund						
Impact on operating profit/(loss) and net assets attributable to unitholders						
Price risk		Interest rate risk		Foreign exchange risk		
				United States Dollar		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	-6%	+3%	-25 bps	+25 bps	-8%	+5%
30 June 2016**	(324)	162	-	-	7	(4)

Notes to the financial statements (continued)

For the year ended 30 June 2016

3. Financial risk management (continued)

(c) Credit risk

Credit risk is the risk that the Funds' trading counterparties become insolvent or cannot otherwise meet their obligations to the Funds in full when they fall due.

Funds which invest in fixed interest and debt securities are exposed to credit risk. This is the risk that an issuer of a fixed interest or debt security may not meet its payment obligations to the Funds. The Responsible Entity seeks to minimise this risk by diversifying a Fund's holdings across issuers. At 30 June 2016 there are no financial assets that are past due or impaired.

Any securities lending in the fixed interest Funds is with a selected group of counterparties, all of which have AA or better long-term and A1+ short-term Standard & Poor's credit ratings (or Moody's equivalent).

(i) Debt securities

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

Vanguard will try to minimise the credit risk associated with holding bonds by primarily holding non-domestic government and supranational (issued by government-owned or government-guaranteed entities) bonds or other investment-grade entities.

Investment-grade issuers are defined as those rated BBB– or higher by Standard & Poor's or Baa3 or higher by Moody's.

(ii) Derivative financial instruments

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.

(iii) Settlement of securities transactions

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

(iv) Cash and cash equivalents

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a rating of A1+ short-term Standard & Poor's credit ratings (or Moody's equivalent).

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

(v) Other

The Funds are not materially exposed to credit risk on other financial assets.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of the financial assets.

Notes to the financial statements (continued)

For the year ended 30 June 2016

3. Financial risk management (continued)

(d) Liquidity risk

The Funds' approach to managing liquidity is to ensure that they will always have sufficient liquidity to meet their liabilities when due. Unitholders are able to withdraw their units at any time, and the Funds are therefore exposed to the liquidity risk of meeting unitholders' withdrawals at any time.

The Funds' financial instruments include investments in equity investments, fixed interest securities and derivative contracts traded over-the-counter. 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.

(i) Maturities of non-derivative financial instruments

The Funds' non-derivative financial liabilities divided into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date are shown in the table below. The amounts in the table are the contractual undiscounted cash flows. Units are redeemed on demand at the unitholder's option. However, the Board of Directors does not envisage that the contractual maturity disclosed in the table below will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

(ii) Maturities of gross settled derivative financial instruments

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

Vanguard Australian Large Companies Index Fund										
	As at 30 June 2016					As at 30 June 2015				
	Less than 1 month	1 to 6 months	6 to 12 months	1 to 2 years	Total	Less than 1 month	1 to 6 months	6 to 12 months	1 to 2 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Maturity of non-derivative financial liabilities										
Payables	12	—	—	—	12	8	—	—	—	8
Distribution payable	452	—	—	—	452	331	—	—	—	331
Due to brokers – payables for securities purchased	—	—	—	—	—	—	—	—	—	—
Financial liabilities held at fair value through profit or loss (excluding gross settled derivatives)	—	—	—	—	—	—	—	—	—	—
Other liabilities	—	—	—	—	—	—	—	—	—	—
Net assets attributable to unitholders	58,976	—	—	—	58,976	43,001	—	—	—	43,001
Total financial liabilities (excluding gross settled derivatives)	59,440	—	—	—	59,440	43,340	—	—	—	43,340
Maturity of gross settled derivatives										
Gross settled derivatives										
Derivative										
Inflows	—	—	—	—	—	—	—	—	—	—
(Outflows)	—	—	—	—	—	—	—	—	—	—
Total gross settled derivatives inflow (outflow)	—	—	—	—	—	—	—	—	—	—

Notes to the financial statements (continued)

For the year ended 30 June 2016

3. Financial risk management (continued)

(d) Liquidity risk (continued)

Vanguard Australian Small Companies Index Fund										
	As at 30 June 2016					As at 30 June 2015				
	Less than 1 month	1 to 6 months	6 to 12 months	1 to 2 years	Total	Less than 1 month	1 to 6 months	6 to 12 months	1 to 2 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Maturity of non-derivative financial liabilities										
Payables	19	—	—	—	19	18	—	—	—	18
Distribution payable	1,260	—	—	—	1,260	856	—	—	—	856
Due to brokers — payables for securities purchased	335	—	—	—	335	—	—	—	—	—
Financial liabilities held at fair value through profit or loss (excluding gross settled derivatives)	—	—	—	—	—	—	—	—	—	—
Other liabilities	—	—	—	—	—	—	—	—	—	—
Net assets attributable to unitholders	76,971	—	—	—	76,971	75,181	—	—	—	75,181
Total financial liabilities (excluding gross settled derivatives)	78,585	—	—	—	78,585	76,055	—	—	—	76,055
Gross settled derivatives										
Derivative										
Inflows	—	—	—	—	—	—	—	—	—	—
(Outflows)	—	—	—	—	—	—	—	—	—	—
Total gross settled derivatives inflow (outflow)	—	—	—	—	—	—	—	—	—	—

Vanguard Global Emerging Markets Shares Fund										
	As at 30 June 2016					As at 30 June 2015				
	Less than 1 month	1 to 6 months	6 to 12 months	1 to 2 years	Total	Less than 1 month	1 to 6 months	6 to 12 months	1 to 2 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Maturity of non-derivative financial liabilities										
Payables	14	—	—	—	14	11	—	—	—	11
Distribution payable	244	—	—	—	244	317	—	—	—	317
Due to brokers — payables for securities purchased	—	—	—	—	—	1,550	—	—	—	1,550
Financial liabilities held at fair value through profit or loss (excluding gross settled derivatives)	—	—	—	—	—	5	—	—	—	5
Other liabilities	—	—	—	—	—	—	—	—	—	—
Net assets attributable to unitholders	51,411	—	—	—	51,411	43,505	—	—	—	43,505
Total financial liabilities (excluding gross settled derivatives)	51,669	—	—	—	51,669	45,388	—	—	—	45,388
Gross settled derivatives										
Derivative										
Inflows	215	—	—	—	215	1,525	—	—	—	1,525
(Outflows)	(215)	—	—	—	(215)	(1,530)	—	—	—	(1,530)
Total gross settled derivatives inflow (outflow)	—	—	—	—	—	(5)	—	—	—	(5)

Notes to the financial statements (continued)

For the year ended 30 June 2016

3. Financial risk management (continued)

(d) Liquidity risk (continued)

Vanguard Global Shares Index Fund (Hedged)										
	As at 30 June 2016					As at 30 June 2015*				
	Less than 1 month	1 to 6 months	6 to 12 months	1 to 2 years	Total	Less than 1 month	1 to 6 months	6 to 12 months	1 to 2 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Maturity of non-derivative financial liabilities										
Collateral Margins	2,770	—	—	—	2,770	—	—	—	—	—
Payables	3	—	—	—	3	1	—	—	—	1
Distribution payable	1,361	—	—	—	1,361	—	—	—	—	—
Due to brokers — payables for securities purchased	1,150	—	—	—	1,150	—	—	—	—	—
Financial liabilities held at fair value through profit or loss (excluding gross settled derivatives)	1,093	36	—	—	1,129	128	15	—	—	143
Other liabilities	—	—	—	—	—	—	—	—	—	—
Net assets attributable to unitholders	97,182	—	—	—	97,182	24,315	—	—	—	24,315
Total financial liabilities (excluding gross settled derivatives)	103,559	36	—	—	103,595	24,444	15	—	—	24,459
Gross settled derivatives										
Derivative										
Inflows	206,693	100,425	—	—	307,118	49,799	26,371	—	—	76,170
(Outflows)	(204,034)	(99,853)	—	—	(303,887)	(49,840)	(26,382)	—	—	(76,222)
Total gross settled derivatives inflow (outflow)	2,659	572	—	—	3,231	(41)	(11)	—	—	(52)

* Vanguard Global Shares Index Fund (Hedged) commenced trading on 20 November 2014

Notes to the financial statements (continued)

For the year ended 30 June 2016

3. Financial risk management (continued)

(d) Liquidity risk (continued)

Vanguard Asia ex Japan Shares Index Fund					
As at 30 June 2016**					
	Less than 1 month \$'000	1 to 6 months \$'000	6 to 12 months \$'000	1 to 2 years \$'000	Total \$'000
Maturity of non-derivative financial liabilities					
Payables	7	—	—	—	7
Distribution payable	172	—	—	—	172
Due to brokers — payables for securities purchased	—	—	—	—	—
Financial liabilities held at fair value through profit or loss (excluding gross settled derivatives)	—	—	—	—	—
Other liabilities	—	—	—	—	—
Net assets attributable to unitholders	22,985	—	—	—	22,985
Total financial liabilities (excluding gross settled derivatives)	23,164	—	—	—	23,164
Gross settled derivatives					
Derivative					
Inflows	214	—	—	—	214
(Outflows)	(214)	—	—	—	(214)
Total gross settled derivatives inflow (outflow)	—	—	—	—	—

Vanguard Europe Shares Index Fund					
As at 30 June 2016**					
	Less than 1 month \$'000	1 to 6 months \$'000	6 to 12 months \$'000	1 to 2 years \$'000	Total \$'000
Maturity of non-derivative financial liabilities					
Payables	1	—	—	—	1
Distribution payable	88	—	—	—	88
Due to brokers — payables for securities purchased	—	—	—	—	—
Financial liabilities held at fair value through profit or loss (excluding gross settled derivatives)	—	—	—	—	—
Other liabilities	—	—	—	—	—
Net assets attributable to unitholders	5,400	—	—	—	5,400
Total financial liabilities (excluding gross settled derivatives)	5,489	—	—	—	5,489
Gross settled derivatives					
Derivative					
Inflows	84	—	—	—	84
(Outflows)	(84)	—	—	—	(84)
Total gross settled derivatives inflow (outflow)	—	—	—	—	—

** Vanguard Asia ex Japan Shares Index Fund and Vanguard Europe Shares Index Fund commenced trading on 11 December 2015.

Notes to the financial statements (continued)

For the year ended 30 June 2016

4. Fair value measurement

(a) Fair value estimation

The Funds measure and recognise the following assets and liabilities at fair value on a recurring basis:

- Financial assets / liabilities designated at fair value through profit or loss (FVTPL)
- Financial assets / liabilities held for trading
- Derivative financial instruments

The Funds had no assets or liabilities at fair value on a non-recurring basis in the current reporting period. The carrying amounts of the Funds assets and liabilities at the balance sheet date approximate their fair values.

Financial assets and liabilities held at fair value through profit and loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit and loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the statement of comprehensive income.

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 balance sheet date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

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

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.

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.

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 balance sheet date applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the balance sheet date. 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 managers of such Funds.

Notes to the financial statements (continued)

For the year ended 30 June 2016

4. Fair value measurement (continued)

(b) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

The determination of what constitutes 'observable' requires significant judgement by the responsible entity. The responsible entity considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table presents the Funds' assets and liabilities measured and recognised at fair value as at 30 June 2016.

	Vanguard Australian Large Companies Index Fund				Vanguard Australian Small Companies Index Fund			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2016								
Financial assets								
Financial assets held for trading								
Derivatives	–	–	–	–	–	–	–	–
Financial assets designated at fair value through profit or loss:								
Equity securities	58,909	–	–	58,909	77,016	499	–	77,515
Total	58,909	–	–	58,909	77,016	499	–	77,515
Financial liabilities								
Financial liabilities held for trading								
Derivatives	–	–	–	–	–	–	–	–
Total	–	–	–	–	–	–	–	–
30 June 2015								
Financial assets								
Financial assets held for trading								
Derivatives	–	–	–	–	–	–	–	–
Financial assets designated at fair value through profit or loss:								
Equity securities	42,917	–	–	42,917	74,970	36	–	75,006
Total	42,917	–	–	42,917	74,970	36	–	75,006
Financial liabilities								
Financial liabilities held for trading								
Derivatives	–	–	–	–	–	–	–	–
Total	–	–	–	–	–	–	–	–

Notes to the financial statements (continued)

For the year ended 30 June 2016

4. Fair value measurement (continued)

(b) Fair value hierarchy (continued)

	Vanguard Global Emerging Markets Shares Fund				Vanguard Global Shares Index Fund (Hedged)			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
30 June 2016	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets								
Financial assets held for trading								
Derivatives	–	–	–	–	77	4,337	–	4,414
Financial assets designated at fair value through profit or loss:								
Equity securities	51,360	–	–	51,360	–	90,553	–	90,553
Total	51,360	–	–	51,360	77	94,890	–	94,967
Financial liabilities								
Financial liabilities held for trading								
Derivatives	–	–	–	–	23	1,106	–	1,129
Total	–	–	–	–	23	1,106	–	1,129
30 June 2015*								
Financial assets								
Financial assets held for trading								
Derivatives	–	–	–	–	1	88	–	89
Financial assets designated at fair value through profit or loss:								
Equity securities	43,400	–	–	43,400	–	23,424	–	23,424
Total	43,400	–	–	43,400	1	23,512	–	23,513
Financial liabilities								
Financial liabilities held for trading								
Derivatives	–	5	–	5	3	140	–	143
Total	–	5	–	5	3	140	–	143

* Vanguard Global Shares Index Fund (Hedged) commenced trading on 20 November 2014

	Vanguard Asia ex Japan Shares Index Fund				Vanguard Europe Shares Index Fund			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
30 June 2016**	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets								
Financial assets held for trading								
Derivatives	5	2	–	7	–	–	–	–
Financial assets designated at fair value through profit or loss:								
Equity securities	22,743	–	–	22,743	5,396	–	–	5,396
Total	22,748	2	–	22,750	5,396	–	–	5,396
Financial liabilities								
Financial liabilities held for trading								
Derivatives	–	–	–	–	–	–	–	–
Total	–	–	–	–	–	–	–	–

** Vanguard Asia ex Japan Shares Index Fund and Vanguard Europe Shares Index Fund commenced trading on 11 December 2015.

Notes to the financial statements (continued)

For the year ended 30 June 2016

4. Fair value measurement (continued)

(b) Fair value hierarchy (continued)

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities, certain unlisted unit trusts, exchange traded derivatives, US government treasury bills and certain non-US sovereign obligations.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include, investment-grade corporate bonds and certain non-US sovereign obligations, certain listed equities, certain unlisted unit trusts, and over the counter derivatives. As level 2 investments include positions that are not traded in active markets and or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and or non-transferability, which are generally based on available market information.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for the Funds' unlisted equity securities.

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments where available.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

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

The following table presents the transfers between levels as at 30 June 2016:

		Vanguard Australian Small Companies Index Fund		
		Level 1	Level 2	Level 3
30 June 2016		\$'000	\$'000	\$'000
Transfers between level 1 and 2:				
Equity securities		(29)	29	—
30 June 2015		\$'000	\$'000	\$'000
Transfers between level 1 and 2:				
Equity securities		(33)	33	—

The equity securities transferred into level 2 relates to the frequency of quoted price valuations. There were no transfers into and out of level 3 during the reporting period.

Notes to the financial statements (continued)

For the year ended 30 June 2016

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

	Vanguard Australian Large Companies Index Fund		Vanguard Australian Small Companies Index Fund		Vanguard Global Emerging Markets Shares Fund	
	2016	2015	2016	2015	2016	2015
Financial assets	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net gain/(loss) on financial assets held for trading	6	—	55	(6)	(26)	(17)
Net gain/(loss) on financial assets designated at fair value through profit or loss	(4,602)	(471)	5,692	(4,390)	(4,875)	3,143
	(4,596)	(471)	5,747	(4,396)	(4,901)	3,126
Net realised gain/(loss) on financial assets held at fair value through profit or loss	(598)	98	231	(1,415)	(41)	34
Net unrealised gain/(loss) on financial assets held at fair value through profit or loss	(3,998)	(569)	5,516	(2,982)	(4,860)	3,092
	(4,596)	(471)	5,747	(4,396)	(4,901)	3,126
Financial liabilities						
Net gain/(loss) on financial liabilities held for trading	—	—	—	—	—	(5)
Net gain/(loss) on financial liabilities designated at fair value through profit or loss	—	—	—	—	—	—
	—	—	—	—	—	(5)
Net realised gain/(loss) on financial liabilities held at fair value through profit or loss	—	—	—	—	—	—
Net unrealised gain/(loss) on financial liabilities held at fair value through profit or loss	—	—	—	—	—	—
	—	—	—	—	—	—
Total net gains/(losses) on financial instruments held at fair value through profit or loss	(4,596)	(471)	5,747	(4,396)	(4,901)	3,121

	Vanguard Global Shares Index Fund (Hedged)		Vanguard Asia ex Japan Shares Index Fund		Vanguard Europe Shares Index Fund	
	2016	2015*	2016**	2015	2016**	2015
Financial assets	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net gain/(loss) on financial assets held for trading	2,742	(1,371)	43	—	20	—
Net gain/(loss) on financial assets designated at fair value through profit or loss	(3,698)	1,616	(221)	—	(462)	—
	(956)	245	(178)	—	(442)	—
Net realised gain/(loss) on financial assets held at fair value through profit or loss	(1,563)	(1,267)	(11)	—	(8)	—
Net unrealised gain/(loss) on financial assets held at fair value through profit or loss	607	1,512	(167)	—	(434)	—
	(956)	245	(178)	—	(442)	—
Financial liabilities						
Net gain/(loss) on financial liabilities held for trading	(1,129)	(143)	—	—	—	—
Net gain/(loss) on financial liabilities designated at fair value through profit or loss	—	—	—	—	—	—
	(1,129)	(143)	—	—	—	—
Net realised gain/(loss) on financial liabilities held at fair value through profit or loss	—	—	—	—	—	—
Net unrealised gain/(loss) on financial liabilities held at fair value through profit or loss	—	—	—	—	—	—
	—	—	—	—	—	—
Total net gains/(losses) on financial instruments held at fair value through profit or loss	(2,085)	102	(178)	—	(442)	—

* Vanguard Global Shares Index Fund (Hedged) commenced trading on 20 November 2014.

** Vanguard Asia ex Japan Shares Index Fund and Vanguard Europe Shares Index Fund commenced trading on 11 December 2015.

Notes to the financial statements (continued)

For the year ended 30 June 2016

6. Auditor's remuneration

The auditor's remuneration is borne by the Responsible Entity. Other services include the audit of the Compliance Plans and Tax Review. During the period, the following fees were paid and payable for services provided by the auditor of the Funds.

	Vanguard Australian Large Companies Index Fund		Vanguard Australian Small Companies Index Fund		Vanguard Global Emerging Markets Shares Fund	
	2016	2015	2016	2015	2016	2015
Auditor's remuneration	\$	\$	\$	\$	\$	\$
for auditing the financial statements	18,000	19,166	18,000	19,166	20,500	19,167
other services	10,682	10,975	10,682	10,975	10,682	10,975

	Vanguard Global Shares Index Fund (Hedged)		Vanguard Asia ex Japan Shares Index Fund		Vanguard Europe Shares Index Fund	
	2016	2015*	2016**	2015	2016**	2015
Auditor's remuneration	\$	\$	\$	\$	\$	\$
for auditing the financial statements	23,000	19,176	20,500	—	20,500	—
other services	9,067	10,975	5,550	—	5,550	—

7. Responsible Entity's fees

	Vanguard Australian Large Companies Index Fund		Vanguard Australian Small Companies Index Fund		Vanguard Global Emerging Markets Shares Fund	
	2016	2015	2016	2015	2016	2015
Auditor's remuneration	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Responsible Entity's fees incurred by the Funds	111	78	234	170	148	88
Management costs per annum	0.20%	0.20%	0.30%	0.30%	0.48%	0.48%

	Vanguard Global Shares Index Fund (Hedged)		Vanguard Asia ex Japan Shares Index Fund		Vanguard Europe Shares Index Fund	
	2016	2015*	2016**	2015	2016**	2015
Auditor's remuneration	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Responsible Entity's fees incurred by the Funds	54	13	73	—	7	—
Management costs per annum	0.21%	0.21%	0.40%	0.00%	0.35%	0.00%

* Vanguard Global Shares Index Fund (Hedged) commenced trading on 20 November 2014

** Vanguard Asia ex Japan Shares Index Fund and Vanguard Europe Shares Index Fund commenced trading on 11 December 2015.

Notes to the financial statements (continued)

For the year ended 30 June 2016

8. Distributions to unitholders paid and payable

	Vanguard Australian Large Companies Index Fund				Vanguard Australian Small Companies Index Fund			
	2016		2015		2016		2015	
	\$'000	Cents per unit	\$'000	Cents per unit	\$'000	Cents per unit	\$'000	Cents per unit
Interim distributions paid	1,956	208.1143	1,214	199.0154	1,274	89.9039	710	71.4082
Distribution payable – 30 June	452	42.0038	331	46.5603	1,260	74.7890	856	47.9647
Total Distributions to unitholders	2,408	250.1181	1,545	245.5757	2,534	164.6929	1,566	119.3729

	Vanguard Global Emerging Markets Shares Fund				Vanguard Global Shares Index Fund (Hedged)			
	2016		2015		2016		2015*	
	\$'000	Cents per unit	\$'000	Cents per unit	\$'000	Cents per unit	\$'000	Cents per unit
Interim distributions paid	646	78.2696	279	68.8029	–	–	–	–
Distribution payable – 30 June	244	24.2653	317	43.0113	1,361	71.9960	–	–
Total Distributions to unitholders	890	102.5349	596	111.8142	1,361	71.9960	–	–

	Vanguard Asia ex Japan Shares Index Fund				Vanguard Europe Shares Index Fund			
	2016**		2015		2016**		2015	
	\$'000	Cents per unit	\$'000	Cents per unit	\$'000	Cents per unit	\$'000	Cents per unit
Interim distributions paid	64	13.7802	–	–	38	37.0753	–	–
Distribution payable – 30 June	172	37.4362	–	–	88	73.2084	–	–
Total Distributions to unitholders	236	51.2164	–	–	126	110.2837	–	–

* Vanguard Global Shares Index Fund (Hedged) commenced trading on 20 November 2014.

** Vanguard Asia ex Japan Shares Index Fund and Vanguard Europe Shares Index Fund commenced trading on 11 December 2015.

Notes to the financial statements (continued)

For the year ended 30 June 2016

9. Cash and cash equivalents

	Vanguard Australian Large Companies Index Fund		Vanguard Australian Small Companies Index Fund		Vanguard Global Emerging Markets Shares Fund	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents as at 30 June	(448)	(215)	(18)	134	87	1,306

	Vanguard Global Shares Index Fund (Hedged)		Vanguard Asia ex Japan Shares Index Fund		Vanguard Europe Shares Index Fund	
	2016	2015*	2016**	2015	2016**	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents as at 30 June	5,247	533	132	—	6	—

* Vanguard Global Shares Index Fund (Hedged) commenced trading on 20 November 2014.

** Vanguard Asia ex Japan Shares Index Fund and Vanguard Europe Shares Index Fund commenced trading on 11 December 2015.

10. Net assets attributable to unitholders

	Vanguard Australian Large Companies Index Fund		Vanguard Australian Small Companies Index Fund		Vanguard Global Emerging Markets Shares Fund	
	2016	2015	2016	2015	2016	2015
	'000	'000	'000	'000	'000	'000
(a) Units on issue						
Opening balance	705	424	1,767	905	730	170
Applications	360	280	660	1,060	241	559
Distributions reinvested	2	1	4	2	1	1
Redemptions	—	—	(760)	(200)	—	—
Closing balance	1,067	705	1,671	1,767	972	730
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(b) Net assets attributable to unitholders						
Opening balance	43,001	25,885	75,181	39,754	43,505	8,683
Applications	20,220	17,400	28,514	48,286	12,786	31,636
Distributions reinvested	121	60	174	115	82	18
Redemptions	—	—	(32,626)	(8,756)	—	—
Increase/(decrease) in net assets attributable to unitholders	(4,366)	(344)	5,728	(4,218)	(4,962)	3,168
Closing Balance	58,976	43,001	76,971	75,181	51,411	43,505

Notes to the financial statements (continued)

For the year ended 30 June 2016

10. Net assets attributable to unitholders (continued)

	Vanguard Global Shares Index Fund (Hedged)		Vanguard Asia ex Japan Shares Index Fund		Vanguard Europe Shares Index Fund	
	2016	2015*	2016**	2015	2016**	2015
	'000	'000	'000	'000	'000	'000
(a) Units on issue						
Opening balance	460	—	—	—	—	—
Applications	1,450	460	460	—	120	—
Distributions reinvested	—	—	—	—	—	—
Redemptions	(20)	—	—	—	—	—
Closing balance	1,890	460	460	—	120	—
	2016	2015*	2016**	2015	2016**	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(b) Net assets attributable to unitholders						
Opening balance	24,315	—	—	—	—	—
Applications	73,632	23,666	23,000	—	5,844	—
Distributions reinvested	—	—	—	—	—	—
Redemptions	(1,030)	—	—	—	—	—
Increase/(decrease) in net assets attributable to unitholders	265	649	(15)	—	(444)	—
Closing Balance	97,182	24,315	22,985	—	5,400	—

* Vanguard Global Shares Index Fund (Hedged) commenced trading on 20 November 2014.

** Vanguard Asia ex Japan Shares Index Fund and Vanguard Europe Shares Index Fund commenced trading on 11 December 2015.

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 Funds have no separate classes of units and each unit has the same rights attaching to it as all other units of the Funds.

Movements in the number of units and net assets attributable to unitholders are governed by the Constitution of the Funds.

Notes to the financial statements (continued)

For the year ended 30 June 2016

10. Net assets attributable to unitholders (continued)

Capital risk management

The Funds manage their net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. 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 the unitholders.

The Funds monitor the level of daily applications and redemptions relative to the net liquid assets in the Funds. The net liquid assets include cash and cash equivalents, financial assets designated at fair value through profit and loss, receivables and payables with a maturity of less than 30 days.

The ratio of net liquid assets to net assets attributable to unitholders (NAATU) at end of reporting periods are as follows:

	Vanguard Australian Large Companies Index Fund		Vanguard Australian Small Companies Index Fund		Vanguard Global Emerging Markets Shares Fund	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Average daily net applications/(redemptions)	81	69	(16)	157	51	126
Net liquid assets of the fund	58,976	43,001	76,971	75,181	51,411	43,505
Net assets attributable to unitholders (NAATU)	58,976	43,001	76,971	75,181	51,411	43,505
Ratio of net liquid assets to NAATU	100%	100%	100%	100%	100%	100%

	Vanguard Global Shares Index Fund (Hedged)		Vanguard Asia ex Japan Shares Index Fund		Vanguard Europe Shares Index Fund	
	2016	2015*	2016**	2015	2016**	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Average daily net applications/(redemptions)	289	94	92	—	23	—
Net liquid assets of the fund	97,182	24,315	22,985	—	5,400	—
Net assets attributable to unitholders (NAATU)	97,182	24,315	22,985	—	5,400	—
Ratio of net liquid assets to NAATU	100%	100%	100%	—	100%	—

* Vanguard Global Shares Index Fund (Hedged) commenced trading on 20 November 2014.

** Vanguard Asia ex Japan Shares Index Fund and Vanguard Europe Shares Index Fund commenced trading on 11 December 2015.

Notes to the financial statements (continued)

For the year ended 30 June 2016

11. Financial assets held at fair value through profit or loss

	Vanguard Australian Large Companies Index Fund		Vanguard Australian Small Companies Index Fund		Vanguard Global Emerging Markets Shares Fund	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Held for trading						
Derivatives	—	—	—	—	—	—
Total held for trading	—	—	—	—	—	—
Designated at fair value through profit or loss						
Equity securities	58,909	42,917	77,515	75,006	51,360	43,400
Total designated at fair value through profit or loss	58,909	42,917	77,515	75,006	51,360	43,400
Total financial assets held at fair value through profit or loss	58,909	42,917	77,515	75,006	51,360	43,400
Comprising:						
Derivatives						
Foreign currency forward contracts	—	—	—	—	—	—
Australian share price futures	—	—	—	—	—	—
International share price futures	—	—	—	—	—	—
Total derivatives	—	—	—	—	—	—
Equity securities						
Australian equity securities	58,909	42,917	77,515	75,006	—	—
International equity securities	—	—	—	—	51,360	43,400
Total equity securities	58,909	42,917	77,515	75,006	51,360	43,400
Total financial assets held at fair value through profit or loss	58,909	42,917	77,515	75,006	51,360	43,400

Notes to the financial statements (continued)

For the year ended 30 June 2016

11. Financial assets held at fair value through profit or loss (continued)

	Vanguard Global Shares Index Fund (Hedged)		Vanguard Asia ex Japan Shares Index Fund		Vanguard Europe Shares Index Fund	
	2016	2015*	2016**	2015	2016**	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Held for trading						
Derivatives	4,414	89	7	—	—	—
Total held for trading	4,414	89	7	—	—	—
Designated at fair value through profit or loss						
Equity securities	90,553	23,424	22,743	—	5,396	—
Total designated at fair value through profit or loss	90,553	23,424	22,743	—	5,396	—
Total financial assets held at fair value through profit or loss	94,967	23,513	22,750	—	5,396	—
Comprising:						
Derivatives						
Foreign currency forward contracts	4,337	88	5	—	—	—
Australian share price futures	—	—	—	—	—	—
Australian share price futures	77	1	—	—	—	—
International share price futures	—	—	2	—	—	—
Total derivatives	4,414	89	7	—	—	—
Equity securities						
Australian equity securities	—	—	—	—	—	—
International equity securities	90,553	23,424	22,743	—	5,396	—
Total equity securities	90,553	23,424	22,743	—	5,396	—
Total financial assets held at fair value through profit or loss	94,967	23,513	22,750	—	5,396	—

* Vanguard Global Shares Index Fund (Hedged) commenced trading on 20 November 2014.

** Vanguard Asia ex Japan Shares Index Fund and Vanguard Europe Shares Index Fund commenced trading on 11 December 2015.

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

Notes to the financial statements (continued)

For the year ended 30 June 2016

12. Financial liabilities held at fair value through profit or loss

	Vanguard Australian Large Companies Index Fund		Vanguard Australian Small Companies Index Fund		Vanguard Global Emerging Markets Shares Fund	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Held for trading						
Derivatives	—	—	—	—	—	5
Total held for trading	—	—	—	—	—	5
Total financial liabilities held at fair value through profit or loss	—	—	—	—	—	5
Comprising:						
Derivatives						
Foreign currency forward contracts	—	—	—	—	—	5
Australian share price futures	—	—	—	—	—	—
International share price futures	—	—	—	—	—	—
Total derivatives	—	—	—	—	—	5
Total financial liabilities held at fair value through profit or loss	—	—	—	—	—	5

	Vanguard Global Shares Index Fund (Hedged)		Vanguard Asia ex Japan Shares Index Fund		Vanguard Europe Shares Index Fund	
	2016	2015*	2016**	2015	2016**	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Held for trading						
Derivatives	1,129	143	—	—	—	—
Total held for trading	1,129	143	—	—	—	—
Total financial liabilities held at fair value through profit or loss	1,129	143	—	—	—	—
Comprising:						
Derivatives						
Foreign currency forward contracts	1,106	140	—	—	—	—
Australian share price futures	—	—	—	—	—	—
International share price futures	23	3	—	—	—	—
Total derivatives	1,129	143	—	—	—	—
Total financial liabilities held at fair value through profit or loss	1,129	143	—	—	—	—

* Vanguard Global Shares Index Fund (Hedged) commenced trading on 20 November 2014.

** Vanguard Asia ex Japan Shares Index Fund and Vanguard Europe Shares Index Fund commenced trading on 11 December 2015.

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

Notes to the financial statements (continued)

For the year ended 30 June 2016

13. 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 instrument:

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 settled 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.

Futures contracts entered into by the Funds typically mature within 3 months from the date of acquisition.

Notes to the financial statements (continued)

For the year ended 30 June 2016

13. Derivative financial instruments (continued)

Vanguard Australian Large Companies Index Fund							Vanguard Australian Small Companies Index Fund					
2016			2015				2016			2015		
Contract / Notional	Fair value		Contract / Notional	Fair value			Contract / Notional	Fair value		Contract / Notional	Fair value	
\$'000	Assets	Liabilities	\$'000	Assets	Liabilities		\$'000	Assets	Liabilities	\$'000	Assets	Liabilities
Australian fixed interest futures	—	—	—	—	—	—	—	—	—	—	—	—
International fixed interest futures	—	—	—	—	—	—	—	—	—	—	—	—
Forward currency contracts	—	—	—	—	—	—	—	—	—	—	—	—
Total	—	—	—	—	—	—	—	—	—	—	—	—

Vanguard Global Emerging Markets Shares Fund							Vanguard Global Shares Index Fund (Hedged)					
2016			2015				2016			2015*		
Contract / Notional	Fair value		Contract / Notional	Fair value			Contract / Notional	Fair value		Contract / Notional	Fair value	
\$'000	Assets	Liabilities	\$'000	Assets	Liabilities		\$'000	Assets	Liabilities	\$'000	Assets	Liabilities
Australian equity futures	—	—	—	—	—	—	—	—	—	—	—	—
International equity futures	—	—	—	—	—	—	3,707	77	23	417	1	3
Forward currency contracts	—	—	900	—	5	(98,960)	4,337	1,106	(23,877)	88	140	140
Total	—	—	900	—	5	(95,253)	4,414	1,129	(23,460)	89	143	143

Vanguard Asia ex Japan Shares Index Fund							Vanguard Europe Shares Index Fund					
2016**			2015				2016**			2015		
Contract / Notional	Fair value		Contract / Notional	Fair value			Contract / Notional	Fair value		Contract / Notional	Fair value	
\$'000	Assets	Liabilities	\$'000	Assets	Liabilities		\$'000	Assets	Liabilities	\$'000	Assets	Liabilities
Australian equity futures	—	—	—	—	—	—	—	—	—	—	—	—
International equity futures	168	5	—	—	—	—	—	—	—	—	—	—
International Options	2	2	—	—	—	—	—	—	—	—	—	—
Forward currency contracts	—	—	—	—	—	—	—	—	—	—	—	—
Total	170	7	—	—	—	—	—	—	—	—	—	—

* Vanguard Global Shares Index Fund (Hedged) commenced trading on 20 November 2014

** Vanguard Asia ex Japan Shares Index Fund and Vanguard Europe Shares Index Fund commenced trading on 11 December 2015.

Notes to the financial statements (continued)

For the year ended 30 June 2016

14. Related parties

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

(a) Key management personnel

The Funds do not employ personnel in their own right. However the Funds are required to have an incorporated Responsible Entity to manage the activities of the Funds. The directors of the Responsible Entity are the Key Management Personnel.

(i) Directors

The directors of the Responsible Entity are key management personnel of that entity and their names are as follows:

- J M Norris
- G W Reed
- C R Comegys
- C Lui (Resigned 15 March 2016)
- C Kelton (Appointed 1 July 2015)
- M Lovett (Appointed 15 March 2016)

(ii) Key management personnel compensation

The Responsible Entity is entitled to receive a management fee as detailed in note 14(b) below. Payments made from the Funds to the Responsible Entity do not include any amounts directly attributable to the compensation of the directors of the Responsible Entity.

No compensation is paid directly by the Funds to directors or to any of the key management personnel of the Responsible Entity.

(iii) 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.

(iv) Related party transactions

All transactions with related parties are conducted on normal commercial terms and conditions. From time to time Vanguard Investments Australia Ltd or its director related entities may invest in or withdraw from the Funds. These investments or withdrawals are on the same terms and conditions as those entered into by other Funds' investors and are not domestic in nature.

Notes to the financial statements (continued)

For the year ended 30 June 2016

14. Related parties (continued)

(b) Responsible entity's fees and other transactions

Under the Constitution of each Fund, the Responsible Entity is entitled to receive management fees up to 1.5% of the net asset value of the Fund. In addition, a withdrawal fee being the greater of 0.5% of the withdrawal value and \$50 could be introduced and charged where units in the Fund are withdrawn.

The above limits do not take into account Goods and Services Tax (GST).

In the current PDS for the Funds, the Responsible Entity has undertaken to limit the amount of its management fees and certain expense recoveries to a 'management cost' as specified below. The amounts shown take into account GST and any expected Input Tax Credits.

	2016 % per annum	2015 % per annum
Management costs		
Vanguard Australian Large Companies Index Fund	0.20	0.20
Vanguard Australian Small Companies Index Fund	0.30	0.30
Vanguard Global Emerging Markets Shares Fund	0.48	0.48
Vanguard Global Shares Index Fund (Hedged)	0.21	0.21
Vanguard Asia ex Japan Shares Index Fund	0.40	—
Vanguard Europe Shares Index Fund	0.35	—

The transactions during the period and amounts payable at period end between the Funds and the Responsible Entity were as follows:

	Vanguard Australian Large Companies Index Fund		Vanguard Australian Small Companies Index Fund		Vanguard Global Emerging Markets Shares Fund	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Fees paid and payable for the period by the Fund to the Responsible Entity	111	78	234	170	148	88
Aggregate amounts payable to the Responsible Entity at the reporting date	12	8	19	18	14	11

	Vanguard Global Shares Index Fund (Hedged)		Vanguard Asia ex Japan Shares Index Fund		Vanguard Europe Shares Index Fund	
	2016 \$'000	2015* \$'000	2016** \$'000	2015 \$'000	2016** \$'000	2015 \$'000
Fees paid and payable for the period by the Fund to the Responsible Entity	54	13	73	—	7	—
Aggregate amounts payable to the Responsible Entity at the reporting date	3	1	7	—	1	—

* Vanguard Global Shares Index Fund (Hedged) commenced trading on 20 November 2014.

** Vanguard Asia ex Japan Shares Index Fund and Vanguard Europe Shares Index Fund commenced trading on 11 December 2015.

Notes to the financial statements (continued)

For the year ended 30 June 2016

14. Related parties (continued)

(c) Related party schemes' unitholdings

Vanguard Investments Australia Ltd did not hold any units in the Funds during the period.

(d) Key management personnel unitholdings

The key management personnel of Vanguard Investments Australia Ltd (VIA) did not hold any units in the Funds during the period.

(e) Related Party investments

The Funds had no investment in Vanguard Investments Australia Ltd during the period.

The Funds held investments in other Schemes managed by VIA and Vanguard Group Inc (VGI) during the year as indicated in the table below:

	Net fair value of Investments		Interest held at 30 June		Distributions received/receivable		Distributions receivable which remain unpaid at	
Investments by :	2016	2015	2016	2015	2016	2015	2016	2015
Vanguard Global Emerging Markets Shares	\$'000	\$'000	%	%	\$'000	\$'000	\$'000	\$'000
In other schemes managed by VGI:								
Vanguard FTSE Emerging Markets ETF	51,360	43,400	0.10	0.07	972	711	—	395

	Net fair value of Investments		Interest held at 30 June		Distributions received/receivable		Distributions receivable which remain unpaid at	
Investments by :	2016	2015*	2016	2015*	2016	2015*	2016	2015*
Vanguard Global Shares Index Fund (Hedged)	\$'000	\$'000	%	%	\$'000	\$'000	\$'000	\$'000
In other schemes managed by VIA:								
Vanguard International Shares Index Fund	93,322	23,281	0.77	0.16	3,639	542	2,769	362

	Net fair value of Investments		Interest held at 30 June		Distributions received/receivable		Distributions receivable which remain unpaid at	
Investments by :	2016**	2015	2016**	2015	2016**	2015	2016**	2015
Vanguard Europe Shares Index Fund	\$'000	\$'000	%	%	\$'000	\$'000	\$'000	\$'000
In other schemes managed by VIA:								
Vanguard FTSE Europe ETF	5,396	—	0.03	—	128	—	—	—

* Vanguard Global Shares Index Fund (Hedged) commenced trading on 20 November 2014.

** Vanguard Asia ex Japan Shares Index Fund and Vanguard Europe Shares Index Fund commenced trading on 11 December 2015.

Other Schemes managed by Vanguard Investments Australia Ltd did not hold any units in the Funds during the period.

(f) Other transactions within the Funds.

Apart from those details disclosed in this note, no key management personnel of the Responsible Entity has entered into a material contract with the Funds since the end of the previous financial year and there were no material contracts involving directors' interest subsisting at year end.

Notes to the financial statements (continued)

For the year ended 30 June 2016

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

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

	Vanguard Australian Large Companies Index Fund		Vanguard Australian Small Companies Index Fund		Vanguard Global Emerging Markets Shares Fund	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Profit/(loss) for the period	—	—	—	—	—	—
Increase/(decrease) in net assets attributable to unitholders	(4,366)	(344)	5,728	(4,218)	(4,962)	3,168
Distributions paid and payable	2,408	1,545	2,534	1,566	890	596
Proceeds from sale of financial instruments held and designated at fair value through profit or loss	3,762	3,047	53,668	22,306	935	258
Purchases of financial instruments held and designated at fair value through profit or loss	(24,431)	(20,651)	(50,282)	(62,109)	(15,303)	(30,576)
Net gains/(losses) on financial instruments held and designated at fair value through profit or loss	4,596	471	(5,747)	4,396	4,901	(3,121)
Net change in receivables and other assets	(260)	(143)	15	(180)	396	(399)
Net change in payables and other liabilities	4	4	1	8	3	9
Non Cash Items	—	—	—	—	—	—
Net cash inflow/(outflow) from operating activities	(18,287)	(16,071)	5,917	(38,231)	(13,140)	(30,065)

	Vanguard Global Shares Index Fund (Hedged)		Vanguard Asia ex Japan Shares Index Fund		Vanguard Europe Shares Index Fund	
	2016	2015*	2016**	2015	2016**	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Profit/(loss) for the period	—	—	—	—	—	—
Increase/(decrease) in net assets attributable to unitholders	265	649	(15)	—	(444)	—
Distributions paid and payable	1,361	—	236	—	126	—
Proceeds from sale of financial instruments held and designated at fair value through profit or loss	4,560	644	282	—	55	—
Purchases of financial instruments held and designated at fair value through profit or loss	(72,879)	(23,788)	(23,271)	—	(5,961)	—
Net gains/(losses) on financial instruments held and designated at fair value through profit or loss	2,085	(102)	178	—	442	—
Net change in receivables and other assets	(2,409)	(363)	(170)	—	—	—
Net change in payables and other liabilities	2	1	7	—	—	—
Non Cash Items	(870)	(181)	(6)	—	—	—
Net cash inflow/(outflow) from operating activities	(67,885)	(23,140)	(22,759)	—	(5,782)	—

* Vanguard Global Shares Index Fund (Hedged) commenced trading on 20 November 2014.

** Vanguard Asia ex Japan Shares Index Fund and Vanguard Europe Shares Index Fund commenced trading on 11 December 2015.

(b) Non-cash financing activities

As described in Note 2(h), non-distributable income is included in net assets attributable to unitholders. The change in this amount each year (as reported in (a) above) represents a non-cash financing cost as it is not settled in cash until such time as it becomes distributable (i.e. taxable).

Notes to the financial statements (continued)

For the year ended 30 June 2016

16. Segment information

The Funds are organised into one main segment which operates solely in the business of investment management within Australia. Consequently, no segment reporting is provided in the Funds' financial statements.

Geographical exposures

The Funds operate from Australia only (the geographical segment) and have no investment exposures in other countries, except for Vanguard Global Emerging Markets Shares Fund, the Vanguard Global Shares Index Fund (Hedged) the Vanguard Asia Ex Japan Shares Index Fund and the Vanguard Europe Shares Index Fund for which the geographic locations and exposures are outlined below.

Country	Vanguard Global Emerging Markets Shares Fund				Vanguard Global Shares Index Fund (Hedged)			
	2016		2015		2016		2015*	
	Total Assets \$'000	Percentage of total assets %	Total Assets \$'000	Percentage of total assets %	Total Assets \$'000	Percentage of total assets %	Total Assets \$'000	Percentage of total assets %
North America	2,465	4.8	2,213	5.1	61,824	65.1	14,790	62.9
Europe ex–United Kingdom	3,030	5.9	2,864	6.6	15,575	16.4	4,185	17.8
United Kingdom	–	–	–	–	7,028	7.4	1,905	8.1
Japan	–	–	–	–	8,357	8.8	2,140	9.1
Asia ex–Japan	35,747	69.6	29,382	67.7	1,709	1.8	447	1.9
Other	10,118	19.7	8,940	20.6	475	0.5	47	0.2
Australia	–	–	–	–	–	–	–	–
Total	51,360	100	43,400	100	94,967	100	23,513	100

Country	Vanguard Asia ex Japan Shares Index Fund				Vanguard Europe Shares Index Fund			
	2016**		2015		2016**		2015	
	Total Assets \$'000	Percentage of total assets %	Total Assets \$'000	Percentage of total assets %	Total Assets \$'000	Percentage of total assets %	Total Assets \$'000	Percentage of total assets %
North America	–	–	–	–	–	–	–	–
Europe ex–United Kingdom	–	–	–	–	3,696	68.5	–	–
United Kingdom	–	–	–	–	1,700	31.5	–	–
Japan	–	–	–	–	–	–	–	–
Asia ex–Japan	22,750	100	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–
Australia	–	–	–	–	–	–	–	–
Total	22,750	100	–	–	5,396	100	–	–

* Vanguard Global Shares Index Fund (Hedged) commenced trading on 20 November 2014.

** Vanguard Asia ex Japan Shares Index Fund and Vanguard Europe Shares Index Fund commenced trading on 11 December 2015.

The above disclosures have been prepared on the basis of the Fund's direct investments and not on a look-through basis for investments held indirectly through unit trusts.

The above investments are classified on the balance sheet as at fair value through profit or loss.

Notes to the financial statements (continued)

For the year ended 30 June 2016

17. Dividend and Distribution Income

Dividend and distribution income is net of foreign withholding taxes for the following:

	2016	2015
	\$	\$
Vanguard Global Emerging Markets Shares Fund	181,498	115,893
Vanguard Asia ex Japan Shares Index Fund	16,789	—
Vanguard Europe Shares Index Fund	22,537	—

18. Events occurring after the reporting period

There are no significant events that have occurred since balance date which would impact on the financial position of the Funds as disclosed in the balance sheet as at 30 June 2016 or on the results and cash flows of the Funds for the year ended on that date.

Investors should be aware that markets and currencies can be volatile, therefore affecting the returns of an investment portfolio. You can obtain up to date fund performance and unit price information by visiting the Vanguard website at www.vanguard.com.au.

19. Contingent assets, liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2016 and 30 June 2015 for the Funds.

Directors' Declaration

In the opinions of the directors of the Responsible Entity:

(a) the financial statements and notes set out on pages 12 to 59 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 each Fund's financial position as at 30 June 2016 and of its performance for the financial period ended on that date; and

(b) there are reasonable grounds to believe that each Fund will be able to pay its 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.



Colin Kelton
Managing Director
Melbourne
30 August 2016



Independent auditor's report to the unitholders of the Vanguard Wholesale Funds (ETF's):

- Vanguard Australian Small Companies Index Fund
- Vanguard Australian Large Companies Index Fund
- Vanguard Global Emerging Markets Shares Fund
- Vanguard Global Shares Index Fund (Hedged)
- Vanguard Asia ex Japan Shares Index Fund
- Vanguard Europe Shares Index Fund

Report on the financial report

We have audited the accompanying financial report of the Vanguard Wholesale Funds (ETF's) (the Funds), which comprise the balance sheets as at 30 June 2016, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the period ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of Vanguard Investments Australia Ltd (the responsible entity) are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Funds' preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

PricewaterhouseCoopers, ABN 52 780 433 757

Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001

T: 1300 799 615, F: 1300 799 618, www.pwc.com.au

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Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

- (a) the financial report of the Vanguard Wholesale Funds (ETF's) is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Funds' financial position as at 30 June 2016 and of their performance for the period ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- (b) the Funds' financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a).

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'JF Power'.

JF Power
Partner

Melbourne
30 August 2016

PricewaterhouseCoopers, ABN 52 780 433 757
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 1300 799 615, F: 1300 799 618, www.pwc.com.au

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

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

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Responsible Entity

Vanguard Investments Australia Ltd
ABN 72 072 881 086
AFSL 227263

Level 34
Freshwater Place
2 Southbank Boulevard
Southbank Vic 3006

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

vanguard.com.au



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