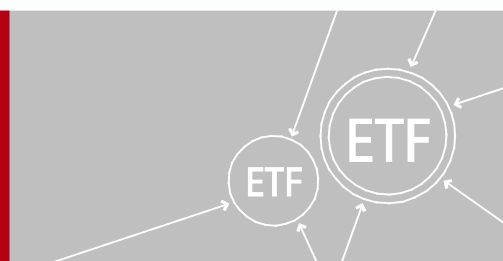


PLEASE CROSS RELEASE TO ALL BELOW
COMPANY CODES



Annual Report for the Vanguard® Exchange Traded Funds

7 September 2016



Vanguard Investments Australia Ltd announces the following:

ETF	ASX CODE	ANNOUNCEMENT
Vanguard Australian Shares Index ETF	VAS	Annual Report
Vanguard Australian Property Securities Index ETF	VAP	Annual Report
Vanguard Australian Fixed Interest Index ETF	VAF	Annual Report
Vanguard Australian Government Bond Index ETF	VGB	Annual Report
Vanguard Australian Shares High Yield ETF	VHY	Annual Report
Vanguard Australian Corporate Fixed Interest Index ETF	VACF	Annual Report

Vanguard has prepared an Annual Report for the Vanguard® Wholesale Funds, for the financial year ending 30 June 2016. The ETFs above are classes of units in the relevant funds. Units in the ETF class are those that are traded on the Australian Securities Exchange (ASX).

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

Further Information

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

© 2016 Vanguard Investments Australia Ltd (ABN 72 072 881 086 / AFS Licence 227263) is the product issuer, and is a wholly owned subsidiary of The Vanguard Group, Inc. based in the US. All rights reserved.

Vanguard® Wholesale Funds

Domestic Funds

Domestic ETFs (ASX Codes: VAS, VAP, VHY, VGB, VACF, VAF)

Vanguard funds covered in this annual report

Vanguard® Cash Reserve Fund	ARSN 127 015 301	ABN 62 738 136 510
Vanguard® Cash Plus Fund	ARSN 090 940 060	ABN 19 638 293 529
Vanguard® Australian Government Bond Index Fund	ARSN 134 177 807	ABN 23 499 844 319
Vanguard® Australian Fixed Interest Index Fund	ARSN 090 939 941	ABN 52 931 145 473
Vanguard® Australian Corporate Fixed Interest Index Fund	ARSN 147 938 001	ABN 51 978 865 366
Vanguard® Australian Inflation-Linked Bond Index Fund	ARSN 147 936 249	ABN 69 769 407 563
Vanguard® Australian Property Securities Index Fund	ARSN 090 939 549	ABN 27 186 332 271
Vanguard® Australian Shares Index Fund	ARSN 090 939 718	ABN 65 759 271 740
Vanguard® Australian Shares High Yield Fund	ARSN 091 751 807	ABN 61 324 061 551

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	16
Statement of cash flows	17
Notes to the financial statements	19
Directors' Declaration	74
Independent Auditor's Report	75

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 Cash Reserve Fund
- Vanguard Cash Plus Fund
- Vanguard Australian Government Bond Index Fund
- Vanguard Australian Fixed Interest Index Fund
- Vanguard Australian Inflation-Linked Bond Index Fund
- Vanguard Australian Property Securities Index Fund
- Vanguard Australian Shares Index Fund
- Vanguard Australian Shares High Yield Fund
- Vanguard Australian Corporate Fixed Interest 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 indexes, before taking into account Fund fees and expenses.

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 year or since the end of the year 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)

Review and results of operations

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

Directors' Report (continued)

Review and results of operations (continued)

Results

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

	Vanguard Cash Reserve Fund		Vanguard Cash Plus Fund		Vanguard Australian Government Bond Index Fund		Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Corporate Fixed Interest Index Fund*	
For the year ended 30 June	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating profit/(loss) before financing costs attributable to unitholders	37,756	42,709	18,717	19,788	22,460	6,433	295,106	203,228	3,392	1,727
Distributions										
Distribution paid and payable	37,751	42,619	18,757	19,371	7,842	4,713	215,893	165,079	2,372	1,366
Distribution (cents per unit)	2.1085	2.4541	2.3439	2.5775	*(2)	*(2)	*(3)	*(3)	*(4)	*(4)
	Vanguard Australian Inflation-Linked Bond Index Fund		Vanguard Australian Property Securities Index Fund		Vanguard Australian Shares Index Fund		Vanguard Australian Shares High Yield Fund			
For the year ended 30 June	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating profit/(loss) before financing costs attributable to unitholders	4,471	6,000	979,622	655,565	68,878	458,631	(96,817)			37,568
Distributions										
Distribution paid and payable	2,526	2,764	223,369	167,421	496,798	391,273	80,475			122,128
Distribution (cents per unit)	2.3198	2.7474	*(5)	*(5)	*(6)	*(6)	*(7)			*(7)

* The Vanguard Australian Corporate Fixed Interest Index Fund ETF Class inception date was 23 May 2016.

*(2) The distribution for Vanguard Australian Government Bond Index Fund was 2.4663 (2015: 2.9757) cents per unit for the Ordinary Class and 124.2566 (2015: 134.5255) cents per unit for the ETF Class.

*(3) The distribution for Vanguard Australian Fixed Interest Index Fund was 5.3755 (2015: 4.5274) cents per unit for the Ordinary Class and 239.7307 (2015: 192.7747) cents per unit for the ETF Class.

*(4) The distribution for Vanguard Australian Corporate Fixed Index Fund was 3.2552 (2015: 2.0519) cents per unit for the Ordinary Class and 52.6305 (2015: 0.0000) cents per unit for the ETF Class.

*(5) The distribution for Vanguard Australian Property Securities Index Fund was 4.6509 (2015: 3.6574) cents per unit for the Ordinary Class and 382.9864 (2015: 302.4249) cents per unit for the ETF Class.

*(6) The distribution for Vanguard Australian Shares Index Fund was 9.7082 (2015: 8.4590) cents per unit for the Ordinary Class and 292.3889 (2015: 296.3124) cents per unit for the ETF Class.

*(7) The distribution for Vanguard Australian Shares High Yield Fund was 7.8888 (2015: 15.7667) cents per unit for the Ordinary Class and 319.9186 (2015: 440.0028) cents per unit for the ETF Class.

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 past five years to 30 June 2016 and assumes that all distributions were re-invested during that period. These are calculated in accordance with FSC Standard 6.0 Product Performance - calculation and presentation of returns. The directors assess the performance of the Funds by comparing each Fund's total return with the corresponding Index (the Benchmark) gross of fees.

	2016	2015	2014	2013	2012
	%	%	%	%	%
Vanguard Cash Reserve Fund					
Capital growth	0.01	—	—	(0.01)	—
Distribution of income	2.12	2.47	2.54	3.08	4.50
Total return	2.13	2.47	2.54	3.07	4.50
Benchmark return					
<i>Bloomberg AusBond Bank Bill Index</i>	2.24	2.60	2.70	3.27	4.69
Vanguard Cash Plus Fund					
Capital growth	0.01	0.08	—	(0.29)	0.56
Distribution of income	2.32	2.56	2.67	3.36	4.49
Total return	2.33	2.64	2.67	3.07	5.05
Benchmark return					
<i>Bloomberg AusBond Bank Bill Index</i>	2.24	2.60	2.70	3.27	5.52
Vanguard Australian Government Bond Index Fund					
Capital growth	4.84	2.58	0.03	(7.11)	7.42
Distribution of income	2.50	3.02	5.60	8.58	5.82
Total return	7.34	5.60	5.63	1.47	13.24
Benchmark return					
<i>Bloomberg AusBond Govt 0+ Yr Index</i>	7.60	5.77	5.92	1.71	13.43
Vanguard Australian Fixed Interest Index Fund					
Capital growth	1.91	1.34	0.61	(3.19)	6.09
Distribution of income	4.87	4.09	5.28	5.75	6.04
Total return	6.78	5.43	5.89	2.56	12.13
Benchmark return					
<i>Bloomberg AusBond Composite 0+ Yr Index</i>	7.02	5.63	6.11	2.77	12.40

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

Directors' Report (continued)

Review and results of operations (continued)

Performance (continued)

	2016	2015	2014	2013	2012
	%	%	%	%	%
Vanguard Australian Corporate Fixed Interest Index Fund*					
Capital growth	1.77	(0.40)	—	—	—
Distribution of income	3.28	1.80	—	—	—
Total return	5.05	1.40	—	—	—
Benchmark return					
<i>Bloomberg AusBond Credit 0+ Yr Index</i>	5.34	1.50	—	—	—
Vanguard Australian Inflation-Linked Bond Index Fund					
Capital growth	1.77	3.32	5.82	(3.95)	4.01
Distribution of income	2.15	2.58	1.54	1.16	0.22
Total return	3.92	5.90	7.36	(2.79)	4.23
Benchmark return					
<i>Bloomberg AusBond Inflation Treasury 1+ Yr Index</i>	4.24	6.22	7.38	(2.52)	4.29
Vanguard Australian Property Securities Index Fund					
Capital growth	18.48	15.09	4.41	18.50	3.90
Distribution of income	5.90	4.99	6.52	5.27	6.77
Total return	24.38	20.08	10.93	23.77	10.67
Benchmark return					
<i>S&P/ASX 300 A-REIT Index</i>	24.59	20.20	11.08	23.98	10.98
Vanguard Australian Shares Index Fund					
Capital growth	(4.38)	1.10	12.07	16.36	(11.40)
Distribution of income	5.03	4.34	5.00	5.32	4.13
Total return	0.65	5.44	17.07	21.68	(7.27)
Benchmark return					
<i>S&P/ASX 300 Index</i>	0.87	5.61	17.25	21.90	(7.01)
Vanguard Australian Shares High Yield Fund					
Capital growth	(11.60)	(6.03)	11.40	22.98	(4.17)
Distribution of income	4.96	9.20	6.41	6.21	6.06
Total return	(6.64)	3.17	17.81	29.19	1.89
Benchmark return					
<i>FTSE ASFA Australia High Dividend Yield Index</i>	(6.59)	3.50	17.98	29.45	2.33

*The Vanguard Australian Corporate Fixed Interest Index Fund ETF Class inception date was 23 May 2016.
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:

	At 30 June		Period high Period to 30 June		Period low Period to 30 June	
	2016	2015	2016	2015	2016	2015
Vanguard Cash Reserve Fund	1.0063	1.0062	1.0065	1.0069	1.0046	1.0045
Vanguard Cash Plus Fund	1.0221	1.0216	1.0221	1.0235	1.0179	1.0188
Vanguard Australian Government Bond Index Fund	1.0773	1.0291	1.0773	1.0605	1.0173	0.9937
Vanguard Australian Government Bond Index Fund (ETF class)	50.8460	48.5661	50.8460	50.0563	48.0536	46.7957
Vanguard Australian Fixed Interest Index Fund	1.1739	1.1415	1.1739	1.1749	1.1271	1.1140
Vanguard Australian Fixed Interest Index Fund (ETF class)	50.9696	49.6049	50.9696	51.0602	48.9720	48.3441
Vanguard Australian Corporate Fixed Interest Index Fund	1.0391	1.0234	1.0391	1.0386	1.0084	1.0000
Vanguard Australian Corporate Fixed Interest Index Fund (ETF Class)*	50.3801	—	50.3801	—	49.9974	—
Vanguard Australian Inflation-Linked Bond Index Fund	1.1154	1.1011	1.1244	1.1620	1.0855	1.0437
Vanguard Australian Property Securities Index Fund	1.0430	0.8809	1.0430	0.9422	0.8484	0.7499
Vanguard Australian Property Securities Index Fund (ETF class)	85.9191	72.5592	85.9191	77.6084	69.8692	61.7802
Vanguard Australian Shares Index Fund	1.9288	2.0135	2.0869	2.2028	1.7402	1.8858
Vanguard Australian Shares Index Fund (ETF class)	66.8560	69.8048	72.3387	76.3681	60.3554	65.3704
Vanguard Australian Shares High Yield Fund	1.4458	1.7044	1.6531	1.8728	1.3052	1.6229
Vanguard Australian Shares High Yield Fund (ETF class)	56.5211	64.9091	64.6400	71.2758	51.0894	61.7473

*The Vanguard Australian Corporate Fixed Interest Index Fund ETF Class inception date was 23 May 2016.

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 year under review.

Matters subsequent to the end of the financial year

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)

Review and results of operations (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 year are disclosed in note 15(b) to the financial statements.

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

The number of interests in the Funds held by the Responsible Entity or its associates as at the end of the financial year are disclosed in note 15(c) to the financial statements.

Interests in the Fund

The movement in units on issue in the Funds during the year is set out in note 10 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.

Rounding of amounts to the nearest thousand dollars

The Fund is an entity of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by ASIC, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 11.

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



C Kelton
Managing Director
Melbourne
30 August 2016



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

- Vanguard Australian Shares Index Fund
- Vanguard Australian Fixed Interest Index Fund
- Vanguard Australian Government Bond Index Fund
- Vanguard Australian Inflation-Linked Bond Index Fund
- Vanguard Australian Corporate Fixed Interest Index Fund
- Vanguard Australian Property Securities Index Fund
- Vanguard Australian Shares High Yield Fund
- Vanguard Cash Plus Fund
- Vanguard Cash Reserve Fund

As lead auditor for the audits of the Vanguard Wholesale Funds (Domestic Funds) for the year 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 Cash Reserve Fund		Vanguard Cash Plus Fund		Vanguard Australian Government Bond Index Fund		Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Corporate Fixed Interest Index Fund*	
		2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Investment income											
Net gains/(losses) on financial instruments held at fair value through profit or loss	6	40,466	45,330	21,095	22,009	23,247	6,826	305,929	212,850	3,603	1,846
Other operating income		—	10	30	—	40	38	218	175	2	—
Total net investment income/(loss)		40,466	45,340	21,125	22,009	23,287	6,864	306,147	213,025	3,605	1,846
Expenses											
Responsible Entity's fees	8	2,709	2,631	2,396	2,221	827	431	11,038	9,796	213	119
Other operating expenses		1	—	12	—	—	—	3	1	—	—
Total operating expenses		2,710	2,631	2,408	2,221	827	431	11,041	9,797	213	119
Operating profit/(loss)		37,756	42,709	18,717	19,788	22,460	6,433	295,106	203,228	3,392	1,727
Financing costs attributable to unitholders											
Distributions to unitholders	9	(37,751)	(42,619)	(18,757)	(19,371)	(7,842)	(4,713)	(215,893)	(165,079)	(2,372)	(1,366)
(Increase)/decrease in net assets attributable to unitholders	10(b)	(5)	(90)	40	(417)	(14,618)	(1,720)	(79,213)	(38,149)	(1,020)	(361)
Profit/(loss) for the period		—	—	—	—	—	—	—	—	—	—
Other comprehensive income		—	—	—	—	—	—	—	—	—	—
Total comprehensive income for the period		—	—	—	—	—	—	—	—	—	—

* The Vanguard Australian Corporate Fixed Interest Index Fund ETF Class inception date was 23 May 2016.

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 Australian Inflation-Linked Bond Index Fund		Vanguard Australian Property Securities Index Fund		Vanguard Australian Shares Index Fund		Vanguard Australian Shares High Yield Fund	
		2016	2015	2016	2015	2016	2015	2016	2015
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Investment income									
Interest income from financial instruments not held at fair value through profit or loss		—	—	—	—	1,380	1,543	135	100
Dividend income		—	—	1,321	—	404,790	370,433	78,698	67,600
Distribution income		—	—	217,338	165,608	57,558	46,518	6,701	8,179
Net gains/(losses) on financial instruments held at fair value through profit or loss	6	4,825	6,321	772,243	499,856	(377,283)	56,937	(177,135)	(33,031)
Other operating income		—	—	15	16	202	186	34	52
Total net investment income/(loss)		4,825	6,321	990,917	665,480	86,647	475,617	(91,567)	42,900
Expenses									
Responsible Entity's fees	8	349	318	10,738	9,212	17,468	16,706	4,987	5,025
Transaction costs		—	—	118	91	282	241	262	306
Other operating expenses		5	3	439	612	19	39	1	1
Total operating expenses		354	321	11,295	9,915	17,769	16,986	5,250	5,332
Operating profit/(loss)		4,471	6,000	979,622	655,565	68,878	458,631	(96,817)	37,568
Financing costs attributable to unitholders									
Distributions to unitholders	9	(2,526)	(2,764)	(223,369)	(167,421)	(496,798)	(391,273)	(80,475)	(122,128)
(Increase)/decrease in net assets attributable to unitholders	10(b)	(1,945)	(3,236)	(756,253)	(488,144)	427,920	(67,358)	177,292	84,560
Profit/(loss) for the period		—	—	—	—	—	—	—	—
Other comprehensive income		—	—	—	—	—	—	—	—
Total comprehensive income for the period		—	—	—	—	—	—	—	—

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

Balance sheet

As at 30 June 2016

		Vanguard Cash Reserve Fund		Vanguard Cash Plus Fund		Vanguard Australian Government Bond Index Fund		Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Corporate Fixed Interest Index Fund*	
		2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets											
Cash & cash equivalents	11	911,668	785,439	135	11,716	4,628	1,591	15,089	20,686	976	451
Futures margin deposit		75	74	104	17	58	41	245	54	33	13
Receivables		45	49	39	40	17	13	379	444	26	48
Due from brokers - receivable for securities sold		—	—	—	—	1,575	799	22,704	13,888	463	—
Financial assets held at fair value through profit or loss	12	945,321	992,011	746,124	806,870	408,106	241,580	4,459,307	4,461,163	78,565	54,785
Other assets		18	—	2,299	374	3	20	3,999	3,051	—	163
Total assets		1,857,127	1,777,573	748,701	819,017	414,387	244,044	4,501,723	4,499,286	80,063	55,460
Liabilities											
Payables	15(b)	223	219	177	194	87	52	854	871	18	13
Distribution payable	9	3,086	3,015	1,763	1,676	2,475	1,679	82,279	42,419	786	576
Due to brokers – payables for securities purchased		42,163	—	4,599	—	5,618	116	38,030	17,786	1,066	50
Financial liabilities held at fair value through profit or loss	13	—	1	52	10	—	—	9	—	2	2
Other liabilities		559	5	512	1,478	7	604	1,014	1,633	—	—
Total liabilities (excluding net assets attributable to unitholders)		46,031	3,240	7,103	3,358	8,187	2,451	122,186	62,709	1,872	641
Net assets attributable to unitholders (liability)	10(b)	1,811,096	1,774,333	741,598	815,659	406,200	241,593	4,379,537	4,436,577	78,191	54,819

* The Vanguard Australian Corporate Fixed Interest Index Fund ETF Class inception date was 23 May 2016.

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

Balance sheet (continued)

As at 30 June 2016

		Vanguard Australian Inflation-Linked Bond Index Fund		Vanguard Australian Property Securities Index Fund		Vanguard Australian Shares Index Fund		Vanguard Australian Shares High Yield Fund	
		2016	2015	2016	2015	2016	2015	2016	2015
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets									
Cash & cash equivalents	11	21	2,284	15,560	5,158	66,293	89,004	29,930	11,416
Futures margin deposit		—	—	3,589	3,956	12,482	12,370	5,264	2,313
Receivables		—	5	69,039	66,784	79,817	80,495	17,013	14,717
Due from brokers - receivable for securities sold		563	247	22,330	—	—	—	14,393	70,660
Financial assets held at fair value through profit or loss	12	118,928	110,535	4,817,315	4,063,538	8,855,241	9,734,461	1,422,410	1,455,898
Other assets		1	—	5,275	1,302	8,107	23,899	880	7,564
Total assets		119,513	113,071	4,933,108	4,140,738	9,021,940	9,940,229	1,489,890	1,562,568
Liabilities									
Payables	15(b)	28	26	983	859	1,283	1,454	402	435
Distribution payable	9	518	882	84,586	72,422	76,094	77,141	20,320	67,321
Due to brokers – payables for securities purchased		390	2,262	11,395	3,571	4,633	11,715	18,387	45,860
Financial liabilities held at fair value through profit or loss	13	—	—	—	357	—	2,748	194	—
Other liabilities		—	—	24,741	2,967	806	991	742	638
Total liabilities (excluding net assets attributable to unitholders)		936	3,170	121,705	80,176	82,816	94,049	40,045	114,254
Net assets attributable to unitholders (liability)	10(b)	118,577	109,901	4,811,403	4,060,562	8,939,124	9,846,180	1,449,845	1,448,314

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

Statement of changes in equity

For the year ended 30 June 2016

	Notes	Vanguard Cash Reserve Fund		Vanguard Cash Plus Fund		Vanguard Australian Government Bond Index Fund		Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Corporate Fixed Interest Index Fund*	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'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 Australian Inflation-Linked Bond Index Fund		Vanguard Australian Property Securities Index Fund		Vanguard Australian Shares Index Fund		Vanguard Australian Shares High Yield Fund	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'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		—	—	—	—	—	—	—	—

*The Vanguard Australian Corporate Fixed Interest Index Fund ETF Class inception date was 23 May 2016.

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 end of the 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 Cash Reserve Fund		Vanguard Cash Plus Fund		Vanguard Australian Government Bond Index Fund		Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Corporate Fixed Interest Index Fund*	
		2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	Notes	\$'000	\$'000	\$'000	\$'000	\$'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		6,885,547	7,325,022	1,355,397	1,076,052	72,612	37,865	1,762,597	901,199	35,081	22,255
Purchases of financial instruments held at fair value through profit or loss		(6,756,230)	(6,509,529)	(1,269,002)	(1,148,372)	(211,183)	(217,890)	(1,443,567)	(1,336,776)	(54,726)	(75,156)
Other income received		5	10	31	2	41	37	290	291	25	—
Responsible Entity's fees paid		(2,705)	(2,629)	(2,414)	(2,201)	(792)	(391)	(11,056)	(9,672)	(208)	(105)
Payment of other expenses		(2)	(6)	(11)	(4)	(5)	(10)	(9)	(26)	(1)	(48)
Net cash inflow/(outflow) from operating activities	16(a)	126,615	812,868	84,001	(74,523)	(139,327)	(180,389)	308,255	(444,984)	(19,829)	(53,054)
Cash flows from financing activities											
Proceeds from applications by unitholders		106,485	116,438	169,616	152,497	188,468	211,919	1,312,069	1,101,608	43,978	62,064
Payments for redemptions by unitholders		(104,958)	(142,838)	(261,006)	(82,382)	(39,611)	(26,232)	(1,549,196)	(576,407)	(21,580)	(7,768)
Distributions paid from financing activities		(1,913)	(1,894)	(4,192)	(3,815)	(6,493)	(3,802)	(76,725)	(67,071)	(2,044)	(791)
Net cash inflow/(outflow) from financing activities		(386)	(28,294)	(95,582)	66,300	142,364	181,885	(313,852)	458,130	20,354	53,505
Net increase/(decrease) in cash and cash equivalents		126,229	784,574	(11,581)	(8,223)	3,037	1,496	(5,597)	13,146	525	451
Cash and cash equivalents at the beginning of the year		785,439	865	11,716	19,939	1,591	95	20,686	7,540	451	—
Cash and cash equivalents at the end of the year	11	911,668	785,439	135	11,716	4,628	1,591	15,089	20,686	976	451
Non-cash financing activities	16(b)										

* The Vanguard Australian Corporate Fixed Interest Index Fund ETF Class inception date was 23 May 2016.

The above statement of cash flows should be read in conjunction with the accompanying notes.

Statement of cash flows (continued)

For the year ended 30 June 2016

		Vanguard Australian Inflation-Linked Bond Index Fund		Vanguard Australian Property Securities Index Fund		Vanguard Australian Shares Index Fund		Vanguard Australian Shares High Yield Fund	
		2016	2015	2016	2015	2016	2015	2016	2015
	Notes	\$'000	\$'000	\$'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		20,569	29,938	632,790	265,950	2,497,761	178,128	975,196	989,036
Purchases of financial instruments held at fair value through profit or loss		(26,326)	(30,497)	(629,305)	(601,766)	(2,005,757)	(1,587,390)	(1,092,806)	(1,252,852)
Transaction costs on purchases of financial instruments held at fair value through profit or loss		—	—	(118)	(91)	(282)	(241)	(262)	(306)
Dividends received		—	—	—	—	406,068	360,621	77,088	64,187
Interest received		—	—	—	—	1,429	1,475	161	74
Distributions received		—	—	216,419	187,100	56,877	47,765	5,976	10,653
Other income received		6	—	15	868	227	187	46	52
Responsible Entity's fees paid		(346)	(316)	(10,614)	(9,041)	(17,639)	(16,474)	(5,019)	(4,958)
Payment of other expenses		(7)	(4)	(454)	(619)	(19)	(58)	(1)	(40)
Net cash inflow/(outflow) from operating activities	16(a)	(6,104)	(879)	208,733	(157,599)	938,665	(1,015,987)	(39,621)	(194,154)
Cash flows from financing activities									
Proceeds from applications by unitholders		16,230	17,577	1,020,895	800,694	2,468,934	1,925,358	379,888	473,617
Payments for redemptions by unitholders		(11,900)	(14,395)	(1,099,676)	(577,120)	(3,236,641)	(737,142)	(227,866)	(211,775)
Distributions paid from financing activities		(489)	(96)	(120,033)	(93,104)	(193,669)	(142,928)	(93,887)	(60,143)
Net cash inflow/(outflow) from financing activities		3,841	3,086	(198,814)	130,470	(961,376)	1,045,288	58,135	201,699
Net increase/(decrease) in cash and cash equivalents		(2,263)	2,207	9,919	(27,129)	(22,711)	29,301	18,514	7,545
Cash and cash equivalents at the beginning of the year		2,284	77	5,158	32,287	89,004	59,703	11,416	3,871
Effects of foreign currency exchange rate changes on cash and cash equivalents		—	—	483	—	—	—	—	—
Cash and cash equivalents at the end of the year	11	21	2,284	15,560	5,158	66,293	89,004	29,930	11,416
Non-cash financing activities	16(b)								

The above statement of cash flows 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.

The Funds were constituted between 16 June 1998 and 17 December 2010 and will terminate between 15 June 2078 and 17 December 2098 unless terminated earlier in accordance with the provisions of the Constitutions of the Funds.

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 match the total 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 report is presented in the Australian currency.

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.

This financial report is 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 report of the Funds also complies 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.

Notes to the financial statements (continued)

For the year ended 30 June 2016

2. Summary of significant accounting policies (continued)

(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 traded debt, unlisted trusts, unlisted equity instruments, commercial paper and exchange traded equity instruments.

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.

(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.

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

Notes to the financial statements (continued)

For the year ended 30 June 2016

2. Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(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.

(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 assets 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 assets. 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.

(f) Expenses

All expenses, including Responsible Entity's fees and custodian fees, are recognised in profit or loss 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 each year for all Funds except for Vanguard Cash Reserve Fund and Vanguard Cash Plus Fund which are payable at the end of each month. 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 profit or loss as finance costs.

(j) Functional and presentation currency

(i) Functional and presentation currency

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

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

The reported balance for collateral margins represents the level of restricted cash required to be settled as at close of business at balance date.

(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 the end of the reporting period.

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 30 June 2016 reporting period and have not been early adopted by the Funds. The directors' assessment of the impact of these new standards (to the extent relevant to the Funds) and interpretation is set 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 Funds do not apply hedge accounting. AASB 9 introduces a new impairment model. However, as the Funds' investments are all held at fair value through profit or loss, the change in impairment rules will not impact the Funds.

The Funds have 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 Funds' 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 Funds' accounting policies or the amounts recognised in the financial statements.

(s) Rounding of amounts

The Fund is an entity of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by ASIC, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off to the nearest thousand dollars 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 Statement and seeks to deliver investment returns which closely match the total returns of selected indexes. 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 it is 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 any of the Funds presented in this financial report.

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 Cash Reserve Fund				Vanguard Cash Plus 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	911,668	–	–	911,668	135	–	–	135
Futures margin deposit	75	–	–	75	104	–	–	104
Financial assets held at fair value through profit or loss	862,612	82,709	–	945,321	355,444	390,680	–	746,124
Other assets & receivables	–	–	63	63	–	–	2,338	2,338
Total assets	1,774,355	82,709	63	1,857,127	355,683	390,680	2,338	748,701
Liabilities								
Financial liabilities held at fair value through profit or loss	–	–	–	–	52	–	–	52
Other liabilities	–	–	46,031	46,031	–	–	7,051	7,051
Total liabilities (excluding net assets attributable to unitholders)	–	–	46,031	46,031	52	–	7,051	7,103
Net assets attributable to unitholders - liability	1,774,355	82,709	(45,968)	1,811,096	355,631	390,680	(4,713)	741,598
30 June 2015								
Assets								
Cash and cash equivalents	785,439	–	–	785,439	11,716	–	–	11,716
Futures margin deposit	74	–	–	74	17	–	–	17
Financial assets held at fair value through profit or loss	992,011	–	–	992,011	294,913	511,957	–	806,870
Other assets & receivables	–	–	49	49	–	–	414	414
Total assets	1,777,524	–	49	1,777,573	306,646	511,957	414	819,017
Liabilities								
Financial liabilities held at fair value through profit or loss	1	–	–	1	10	–	–	10
Other liabilities	–	–	3,239	3,239	–	–	3,348	3,348
Total liabilities (excluding net assets attributable to unitholders)	1	–	3,239	3,240	10	–	3,348	3,358
Net assets attributable to unitholders - liability	1,777,523	–	(3,190)	1,774,333	306,636	511,957	(2,934)	815,659

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 Australian Government Bond Index Fund				Vanguard Australian Fixed Interest 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	4,628	–	–	4,628	15,089	–	–	15,089
Futures margin deposit	58	–	–	58	245	–	–	245
Financial assets held at fair value through profit or loss	–	408,106	–	408,106	847	4,458,460	–	4,459,307
Other assets & receivables	–	–	1,595	1,595	–	–	27,082	27,082
Total assets	4,686	408,106	1,595	414,387	16,181	4,458,460	27,082	4,501,723
Liabilities								
Financial liabilities held at fair value through profit or loss	–	–	–	–	9	–	–	9
Other liabilities	–	–	8,187	8,187	–	–	122,177	122,177
Total liabilities (excluding net assets attributable to unitholders)	–	–	8,187	8,187	9	–	122,177	122,186
Net assets attributable to unitholders - liability	4,686	408,106	(6,592)	406,200	16,172	4,458,460	(95,095)	4,379,537
30 June 2015								
Assets								
Cash and cash equivalents	1,591	–	–	1,591	20,686	–	–	20,686
Futures margin deposit	41	–	–	41	54	–	–	54
Financial assets held at fair value through profit or loss	–	241,580	–	241,580	–	4,461,163	–	4,461,163
Other assets & receivables	–	–	832	832	–	–	17,383	17,383
Total assets	1,632	241,580	832	244,044	20,740	4,461,163	17,383	4,499,286
Liabilities								
Other liabilities	–	–	2,451	2,451	–	–	62,709	62,709
Total liabilities (excluding net assets attributable to unitholders)	–	–	2,451	2,451	–	–	62,709	62,709
Net assets attributable to unitholders - liability	1,632	241,580	(1,619)	241,593	20,740	4,461,163	(45,326)	4,436,577

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 Australian Corporate Fixed Interest Index Fund*				Vanguard Australian Inflation-Linked Bond 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	976	—	—	976	21	—	—	21
Futures margin deposit	33	—	—	33	—	—	—	—
Financial assets held at fair value through profit or loss	106	78,459	—	78,565	—	118,928	—	118,928
Other assets & receivables	—	—	489	489	—	—	564	564
Total assets	1,115	78,459	489	80,063	21	118,928	564	119,513
Liabilities								
Financial liabilities held at fair value through profit or loss	2	—	—	2	—	—	—	—
Other liabilities	—	—	1,870	1,870	—	—	936	936
Total liabilities (excluding net assets attributable to unitholders)	2	—	1,870	1,872	—	—	936	936
Net assets attributable to unitholders - liability	1,113	78,459	(1,381)	78,191	21	118,928	(372)	118,577
30 June 2015								
Assets								
Cash and cash equivalents	451	—	—	451	2,284	—	—	2,284
Futures margin deposit	13	—	—	13	—	—	—	—
Financial assets held at fair value through profit or loss	—	54,785	—	54,785	—	110,535	—	110,535
Other assets & receivables	—	—	211	211	—	—	252	252
Total assets	464	54,785	211	55,460	2,284	110,535	252	113,071
Liabilities								
Financial liabilities held at fair value through profit or loss	2	—	—	2	—	—	—	—
Other liabilities	—	—	639	639	—	—	3,170	3,170
Total liabilities (excluding net assets attributable to unitholders)	2	—	639	641	—	—	3,170	3,170
Net assets attributable to unitholders - liability	462	54,785	(428)	54,819	2,284	110,535	(2,918)	109,901

*The Vanguard Australian Corporate Fixed Interest Index Fund ETF Class inception date was 23 May 2016.

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 Cash Reserve Fund				Vanguard Cash Plus 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
30 June 2016	0%	+ 0%	- 25 bps	+ 25 bps	0%	+ 1%	- 25 bps	+ 25 bps
	–	–	(4,229)	4,229	–	7,461	87	(87)
30 June 2015	0 %	+ 0%	- 50 bps	+ 50 bps	0 %	+ 1 %	- 50 bps	+ 50 bps
	–	–	(8,888)	8,888	–	8,069	1,027	(1,027)

	Vanguard Australian Government Bond Index Fund				Vanguard Australian Fixed Interest Index Fund				Vanguard Australian Corporate Fixed Interest Index Fund*			
	Impact on operating profit/(loss) and net assets attributable to unitholders				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		Price risk		Interest rate risk	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2016	0%	+ 1%	- 25 bps	+ 25 bps	0%	+ 1%	- 25 bps	+ 25 bps	0%	+ 1%	- 25 bps	+ 25 bps
	–	4,081	1,009	(1,009)	–	44,593	11,106	(11,106)	–	786	193	(193)
30 June 2015	- 1%	+ 1 %	- 50 bps	+ 50 bps	0%	+ 1 %	- 50 bps	+ 50 bps	0%	+ 1 %	- 50 bps	+ 50 bps
	(2,416)	2,416	1,200	(1,200)	–	44,612	22,202	(22,202)	–	548	272	(272)

* The Vanguard Australian Corporate Fixed Interest Index Fund ETF Class inception date was 23 May 2016.

Notes to the financial statements (continued)

For the year ended 30 June 2016

3. Financial risk management (continued)

(b) Summarised sensitivity analysis (continued)

	Vanguard Australian Property Securities Index Fund				Vanguard Australian Shares 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
	- 4%	+ 5%	- 25 bps	+ 25 bps	- 3%	+ 4%	- 25 bps	+ 25 bps
30 June 2016	(192,693)	240,866	(48)	48	(265,657)	354,210	(197)	197
	- 4%	+ 5 %	- 50 bps	+ 50 bps	- 3%	+ 4 %	- 50 bps	+ 50 bps
30 June 2015	(162,527)	203,159	(46)	46	(291,951)	389,269	(507)	507

	Vanguard Australian Shares High Yield Fund				Vanguard Australian Inflation-Linked Bond 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%	+ 5%	- 25 bps	+ 25 bps	- 1%	+ 2%	- 25 bps	+ 25 bps
30 June 2016	(42,666)	71,111	(88)	88	(1,189)	2,379	297	(297)
	- 2 %	+ 5 %	- 50 bps	+ 50 bps	- 1%	+ 2 %	- 50 bps	+ 50 bps
30 June 2015	(29,118)	72,795	(69)	69	(1,105)	2,211	541	(541)

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 (2015: \$nil).

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 Funds' 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.

The Vanguard Cash Reserve Fund, Vanguard Cash Plus Fund and Vanguard Australian Fixed Interest Index Fund also restrict their exposure to credit losses on derivative instruments they hold by entering into master netting arrangements with counterparties with whom they undertake a significant volume of transactions. Master netting arrangements do not result in an offset of balance sheet assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with favourable contracts is reduced by master netting arrangements to the extent that if an event of default occurs, all amounts with the counterparty are closed and settled on a net basis. The Funds' overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangements. As at 30 June 2016, the Funds had no master netting arrangements outstanding (2015: \$nil).

Vanguard Cash Reserve Fund entered into collateral arrangements for repurchase arrangements to assist in enhancing return in a risk controlled environment for the cashflow management of the Fund.

(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.

The following tables summarise the maturity profile of the Funds' financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Funds can be required to pay.

(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 tables 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 tables below. The Funds may at their discretion settle financial instruments prior to their original contractual settlement date, in accordance with their investment strategy, where permitted by the terms and conditions of the relevant instruments.

Vanguard Cash Reserve 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	223	–	–	–	223	219	–	–	–	219
Distribution payable	3,086	–	–	–	3,086	3,015	–	–	–	3,015
Due to brokers - payables for securities purchased	42,163	–	–	–	42,163	–	–	–	–	–
Financial liabilities held at fair value through profit or loss (excluding gross settled derivatives)	–	–	–	–	–	–	1	–	–	1
Other liabilities	559	–	–	–	559	5	–	–	–	5
Net assets attributable to unitholders	1,811,096	–	–	–	1,811,096	1,774,333	–	–	–	1,774,333
Total financial liabilities (excluding gross settled derivatives)	1,857,127	–	–	–	1,857,127	1,777,572	1	–	–	1,777,573

Notes to the financial statements (continued)

For the year ended 30 June 2016

3. Financial risk management (continued)

(d) Liquidity risk (continued)

Vanguard Cash Plus 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	177	—	—	—	177	194	—	—	—	194
Distribution payable	1,763	—	—	—	1,763	1,676	—	—	—	1,676
Due to brokers - payables for securities purchased	4,599	—	—	—	4,599	—	—	—	—	—
Financial liabilities held at fair value through profit or loss (excluding gross settled derivatives)	—	8	42	2	52	—	10	—	—	10
Other liabilities	512	—	—	—	512	1,478	—	—	—	1,478
Net assets attributable to unitholders	741,598	—	—	—	741,598	815,659	—	—	—	815,659
Total financial liabilities (excluding gross settled derivatives)	748,649	8	42	2	748,701	819,007	10	—	—	819,017

Vanguard Australian Government Bond 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	87	—	—	—	87	52	—	—	—	52
Distribution payable	2,475	—	—	—	2,475	1,679	—	—	—	1,679
Due to brokers - payables for securities purchased	5,618	—	—	—	5,618	116	—	—	—	116
Other liabilities	7	—	—	—	7	604	—	—	—	604
Net assets attributable to unitholders	406,200	—	—	—	406,200	241,593	—	—	—	241,593
Total financial liabilities (excluding gross settled derivatives)	414,387	—	—	—	414,387	244,044	—	—	—	244,044

Notes to the financial statements (continued)

For the year ended 30 June 2016

3. Financial risk management (continued)

(d) Liquidity risk (continued)

Vanguard Australian Fixed Interest 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	854	—	—	—	854	871	—	—	—	871
Distribution payable	82,279	—	—	—	82,279	42,419	—	—	—	42,419
Due to brokers - payables for securities purchased	38,030	—	—	—	38,030	17,786	—	—	—	17,786
Financial liabilities held at fair value through profit or loss (excluding gross settled derivatives)	—	9	—	—	9	—	—	—	—	—
Other liabilities	1,014	—	—	—	1,014	1,633	—	—	—	1,633
Net assets attributable to unitholders	4,379,537	—	—	—	4,379,537	4,436,577	—	—	—	4,436,577
Total financial liabilities (excluding gross settled derivatives)	4,501,714	9	—	—	4,501,723	4,499,286	—	—	—	4,499,286

Vanguard Australian Corporate Fixed Interest 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	18	—	—	—	18	13	—	—	—	13
Distribution payable	786	—	—	—	786	576	—	—	—	576
Due to brokers - payables for securities purchased	1,066	—	—	—	1,066	50	—	—	—	50
Financial liabilities held at fair value through profit or loss (excluding gross settled derivatives)	—	2	—	—	2	—	2	—	—	2
Net assets attributable to unitholders	78,191	—	—	—	78,191	54,819	—	—	—	54,819
Total financial liabilities (excluding gross settled derivatives)	80,061	2	—	—	80,063	55,458	2	—	—	55,460

*The Vanguard Australian Corporate Fixed Interest Index Fund ETF Class inception date was 23 May 2016.

Notes to the financial statements (continued)

For the year ended 30 June 2016

3. Financial risk management (continued)

(d) Liquidity risk (continued)

Vanguard Australian Inflation-linked Bond 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	28	—	—	—	28	26	—	—	—	26
Distribution payable	518	—	—	—	518	882	—	—	—	882
Due to brokers - payables for securities purchased	390	—	—	—	390	2,262	—	—	—	2,262
Net assets attributable to unitholders	118,577	—	—	—	118,577	109,901	—	—	—	109,901
Total financial liabilities (excluding gross settled derivatives)	119,513	—	—	—	119,513	113,071	—	—	—	113,071

Vanguard Australian Property Securities 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	983	—	—	—	983	859	—	—	—	859
Distribution payable	84,586	—	—	—	84,586	72,422	—	—	—	72,422
Due to brokers - payables for securities purchased	11,395	—	—	—	11,395	3,571	—	—	—	3,571
Financial liabilities held at fair value through profit or loss (excluding gross settled derivatives)	—	—	—	—	—	—	357	—	—	357
Other liabilities	24,741	—	—	—	24,741	2,967	—	—	—	2,967
Net assets attributable to unitholders	4,811,403	—	—	—	4,811,403	4,060,562	—	—	—	4,060,562
Total financial liabilities (excluding gross settled derivatives)	4,933,108	—	—	—	4,933,108	4,140,381	357	—	—	4,140,738

Notes to the financial statements (continued)

For the year ended 30 June 2016

3. Financial risk management (continued)

(d) Liquidity risk (continued)

Vanguard Australian Shares 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	1,283	—	—	—	1,283	1,454	—	—	—	1,454
Distribution payable	76,094	—	—	—	76,094	77,141	—	—	—	77,141
Due to brokers - payables for securities purchased	4,633	—	—	—	4,633	11,715	—	—	—	11,715
Financial liabilities held at fair value through profit or loss (excluding gross settled derivatives)	—	—	—	—	—	—	2,748	—	—	2,748
Other liabilities	806	—	—	—	806	991	—	—	—	991
Net assets attributable to unitholders	8,939,124	—	—	—	8,939,124	9,846,180	—	—	—	9,846,180
Total financial liabilities (excluding gross settled derivatives)	9,021,940	—	—	—	9,021,940	9,937,481	2,748	—	—	9,940,229

Vanguard Australian Shares High Yield 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	402	—	—	—	402	435	—	—	—	435
Distribution payable	20,320	—	—	—	20,320	67,321	—	—	—	67,321
Due to brokers - payables for securities purchased	18,387	—	—	—	18,387	45,860	—	—	—	45,860
Financial liabilities held at fair value through profit or loss (excluding gross settled derivatives)	—	194	—	—	194	—	—	—	—	—
Other liabilities	742	—	—	—	742	638	—	—	—	638
Net assets attributable to unitholders	1,449,845	—	—	—	1,449,845	1,448,314	—	—	—	1,448,314
Total financial liabilities (excluding gross settled derivatives)	1,489,696	194	—	—	1,489,890	1,562,568	—	—	—	1,562,568

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.

The quoted market price used for financial assets held by the Fund is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price.

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.

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 Cash Reserve Fund				Vanguard Cash Plus 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	–	–	–	–	20	–	–	20
Financial assets designated at fair value through profit or loss:								
Debt securities	439,047	506,274	–	945,321	–	746,104	–	746,104
Total	439,047	506,274	–	945,321	20	746,104	–	746,124
Financial liabilities								
Financial liabilities held for trading								
Derivatives	–	–	–	–	52	–	–	52
Total	–	–	–	–	52	–	–	52
30 June 2015								
Financial assets								
Financial assets held for trading								
Derivatives	–	–	–	–	37	–	–	37
Financial assets designated at fair value through profit or loss:								
Debt securities	817,534	174,477	–	992,011	–	806,833	–	806,833
Total	817,534	174,477	–	992,011	37	806,833	–	806,870
Financial liabilities								
Financial liabilities held for trading								
Derivatives	1	–	–	1	10	–	–	10
Total	1	–	–	1	10	–	–	10

Notes to the financial statements (continued)

For the year ended 30 June 2016

4. Fair value measurement (continued)

(b) Fair value hierarchy (continued)

	Vanguard Australian Government Bond Index Fund				Vanguard Australian Fixed Interest 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	–	–	–	–	99	–	–	99
Financial assets designated at fair value through profit or loss:								
Debt securities	–	408,106	–	408,106	–	4,459,208	–	4,459,208
Total	–	408,106	–	408,106	99	4,459,208	–	4,459,307
Financial liabilities								
Financial liabilities held for trading								
Derivatives	–	–	–	–	9	–	–	9
Total	–	–	–	–	9	–	–	9
30 June 2015								
Financial assets								
Financial assets designated at fair value through profit or loss:								
Debt securities	–	241,580	–	241,580	–	4,461,163	–	4,461,163
Total	–	241,580	–	241,580	–	4,461,163	–	4,461,163

Notes to the financial statements (continued)

For the year ended 30 June 2016

4. Fair value measurement (continued)

(b) Fair value hierarchy (continued)

	Vanguard Australia Corporate Fixed Interest Index Fund*				Vanguard Australian Inflation-linked Bond Index Fund			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 June 2016								
Financial assets								
Financial assets designated at fair value through profit or loss:								
Debt securities	–	78,565	–	78,565	–	118,928	–	118,928
Total	–	78,565	–	78,565	–	118,928	–	118,928
Financial liabilities								
Financial liabilities held for trading								
Derivatives	2	–	–	2	–	–	–	–
Total	2	–	–	2	–	–	–	–
30 June 2015								
Financial assets								
Financial assets designated at fair value through profit or loss:								
Debt securities	–	54,785	–	54,785	–	110,535	–	110,535
Total	–	54,785	–	54,785	–	110,535	–	110,535
Financial liabilities								
Financial liabilities held for trading								
Derivatives	2	–	–	2	–	–	–	–
Total	2	–	–	2	–	–	–	–

*The Vanguard Australian Corporate Fixed Interest Index Fund ETF Class inception date was 23 May 2016.

Notes to the financial statements (continued)

For the year ended 30 June 2016

4. Fair value measurement (continued)

(b) Fair value hierarchy (continued)

	Vanguard Australian Property Securities Index Fund				Vanguard Australian Shares 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	195	—	—	195	896	—	—	896
Financial assets designated at fair value through profit or loss:								
Equity securities	4,817,120	—	—	4,817,120	8,847,598	6,747	—	8,854,345
Debt securities	—	—	—	—	—	—	—	—
Total	4,817,315	—	—	4,817,315	8,848,494	6,747	—	8,855,241
30 June 2015								
Financial assets								
Financial assets designated at fair value through profit or loss:								
Equity securities	4,063,538	—	—	4,063,538	9,733,728	—	—	9,733,728
Total	4,063,538	—	—	4,063,538	9,733,728	—	—	9,733,728
Financial liabilities								
Financial liabilities held for trading								
Derivatives	357	—	—	357	2,748	—	—	2,748
Total	357	—	—	357	2,748	—	—	2,748

Notes to the financial statements (continued)

For the year ended 30 June 2016

4. Fair value measurement (continued)

(b) Fair value hierarchy (continued)

Vanguard Australian Shares High Yield Fund				
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
30 June 2016				
Financial assets				
Financial assets designated at fair value through profit or loss:				
Equity securities	1,422,410	–	–	1,422,410
Total	1,422,410	–	–	1,422,410
Financial liabilities				
Financial liabilities held for trading				
Derivatives	194	–	–	194
Total	194	–	–	194
30 June 2015				
Financial assets				
Financial assets held for trading				
Derivatives	44	–	–	44
Financial assets designated at fair value through profit or loss:				
Equity securities	1,455,854	–	–	1,455,854
Total	1,455,898	–	–	1,455,898

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.

There were no transfers between levels as at 30 June 2016.

The following table presents the transfers between levels as at 30 June 2015:

	Vanguard Australian Shares Index Fund		
	Level 1	Level 2	Level 3
30 June 2015	\$'000	\$'000	\$'000
Transfers between level 1 and 2:			
Equity securities	(685)	685	—

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. Interest income

This table shows the average balance for the major categories of interest-bearing assets, the amount of interest revenue and the average interest rate.

	2016			2015		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
	\$'000	\$'000	%	\$'000	\$'000	%
Vanguard Cash Plus Fund						
Fixed interest securities - domestic	822,553	29,099	3.54%	767,535	35,343	4.60%
Vanguard Australian Government Bond Index Fund						
Fixed interest securities - domestic	328,758	12,739	3.87%	171,287	6,873	4.01%
Vanguard Australian Fixed Interest Index Fund						
Fixed interest securities - domestic	4,703,219	201,686	4.29%	4,190,889	189,312	4.52%
Vanguard Australian Corporate Fixed Interest Index Fund*						
Fixed interest securities - domestic	74,739	3,340	4.47%	55,749	1,975	3.54%
Vanguard Australian Inflation-Linked Bond Index Fund						
Fixed interest securities - domestic	121,751	2,580	2.12%	111,212	2,458	2.21%

*The Vanguard Australian Corporate Fixed Interest Index Fund ETF Class inception date was 23 May 2016.

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

Notes to the financial statements (continued)

For the year ended 30 June 2016

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

	Vanguard Cash Reserve Fund		Vanguard Cash Plus Fund		Vanguard Australian Government Bond Index Fund		Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Corporate Fixed Interest Index Fund*	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets										
Net gain/(loss) on financial assets held for trading	(68)	(100)	(426)	(287)	17	9	791	(324)	(10)	(33)
Net gain/(loss) on financial assets designated at fair value through profit or loss	40,534	45,431	21,573	22,306	23,230	6,817	305,147	213,174	3,615	1,881
Net gain/(loss) on financial assets held at fair value through profit or loss	40,466	45,331	21,147	22,019	23,247	6,826	305,938	212,850	3,605	1,848
Net realised gain/(loss) on financial assets held at fair value through profit or loss	41,533	46,005	17,003	26,150	12,180	6,891	226,146	190,428	2,891	1,899
Net unrealised gain/(loss) on financial assets held at fair value through profit or loss	(1,067)	(674)	4,144	(4,131)	11,067	(65)	79,792	22,422	714	(51)
Net gain/(loss) on financial assets held at fair value through profit or loss	40,466	45,331	21,147	22,019	23,247	6,826	305,938	212,850	3,605	1,848
Financial liabilities										
Net gain/(loss) on financial liabilities held for trading	—	(1)	(52)	(10)	—	—	(9)	—	(2)	(2)
Net gain/(loss) on financial liabilities held at fair value through profit or loss	—	(1)	(52)	(10)	—	—	(9)	—	(2)	(2)
Net unrealised gain/(loss) on financial liabilities held at fair value through profit or loss	—	(1)	(52)	(10)	—	—	(9)	—	(2)	(2)
Net gain/(loss) on financial liabilities held at fair value through profit or loss	—	(1)	(52)	(10)	—	—	(9)	—	(2)	(2)
Total net gain/(loss) on financial instruments held at fair value through profit or loss	40,466	45,330	21,095	22,009	23,247	6,826	305,929	212,850	3,603	1,846

*The Vanguard Australian Corporate Fixed Interest Index Fund ETF Class inception date was 23 May 2016.

Notes to the financial statements (continued)

For the year ended 30 June 2016

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

	Vanguard Australian Inflation-Linked Bond Index Fund		Vanguard Australian Property Securities Index Fund		Vanguard Australian Shares Index Fund		Vanguard Australian Shares High Yield Fund	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets								
Net gain/(loss) on financial assets held for trading	—	—	2,066	4,462	3,333	3,386	(177)	(1,156)
Net gain/(loss) on financial assets designated at fair value through profit or loss	4,825	6,321	770,177	495,751	(380,616)	56,299	(176,764)	(31,875)
Net gain/(loss) on financial assets held at fair value through profit or loss	4,825	6,321	772,243	500,213	(377,283)	59,685	(176,941)	(33,031)
Net realised gain/(loss) on financial assets held at fair value through profit or loss	3,453	3,725	138,921	26,281	137,698	(63,245)	(116,636)	34,316
Net unrealised gain/(loss) on financial assets held at fair value through profit or loss	1,372	2,596	633,322	473,932	(514,981)	122,930	(60,305)	(67,347)
Net gain/(loss) on financial assets held at fair value through profit or loss	4,825	6,321	772,243	500,213	(377,283)	59,685	(176,941)	(33,031)
Financial liabilities								
Net gain/(loss) on financial liabilities held for trading	—	—	—	(357)	—	(2,748)	194	—
Net gain/(loss) on financial liabilities held at fair value through profit or loss	—	—	—	(357)	—	(2,748)	194	—
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	—	—	—	(357)	—	(2,748)	194	—
Net gain/(loss) on financial liabilities held at fair value through profit or loss	—	—	—	(357)	—	(2,748)	194	—
Total net gain/(loss) on financial instruments held at fair value through profit or loss	4,825	6,321	772,243	499,856	(377,283)	56,937	(177,135)	(33,031)

Notes to the financial statements (continued)

For the year ended 30 June 2016

7. Auditor's remuneration

The auditor's remuneration is borne by the Responsible Entity. Other services include the audit of the Compliance Plans and Internal Controls Report (GS 007). During the year, the following fees were paid and payable for services provided by the auditor of the Funds.

	Vanguard Cash Reserve Fund		Vanguard Cash Plus Fund		Vanguard Australian Government Bond Index Fund		Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Corporate Fixed Interest Index Fund*	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Auditor's remuneration	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
for auditing the financial statements	15,500	10,811	20,000	11,301	21,000	21,666	21,000	27,602	12,500	20,732
other services	15,256	16,308	15,256	16,308	15,256	16,308	15,256	16,308	15,256	16,308

	Vanguard Australian Inflation-Linked Bond Index Fund		Vanguard Australian Property Securities Index Fund		Vanguard Australian Shares Index Fund		Vanguard Australian Shares High Yield Fund	
	2016	2015	2016	2015	2016	2015	2016	2015
Auditor's remuneration	\$	\$	\$	\$	\$	\$	\$	\$
for auditing the financial statements	12,500	12,772	19,000	26,078	19,000	24,890	19,000	22,156
other services	15,256	16,308	15,256	16,308	15,256	16,308	15,256	16,308

*The Vanguard Australian Corporate Fixed Interest Index Fund ETF Class inception date was 23 May 2016.

Notes to the financial statements (continued)

For the year ended 30 June 2016

8. Responsible Entity's fees

	Vanguard Cash Reserve Fund		Vanguard Cash Plus Fund		Vanguard Australian Government Bond Index Fund (Ordinary Unit Class)		Vanguard Australian Government Bond Index Fund (ETF Unit Class)	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Responsible Entity's fees incurred by the Funds	2,709	2,631	2,396	2,221	690	376	137	55
Management costs per annum	0.15%	0.15%	0.29%	0.29%	0.29%	0.29%	0.20%	0.20%

	Vanguard Australian Fixed Interest Index Fund (Ordinary Unit Class)		Vanguard Australian Fixed Interest Index Fund (ETF Unit Class)		Vanguard Australian Corporate Fixed Interest Index Fund (Ordinary Unit Class)		Vanguard Australian Corporate Fixed Interest Index Fund (ETF Unit Class)*	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Responsible Entity's fees incurred by the Funds	10,415	9,574	623	222	212	119	1	—
Management costs per annum	0.24%	0.24%	0.20%	0.20%	0.26%	0.29%	0.26%	n/a

	Vanguard Australian Inflation-Linked Bond Index Fund		Vanguard Australian Property Securities Index Fund (Ordinary Unit Class)		Vanguard Australian Property Securities Index Fund (ETF Unit Class)		Vanguard Australian Shares Index Fund (Ordinary Unit Class)	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Responsible Entity's fees incurred by the Funds	349	318	9,422	8,422	1,316	790	15,505	15,378
Management costs per annum	0.29%	0.29%	0.24%	0.24%	0.25%	0.25%	0.18%	0.18%

	Vanguard Australian Shares Index Fund (ETF Unit Class)		Vanguard Australian Shares High Yield Fund (Ordinary Unit Class)		Vanguard Australian Shares High Yield Fund (ETF Unit Class)	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Responsible Entity's fees incurred by the Funds	1,963	1,328	3,507	3,827	1,480	1,198
Management costs per annum	0.15%	0.15%	0.40%	0.40%	0.25%	0.25%

*The Vanguard Australian Corporate Fixed Interest Index Fund ETF Class inception date was 23 May 2016.

Notes to the financial statements (continued)

For the year ended 30 June 2016

9. Distributions to unitholders paid and payable

	Vanguard Cash Reserve Fund				Vanguard Cash Plus Fund				Vanguard Australian Government Bond Index Fund (Ordinary Unit Class)				Vanguard Australian Government Bond Index Fund (ETF Unit Class)			
	2016		2015		2016		2015		2016		2015		2016		2015	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Interim distributions paid	34,665	1.9374	39,604	2.2834	16,994	2.1016	17,695	2.3681	4,092	1.8223	2,515	2.2709	1,275	92.5608	519	100.4100
Distribution payable - 30 June	3,086	0.1711	3,015	0.1707	1,763	0.2423	1,676	0.2094	1,827	0.6440	1,331	0.7048	648	31.6958	348	34.1155
Total Distributions to unitholders	37,751	2.1085	42,619	2.4541	18,757	2.3439	19,371	2.5775	5,919	2.4663	3,846	2.9757	1,923	124.2566	867	134.5255

	Vanguard Australian Fixed Interest Index Fund (Ordinary Unit Class)				Vanguard Australian Fixed Interest Index Fund (ETF Unit Class)				Vanguard Australian Corporate Fixed Interest Index Fund (Ordinary Unit Class)				Vanguard Australian Corporate Fixed Interest Index Fund (ETF Unit Class)*			
	2016		2015		2016		2015		2016		2015		2016		2015	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Interim distributions paid	124,708	3.2143	119,679	3.4482	8,906	145.1554	2,981	145.1508	1,586	2.2234	790	1.4393	—	—	—	—
Distribution payable - 30 June	74,340	2.1612	40,385	1.0792	7,939	94.5753	2,034	47.6239	744	1.0318	576	1.0626	42	52.6305	—	—
Total Distributions to unitholders	199,048	5.3755	160,064	4.5274	16,845	239.7306	5,015	192.7747	2,330	3.2552	1,366	2.5019	42	52.6305	—	—

	Vanguard Australian Inflation-Linked Bond Index Fund				Vanguard Australian Property Securities Index Fund (Ordinary Unit Class)				Vanguard Australian Property Securities Index Fund (ETF Unit Class)				Vanguard Australian Shares Index Fund (Ordinary Unit Class)			
	2016		2015		2016		2015		2016		2015		2016		2015	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Interim distributions paid	2,008	1.8343	1,882	1.8716	122,752	2.8510	86,903	2.1163	16,031	234.8703	8,096	174.7307	365,702	7.8560	284,618	6.9007
Distribution payable - 30 June	518	0.4855	882	0.8758	72,633	1.7999	65,021	1.5411	11,953	148.1161	7,401	127.6942	71,795	1.8522	68,401	1.5583
Total Distributions to unitholders	2,526	2.3198	2,764	2.7474	195,385	4.6509	151,924	3.6574	27,984	382.9864	15,497	302.4249	437,497	9.7082	353,019	8.4590

	Vanguard Australian Shares Index Fund (ETF Unit Class)				Vanguard Australian Shares High Yield Fund (Ordinary Unit Class)				Vanguard Australian Shares High Yield Fund (ETF Unit Class)			
	2016		2015		2016		2015		2016		2015	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Interim distributions paid	55,002	274.3114	29,514	241.0667	35,224	5.9236	36,254	6.6549	24,931	240.7275	18,553	256.6464
Distribution payable - 30 June	4,299	18.0775	8,740	55.2457	11,442	1.9652	51,812	9.1118	8,878	79.1911	15,509	183.3564
Total Distributions to unitholders	59,301	292.3889	38,254	296.3124	46,666	7.8888	88,066	15.7667	33,809	319.9186	34,062	440.0028

*The Vanguard Australian Corporate Fixed Interest Index Fund ETF Class inception date was 23 May 2016.

Notes to the financial statements (continued)

For the year ended 30 June 2016

10. Net assets attributable to unitholders

	Vanguard Cash Reserve Fund		Vanguard Cash Plus Fund		Vanguard Australian Inflation-Linked Bond Index Fund	
	2016 '000	2015 '000	2016 '000	2015 '000	2016 '000	2015 '000
(a) Units on issue						
Opening balance	1,766,470	1,750,621	800,224	717,341	100,691	95,733
Applications	105,941	115,751	168,203	149,477	14,647	15,685
Distributions reinvested	35,604	41,242	14,210	15,505	2,182	2,141
Redemptions	(104,965)	(141,144)	(255,063)	(82,099)	(10,771)	(12,868)
Closing balance	1,803,050	1,766,470	727,574	800,224	106,749	100,691
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
(b) Net assets attributable to unitholders						
Opening balance	1,774,333	1,758,385	815,659	730,629	109,901	101,124
Applications	106,504	116,382	171,542	152,614	16,231	17,577
Distributions reinvested	35,767	41,428	14,478	15,808	2,401	2,360
Redemptions	(105,513)	(141,952)	(260,041)	(83,809)	(11,901)	(14,396)
Increase/(decrease) in net assets attributable to unitholders	5	90	(40)	417	1,945	3,236
Closing balance	1,811,096	1,774,333	741,598	815,659	118,577	109,901

Notes to the financial statements (continued)

For the year ended 30 June 2016

10. Net assets attributable to unitholders (continued)

Vanguard Australian Government Bond Index Fund						
	2016			2015		
	Ordinary Units	ETF Class Units	Total	Ordinary Units	ETF Class Units	Total
	'000	'000		'000	'000	
(a) Units on issue						
Opening balance	188,731	1,012		42,555	281	
Applications	128,961	1,070		171,008	730	
Distributions reinvested	532	3		160	1	
Redemptions	(34,494)	(60)		(24,992)	—	
Closing balance	283,730	2,025		188,731	1,012	
	2016			2015		
	Ordinary Units	ETF Class Units	Total	Ordinary Units	ETF Class Units	Total
	'000	'000	'000	'000	'000	'000
(b) Net assets attributable to unitholders						
Opening balance			241,593			55,558
Applications	135,270	53,039	188,309	174,147	35,734	209,881
Distributions reinvested	552	142	694	164	69	233
Redemptions	(36,051)	(2,963)	(39,014)	(25,799)	—	(25,799)
Increase/(decrease) in net assets attributable to unitholders			14,618			1,720
Closing balance			406,200			241,593

Notes to the financial statements (continued)

For the year ended 30 June 2016

10. Net assets attributable to unitholders (continued)

Vanguard Australian Fixed Interest Index Fund						
	2016			2015		
	Ordinary Units	ETF Class Units	Total	Ordinary Units	ETF Class Units	Total
	'000	'000		'000	'000	
(a) Units on issue						
Opening balance	3,742,068	4,246		3,345,246	862	
Applications	966,374	4,110		814,581	3,380	
Distributions reinvested	87,431	14		89,749	4	
Redemptions	(1,356,182)	—		(507,508)	—	
Closing balance	3,439,691	8,370		3,742,068	4,246	
	2016			2015		
	Ordinary Units	ETF Class Units	Total	Ordinary Units	ETF Class Units	Total
	'000	'000	'000	'000	'000	'000
(b) Net assets attributable to unitholders						
Opening balance			4,436,577			3,771,317
Applications	1,107,824	204,507	1,312,331	932,187	168,413	1,100,600
Distributions reinvested	99,308	685	99,993	101,753	234	101,987
Redemptions	(1,548,577)	—	(1,548,577)	(575,476)	—	(575,476)
Increase/(decrease) in net assets attributable to unitholders			79,213			38,149
Closing balance			4,379,537			4,436,577

Notes to the financial statements (continued)

For the year ended 30 June 2016

10. Net assets attributable to unitholders (continued)

Vanguard Australian Corporate Fixed Interest Index Fund						
	2016			2015		
	Ordinary Units	ETF Class Units	Total	Ordinary Units	ETF Class Units	Total
	'000	'000		'000	'000	
(a) Units on issue						
Opening balance	54,188	—		—	—	
Applications	38,853	80		61,767	—	
Distributions reinvested	116	—		—	—	
Redemptions	(21,075)	—		(7,579)	—	
Closing balance	72,082	80		54,188	—	
	2016			2015		
	Ordinary Units	ETF Class Units	Total	Ordinary Units	ETF Class Units	Total
	'000	'000	'000	'000	'000	'000
(b) Net assets attributable to unitholders						
Opening balance			54,819			—
Applications	39,808	4,007	43,815	62,226	—	62,226
Distributions reinvested	118	—	118	—	—	—
Redemptions	(21,581)	—	(21,581)	(7,768)	—	(7,768)
Increase/(decrease) in net assets attributable to unitholders			1,020			361
Closing balance			78,191			54,819

Notes to the financial statements (continued)

For the year ended 30 June 2016

10. Net assets attributable to unitholders (continued)

Vanguard Australian Property Securities Index Fund						
	2016			2015		
	Ordinary Units	ETF Class Units	Total	Ordinary Units	ETF Class Units	Total
	'000	'000		'000	'000	
(a) Units on issue						
Opening balance	4,219,181	5,762		4,086,518	3,331	
Applications	895,253	2,500		735,926	2,420	
Distributions reinvested	102,160	24		90,603	11	
Redemptions	(1,181,225)	(260)		(693,866)	—	
Closing balance	4,035,369	8,026		4,219,181	5,762	
	2016			2015		
	Ordinary Units	ETF Class Units	Total	Ordinary Units	ETF Class Units	Total
	'000	'000	'000	'000	'000	'000
(b) Net assets attributable to unitholders						
Opening balance			4,060,562			3,277,895
Applications	831,160	191,971	1,023,131	629,966	169,671	799,637
Distributions reinvested	91,172	1,736	92,908	72,850	794	73,644
Redemptions	(1,099,112)	(22,339)	(1,121,451)	(578,758)	—	(578,758)
Increase/(decrease) in net assets attributable to unitholders			756,253			488,144
Closing balance			4,811,403			4,060,562

Notes to the financial statements (continued)

For the year ended 30 June 2016

10. Net assets attributable to unitholders (continued)

Vanguard Australian Shares Index Fund						
	2016			2015		
	Ordinary Units	ETF Class Units	Total	Ordinary Units	ETF Class Units	Total
	'000	'000		'000	'000	
(a) Units on issue						
Opening balance	4,389,506	15,659		3,874,070	9,964	
Applications	868,846	12,060		734,254	6,220	
Distributions reinvested	160,532	129		122,204	75	
Redemptions	(1,542,720)	(4,740)		(341,022)	(600)	
Closing balance	3,876,164	23,108		4,389,506	15,659	
	2016			2015		
	Ordinary Units	ETF Class Units	Total	Ordinary Units	ETF Class Units	Total
	'000	'000	'000	'000	'000	'000
(b) Net assets attributable to unitholders						
Opening balance			9,846,180			8,334,390
Applications	1,655,737	788,954	2,444,691	1,488,502	442,798	1,931,300
Distributions reinvested	304,177	8,452	312,629	244,489	5,205	249,694
Redemptions	(2,922,021)	(314,435)	(3,236,456)	(694,103)	(42,459)	(736,562)
Increase/(decrease) in net assets attributable to unitholders			(427,920)			67,358
Closing balance			8,939,124			9,846,180

Notes to the financial statements (continued)

For the year ended 30 June 2016

10. Net assets attributable to unitholders (continued)

Vanguard Australian Shares High Yield Fund						
	2016			2015		
	Ordinary Units	ETF Class Units		Ordinary Units	ETF Class Units	
	'000	'000		'000	'000	
(a) Units on issue						
Opening balance	568,622	8,438		493,883	6,137	
Applications	139,766	2,800		156,515	3,040	
Distributions reinvested	21,884	77		10,812	41	
Redemptions	(148,069)	(160)		(92,588)	(780)	
Closing balance	582,203	11,155		568,622	8,438	
	2016			2015		
	Ordinary Units	ETF Class Units	Total	Ordinary Units	ETF Class Units	Total
	'000	'000	'000	'000	'000	'000
(b) Net assets attributable to unitholders						
Opening balance			1,448,314			1,248,142
Applications	206,426	162,271	368,697	276,975	201,195	478,170
Distributions reinvested	33,590	4,506	38,096	15,909	2,693	18,602
Redemptions	(218,720)	(9,250)	(227,970)	(162,679)	(49,361)	(212,040)
Increase/(decrease) in net assets attributable to unitholders			(177,292)			(84,560)
Closing balance			1,449,845			1,448,314

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

The Vanguard Australian Government Bond Index Fund ("VAGBIF") offers two classes of units, Ordinary Units and ETF Class Units. The ETF Class Units commenced on 24 April 2012 and are traded on the Australian Stock Exchange. Each unit has the same rights attaching to it as all other units of the relevant class.

The Vanguard Australian Fixed Interest Index Fund ("VAFIIF") offers two classes of units, Ordinary Units and ETF Class Units. The ETF Class Units commenced on 31 October 2012 and are traded on the Australian Stock Exchange. Each unit has the same rights attaching to it as all other units of the relevant class.

The Vanguard Australian Corporate Fixed Interest Index Fund ("VACFIIF") offers two classes of units, Ordinary Units and ETF Class Units. The ETF Class Units commenced on 23 May 2016 and are traded on the Australian Stock Exchange. Each unit has the same rights attaching to it as all other units of the relevant class.

The Vanguard Australian Property Securities Index Fund ("VAPSIF") offers two classes of units, Ordinary Units and ETF Class Units. The ETF Class Units commenced on 11 October 2010 and are traded on the Australian Stock Exchange. Each unit has the same rights attaching to it as all other units of the relevant class.

The Vanguard Australian Shares Index Fund ("VASIF") offers two classes of units, Ordinary Units and ETF Class Units. The ETF Class Units commenced on 8 May 2009 and are traded on the Australian Stock Exchange. Each unit has the same rights attaching to it as all other units of the relevant class.

The Vanguard Australian Shares High Yield Fund ("VASHYF") offers two classes of units, Ordinary Units and ETF Class Units. The ETF Class Units commenced on 26 May 2011 and are traded on the Australian Stock Exchange. Each unit has the same rights attaching to it as all other units of the relevant class.

Movements in the number of units and net assets attributable to unitholders are governed by the Constitutions 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 Cash Reserve Fund		Vanguard Cash Plus Fund		Vanguard Australian Government Bond Index Fund		Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Corporate Fixed Interest Index Fund*	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Average daily net applications/(redemptions)	4	(102)	(353)	274	595	733	(941)	2,092	217	217
Net liquid assets of the fund	1,811,096	1,774,333	741,598	815,659	406,200	241,593	4,379,537	4,436,577	78,191	54,819
Net assets attributable to unitholders (NAATU)	1,811,096	1,774,333	741,598	815,659	406,200	241,593	4,379,537	4,436,577	78,191	54,819
Ratio of net liquid assets to NAATU	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

	Vanguard Australian Inflation-Linked Bond Index Fund		Vanguard Australian Property Securities Index Fund		Vanguard Australian Shares Index Fund		Vanguard Australian Shares High Yield Fund	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Average daily net applications/(redemptions)	17	13	(392)	880	(3,154)	4,760	561	1,060
Net liquid assets of the fund	118,577	109,901	4,811,403	4,060,562	8,939,124	9,846,180	1,449,845	1,448,314
Net assets attributable to unitholders (NAATU)	118,577	109,901	4,811,403	4,060,562	8,939,124	9,846,180	1,449,845	1,448,314
Ratio of net liquid assets to NAATU	100%	100%	100%	100%	100%	100%	100%	100%

* The Vanguard Australian Corporate Fixed Interest Index Fund ETF Class inception date was 23 May 2016.

Notes to the financial statements (continued)

For the year ended 30 June 2016

11. Cash and cash equivalents

	Vanguard Cash Reserve Fund		Vanguard Cash Plus Fund		Vanguard Australian Government Bond Index Fund		Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Corporate Fixed Interest Index Fund*	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash at bank as at 30 June	911,668	785,439	135	11,716	4,628	1,591	15,089	20,686	976	451

	Vanguard Australian Inflation-Linked Bond Index Fund		Vanguard Australian Property Securities Index Fund		Vanguard Australian Shares Index Fund		Vanguard Australian Shares High Yield Fund	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash at bank as at 30 June	21	2,284	15,560	5,158	66,293	89,004	29,930	11,416

*The Vanguard Australian Corporate Fixed Interest Index Fund ETF Class inception date was 23 May 2016.

Notes to the financial statements (continued)

For the year ended 30 June 2016

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

	Vanguard Cash Reserve Fund		Vanguard Cash Plus Fund		Vanguard Australian Government Bond Index Fund		Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Corporate Fixed Interest Index Fund*	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Held for trading										
Derivatives	–	–	20	37	–	–	99	–	–	–
Total held for trading	–	–	20	37	–	–	99	–	–	–
Designated at fair value through profit or loss										
Equity securities										
Fixed interest securities	945,321	992,011	746,104	806,833	408,106	241,580	4,459,208	4,461,163	78,565	54,785
Total designated at fair value through profit or loss	945,321	992,011	746,104	806,833	408,106	241,580	4,459,208	4,461,163	78,565	54,785
Total financial assets held at fair value through profit or loss	945,321	992,011	746,124	806,870	408,106	241,580	4,459,307	4,461,163	78,565	54,785
Comprising:										
Derivatives										
Australian interest rate futures	–	–	20	37	–	–	99	–	–	–
Total derivatives	–	–	20	37	–	–	99	–	–	–
Fixed interest securities										
Australian fixed interest securities	945,321	992,011	746,104	806,833	408,106	241,580	4,459,208	4,461,163	78,565	54,785
Total fixed interest securities	945,321	992,011	746,104	806,833	408,106	241,580	4,459,208	4,461,163	78,565	54,785
Total financial assets held at fair value through profit or loss	945,321	992,011	746,124	806,870	408,106	241,580	4,459,307	4,461,163	78,565	54,785

*The Vanguard Australian Corporate Fixed Interest Index Fund ETF Class inception date was 23 May 2016.

Master netting arrangement - not currently enforceable

Agreements with derivative counterparties are based on the ISDA Master Agreement. Under the terms of these arrangements, only where certain credit events occur (such as default), the net position owing/ receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated.

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

Notes to the financial statements (continued)

For the year ended 30 June 2016

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

	Vanguard Australian Inflation-Linked Bond Index Fund		Vanguard Australian Property Securities Index Fund		Vanguard Australian Shares Index Fund		Vanguard Australian Shares High Yield Fund	
	2016	2015	2016	2015	2016	2015	2016	2015
	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Held for trading								
Derivatives	–	–	195	–	896	–	–	44
Total held for trading	–	–	195	–	896	–	–	44
Designated at fair value through profit or loss								
Equity securities	–	–	4,817,120	4,063,538	8,854,345	9,734,461	1,422,410	1,455,854
Fixed interest securities	118,928	110,535	–	–	–	–	–	–
Total designated at fair value through profit or loss	118,928	110,535	4,817,120	4,063,538	8,854,345	9,734,461	1,422,410	1,455,854
Total financial assets held at fair value through profit or loss	118,928	110,535	4,817,315	4,063,538	8,855,241	9,734,461	1,422,410	1,455,898
Comprising:								
Derivatives								
Australian share price futures	–	–	195	–	896	–	–	44
Total derivatives	–	–	195	–	896	–	–	44
Equity securities								
Australian equity securities	–	–	4,817,120	4,063,538	8,854,345	9,734,461	1,422,410	1,455,854
International equity securities	–	–	–	–	–	–	–	–
Total equity securities	–	–	4,817,120	4,063,538	8,854,345	9,734,461	1,422,410	1,455,854
Fixed interest securities								
Australian fixed interest securities	118,928	110,535	–	–	–	–	–	–
Units in International shares trusts	–	–	–	–	–	–	–	–
Total Unlisted Unit Trusts	118,928	110,535	–	–	–	–	–	–
Total financial assets held at fair value through profit or loss	118,928	110,535	4,817,315	4,063,538	8,855,241	9,734,461	1,422,410	1,455,898

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. Financial liabilities held at fair value through profit or loss

	Vanguard Cash Reserve Fund		Vanguard Cash Plus Fund		Vanguard Australian Government Bond Index Fund		Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Corporate Fixed Interest Index Fund*	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Held for trading										
Derivatives	–	1	52	10	–	–	9	–	2	2
Total held for trading	–	1	52	10	–	–	9	–	2	2
Total financial liabilities held at fair value through profit or loss	–	1	52	10	–	–	9	–	2	2
Comprising:										
Derivatives										
Australian interest rate futures	–	1	52	10	–	–	9	–	2	2
Total derivatives	–	1	52	10	–	–	9	–	2	2
Total financial liabilities held at fair value through profit or loss	–	1	52	10	–	–	9	–	2	2

	Vanguard Australian Inflation-Linked Bond Index Fund		Vanguard Australian Property Securities Index Fund		Vanguard Australian Shares Index Fund		Vanguard Australian Shares High Yield Fund	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Held for trading								
Derivatives	–	–	–	357	–	2,748	194	–
Total held for trading	–	–	–	357	–	2,748	194	–
Total financial liabilities held at fair value through profit or loss	–	–	–	357	–	2,748	194	–
Comprising:								
Derivatives								
Australian share price futures	–	–	–	357	–	2,748	194	–
Total derivatives	–	–	–	357	–	2,748	194	–
Total financial liabilities held at fair value through profit or loss	–	–	–	357	–	2,748	194	–

* The Vanguard Australian Corporate Fixed Interest Index Fund ETF Class inception date was 23 May 2016.

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

14. 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.

	Vanguard Cash Reserve Fund						Vanguard Cash Plus Fund					
	2016			2015			2016			2015		
	Contract /	Fair value		Contract /	Fair value		Contract /	Fair value		Contract /	Fair value	
	Notional	Assets	Liabilities	Notional	Assets	Liabilities	Notional	Assets	Liabilities	Notional	Assets	Liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Australian fixed interest futures	34,342	—	—	37,194	—	1	69,500	20	(52)	65,528	37	10
Total	34,342	—	—	37,194	—	1	69,500	20	(52)	65,528	37	10

	Vanguard Australian Government Bond Index Fund						Vanguard Australian Fixed Interest Index Fund					
	2016			2015			2016			2015		
	Contract /	Fair value		Contract /	Fair value		Contract /	Fair value		Contract /	Fair value	
	Notional	Assets	Liabilities	Notional	Assets	Liabilities	Notional	Assets	Liabilities	Notional	Assets	Liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Australian fixed interest futures	98	—	—	—	—	—	9,429	99	(9)	—	—	—
Total	98	—	—	—	—	—	9,429	99	(9)	—	—	—

Notes to the financial statements (continued)

For the year ended 30 June 2016

14. Derivative financial instruments (continued)

Vanguard Australian Corporate Fixed Interest Index Fund*							Vanguard Australian Inflation-Linked Bond 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	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Australian fixed interest futures	(790)	—	(2)	(293)	—	(2)	—	—	—	—	—	
Total	(790)	—	(2)	(293)	—	(2)	—	—	—	—	—	

Vanguard Australian Property Securities Index Fund							Vanguard Australian 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 share price index futures	19,847	195	—	20,825	—	357	123,189	896	—	149,874	—	2,748
Total	19,847	195	—	20,825	—	357	123,189	896	—	149,874	—	2,748

Vanguard Australian Shares High Yield Fund						
2016			2015			
Contract / Notional	Fair value		Contract / Notional	Fair value		
\$'000	Assets	Liabilities	\$'000	Assets	Liabilities	
Australian share price index futures	30,668	—	(194)	11,332	44	—
Total	30,668	—	(194)	11,332	44	—

* The Vanguard Australian Corporate Fixed Interest Index Fund ETF Class inception date was 23 May 2016.

Notes to the financial statements (continued)

For the year ended 30 June 2016

15. Related parties

Responsible Entity

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. in the United States of America.

(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 on 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 15(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 domestic in nature.

Notes to the financial statements (continued)

For the year ended 30 June 2016

15. Related parties (continued)

(b) Responsible entity's fees and other transactions

Under the Constitution for each Fund, the Responsible Entity is entitled to receive management fees up to the following limits:

- up to 0.2% per annum of the net asset value for the Vanguard Cash Plus Fund and Vanguard Australian Fixed Interest Index Fund.
- up to 0.25% per annum of the net asset value for the Vanguard Australian Corporate Fixed Interest Index Fund, Vanguard Australian Property Securities Index Fund and Vanguard Australian Shares Index Fund;
- up to 0.5% per annum of the net asset value for the Vanguard Australian Shares High Yield Fund;
- up to 1.5% per annum of the net asset value for the Vanguard Cash Reserve Fund, Vanguard Australian Government Bond Index Fund and Vanguard Australian Inflation-Linked Bond Index Fund.

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 fees and certain expense recoveries to a 'management cost' specified for each Fund.

The following table sets out the total Responsible Entity fee and recoverable expenses deducted in respect of each Fund. The amounts shown take into account GST and expected input tax credits.

Note that the table does not take into account rebates paid by the Responsible Entity (out of the Responsible Entity's own assets) to particular investors in accordance with the *Corporations Act 2001*, relevant ASIC class orders and policy and the PDS for the Funds.

	2016	2015
	% per annum	% per annum
Management costs		
Vanguard Cash Reserve Fund	0.15	0.15
Vanguard Cash Plus Fund	0.29	0.29
Vanguard Australian Government Bond Index Fund	0.29	0.29
Vanguard Australian Government Bond Index Fund (ETF Unit class)	0.20	0.20
Vanguard Australian Fixed Interest Index Fund (Ordinary Units)	0.24	0.24
Vanguard Australian Fixed Interest Index Fund (ETF Unit class)	0.20	0.20
Vanguard Australian Corporate Fixed Interest Index Fund	0.29	0.29
Vanguard Australian Corporate Fixed Interest Index Fund (ETF Unit Class)*	0.26	n/a
Vanguard Australian Inflation-Linked Bond Index Fund	0.29	0.29
Vanguard Australian Property Securities Index Fund (Ordinary Units)	0.24	0.24
Vanguard Australian Property Securities Index Fund (ETF Unit class)	0.25	0.25
Vanguard Australian Shares Index Fund (Ordinary Units)	0.18	0.18
Vanguard Australian Shares Index Fund (ETF Unit class)	0.15	0.15
Vanguard Australian Shares High Yield Fund (Ordinary Units)	0.40	0.40
Vanguard Australian Shares High Yield Fund (ETF Unit class)	0.25	0.25

*The Vanguard Australian Corporate Fixed Interest Index Fund ETF Class inception date was 23 May 2016.

Notes to the financial statements (continued)

For the year ended 30 June 2016

15. Related parties (continued)

(b) Responsible entity's fees and other transactions (continued)

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

	Vanguard Cash Reserve Fund		Vanguard Cash Plus Fund		Vanguard Australian Government Bond Index Fund		Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Corporate Fixed Interest Index Fund*	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Fees paid and payable for the year by the Funds to the Responsible Entity	2,709	2,631	2,396	2,221	827	431	11,038	9,796	213	119
Aggregate amounts payable to the Responsible Entity at the reporting date	223	219	177	194	87	52	854	871	18	13

	Vanguard Australian Inflation-Linked Bond Index Fund		Vanguard Australian Property Securities Index Fund		Vanguard Australian Shares Index Fund		Vanguard Australian Shares High Yield Fund	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Fees paid and payable for the year by the Funds to the Responsible Entity	349	318	10,738	9,212	17,468	16,706	4,987	5,025
Aggregate amounts payable to the Responsible Entity at the reporting date	28	26	983	859	1,283	1,454	402	435

*The Vanguard Australian Corporate Fixed Interest Index Fund ETF Class inception date was 23 May 2016.

Notes to the financial statements (continued)

For the year ended 30 June 2016

15. Related parties (continued)

(c) Related party schemes' unitholdings

Vanguard Investments Australia Ltd held units in the Funds as follows:

	Number of units held at 30 June		Interest held at 30 June		Number of units acquired		Number of units disposed		Distributions paid/ payable by the Funds	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
			%	%					\$	\$
Vanguard Cash Reserve Fund	7,658,010	14,866,202	0.42	0.84	—	—	7,208,192	—	235	365
Vanguard Cash Plus Fund	7,429,417	14,538,654	1.02	1.82	—	—	7,109,237	—	253	375
Vanguard Australian Corporate Fixed Interest Index Fund	14,967,072	14,967,072	20.76	27.62	—	14,967,072	—	—	487	374

(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.

Notes to the financial statements (continued)

For the year ended 30 June 2016

15. Related parties (continued)

(e) Related Party investments

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

The Funds did not hold any investments in other Schemes managed by Vanguard Investments Australia Ltd (VIA) during the year.

Other schemes managed by Vanguard Investments Australia Ltd held investments in the Funds during the year as indicated:

Investments in :	Number of units held at 30 June		Interest held at 30 June		Number of units acquired		Number of units disposed		Distributions paid/ payable by the Funds	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Vanguard Cash Plus Fund			%	%					\$'000	\$'000
By other schemes managed by VIA:										
Vanguard Investor Cash Plus Fund	17,210,394	19,477,304	2.37	2.43	8,663,814	6,350,761	10,930,724	5,148,511	472	462
Vanguard LifeStrategy Conservative Fund	2,801,948	2,197,865	0.39	0.27	739,171	1,137,041	135,088	44,252	60	40
Vanguard Conservative Index Fund	85,782,852	148,767,240	11.79	18.59	28,725,478	44,347,712	91,709,866	176,515	3,260	3,306

Investments by :	Number of units held at 30 June		Interest held at 30 June		Number of units acquired		Number of units disposed		Distributions paid/ payable by the Funds	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Vanguard Australian Fixed Interest Index Fund			%	%					\$'000	\$'000
By other schemes managed by VIA:										
Vanguard Index Diversified Bond Fund	28,530,681	27,227,759	0.83	0.73	4,426,376	6,692,363	3,123,454	1,368,797	1,513	1,133
Vanguard LifeStrategy Conservative Fund	5,899,307	4,578,175	0.17	0.12	1,780,913	2,425,709	459,781	240,714	302	158
Vanguard LifeStrategy Balanced Fund	13,825,930	10,937,209	0.40	0.29	3,691,176	4,869,937	802,455	1,653,060	698	431
Vanguard LifeStrategy Growth Fund	14,261,728	13,351,782	0.41	0.36	2,935,688	3,648,075	2,025,742	990,436	749	549
Vanguard LifeStrategy High Growth Fund	4,524,255	4,289,450	0.13	0.11	1,577,017	2,578,041	1,342,212	1,783,840	237	176
Vanguard Conservative Index Fund	180,850,146	323,876,711	5.26	8.66	64,442,398	94,797,630	207,468,963	638,878	15,024	12,777
Vanguard Balanced Index Fund	287,402,462	521,641,005	8.36	13.94	105,887,041	121,288,781	340,125,584	4,857,071	24,312	21,259
Vanguard Growth Index Fund	168,220,713	233,117,555	4.89	6.23	46,062,176	60,435,636	110,959,018	25,496,941	11,329	9,901
Vanguard High Growth Index Fund	33,945,130	38,732,634	0.99	1.04	16,992,006	12,292,771	21,779,510	6,112,259	2,023	1,612
Vanguard Diversified Bond Index Fund	37,821,995	98,612,820	1.10	2.64	25,182,273	17,320,195	85,973,098	27,002,273	3,851	4,349
Vanguard Managed Payout Fund	8,750,244	—	0.25	—	9,047,147	—	296,903	—	468	—

Notes to the financial statements (continued)

For the year ended 30 June 2016

15. Related parties (continued)

(e) Related Party investments (continued)

Investments by :	Number of units held at 30 June		Interest held at 30 June		Number of units acquired		Number of units disposed		Distributions paid/ payable by the Funds	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Vanguard Australian Corporate Fixed Interest Index Fund			%	%					\$'000	\$'000
By other schemes managed by VIA:										
Vanguard Managed Payout Fund	5,023,252	—	6.97	—	5,023,252	—	—	—	162	—
Investments by :	Number of units held at 30 June		Interest held at 30 June		Number of units acquired		Number of units disposed		Distributions paid/ payable by the Funds	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Vanguard Australian Property Securities Index Fund			%	%					\$'000	\$'000
By other schemes managed by VIA:										
Vanguard Index Australian Property Securities Fund	114,364,108	112,626,552	2.83	2.67	14,566,309	15,609,976	12,828,753	9,959,910	5,333	4,042
Vanguard LifeStrategy Conservative Fund	564,534	472,538	0.01	0.01	144,221	185,617	52,225	6,218	25	14
Vanguard LifeStrategy Balanced Fund	2,392,225	2,036,092	0.06	0.05	356,133	396,785	—	38,852	109	70
Vanguard LifeStrategy Growth Fund	5,649,856	5,493,708	0.14	0.13	366,017	506,986	209,869	481,607	263	197
Vanguard LifeStrategy High Growth Fund	6,771,964	6,538,042	0.17	0.15	644,000	342,467	410,078	401,495	316	237
Vanguard Conservative Index Fund	17,167,034	34,981,599	0.43	0.83	5,547,200	7,157,790	23,361,765	—	1,383	1,188
Vanguard Balanced Index Fund	49,408,510	98,772,093	1.22	2.34	15,845,644	9,072,456	65,209,227	45,828	3,958	3,474
Vanguard Growth Index Fund	63,980,785	97,768,192	1.59	2.32	12,478,193	5,349,931	46,265,600	6,221,659	4,016	3,577
Vanguard High Growth Index Fund	49,635,835	60,945,970	1.23	1.44	4,584,739	4,785,928	15,894,874	4,858,206	2,698	2,164
Vanguard Managed Payout Fund	2,757,326	—	0.07	—	2,968,252	—	210,926	—	131	—

Notes to the financial statements (continued)

For the year ended 30 June 2016

15. Related parties (continued)

(e) Related Party investments (continued)

	Number of units held at 30 June		Interest held at 30 June		Number of units acquired		Number of units disposed		Distributions paid/ payable by the Funds	
Investments by :	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Vanguard Australian Shares Index Fund			%	%					\$'000	\$'000
By other schemes managed by VIA:										
Vanguard Index Australian Shares Fund	242,625,259	238,447,193	6.26	5.43	21,942,004	19,305,634	17,763,938	16,126,657	23,511	20,012
Vanguard LifeStrategy Conservative Fund	1,910,018	1,407,853	0.05	0.03	887,934	759,390	385,769	75,016	178	86
Vanguard LifeStrategy Balanced Fund	9,178,643	6,572,974	0.24	0.15	3,505,983	2,350,347	900,314	521,617	825	483
Vanguard LifeStrategy Growth Fund	21,843,073	18,898,623	0.56	0.43	3,681,366	3,638,375	736,916	176,288	2,074	1,446
Vanguard LifeStrategy High Growth Fund	27,656,119	23,252,378	0.71	0.53	4,922,035	4,000,957	518,294	191,519	2,568	1,792
Vanguard Conservative Index Fund	59,465,857	97,853,031	1.53	2.23	45,407,378	31,867,019	83,794,552	3,567,009	10,088	7,229
Vanguard Balanced Index Fund	191,249,161	320,973,599	4.93	7.31	94,568,544	78,066,564	224,292,982	7,171,020	33,255	24,285
Vanguard Growth Index Fund	261,764,445	330,235,988	6.75	7.52	93,751,950	49,786,973	162,223,493	5,988,978	33,897	25,886
Vanguard High Growth Index Fund	204,649,385	212,423,134	5.28	4.84	43,858,232	39,236,988	51,631,981	8,459,221	22,606	16,309
Vanguard Managed Payout Fund	8,069,986	—	0.21	—	8,070,616	—	630	—	766	—
	Number of units held at 30 June		Interest held at 30 June		Number of units acquired		Number of units disposed		Distributions paid/ payable by the Funds	
Investments by :	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Vanguard Australian Shares High Yield Fund			%	%					\$'000	\$'000
By other schemes managed by VIA:										
Vanguard High Yield Australian Shares Fund:	84,887,453	77,412,460	14.58	13.61	16,019,920	13,285,501	8,544,927	5,026,300	6,578	12,007

(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

16. 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 Cash Reserve Fund		Vanguard Cash Plus Fund		Vanguard Australian Government Bond Index Fund		Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Corporate Fixed Interest Index Fund*	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Profit/(loss) for the year	—	—	—	—	—	—	—	—	—	—
Increase/(decrease) in net assets attributable to unitholders	5	90	(40)	417	14,618	1,720	79,213	38,149	1,020	361
Distributions paid and payable	37,751	42,619	18,757	19,371	7,842	4,713	215,893	165,079	2,372	1,366
Proceeds from sale of financial instruments held at fair value through profit or loss	6,885,547	7,325,022	1,355,397	1,076,052	72,612	37,865	1,762,597	901,199	35,081	22,255
Purchases of financial instruments held at fair value through profit or loss	(6,756,230)	(6,509,529)	(1,269,002)	(1,148,372)	(211,183)	(217,890)	(1,443,567)	(1,336,776)	(54,726)	(75,156)
Net gains/(losses) on financial instruments held at fair value through profit or loss	(40,466)	(45,330)	(21,095)	(22,009)	(23,247)	(6,826)	(305,929)	(212,850)	(3,603)	(1,846)
Net change in receivables	4	(5)	1	(1)	(4)	(11)	65	(93)	22	(48)
Net change in payables	4	1	(17)	19	35	40	(17)	308	5	14
Net cash inflow/(outflow) from operating activities	126,615	812,868	84,001	(74,523)	(139,327)	(180,389)	308,255	(444,984)	(19,829)	(53,054)

	Vanguard Australian Inflation-Linked Bond Index Fund		Vanguard Australian Property Securities Index Fund		Vanguard Australian Shares Index Fund		Vanguard Australian Shares High Yield Fund	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Profit/(loss) for the year	—	—	—	—	—	—	—	—
Increase/(decrease) in net assets attributable to unitholders	1,945	3,236	756,253	488,144	(427,920)	67,358	(177,292)	(84,560)
Distributions paid and payable	2,526	2,764	223,369	167,421	496,798	391,273	80,475	122,128
Proceeds from sale of financial instruments held at fair value through profit or loss	20,569	29,938	632,790	265,950	2,497,761	178,128	975,196	989,036
Purchases of financial instruments held at fair value through profit or loss	(26,326)	(30,497)	(629,305)	(601,766)	(2,005,757)	(1,587,390)	(1,092,806)	(1,252,852)
Net gains/(losses) on financial instruments held at fair value through profit or loss	(4,825)	(6,321)	(772,243)	(499,856)	377,283	(56,937)	177,135	33,031
Net change in receivables	5	(1)	(2,255)	22,344	678	(8,651)	(2,296)	(1,004)
Net change in payables	2	2	124	164	(171)	232	(33)	67
Non-cash item (reinvestment of distribution income)	—	—	—	—	(7)	—	—	—
Net cash inflow/(outflow) from operating activities	(6,104)	(879)	208,733	(157,599)	938,665	(1,015,987)	(39,621)	(194,154)

* The Vanguard Australian Corporate Fixed Interest Index Fund ETF Class inception date was 23 May 2016.

Notes to the financial statements (continued)

For the year ended 30 June 2016

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

(b) Non-cash financing activities

	Vanguard Cash Reserve Index Fund		Vanguard Cash Plus Fund		Vanguard Australian Corporate Fixed Interest Index Fund*		Vanguard Australian Inflation-Linked Bond Index Fund	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	35,767	41,428	14,478	15,808	118	—	2,401	2,360
During the year, the following redemptions satisfied the issue of securities - Inspecies amount	—	—	—	—	—	—	—	—

	Vanguard Australian Property Securities Index Fund				Vanguard Australian Shares Index Fund			
	2016		2015		2016		2015	
	Ordinary Units	ETF Class Units	Ordinary Units	ETF Class Units	Ordinary Units	ETF Class Units	Ordinary Units	ETF Class Units
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	91,172	1,736	72,850	794	304,177	8,452	244,489	5,205
During the year, the following redemptions satisfied the issue of securities - Inspecies amount	—	—	—	—	—	—	—	(32,138)

	Vanguard Australian Shares High Yield Fund				Vanguard Australian Government Bond Index Fund			
	2016		2015		2016		2015	
	Ordinary Units	ETF Class Units	Ordinary Units	ETF Class Units	Ordinary Units	ETF Class Units	Ordinary Units	ETF Class Units
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	33,590	4,506	15,909	2,693	552	142	164	69
During the year, the following redemptions satisfied the issue of securities - Inspecies amount	—	—	—	(49,361)	—	—	—	—

	Vanguard Australian Fixed Interest Index Fund			
	2016		2015	
	Ordinary Units	ETF Class Units	Ordinary Units	ETF Class Units
	\$'000	\$'000	\$'000	\$'000
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	99,308	685	101,753	234
During the year, the following redemptions satisfied the issue of securities - Inspecies amount	—	—	(89,651)	—

* The Vanguard Australian Corporate Fixed Interest Index Fund ETF Class inception date was 23 May 2016.

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

17. 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.

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 2015 and 30 June 2016 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 73 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 year 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.



C Kelton
Managing Director
Melbourne
30 August 2016



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

- Vanguard Australian Shares Index Fund
- Vanguard Australian Fixed Interest Index Fund
- Vanguard Australian Government Bond Index Fund
- Vanguard Australian Inflation-Linked Bond Index Fund
- Vanguard Australian Corporate Fixed Interest Index Fund
- Vanguard Australian Property Securities Index Fund
- Vanguard Australian Shares High Yield Fund
- Vanguard Cash Plus Fund
- Vanguard Cash Reserve Fund

Report on the financial report

We have audited the accompanying financial report of the Vanguard Wholesale Funds (Domestic Funds) (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 year 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.

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



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

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 (Domestic Funds) 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 year 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).

PricewaterhouseCoopers

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

This page was intentionally left blank.

This page was intentionally left blank.

Vanguard Investments Australia Ltd (ABN 72 072 881 086 / AFSL 227263) ("Vanguard") is the product issuer and responsible entity of the interests in the Vanguard Wholesale Funds. Interests in the Vanguard Wholesale Funds are offered through a Product Disclosure Statement ("PDS") only.

Vanguard is the issuer of the Vanguard® Australian exchange traded Funds ("ETFs"). Vanguard ETFs will only be issued to Authorised Participants. That is, persons who have entered into an Authorised Participant Agreement with Vanguard ("Eligible Investors"). Retail investors can transact in Vanguard ETFs through a stockbroker or financial adviser on the secondary market. Investors should consider the PDS in deciding whether to acquire Vanguard ETFs. Retail investors can only use the PDS for informational purposes. You can access the relevant PDS at www.vanguard.com.au or by calling 1300 655 102.

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

All marks are the exclusive property of their respective owners.

The Funds or securities referred to in this Annual Report 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 The Vanguard Group and any related Funds.

The index is a product of S&P Dow Jones Indices LLC ("SPDJI"), and has been licensed for use by Vanguard. Standard & Poor's® and S&P® are registered trademarks of Standard & Poor's Financial Services LLC ("S&P"); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"); S&P® and S&P 500® are trademarks of S&P; and these trademarks have been licensed for use by SPDJI and sublicensed for certain purposes by Vanguard. Vanguard product(s) are not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, or their respective affiliates and none of such parties make any representation regarding the advisability of investing in such product(s) nor do they have any liability for any errors, omissions, or interruptions of the index.

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

Bloomberg Finance L.P. and its affiliates (collectively, "Bloomberg") are not affiliated with Vanguard and do not approve, endorse, review, or recommend the funds. BLOOMBERG and the index are trademarks or service marks of Bloomberg and have been licensed to Vanguard. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to the indices.

©2016 Vanguard Investments Australia Ltd. All rights reserved.

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



Connect with Vanguard®

vanguard.com.au

1300 655 102