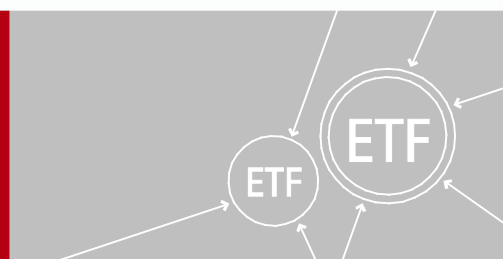




## Interim Report for the Vanguard® Exchange Traded Funds

10 March 2017



Vanguard Investments Australia Ltd announces the following:

ETF	ASX CODE	ANNOUNCEMENT
Vanguard® Australian Shares Index ETF	VAS	Interim Report
Vanguard® Australian Property Securities Index ETF	VAP	Interim Report
Vanguard® Australian Fixed Interest Index ETF	VAF	Interim Report
Vanguard® Australian Government Bond Index ETF	VGB	Interim Report
Vanguard® Australian Shares High Yield ETF	VHY	Interim Report
Vanguard® MSCI Australian Large Companies Index ETF	VLC	Interim Report
Vanguard® FTSE Emerging Markets Shares ETF	VGE	Interim Report
Vanguard® MSCI Index International Shares ETF	VGS	Interim Report
Vanguard® International Fixed Interest Index (Hedged) ETF	VIF	Interim Report
Vanguard® International Credit Securities Index (Hedged) ETF	VCF	Interim Report
Vanguard® FTSE Asia ex Japan Shares Index ETF	VAE	Interim Report
Vanguard® FTSE Europe Shares ETF	VEQ	Interim Report
Vanguard® MSCI Australian Small Companies Index ETF	VSO	Interim Report
Vanguard® MSCI Index International Shares (Hedged) ETF	VGAD	Interim Report
Vanguard® Australian Corporate Fixed Interest Index ETF	VACF	Interim Report

Vanguard has prepared an interim report for the half year ended 31 December 2016, for the Vanguard Wholesale Funds. 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 interim 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](http://vanguard.com.au/etf)

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**Interim report for the half year ended 31 December 2016**

## Vanguard® Wholesale Funds

Exchange Traded Funds

ASX Codes: VAE, VACF, VAF, VGB, VLC, VAP, VHY, VAS, VSO, VEQ, VGE, VGAD, VCF, VIF, VGS

## Vanguard ETFs covered in this interim report

Vanguard Asia ex Japan Shares Index Fund	ARSN 606 451 110	ABN 50 411 576 623
Vanguard Australian Corporate Fixed Interest Index Fund	ARSN 147 938 001	ABN 51 978 865 366
Vanguard Australian Fixed Interest Index Fund	ARSN 090 939 941	ABN 52 931 145 473
Vanguard Australian Government Bond Index Fund	ARSN 134 177 807	ABN 23 499 844 319
Vanguard Australian Large Companies Index Fund	ARSN 147 936 105	ABN 17 468 108 459
Vanguard Australian Property Securities Index Fund	ARSN 090 939 549	ABN 27 186 332 271
Vanguard Australian Shares High Yield Fund	ARSN 091 751 807	ABN 61 324 061 551
Vanguard Australian Shares Index Fund	ARSN 090 939 718	ABN 65 759 271 740
Vanguard Australian Small Companies Index Fund	ARSN 147 936 570	ABN 73 969 263 897
Vanguard Europe Shares Index Fund	ARSN 606 480 086	ABN 30 252 933 265
Vanguard Global Emerging Markets Shares Fund	ARSN 147 937 906	ABN 91 542 729 566
Vanguard Global Shares Index Fund (Hedged)	ARSN 165 786 989	ABN 92 314 430 239
Vanguard International Credit Securities Index Fund (Hedged)	ARSN 095 366 055	ABN 15 118 646 737
Vanguard International Fixed Interest Index Fund (Hedged)	ARSN 090 940 337	ABN 59 108 266 812
Vanguard International Shares Index Fund	ARSN 090 939 610	ABN 56 291 101 711

## Responsible Entity

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## About Vanguard

Vanguard was founded in the United States in 1975 on a simple but revolutionary idea—that an investment company should manage the funds it offers in the sole interest of its clients. In 1976, Vanguard pioneered the concept of indexing, introducing the first index fund for individual investors in the United States. Over the decades, Vanguard has grown to become one of the world's largest investment management companies—with a presence in Australia, Europe, Asia, and the Americas.

### What makes us different?

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.

### Stability and experience

In Australia, Vanguard leverages the scale, experience and resources of our established global business. Vanguard's ownership structure means that our clients don't have to worry that we'll be acquired. The company they invest with today will continue to serve them in the future.

The Vanguard Group established the world's first index mutual fund for individual investors in 1976 and has been a leader in low-cost index investing ever since. The Vanguard Group also launched the first funds based on bond and international indices, and over the last decade has extended its index management expertise to exchange-traded funds.

#### Low costs

Investors can't control the markets, but they can control the costs of investing. 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.

Vanguard's scale also helps to keep costs low. As our assets under management increase globally, we can reduce expense ratios for the investors in our funds.

#### Client focus

The ownership structure of The Vanguard Group aligns our interests with those of our clients. Because Vanguard is not publicly traded, we can extend the benefits of that structure to our clients in Australia.

From rigorous risk management to transparent pricing to plain talk communications, we put our clients' interests first.

Everything we do at Vanguard is designed to give our clients the best chance for investment success.

## 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 half year ended 31 December 2016.

- Vanguard Asia ex Japan Shares Index Fund
- Vanguard Australian Corporate Fixed Interest Index Fund
- Vanguard Australian Fixed Interest Index Fund
- Vanguard Australian Government Bond Index Fund
- Vanguard Australian Large Companies Index Fund
- Vanguard Australian Property Securities Index Fund
- Vanguard Australian Shares High Yield Fund
- Vanguard Australian Shares Index Fund
- Vanguard Australian Small Companies Index Fund
- Vanguard Europe Shares Index Fund
- Vanguard Global Emerging Markets Shares Fund
- Vanguard Global Shares Index Fund (Hedged)
- Vanguard International Credit Securities Index Fund (Hedged)
- Vanguard International Fixed Interest Index Fund (Hedged)
- Vanguard International Shares Index Fund

## Principal activities

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

The Funds did not have any employees during the half year.

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

## Directors

The following persons held office as directors of Vanguard Investments Australia Ltd during the half year and up to the date of this report:

J M Norris  
G W Reed  
C R Comegys  
C Kelton  
M Lovett (Resigned 6 December 2016)  
L Carr (Appointed 6 December 2016)

## Directors' Report (continued)

### 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 the last reporting period.

#### Results

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

	Vanguard Asia ex Japan Shares Index Fund		Vanguard Australian Corporate Fixed Interest Index Fund		Vanguard Australian Fixed Interest Index Fund	
For the half year ended 31 December	2016	2015 <sup>(1)</sup>	2016 <sup>(2)</sup>	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating profit/(loss) before finance costs attributable to unitholders	1,411	215	(333)	739	(97,934)	82,432
<b>Distributions</b>						
Distribution paid and payable	356	-	1,294	1,036	75,940	94,495
Distribution (cents per unit)	77.2881	-	*	*	**	**

(1) The Vanguard Asia ex Japan Shares Index Fund ETF Class commenced trading on 11 December 2015.

(2) The Vanguard Australian Corporate Fixed Interest Index Fund ETF Class commenced trading on 25 May 2016. Comparative figures were traded as an ordinary share class.

\* The distribution for Vanguard Australian Corporate Fixed Interest Index Fund was 1.3472 (2015: 1.4969) cents per unit for the Ordinary Class Units and 67.9067 (2015: nil) cents per unit for the ETF Class Units.

\*\* The distribution for Vanguard Australian Fixed Interest Index Fund was 1.8273 (2015: 2.2975) cents per unit for the Ordinary Class Units and 80.5812 (2015: 102.4531) cents per unit for the ETF Class Units.

	Vanguard Australian Government Bond Index Fund		Vanguard Australian Large Companies Index Fund		Vanguard Australian Property Securities Index Fund	
For the half year ended 31 December	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating profit/(loss) before finance costs attributable to unitholders	(11,769)	4,829	6,965	(1,697)	(173,141)	293,908
<b>Distributions</b>						
Distribution paid and payable	5,560	3,351	1,930	1,556	100,290	104,398
Distribution (cents per unit)	***	***	174.2406	170.1662	****	****

\*\*\* The distribution for Vanguard Australian Government Bond Index Fund was 1.3245 (2015: 1.2110) cents per unit for the Ordinary Class Units and 64.9104 (2015: 60.4240) cents per unit for the ETF Class Units.

\*\*\*\* The distribution for Vanguard Australian Property Securities Fund was 2.1052 (2015: 2.1382) cents per unit for the Ordinary Class Units and 173.7162 (2015: 176.1391) cents per unit for the ETF Class Units.

## Directors' Report (continued)

### Review and results of operations (continued)

#### Results (continued)

	Vanguard Australian Shares High Yield Fund		Vanguard Australian Shares Index Fund		Vanguard Australian Small Companies Index Fund	
For the half year ended 31 December	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating profit/(loss) before finance costs attributable to unitholders	166,485	(87,392)	894,297	(39,712)	5,124	2,645
<b>Distributions</b>						
Distribution paid and payable	59,334	49,256	262,542	288,169	1,072	1,284
Distribution (cents per unit)	*	*	**	**	72.7246	89.9039

\* The distribution for Vanguard Australian Shares High Yield Fund was 5.6312 (2015: 4.9226) cents per unit for the Ordinary Class Units and 224.3036 (2015: 197.3470) cents per unit for the ETF Class Units.

\*\* The distribution for Vanguard Australian Shares Index Fund was 5.5351 (2015: 5.4316) cents per unit for the Ordinary Class Units and 194.7935 (2015: 189.6436) cents per unit for the ETF Class Units.

	Vanguard Europe Shares Index Fund		Vanguard Global Emerging Markets Shares Fund		Vanguard Global Shares Index Fund (Hedged)	
For the half year ended 31 December	2016	2015 <sup>(1)</sup>	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating profit/(loss) before finance costs attributable to unitholders	400	(35)	3,059	(6,918)	12,358	(31)
<b>Distributions</b>						
Distribution paid and payable	49	13	790	628	-	-
Distribution (cents per unit)	41.2954	16.6076	68.0937	75.2101	-	-

(1) The Vanguard Europe Shares Index Fund ETF Class commenced trading on 11 December 2015.

	Vanguard International Credit Securities Index Fund (Hedged)		Vanguard International Fixed Interest Index Fund (Hedged)		Vanguard International Shares Index Fund	
For the half year ended 31 December	2016	2015 <sup>(2)</sup>	2016	2015 <sup>(3)</sup>	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating profit/(loss) before finance costs attributable to unitholders	(7,708)	20,550	(63,799)	82,977	1,110,526	386,568
<b>Distributions</b>						
Distribution paid and payable	-	-	-	-	128,545	123,485
Distribution (cents per unit)	1.8273	-	-	-	***	***

(2) The Vanguard International Credit Securities Index Fund (Hedged) ETF Class commenced trading on 8 December 2015.

(3) The Vanguard International Fixed Interest Index Fund (Hedged) ETF Class commenced trading on 8 December 2015.

\*\*\* The distribution for Vanguard International Shares Index Fund was 1.9844 (2015: 1.8125) cents per unit for the Ordinary and R Class Units, 60.4449 (2015: 56.5379) cents per unit for the ETF Class A Class Units, and 60.3091 (2015: 56.8234) cents per unit for the ETF Class B Units.



## **Directors' Report** (continued)

### **Review and results of operations** (continued)

#### **Rounding of amounts to the nearest thousand dollars**

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

#### **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 6.

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



Colin Kelton  
Managing Director  
Melbourne  
8 March 2017



## Auditor's Independence Declaration for the Vanguard Wholesale ETF Funds

- Vanguard Australian Large Companies Index Fund
- Vanguard Australian Small Companies Index Fund
- Vanguard Global Emerging Market Shares Fund
- Vanguard Global Shares Index Fund (Hedged)
- Vanguard Asia Ex-Japan Shares Index Fund
- Vanguard Europe Shares Index Fund
- Vanguard Australian Shares Index Fund
- Vanguard Australian Shares High Yield Fund
- Vanguard Australian Property Securities Index Fund
- Vanguard Australian Fixed Interest Index Fund
- Vanguard Australian Government Bond Index Fund
- Vanguard International Fixed Interest Index Fund (Hedged)
- Vanguard International Credit Securities Index Fund (Hedged)
- Vanguard International Shares Index Fund
- Vanguard Australian Corporate Fixed Interest Index Fund

collectively referred to as "the Funds".

As lead auditor for the review of the Funds for the half-year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink, appearing to read 'Britt Hawkins', is written over a horizontal line.

Britt Hawkins  
Partner  
PricewaterhouseCoopers

Melbourne  
8 March 2017

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## STATEMENT OF COMPREHENSIVE INCOME

For the half year ended 31 December 2016

	Vanguard Asia ex Japan Shares Index Fund*		Vanguard Australian Corporate Fixed Interest Index Fund**		Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund	
	2016	2015	2016	2015	2016	2015	2016	2015
Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Investment income</b>								
Interest income from financial instruments not held at fair value through profit or loss	-	-	-	-	-	-	-	-
Dividend income	282	62	-	-	-	-	-	-
Distribution income	6	-	-	-	-	-	-	-
Net gains/(losses) on financial instruments held at fair value through profit or loss	1,177	95	(241)	837	(92,602)	87,898	(11,207)	5,181
Other operating income	-	69	44	2	183	111	18	16
<b>Total net investment income/(loss)</b>	<b>1,465</b>	<b>226</b>	<b>(197)</b>	<b>839</b>	<b>(92,419)</b>	<b>88,009</b>	<b>(11,189)</b>	<b>5,197</b>
<b>Expenses</b>								
Responsible Entity's fees	47	6	132	97	5,509	5,572	577	365
Transaction costs	-	5	-	-	-	-	-	-
Other operating expenses	7	-	4	3	6	5	3	3
<b>Total operating expenses</b>	<b>54</b>	<b>11</b>	<b>136</b>	<b>100</b>	<b>5,515</b>	<b>5,577</b>	<b>580</b>	<b>368</b>
<b>Operating profit/(loss) for the half year</b>	<b>1,411</b>	<b>215</b>	<b>(333)</b>	<b>739</b>	<b>(97,934)</b>	<b>82,432</b>	<b>(11,769)</b>	<b>4,829</b>
<b>Finance costs attributable to unitholders</b>								
Distributions to unitholders	5	(356)	-	(1,294)	(1,036)	(75,940)	(94,495)	(5,560)
(Increase)/decrease in net assets attributable to unitholders	4	(1,055)	(215)	1,627	297	173,874	12,063	17,329
<b>Profit/(loss) for the half year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income for the half year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the half year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* The Vanguard Asia ex Japan Shares Index Fund ETF Class commenced trading on 11 December 2015.

\*\* The Vanguard Australian Corporate Fixed Interest Index Fund ETF Class commenced trading on 25 May 2016. Comparative figures were traded as an ordinary share class.

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

## STATEMENT OF COMPREHENSIVE INCOME (continued)

For the half year ended 31 December 2016

	Vanguard Australian Large Companies Index Fund		Vanguard Australian Property Securities Index Fund		Vanguard Australian Shares High Yield Fund		Vanguard Australian Shares Index Fund	
	2016	2015	2016	2015	2016	2015	2016	2015
Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Investment income</b>								
Interest income from financial instruments not held at fair value through profit or loss	-	-	-	-	32	93	457	912
Dividend income	1,280	1,221	2,479	-	39,226	40,063	174,962	217,122
Distribution income	151	99	108,610	110,091	8,162	2,864	28,161	29,427
Net gains/(losses) on financial instruments held at fair value through profit or loss	5,597	(2,963)	(278,371)	189,287	121,623	(127,803)	698,521	(277,973)
Other operating income	2	2	16	9	144	23	638	110
<b>Total net investment income/(loss)</b>	<b>7,030</b>	<b>(1,641)</b>	<b>(167,266)</b>	<b>299,387</b>	<b>169,187</b>	<b>(84,760)</b>	<b>902,739</b>	<b>(30,402)</b>
<b>Expenses</b>								
Responsible Entity's fees	63	50	5,596	5,243	2,542	2,499	8,222	9,002
Transaction costs	-	-	51	53	118	116	123	211
Other operating expenses	2	6	228	183	42	17	97	97
<b>Total operating expenses</b>	<b>65</b>	<b>56</b>	<b>5,875</b>	<b>5,479</b>	<b>2,702</b>	<b>2,632</b>	<b>8,442</b>	<b>9,310</b>
<b>Operating profit/(loss) for the half year</b>	<b>6,965</b>	<b>(1,697)</b>	<b>(173,141)</b>	<b>293,908</b>	<b>166,485</b>	<b>(87,392)</b>	<b>894,297</b>	<b>(39,712)</b>
<b>Finance costs attributable to unitholders</b>								
Distributions to unitholders	5	(1,930)	(1,556)	(100,290)	(59,334)	(49,256)	(262,542)	(288,169)
(Increase)/decrease in net assets attributable to unitholders	4	(5,035)	3,253	273,431	(189,510)	(107,151)	(631,755)	327,881
<b>Profit/(loss) for the half year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income for the half year</b>								
<b>Total comprehensive income for the half year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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



## STATEMENT OF COMPREHENSIVE INCOME (continued)

For the half year ended 31 December 2016

	Vanguard Australian Small Companies Index Fund		Vanguard Europe Shares Index Fund*		Vanguard Global Emerging Markets Shares Fund		Vanguard Global Shares Index Fund (Hedged)	
	2016	2015	2016	2015	2016	2015	2016	2015
Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Investment income</b>								
Interest income from financial instruments not held at fair value through profit or loss	-	1	-	-	1	1	9	11
Dividend income	862	1,221	-	-	-	-	-	-
Distribution income	223	222	57	10	888	627	1,410	500
Net gains/(losses) on financial instruments held at fair value through profit or loss	4,141	1,316	351	(47)	2,263	(7,474)	10,927	(569)
Other operating income	14	9	-	3	10	5	56	48
<b>Total net investment income/(loss)</b>	<b>5,240</b>	<b>2,769</b>	<b>408</b>	<b>(34)</b>	<b>3,162</b>	<b>(6,841)</b>	<b>12,402</b>	<b>(10)</b>
<b>Expenses</b>								
Responsible Entity's fees	103	113	8	1	100	75	36	16
Transaction costs	1	-	-	-	2	1	-	-
Other operating expenses	12	11	-	-	1	1	8	5
<b>Total operating expenses</b>	<b>116</b>	<b>124</b>	<b>8</b>	<b>1</b>	<b>103</b>	<b>77</b>	<b>44</b>	<b>21</b>
<b>Operating profit/(loss) for the half year</b>	<b>5,124</b>	<b>2,645</b>	<b>400</b>	<b>(35)</b>	<b>3,059</b>	<b>(6,918)</b>	<b>12,358</b>	<b>(31)</b>
<b>Finance costs attributable to unitholders</b>								
Distributions to unitholders	5	(1,072)	(1,284)	(49)	(790)	(628)	-	-
(Increase)/decrease in net assets attributable to unitholders	4	(4,052)	(1,361)	(351)	(2,269)	7,546	(12,358)	31
<b>Profit/(loss) for the half year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income for the half year</b>								
<b>Total comprehensive income for the half year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* The Vanguard Europe Shares Index Fund ETF Class commenced trading on 11 December 2015.

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

## STATEMENT OF COMPREHENSIVE INCOME (continued)

For the half year ended 31 December 2016

	Vanguard International Credit Securities Index Fund (Hedged)*		Vanguard International Fixed Interest Index Fund (Hedged)**		Vanguard International Shares Index Fund	
	2016	2015	2016	2015	2016	2015
Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Investment income</b>						
Interest income from financial instruments not held at fair value through profit or loss	-	-	-	-	109	183
Dividend income	-	-	-	-	119,992	119,601
Distribution income	-	-	-	-	5,537	5,439
Net gains/(losses) on financial instruments held at fair value through profit or loss	(5,714)	23,109	(60,304)	86,863	992,303	272,308
Other operating income	217	29	37	2	4,119	3,303
<b>Total net investment income/(loss)</b>	<b>(5,497)</b>	<b>23,138</b>	<b>(60,267)</b>	<b>86,865</b>	<b>1,122,060</b>	<b>400,834</b>
<b>Expenses</b>						
Responsible Entity's fees	2,172	2,568	3,516	3,871	11,067	12,562
Transaction costs	-	-	-	-	130	49
Other operating expenses	39	20	16	17	337	1,655
<b>Total operating expenses</b>	<b>2,211</b>	<b>2,588</b>	<b>3,532</b>	<b>3,888</b>	<b>11,534</b>	<b>14,266</b>
<b>Operating profit/(loss) for the half year</b>	<b>(7,708)</b>	<b>20,550</b>	<b>(63,799)</b>	<b>82,977</b>	<b>1,110,526</b>	<b>386,568</b>
<b>Finance costs attributable to unitholders</b>						
Distributions to unitholders	5	-	-	-	(128,545)	(123,485)
(Increase)/decrease in net assets attributable to unitholders	4	7,708	(20,550)	63,799	(981,981)	(263,083)
<b>Profit/(loss) for the half year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income for the half year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the half year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* The Vanguard International Credit Securities Index Fund (Hedged) ETF Class commenced trading on 8 December 2015.

\*\* The Vanguard International Fixed Interest Index Fund (Hedged) ETF Class commenced trading on 8 December 2015.

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

## BALANCE SHEET

As at 31 December 2016

	Vanguard Asia ex Japan Shares Index Fund*		Vanguard Australian Corporate Fixed Interest Index Fund**		Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund	
	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016
Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>								
Cash & cash equivalents	116	132	1,417	976	20,133	15,089	2,467	4,628
Futures margin deposit	12	22	34	33	99	245	97	58
Receivables	65	170	28	26	375	379	19	17
Due from brokers - receivable for securities sold	-	90	-	463	5,705	22,704	1,166	1,575
Financial assets held at fair value through profit or loss	23,911	22,750	100,870	78,565	4,734,604	4,459,307	425,982	408,106
Other assets	-	-	-	-	4,145	3,999	52	3
<b>Total assets</b>	<b>24,104</b>	<b>23,164</b>	<b>102,349</b>	<b>80,063</b>	<b>4,765,061</b>	<b>4,501,723</b>	<b>429,783</b>	<b>414,387</b>
<b>Liabilities</b>								
Payables	7	7	24	18	940	854	95	87
Distribution payable	5	47	655	786	37,406	82,279	3,078	2,475
Due to brokers - payables for securities purchased	-	-	1,260	1,066	1,233	38,030	-	5,618
Financial liabilities held at fair value through profit or loss	-	-	-	2	-	9	1	-
Other liabilities	-	-	-	-	675	1,014	1	7
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	<b>54</b>	<b>179</b>	<b>1,939</b>	<b>1,872</b>	<b>40,254</b>	<b>122,186</b>	<b>3,175</b>	<b>8,187</b>
<b>Net assets attributable to unitholders (liability)</b>	<b>4</b>	<b>24,050</b>	<b>100,410</b>	<b>78,191</b>	<b>4,724,807</b>	<b>4,379,537</b>	<b>426,608</b>	<b>406,200</b>

\* The Vanguard Asia ex Japan Shares Index Fund ETF Class commenced trading on 11 December 2015.

\*\* The Vanguard Australian Corporate Fixed Interest Index Fund ETF Class commenced trading on 25 May 2016. Comparative figures were traded as an ordinary share class.

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

## BALANCE SHEET (continued)

As at 31 December 2016

	Vanguard Australian Large Companies Index Fund		Vanguard Australian Property Securities Index Fund		Vanguard Australian Shares High Yield Fund		Vanguard Australian Shares Index Fund	
	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016
Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>								
Cash & cash equivalents	104	(448)	15,634	15,560	13,323	29,930	50,150	66,293
Futures margin deposit	-	12	2,211	3,589	662	5,264	1,735	12,482
Receivables	98	646	71,891	69,039	6,825	17,013	21,401	79,817
Due from brokers - receivable for securities sold	716	321	-	22,330	28,818	14,393	3,268	-
Financial assets held at fair value through profit or loss	66,358	58,909	4,606,067	4,817,315	1,594,997	1,422,410	9,676,382	8,855,241
Other assets	-	-	932	5,275	134	880	2,124	8,107
<b>Total assets</b>	<b>67,276</b>	<b>59,440</b>	<b>4,696,735</b>	<b>4,933,108</b>	<b>1,644,759</b>	<b>1,489,890</b>	<b>9,755,060</b>	<b>9,021,940</b>
<b>Liabilities</b>								
Payables	11	12	915	983	438	402	1,397	1,283
Distribution payable	5	452	66,874	84,586	29,880	20,320	124,520	76,094
Due to brokers - payables for securities purchased	-	-	29,305	11,395	11,331	18,387	2,029	4,633
Financial liabilities held at fair value through profit or loss	-	-	-	-	-	194	-	-
Other liabilities	-	-	619	24,741	57	742	315	806
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	<b>866</b>	<b>464</b>	<b>97,713</b>	<b>121,705</b>	<b>41,706</b>	<b>40,045</b>	<b>128,261</b>	<b>82,816</b>
<b>Net assets attributable to unitholders (liability)</b>	<b>4</b>	<b>66,410</b>	<b>4,599,022</b>	<b>4,811,403</b>	<b>1,603,053</b>	<b>1,449,845</b>	<b>9,626,799</b>	<b>8,939,124</b>

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



## BALANCE SHEET (continued)

As at 31 December 2016

	Vanguard Australian Small Companies Index Fund		Vanguard Europe Shares Index Fund*		Vanguard Global Emerging Markets Shares Fund		Vanguard Global Shares Index Fund (Hedged)	
	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016
Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>								
Cash & cash equivalents	119	(18)	7	6	117	87	1,714	5,247
Futures margin deposit	-	32	-	-	-	-	4,596	609
Receivables	173	320	-	-	6	4	906	2,772
Due from brokers - receivable for securities sold	804	736	1,976	87	207	218	2,372	-
Financial assets held at fair value through profit or loss	71,347	77,515	4,695	5,396	67,907	51,360	151,459	94,967
Other assets	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>72,443</b>	<b>78,585</b>	<b>6,678</b>	<b>5,489</b>	<b>68,237</b>	<b>51,669</b>	<b>161,047</b>	<b>103,595</b>
<b>Liabilities</b>								
Collateral margins	-	-	-	-	-	-	-	2,770
Payables	31	19	1	1	17	14	23	3
Distribution payable	5	1,072	1,260	23	88	239	244	1,361
Due to brokers - payables for securities purchased	-	335	-	-	-	-	-	1,150
Financial liabilities held at fair value through profit or loss	-	-	-	-	-	-	4,619	1,129
Other liabilities	-	-	1,909	-	-	-	-	-
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	<b>1,103</b>	<b>1,614</b>	<b>1,933</b>	<b>89</b>	<b>256</b>	<b>258</b>	<b>4,642</b>	<b>6,413</b>
<b>Net assets attributable to unitholders (liability)</b>	<b>4</b>	<b>71,340</b>	<b>4,745</b>	<b>5,400</b>	<b>67,981</b>	<b>51,411</b>	<b>156,405</b>	<b>97,182</b>

\* The Vanguard Europe Shares Index Fund ETF Class commenced trading on 11 December 2015.

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

## BALANCE SHEET (continued)

As at 31 December 2016

	Vanguard International Credit Securities Index Fund (Hedged)*		Vanguard International Fixed Interest Index Fund (Hedged)**		Vanguard International Shares Index Fund	
	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016
Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>						
Cash & cash equivalents	21,846	13,765	10,786	8,630	78,976	112,149
Futures margin deposit	599	873	46,866	1,301	13,971	16,311
Receivables	190	250	317	349	27,752	29,378
Due from brokers - receivable for securities sold	14,996	5,006	24,392	11,700	2	51
Financial assets held at fair value through profit or loss	1,401,852	1,244,817	2,732,998	2,768,811	11,839,253	11,843,114
Other assets	174	122	665	15,248	1,595	55,116
<b>Total assets</b>	<b>1,439,657</b>	<b>1,264,833</b>	<b>2,816,024</b>	<b>2,806,039</b>	<b>11,961,549</b>	<b>12,056,119</b>
<b>Liabilities</b>						
Collateral margins	-	-	-	35,108	-	-
Payables	370	339	645	548	1,798	1,766
Distribution payable	5	50,428	-	45,107	70,108	237,920
Due to brokers - payables for securities purchased	1,860	13,785	6,317	52,060	-	-
Financial liabilities held at fair value through profit or loss	28,396	7,723	74,299	43,020	184	601
Other liabilities	1,206	11,737	465	947	53,520	937
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	<b>31,832</b>	<b>84,012</b>	<b>81,726</b>	<b>176,790</b>	<b>125,610</b>	<b>241,224</b>
<b>Net assets attributable to unitholders (liability)</b>	<b>4</b>	<b>1,407,825</b>	<b>1,180,821</b>	<b>2,734,298</b>	<b>11,835,939</b>	<b>11,814,895</b>

\* The Vanguard International Credit Securities Index Fund (Hedged) ETF Class commenced trading on 8 December 2015.

\*\* The Vanguard International Fixed Interest Index Fund (Hedged) ETF Class commenced trading on 8 December 2015.

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

## STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2016

	Vanguard Asia ex Japan Shares Index Fund*		Vanguard Australian Corporate Fixed Interest Index Fund**		Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund	
	2016	2015	2016	2015	2016	2015	2016	2015
Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total equity at the beginning of the half year	-	-	-	-	-	-	-	-
Profit/(loss) for the half year	-	-	-	-	-	-	-	-
Other comprehensive income for the half year	-	-	-	-	-	-	-	-
Total comprehensive income for the half year	-	-	-	-	-	-	-	-
Transactions with owners in their capacity as owners	-	-	-	-	-	-	-	-
Total equity at the end of the half year	-	-	-	-	-	-	-	-

\* The Vanguard Asia ex Japan Shares Index Fund ETF Class commenced trading on 11 December 2015.

\*\* The Vanguard Australian Corporate Fixed Interest Index Fund ETF Class commenced trading on 25 May 2016. Comparative figures were traded as an ordinary share class.

	Vanguard Australian Large Companies Index Fund		Vanguard Australian Property Securities Index Fund		Vanguard Australian Shares High Yield Fund		Vanguard Australian Shares Index Fund	
	2016	2015	2016	2015	2016	2015	2016	2015
Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total equity at the beginning of the half year	-	-	-	-	-	-	-	-
Profit/(loss) for the half year	-	-	-	-	-	-	-	-
Other comprehensive income for the half year	-	-	-	-	-	-	-	-
Total comprehensive income for the half year	-	-	-	-	-	-	-	-
Transactions with owners in their capacity as owners	-	-	-	-	-	-	-	-
Total equity at the end of the half year	-	-	-	-	-	-	-	-

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

## STATEMENT OF CHANGES IN EQUITY (continued)

For the half year ended 31 December 2016

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

\* The Vanguard Europe Shares Index Fund ETF Class commenced trading on 11 December 2015.

	Vanguard International Credit Securities Index Fund (Hedged)*		Vanguard International Fixed Interest Index Fund (Hedged)**		Vanguard International Shares Index Fund	
Notes	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Total equity at the beginning of the half year	-	-	-	-	-	-
Profit/(loss) for the half year	-	-	-	-	-	-
Other comprehensive income for the half year	-	-	-	-	-	-
Total comprehensive income for the half year	-	-	-	-	-	-
Transactions with owners in their capacity as owners	-	-	-	-	-	-
Total equity at the end of the half year	-	-	-	-	-	-

\* The Vanguard International Credit Securities Index Fund (Hedged) ETF Class commenced trading on 8 December 2015.

\*\* The Vanguard International Fixed Interest Index Fund (Hedged) ETF Class commenced trading on 8 December 2015.

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

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 half year.



## STATEMENT OF CASH FLOWS

For the half year ended 31 December 2016

	Vanguard Asia ex Japan Shares Index Fund*		Vanguard Australian Corporate Fixed Interest Index Fund**		Vanguard Australian Fixed Interest Index Fund		Vanguard Australian Government Bond Index Fund	
	2016	2015	2016	2015	2016	2015	2016	2015
Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>								
Proceeds from sale of financial instruments held at fair value through profit or loss	740	27	16,485	9,165	452,555	582,685	51,393	32,324
Purchases of financial instruments held at fair value through profit or loss	(625)	(22,781)	(38,376)	(24,589)	(840,115)	(765,829)	(85,722)	(83,226)
Transaction costs on purchases of financial instruments held at fair value through profit or loss	-	(5)	-	-	-	-	-	-
Dividends received	383	3	-	28	-	-	-	-
Distributions received	8	-	-	-	-	-	-	-
Other income received	-	69	43	2	188	145	20	17
Responsible Entity's fees paid	(46)	-	(126)	(93)	(5,424)	(5,490)	(569)	(350)
Payment of other expenses	(7)	-	(5)	(3)	(6)	(14)	(7)	(5)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>453</b>	<b>(22,687)</b>	<b>(21,979)</b>	<b>(15,490)</b>	<b>(392,802)</b>	<b>(188,503)</b>	<b>(34,885)</b>	<b>(51,240)</b>
<b>Cash flows from financing activities</b>								
Proceeds from applications by unitholders	9	23,000	33,724	22,507	825,595	714,956	83,879	72,762
Payments for redemptions by unitholders	-	-	(9,981)	(5,360)	(361,192)	(488,596)	(46,628)	(19,859)
Distributions paid from financing activities	(481)	-	(1,323)	(1,034)	(66,557)	(37,912)	(4,527)	(3,048)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>(472)</b>	<b>23,000</b>	<b>22,420</b>	<b>16,113</b>	<b>397,846</b>	<b>188,448</b>	<b>32,724</b>	<b>49,855</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(19)</b>	<b>313</b>	<b>441</b>	<b>623</b>	<b>5,044</b>	<b>(55)</b>	<b>(2,161)</b>	<b>(1,385)</b>
Cash and cash equivalents at the beginning of the half year	132	-	976	451	15,089	20,686	4,628	1,591
Effects of foreign currency exchange rate changes on cash and cash equivalents	3	(40)	-	-	-	-	-	-
<b>Cash and cash equivalents at the end of the half year</b>	<b>116</b>	<b>273</b>	<b>1,417</b>	<b>1,074</b>	<b>20,133</b>	<b>20,631</b>	<b>2,467</b>	<b>206</b>

Non-cash financing activities

\* The Vanguard Asia ex Japan Shares Index Fund ETF Class commenced trading on 11 December 2015.

\*\* The Vanguard Australian Corporate Fixed Interest Index Fund ETF Class commenced trading on 25 May 2016. Comparative figures were traded as an ordinary share class.

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

## STATEMENT OF CASH FLOWS (continued)

For the half year ended 31 December 2016

	Vanguard Australian Large Companies Index Fund		Vanguard Australian Property Securities Index Fund		Vanguard Australian Shares High Yield Fund		Vanguard Australian Shares Index Fund	
	2016	2015	2016	2015	2016	2015	2016	2015
Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>								
Proceeds from sale of financial instruments held at fair value through profit or loss	1,161	2,281	444,571	112,747	366,984	424,896	746,194	496,551
Purchases of financial instruments held at fair value through profit or loss	(3,396)	(16,609)	(470,074)	(274,244)	(435,022)	(573,924)	(863,938)	(1,331,340)
Transaction costs on purchases of financial instruments held at fair value through profit or loss	-	-	(51)	(52)	(118)	(116)	(123)	(211)
Dividends received	1,836	1,564	2,252	-	52,752	51,999	234,027	277,841
Interest received	144	-	-	-	28	116	504	860
Distributions received	-	82	105,980	105,206	4,820	3,468	27,457	27,173
Other income received	3	2	22	6	151	45	646	115
Responsible Entity's fees paid	(63)	(48)	(5,669)	(5,158)	(2,506)	(2,496)	(8,108)	(8,869)
Payment of other expenses	(5)	(6)	(223)	(184)	(42)	(34)	(97)	(175)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(320)</b>	<b>(12,734)</b>	<b>76,808</b>	<b>(61,679)</b>	<b>(12,953)</b>	<b>(96,046)</b>	<b>136,562</b>	<b>(538,055)</b>
<b>Cash flows from financing activities</b>								
Proceeds from applications by unitholders	2,398	14,133	701,441	449,311	106,546	272,811	1,092,811	1,393,420
Payments for redemptions by unitholders	-	-	(705,307)	(341,669)	(71,225)	(105,813)	(1,147,948)	(778,098)
Distributions paid from financing activities	(1,526)	(1,117)	(72,868)	(60,344)	(38,975)	(69,425)	(97,568)	(83,081)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>872</b>	<b>13,016</b>	<b>(76,734)</b>	<b>47,298</b>	<b>(3,654)</b>	<b>97,573</b>	<b>(152,705)</b>	<b>532,241</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>552</b>	<b>282</b>	<b>74</b>	<b>(14,381)</b>	<b>(16,607)</b>	<b>1,527</b>	<b>(16,143)</b>	<b>(5,814)</b>
Cash and cash equivalents at the beginning of the half year	(448)	(215)	15,560	5,158	29,930	11,416	66,293	89,004
<b>Cash and cash equivalents at the end of the half year</b>	<b>104</b>	<b>67</b>	<b>15,634</b>	<b>(9,223)</b>	<b>13,323</b>	<b>12,943</b>	<b>50,150</b>	<b>83,190</b>

Non-cash financing activities

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

## STATEMENT OF CASH FLOWS (continued)

For the half year ended 31 December 2016

	Vanguard Australian Small Companies Index Fund		Vanguard Europe Shares Index Fund*		Vanguard Global Emerging Markets Shares Fund		Vanguard Global Shares Index Fund (Hedged)	
	2016	2015	2016	2015	2016	2015	2016	2015
Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>								
Proceeds from sale of financial instruments held at fair value through profit or loss	29,719	28,673	112	-	719	802	227	1,609
Purchases of financial instruments held at fair value through profit or loss	(19,781)	(17,244)	(949)	(3,011)	(14,998)	(12,007)	(49,261)	(36,877)
Transaction costs on purchases of financial instruments held at fair value through profit or loss	(1)	-	-	-	(2)	(1)	-	-
Dividends received	965	1,297	-	-	-	-	-	-
Interest received	-	1	-	-	1	1	7	8
Distributions received	266	315	57	10	888	1,025	-	633
Other income received	14	8	-	3	10	4	56	48
Responsible Entity's fees paid	(105)	(114)	(8)	-	(96)	(69)	(35)	(15)
Payment of other expenses	(11)	(11)	-	-	(4)	(2)	(8)	(5)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>11,066</b>	<b>12,925</b>	<b>(788)</b>	<b>(2,998)</b>	<b>(13,482)</b>	<b>(10,247)</b>	<b>(49,014)</b>	<b>(34,599)</b>
<b>Cash flows from financing activities</b>								
Proceeds from applications by unitholders	13,657	7,773	902	3,000	14,301	9,838	46,864	36,766
Payments for redemptions by unitholders	(23,339)	(19,707)	(114)	-	-	-	-	-
Distributions paid from financing activities	(1,247)	(846)	-	-	(795)	(792)	(1,342)	-
<b>Net cash inflow/(outflow) from financing activities</b>	<b>(10,929)</b>	<b>(12,780)</b>	<b>788</b>	<b>3,000</b>	<b>13,506</b>	<b>9,046</b>	<b>45,522</b>	<b>36,766</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>137</b>	<b>145</b>	<b>-</b>	<b>2</b>	<b>24</b>	<b>(1,201)</b>	<b>(3,492)</b>	<b>2,167</b>
Cash and cash equivalents at the beginning of the half year	(18)	134	6	-	87	1,306	5,247	533
Effects of foreign currency exchange rate changes on cash and cash equivalents	-	-	1	6	6	18	(41)	(10)
<b>Cash and cash equivalents at the end of the half year</b>	<b>119</b>	<b>279</b>	<b>7</b>	<b>8</b>	<b>117</b>	<b>123</b>	<b>1,714</b>	<b>2,690</b>

Non-cash financing activities

\* The Vanguard Europe Shares Index Fund ETF Class commenced trading on 11 December 2015.

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

## STATEMENT OF CASH FLOWS (continued)

For the half year ended 31 December 2016

	Vanguard International Credit Securities Index Fund (Hedged)*		Vanguard International Fixed Interest Index Fund (Hedged)**		Vanguard International Shares Index Fund	
	2016	2015	2016	2015	2016	2015
Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>						
Proceeds from sale of financial instruments held at fair value through profit or loss	348,814	420,507	418,875	507,949	2,630,648	3,898,981
Purchases of financial instruments held at fair value through profit or loss	(512,501)	(393,532)	(551,209)	(678,687)	(1,625,482)	(856,828)
Transaction costs on purchases of financial instruments held at fair value through profit or loss	-	-	-	-	(130)	(49)
Dividends received	-	-	-	-	112,607	122,289
Interest received	-	-	-	-	128	176
Distributions received	-	-	-	-	5,151	5,294
Other income received	301	93	118	124	4,119	3,355
Responsible Entity's fees paid	(2,140)	(2,554)	(3,482)	(3,802)	(11,035)	(12,923)
Payment of other expenses	(64)	(59)	-	(44)	(539)	(1,655)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(165,590)</b>	<b>24,455</b>	<b>(135,698)</b>	<b>(174,460)</b>	<b>1,115,467</b>	<b>3,158,640</b>
<b>Cash flows from financing activities</b>						
Proceeds from applications by unitholders	291,805	147,715	471,610	349,517	2,041,015	1,564,995
Payments for redemptions by unitholders	(109,533)	(161,746)	(319,394)	(178,202)	(3,134,508)	(4,506,732)
Distributions paid from financing activities	(8,570)	-	(14,374)	(12,976)	(57,530)	(79,920)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>173,702</b>	<b>(14,031)</b>	<b>137,842</b>	<b>158,339</b>	<b>(1,151,023)</b>	<b>(3,021,657)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>8,112</b>	<b>10,424</b>	<b>2,144</b>	<b>(16,121)</b>	<b>(35,556)</b>	<b>136,983</b>
Cash and cash equivalents at the beginning of the half year	13,765	16,441	8,630	20,494	112,149	50,050
Effects of foreign currency exchange rate changes on cash and cash equivalents	(31)	725	12	2,597	2,383	4,942
<b>Cash and cash equivalents at the end of the half year</b>	<b>21,846</b>	<b>27,590</b>	<b>10,786</b>	<b>6,970</b>	<b>78,976</b>	<b>191,975</b>

Non-cash financing activities

\* The Vanguard International Credit Securities Index Fund (Hedged) ETF Class commenced trading on 8 December 2015.

\*\* The Vanguard International Fixed Interest Index Fund (Hedged) ETF Class commenced trading on 8 December 2015.

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



## NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 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 following 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:

Vanguard Australian Fixed Interest Index Fund, Vanguard International Fixed Interest Index Fund (Hedged), Vanguard Australian Property Securities Index Fund, Vanguard Australian Shares Index Fund, Vanguard International Shares Index Fund, Vanguard Australian Large Companies Index Fund, Vanguard Australian Small Companies Index Fund, Vanguard Australian Shares High Yield Fund, Vanguard Global Emerging Markets Shares Fund and Vanguard Australian Government Bond Index Fund.

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

Vanguard Global Emerging Markets Shares Fund was registered on 24 December 2010 and will terminate on 19 November 2093 unless terminated earlier in accordance with the provisions of the Constitution of the Fund. The Fund commenced operations on 21 November 2013.

Vanguard Global Shares Index Fund (Hedged) was constituted on 12 September 2013 and will terminate on 12 September 2093 unless terminated earlier in accordance with the provisions of the Constitution of the Fund. The Fund commenced operations on 18 November 2014.

Vanguard Asia ex Japan Shares Index Fund and Vanguard Europe Shares Index Fund were constituted on 28 May 2015 and will terminate in accordance with the provisions of the Constitution of the Funds. The Funds commenced operations on 9 December 2015. Accordingly, these financial statements reflect the comparative period of activity from 9 December 2015 to 31 December 2015.

Vanguard Australian Corporate Fixed Interest Index Fund was constituted on 17 December 2010 and will terminate on 17 December 2090 unless terminated earlier in accordance with the provisions of the Constitution of the Fund. The Fund commenced operations on 10 October 2014.

Vanguard International Credit Securities Index Fund (Hedged) was constituted on 11 December 2000 and will terminate on 11 December 2080 unless terminated earlier in accordance with the provisions of the Constitution of the Fund.

The Funds operate as Exchange Traded Funds (ETF) listed on the Australian Stock Exchange.

### 2. Basis of preparation of interim report

These general purpose financial statements for the half year ended 31 December 2016 have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian 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 half year financial report does not include all the notes of the type normally included in a set of annual financial statements. Accordingly, these statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2016 and any public announcements made in respect of the Vanguard Wholesale Funds during the half year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding half year reporting period.

The financial statements were authorised for issue by the directors on 8 March 2017. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

#### *New accounting standards or amendments adopted by the Funds*

There are no new standards, interpretations or amendments to existing standards that are effective for the first time for the half year beginning 1 July 2016 that would be expected to have a material impact on the Funds.

#### *Compliance with International Financial Reporting Standards*

The financial statements of the Funds also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

#### **(a) Reclassification of comparative amounts**

Custodian fees that were previously disclosed within Responsible Entity's fees have been reclassified to Other operating expenses as a more accurate disclosure of the nature of the expense.

Current year custodian fees have also been disclosed within Other operating expenses in the Statement of Comprehensive Income.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 31 December 2016

### 3. 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.

#### (b) Fair value hierarchy

The following tables analyse 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 (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.

#### *Fair value in an active market (level 1)*

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the balance sheet date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

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

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

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 31 December 2016

### 3. Fair value measurement (continued)

#### (b) Fair value hierarchy (continued)

The following table presents the Funds' assets and liabilities measured and recognised at fair value as at 31 December 2016.

	Vanguard Asia ex Japan Shares Index Fund*				Vanguard Australian Corporate Fixed Interest Index Fund**			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>31 December 2016</b>								
<b>Financial assets</b>								
Financial assets held for trading								
Derivatives	-	-	-	-	2	-	-	2
Financial assets designated at fair value through profit or loss:								
Equity securities	23,911	-	-	23,911	-	-	-	-
Debt securities	-	-	-	-	-	100,868	-	100,868
<b>Total</b>	<b>23,911</b>	<b>-</b>	<b>-</b>	<b>23,911</b>	<b>2</b>	<b>100,868</b>	<b>-</b>	<b>100,870</b>
<b>Financial liabilities</b>								
Financial liabilities held for trading								
Derivatives	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>30 June 2016</b>								
<b>Financial assets</b>								
Financial assets held for trading								
Derivatives	5	2	-	7	-	-	-	-
Financial assets designated at fair value through profit or loss:								
Equity securities	22,743	-	-	22,743	-	-	-	-
Debt securities	-	-	-	-	-	78,565	-	78,565
<b>Total</b>	<b>22,748</b>	<b>2</b>	<b>-</b>	<b>22,750</b>	<b>-</b>	<b>78,565</b>	<b>-</b>	<b>78,565</b>
<b>Financial liabilities</b>								
Financial liabilities held for trading								
Derivatives	-	-	-	-	2	-	-	2
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>2</b>

\* The Vanguard Asia ex Japan Shares Index Fund ETF Class commenced trading on 11 December 2015.

\*\* The Vanguard Australian Corporate Fixed Interest Index Fund ETF Class commenced trading on 25 May 2016. Comparative figures were traded as an ordinary share class.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 31 December 2016

### 3. Fair value measurement (continued)

#### (b) Fair value hierarchy (continued)

	Vanguard Australian Fixed Interest Index Fund				Vanguard Australian Government Bond Index Fund			
31 December 2016	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>								
Financial assets held for trading								
Derivatives	14	-	-	14	-	-	-	-
Financial assets designated at fair value through profit or loss:								
Equity securities	-	-	-	-	-	-	-	-
Debt securities	-	4,734,590	-	4,734,590	-	425,982	-	425,982
<b>Total</b>	<b>14</b>	<b>4,734,590</b>	<b>-</b>	<b>4,734,604</b>	<b>-</b>	<b>425,982</b>	<b>-</b>	<b>425,982</b>
<b>Financial liabilities</b>								
Financial liabilities held for trading								
Derivatives	-	-	-	-	1	-	-	1
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>
<b>30 June 2016</b>								
<b>Financial assets</b>								
Financial assets held for trading								
Derivatives	99	-	-	99	-	-	-	-
Financial assets designated at fair value through profit or loss:								
Equity securities	-	-	-	-	-	-	-	-
Debt securities	-	4,459,208	-	4,459,208	-	408,106	-	408,106
<b>Total</b>	<b>99</b>	<b>4,459,208</b>	<b>-</b>	<b>4,459,307</b>	<b>-</b>	<b>408,106</b>	<b>-</b>	<b>408,106</b>
<b>Financial liabilities</b>								
Financial liabilities held for trading								
Derivatives	9	-	-	9	-	-	-	-
<b>Total</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 31 December 2016

### 3. Fair value measurement (continued)

#### (b) Fair value hierarchy (continued)

	Vanguard Australian Large Companies Index Fund				Vanguard Australian Property Securities Index Fund			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>31 December 2016</b>								
<b>Financial assets</b>								
Financial assets held for trading								
Derivatives	-	-	-	-	78	-	-	78
Financial assets designated at fair value through profit or loss:								
Equity securities	66,358	-	-	66,358	4,605,989	-	-	4,605,989
Debt securities	-	-	-	-	-	-	-	-
<b>Total</b>	<b>66,358</b>	<b>-</b>	<b>-</b>	<b>66,358</b>	<b>4,606,067</b>	<b>-</b>	<b>-</b>	<b>4,606,067</b>
<b>Financial liabilities</b>								
Financial liabilities held for trading								
Derivatives	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>30 June 2016</b>								
<b>Financial assets</b>								
Financial assets held for trading								
Derivatives	-	-	-	-	195	-	-	195
Financial assets designated at fair value through profit or loss:								
Equity securities	58,909	-	-	58,909	4,817,120	-	-	4,817,120
Debt securities	-	-	-	-	-	-	-	-
<b>Total</b>	<b>58,909</b>	<b>-</b>	<b>-</b>	<b>58,909</b>	<b>4,817,315</b>	<b>-</b>	<b>-</b>	<b>4,817,315</b>
<b>Financial liabilities</b>								
Financial liabilities held for trading								
Derivatives	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 31 December 2016

### 3. Fair value measurement (continued)

#### (b) Fair value hierarchy (continued)

	Vanguard Australian Shares High Yield Fund				Vanguard Australian Shares Index Fund			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
31 December 2016	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>								
Financial assets held for trading								
Derivatives	26	-	-	26	823	-	-	823
Financial assets designated at fair value through profit or loss:								
Equity securities	1,594,971	-	-	1,594,971	9,672,484	3,075	-	9,675,559
Debt securities	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,594,997</b>	<b>-</b>	<b>-</b>	<b>1,594,997</b>	<b>9,673,307</b>	<b>3,075</b>	<b>-</b>	<b>9,676,382</b>
<b>Financial liabilities</b>								
Financial liabilities held for trading								
Derivatives	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>30 June 2016</b>								
<b>Financial assets</b>								
Financial assets held for trading								
Derivatives	-	-	-	-	896	-	-	896
Financial assets designated at fair value through profit or loss:								
Equity securities	1,422,410	-	-	1,422,410	8,847,598	6,747	-	8,854,345
Debt securities	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,422,410</b>	<b>-</b>	<b>-</b>	<b>1,422,410</b>	<b>8,848,494</b>	<b>6,747</b>	<b>-</b>	<b>8,855,241</b>
<b>Financial liabilities</b>								
Financial liabilities held for trading								
Derivatives	194	-	-	194	-	-	-	-
<b>Total</b>	<b>194</b>	<b>-</b>	<b>-</b>	<b>194</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 31 December 2016

### 3. Fair value measurement (continued)

#### (b) Fair value hierarchy (continued)

	Vanguard Australian Small Companies Index Fund				Vanguard Europe Shares Index Fund*			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>31 December 2016</b>								
<b>Financial assets</b>								
Financial assets held for trading								
Derivatives	-	-	-	-	-	-	-	-
Financial assets designated at fair value through profit or loss:								
Equity securities	71,126	221	-	71,347	4,695	-	-	4,695
Debt securities	-	-	-	-	-	-	-	-
<b>Total</b>	<b>71,126</b>	<b>221</b>	<b>-</b>	<b>71,347</b>	<b>4,695</b>	<b>-</b>	<b>-</b>	<b>4,695</b>
<b>Financial liabilities</b>								
Financial liabilities held for trading								
Derivatives	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>30 June 2016</b>								
<b>Financial assets</b>								
Financial assets held for trading								
Derivatives	-	-	-	-	-	-	-	-
Financial assets designated at fair value through profit or loss:								
Equity securities	77,016	499	-	77,515	5,396	-	-	5,396
Debt securities	-	-	-	-	-	-	-	-
<b>Total</b>	<b>77,016</b>	<b>499</b>	<b>-</b>	<b>77,515</b>	<b>5,396</b>	<b>-</b>	<b>-</b>	<b>5,396</b>
<b>Financial liabilities</b>								
Financial liabilities held for trading								
Derivatives	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* The Vanguard Europe Shares Index Fund ETF Class commenced trading on 11 December 2015.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 31 December 2016

### 3. Fair value measurement (continued)

#### (b) Fair value hierarchy (continued)

	Vanguard Global Emerging Markets Index Fund				Vanguard Global Shares Index Fund (Hedged)			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
31 December 2016	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>								
Financial assets held for trading								
Derivatives	-	-	-	-	39	853	-	892
Financial assets designated at fair value through profit or loss:								
Equity securities	67,907	-	-	67,907	-	150,567	-	150,567
Debt securities	-	-	-	-	-	-	-	-
<b>Total</b>	<b>67,907</b>	<b>-</b>	<b>-</b>	<b>67,907</b>	<b>39</b>	<b>151,420</b>	<b>-</b>	<b>151,459</b>
<b>Financial liabilities</b>								
Financial liabilities held for trading								
Derivatives	-	-	-	-	22	4,597	-	4,619
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22</b>	<b>4,597</b>	<b>-</b>	<b>4,619</b>
<b>30 June 2016</b>								
<b>Financial assets</b>								
Financial assets held for trading								
Derivatives	-	-	-	-	77	4,337	-	4,414
Financial assets designated at fair value through profit or loss:								
Equity securities	51,360	-	-	51,360	-	90,553	-	90,553
Debt securities	-	-	-	-	-	-	-	-
<b>Total</b>	<b>51,360</b>	<b>-</b>	<b>-</b>	<b>51,360</b>	<b>77</b>	<b>94,890</b>	<b>-</b>	<b>94,967</b>
<b>Financial liabilities</b>								
Financial liabilities held for trading								
Derivatives	-	-	-	-	23	1,106	-	1,129
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23</b>	<b>1,106</b>	<b>-</b>	<b>1,129</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 31 December 2016

### 3. Fair value measurement (continued)

#### (b) Fair value hierarchy (continued)

	Vanguard International Credit Securities Index Fund (Hedged)*				Vanguard International Fixed Interest Index Fund (Hedged)**			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
31 December 2016	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>								
Financial assets held for trading								
Derivatives	130	6,083	-	6,213	6	34,933	-	34,939
Financial assets designated at fair value through profit or loss:								
Equity securities	-	-	-	-	-	-	-	-
Debt securities	-	1,395,639	-	1,395,639	-	2,698,059	-	2,698,059
<b>Total</b>	<b>130</b>	<b>1,401,722</b>	<b>-</b>	<b>1,401,852</b>	<b>6</b>	<b>2,732,992</b>	<b>-</b>	<b>2,732,998</b>
<b>Financial liabilities</b>								
Financial liabilities held for trading								
Derivatives	115	28,281	-	28,396	25	74,274	-	74,299
<b>Total</b>	<b>115</b>	<b>28,281</b>	<b>-</b>	<b>28,396</b>	<b>25</b>	<b>74,274</b>	<b>-</b>	<b>74,299</b>
<b>30 June 2016</b>								
<b>Financial assets</b>								
Financial assets held for trading								
Derivatives	166	41,246	-	41,412	93	89,987	-	90,080
Financial assets designated at fair value through profit or loss:								
Equity securities	-	-	-	-	-	-	-	-
Debt securities	-	1,203,405	-	1,203,405	-	2,678,731	-	2,678,731
<b>Total</b>	<b>166</b>	<b>1,244,651</b>	<b>-</b>	<b>1,244,817</b>	<b>93</b>	<b>2,768,718</b>	<b>-</b>	<b>2,768,811</b>
<b>Financial liabilities</b>								
Financial liabilities held for trading								
Derivatives	459	7,264	-	7,723	355	42,665	-	43,020
<b>Total</b>	<b>459</b>	<b>7,264</b>	<b>-</b>	<b>7,723</b>	<b>355</b>	<b>42,665</b>	<b>-</b>	<b>43,020</b>

\* The Vanguard International Credit Securities Index Fund (Hedged) ETF Class commenced trading on 8 December 2015.

\*\* The Vanguard International Fixed Interest Index Fund (Hedged) ETF Class commenced trading on 8 December 2015.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 31 December 2016

### 3. Fair value measurement (continued)

#### (b) Fair value hierarchy (continued)

	Vanguard International Shares Index Fund			
	Level 1	Level 2	Level 3	Total
31 December 2016	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
Financial assets held for trading				
Derivatives	36	26	-	62
Financial assets designated at fair value through profit or loss:				
Equity securities	11,838,267	924	-	11,839,191
Debt securities	-	-	-	-
<b>Total</b>	<b>11,838,303</b>	<b>950</b>	<b>-</b>	<b>11,839,253</b>
<b>Financial liabilities</b>				
Financial liabilities held for trading				
Derivatives	176	8	-	184
<b>Total</b>	<b>176</b>	<b>8</b>	<b>-</b>	<b>184</b>
<b>30 June 2016</b>				
<b>Financial assets</b>				
Financial assets held for trading				
Derivatives	1,246	4	-	1,250
Financial assets designated at fair value through profit or loss:				
Equity securities	11,840,900	964	-	11,841,864
Debt securities	-	-	-	-
<b>Total</b>	<b>11,842,146</b>	<b>968</b>	<b>-</b>	<b>11,843,114</b>
<b>Financial liabilities</b>				
Financial liabilities held for trading				
Derivatives	587	14	-	601
<b>Total</b>	<b>587</b>	<b>14</b>	<b>-</b>	<b>601</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 31 December 2016

### 3. 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 out of fair value hierarchy levels as at the end of the reporting period.

The following table presents the transfers between levels as at 31 December 2016:

	Vanguard Asia ex Japan Shares Index Fund*			Vanguard Australian Shares Index Fund		
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>31 December 2016</b>						
Transfers between level 1 and 2:						
Equity securities	(8)	8	-	(3,051)	3,051	-
<b>30 June 2016</b>						
Transfers between level 1 and 2:						
Equity Securities	-	-	-	(685)	685	-

\* The Vanguard Asia ex Japan Shares Index Fund commenced trading on 11 December 2015.

	Vanguard Australian Small Companies Index Fund			Vanguard International Shares Index Fund		
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>31 December 2016</b>						
Transfers between level 1 and 2:						
Debt securities	(192)	192	-	-	-	-
<b>30 June 2016</b>						
Transfers between level 1 and 2:						
Equity Securities	(29)	29	-	(31)	31	-

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 half year ended 31 December 2016

### 4. Net assets attributable to unitholders

	Vanguard Asia ex Japan Shares Index Fund*		Vanguard Australian Large Companies Index Fund	
	31 Dec 2016 '000	31 Dec 2015 '000	31 Dec 2016 '000	31 Dec 2015 '000
<b>(a) Units on issue</b>				
Opening balance	460	-	1,067	705
Applications	-	460	40	240
Distributions reinvested	-	-	1	1
Redemptions	-	-	-	-
<b>Closing balance</b>	<b>460</b>	<b>460</b>	<b>1,108</b>	<b>946</b>
	31 Dec 2016 \$'000	31 Dec 2015 \$'000	31 Dec 2016 \$'000	31 Dec 2015 \$'000
<b>(b) Net assets attributable to unitholders</b>				
Opening balance	22,985	-	58,976	43,001
Applications	-	23,000	2,326	14,072
Distributions reinvested	10	-	73	60
Redemptions	-	-	-	-
Increase/(decrease) in net assets attributable to unitholders	1,055	215	5,035	(3,253)
<b>Closing balance</b>	<b>24,050</b>	<b>23,215</b>	<b>66,410</b>	<b>53,880</b>

\* Vanguard Asia ex Japan Shares Index Fund ETF Class commenced trading on 11 December 2015.

	Vanguard Australian Small Companies Index Fund		Vanguard Europe Shares Index Fund*	
	31 Dec 2016 '000	31 Dec 2015 '000	31 Dec 2016 '000	31 Dec 2015 '000
<b>(a) Units on issue</b>				
Opening balance	1,671	1,767	120	-
Applications	280	180	20	80
Distributions reinvested	3	1	-	-
Redemptions	(480)	(520)	(40)	-
<b>Closing balance</b>	<b>1,474</b>	<b>1,428</b>	<b>100</b>	<b>80</b>
	31 Dec 2016 \$'000	31 Dec 2015 \$'000	31 Dec 2016 \$'000	31 Dec 2015 \$'000
<b>(b) Net assets attributable to unitholders</b>				
Opening balance	76,971	75,181	5,400	-
Applications	13,538	7,719	897	3,988
Distributions reinvested	118	54	5	-
Redemptions	(23,339)	(22,369)	(1,908)	-
Increase/(decrease) in net assets attributable to unitholders	4,052	1,361	351	(48)
<b>Closing balance</b>	<b>71,340</b>	<b>61,946</b>	<b>4,745</b>	<b>3,940</b>

\* Vanguard Europe Shares Index Fund ETF Class commenced trading on 11 December 2015.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 31 December 2016

### 4. Net assets attributable to unitholders (continued)

	Vanguard Global Emerging Markets Shares Fund		Vanguard Global Shares Index Fund (Hedged)	
	31 Dec 2016 '000	31 Dec 2015 '000	31 Dec 2016 '000	31 Dec 2015 '000
<b>(a) Units on issue</b>				
Opening balance	972	730	1,890	460
Applications	260	180	860	710
Distributions reinvested	1	1	3	-
Redemptions	-	-	-	-
<b>Closing balance</b>	<b>1,233</b>	<b>911</b>	<b>2,753</b>	<b>1,170</b>
	31 Dec 2016 \$'000	31 Dec 2015 \$'000	31 Dec 2016 \$'000	31 Dec 2015 \$'000
<b>(b) Net assets attributable to unitholders</b>				
Opening balance	51,411	43,505	97,182	24,315
Applications	14,225	9,772	46,723	36,766
Distributions reinvested	76	66	142	-
Redemptions	-	-	-	-
Increase/(decrease) in net assets attributable to unitholders	2,269	(7,546)	12,358	(31)
<b>Closing balance</b>	<b>67,981</b>	<b>45,797</b>	<b>156,405</b>	<b>61,050</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 31 December 2016

### 4. Net assets attributable to unitholders (continued)

Vanguard Australian Corporate Fixed Interest Index Fund*						
	31 Dec 2016			31 Dec 2015		
	Ordinary Units	ETF Class Units		Ordinary Units	ETF Class Units	
	'000	'000		'000	'000	
<b>(a) Units on issue</b>						
Opening balance	72,082	80		54,188	-	
Applications	12,227	420		21,856	-	
Distributions reinvested	98	-		37	-	
Redemptions	(9,664)	-		(5,251)	-	
Closing balance	74,743	500		70,830	-	
<b>(b) Net assets attributable to unitholders</b>						
	31 Dec 2016			31 Dec 2015		
	Ordinary Units	ETF Class Units	Total	Ordinary Units	ETF Class Units	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance			78,191			54,820
Applications	12,690	21,030	33,720	22,349	-	22,349
Distributions reinvested	102	4	106	38	-	38
Redemptions	(9,980)	-	(9,980)	(5,360)	-	(5,360)
Increase/(decrease) in net assets attributable to unitholders			(1,627)			(297)
Closing balance			100,410			71,550

\* The Vanguard Australian Corporate Fixed Interest Index Fund ETF Class commenced trading on 25 May 2016. Comparative figures were traded as an ordinary share class.

Vanguard Australian Fixed Interest Index Fund						
	31 Dec 2016			31 Dec 2015		
	Ordinary Units	ETF Class Units		Ordinary Units	ETF Class Units	
	'000	'000		'000	'000	
<b>(a) Units on issue</b>						
Opening balance	3,439,691	8,370		3,742,068	4,246	
Applications	571,849	3,410		533,350	2,110	
Distributions reinvested	47,073	13		46,625	6	
Redemptions	(314,660)	-		(426,539)	-	
Closing balance	3,743,953	11,793		3,895,504	6,362	
<b>(b) Net assets attributable to unitholders</b>						
	31 Dec 2016			31 Dec 2015		
	Ordinary Units	ETF Class Units	Total	Ordinary Units	ETF Class Units	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance			4,379,537			4,436,577
Applications	654,415	170,695	825,110	609,438	104,608	714,046
Distributions reinvested	54,256	632	54,888	53,016	316	53,332
Redemptions	(360,854)	-	(360,854)	(487,385)	-	(487,385)
Increase/(decrease) in net assets attributable to unitholders			(173,874)			(12,063)
Closing balance			4,724,807			4,704,507

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 31 December 2016

### 4. Net assets attributable to unitholders (continued)

Vanguard Australian Government Bond Index Fund				
	31 Dec 2016		31 Dec 2015	
	Ordinary Units	ETF Class Units	Ordinary Units	ETF Class Units
	'000	'000	'000	'000
<b>(a) Units on issue</b>				
Opening balance	283,730	2,025	188,731	1,012
Applications	52,761	550	50,293	420
Distributions reinvested	401	2	161	1
Redemptions	(44,258)	-	(15,717)	(60)
Closing balance	292,634	2,577	223,468	1,373

	31 Dec 2016			31 Dec 2015		
	Ordinary Units	ETF Class Units	Total	Ordinary Units	ETF Class Units	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>(b) Net assets attributable to unitholders</b>						
Opening balance			406,200			241,593
Applications	55,990	27,842	83,832	52,147	20,530	72,677
Distributions reinvested	430	97	527	166	66	232
Redemptions	(46,622)	-	(46,622)	(16,295)	(2,963)	(19,258)
Increase/(decrease) in net assets attributable to unitholders			(17,329)			1,478
Closing balance			426,608			296,722

Vanguard Australian Property Securities Index Fund				
	31 Dec 2016		31 Dec 2015	
	Ordinary Units	ETF Class Units	Ordinary Units	ETF Class Units
	'000	'000	'000	'000
<b>(a) Units on issue</b>				
Opening balance	4,035,369	8,026	4,219,181	5,762
Applications	534,560	1,960	417,650	1,080
Distributions reinvested	44,351	15	53,028	11
Redemptions	(686,569)	(80)	(382,121)	-
Closing balance	3,927,711	9,921	4,307,738	6,853

	31 Dec 2016			31 Dec 2015		
	Ordinary Units	ETF Class Units	Total	Ordinary Units	ETF Class Units	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>(b) Net assets attributable to unitholders</b>						
Opening balance			4,811,403			4,060,562
Applications	540,290	155,533	695,823	369,125	78,765	447,890
Distributions reinvested	45,135	1,277	46,412	45,935	786	46,721
Redemptions	(674,316)	(6,869)	(681,185)	(339,394)	-	(339,394)
Increase/(decrease) in net assets attributable to unitholders			(273,431)			189,510
Closing balance			4,599,022			4,405,289

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 31 December 2016

### 4. Net assets attributable to unitholders (continued)

Vanguard Australian Shares High Yield Fund				
	31 Dec 2016		31 Dec 2015	
	Ordinary Units	ETF Class Units	Ordinary Units	ETF Class Units
	'000	'000	'000	'000
<b>(a) Units on issue</b>				
Opening balance	582,203	11,155	568,622	8,438
Applications	38,102	820	83,568	2,300
Distributions reinvested	7,445	40	16,868	50
Redemptions	(47,662)	-	(68,366)	-
Closing balance	580,088	12,015	600,692	10,788

	31 Dec 2016			31 Dec 2015		
	Ordinary Units	ETF Class Units	Total	Ordinary Units	ETF Class Units	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>(b) Net assets attributable to unitholders</b>						
Opening balance			1,449,845			1,448,314
Applications	56,359	47,191	103,550	127,635	135,487	263,122
Distributions reinvested	10,797	2,250	13,047	26,344	3,008	29,352
Redemptions	(70,540)	-	(70,540)	(105,191)	-	(105,191)
Increase/(decrease) in net assets attributable to unitholders			107,151			(136,648)
Closing balance			1,603,053			1,498,949

Vanguard Australian Shares Index Fund				
	31 Dec 2016		31 Dec 2015	
	Ordinary Units	ETF Class Units	Ordinary Units	ETF Class Units
	'000	'000	'000	'000
<b>(a) Units on issue</b>				
Opening balance	3,876,164	23,108	4,389,506	15,659
Applications	371,516	5,000	489,133	6,340
Distributions reinvested	59,678	55	72,409	54
Redemptions	(490,500)	(2,580)	(331,590)	(2,180)
Closing balance	3,816,858	25,583	4,619,458	19,873

	31 Dec 2016			31 Dec 2015		
	Ordinary Units	ETF Class Units	Total	Ordinary Units	ETF Class Units	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>(b) Net assets attributable to unitholders</b>						
Opening balance			8,939,124			9,846,180
Applications	737,516	345,446	1,082,962	950,759	419,726	1,370,485
Distributions reinvested	116,548	3,867	120,415	137,089	3,618	140,707
Redemptions	(969,566)	(177,891)	(1,147,457)	(634,270)	(144,269)	(778,539)
Increase/(decrease) in net assets attributable to unitholders			631,755			(327,881)
Closing balance			9,626,799			10,250,952



## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 31 December 2016

### 4. Net assets attributable to unitholders (continued)

Vanguard International Credit Securities Index Fund (Hedged)*						
	31 Dec 2016			31 Dec 2015		
	Ordinary Units	ETF Class Units	Total	Ordinary Units	ETF Class Units	Total
	'000	'000		'000	'000	
(a) Units on issue						
Opening balance	953,031	220		1,256,129	-	
Applications	198,616	880		122,066	20	
Distributions reinvested	34,041	-		-	-	
Redemptions	(79,936)	-		(134,550)	-	
Closing balance	1,105,752	1,100		1,243,645	20	
	31 Dec 2016			31 Dec 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			1,180,821			1,489,709
Applications	246,495	45,288	291,783	146,707	1,000	147,707
Distributions reinvested	41,857	-	41,857	-	-	-
Redemptions	(98,928)	-	(98,928)	(161,473)	-	(161,473)
Increase/(decrease) in net assets attributable to unitholders			(7,708)			20,550
Closing balance			1,407,825			1,496,493

\* The Vanguard International Credit Securities Index Fund (Hedged) ETF Class commenced trading on 8 December 2015.

Vanguard International Fixed Interest Index Fund (Hedged)**						
	31 Dec 2016			31 Dec 2015		
	Ordinary Units	ETF Class Units	Total	Ordinary Units	ETF Class Units	Total
	'000	'000		'000	'000	
(a) Units on issue						
Opening balance	2,017,890	350		2,352,758	-	
Applications	326,452	730		284,256	40	
Distributions reinvested	23,743	-		32,829	-	
Redemptions	(248,442)	-		(146,274)	-	
Closing balance	2,119,643	1,080		2,523,569	40	
	31 Dec 2016			31 Dec 2015		
	Ordinary Units	ETF Class Units	Total	Ordinary Units	ETF Class Units	Total
	\$'000	\$'000		\$'000	\$'000	
(b) Net assets attributable to unitholders						
Opening balance			2,629,249			2,802,873
Applications	418,836	38,192	457,028	345,841	2,007	347,848
Distributions reinvested	30,733	-	30,733	39,128	-	39,128
Redemptions	(318,913)	-	(318,913)	(177,670)	-	(177,670)
Increase/(decrease) in net assets attributable to unitholders			(63,799)			82,977
Closing balance			2,734,298			3,095,156

\*\* The Vanguard International Fixed Interest Index Fund (Hedged) ETF Class commenced trading on 8 December 2015.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 31 December 2016

### 4. Net assets attributable to unitholders (continued)

Vanguard International Shares Index Fund										
31 December 2016					31 December 2015					
	Ordinary Units '000	Class R Units '000	ETF Class Units '000	B Class Units '000		Ordinary Units '000	Class R Units '000	ETF A Class Units '000	ETF B Class Units '000	
<b>(a) Units on issue</b>										
Opening balance	6,330,423	35,567	4,045	1,666		7,827,194	84,192	1,300	415	
Applications	989,915	4,822	1,730	863		755,708	6,079	1,800	624	
Distributions reinvested	129,760	51	16	60		269,781	1,832	3	10	
Redemptions	(1,714,788)	(1,719)	-	(40)		(2,293,937)	(9,879)	-	(35)	
Closing balance	5,735,310	38,721	5,791	2,549		6,558,746	82,224	3,103	1,014	

31 December 2016						31 December 2015				
	Ordinary Units \$'000	Class R Units \$'000	ETF Class Units \$'000	B Class Units \$'000	Total \$'000	Ordinary Units \$'000	Class R Units \$'000	ETF A Class Units \$'000	ETF B Class Units \$'000	Total \$'000
<b>(b) Net assets attributable to unitholders</b>										
Opening balance					11,814,895					14,802,308
Applications	1,832,631	8,912	96,974	48,111	1,986,628	1,453,969	11,572	106,315	36,516	1,608,372
Distributions reinvested	235,290	93	865	3,278	239,526	501,548	3,406	143	591	505,688
Redemptions	(3,181,538)	(3,181)	-	(2,372)	(3,187,091)	(4,424,647)	(18,864)	-	(1,995)	(4,445,506)
Increase/(decrease) in net assets attributable to unitholders					981,981					263,083
Closing balance					11,835,939					12,733,945

Each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund.

The Vanguard Australian Corporate Fixed Interest Index Fund offers two classes of units, Ordinary Units and ETF Class Units. The ETF Class Units commenced on 25 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 Fixed Interest Index Fund 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 Government Bond Index Fund offers two classes of units, Ordinary Units and ETF Class Units. The ETF Class Units commenced on 30 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 Property Securities Index Fund 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 High Yield Fund 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.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 31 December 2016

### 4. Net assets attributable to unitholders (continued)

The Vanguard Australian Shares Index Fund offers two classes of units, Ordinary Units and ETF Class Units. The ETF Class Units commenced on 4 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 International Credit Securities Index Fund (Hedged) offers two classes of units, Ordinary Units and ETF Class Units. The ETF Class Units commenced on 8 December 2015 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 International Fixed Interest Index Fund (Hedged) offers two classes of units, Ordinary Units and ETF Class Units. The ETF Class Units commenced on 8 December 2015 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 International Shares Index Fund (VISIF) offers four classes of units, Ordinary Units, Class R Units, ETF Class Units and B Class Units. Until 21 December 2004, Class R Units were issued on the basis that all distributions were compulsorily reinvested in further Class R Units (unless the Responsible Entity elects to pay a cash distribution). This is no longer required due to changes in legislation. The ETF Class and B Class Units commenced on 18 November 2014 and are traded on the Australian Stock Exchange.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 31 December 2016

### 5. Distributions to unitholders paid and payable

	Vanguard Asia ex Japan Shares Index Fund*				Vanguard Australian Large Companies Index Fund			
	2016		2015		2016		2015	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Interim distributions paid	309	67.3088	-	-	1,075	97.4615	785	89.0831
Distributions payable - 31 December	47	9.9793	-	-	855	76.7791	771	81.0831
<b>Total Distributions to unit holders</b>	<b>356</b>	<b>77.2881</b>	<b>-</b>	<b>-</b>	<b>1,930</b>	<b>174.2406</b>	<b>1,556</b>	<b>170.1662</b>

\* Vanguard Asia ex Japan Shares Index Fund ETF Class commenced trading on 11 December 2015.

	Vanguard Australian Small Companies Index Fund				Vanguard Europe Shares Index Fund**			
	2016		2015		2016		2015	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Interim distributions paid	-	-	-	-	26	18.6202	-	-
Distributions payable - 31 December	1,072	72.7246	1,284	89.9039	23	22.6752	13	16.6076
<b>Total Distributions to unit holders</b>	<b>1,072</b>	<b>72.7246</b>	<b>1,284</b>	<b>89.9039</b>	<b>49</b>	<b>41.2954</b>	<b>13</b>	<b>16.6076</b>

\*\* The Vanguard Europe Shares Index Fund ETF Class commenced trading on 11 December 2015.

	Vanguard Global Emerging Markets Shares Fund				Vanguard Global Shares Index Fund (Hedged)			
	2016		2015		2016		2015	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Interim distributions paid	551	49.7400	475	59.2202	-	-	-	-
Distributions payable - 31 December	239	18.3537	153	15.9899	-	-	-	-
<b>Total Distributions to unit holders</b>	<b>790</b>	<b>68.0937</b>	<b>628</b>	<b>75.2101</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Vanguard Australian Corporate Fixed Interest Index Fund (Ordinary Class Unit)				Vanguard Australian Corporate Fixed Interest Index Fund (ETF Class Unit)***			
	2016		2015		2016		2015	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Interim distributions paid	519	0.6888	497	0.7362	120	35.3233	-	-
Distributions payable - 31 December	492	0.6584	539	0.7607	163	32.5834	-	-
<b>Total Distributions to unit holders</b>	<b>1,011</b>	<b>1.3472</b>	<b>1,036</b>	<b>1.4969</b>	<b>283</b>	<b>67.9067</b>	<b>-</b>	<b>-</b>

\*\*\* The Vanguard Australian Corporate Fixed Interest Index Fund ETF Class commenced trading on 25 May 2016. Comparative figures were traded as an ordinary share class.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 31 December 2016

### 5. Distributions to unitholders paid and payable (continued)

	Vanguard Australian Fixed Interest Index Fund (Ordinary Class Unit)				Vanguard Australian Fixed Interest Index Fund (ETF Class Unit)			
	2016		2015		2016		2015	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Interim distributions paid	33,968	0.9501	45,825	1.1985	4,566	42.0836	2,684	52.8466
Distributions payable - 31 December	32,842	0.8772	42,812	1.0990	4,564	38.4976	3,174	49.6065
<b>Total Distributions to unit holders</b>	<b>66,810</b>	<b>1.8273</b>	<b>88,637</b>	<b>2.2975</b>	<b>9,130</b>	<b>80.5812</b>	<b>5,858</b>	<b>102.4531</b>

	Vanguard Australian Government Bond Index Fund (Ordinary Class Unit)				Vanguard Australian Government Bond Index Fund (ETF Class Unit)			
	2016		2015		2016		2015	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Interim distributions paid	1,767	0.5898	1,202	0.5933	715	29.1949	334	29.0749
Distributions payable - 31 December	2,150	0.7347	1,380	0.6177	928	35.7155	435	31.3491
<b>Total Distributions to unit holders</b>	<b>3,917</b>	<b>1.3245</b>	<b>2,582</b>	<b>1.2110</b>	<b>1,643</b>	<b>64.9104</b>	<b>769</b>	<b>60.4240</b>

	Vanguard Australian Property Securities Index Fund (Ordinary Class Unit)				Vanguard Australian Property Securities Index Fund (ETF Class Unit)			
	2016		2015		2016		2015	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Interim distributions paid	28,502	0.6980	30,289	0.6915	4,914	57.6054	3,569	56.9144
Distributions payable - 31 December	55,271	1.4072	62,319	1.4467	11,603	116.1108	8,221	119.2247
<b>Total Distributions to unit holders</b>	<b>83,773</b>	<b>2.1052</b>	<b>92,608</b>	<b>2.1382</b>	<b>16,517</b>	<b>173.7162</b>	<b>11,790</b>	<b>176.1391</b>

	Vanguard Australian Shares High Yield Fund (Ordinary Class Unit)				Vanguard Australian Shares High Yield Fund (ETF Class Unit)			
	2016		2015		2016		2015	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Interim distributions paid	16,339	2.8107	17,067	2.9151	13,115	112.1813	11,381	116.6084
Distributions payable - 31 December	16,361	2.8205	12,059	2.0075	13,519	112.1223	8,749	80.7386
<b>Total Distributions to unit holders</b>	<b>32,700</b>	<b>5.6312</b>	<b>29,126</b>	<b>4.9226</b>	<b>26,634</b>	<b>224.3036</b>	<b>20,130</b>	<b>197.3470</b>



## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 31 December 2016

### 5. Distributions to unitholders paid and payable (continued)

	Vanguard Australian Shares Index Fund (Ordinary Class Unit)				Vanguard Australian Shares Index Fund (ETF Class Unit)			
	2016		2015		2016		2015	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Interim distributions paid	113,224	2.8985	125,798	2.7016	24,798	102.0137	17,231	94.3797
Distributions payable - 31 December	100,634	2.6366	126,113	2.7300	23,886	92.7798	19,027	95.2639
<b>Total Distributions to unit holders</b>	<b>213,858</b>	<b>5.5351</b>	<b>251,911</b>	<b>5.4316</b>	<b>48,684</b>	<b>194.7935</b>	<b>36,258</b>	<b>189.6436</b>

	Vanguard International Credit Securities Index Fund (Hedged) (Ordinary Class Unit)				Vanguard International Credit Securities Index Fund (Hedged) (ETF Class Unit)*			
	2016		2015		2016		2015	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Interim distributions paid	-	-	-	-	-	-	-	-
Distributions payable - 31 December	-	-	-	-	-	-	-	-
<b>Total Distributions to unitholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* The Vanguard International Credit Securities Index Fund (Hedged) ETF Class commenced trading on 8 December 2015.

	Vanguard International Fixed Interest Index (Hedged) (Ordinary Class Unit)				Vanguard International Fixed Interest Index (Hedged) (ETF Class Unit)**			
	2016		2015		2016		2015	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Interim distributions paid	-	-	-	-	-	-	-	-
Distributions payable - 31 December	-	-	-	-	-	-	-	-
<b>Total Distributions to unit holders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\*\* The Vanguard International Fixed Interest (Hedged) ETF Class commenced trading on 8 December 2015.

	Vanguard International Shares Index Fund (Ordinary and R Class Unit)				Vanguard International Shares Index Fund (ETF Class Unit)			
	2016		2015		2016		2015	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Interim distributions paid	56,746	0.8221	64,067	0.9470	1,182	24.9066	594	29.8120
Distributions payable - 31 December	67,110	1.1623	57,477	0.8655	2,097	35.5383	847	26.7259
<b>Total Distributions to unit holders</b>	<b>123,856</b>	<b>1.9844</b>	<b>121,544</b>	<b>1.8125</b>	<b>3,279</b>	<b>60.4449</b>	<b>1,441</b>	<b>56.5379</b>

	International Shares Index Fund (B Class Unit)			
	2016		2015	
	\$'000	CPU	\$'000	CPU
Interim distributions paid	509	24.9623	229	30.0704
Distributions payable - 31 December	901	35.3468	271	26.7530
<b>Total Distributions to unit holders</b>	<b>1,410</b>	<b>60.3091</b>	<b>500</b>	<b>56.8234</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 31 December 2016

### 6. 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

While the Funds operate from Australia only (the geographical segment), some Funds have investment exposures in different countries.

### 7. 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 31 December 2016 or on the results and cashflows of the Funds for the half 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](http://www.vanguard.com.au).

### 8. Contingent assets, liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 31 December 2016 or since the last reporting period.

## DIRECTORS' DECLARATION

In the opinions of the directors of the Responsible Entity:

(a) the financial statements and notes set out on pages 7 to 43 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of each Fund's financial position as at 31 December 2016 and of its performance for the financial half 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 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  
8 March 2017



## **Independent auditor's review report to the members of Vanguard Wholesale ETF Funds**

- Vanguard Australian Large Companies Index Fund
- Vanguard Australian Small Companies Index Fund
- Vanguard Global Emerging Market Shares Fund
- Vanguard Global Shares Index Fund (Hedged)
- Vanguard Asia Ex-Japan Shares Index Fund
- Vanguard Europe Shares Index Fund
- Vanguard Australian Shares Index Fund
- Vanguard Australian Shares High Yield Fund
- Vanguard Australian Property Securities Index Fund
- Vanguard Australian Fixed Interest Index Fund
- Vanguard Australian Government Bond Index Fund
- Vanguard International Fixed Interest Index Fund (Hedged)
- Vanguard International Credit Securities Index Fund (Hedged)
- Vanguard International Shares Index Fund
- Vanguard Australian Corporate Fixed Interest Index Fund

collectively referred to as "the Funds".

### ***Report on the Half-Year Financial Report***

We have reviewed the accompanying half-year financial report of the Funds, which comprises the balance sheets as at 31 December 2016, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration.

### ***Directors' responsibility for the half-year financial report***

The directors of Vanguard Investments Australia Ltd (the responsible entity) are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement whether due to fraud or error.

### ***Auditor's responsibility***

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Funds' financial positions as at 31 December 2016 and their performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Funds, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Independence*

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

### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Funds is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the Funds' financial positions as at 31 December 2016 and of their performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*PricewaterhouseCoopers*

PricewaterhouseCoopers

*Britt Hawkins*

Britt Hawkins  
Partner

Melbourne  
8 March 2017

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