

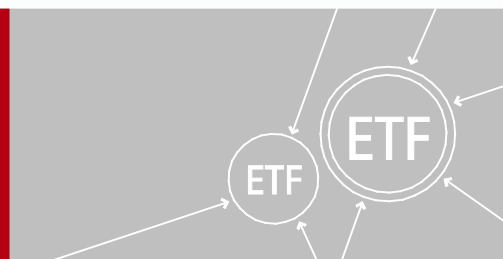
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COMPANY CODES



Annual Report

for the Vanguard® Exchange Traded Funds (ETF)

10 September 2019



Vanguard Investments Australia Ltd announces the following: Vanguard has prepared an Annual Report for the ETFs listed below for the financial year ending 30 June 2019. The Annual Report provides financial information for each fund and where indicated, provides specific information for the ETF class (where applicable).

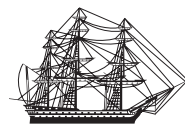
ETF	ASX CODE	ANNOUNCEMENT
Vanguard MSCI Australian Large Companies Index ETF	VLC	Annual Report
Vanguard Australian Property Securities Index ETF	VAP	Annual Report
Vanguard Australian Shares High Yield ETF	VHY	Annual Report
Vanguard Australian Shares Index ETF	VAS	Annual Report
Vanguard MSCI Australian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

Further Information

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

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



Vanguard®

Annual Report | 30 June 2019

Vanguard Wholesale Domestic Equities Funds and ETFs

Responsible Entity

Vanguard Investments Australia Ltd
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AFSL 227263

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Vanguard Investments Australia Ltd ABN 72 072 881 086 AFSL 227263

2018-
2019

Vanguard Wholesale Domestic Equities Funds and ETFs

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

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About Vanguard

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

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

With more than AUD \$7.9 trillion in assets under management as of 30 June 2019, including more than AUD \$1.5 trillion in ETFs, Vanguard is one of the world's largest global investment management companies.

In Australia, Vanguard has been serving financial advisers, retail clients and institutional investors for more than 20 years.

Our unique structure – putting investors' interests first

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

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

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

Our investment expertise

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

Low-cost investing

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

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

Directors' report

The Responsible Entity of the Vanguard Wholesale Domestic Equities Funds & ETFs (the "Funds") for the year ended 30 June 2019 was Vanguard Investments Australia Ltd (the "Responsible Entity").

The directors of Vanguard Investments Australia Ltd present their report together with the financial statements for the year ended 30 June 2019.

Principal activities

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

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

The Funds did not have any employees during the year.

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

Directors

The following persons held office as directors of the Responsible Entity during the year and up to the date of this report:

J M Norris

C Kelton (Resigned 4 September 2018)

L Carr (Resigned 1 March 2019)

C Lui

J Platt

F Kolimago (Appointed 4 September 2018)

Review and results of operations

The Funds invest in listed equity securities, listed unit trusts, listed property trusts, derivatives and cash and cash equivalents. The investment policy of the Funds continue to be in accordance with the provisions of the Funds' Constitution.

Results

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

	Vanguard MSCI Australian Large Companies Index ETF		Vanguard MSCI Australian Small Companies Index ETF		Vanguard Australian Property Securities Index Fund	
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
Operating profit/(loss) before finance costs attributable to unitholders (\$'000)	11,515	7,809	11,658	22,468	891,368	577,503
Distributions - Wholesale Class						
Distribution paid and payable (\$'000)	N/A	N/A	N/A	N/A	260,434	312,900
Distribution (cents per unit)	N/A	N/A	N/A	N/A	6.8871	8.1581
Distributions - ETF Class						
Distribution paid and payable (\$'000)	4,559	3,403	7,361	3,244	70,308	85,349
Distribution (cents per unit)	346.1547	266.9387	177.6137	112.7192	475.8349	677.1205

Directors' report (continued)

Review and results of operations (continued)

Results (continued)

	Vanguard Australian Shares High Yield Fund		Vanguard Australian Shares Index Fund	
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
Operating profit/(loss) before finance costs attributable to unitholders (\$'000)	286,387	43,837	1,603,033	1,447,883
Distributions - Wholesale Class				
Distribution paid and payable (\$'000)	58,251	76,906	479,481	418,681
Distribution (cents per unit)	9.0017	12.3751	10.1373	9.9093
Distributions - ETF Class				
Distribution paid and payable (\$'000)	67,536	80,676	151,991	115,536
Distribution (cents per unit)	356.7290	473.2493	357.5340	337.2350

Performance

The table below details the performance of the Funds as represented by the total return, net of fees, which is calculated as the aggregation of the percentage capital growth and percentage distribution of income. The total return is shown for the past five years to 30 June 2019 and assumes that all distributions were re-invested during that period. These are calculated in accordance with FSC Standard 6.0 Product Performance - calculation and presentation of returns. The directors assess the performance of the Funds by comparing each Fund's total return with the corresponding Index (the "Benchmark") gross of fees.

	2019 %	2018 %	2017 %	2016 %	2015 %
Vanguard MSCI Australian Large Companies Index ETF					
Capital growth	8.35	5.81	8.13	(9.37)	(0.07)
Distribution of income	6.10	4.78	4.63	4.15	4.05
Total return	14.45	10.59	12.76	(5.22)	3.98
Benchmark					
MSCI Australian Shares Large Cap Index	14.71	10.86	13.02	(5.03)	(4.19)

	2019 %	2018 %	2017 %	2016 %	2015 %
Vanguard MSCI Australian Small Companies Index ETF					
Capital growth	1.13	16.59	6.47	8.20	(3.18)
Distribution of income	3.37	2.34	4.76	4.03	2.73
Total return	4.50	18.93	11.23	12.23	(0.45)
Benchmark					
MSCI Australian Shares Small Cap Index	4.78	19.28	11.61	12.57	(0.21)

	2019 %	2018 %	2017 %	2016 %	2015 %
Vanguard Australian Property Securities Index Fund					
Capital growth	11.60	3.92	(9.67)	18.48	15.09
Distribution of income	7.65	9.09	4.12	5.90	4.99
Total return	19.25	13.01	(5.55)	24.38	20.08
Benchmark					
S&P/ASX 300 A-REIT Index	19.39	13.20	(5.64)	24.59	20.20

Directors' report (continued)

Review and results of operations (continued)

Performance (continued)

	2019 %	2018 %	2017 %	2016 %	2015 %
Vanguard Australian Shares High Yield Fund					
Capital growth	7.33	(5.57)	8.59	(11.60)	(6.03)
Distribution of income	6.75	8.06	8.21	4.96	9.20
Total return	14.08	2.49	16.80	(6.64)	3.17
Benchmark					
FTSE Australia High Dividend Yield Index	14.40	3.11	17.61	(6.59)	3.50

	2019 %	2018 %	2017 %	2016 %	2015 %
Vanguard Australian Shares Index Fund					
Capital growth	6.23	7.98	7.92	(4.38)	1.10
Distribution of income	4.97	5.11	5.74	5.03	4.34
Total return	11.20	13.09	13.66	0.65	5.44
Benchmark					
S&P/ASX 300 Index	11.42	13.24	13.82	0.87	5.61

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

Unit redemption prices

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

	At 30 June		Period high		Period low	
	2019 \$	2018 \$	2019 \$	2018 \$	2019 \$	2018 \$
Vanguard MSCI Australian Large Companies Index ETF	69.1350	63.6084	69.6386	63.8592	56.9444	58.5088
Vanguard MSCI Australian Small Companies Index ETF	58.8308	57.8067	59.8836	58.7576	49.1940	48.3937
Vanguard Australian Property Securities Index Fund - Wholesale Class	1.1100	0.9673	1.1406	1.0514	0.9185	0.8940
Vanguard Australian Property Securities Index Fund - ETF Class	92.2718	80.0540	94.8044	86.9107	75.8899	73.8895
Vanguard Australian Shares High Yield Fund - Wholesale Class	1.5883	1.5068	1.6041	1.6015	1.2991	1.4332
Vanguard Australian Shares High Yield Fund - ETF Class	62.3620	59.1239	62.9804	62.6624	50.9642	56.2180
Vanguard Australian Shares Index Fund - Wholesale Class	2.3867	2.2533	2.4076	2.2645	1.9693	2.0360
Vanguard Australian Shares Index Fund - ETF Class	84.5365	79.7735	85.2308	80.1040	69.7214	72.0030

Significant changes in state of affairs

Colin Kelton resigned as a Director of Vanguard Investments Australia Ltd on 4 September 2018.

Frank Kolimago was appointed as a Director of Vanguard Investments Australia Ltd on 4 September 2018.

Lucy Carr resigned as a Director of Vanguard Investments Australia Ltd on 1 March 2019.

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

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect:

- (i) the operations of the Funds in future financial years; or
- (ii) the results of those operations in future financial years; or
- (iii) the state of affairs of the Funds in future financial years.

Directors' report (continued)

Likely developments and expected results of operations

The Funds will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Funds and in accordance with the provisions of the Funds' Constitution.

The results of the Funds' operations will be affected by a number of factors, including the performance of investment markets in which the Funds invest. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Indemnity and insurance of officers and auditors

No insurance premiums were paid for out of the assets of the Funds in regards to insurance cover provided to either the officers of Vanguard Investments Australia Ltd or the auditors of the Funds. So long as the officers of Vanguard Investments Australia Ltd act in accordance with the Funds' Constitution and the Law, the officers remain indemnified out of the assets of the Funds against losses incurred while acting on behalf of the Funds. The auditors of the Funds are in no way indemnified out of the assets of the Funds.

Fees paid to and interests held in the Funds by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of the Funds' property during the year are disclosed in note 14 of the financial statements.

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

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

Interests in the Funds

The movement in units on issue in the Funds during the year is disclosed in note 9 of the financial statements.

The value of the Funds' assets and liabilities are disclosed on the balance sheet and derived using the basis set out in note 2 of the financial statements.

Environmental Regulation

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

Rounding of amounts to the nearest thousand dollars

Amounts in the directors' report have been rounded to the nearest thousand dollars in accordance with *ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191*, unless otherwise indicated.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 8.

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



F Kolimago
Managing Director
Melbourne
3 September 2019



Auditor's Independence Declaration for Vanguard Wholesale Domestic Equities Funds & ETFs:

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

As lead auditor for the audit of Vanguard Wholesale Domestic Equities Funds & ETFs for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been:

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

A handwritten signature in blue ink, appearing to read 'Britt Hawkins', with a long horizontal line extending to the right.

Britt Hawkins
Partner
PricewaterhouseCoopers

Melbourne
3 September 2019

Statements of comprehensive income

For the year ended 30 June 2019

	Notes	Vanguard MSCI Australian Large Companies Index ETF		Vanguard MSCI Australian Small Companies Index ETF		Vanguard Australian Property Securities Index Fund	
		30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Investment income							
Interest income		-	-	-	-	8	4
Dividend income		4,181	3,348	5,945	3,412	6,156	7,569
Distribution income		384	374	1,465	984	234,462	239,443
Net gains/(losses) on financial instruments at fair value through profit or loss	5	7,126	4,256	4,805	18,491	662,959	342,025
Other operating income		1	3	148	29	65	25
Total net investment income/(loss)		11,692	7,981	12,363	22,916	903,650	589,066
Expenses							
Responsible Entity's fees	14	165	155	655	406	11,540	10,891
Custody fees		3	4	34	28	17	21
Transaction costs		3	3	13	8	359	226
Other operating expenses		6	10	3	6	366	425
Total operating expenses		177	172	705	448	12,282	11,563
Operating profit/(loss)		11,515	7,809	11,658	22,468	891,368	577,503
Finance costs attributable to unitholders							
Distributions to unitholders	10	-	-	-	-	(330,742)	(398,249)
(Increase)/decrease in net assets attributable to unitholders	9	-	-	-	-	(560,626)	(179,254)
Profit/(loss) for the year		11,515	7,809	11,658	22,468	-	-
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the year		11,515	7,809	11,658	22,468	-	-

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

Statements of comprehensive income (continued)

For the year ended 30 June 2019

	Notes	Vanguard Australian Shares High Yield Fund		Vanguard Australian Shares Index Fund	
		30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Investment income					
Interest income		-	33	1,023	658
Dividend income		118,132	103,280	573,620	427,586
Distribution income		10,982	9,591	76,402	66,468
Net gains/(losses) on financial instruments at fair value through profit or loss	5	163,695	(62,562)	973,576	973,263
Other operating income		316	173	2,029	344
Total net investment income/(loss)		293,125	50,515	1,626,650	1,468,319
Expenses					
Responsible Entity's fees	14	6,288	6,076	22,952	19,840
Custody fees		20	26	103	103
Transaction costs		304	538	562	434
Other operating expenses		126	38	-	59
Total operating expenses		6,738	6,678	23,617	20,436
Operating profit/(loss)		286,387	43,837	1,603,033	1,447,883
Finance costs attributable to unitholders					
Distributions to unitholders	10	(125,787)	(157,582)	(631,472)	(534,217)
(Increase)/decrease in net assets attributable to unitholders	9	(160,600)	113,745	(971,561)	(913,666)
Profit/(loss) for the year		-	-	-	-
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	-	-

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

Balance sheets

As at 30 June 2019

		Vanguard MSCI Australian Large Companies Index ETF		Vanguard MSCI Australian Small Companies Index ETF		Vanguard Australian Property Securities Index Fund	
	Notes	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Assets							
Cash and cash equivalents	11	(31)	(580)	(80)	360	10,826	8,286
Margin accounts		14	-	52	-	10	169
Receivables		3	1	19	9	5,062	4,884
Accrued income		571	821	636	559	89,194	80,860
Due from brokers - receivable for securities sold		401	299	3,668	1,220	37,940	-
Financial assets at fair value through profit or loss	6	91,408	82,943	250,070	186,759	5,514,860	4,733,983
Total assets		92,366	83,484	254,365	188,907	5,657,892	4,828,182
Liabilities							
Margin accounts		-	-	-	1	580	-
Distribution payable	10	736	403	4,076	1,842	175,492	26,583
Payables		30	47	61	46	4,876	3,386
Due to brokers - payables for securities purchased		-	-	403	223	26,173	49,448
Financial liabilities at fair value through profit or loss	7	-	-	2	-	651	-
Total liabilities		766	450	4,542	2,112	207,772	79,417
Net assets attributable to unitholders (equity)*	9	91,600	83,034	249,823	186,795	-	-
Net assets attributable to unitholders (liability)	9	-	-	-	-	5,450,120	4,748,765

*Effective from 1 July 2017, Vanguard MSCI Australian Large Companies Index ETF and Vanguard MSCI Australian Small Companies Index ETF units have been reclassified from financial liability to equity. Refer note 9 for further details.

		Vanguard Australian Shares High Yield Fund		Vanguard Australian Shares Index Fund	
	Notes	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Assets					
Cash and cash equivalents	11	4,081	4,583	14,504	46,808
Margin accounts		866	915	7,778	7,167
Receivables		393	449	5,450	2,801
Accrued income		16,127	20,956	85,877	95,541
Due from brokers - receivable for securities sold		12,029	27,563	15,420	93,956
Financial assets at fair value through profit or loss	6	2,244,602	1,969,824	15,717,538	12,144,494
Total assets		2,278,098	2,024,290	15,846,567	12,390,767
Liabilities					
Margin accounts		-	-	160	-
Distribution payable	10	28,564	61,238	152,956	157,463
Payables		3,071	5,025	53,493	147,491
Due to brokers - payables for securities purchased		5,024	3,291	16,168	2,113
Financial liabilities at fair value through profit or loss	7	-	-	173	-
Total liabilities		36,659	69,554	222,950	307,067
Net assets attributable to unitholders (liability)	9	2,241,439	1,954,736	15,623,617	12,083,700

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

Statements of changes in equity

For the year ended 30 June 2019

	Notes	Vanguard MSCI Australian Large Companies Index ETF		Vanguard MSCI Australian Small Companies Index ETF		Vanguard Australian Property Securities Index Fund	
		30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Total equity at the beginning of the financial year		83,034	-	186,795	-	-	-
Reclassification due to AMIT tax regime implementation*	9	-	71,133	-	92,012	-	-
Comprehensive income for the year							
Profit/(loss) for the year		11,515	7,809	11,658	22,468	-	-
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the year		11,515	7,809	11,658	22,468	-	-
Transactions with unitholders							
Applications		2,646	7,321	61,491	75,049	-	-
Redemptions		(1,278)	-	(3,481)	-	-	-
Units issued upon reinvestment of distributions		242	174	721	510	-	-
Distributions paid and payable		(4,559)	(3,403)	(7,361)	(3,244)	-	-
Total transactions with unitholders		(2,949)	4,092	51,370	72,315	-	-
Total equity at the end of the financial year		91,600	83,034	249,823	186,795	-	-

*Effective from 1 July 2017, Vanguard MSCI Australian Large Companies Index ETF and Vanguard MSCI Australian Small Companies Index ETF units have been reclassified from financial liability to equity.

	Notes	Vanguard Australian Shares High Yield Fund		Vanguard Australian Shares Index Fund	
		30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Total equity at the beginning of the financial year		-	-	-	-
Reclassification due to AMIT tax regime implementation	9	-	-	-	-
Comprehensive income for the year					
Profit/(loss) for the year		-	-	-	-
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	-	-
Transactions with unitholders					
Applications		-	-	-	-
Redemptions		-	-	-	-
Units issued upon reinvestment of distributions		-	-	-	-
Distributions paid and payable		-	-	-	-
Total transactions with unitholders		-	-	-	-
Total equity at the end of the financial year		-	-	-	-

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

Statements of cash flows

For the year ended 30 June 2019

	Notes	Vanguard MSCI Australian Large Companies Index ETF		Vanguard MSCI Australian Small Companies Index ETF		Vanguard Australian Property Securities Index Fund	
		30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Cash flows from operating activities							
Proceeds from sale of financial instruments at fair value through profit or loss		9,574	5,093	42,819	23,491	699,413	1,273,243
Purchases of financial instruments at fair value through profit or loss		(10,580)	(12,538)	(103,599)	(98,736)	(877,170)	(941,811)
Transaction costs on purchases of financial instruments at fair value through profit or loss		(3)	(3)	(13)	(8)	(359)	(226)
Interest received		-	-	-	-	8	4
Dividends received		3,995	3,071	5,969	3,366	5,414	2,972
Distributions received		371	353	1,319	805	225,745	237,175
Other income received		1	4	148	29	65	142
Responsible Entity's fees paid		(176)	(126)	(639)	(384)	(11,386)	(10,936)
Operating expenses paid		(17)	(9)	(48)	(37)	(767)	(69)
Net cash inflow/(outflow) from operating activities	12(a)	3,165	(4,155)	(54,044)	(71,474)	40,963	560,494
Cash flows from financing activities							
Proceeds from applications by unitholders		2,646	7,321	61,491	75,049	835,077	908,237
Payments for redemptions by unitholders		(1,278)	-	(3,481)	-	(750,951)	(1,207,073)
Distributions paid from operating activities		(3,984)	(3,233)	(4,406)	(3,616)	(122,563)	(285,430)
Net cash inflow/(outflow) from financing activities		(2,616)	4,088	53,604	71,433	(38,437)	(584,266)
Net increase/(decrease) in cash and cash equivalents		549	(67)	(440)	(41)	2,526	(23,772)
Cash and cash equivalents at the beginning of the year		(580)	(513)	360	401	8,286	32,058
Effects of foreign currency exchange rate changes on cash and cash equivalents		-	-	-	-	14	-
Cash and cash equivalents at the end of the year	11	(31)	(580)	(80)	360	10,826	8,286
Non-cash financing activities	12(b)	242	174	721	510	59,270	147,679

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

Statements of cash flows (continued)

For the year ended 30 June 2019

	Notes	Vanguard Australian Shares High Yield Fund		Vanguard Australian Shares Index Fund	
		30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Cash flows from operating activities					
Proceeds from sale of financial instruments at fair value through profit or loss		703,552	872,614	610,633	1,233,701
Purchases of financial instruments at fair value through profit or loss		(786,559)	(1,198,179)	(3,069,363)	(2,196,354)
Transaction costs on purchases of financial instruments at fair value through profit or loss		(304)	(538)	(562)	(434)
Interest received		-	41	1,077	665
Dividends received		112,745	100,806	541,747	373,393
Distributions received		10,438	7,778	69,237	62,946
Other income received		316	488	2,029	589
Responsible Entity's fees paid		(6,633)	(5,053)	(22,515)	(19,597)
Operating expenses paid		(539)	-	(420)	(205)
Net cash inflow/(outflow) from operating activities	12(a)	33,016	(222,043)	(1,868,137)	(545,296)
Cash flows from financing activities					
Proceeds from applications by unitholders		246,236	426,391	3,233,326	2,540,515
Payments for redemptions by unitholders		(160,961)	(120,101)	(1,079,198)	(1,783,655)
Distributions paid from operating activities		(118,793)	(108,359)	(318,298)	(250,383)
Net cash inflow/(outflow) from financing activities		(33,518)	197,931	1,835,830	506,477
Net increase/(decrease) in cash and cash equivalents		(502)	(24,112)	(32,307)	(38,819)
Cash and cash equivalents at the beginning of the year		4,583	28,695	46,808	85,627
Effects of foreign currency exchange rate changes on cash and cash equivalents		-	-	3	-
Cash and cash equivalents at the end of the year	11	4,081	4,583	14,504	46,808
Non-cash financing activities	12(b)	39,668	36,082	317,681	284,869

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

Notes to the financial statements

For the year ended 30 June 2019

1 General information

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

- Vanguard MSCI Australian Large Companies Index ETF 17 December 2010
- Vanguard MSCI Australian Small Companies Index ETF 17 December 2010
- Vanguard Australian Property Securities Index Fund 10 December 1997
- Vanguard Australian Shares High Yield Fund 21 February 2000
- Vanguard Australian Shares Index Fund 6 December 1996

The Responsible Entity of the Vanguard Wholesale Domestic Equities Funds & ETFs is Vanguard Investments Australia Ltd (the “Responsible Entity”). The Responsible Entity’s registered office is Level 34, Freshwater Place, 2 Southbank Boulevard, Southbank Vic 3006.

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

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

The financial statements were authorised for issue by the directors on 3 September 2019. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated in the following text.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Accounting Standards Board and the *Corporations Act 2001* in Australia. The Funds are for-profit unit trusts for the purpose of preparing the financial statements.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The balance sheet is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All material balances are expected to be recovered or settled within twelve months, except for investments in financial assets at fair value through profit or loss and net assets attributable to unitholders. The amount expected to be recovered or settled within twelve months after the end of each reporting period cannot be reliably determined.

The Funds manage financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at balance date.

In the case of net assets attributable to unitholders, the units are redeemed on demand at the unitholder’s option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

(i) Compliance with International Financial Reporting Standards

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

Notes to the financial statements (continued)

For the year ended 30 June 2019

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(ii) New and amended standards adopted by the Funds

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

AASB 9 *Financial Instruments* became effective for annual periods beginning on or after 1 January 2018. It addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in AASB 139.

Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. AASB 9 also introduces a new expected credit loss (ECL) impairment model.

AASB 9 has been applied retrospectively by the Funds without the use of hindsight and it has determined that adoption did not result in a change to the classification or measurement of financial instruments in either the current or comparative period. The Funds have elected to restate the comparative period presented to comply with AASB 9. The Funds' investment portfolios continue to be classified as fair value through profit or loss. There was no material impact on adoption from the application of the new impairment model.

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

AASB 15 *Revenue from Contracts with Customers* became effective for annual periods beginning on or after 1 January 2018. The adoption of this standard did not have a material impact on the Fund's accounting policies nor the amounts recognised in the financial statements.

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2018 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

(iii) New standards, amendments and interpretations effective after 1 January 2019 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Funds.

(b) Financial instruments

(i) Classification

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

Equity securities and derivatives are measured at fair value through profit or loss.

(ii) Recognition/derecognition

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

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

Notes to the financial statements (continued)

For the year ended 30 June 2019

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(iii) Measurement

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

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

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

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(c) Net assets attributable to unitholders

Units are redeemable at the unitholders' option, however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders.

The units can be put back to the Funds at any time for cash based on the redemption price, which is equal to a proportionate share of the Funds' net asset value attributable to the unitholders.

The units are carried at the redemption amount that is payable at balance sheet date if the holder exercises the right to put the unit back to the Funds. This amount represents the expected cash flows on redemption of these units.

Units are classified as equity when they satisfy the following criteria under AASB 132 *Financial instruments: Presentation*:

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Fund's liquidation
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavorable conditions to the Fund, and it is not a contract settled in the Fund's own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

Effective from 1 July 2017, Vanguard MSCI Australian Large Companies Index ETF and Vanguard MSCI Australian Small Companies Index ETF units have been reclassified from financial liability to equity as they satisfied all the above criteria. Refer note 9 for further details.

(d) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

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

(e) Margin accounts

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

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

Notes to the financial statements (continued)

For the year ended 30 June 2019

2 Summary of significant accounting policies (continued)

(f) Investment income

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

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

(g) Expenses

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

(h) Income tax

Under current legislation, Funds that have elected into the AMIT tax regime are not subject to income tax provided they attribute the entirety of their taxable income to their unitholders.

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

(i) Distributions

Distributions are payable as set out in the Funds' Product Disclosure Statement and/or Funds' Constitution. Such distributions are recognised as payable when they are determined by the Responsible Entity of the Funds.

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

Income not distributed is included in net assets attributable to unitholders. Where the Funds' units are classified as liabilities, movements in net assets attributable to unitholders are recognised in the statement of comprehensive income as finance costs.

(k) Functional and presentation currency

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the statement of comprehensive income on a net basis within net gains/(losses) on financial instruments at fair value through profit or loss.

(l) Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Funds shall measure the loss allowance on amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Funds shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance.

Notes to the financial statements (continued)

For the year ended 30 June 2019

2 Summary of significant accounting policies (continued)

(m) Receivables and accrued income

Receivables may include amounts for dividends, interest and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in note 2(f) above. Amounts are generally received within 30 days of being recorded as receivables.

(n) Payables

Payables include liabilities and accrued expenses owing by the Funds which are unpaid as at the end of the reporting period.

As the Funds have a contractual obligation to distribute their distributable income, a separate distribution payable is recognised in the balance sheet as at the end of each reporting period where this amount remains unpaid as at the end of the reporting period.

(o) Applications and redemptions

Applications received for units in the Funds are recorded net of any entry fees payable prior to the issue of units in the Funds. Redemptions from the Funds are recorded gross of any exit fees payable after the cancellation of units redeemed.

(p) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Responsible Entity by third parties have been passed onto the Funds. The Funds qualify for Reduced Input Tax Credit recovery rate of between 55% and 100%, hence Responsible Entity's fees, custodial fees and other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the balance sheet. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

(q) Comparative revisions

Comparative information has been revised where appropriate to enhance comparability. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

(r) Use of estimates

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

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

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

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

Notes to the financial statements (continued)

For the year ended 30 June 2019

2 Summary of significant accounting policies (continued)

(s) Investment entity exception

AASB 10 *Consolidated Financial Statements* for investment entities includes an exception to the consolidation rules for those entities qualifying as “investment entities”. Subsidiaries of investment entities will be accounted for at fair value through profit or loss, in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*.

A parent entity will need to make an assessment of whether it meets the definition of an investment entity. An investment entity is defined as an entity that:

- (a) obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- (b) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- (c) measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Funds have multiple investments that they control. However, the Funds have determined that they are investment entities under the definition in AASB 10, as they meet the following criteria:

- (a) the Funds have obtained funds from unitholders for the purpose of providing them with investment management services;
- (b) the Funds’ business purpose, which is communicated directly to unitholders, is investing solely for returns from capital appreciation and investment income; and
- (c) the performance of investments made by the Funds are measured and evaluated on a fair value basis.

The Funds also meet all of the typical characteristics of an investment entity, including:

- (a) holding more than one investment;
- (b) having more than one investor;
- (c) having investors that are not related parties of the entity; and
- (d) having ownership interests in the form of equity or similar interests.

As the Funds measure all of their controlled entities at fair value through profit or loss, they only present separate financial statements.

(t) Securities lending arrangements

The Vanguard MSCI Australian Small Companies Index ETF, Vanguard Australian Property Securities Index Fund and Vanguard Australian Shares Index Fund have entered into securities lending arrangements under which legal title to some of the Funds’ assets may be transferred to another entity. The securities are loaned by JPM Chase Bank, N.A., Sydney Branch as agent of the Responsible Entity, to a limited number of pre-approved brokers and other financial institutions (the ‘Borrowers’). The Borrowers provide collateral against loans to an amount of 105% of the fair value of the loaned securities. The earnings on securities lending arrangements have been recognised in the statement of comprehensive income as other income. All securities lending revenue, with the exception of a minimal lending agent fee, are received directly into the Funds.

The risks and benefits of ownership of the loaned assets remain with the Funds, because the Funds continue to enjoy the risks and benefits of ownership, assets that have been loaned have not been derecognised (i.e. treated as having been sold). JPM Chase Bank, N.A., Sydney Branch, as lending agent, indemnifies the Funds for replacement of any loaned securities (or, in certain circumstances, return of equivalent cash value) due to a Borrower default on a security loan.

Details of all open transactions at year-end are disclosed in note 16.

(u) Rounding of amounts

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

Notes to the financial statements (continued)

For the year ended 30 June 2019

3 Financial risk management

The Funds' activities expose them to a variety of financial risks: market risk (i.e. price risk) and liquidity risk.

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

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

(a) Market risk

(i) Price risk

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

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

At 30 June, the fair value of equities and related derivatives exposed to price risk were as follows:

	Vanguard MSCI Australian Large Companies Index ETF		Vanguard MSCI Australian Small Companies Index ETF		Vanguard Australian Property Securities Index Fund	
	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Derivative assets	-	-	-	-	1	22
Equity securities	82,651	76,465	217,902	163,145	161,435	440,941
Listed unit trusts	8,757	6,478	32,168	23,614	5,308,420	4,293,020
Derivative liabilities	-	-	(2)	-	-	-
Net total	91,408	82,943	250,068	186,759	5,469,856	4,733,983

	Vanguard Australian Shares High Yield Fund		Vanguard Australian Shares Index Fund	
	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Derivative assets	1	2	-	-
Equity securities	2,019,627	1,766,349	13,804,039	10,835,669
Listed unit trusts	224,974	203,473	1,853,493	1,308,825
Derivative liabilities	-	-	(53)	-
Net total	2,244,602	1,969,824	15,657,479	12,144,494

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

(ii) Foreign exchange risk

Foreign exchange risk arises as a result of investments in financial instruments denominated in foreign currencies. Fluctuations in the value of Australian dollar and foreign currencies can affect the returns from overseas investments, as losses or gains must be converted to Australian Dollars.

The Funds have no significant direct exposure to foreign exchange risk.

Notes to the financial statements (continued)

For the year ended 30 June 2019

3 Financial risk management (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risk

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

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

(b) Summarised sensitivity analysis

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

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

	Impact on operating profit/(loss) and net assets attributable to unitholders									
	Vanguard MSCI Australian Large Companies Index ETF		Vanguard MSCI Australian Small Companies Index ETF		Vanguard Australian Property Securities Index Fund		Vanguard Australian Shares High Yield Fund		Vanguard Australian Shares Index Fund	
	Price risk		Price risk		Price risk		Price risk		Price risk	
	\$'000 Low	\$'000 High	\$'000 Low	\$'000 High	\$'000 Low	\$'000 High	\$'000 Low	\$'000 High	\$'000 Low	\$'000 High
30 Jun 2019	-3%	+4%	-3%	+4%	-4%	+5%	-3%	+4%	-3%	+4%
	(2,743)	3,656	(7,502)	10,003	(218,794)	273,493	(67,338)	89,784	(469,724)	626,300
30 Jun 2018	-3%	+4%	-3%	+4%	-4%	+5%	-3%	+4%	-3%	+4%
	(2,488)	3,318	(5,602)	7,471	(189,360)	236,699	(59,094)	78,793	(364,335)	485,780

(c) Credit risk

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

The Funds are exposed to counterparty credit risk on derivative financial instruments, cash and cash equivalents, amounts due from brokers and other receivables. The Funds have no significant direct exposure to credit risk.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets. There were no significant concentrations of credit risk to counterparties at 30 June 2019 or 30 June 2018.

(i) Derivatives

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

The Funds also restrict their exposure to credit losses on derivative instruments they hold by entering into master netting arrangements with counterparts with whom they undertake a significant volume of transactions. Master netting arrangements do not result in an offset of balance sheet assets and liabilities unless transactions are settled on a net basis. However, the credit risk associated with favourable contracts is reduced by master netting arrangements to the extent that if an event of default occurs, all amounts with the counterparty are closed and settled on a net basis. The Funds' overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangements. As at 30 June 2019, the Funds do not have outstanding netting arrangements that materially impact offsetting of financial assets and liabilities on the balance sheet. As a result, the financial assets and liabilities are presented on a gross basis.

Notes to the financial statements (continued)

For the year ended 30 June 2019

3 Financial risk management (continued)

(c) Credit risk (continued)

(i) Derivatives (continued)

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

(ii) Settlement of securities transactions

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

(iii) Cash and cash equivalents

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

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

(iv) Other

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

The clearing and depository operations for the Funds' security transactions are mainly concentrated with one counterparty, namely JP Morgan Chase & Co. JP Morgan Chase & Co is a member of a major securities exchange, and at 30 June 2019 had a credit rating of A-1 (30 June 2018: A-1). At 30 June 2019, substantially all cash and cash equivalents, balances due from brokers and investments are held in custody by JP Morgan Chase & Co.

(d) Liquidity risk

Liquidity risk is the risk that the Funds may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Funds are exposed to daily cash redemptions of redeemable units. The Funds primarily hold investments that are traded in active markets and can be readily disposed. The Funds' financial instruments include investments in equity investments and derivative contracts traded over-the-counter and on an exchange. The Funds' listed securities are considered to be readily realisable as they are all listed on major stock exchanges. The Funds may use futures to gain market exposure without investing directly in the securities. This allows the Funds to maintain liquidity without being under-invested in their respective investment policies. The derivatives are not used to leverage the Funds' portfolios.

The tables below analyses the Funds' financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period. The amounts in the table are contractual undiscounted cash flows.

Vanguard MSCI Australian Large Companies Index ETF										
	As at 30 Jun 2019					As at 30 Jun 2018				
	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000
Distribution payable	736	-	-	-	736	403	-	-	-	403
Payables	30	-	-	-	30	47	-	-	-	47
Total liabilities	766	-	-	-	766	450	-	-	-	450

Notes to the financial statements (continued)

For the year ended 30 June 2019

3 Financial risk management (continued)

(d) Liquidity risk (continued)

Vanguard MSCI Australian Small Companies Index ETF										
	As at 30 Jun 2019					As at 30 Jun 2018				
	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000
Financial liabilities at fair value through profit or loss	-	2	-	-	2	-	-	-	-	-
Margin accounts	-	-	-	-	-	1	-	-	-	1
Distribution payable	4,076	-	-	-	4,076	1,842	-	-	-	1,842
Payables	61	-	-	-	61	46	-	-	-	46
Due to brokers - payables for securities purchased	403	-	-	-	403	223	-	-	-	223
Total liabilities	4,540	2	-	-	4,542	2,112	-	-	-	2,112

Vanguard Australian Property Securities Index Fund										
	As at 30 Jun 2019					As at 30 Jun 2018				
	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000
Financial liabilities at fair value through profit or loss	-	-	651	-	651	-	-	-	-	-
Margin accounts	580	-	-	-	580	-	-	-	-	-
Distribution payable	175,492	-	-	-	175,492	26,583	-	-	-	26,583
Payables	4,876	-	-	-	4,876	3,386	-	-	-	3,386
Due to brokers - payables for securities purchased	26,173	-	-	-	26,173	49,448	-	-	-	49,448
Net assets attributable to unitholders	5,450,120	-	-	-	5,450,120	4,748,765	-	-	-	4,748,765
Total liabilities	5,657,241	-	651	-	5,657,892	4,828,182	-	-	-	4,828,182

Vanguard Australian Shares High Yield Fund										
	As at 30 Jun 2019					As at 30 Jun 2018				
	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000
Distribution payable	28,564	-	-	-	28,564	61,238	-	-	-	61,238
Payables	3,071	-	-	-	3,071	5,025	-	-	-	5,025
Due to brokers - payables for securities purchased	5,024	-	-	-	5,024	3,291	-	-	-	3,291
Net assets attributable to unitholders	2,241,439	-	-	-	2,241,439	1,954,736	-	-	-	1,954,736
Total liabilities	2,278,098	-	-	-	2,278,098	2,024,290	-	-	-	2,024,290

Vanguard Australian Shares Index Fund										
	As at 30 Jun 2019					As at 30 Jun 2018				
	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000
Financial liabilities at fair value through profit or loss	-	53	120	-	173	-	-	-	-	-
Margin accounts	160	-	-	-	160	-	-	-	-	-
Distribution payable	152,956	-	-	-	152,956	157,463	-	-	-	157,463
Payables	53,493	-	-	-	53,493	147,491	-	-	-	147,491
Due to brokers - payables for securities purchased	16,168	-	-	-	16,168	2,113	-	-	-	2,113
Net assets attributable to unitholders	15,623,617	-	-	-	15,623,617	12,083,700	-	-	-	12,083,700
Total liabilities	15,846,394	53	120	-	15,846,567	12,390,767	-	-	-	12,390,767

Notes to the financial statements (continued)

For the year ended 30 June 2019

4 Fair value measurement

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

- Financial assets / liabilities at fair value through profit or loss (FVPL) (see note 6)
- Derivative financial instruments (see note 8)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the financial statements (continued)

For the year ended 30 June 2019

4 Fair value measurement (continued)

Recognised fair value measurements

The following tables present the Funds' financial assets and liabilities (by asset class) measured at fair value according to the fair value hierarchy at 30 June 2019 and 30 June 2018.

Vanguard MSCI Australian Large Companies Index ETF								
	30 Jun 2019				30 Jun 2018			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss								
Equity securities	82,651	-	-	82,651	76,465	-	-	76,465
Listed unit trusts	8,757	-	-	8,757	6,478	-	-	6,478
Total	91,408	-	-	91,408	82,943	-	-	82,943

Vanguard MSCI Australian Small Companies Index ETF								
	30 Jun 2019				30 Jun 2018			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss								
Equity securities	217,902	-	-	217,902	163,093	52	-	163,145
Listed unit trusts	32,168	-	-	32,168	23,614	-	-	23,614
Total	250,070	-	-	250,070	186,707	52	-	186,759
Financial liabilities at fair value through profit or loss								
Derivatives	2	-	-	2	-	-	-	-
Total	2	-	-	2	-	-	-	-

Vanguard Australian Property Securities Index Fund								
	30 Jun 2019				30 Jun 2018			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss								
Derivatives	1	-	-	1	22	-	-	22
Equity securities	161,435	-	-	161,435	440,941	-	-	440,941
Listed unit trusts	5,308,420	-	-	5,308,420	4,293,020	-	-	4,293,020
Fixed interest securities*	-	45,004	-	45,004	-	-	-	-
Total	5,469,856	45,004	-	5,514,860	4,733,983	-	-	4,733,983
Financial liabilities at fair value through profit or loss								
Derivatives	-	651	-	651	-	-	-	-
Total	-	651	-	651	-	-	-	-

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

Vanguard Australian Shares High Yield Fund								
	30 Jun 2019				30 Jun 2018			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss								
Derivatives	1	-	-	1	2	-	-	2
Equity securities	2,019,627	-	-	2,019,627	1,766,349	-	-	1,766,349
Listed unit trusts	224,974	-	-	224,974	203,473	-	-	203,473
Total	2,244,602	-	-	2,244,602	1,969,824	-	-	1,969,824

Notes to the financial statements (continued)

For the year ended 30 June 2019

4 Fair value measurement (continued)

Recognised fair value measurements (continued)

	Vanguard Australian Shares Index Fund							
	30 Jun 2019				30 Jun 2018			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss								
Equity securities	13,804,039	-	-	13,804,039	10,835,047	622	-	10,835,669
Listed unit trusts	1,853,493	-	-	1,853,493	1,308,825	-	-	1,308,825
Fixed interest securities*	-	60,006	-	60,006	-	-	-	-
Total	15,657,532	60,006	-	15,717,538	12,143,872	622	-	12,144,494
Financial liabilities at fair value through profit or loss								
Derivatives	53	120	-	173	-	-	-	-
Total	53	120	-	173	-	-	-	-

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

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

Transfers between levels

There were no transfers between the levels of the fair value hierarchy for during the year ended 30 June 2019.

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

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

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

	Vanguard MSCI Australian Large Companies Index ETF		Vanguard MSCI Australian Small Companies Index ETF		Vanguard Australian Property Securities Index Fund	
	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Net unrealised gain/(loss) on financial instruments at fair value through profit or loss	6,946	4,197	2,923	17,864	568,624	422,871
Net realised gain/(loss) on financial instruments at fair value through profit or loss	180	59	1,882	627	94,335	(80,846)
Total net gains/(losses) on financial instruments at fair value through profit or loss	7,126	4,256	4,805	18,491	662,959	342,025

	Vanguard Australian Shares High Yield Fund		Vanguard Australian Shares Index Fund	
	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Net unrealised gain/(loss) on financial instruments at fair value through profit or loss	195,882	(104,733)	940,584	804,744
Net realised gain/(loss) on financial instruments at fair value through profit or loss	(32,187)	42,171	32,992	168,519
Total net gains/(losses) on financial instruments at fair value through profit or loss	163,695	(62,562)	973,576	973,263

Notes to the financial statements (continued)

For the year ended 30 June 2019

6 Financial assets at fair value through profit or loss

	Vanguard MSCI Australian Large Companies Index ETF		Vanguard MSCI Australian Small Companies Index ETF		Vanguard Australian Property Securities Index Fund	
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000
Financial assets at fair value through profit or loss						
Derivatives	-	-	-	-	1	22
Equity securities	82,651	76,465	217,902	163,145	161,435	440,941
Listed unit trusts	8,757	6,478	32,168	23,614	5,308,420	4,293,020
Fixed interest securities	-	-	-	-	45,004	-
Total financial assets at fair value through profit or loss	91,408	82,943	250,070	186,759	5,514,860	4,733,983
Comprising:						
Derivatives						
Australian share price futures	-	-	-	-	1	22
Total derivatives	-	-	-	-	1	22
Equity securities						
Australian equity securities	82,651	76,465	217,902	163,145	161,435	440,941
Total equity securities	82,651	76,465	217,902	163,145	161,435	440,941
Listed units trusts						
Australian listed trusts	8,757	6,478	32,168	23,614	5,308,420	4,293,020
Total listed units trusts	8,757	6,478	32,168	23,614	5,308,420	4,293,020
Fixed interest securities						
Australian fixed interest securities*	-	-	-	-	45,004	-
Total fixed interest securities	-	-	-	-	45,004	-
Total financial assets at fair value through profit or loss	91,408	82,943	250,070	186,759	5,514,860	4,733,983

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

Notes to the financial statements (continued)

For the year ended 30 June 2019

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

	Vanguard Australian Shares High Yield Fund		Vanguard Australian Shares Index Fund	
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000
Financial assets at fair value through profit or loss				
Derivatives	1	2	-	-
Equity securities	2,019,627	1,766,349	13,804,039	10,835,669
Listed unit trusts	224,974	203,473	1,853,493	1,308,825
Fixed interest securities	-	-	60,006	-
Total financial assets at fair value through profit or loss	2,244,602	1,969,824	15,717,538	12,144,494
Comprising:				
Derivatives				
Australian share price futures	1	2	-	-
Total derivatives	1	2	-	-
Equity securities				
Australian equity securities	2,019,627	1,766,349	13,804,039	10,835,669
Total equity securities	2,019,627	1,766,349	13,804,039	10,835,669
Listed units trusts				
Australian listed trusts	224,974	203,473	1,853,493	1,308,825
Total listed units trusts	224,974	203,473	1,853,493	1,308,825
Fixed interest securities				
Australian fixed interest securities*	-	-	60,006	-
Total fixed interest securities	-	-	60,006	-
Total financial assets at fair value through profit or loss	2,244,602	1,969,824	15,717,538	12,144,494

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

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

Notes to the financial statements (continued)

For the year ended 30 June 2019

7 Financial liabilities at fair value through profit or loss

	Vanguard MSCI Australian Small Companies Index ETF		Vanguard Australian Property Securities Index Fund		Vanguard Australian Shares Index Fund	
	30 Jun 2019 Fair value \$'000	30 Jun 2018 Fair value \$'000	30 Jun 2019 Fair value \$'000	30 Jun 2018 Fair value \$'000	30 Jun 2019 Fair value \$'000	30 Jun 2018 Fair value \$'000
Financial liabilities at fair value through profit or loss						
Derivatives	2	-	651	-	173	-
Total financial liabilities at fair value through profit or loss	2	-	651	-	173	-
Comprising:						
Derivatives						
Australian share price futures	2	-	-	-	53	-
Total return swaps	-	-	651	-	120	-
Total derivatives	2	-	651	-	173	-
Total financial liabilities at fair value through profit or loss	2	-	651	-	173	-

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

8 Derivative financial instruments

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

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

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

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

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

The Funds hold the following derivative instruments:

Futures

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

Swaps

A total return swap is an agreement between two parties to exchange the performance of an index or underlying investments at set intervals, on a notional principal amount, over an agreed time period. The fair value of a total return swap is the estimated amount that the Fund would receive or pay to terminate the swap at the balance sheet date, taking into account index or underlying investments and the current creditworthiness of the swap counterparties.

Notes to the financial statements (continued)

For the year ended 30 June 2019

8 Derivative financial instruments (continued)

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

	Vanguard MSCI Australian Small Companies Index ETF					
	2019			2018		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Australian share price index futures	328	-	2	-	-	-
Total	328	-	2	-	-	-

	Vanguard Australian Property Securities Index Fund					
	2019			2018		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Australian share price index futures	(1,640)	1	-	13,798	22	-
Total return swaps	38,909	-	651	-	-	-
Total	37,269	1	651	13,798	22	-

	Vanguard Australian Shares High Yield Fund					
	2019			2018		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Australian share price index futures	(1,476)	1	-	(1,844)	2	-
Total	(1,476)	1	-	(1,844)	2	-

	Vanguard Australian Shares Index Fund					
	2019			2018		
	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Fair value Assets \$'000	Liabilities \$'000
Australian share price index futures	8,527	-	53	-	-	-
Total return swaps	7,429	-	120	-	-	-
Total	15,956	-	173	-	-	-

Risk exposures and fair value measurements

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

9 Net assets attributable to unitholders

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

On 1 July 2017, the Funds have elected into the AMIT tax regime. The Funds' Constitution have been amended on the same date and they no longer have a contractual obligation to pay distributions to unitholders.

The impact of this for the Vanguard MSCI Australian Large Companies Index ETF and Vanguard MSCI Australian Small Companies Index ETF is that their net assets attributable to unitholders is no longer disclosed as a liability, but rather as equity. As a result of the reclassification, the Funds' distributions are no longer classified as finance cost in the statement of comprehensive income, but rather as distributions paid in the statement of changes in equity.

Notes to the financial statements (continued)

For the year ended 30 June 2019

9 Net assets attributable to unitholders (continued)

For the remaining Funds, their net assets attributable to unitholders remain disclosed as a liability as their multi-class structure means they have not met the strict criteria for recognition as equity, despite their election into the AMIT tax regime also.

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

	Vanguard MSCI Australian Large Companies Index ETF				Vanguard MSCI Australian Small Companies Index ETF			
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	No. '000	No. '000	\$'000	\$'000	No. '000	No. '000	\$'000	\$'000
Balance as at 1 July	1,312	1,189	83,034	71,133	3,266	1,876	186,795	92,012
Applications	40	120	2,646	7,321	1,101	1,380	61,491	75,049
Redemptions	(20)	-	(1,278)	-	(60)	-	(3,481)	-
Units issued upon reinvestment of distributions	4	3	242	174	14	10	721	510
Distributions paid and payable	-	-	(4,559)	(3,403)	-	-	(7,361)	(3,244)
Profit/(loss) for the year	-	-	11,515	7,809	-	-	11,658	22,468
Closing balance as at 30 June	1,336	1,312	91,600	83,034	4,321	3,266	249,823	186,795

	Vanguard Australian Property Securities Index Fund							
	Wholesale Class				ETF Class			
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	No. '000	No. '000	\$'000	\$'000	No. '000	No. '000	\$'000	\$'000
Balance as at 1 July	3,876,049	4,093,080	3,729,429	3,795,957	12,822	11,578	1,019,336	878,264
Applications	592,330	734,896	600,613	705,390	2,760	2,500	233,497	197,756
Redemptions	(743,845)	(1,097,273)	(744,830)	(1,045,219)	(100)	(1,380)	(7,821)	(110,316)
Units issued upon reinvestment of distributions	57,280	145,346	55,847	137,927	42	124	3,423	9,752
Increase/(decrease) in net assets attributable to unitholders	-	-	417,162	135,374	-	-	143,464	43,880
Closing balance as at 30 June	3,781,814	3,876,049	4,058,221	3,729,429	15,524	12,822	1,391,899	1,019,336

	Vanguard Australian Shares High Yield Fund							
	Wholesale Class				ETF Class			
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	No. '000	No. '000	\$'000	\$'000	No. '000	No. '000	\$'000	\$'000
Balance as at 1 July	628,170	583,232	917,658	900,684	18,106	13,671	1,037,078	829,110
Applications	108,453	105,940	153,846	164,380	1,640	4,320	92,245	261,374
Redemptions	(105,717)	(80,181)	(153,661)	(123,149)	(100)	-	(5,995)	-
Units issued upon reinvestment of distributions	21,884	19,179	31,585	29,225	142	115	8,083	6,857
Increase/(decrease) in net assets attributable to unitholders	-	-	74,381	(53,482)	-	-	86,219	(60,263)
Closing balance as at 30 June	652,790	628,170	1,023,809	917,658	19,788	18,106	1,217,630	1,037,078

	Vanguard Australian Shares Index Fund							
	Wholesale Class				ETF Class			
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	No. '000	No. '000	\$'000	\$'000	No. '000	No. '000	\$'000	\$'000
Balance as at 1 July	4,174,069	4,048,577	9,286,946	8,369,203	35,532	26,773	2,796,754	1,921,139
Applications	1,068,291	804,971	2,332,463	1,717,368	11,640	10,820	903,220	804,421
Redemptions	(392,963)	(810,614)	(870,127)	(1,755,165)	(1,520)	(2,220)	(114,881)	(171,801)
Units issued upon reinvestment of distributions	136,464	131,135	297,112	273,072	267	159	20,569	11,797
Increase/(decrease) in net assets attributable to unitholders	-	-	736,086	682,468	-	-	235,475	231,198
Closing balance as at 30 June	4,985,861	4,174,069	11,782,480	9,286,946	45,919	35,532	3,841,137	2,796,754

Notes to the financial statements (continued)

For the year ended 30 June 2019

9 Net assets attributable to unitholders (continued)

Each unit represents a right to an individual share in the Funds and does not extend to a right to the underlying assets of the Funds. The Vanguard MSCI Australian Large Companies Index ETF and Vanguard MSCI Australian Small Companies Index ETF have no separate classes of units and each unit has the same rights attaching to it as all other units of the Funds.

Capital risk management

The Funds consider their net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified either as a liability or equity. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Funds are subject to daily applications and redemptions at the discretion of unitholders.

Daily applications and redemptions are reviewed relative to the liquidity of the Funds' underlying assets on a daily basis by the Responsible Entity. Under the terms of the Funds' Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unitholders.

The Funds' investment strategy remains unchanged and the Funds continue to hold direct investments which provide exposure to liquid assets including equity securities, income securities, interest earnings and cash equivalent securities. As such, the Funds will meet any capital requirements from the liquidation of liquid assets, which include cash and cash equivalents.

10 Distributions to unitholders paid and payable

The distributions during the year were as follows:

	Vanguard MSCI Australian Large Companies Index ETF				Vanguard MSCI Australian Small Companies Index ETF			
	30 Jun 2019		30 Jun 2018		30 Jun 2019		30 Jun 2018	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 30 September	1,704	130.2622	1,459	119.0940	-	-	-	-
- 31 December	998	75.9222	764	58.2887	3,285	84.6858	1,402	57.3724
- 31 March	1,121	85.3421	777	59.2029	-	-	-	-
Distributions payable								
- 30 June	736	54.6282	403	30.3531	4,076	92.9279	1,842	55.3468
	4,559	346.1547	3,403	266.9387	7,361	177.6137	3,244	112.7192

	Vanguard Australian Property Securities Index Fund Wholesale Class				ETF Class			
	30 Jun 2019		30 Jun 2018		30 Jun 2019		30 Jun 2018	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 30 September	15,382	0.3955	21,621	0.5541	4,204	32.5028	5,442	44.9916
- 31 December	74,876	1.9914	10,872	0.2783	19,010	136.8657	1,970	15.5321
- 31 March	34,152	0.9034	52,360	1.3675	7,626	53.6533	14,423	114.9825
- 5 June (Special)	-	-	208,382	5.4509	-	-	56,596	448.9372
Distributions payable								
- 30 June	136,024	3.5968	19,665	0.5073	39,468	252.8131	6,918	52.6771
	260,434	6.8871	312,900	8.1581	70,308	475.8349	85,349	677.1205

Notes to the financial statements (continued)

For the year ended 30 June 2019

10 Distributions to unitholders paid and payable (continued)

	Vanguard Australian Shares High Yield Fund							
	Wholesale Class				ETF Class			
	30 Jun 2019 \$'000	CPU	30 Jun 2018 \$'000	CPU	30 Jun 2019 \$'000	CPU	30 Jun 2018 \$'000	CPU
Distributions paid								
- 30 September	21,807	3.4839	19,876	3.2799	24,800	137.2794	19,818	129.8604
- 31 December	10,551	1.5694	12,658	2.0440	12,009	62.5171	11,079	66.6263
- 31 March	12,944	1.9648	15,592	2.4697	15,112	78.4093	17,321	97.8598
Distributions payable								
- 30 June	12,949	1.9836	28,780	4.5815	15,615	78.5232	32,458	178.9028
	58,251	9.0017	76,906	12.3751	67,536	356.7290	80,676	473.2493

	Vanguard Australian Shares Index Fund							
	Wholesale Class				ETF Class			
	30 Jun 2019 \$'000	CPU	30 Jun 2018 \$'000	CPU	30 Jun 2019 \$'000	CPU	30 Jun 2018 \$'000	CPU
Distributions paid								
- 30 September	146,378	3.3068	132,671	3.2108	43,474	112.7434	33,184	100.8811
- 31 December	94,533	1.9798	82,279	1.9227	30,401	71.0611	23,240	68.0989
- 31 March	123,823	2.5492	82,705	1.8763	39,907	91.5933	22,675	66.5256
Distributions payable								
- 30 June	114,747	2.3015	121,026	2.8995	38,209	82.1362	36,437	101.7294
	479,481	10.1373	418,681	9.9093	151,991	357.5340	115,536	337.2350

11 Cash and cash equivalents

	Vanguard MSCI Australian Large Companies Index ETF		Vanguard MSCI Australian Small Companies Index ETF		Vanguard Australian Property Securities Index Fund	
	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Domestic cash at bank	(31)	(580)	(80)	360	10,824	8,286
Foreign cash at bank	-	-	-	-	2	-
Total cash and cash equivalents	(31)	(580)	(80)	360	10,826	8,286

	Vanguard Australian Shares High Yield Fund		Vanguard Australian Shares Index Fund	
	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Domestic cash at bank	4,081	4,583	14,504	46,808
Total cash and cash equivalents	4,081	4,583	14,504	46,808

Notes to the financial statements (continued)

For the year ended 30 June 2019

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

	Vanguard MSCI Australian Large Companies Index ETF		Vanguard MSCI Australian Small Companies Index ETF		Vanguard Australian Property Securities Index Fund	
	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities						
Profit/(loss) for the year	11,515	7,809	11,658	22,468	-	-
Increase/(decrease) in net assets attributable to unitholders	-	-	-	-	560,626	179,254
Distribution to unitholders	-	-	-	-	330,742	398,249
Proceeds from sale of financial instruments at fair value through profit or loss	9,574	5,093	42,819	23,491	699,413	1,273,243
Purchases of financial instruments at fair value through profit or loss	(10,580)	(12,538)	(103,599)	(98,736)	(877,170)	(941,811)
Net gains/(losses) on financial instruments at fair value through profit or loss	(7,126)	(4,256)	(4,805)	(18,491)	(662,959)	(342,025)
Net change in receivables	248	(109)	(87)	(229)	(9,479)	(1,645)
Net change in payables	(17)	34	15	23	(210)	332
Non-cash items	(449)	(188)	(45)	-	-	(5,103)
Net cash inflow/(outflow) from operating activities	3,165	(4,155)	(54,044)	(71,474)	40,963	560,494
(b) Non-cash financing activities						
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	242	174	721	510	59,270	147,679

	Vanguard Australian Shares High Yield Fund		Vanguard Australian Shares Index Fund	
	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities				
Profit/(loss) for the year	-	-	-	-
Increase/(decrease) in net assets attributable to unitholders	160,600	(113,745)	971,561	913,666
Distribution to unitholders	125,787	157,582	631,472	534,217
Proceeds from sale of financial instruments at fair value through profit or loss	703,552	872,614	610,633	1,233,701
Purchases of financial instruments at fair value through profit or loss	(786,559)	(1,198,179)	(3,069,363)	(2,196,354)
Net gains/(losses) on financial instruments at fair value through profit or loss	(163,695)	62,562	(973,576)	(973,263)
Net change in receivables	4,740	(4,227)	9,372	(11,025)
Net change in payables	(649)	1,350	192	488
Non-cash items	(10,760)	-	(48,428)	(46,726)
Net cash inflow/(outflow) from operating activities	33,016	(222,043)	(1,868,137)	(545,296)
(b) Non-cash financing activities				
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	39,668	36,082	317,681	284,869

Notes to the financial statements (continued)

For the year ended 30 June 2019

13 Remuneration of auditors

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

	Vanguard MSCI Australian Large Companies Index ETF		Vanguard MSCI Australian Small Companies Index ETF	
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	\$	\$	\$	\$
PricewaterhouseCoopers				
Audit and other assurance services				
Audit and review of financial statements	18,000	18,000	18,000	18,000
Audit of compliance plan and specified assertions report	3,589	3,433	3,589	3,433
Total remuneration for audit and other assurance services	21,589	21,433	21,589	21,433
Taxation services				
Tax compliance services	9,865	9,597	9,865	9,597
Total remuneration for taxation services	9,865	9,597	9,865	9,597
Total remuneration of PricewaterhouseCoopers	31,454	31,030	31,454	31,030

	Vanguard Australian Property Securities Index Fund		Vanguard Australian Shares High Yield Fund		Vanguard Australian Shares Index Fund	
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	\$	\$	\$	\$	\$	\$
PricewaterhouseCoopers						
Audit and other assurance services						
Audit and review of financial statements	19,000	19,000	19,000	19,000	19,000	19,000
Audit of compliance plan, specified assertions report and internal controls report	9,402	7,412	9,402	7,412	9,402	7,412
Total remuneration for audit and other assurance services	28,402	26,412	28,402	26,412	28,402	26,412
Taxation services						
Tax compliance services	9,865	9,597	9,865	9,597	9,865	9,597
Total remuneration for taxation services	9,865	9,597	9,865	9,597	9,865	9,597
Total remuneration of PricewaterhouseCoopers	38,267	36,009	38,267	36,009	38,267	36,009

14 Related party transactions

Responsible Entity

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

Key management personnel

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

J M Norris

C Kelton (Resigned 4 September 2018)

L Carr (Resigned 1 March 2019)

C Lui

J Platt

F Kolimago (Appointed 4 September 2018)

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

Notes to the financial statements (continued)

For the year ended 30 June 2019

14 Related party transactions (continued)

Transactions with key management personnel

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

Key management personnel unitholdings

The key management personnel of Vanguard Investments Australia Ltd (VIA) did not hold any units in the Funds during the financial year ended 30 June 2019.

Key management personnel remuneration

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

Key management personnel loan disclosures

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

Responsible Entity's fees and other transactions

During the year ended 30 June 2019, the Responsible Entity received an all-inclusive management fee (inclusive of GST, net of RITC available to the Funds) over the Funds' average net assets attributable to unitholders for the year as follows:

	Management costs	
	2019 % per annum	2018 % per annum
Vanguard MSCI Australian Large Companies Index ETF	0.20	0.20
Vanguard MSCI Australian Small Companies Index ETF	0.30	0.30
Vanguard Australian Property Securities Index Fund - Wholesale Class	0.23	0.23
Vanguard Australian Property Securities Index Fund - ETF Class	0.23	0.23
Vanguard Australian Shares High Yield Fund - Wholesale Class	0.38	0.38
Vanguard Australian Shares High Yield Fund - ETF Class	0.25	0.25
Vanguard Australian Shares Index Fund - Wholesale Class	0.18	0.18
Vanguard Australian Shares Index Fund - ETF Class	0.14	0.14

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the year and amounts payable at year-end between the Funds and the Responsible Entity are as follows:

	Vanguard MSCI Australian Large Companies Index ETF		Vanguard MSCI Australian Small Companies Index ETF		Vanguard Australian Property Securities Index Fund	
	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Responsible Entity's fees for the year	165	155	655	406	11,540	10,891
Total fees payable to the Responsible Entity at year end	29	40	61	45	1,050	896

	Vanguard Australian Shares High Yield Fund		Vanguard Australian Shares Index Fund	
	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Responsible Entity's fees for the year	6,288	6,076	22,952	19,840
Total fees payable to the Responsible Entity at year end	1,132	1,477	2,145	1,708

Notes to the financial statements (continued)

For the year ended 30 June 2019

14 Related party transactions (continued)

Related party unitholdings

Parties related to the Funds including the Responsible Entity, its affiliates or other schemes managed by the Responsible Entity held units in the Funds as follows:

30 Jun 2019 Unitholder	Vanguard Australian Property Securities Index Fund						
	Number of units held opening Units	Number of units held closing Units	Fair value of investments \$	Interest held at year end %	Number of units acquired Units	Number of units disposed Units	Distributions paid/payable by the Fund \$
Vanguard Index Australian Property Securities Fund	110,110,684	111,751,312	120,024,489	2.95	12,471,181	10,830,553	7,627,637
Vanguard Managed Payout Fund	280,979	437,884	470,302	0.01	270,159	113,254	28,213

30 Jun 2018 Unitholder	Vanguard Australian Property Securities Index Fund						
	Number of units held opening Units	Number of units held closing Units	Fair value of investments \$	Interest held at year end %	Number of units acquired Units	Number of units disposed Units	Distributions paid/payable by the Fund \$
Vanguard Index Australian Property Securities Fund	115,002,063	110,110,684	105,951,425	2.84	13,590,702	18,482,081	8,685,841
Vanguard LifeStrategy® Conservative Fund	614,921	-	-	-	7,560	622,481	-
Vanguard LifeStrategy® Balanced Fund	2,418,507	-	-	-	29,733	2,448,240	-
Vanguard LifeStrategy® Growth Fund	5,202,991	-	-	-	63,965	5,266,956	-
Vanguard LifeStrategy® High Growth Fund	6,468,125	-	-	-	79,518	6,547,643	-
Vanguard Conservative Index Fund	19,168,105	-	-	-	235,651	19,403,756	-
Vanguard Balanced Index Fund	58,082,200	-	-	-	714,056	58,796,256	-
Vanguard Growth Index Fund	66,943,181	-	-	-	822,992	67,766,173	-
Vanguard High Growth Index Fund	44,564,226	-	-	-	547,868	45,112,094	-
Vanguard Managed Payout Fund	2,357,672	280,979	270,365	0.01	380,633	2,457,326	72,602

30 Jun 2019 Unitholder	Vanguard Australian Shares High Yield Fund						
	Number of units held opening Units	Number of units held closing Units	Fair value of investments \$	Interest held at year end %	Number of units acquired Units	Number of units disposed Units	Distributions paid/payable by the Fund \$
Vanguard High Yield Australian Shares Fund	86,222,224	87,629,724	137,444,110	13.42	13,403,713	11,996,213	7,898,794

30 Jun 2018 Unitholder	Vanguard Australian Shares High Yield Fund						
	Number of units held opening Units	Number of units held closing Units	Fair value of investments \$	Interest held at year end %	Number of units acquired Units	Number of units disposed Units	Distributions paid/payable by the Fund \$
Vanguard High Yield Australian Shares Fund	83,051,783	86,222,224	125,969,353	13.73	15,576,592	12,406,151	10,682,973

Notes to the financial statements (continued)

For the year ended 30 June 2019

14 Related party transactions (continued)

Related party unitholdings (continued)

30 Jun 2019 Unitholder	Vanguard Australian Shares Index Fund						
	Number of units held opening Units	Number of units held closing Units	Fair value of investments \$	Interest held at year end %	Number of units acquired Units	Number of units disposed Units	Distributions paid/payable by the Fund \$
Vanguard Index Australian Shares Fund	239,223,739	253,739,656	599,760,725	5.09	31,763,767	17,247,850	25,723,579
Vanguard LifeStrategy® Conservative Fund	2,147,117	2,195,664	5,189,860	0.04	850,455	801,908	231,473
Vanguard LifeStrategy® Balanced Fund	10,156,602	11,228,453	26,540,530	0.23	2,522,282	1,450,431	1,146,745
Vanguard LifeStrategy® Growth Fund	22,916,208	26,549,935	62,755,694	0.53	4,682,367	1,048,640	2,638,888
Vanguard LifeStrategy® High Growth Fund	31,827,442	38,620,104	91,285,777	0.77	7,839,761	1,047,099	3,782,416
Vanguard Conservative Index Fund	77,526,253	98,844,308	233,636,851	1.98	25,657,491	4,339,436	9,399,693
Vanguard Balanced Index Fund	274,030,811	361,112,547	853,556,462	7.24	91,774,401	4,692,665	34,169,705
Vanguard Growth Index Fund	407,350,122	564,676,075	1,334,716,606	11.33	164,820,079	7,494,126	52,836,204
Vanguard High Growth Index Fund	293,404,053	400,080,347	945,664,085	8.02	116,313,031	9,636,737	37,581,774
Vanguard Managed Payout Fund	900,079	1,541,200	3,642,912	0.03	957,952	316,831	134,890

30 Jun 2018 Unitholder	Vanguard Australian Shares Index Fund						
	Number of units held opening Units	Number of units held closing Units	Fair value of investments \$	Interest held at year end %	Number of units acquired Units	Number of units disposed Units	Distributions paid/payable by the Fund \$
Vanguard Index Australian Shares Fund	240,098,775	239,223,739	532,106,627	5.73	25,955,370	26,830,406	24,049,543
Vanguard LifeStrategy® Conservative Fund	2,543,430	2,147,117	4,775,844	0.05	324,032	720,345	223,307
Vanguard LifeStrategy® Balanced Fund	10,758,186	10,156,602	22,591,383	0.24	1,625,209	2,226,793	1,020,802
Vanguard LifeStrategy® Growth Fund	24,443,960	22,916,208	50,972,643	0.55	2,927,382	4,455,134	2,283,773
Vanguard LifeStrategy® High Growth Fund	31,033,553	31,827,442	70,793,948	0.76	6,615,835	5,821,946	3,049,289
Vanguard Conservative Index Fund	76,135,144	77,526,253	172,442,053	1.86	15,204,024	13,812,915	7,605,713
Vanguard Balanced Index Fund	243,689,850	274,030,811	609,528,179	6.57	66,631,025	36,290,064	25,421,756
Vanguard Growth Index Fund	326,630,172	407,350,122	906,071,027	9.76	144,968,424	64,248,474	36,786,405
Vanguard High Growth Index Fund	220,194,336	293,404,053	652,620,185	7.03	122,023,365	48,813,648	26,018,820
Vanguard Managed Payout Fund	8,508,979	900,079	2,002,051	0.02	719,117	8,328,017	642,006

Investments

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

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

Other transactions within the Funds

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

15 Responsible Entity's fees

	Vanguard MSCI Australian Large Companies Index ETF		Vanguard MSCI Australian Small Companies Index ETF		Vanguard Australian Property Securities Index Fund			
	ETF Class		ETF Class		Wholesale Class		ETF Class	
	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Responsible Entity's fees incurred by the Funds	165	155	655	406	8,859	8,600	2,681	2,291
Management costs per annum	0.20%	0.20%	0.30%	0.30%	0.23%	0.23%	0.23%	0.23%

Notes to the financial statements (continued)

For the year ended 30 June 2019

15 Responsible Entity's fees (continued)

	Vanguard Australian Shares High Yield Fund				Vanguard Australian Shares Index Fund			
	Wholesale Class		ETF Class		Wholesale Class		ETF Class	
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Responsible Entity's fees incurred by the Funds	3,592	3,613	2,696	2,463	18,464	16,371	4,488	3,469
Management costs per annum	0.38%	0.38%	0.25%	0.25%	0.18%	0.18%	0.14%	0.14%

16 Securities Lending

At 30 June 2019, the aggregate amount of securities on loan by the Funds and the value of collateral held by the Funds in respect of these securities are set out below. There was no cash collateral received.

	Value of outstanding securities on loan \$'000	Value of collateral \$'000
Vanguard MSCI Australian Small Companies Index ETF	5,747	6,127
Vanguard Australian Property Securities Index Fund	46,063	48,852
Vanguard Australian Shares Index Fund	120,531	128,508

17 Events occurring after the reporting period

There are no significant events that have occurred since balance date which would impact on the financial position of the Funds as disclosed in the balance sheet as at 30 June 2019 or on the results and cash flows of the Funds for the year ended on that date.

18 Contingent assets, contingent liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2019 (2018: Nil).

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 9 to 40 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Funds' financial position as at 30 June 2019 and of their performance, as represented by the results of their operations for the financial year ended on that date.
- (b) there are reasonable grounds to believe that the Funds will be able to pay their debts as and when they become due and payable.
- (c) note 2(a) confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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



F Kolimago
Managing Director
Melbourne
3 September 2019



Independent auditor's report

To the unitholders of:

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

referred to collectively as Vanguard Wholesale Domestic Equities Funds & ETFs.

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Vanguard Wholesale Domestic Equities Funds & ETFs (the Funds) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Funds' financial positions as at 30 June 2019 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the balance sheets as at 30 June 2019
- the statements of comprehensive income for the year then ended
- the statements of changes in equity for the year then ended
- the statements of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

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

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

Independence

We are independent of the Funds in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical

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Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Funds, their accounting processes and controls and the industry in which they operate.



Materiality

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

Audit Scope

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



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit Committee.

Key audit matter	How our audit addressed the key audit matter
<p>Investments in financial assets and financial liabilities</p> <p><i>Refer to note 2 (Summary of significant accounting policies) and note 4 (Fair value measurement)</i></p> <p>At 30 June 2019, investments in financial assets and financial liabilities comprised primarily of investments in listed equity securities, listed unit trusts, listed property trusts and derivatives.</p> <p>Investments in financial assets and financial liabilities was a key audit matter because investments represent the principal element of the balance sheet. A discrepancy in the valuation or existence of investments could cause the net asset value to be materially misstated which would also impact the Funds' reported performance as the valuation of investments is the main driver of movements in the profit of the Funds.</p>	<p>To assess the design and operating effectiveness of the service providers' relevant controls, we:</p> <ul style="list-style-type: none">inspected the most recent reports provided to Vanguard Investments Australia Ltd (the Responsible Entity) by the service providers setting out the controls in place at that service provider, and that included an independent audit opinion over the design and operating effectiveness of those controls.developed an understanding of the control objectives and associated control activities, and evaluated the results of the tests undertaken and the conclusions formed by the auditor on the design and operating effectiveness of controls, to the extent relevant to our audit of the Funds. <p>We obtained an independent audit report from the third party service provider's auditors on the valuation and existence of the Funds' investments as at balance date. We compared the number and value of the investments at 30 June 2019 as recorded in the Funds' financial report and underlying accounting records to this report.</p>

Other information

The directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors of the Responsible Entity for the financial report

The directors of the Responsible Entity of the Funds are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors of the Responsible Entity determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors of the Responsible Entity are responsible for assessing the ability of the Funds to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Responsible Entity either intends to liquidate the Funds or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

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A blue ink signature of Britt Hawkins, written in a cursive style.

Britt Hawkins
Partner

Melbourne
3 September 2019

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Responsible Entity

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