

# Product Disclosure Statement update

for the Vanguard® Exchange Traded Funds (ETF)

28 June 2024

Vanguard Investments Australia Ltd has released a Product Disclosure Statement (PDS) update for the Vanguard ETF:

ETF	ASX CODE	ANNOUNCEMENT
Vanguard Global Infrastructure Index ETF	VBLD	Product Disclosure Statement update

The Product Disclosure Statement dated 28 June 2024 is attached and available on the Vanguard Website.

If you do not have access to the internet, please contact Vanguard Client Services on 1300 655 888. A paper copy will be provided free of charge on request.

## Further Information

If you have any queries on Vanguard ETFs, please visit [vanguard.com.au](http://vanguard.com.au)

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

Past performance information is given for illustrative purposes only and should not be relied upon as, and is not, an indication of future performance. In preparing the information, individual circumstances, for example tax implications, have not been taken into account and it may, therefore, not be applicable to an individual's situation. Before making an investment decision, you should consider your circumstances and whether the above information is applicable to your situation

Vanguard ETFs will only be issued to Authorised Participants. That is, persons who have entered into an Authorised Participant Agreement with Vanguard ("Eligible Investors"). Retail investors can transact in Vanguard ETFs through Vanguard Personal Investor, a stockbroker or financial adviser on the secondary market.

Investors should consider the Product Disclosure Statement ("PDS") in deciding whether to acquire Vanguard ETFs. Retail investors can only use the PDS for informational purposes. A copy of the Target Market Determinations (TMD) for Vanguard's financial products can be obtained at [vanguard.com.au](http://vanguard.com.au) free of charge and include a description of who the financial product is appropriate for. You should refer to the TMD of this ETF before making any investment decisions. You can access our disclosure documents at [vanguard.com.au](http://vanguard.com.au) or by calling 1300 655 101. This publication was prepared in good faith and we accept no liability for any errors or omission

# Vanguard Global Infrastructure Index ETF

## (ASX code: VBLD)

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### Important information

Investment in the ETF is subject to risk (refer to section 'Risks'), which may include possible delays in repayment and loss of income and capital invested.

Vanguard or any of its related entities or associates may invest in, lend to or provide services to the ETF. Vanguard may also invest in, lend to, or provide services to funds or accounts owned or managed by its related entities or clients who have appointed Vanguard as investment manager.

The allocation of aggregated investments amongst various funds and accounts will be conducted by Vanguard and its related entities in accordance with appropriate policies and procedures to manage any conflicts of interest.

The Vanguard Group, Inc. and its subsidiaries, including Vanguard, comprise the Vanguard Group of entities. None of The Vanguard Group, Inc., Vanguard Investments Australia Ltd, nor their related entities, directors or officers gives any guarantee or assurance as to the performance of, or the repayment of capital or income invested in, the ETF described in this PDS. This PDS is prepared for general information only. It is not intended to be a recommendation by Vanguard, any of Vanguard's associates or any other person to invest in the ETF. In preparing this PDS, Vanguard did not take into account the investment objectives, financial situation or particular needs of any particular person. Before making an investment decision, investors need to consider (with or without the advice or assistance of an adviser) whether investment in an ETF is appropriate to their needs, objectives and circumstances.

Vanguard has sufficient working capital to enable it to operate the ETF as outlined in this PDS.

If you would like to request a printed copy of this PDS, or any of the other important information that forms part of this PDS, please contact us.

### Important Notices

#### Authorised Participants

Please note that the offer in this Product Disclosure Statement (PDS) is for entities who have entered into an Authorised Participant agreement with Vanguard. For that reason, certain sections of this PDS (particularly those relating to applications for and redemptions of ETF units) are of direct relevance to such persons only.

#### All other investors

Other investors cannot invest through this PDS directly, but can transact in the Vanguard ETF through a stockbroker, financial adviser or through Vanguard's retail investment platform, Vanguard Personal Investor. Other investors can use this PDS for informational purposes only. For further details on Vanguard ETFs please contact a stockbroker or financial adviser or visit [www.vanguard.com.au](http://www.vanguard.com.au).

This PDS does not constitute an offer or invitation in any jurisdiction other than in Australia. For the avoidance of doubt, ETF units are not intended to be sold to US Persons as defined under Regulation S of the US federal securities laws.

This PDS is not a contract – it has been prepared to help you make a fully informed decision about whether the relevant product is right for you.

At the time of lodgement of this PDS with ASIC (being the date of this PDS), the ETF units have been admitted to Trading Status on the ASX and the ETF units are able to be traded on the market in the same way as other securities traded on the ASX (refer to the section 'Quotation under the AQUA Rules of the ASX' for further details).

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## About this PDS

Vanguard Investments Australia Ltd ABN 72 072 881 086 AFSL 227263 (**Vanguard, we, us, our** or **responsible entity**) is the issuer of this PDS and is solely responsible for its contents.

This PDS dated 28 June 2024 is for the Vanguard Global Infrastructure Index ETF, being the ETF class of units in the Vanguard Global Infrastructure Index Fund ARSN 128 385 277 quoted under the AQUA Rules of the ASX.

Unless otherwise stated in this PDS, or the context requires otherwise, references to the 'Fund' in this PDS is a reference to the Vanguard Global Infrastructure Index Fund, and references to 'ETF' or 'ETF units' refers to the class of units of the Fund quoted under the AQUA Rules of the ASX.

Under the Constitution of the Fund (**Constitution**), Vanguard is permitted to establish different classes of units and may create additional classes of units in the Fund in the future. This PDS contains a summary of the significant information relating to an investment in the ETF, which is a class of units in the Fund. All rights and entitlements of a unit referred to in this PDS relate to the assets, liabilities and other amounts referable to the ETF class of units in the Fund. No other funds, trusts or class of units is offered under this PDS.

A copy of this PDS has been lodged with both the Australian Securities and Investments Commission (**ASIC**) and the Australian Securities Exchange Ltd (**ASX**). Neither ASIC nor the ASX take any responsibility for the contents of this PDS.

## Obtaining the latest PDS

A copy of the latest PDS for the ETF is available on Vanguard's website at [www.vanguard.com.au](http://www.vanguard.com.au). If you do not have access to the internet, please contact us. A paper copy will be provided free of charge on request.

Unless otherwise stated, data sources used by Vanguard are public or licensed market data, and all material is current as at the date of this PDS.

The offer to which this PDS relates is available to Authorised Participants receiving the PDS (electronically or otherwise) in Australia as well as approved offshore Authorised Participants.

**Information that is not materially adverse information is subject to change from time to time and may be updated by Vanguard by publishing such information on the Vanguard website at [www.vanguard.com.au](http://www.vanguard.com.au). A paper copy of any updated information will be provided free of charge on request.**

## Information available from Vanguard

Vanguard is subject to regular reporting and disclosure obligations in its capacity as responsible entity of the Fund and issuer of the ETF.

The following information can be obtained free of charge from Vanguard by visiting Vanguard's website at [www.vanguard.com.au](http://www.vanguard.com.au) or, on application, by contacting us:

- details of the Net Asset Value (**NAV**) for the ETF - available monthly
- details of the NAV price per unit for the ETF - available daily
- Pricing Basket - available daily
- Vanguard's unit pricing discretions policy (available on request at no cost by contacting the Vanguard ETF Capital Markets Team)
- the latest copy of this PDS
- details of any continuous disclosure notices given by Vanguard to ASIC and/or the ASX
- details of distribution announcements given by Vanguard to the ASX via the ASX Market Announcements Platform (**ASX MAP**)
- annual reports and financial statements for the Fund
- half-yearly financial reports announced by Vanguard via ASX MAP
- total number of ETF securities on issue – available monthly via ASX MAP
- details of the ETF Distribution Reinvestment Plan
- information about distributions for the ETF.

# 1. About Vanguard

Vanguard is a wholly owned subsidiary of The Vanguard Group, Inc. (VGI). With nearly AUD \$14 trillion in assets under management globally as of 31 May 2024, including AUD \$4.2 trillion in ETFs, VGI is one of the world’s largest global investment management companies. In Australia, Vanguard has been serving financial advisers, retail clients and institutional investors for over 25 years.

# 2. About the Vanguard Global Infrastructure Index ETF

Strategic asset allocation*	Global infrastructure securities 100%
Minimum suggested investment timeframe	7 years
Summary risk level	High: The potential for higher returns than lower risk investments, however there is the higher potential for below average returns and/or loss of capital.
Who it may suit	Buy and hold investors seeking capital growth and regular income via exposure to a diversified portfolio of global infrastructure securities and who have a higher tolerance for the risks associated with investing in the share market (including higher volatility and the potential for losses).

\* This is the targeted strategic asset allocation. In addition, cash or cash-equivalent instruments and derivatives may be held (directly or through investing in a Vanguard fund) for the purposes of managing liquidity, market exposure or where it is in the Fund’s best interest to do so.

## Fund description, investment strategy and investment return objective

This ETF is a class of the Vanguard Global Infrastructure Index Fund which seeks to track the return of the FTSE Developed Core Infrastructure Index (with net dividends reinvested) in Australian dollars, before taking into account fees, expenses and tax.

The Fund will hold or be exposed to most of the securities in the Index, allowing for individual security weightings to vary from the index from time to time. The Fund may invest in, or be exposed to, securities that have been removed from or are expected to be included in the Index. The Fund may also hold or be exposed to securities that are not in the Index where we identify opportunities to gain exposure to securities currently or expected to be included in the Index, where we consider that to be in the interests of unitholders or where we are unable to invest in the index security due to restrictions in the relevant markets.

The Fund may also use derivative financial instruments (derivatives) including futures traded on a licensed exchange and OTC derivatives for the purposes of maintaining Fund liquidity, managing market exposure or where Vanguard considers it is in the Fund’s best interest to do so. The Fund will be fully exposed to the fluctuating values of foreign currencies, as there will not be any hedging of foreign currencies to the Australian dollar. The use of OTC derivatives will generally not exceed 5% of the net asset value of the Fund, other than temporarily and in exceptional circumstances. It is not our intention to use derivatives or other investment strategies to leverage the assets of the Fund. However, from time to time there may be circumstances, for example due to market movement, where the Fund is leveraged.

The Fund may engage in securities lending which is a common practice where holders of securities make short term loans of shares in return for a fee, to incrementally increase returns to investors.

### Index information

The FTSE Developed Core Infrastructure Index comprises securities in developed countries that own, manage or operate structures or networks, which are used for the processing or movement of goods, services, information/data, people, energy and necessities. For companies to be included in the Index, at least 65% of their revenues must be attributable to businesses/activities within the 3 core infrastructure sectors (transportation, energy and telecommunications).

The Listed Alternative Investments (LPX) Group determines semi-annually, the proportion of company revenue deriving from infrastructure core or related activities ahead of index rebalancing. Index rebalancing occurs semi-annually in March and September.

FTSE International Limited (FTSE) is the index provider of the FTSE Developed Core Infrastructure Index. For further information regarding the benchmark index values, returns and methodology, please refer to FTSE website at <https://www.ftserussell.com/>. The FTSE Developed Core Infrastructure Index was not created by, and is not managed by, a related body corporate of Vanguard.

# 3. Additional information about the ETF

## Cash and liquidity management

To manage day-to-day transaction requirements such as investor withdrawals and collateral requirements, the Fund may maintain a variable balance of cash. To effectively manage this cash, the Fund may invest in (directly or through another Vanguard Fund) cash equivalent instruments that aim to preserve capital and provide liquidity.

Cash equivalent instruments include, but are not limited to, high quality short-term money market instruments and short-dated debt securities such as government issued securities, government-related issued securities, repurchase agreements, and reverse repurchase agreements where government securities, government-related securities, semi-government securities or other securities may be received or provided as collateral for the term of the agreement.

## Derivative financial instruments

A Fund may use derivative financial instruments (derivatives) including foreign exchange forwards, futures traded on a licensed exchange and OTC derivatives for the purposes of maintaining Fund liquidity, managing market exposure or where Vanguard considers it is in the Fund’s best interest to do so. It is not our intention to use derivatives or other investment strategies to leverage the assets of the Fund, however from time to time there may be circumstances, for example due to market movement, where the Fund is leveraged. The use of OTC derivatives, other than for currency hedging purposes, will generally not exceed 5% of the net asset value of a Fund, other than temporarily and in exceptional circumstances. The eligible group of counterparties that a Fund may enter into derivative contracts with, will be determined in accordance with the relevant Vanguard global policies and documents. Under the derivative contract, Vanguard or the counterparty may or may not be required to post collateral. If

provided, the collateral may include government bonds, semi-government bonds, cash or such other collateral determined by Vanguard. If provided, such collateral may not fall within the Fund's investment strategy and investment return objective and such collateral may be insufficient or unable to address any default by a counterparty of its obligations under a derivative contract. There is a risk that in the event of a failure of a counterparty to meet its obligations under a derivative contract, the Fund may incur a loss.

## **Borrowings**

Vanguard is empowered by the Constitution to borrow or raise money for the Fund. Where the Fund borrows, it will typically be for short term needs on a secured or unsecured basis. Fund assets may be used as security to support borrowings and other fund transactions. Any borrowing costs are to be borne by the Fund. It is not currently Vanguard's intention to borrow for the purposes of gearing.

## **Securities lending**

The Fund may engage in securities lending. Securities lending is a common practice where holders of securities make short term loans of shares in return for a fee, to incrementally increase returns to investors. For the Fund, we employ a value-oriented approach to securities lending which seeks to capture a scarcity premium by lending hard-to-borrow securities or 'specials'. Due to the higher fees charged per loan, higher returns can be generated with a lower level of securities lent. This is a more conservative approach that generally results in only a small percentage of the Fund's securities being lent. This amount will generally be capped at a maximum of 7.5% of the NAV of the relevant Fund.

We have appointed an external agent lender to facilitate the lending of securities on behalf of the Fund to a select group of borrowers (banks and broker-dealers). This group of borrowers has been pre-approved in accordance with Vanguard's Global Securities Lending credit policies and limits.

Under these securities lending arrangements, a borrower is required to post collateral of at least 102% of the value of securities lent. Additionally, all loans are marked-to market daily. Depending on the arrangement, collateral may be either in the form of high-grade sovereign debt securities or cash. Where cash collateral is provided, the agent lender may invest that cash collateral in repurchase agreements which are short term (normally overnight), low risk, collateralised loans. The cash collateral is provided to an approved borrower in exchange for a basket of high-grade sovereign debt securities, which the borrower 'repurchases' for a slightly higher amount at a later date (normally the next day). Repurchase agreements are common investment products for investing securities lending cash collateral.

All revenue generated from the securities lending program is returned to the Fund, less agent lender fees. We do not retain any portion of the revenue generated from the securities lending program. The agent lender fees are reflected in the Fund expense recoveries (see section 'Fees and Other Costs').

## **Reverse repurchase agreements**

The Fund may enter into reverse repurchase agreements with third party counterparties. Under these reverse repurchase agreements, the Fund will lend surplus cash to a counterparty and the cash loan will be secured with the counterparty providing certain collateral to the Fund. In addition to the repayment of the loan principal, the loan of cash by the Fund will cause interest to be payable to the Fund by the counterparty with the intention to incrementally

increase returns to the Fund's investors relative to holding surplus cash. The eligible group of counterparty borrowers that the Fund will enter into reverse repurchase agreements will be determined in accordance with the relevant Vanguard policies and documents. The collateral provided to the Fund by the borrower may be in the form of government bonds, semi-government bonds, other securities determined by Vanguard and/or cash. Such collateral may not fall within the Fund's investment strategy and investment return objective and such collateral may be insufficient or unable to address any default by a counterparty of its obligations under a reverse repurchase agreement. There is a risk that in the event of a failure of a counterparty to meet its obligations under a reverse repurchase agreement that the Fund may incur a loss.

## **Performance**

Monthly performance information for the ETF and historical performance relative to the relevant composite benchmark will be published on Vanguard's website at [www.vanguard.com.au](http://www.vanguard.com.au). Neither the return of capital nor the performance of the ETF is guaranteed. Past performance is not an indication of future returns.

The market price of the ETF units on the Secondary Market will generally vary from the NAV price of the ETF units. There can be a number of factors influencing the current market price and causing it to differ from the NAV price including the price movement of the securities held by the ETF, investor demand for the ETF and the spread between the bid price (price at which participants are willing to buy) and the ask price (price at which participants are willing to sell).

## **Changes to investment objective and strategy**

Vanguard may from time to time vary the investment strategy of a Fund, including by changing the target index chosen for a Fund. Vanguard will notify investors of any such changes.

## **Labour standards and environmental, social and ethical considerations**

The Fund does not seek to implement a specific Environmental Social and Governance (ESG) strategy and is not designed for investors who wish to screen out particular types of companies or investments or are looking for funds that meet specific environmental, social, ethical and governance goals. The Fund is not marketed as an ESG product in Australia. Vanguard does not take into account labour standards or environmental, social or ethical considerations when selecting, retaining or realising investments in the Fund.

## **Investment stewardship**

Vanguard's investment stewardship activities promote corporate governance practices associated with long-term investment returns for our investors. Vanguard's Investment Stewardship Team may engage with companies our Funds invest in to better understand how they are addressing material risks, including environmental, social, or governance risks. Vanguard's Investment Stewardship Team also administers proxy voting in listed companies in which Vanguard-advised funds have an economic interest. Vanguard's proxy voting policies provide a framework for assessing each proposal and seeks to ensure that each vote is cast in the best interests of each fund.

For more information on Vanguard's investment stewardship activities and proxy voting policies, please visit our website at [vanguard.com.au/adviser/about-us/investment-stewardship/reports-and-policies](http://vanguard.com.au/adviser/about-us/investment-stewardship/reports-and-policies).



## 4. Quotation under the AQUA Rules of the ASX

The AQUA market service aims to provide managed funds, exchange traded funds and structured products with a more tailored framework for the quoting of these products on the ASX market and access to back office clearing and settlement.

The key distinction between products admitted under the ASX Listing Rules and those quoted under the ASX AQUA Rules (**AQUA Products**) is the level of influence that the issuer has over the underlying instrument. See table below for the main differences between the ASX Listing Rules and the ASX AQUA Rules.

ASX Listing Rules	ASX AQUA Rules
<p>The equity issuer:</p> <ul style="list-style-type: none"> <li>Controls the value of its own securities and the business it runs; and</li> <li>The value of those securities is directly influenced by the equity issuer's performance and conduct.</li> </ul> <p>For example, a company's management and Board generally control the company's business and, therefore, have direct influence over the company's share price.</p>	<p>The AQUA Product issuer:</p> <ul style="list-style-type: none"> <li>Does not control the value of the assets underlying its products but;</li> <li>Offers products that give investors exposure to the underlying assets - such as shares, indices, currencies or commodities.</li> </ul> <p>The value (or price) of products quoted under the AQUA Rules is dependent upon the performance of the underlying assets rather than the financial performance of the issuer itself.</p> <p>For example, an exchange traded product issuer does not control the value of the securities it invests in.</p>

Source: ASX Rules Framework (2011)

The following information highlights the key differences between the effect of listing under the ASX Listing Rules and quotation under the AQUA Rules.

Information	ASX Listing Rules	ASX AQUA Rules
Continuous disclosure	<ul style="list-style-type: none"> <li>Issuers of products under the ASX Listing Rules are subject to the continuous disclosure requirements under ASX Listing Rule 3.1 and section 674 of the Corporations Act</li> </ul>	<ul style="list-style-type: none"> <li>Issuers of products quoted under the AQUA Rules are not subject to the continuous disclosure requirements under Listing Rule 3.1 and section 674 of the Corporations Act.</li> <li>There is a requirement under the AQUA Rules that an issuer of a product quoted under the AQUA Rules provide the ASX with any information that the non-disclosure of which may lead to the establishment of a false market in its products or would materially affect the price of its products.</li> </ul> <p>What obligations apply under the AQUA Rules?</p> <ul style="list-style-type: none"> <li>There is an obligation on issuers of exchange traded funds to disclose information about the NAV of the exchange traded funds daily via either the ASX MAP or issuer's website (as specified in the relevant Product Disclosure Statement).</li> <li>Issuers of exchange traded funds must also disclose information about dividends, distributions and other disbursements to the ASX via ASX MAP.</li> <li>Any other information that is required to be disclosed to ASIC under section 675 of the Corporations Act must be disclosed to the ASX via ASX MAP at the same time it is disclosed to ASIC.</li> </ul>
Periodic disclosure	<ul style="list-style-type: none"> <li>Issuers of products under the ASX Listing Rules are required to disclose half yearly and annual financial information or annual reports under Chapter 4 of the Listing Rules.</li> </ul>	<ul style="list-style-type: none"> <li>Responsible entities of AQUA Products that are exchange traded funds are still required to lodge with ASIC financial reports under Chapter 2M of the Corporations Act. Under the AQUA Rules, the responsible entity must disclose these financial reports to the ASX at the same time as lodgement with ASIC.</li> <li>Issuers of exchange traded funds must disclose the total number of exchange traded funds securities on issue via ASX MAP within 5 business days of the end of each month.</li> </ul>
Corporate control	<ul style="list-style-type: none"> <li>Requirements in the Corporations Act and the ASX Listing Rules in relation to matters such as takeover bids, share buy-backs, change of capital, new issues, restricted securities, disclosure of directors' interests and substantial shareholdings apply to companies and listed schemes.</li> </ul>	<ul style="list-style-type: none"> <li>Certain requirements in the Corporations Act and the Listing Rules in relation to matters such as takeover bids, buy-backs, change of capital, new issues, restricted securities, disclosure of directors' interests and substantial shareholdings that apply to companies and listed schemes do not apply to products quoted under the AQUA Rules.</li> <li>Issuers of products quoted under the AQUA Rules are subject to the general requirement to provide the ASX with any information concerning itself the non-disclosure of which may lead to the establishment of a false market or materially affect the price of its products.</li> </ul>

Information	ASX Listing Rules	ASX AQUA Rules
<b>Related party transactions</b>	<ul style="list-style-type: none"> <li>Chapter 10 of the ASX Listing Rules, which relates to transactions between an entity and persons in a position to influence the entity, specifies controls over related party transactions.</li> </ul>	<ul style="list-style-type: none"> <li>Chapter 10 of the ASX Listing Rules does not apply to AQUA Products. AQUA Products that are registered managed investment schemes are subject to Chapter 2E and Part 5C.7 of the Corporations Act.</li> </ul>
<b>Auditor rotation obligations</b>	<ul style="list-style-type: none"> <li>There are specific requirements in relation to auditor rotation under Part 2M.4 Division 5 of the Corporations Act.</li> </ul>	<ul style="list-style-type: none"> <li>Issuers of products quoted under the AQUA Rules are not subject to the requirements under Part 2M.4 Division 5 of the Corporations Act.</li> <li>Responsible entities of registered managed investment schemes will continue to be required to undertake an independent audit of its compliance with the scheme's compliance plan in accordance with section 601HG of the Corporations Act and the auditor must not be the auditor of the scheme's financial statements (though they may be from the same firm).</li> </ul>
<b>Product disclosure</b>	<ul style="list-style-type: none"> <li>Entities admitted under the Listing Rules are subject to the requirements of the Corporations Act in relation to the issue of a PDS or prospectus.</li> <li>Information on the risks associated with an investment in a product is expected to be included.</li> </ul>	<ul style="list-style-type: none"> <li>Products quoted under the AQUA Rules are also subject to these requirements of the Corporations Act.</li> <li>Investors should read the PDS or prospectus carefully before investing in an exchange traded product to fully understand the risks involved in investing in these types of products.</li> </ul>

Source: ASX Rules Framework (2011) and ASX Operating Rules

## 5. Risks

All investments carry risk. Different investment strategies carry different levels of risk, depending on the assets that make up the investment strategy. It is important to keep in mind one of the principles of investing: the highest long-term returns may also carry the highest level of short-term risk. The value of the investments may go up and down, investment returns are not guaranteed, and investors may lose some or all of their money. The level of returns may vary, and future returns may differ from past returns. Laws affecting registered managed investment schemes and exchange traded products may also change in the future. The appropriate level of risk for each investor depends on a range of factors including age, investment time frames, where other parts of the investor's wealth are invested and the investor's risk tolerance.

### Significant investment risks

Significant investment risks of investing in the ETF include:

**MARKET RISK** – Market risk is the possibility that market returns and/or value will decline overall. Financial markets tend to move in cycles, with periods of rising prices and periods of falling prices due to varying factors such as economic, social, environment, technological or political conditions as well as market sentiment.

**SECURITY SPECIFIC RISK** – The prices of securities a Fund invests in, either directly or indirectly (through a holding in another investment vehicle) can rise or fall independently of changes in the broad market. This may include changes in a company's operations, such as changes in management, or changes in the market environment the company operates in, or actions by regulators or competitors.

**DERIVATIVE RISK** – A derivative is a contract between two or more parties that derives its price from one or more underlying assets, reference rates or indexes. Derivatives are generally used as an instrument to gain market exposure or to hedge risk; however they also create exposure to additional risks. These additional risks include the possibility that: the value of the derivative may fail to move in line with the underlying asset (a performance difference), the potential lack of liquidity of the derivative, or that the parties to the derivative contract may not be able to meet their obligations. Derivative contracts are not used to leverage the assets of the Fund. A derivative contract may also give rise to counterparty and collateral risks.

**COUNTERPARTY RISK** – Counterparties used in connection with a Fund's investment activities may default on their obligations, for instance by failing to make a payment when due. This may be due to insolvency, bankruptcy or other events of default, which could result in substantial losses to the Fund. The Fund's counterparties may include brokers, clearing houses and other agents.

**SECURITIES LENDING RISK** – There is a risk that a borrower defaults on its obligations to return securities. This may in turn lead to collateral and liquidity risks if the value of the collateral and/or liquidity of the replacement securities decreases. See "Securities Lending" in section 3 of this PDS for more information.

**REGULATORY RISK** – This is the risk that a government or regulator may introduce regulatory and/or tax changes, or a court makes a decision regarding the interpretation of the law, that affect the value of securities in which the Fund invests, the value of the units or the tax treatment of the Fund and its investors. The Fund may not be able to trade certain securities at any particular time due to the restrictions on trading securities in that jurisdiction or restrictions in other jurisdictions such as sanctions. A Fund may be affected by changes to legislation or government policy both in Australia and in other countries.

**FUND RISK** – Funds, in simple terms, pool the money of many individual investors. Therefore, investing in a fund may give rise to different outcomes as compared to investing in the underlying securities directly. As an investor in the Fund, your investment returns may be impacted by the applications and withdrawals of

other investors, the fees and costs imposed by Vanguard and different tax outcomes related to the tax laws applicable to the Fund. Distributions are not guaranteed, there may be various factors that impact the distributions and there may be periods where no distribution is paid. In addition, there is a risk that Vanguard could be replaced as the responsible entity for the Fund, or the Fund could terminate.

**OPERATIONAL RISK** – Funds are subject to a number of operational risks including in relation to the administration and reporting of the Fund and the possibility that errors are made in the provision of services to the Fund. The failure of a service provider to adequately administer or report accurately in relation to the Fund or its investments may adversely impact the operations or performance of the Fund. There is also a risk that circumstances beyond the reasonable control of Vanguard, may prevent us from managing the Fund in accordance with its investment strategy. Such occurrences may include strikes, industrial disputes, fires, war, civil disturbance, terrorist acts, state emergencies and epidemics. By investing in the Fund you agree that Vanguard is not liable to you if Vanguard is prevented from managing the Fund by circumstances beyond its reasonable control.

**INDEX INACCURACY RISK** – An index provider does not generally accept liability for the accuracy or completeness of the index data. There is a risk that an index provider makes errors in the construction of the index which may not be identified and corrected for a period of time. Vanguard does not provide a warranty or guarantee for index provider errors. Therefore, the gains, losses, or costs associated with an index provider's errors will be borne by the Fund and its unitholders.

**CURRENCY RISK** – The risk that the value of a foreign investment, measured in the base currency of the Fund, will fluctuate because of changes in currency exchange rates. Fluctuations in the value of the base currency of the Fund (for example, Australian dollars) relative to the foreign currencies can affect the returns of the Fund. A fall in the value of the base currency of the Fund relative to the foreign currencies may increase the value of the Fund while a rise in the value of the base currency of the Fund relative to these currencies could decrease the value of the Fund.

**CONCENTRATION RISK** – The Fund may have concentrated investments in particular countries, industry sectors and/or issuers. Unfavourable economic and market conditions impacting a particular country, industry sector or issuer may therefore adversely affect the value of the Funds than would be the case if the Fund were more broadly diversified over numerous countries, industry sectors and/or issuers.

**INDEX TRACKING RISK** – Vanguard employs an indexing investment strategy for the Fund. The Fund is not expected to perfectly replicate the performance of its benchmark index at all times. Each Fund is, however, expected to provide investment results that, before expenses, generally correspond to the performance of its respective benchmark index. Although Vanguard will monitor the performance of the Fund relative to the performance of its benchmark index (i.e. the "tracking accuracy"), there can be no assurance that the Fund will achieve any particular level of tracking accuracy. The following factors may adversely affect the tracking by a Fund of its respective benchmark index:

- the Fund must pay various expenses, while an index does not reflect any expenses;
- the temporary unavailability of certain securities comprising an index;
- the implementation of processes;
- the Fund may not be able to, or may choose not to, acquire every security in the benchmark or match the benchmark weight of every security. Instead, the Fund may hold a representative sample of weighted securities which are generally expected to closely, but not necessarily exactly, match the performance of the benchmark. This approach is used to address issues such as, but not limited to, small fund



size, small or illiquid benchmark components or to mitigate or offset expenses.

**LIQUIDITY RISK** – During more significant liquidity constraints, the ability to invest and liquidate the assets may, from time to time, be restricted by the liquidity of the market for those securities. This may in turn cause the delay in payment of withdrawals; or, in the case of applications, the delay in acquiring those securities could adversely impact the performance of the Fund. Depending on the liquidity conditions, buy/sell spreads may be adjusted.

**THIRD PARTY DATA RISK** – While Vanguard has systems and controls in place to oversee and review information provided by third parties including index providers, there is a risk that errors or undisclosed changes from third parties including index providers may result in inadvertent exposure to otherwise excluded investments.

**COLLATERAL RISK** – Where a Fund receives collateral from a counterparty in order to manage counterparty risk, there is a risk that there is a decrease in the value of the collateral or there is insufficient collateral which results in the Fund incurring a loss in the event of a counterparty default.

**SPREAD RISK** – Cash Transactions are subject to variations in the applicable buy/sell spread. The buy/sell spread can be varied at Vanguard's discretion depending on, for example, market liquidity conditions or the total amount of cash received in applications or redemptions for units on any particular day.

**TRADING RISK** – In certain exceptional circumstances such as market disruptions, the ASX may suspend the trading of ETF units

and therefore investors will not be able to buy or sell ETF units on the ASX. Where the ETF has been suspended from trading, but remains liquid, Vanguard will use its best endeavours to take all reasonable steps within its control to seek to have the ETF recommence trading as soon as possible. In these circumstances, Vanguard may suspend the application and redemption process for Authorised Participants. If applications and redemptions are suspended, Vanguard will make an announcement on the ASX Market Announcements Platform.

The ASX also imposes certain requirements for ETF units to continue to be quoted. Vanguard will endeavour to meet these requirements at all times to ensure the ETF units remain quoted. There can be no assurances that there will always be a liquid market for securities traded on the ASX. Vanguard has obligations to have market making arrangements in place under certain circumstances under the AQUA Rules. Vanguard has appointed a market maker to assist in maintaining liquidity for the ETFs on the ASX.

The purchase price and withdrawal amount applicable to ETF units may from time to time differ from the trading price of ETF units on the ASX. The trading price is dependent on a number of factors including the demand and supply of ETF units, investor confidence and how closely the value of the assets of an ETF tracks the performance of the index.

If you buy or sell ETF units on the secondary market, you will pay or receive the trading price, which may be higher or lower than the applicable NAV per unit.

## 6. How to transact with Vanguard

Other than in exceptional circumstances (see “Withdrawal rights for investors other than Authorised Participants” below), **investors who are not Authorised Participants cannot apply for or redeem ETF units with Vanguard through this PDS, but may purchase or sell ETF units on the ASX through their broker or adviser.**

Prior to transacting with Vanguard, an Authorised Participant must enter into an Authorised Participant agreement with Vanguard. If access to Vanguard’s online portal is requested, the Authorised Participant must also agree to additional terms and conditions of use. Please contact us for more information.

An Authorised Participant may apply for and/or redeem units in the ETF in accordance with their Authorised Participant agreement by submitting a request to Vanguard. ETF application/redemption requests can be submitted via an ETF application/redemption Form or through Vanguard’s online portal. ETF applications/redemptions must be in multiples of the creation unit for the ETF. A minimum ‘creation unit’ size of 5000 units applies for cash applications and redemptions by Authorised Participants for each Fund.

Applications or redemptions consist only of a cash amount equal to the application amount or withdrawal value as appropriate, plus a spread. For more information regarding Cash Transactions, including transaction minimums, cut-off times, settlement dates and transaction confirmations, Authorised Participants should refer to the Execution and Settlement Procedures available from us upon request.

Vanguard reserves the right to refuse any application or redemption request to the extent permitted by the Constitution or if the application or redemption is not in accordance with the terms of the Authorised Participant agreement. If an application or redemption request is rejected, the Authorised Participant will be notified.

### CHESS Statements

Unitholders will receive a CHESS statement showing the number of ETF units they hold after they acquire ETF units. Unitholders will receive an updated CHESS statement upon the occurrence of changes to their holding.

### Important note for applications and redemptions by Authorised Participants

There may be occasions where Vanguard may suspend application or redemption requests, if permitted to do so under the applicable Fund’s Constitution. For example, this may occur around the end of a distribution period when Vanguard is calculating and paying the distribution for the relevant period and during ASX settlement holidays or where there are factors, as determined by Vanguard, which prevent the accurate calculation of unit prices. Vanguard will advise Authorised Participants in the event that such a suspension will occur.

While a Fund is liquid for the purposes of the Corporations Act, Vanguard will generally satisfy a redemption of ETF units within a reasonable period, in accordance with the applicable Fund’s Constitution. The Fund is liquid if 80% of the value of the relevant Fund’s assets comprises liquid assets. If a Fund is illiquid, a withdrawal request must be dealt with in accordance with the applicable Fund’s Constitution and the Corporations Act. You may not be able to withdraw the investment if the Fund is illiquid. It is not expected that the Fund will be illiquid.

In accordance with the applicable Fund’s Constitution, redemption requests made over one or two consecutive business days which exceed a specified percentage (e.g., 3% or 5%) of a Fund’s value may be processed progressively over a period of up to 20 business days at the withdrawal price applicable on each day on which the units are withdrawn.

No cooling off period applies in relation to applications for ETF units.

## Withdrawal rights for investors other than Authorised Participants

Vanguard restricts the withdrawal of ETF units to investors who are Authorised Participants, and except in exceptional circumstances (as described below), only Authorised Participants may withdraw ETF units. Other investors may sell their interests on the financial market operated by the ASX. As a condition of ASIC equal treatment relief, ASIC requires that in certain circumstances, investors other than Authorised Participants have a right to redeem ETF units directly with Vanguard. When ETF units are suspended from trading on the ASX for more than 5 consecutive ASX trading days, investors have a right to withdraw from the Fund and receive a cash payment for their ETF units within a reasonable time (within 60 days of the date on which the redemption request is accepted or such longer period as permitted in accordance with the Fund’s Constitution) of request unless:

- the Fund is being wound up;
- the Fund is not liquid for the purposes of the Corporations Act; or
- Vanguard, as responsible entity of the Fund, suspends redemptions of ETF units in accordance with the provisions of the Constitution.

Investors (other than Authorised Participants) may redeem in these circumstances by completing a Direct Redemption Form in accordance with the Secondary Market Direct Redemption Policy, both of which are available by contacting us.

A sell spread may apply where this right is exercised. Please refer to section ‘Additional explanation of fees and costs’ for more information about the sell spread. Unitholders who withdraw from an ETF will receive the withdrawal price calculated by deducting the sell spread from the ETF’s NAV price per unit.

No minimum withdrawal amounts apply in these circumstances.

### Valuations and pricing

The value of an ETF unit is determined by dividing the NAV for the ETF class of units (total assets for that class, less total liabilities for that class) by the number of units on issue in that class. ETF units are generally valued using the closing prices of the underlying securities that the ETF invests in on the relevant markets in which they trade converted into Australian dollars. The value of ETF units will change from time to time as the market value of the assets rises or falls.

Units are usually valued daily, except on non-ASX trading days or if there are factors that prevent the accurate calculation of the unit prices.

The purchase price per ETF unit (being the amount paid by an Authorised Participant for the application for ETF units) is determined by dividing so much of the NAV of the relevant Fund as is allocated to the ETF unit class by the number of ETF units on issue in the ETF class at the time the purchase price is determined, and adjusted by the applicable buy spread for the transaction.

The withdrawal price per ETF unit (being the amount payable to an Authorised Participant on the redemption of their ETF units) is also determined by dividing so much of the NAV of the relevant Fund as is allocated to the ETF unit class by the number of units on issue in the ETF class at the time the withdrawal amount is determined, adjusted by the applicable sell spread for the transaction.

The withdrawal price paid to an Authorised Participant on the redemption of ETF units will generally include an attribution or entitlement to taxable income. Please refer to section ‘Distributions’ for further details regarding how this entitlement is determined. The balance of the withdrawal amount will comprise payment of the withdrawal price of the ETF units.

Details of the daily NAV price of ETF units and Pricing Basket will be made available on Vanguard’s website at [www.vanguard.com.au](http://www.vanguard.com.au) or by contacting us.

## Unit pricing policy

We have a documented policy in relation to various discretions that affect unit pricing within the Fund. The policy has been designed to meet ASIC's requirements and is available on request to all investors and prospective investors at no charge. The policy explains our approach in relation to buy/sell spreads, valuation methodology, rounding of decimal places, cut-off times for receiving instructions, the frequency of income distributions and unit pricing discretions generally. A copy of the policy on unit pricing discretions can be obtained at no charge by contacting us.

## Facsimile, email or online instructions

For applicable investors advising Vanguard via facsimile, e-mail or online in respect of instructions (including applications and redemption requests) it is important to be aware that Vanguard:

- is deemed to have accepted an application or redemption request, only when Vanguard confirms an order has been accepted;
- will only process an application or redemption request if it is received by Vanguard in full and has been completed to Vanguard's satisfaction;
- is not responsible for any loss or delay that results from a facsimile, e-mail or online transmission not being received by Vanguard;
- will not accept:
  - a facsimile receipt confirmation from the sender's facsimile machine as evidence of receipt of the facsimile; or
  - a return receipt as evidence of receipt of an e-mail; or
  - any screenshot or extract of an online transaction produced by the sender as evidence of an online instruction;
- does not take responsibility for any fraudulently or incorrectly completed instructions; and
- will not compensate for any losses relating to facsimile, e-mail or online instructions, unless required by law. For example, the risk that a facsimile, e-mail or online transmission may be sent by a person who knows the investor's account details will be borne by the investor.

In the event of fraud, the investor agrees to release, discharge and indemnify Vanguard from and against all actions, claims, demands, expenses and liabilities (however they arise) suffered by the investor or suffered by or brought against Vanguard, in respect of the facsimile e-mail or online instructions, to the extent permitted by law.

Authorised Participants should refer to their Authorised Participant agreement and the Execution and Settlement procedures for further information in relation to transacting in ETF units.

## Distribution Reinvestment Plan

From time to time investors may be able to participate in the ETF Distribution Reinvestment Plan (DRP). Participation in the DRP is subject to the terms and conditions of the DRP Policy. As long as the DRP is offered, investors can choose to:

- participate in the DRP, in which case any distributions to which an investor is entitled will be reinvested in additional ETF units; or
- not participate in the DRP, in which case distributions will be paid directly to an investor's nominated Australian bank account.

If no DRP election is made, an investor will be deemed to have elected not to participate in any DRP on offer and distributions will automatically be paid as cash. An investor's DRP election continues until the investor makes a new DRP election.

Investors can obtain a copy of the DRP Policy and elect to participate in the DRP by registering online via Vanguard's share registrar or by calling Computershare on 1300 757 905. Investors will be notified of changes to the DRP on Vanguard's website at [www.vanguard.com.au](http://www.vanguard.com.au).

ETF	Register online for DRP
Vanguard Global Infrastructure Index ETF	<a href="http://www.computershare.com.au/easyupdate/VBLD">www.computershare.com.au/easyupdate/VBLD</a>

## 7. Distributions

Distributions may include income earned by the ETF or any other amounts that Vanguard considers appropriate for distribution. As at the date of this PDS, Vanguard intends for the distributions made by the ETF to be based on the taxable income earned by the ETF for each year, if any. The income of the ETF will generally include income earned on holding and disposing of the assets of the ETF, if any.

Where the Fund is an "AMIT" (see section 'Taxation' for further information), as distributions for each period may be based on estimates or exclude certain types of income, the amount distributed may differ to the taxable income attributed to investors for tax purposes. Any taxable income of the ETF that is not distributed for the period will either be held back for distribution in a later period in the same financial year, or accumulated for the ETF unit class in the relevant Fund. Vanguard may, from time to time, review its approach to distributions and elect to distribute on an alternative basis.

Distributions, if any, will generally be made on a quarterly basis. However, Vanguard may elect to distribute at other times or alter the distribution periods.

Distributions, if any, will normally be paid within 20 business days following the end of the distribution period, though the Constitution permits Vanguard to take up to 60 days.

All ETF unitholders as at the end of the distribution entitlement date may be entitled to the distribution for that distribution period. The distribution amount will vary from period to period and there may be periods in which no distribution is made. If this should occur, details will be available on our website. The distribution entitlement date is generally the last day of the distribution period.

Distributions are calculated on a per unit basis and will be based on the number of ETF units on issue as at the end of the distribution period.

Details in relation to the distributions by the ETF will be made available via an ASX announcement and on Vanguard's website. Investors must be registered as an ETF unitholder at the record date (as advised in the ASX announcement) to be eligible for a distribution.

## Allocation of taxable income of the Fund on redemption

An Authorised Participant who redeems ETF units in the ordinary course may be attributed or distributed part of the taxable income of the Fund. Please refer to section 'Taxation' for further information regarding how this entitlement is determined.

## 8. Fees and other costs

**Did you know?** Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns. For example, total annual fees and costs of 2% of your investment balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000). You should consider whether features, such as superior investment performance or the provision of better member services, justify higher fees and costs. You may be able to negotiate to pay lower fees. Ask the fund or your financial adviser.

**To find out more:** If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** Moneysmart website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed funds fee calculator to help you check out different fee options.

### Our fees and costs

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the Fund assets as a whole.

Taxes are set out in another part of this PDS.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

A fees and costs summary table in respect of the ETF is set out below.

### Fees and costs summary

Vanguard Global Infrastructure Index ETF		
Type of fee or cost <sup>1</sup>	Amount	How and when paid
<b>Ongoing annual fees and costs<sup>2</sup></b>		
<i>Management fees and costs</i> The fees and costs for managing your investment <sup>1</sup>	0.47% p.a. of the net asset value (NAV) of the Fund comprised of: 1. A management fee of 0.47% p.a. of the NAV of the Fund; 2. Estimated indirect costs of 0.00% p.a. of the NAV of the Fund; and 3. Estimated expense recoveries of 0.00% p.a. of the NAV of the Fund.	1. The management fee is calculated and accrued daily in the unit price and paid monthly in arrears. The management fee for a month is paid on or after the first day of the following month and is paid out of the ETF's assets. 2. Indirect costs are paid out of the ETF's assets or an interposed vehicle's assets as and when incurred. 3. Normal operating expenses (excluding securities lending agent fees) that would otherwise be recoverable from the ETF are paid out of the management fee at no additional charge to you. Abnormal or extraordinary expenses, if and when incurred, are reflected in the ETF unit price. The securities lending program agent lender retains its fees from the loan fees received from borrowers.
<i>Performance fees</i> Amounts deducted from your investment in relation to the performance of the product	Nil	Not applicable
<i>Transaction costs</i> The costs incurred by the scheme when buying or selling assets	Estimated transaction costs of 0.00% p.a. of the NAV of the ETF <sup>3</sup>	Transaction costs generally arise as a result of the day-to-day trading of the ETF's assets and are paid out of the ETF's assets as and when incurred.
<b>Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)<sup>2</sup></b>		
<i>Establishment fee</i> The fee to open your investment	Nil	The ETF does not charge an establishment fee.
<i>Contribution fee</i> The fee on each amount contributed to your investment	Nil	This ETF does not charge contribution fees.
<i>Buy-sell spread</i> An amount deducted from your investment representing costs incurred in transactions by the scheme	If you are an Authorised Participant – Estimated to be 0.07% of the application amount on application and 0.07% of the withdrawal amount on withdrawal <sup>4</sup>	Buy/sell spreads apply to applications or withdrawals made by Authorised Participants. As at the date of this PDS, a buy spread of 0.07% is charged on each application and a sell spread of 0.07% is charged on each withdrawal.
<i>Withdrawal fee<sup>5</sup></i> The fee on each amount you take out of your investment	Nil	The ETF does not charge withdrawal fees.

<b>Exit fee</b> The fee to close your investment	Nil	The ETF does not charge an exit fee.
<b>Switching fee</b> The fee for changing investment options	Nil	The ETF does not charge switching fees.

- <sup>1</sup> See "Additional explanation of fees and costs" below for further details on fees and costs that may be payable. Unless otherwise stated, the fees and costs shown are inclusive of GST and net of any applicable input tax credits and reduced input tax credits (and any applicable stamp duty), and are shown without any other adjustment in relation to any tax deduction available to Vanguard or to the extent which any tax deductions may be passed on to investors.
- <sup>2</sup> All estimates of fees and costs in this section are based on information available as at the date of this PDS. All fees reflect our reasonable estimates of the typical fees for the current financial year. All costs reflect the actual amount incurred for the previous financial year and may include our reasonable estimates where information was not available as at the date of this PDS or where we were unable to determine the exact amount. Estimated costs are rounded to two decimal places. Normal operating expenses (excluding securities lending agent fees) that would otherwise be recoverable from the ETF are paid out of the management fee at no additional charge to you. Abnormal or extraordinary expenses, if and when incurred, are reflected in the unit price. The securities lending program agent lender retains its fees from the loan fees received from borrowers.
- <sup>3</sup> The transaction costs disclosed in this section are shown net of any recovery received by the ETF from the buy/sell spread charged to transacting unitholders. Transaction costs are rounded to two decimal places. Please refer to the "Additional explanation of fees and costs" section below for further details.
- <sup>4</sup> In estimating the buy/sell spread, we have assumed that the applications or withdrawals are made during normal market conditions, as in times of stressed or dislocated market conditions (which are not possible for Vanguard to predict) the buy/sell spread may increase significantly and it is not possible to reasonably estimate the buy/sell spread that may be applied in such situations. We may vary the buy/sell spreads from time to time, including increasing these costs without advance notice when it is necessary to protect the interests of existing investors and if permitted by law. The buy/sell spread does not apply to investors buying or selling ETF units on the ASX. The updated information will be disclosed on our website. Please refer to the "Additional explanation of fees and costs" section below for further details.
- <sup>5</sup> Other than in exceptional circumstances, investors other than Authorised Participants cannot redeem ETF units of a Fund with Vanguard, but may seek to sell ETF units on the ASX through their broker or adviser.

## Example of annual fees and costs

The following table provides an example of how the ongoing annual fees and costs for the ETF can affect your investment over a one year period. You should use this table to compare the products with other products offered by managed investment schemes.

Example - Vanguard Global Infrastructure Index ETF	Amount	Balance of \$550,000 with a contribution of \$5,000 <sup>1</sup> during the year
Contribution fees	Nil	For every additional \$5,000 you put in, you will be charged \$0.
<b>PLUS</b> Management fees and costs <sup>3,4</sup>	0.47% p.a. of the NAV of the ETF	<b>And</b> , for every \$550,000 you have in the ETF, you will be charged or have deducted from your investment \$2,585 each year.
<b>PLUS</b> Performance fees	Nil	<b>And</b> , you will be charged or have deducted from your investment \$0 in performance fees each year.
<b>PLUS</b> Transaction costs <sup>3</sup>	0.00% p.a.	And, you will be charged or have deducted from your investment \$0 in transaction costs each year.
EQUALS Cost of ETF		If you had an investment of \$550,000 at the beginning of the year and you put in an additional \$5,000 during that year you will be charged fees and costs of \$2,585 <sup>2,3</sup> .

- <sup>1</sup> The additional management fees and costs will be on a pro-rata basis and will vary depending on when you have made the additional investment during the year. This example is prescribed by the Corporations Act, and is based on an assumption that the \$5,000 contribution occurs on the last day of the year (and therefore, the management fees and costs are calculated using an investment balance of \$550,000 only). This example also assumes that the value of your investment remains the same during the year. Please note that this is just an example. In practice, actual investment balances will vary daily and actual fees and costs charged are based on the value of the ETF, which also fluctuates daily.
- <sup>2</sup> Additional fees may apply. A minimum creation unit size of 5000 units applies for Cash Transactions by Authorised Participants in each ETF and a buy/sell spread may also apply to investments into and withdrawals from the ETF, which is not taken into account in this example. These do not apply to investors buying or selling ETF units on the ASX. Please refer to the 'Additional explanation of fees and costs' in the section below for further details.
- <sup>3</sup> All estimates of fees and costs in this section are based on information available as at the date of this PDS. All fees reflect our reasonable estimates of the typical fees for the current financial year. All costs reflect the actual amount incurred for the previous financial year and may include our reasonable estimates where information was not available as at the date of this PDS or where we were unable to determine the exact amount. Estimated costs are rounded to two decimal places as a percentage, and to the nearest full dollar figure in this example table. Normal operating expenses (excluding securities lending agent fees) that would otherwise be recoverable from the ETF are paid out of the management fee at no additional charge to you. Abnormal or extraordinary expenses, if and when incurred, are reflected in the unit price. The securities lending program agent lender retains its fees from the loan fees received from borrowers.



## 9. Additional explanation of fees and costs

### Management fees and costs

Management fees and costs comprise the fees or costs that a unitholder incurs by investing in the ETF. Management fees and costs are made up of Vanguard's management fee as well as indirect costs and estimated expense recoveries that are deducted from the returns of the ETF. Management fees and costs do not include transaction costs i.e., costs associated with investing the underlying assets, some of which may be recovered through buy/sell spreads.

In calculating taxable income for the ETF, all available tax deductions are taken into account. This means that the effective after-tax cost to investors of investing in the ETF may be lower than the amounts specified in this PDS, to the extent that management fees and costs are a tax-deductible expense and reduce the taxable income of the ETF.

#### Management fees

The management fee component is a fixed amount that Vanguard deducts from the assets of the ETF and comprises Vanguard's remuneration for managing and overseeing the operations of the ETF. The management fee is calculated as a percentage of the ETF's net asset value (**NAV**). The fee is calculated and accrued daily in the unit price and paid monthly in arrears. The management fee for a month is paid on or after the first day of the following month. This fee is payable from the assets of the ETF. The management fee includes Goods and Services Tax (**GST**) (and any applicable stamp duty) after taking into account any expected input tax credits.

### Expense recoveries

#### Normal operating expenses

As at the date of this PDS, Vanguard pays any normal operating expenses (excluding securities lending agent fees) that are recoverable from the ETF out of the management fee of the ETF at no additional charge to you.

Ordinary expenses of the ETF that Vanguard may recover through the management fee include:

- custodian fees (excluding transaction based fees);
- accounting and audit fees;
- Fund administration expenses, such as the cost of preparing and amending the Constitution, the cost of producing the PDS, postage and other Fund administration expenses.

#### Securities lending, abnormal or extraordinary expenses

The management fee may not be used to cover fees in relation to securities lending and abnormal or extraordinary expenses (such as litigation, the cost of investor meetings or other costs if incurred in the future). Such abnormal or extraordinary expenses may be recovered from the assets of the ETF as an additional expense to the management fee where permitted under the Fund's Constitution. The securities lending program agent lender retains its fees from the loan fees received from borrowers.

The estimated expense recoveries component set out in the fees and costs summary above for the ETF includes fees in relation to securities lending and abnormal or extraordinary expenses, which is the amount actually incurred by the ETF in the previous financial year, including our reasonable estimate of these costs where information was not available as at the date of this PDS or where we were unable to determine the exact amount.

Securities lending, abnormal and extraordinary expenses may vary from year to year including to the extent that they rely on estimates. This amount is not an indication or guarantee of the amount that may be charged in the future.

### Indirect costs

Indirect costs are, subject to certain requirements, generally any amounts that we know or reasonably ought to know of, or where this is not the case, reasonably estimate has or will reduce, whether directly or indirectly, the return of the ETF or the amount or value of the income of, or assets attributable to the ETF or an interposed vehicle in which the ETF invests, other than the management fee and expense recoveries.

In particular, indirect costs include:

- the management fees and costs of interposed vehicles (for example, the management fee of an underlying investment trust or exchange traded fund\*), and
- certain costs of OTC derivatives.

*\* Where the ETF invests in an underlying fund which is managed by Vanguard, the management fee charged for the underlying fund is fully rebated back to the ETF and so does not need to be counted in the ETF's indirect costs.*

The indirect costs component set out in the fees and costs summary above for each ETF is calculated on the basis of the actual amount incurred for the previous financial year for that ETF, and our reasonable estimate of such costs where information was not available as at the date of this PDS or where we were unable to determine the exact amount.

It is important to note that indirect costs are reflected in the unit price of the ETF as and when incurred. Indirect costs are not an additional fee paid to Vanguard. Indirect costs may vary over time from year to year, including to the extent that they rely on estimates. These amounts are not an indication or guarantee of the amount that may be charged in the future. Vanguard may update indirect cost information on its website where the change is not materially adverse to you.

### Performance fees

We do not currently charge a performance fee for the ETF. However, we may cause an ETF to invest in an interposed vehicle which charges a performance fee. Such fees, if charged, would reduce the value of the ETF's investment in the interposed vehicle, and in turn the NAV of the ETF. If this happens, we will provide prior notice to you.

### Transaction costs

In addition to the management fees and costs, there are transaction costs incurred in managing the ETF's assets such as:

- brokerage
- clearing costs
- settlement costs
- stamp duties
- custody transaction costs, and
- the transaction costs associated with derivatives.

Most of these costs would be incurred by investing directly in the underlying securities though they could also include costs incurred by an interposed vehicle that would be transaction costs if they had been incurred by the ETF. These costs arise whenever the ETF buys or sells assets to invest applications, fund withdrawals, or to generally manage the ETF in accordance with its investment objectives. Where these costs arise as a result of applications and withdrawals, these costs will generally be covered by the inclusion of a buy/sell spread in the purchase or withdrawal price. (See "Buy/sell spreads" section for further details).

Transaction costs are paid out of the ETF's assets as and when incurred. They are an additional cost of investing to the investor (where they have not already been recovered by the buy/sell spread) and are not a fee paid to us. These costs will depend on the actual turnover of assets.

There may occasionally be higher trading activity than usual, such as to implement a change of index or asset allocation. In this case,

there may be a higher than usual turnover of assets and consequently a temporary increase in transaction costs.

The estimated transaction costs disclosed in the fees and costs summary in this PDS are calculated using the ETF's actual total transaction costs incurred for the previous financial year, or our reasonable estimate of such costs where information was not available as at the date of the PDS or where we are unable to determine the exact amount.

The estimated transaction costs disclosed in the fees and costs summary in this PDS are shown net of any amount recovered by the buy/sell spread:

- Gross transaction costs: The estimated gross transaction costs for managing the assets of the ETF, including costs generated by investor applications and redemptions.

- Buy/sell spread cost recovery: The amount recovered by the ETF from transacting investors through a buy/sell spread that compensates the ETF for the costs generated by the applications and redemptions. This amount is deducted from the gross transaction costs.
- Net transaction costs: The net amount arrived at by deducting the buy/sell spread from the gross transaction costs. In circumstances where the net transaction cost is negative the value will be rounded to zero.

The following table indicates the estimated total gross transaction costs of the ETF incurred for the previous financial year including our reasonable estimate of such costs where information was not available as at the date of this PDS or where Vanguard was unable to determine the exact amount.

ETF	Total gross transaction costs
Vanguard Global Infrastructure Index ETF	0.01% of the NAV of the ETF

The actual transaction costs may differ and will vary based on a number of factors including the volume of transactions undertaken and market conditions generally. This means that estimated and/or historical costs may not be an accurate indicator of the transaction costs an investor may pay in the future. We may update transaction cost information on our website where the overall change is not materially adverse to you.

## Buy/sell spreads

We may include a buy spread component in the purchase price and a sell spread component in the withdrawal price. The buy/sell spread for each ETF is our reasonable estimate of the transaction costs that the ETF may incur to buy and sell assets when investing applications and funding withdrawals and is not separately charged to the investor. The buy/sell spread is paid to the ETF to meet these expenses and is not received by Vanguard.

The purpose of the buy/sell spread is to protect investors from the costs generated by the transaction activity of other investors. Investors who invest into the ETF will pay the purchase price calculated by adding the buy spread to the ETF's NAV per unit. Investors who withdraw from the ETF will receive the withdrawal price calculated by deducting the sell spread from the ETF's NAV per unit.

There may be circumstances where the buy spreads or sell spreads will be lower or higher - for example, they may be higher when there are large or prolonged withdrawals from the ETF. If the ETF receives applications and withdrawals on the same day there may be a reduction in either or both the buy and sell spread, as we may not need to buy or sell as many assets as would otherwise be the case. As a result, the ETF's transaction costs may be lower than normal. We will pass on our reasonable estimate of the reduction in

transaction costs to the investor in the form of a reduced buy or sell spread. Investors should note that this reduction in the buy/sell spread depends on investors' application and withdrawal activity on a particular day and cannot be predetermined. For further details on how buy/sell spreads are calculated, you can request a copy of Vanguard's policy on unit pricing discretion free of charge.

We will provide details of the buy/sell spread to Authorised Participants electronically.

We may vary the buy/sell spreads from time to time including increasing these without notice when it is necessary to protect the interests of existing investors and if permitted by law. The updated information will be provided to Authorised Participants electronically.

## Fee changes

The amount of any fees may change without investor consent, except if required by the Corporations Act. We will give you at least 30 days prior notice of any increase in the fees when legally required to do so. All estimates of fees and costs in this section and section 10 are based on information available as at the date of this PDS. You should refer to our website from time to time for any updates which are not materially adverse to investors.

## Changes to management fees

We may alter the management fee in accordance with the Constitution of the Fund and the Corporations Act. The Constitution generally limits the amount of the management fee component (excluding GST) as follows:

ETF	Management fee limit (% p.a.)
Vanguard Global Infrastructure Index ETF	1.5% of the NAV of the ETF

This limit does not apply to expenses that we incur and cover out of the management fee or to any abnormal or extraordinary expense that is otherwise able to be recovered. Any increase to the management fee above this maximum will generally require unitholder approval.

## Withdrawal costs for investors other than Authorised Participants

In certain exceptional circumstances investors who are not Authorised Participants may have the right to redeem ETF units with Vanguard (please refer to the section 'Withdrawal rights for investors other than Authorised Participants'). In these

circumstances, Vanguard may charge a sell spread to reflect Vanguard's reasonable estimate of the costs that the ETF incurs when processing the withdrawal request. The sell spread is an additional cost to the investor that is paid to the ETF and is not received by Vanguard.

Investors who exercise their right to withdraw from the ETF in these circumstances will receive the withdrawal price calculated by deducting the sell spread from the ETF's NAV per unit. The sell spread charged (per unit) to investors withdrawing from the ETF, will not be greater than the sell spread charged (per unit) to an Authorised Participant that redeems a creation unit amount of ETF units.

Details of any applicable sell spread will be provided by Vanguard on request from us.

### Stockbroker fees for all other investors

Investors (other than Authorised Participants) may incur brokerage fees, commissions and a bid/ask spread (being the difference between the price at which participants are willing to buy and sell ETF units on the ASX) when buying and selling ETF units on the ASX. Please consult a stockbroker for more information in relation to their fees and charges.

## 10. Taxation

The taxation information in this PDS is provided for general information only. It is a broad overview of some of the Australian tax consequences associated with investing in the ETF and is not intended to provide an exhaustive or definitive statement as to all the possible tax outcomes for investors.

It does not take into account the specific circumstances of each person who may invest in the ETF and should not be used as the basis upon which potential investors make a decision to invest in the ETF.

For example, the taxation information provided in this PDS:

- deals only with the Australian tax consequences of investing in ETF units for Australian tax residents;
- does not consider any non-Australian tax consequences of investing in ETF units;
- does not apply to investors who are non-residents or 'temporary residents' of Australia for Australian income tax purposes, or who change their tax residence while holding their ETF units;
- assumes that the ETF units are held on capital account for Australian income tax purposes;
- assumes that the ETF units are not held on revenue account or as trading stock;
- does not apply to investors who are subject to the taxation of financial arrangements rules; and
- does not apply to investors who are exempt from Australian income tax.

As each investor's circumstances are different, we strongly recommend that all investors obtain independent professional tax advice concerning the tax implications of investing in ETF units.

The taxation information in this PDS has been prepared based on tax laws and administrative interpretations of such laws as at the date of this PDS. Any changes in the tax laws or interpretations of such laws subsequent to this date will not be reflected in the taxation information provided in this PDS.

### Attribution Managed Investment Trust (AMIT)

The Australian Government has enacted a regime for the taxation of managed investment trusts, referred to as the AMIT regime. Subject to eligibility, we may elect for the Fund to be classified as an AMIT and be subject to the AMIT regime.

The AMIT regime also provides for qualifying AMITs that have multiple classes of units on issue to elect for each class to be treated as a separate trust for the purposes of determining and attributing the taxable income of the relevant trust to investors. Subject to eligibility and the election being in the best interests of investors, we may make this election for a multi-class Fund.

We have assessed the eligibility of the Fund to elect into the AMIT regime and have disclosed on our website whether or not the AMIT regime will apply to the Fund.

Where the Fund is subject to the AMIT regime:

- The amount and components of the taxable income of the Fund which investors will be assessed on should be determined by reference to a statement provided by us to investors after the end of each financial year, known as the AMIT Member Annual Statement (**AMMA statement**). The AMMA statement for a financial year will set out the amount and character of each component of income of the Fund which we have attributed to an investor and which the investor should be assessed on.
- If the sum of the amount distributed and tax offsets attributed to an investor exceeds the sum of taxable income and non-assessable non-exempt income attributed to the investor for a financial year, investors should generally be required to recognise a net decrease in the cost base of their units in that financial year. If the sum of taxable income and non-assessable non-exempt income attributed to an investor exceeds the sum of the amount distributed and tax offsets attributed to the investor for a financial year, then investors should be entitled to recognise a net increase in the cost base of their units in that financial year. Our estimate of these net cost base increase or decrease amounts will also be disclosed to investors through the AMMA statement.
- It is possible for the amount of taxable income that is attributed to an investor to exceed the amount distributed to the investor. This is likely to arise if we determine to accumulate taxable income in accordance with the Fund's Constitution. In this instance, and assuming no tax offsets or non-assessable non-exempt income are attributed to the investor, the investor should be entitled to a net increase in the cost base of their units (as discussed above).
- The Constitution for the Fund sets out the basis upon which we will attribute the taxable income of the Fund to investors. This should be based on the components of income that are reflected in the distributions made to investors during a financial year and, in relation to income that is accumulated, based on a pro rata attribution of this income to investors at the time determined by us for this purpose. The Constitution of the Fund also allows for attribution to investors who redeem their units in the Fund in certain circumstances (please refer to the 'Redemption Income Entitlements' section below for further information).
- Although we expect that the Fund will be taxed under the AMIT regime, the Constitution for the Fund also provides for a situation where the Fund is a non-AMIT. Taxation information for a non-AMIT Fund is discussed below.

### Non-Attribution Managed Investment Trust (non-AMIT)

Where the Fund does not qualify or elect to be an AMIT it will be subject to the ordinary trust taxation provisions in the tax legislation. Broadly, investors in a Fund that is a non-AMIT will be distributed and made "presently entitled" to all of the income of the Fund each financial year and will be assessed on their proportionate share of the taxable income of the Fund each financial year.

Investors will be provided with a tax statement after the end of each financial year detailing the components, for income tax purposes, of any net taxable income of the fund that they may be assessed on for the financial year referable to their entitlements to

the income of the fund. This information should assist investors in preparing their tax return for the financial year.

## Categories of income from the Fund

### Interest income

The Fund may receive income in the form of interest. The interest income earned by the Fund could either be Australian-sourced income or foreign-sourced income.

### Franking credits

Where the Fund invests directly or indirectly in Australian equities, the tax components on which an investor is assessed may include franking credits attached to franked dividends derived by the Fund. The franking credits do not form part of an investor's cash receipts. If an investor satisfies all the relevant requirements (including, where applicable, the 45-day holding period and related payments rules) to claim a tax offset for the franking credits, they will need to include the franking credits in their taxable income, together with the tax offset for the franking credits claimed to reduce their income tax liability. Certain investors may also be entitled to a refund if the tax offset for the franking credits exceeds their income tax liability.

### Foreign income

Income received by the Fund from sources outside Australia may be subject to tax in the country of source. Investors may, subject to satisfying all the relevant requirements, be entitled to claim a foreign income tax offset against their Australian income tax liability in respect of their share of the foreign tax paid by the Fund.

### Capital gains

Where an investor is assessed on a net capital gain from the Fund, to the extent the net capital gain includes a discounted capital gain, they may be required to gross up the net capital gain by doubling the discounted capital gain component. The investor may then apply any of their current or prior year capital losses to reduce the grossed-up capital gain.

Subject to meeting all the relevant requirements, an investor may be able to apply the capital gains tax (CGT) discount (50% for individuals and certain trusts and 33 1/3% for complying superannuation funds) to calculate their net capital gain amount. This amount should be included in the calculation of their taxable income.

As the Fund is a trust and is eligible for the discount capital gains concession, it may distribute (where the Fund is not an AMIT) or attribute (where the Fund is an AMIT) amounts that are referable to the discount capital gains concession.

### CGT tax election

There are tax rules that allow an eligible managed investment trust to make an irrevocable election to apply the CGT rules as the primary code for the taxation of gains and losses made on its disposal of certain assets. We have made this election if the Fund is eligible.

### Non-assessable distributions

The Fund may make distributions of amounts which are non-assessable to investors, such as amounts that are referable to the discount capital gains concession. Receipt of certain non-assessable amounts may have CGT consequences, including the potential for cost base adjustments, for investors.

### Other gains

Gains and losses in relation to the investments of the Fund, including foreign currency gains arising from the investments of the Fund, may be assessed as income under provisions other than the CGT provisions. The net taxable income of the Fund on which an

investor is assessed may include a component of assessable income which is referable to those gains.

## Disposal of ETF units

If an investor disposes of ETF units (for example, by selling ETF units on-market), the investor may be liable for tax on any gains realised on that disposal.

For investors who are assessed under the CGT provisions on a disposal of ETF units, a capital gain or loss may be made on that disposal. Where a capital gain has been made, some investors may be eligible for the CGT discount (50% for individuals and certain trusts and 33 1/3% for complying superannuation funds) if the ETF units are held for at least 12 months before they are disposed of and the other relevant requirements are satisfied. Investors should obtain independent professional tax advice about the availability of the CGT discount. A capital loss made on a disposal of ETF units in a year may only be offset against capital gains made in that year or in subsequent years.

## Withholding tax considerations

### Resident investors – Tax File Number (TFN), Australian Business Number (ABN) or exemption status

Collection of a TFN for an investor is authorised and its use and disclosure are strictly regulated by the tax laws and the *Privacy Act 1988* (Cth). An investor may quote a TFN or ABN, or claim an exemption from quoting a TFN or ABN, in relation to their investment in a Fund. If an investor chooses not to quote a TFN or ABN, or claim an exemption from quoting a TFN or ABN, we will generally be required to deduct tax from their distributions at the prescribed rate (which is currently the highest marginal tax rate plus any applicable levies).

### Non-resident investors

If an investor is not a resident of Australia for Australian income tax purposes (non-resident investor), we may be required to withhold tax from certain distributions made to the non-resident investor.

If the Fund is an AMIT and a non-resident investor is attributed with certain components of taxable income of the Fund without having been distributed those amounts, we are required under or in connection with the AMIT regime to pay tax on that income on the non-resident investor's behalf and are entitled under the Constitution of the Fund to be indemnified by the non-resident investor for the relevant amount of tax that we are required to pay. For example, we may satisfy this indemnity by deducting the relevant amount of tax from any redemption or other amounts payable to the non-resident investor, through a compulsory redemption of units, or by requesting the non-resident investor to pay the relevant amount of tax.

## Goods and Services Tax (GST)

The issue and withdrawal of ETF units should not be subject to GST.

Fees and expenses, such as management costs, incurred by the Fund will generally attract GST at the prevailing rate. Given the nature of the activities of the Fund, the Fund may not be entitled to claim input tax credits for the full amount of the GST incurred. However, a reduced input tax credit (RITC) should generally be available to be claimed by the Fund for the GST paid on eligible expenses incurred by the Fund.

Any GST and expected RITC relating to fees and expenses are incorporated into the management cost for the Fund.

## Applying for and redeeming ETF units

A person will only be eligible to apply for and redeem ETF units in the ordinary course if they are an Authorised Participant.

This section seeks to provide a summary of the key income tax consequences of applying for and redeeming ETF units by Authorised Participants who are assessed on the disposal of ETF units otherwise than under the CGT provisions.



We recommend Authorised Participants obtain independent professional tax advice regarding the tax consequences of applying for and redeeming ETF units, particularly if they are assessed on the disposal of ETF units under the CGT provisions.

### Applications

The ETF units which an Authorised Participant acquires on an application for ETF units should be taken to have been acquired at a cost equal to the purchase price of those ETF units.

### Redemption Income Entitlements

An Authorised Participant who redeems ETF units will become entitled to receive the withdrawal amount on the redemption of the ETF units.

The redemption of ETF units by an Authorised Participant may result in the Authorised Participant being assessed on some of the taxable income of the Fund, through a distribution of income or an attribution under the AMIT regime. This includes, but is not limited to, income (including capital and other gains) realised by the Fund to fund the redemption of ETF units by the Authorised Participant.

An Authorised Participant who redeems ETF units should also be assessed on a gain arising on the redemption of the ETF units. An Authorised Participant who redeems ETF units may be entitled to a deduction for a loss arising on the redemption of ETF units.

The tax consequences for an Authorised Participant will depend on their particular circumstances.

We will notify an Authorised Participant of the amount of taxable income of the Fund on which they are assessed as a result of redeeming ETF units after the end of the financial year in which the ETF units are redeemed.

The provisions in the Constitution for the Fund that provide for an Authorised Participant who redeems ETF units to be assessed on part of the taxable income of the Fund seeks to ensure that any taxable income that arises for the Fund as a result of the redemption of ETF units by the Authorised Participant is reasonably allocated to the Authorised Participant, rather than to other investors in the Fund.

If an Authorised Participant is not a resident of Australia for Australian income tax purposes (**non-resident Authorised Participant**), we may be required to withhold tax from certain distributions made to the non-resident Authorised Participant.

If the Fund is an AMIT and a non-resident Authorised Participant is attributed with certain components of taxable income of the Fund without having been distributed those amounts, we are required under or in connection with the AMIT regime to pay tax on that income on the non-resident Authorised Participant's behalf and are entitled to be indemnified by the non-resident Authorised Participant for the relevant amount of tax (or an estimate of it) that we are, or may be, required to pay. For example, we may satisfy this indemnity by deducting the relevant amount of tax (or an estimate of it) from any redemption or other amounts payable to the non-resident Authorised Participant or alternatively require the non-resident Authorised Participant to pay the relevant amount of tax (or an estimate of it).

## 11. Other information you need to know

### Vanguard

#### Vanguard as the responsible entity

Vanguard, as the responsible entity, is solely responsible for the management and administration of the ETF. Vanguard holds an Australian Financial Services Licence (AFSL 227263) that authorises it to act as the responsible entity of the Fund and issue the ETF units. The powers and duties of Vanguard are set out in the Constitution of each Fund, the Corporations Act and general trust law.

The duties of Vanguard under the Corporations Act include:

- acting in the best interests of investors and, if there is a conflict between investors' interests and Vanguard's interests, giving priority to investors' interests;
- ensuring that Fund property is clearly identified as Fund property and held separately from property of Vanguard and property of any other fund, and is valued at regular intervals;
- ensuring that payments out of Fund property are made in accordance with the Corporations Act; and
- reporting to ASIC any certain breaches and likely breaches in accordance with its breach reporting obligations.

Vanguard has the power to appoint an agent, or otherwise engage a person (including any related entities or associates), to do anything that it is authorised to do in connection with the Fund.

### Retirement of Vanguard

Vanguard may retire as responsible entity of the Fund by calling a meeting of unitholders to enable unitholders to vote on a resolution to choose a company to be the new responsible entity. Vanguard may be removed from office by an extraordinary resolution (i.e. 50% of all units in the Fund entitled to vote, including members who are not present in person or by proxy) passed at a meeting of unitholders, in accordance with the Corporations Act.

### Indemnities and limitation of liability of Vanguard

In general, Vanguard may act on the opinion of, advice of and information obtained from advisers and experts. In those cases, Vanguard is not liable for anything done in good faith in reliance on that opinion, advice or information.

Vanguard is indemnified out of the Fund's assets against any expenses, loss, costs, damages and liabilities that may be incurred in properly performing any of its duties or prosecuting or defending any action or suit in connection with the Fund, other than if it arises out of Vanguard's fraud, negligence or breach of trust.

Vanguard is not liable personally to unitholders or other persons for failing to act except in the case of fraud, negligence or breach of trust or duty.

### Constitution

The Fund is a registered managed investment scheme and is governed by a Constitution. Under the Constitution, Vanguard has all the powers of a natural person in respect of the Fund. The Constitution set out the rights and obligations of the unitholders and Vanguard as responsible entity of the Fund.

This PDS outlines some of the important provisions of the Constitution.

A copy of the Constitution for the Fund may be inspected by investors at Vanguard's office, during business hours. Vanguard will provide investors with a copy of each Constitution upon request.

### Amendments to the Constitution

Vanguard may amend the Constitution of each Fund from time to time, subject to the provisions of the relevant Constitution and the Corporations Act. Generally, Vanguard can only amend a Constitution where Vanguard reasonably believes that the change will not adversely affect the rights of a unitholder. Otherwise, a Constitution can only be amended if approved at a meeting of unitholders.

### Rights of a unitholder

A unit confers a beneficial interest on a unitholder in the assets of a Fund but not an entitlement or interest in any particular part of the Fund or any asset.

The terms and conditions of the Fund's Constitution are binding on each unitholder in the Fund and all persons claiming through them respectively, as if the unitholder or person were a party to the relevant Constitutions.



## Meeting of unitholders

Vanguard may convene a meeting of unitholders of a Fund at any time (e.g. to approve certain amendments to the Fund's Constitution or to wind up the Fund(s)). Unitholders also have limited rights to call meetings and have the right to vote at any unitholder meetings.

Except where the relevant Fund's Constitution provides otherwise, or the Corporations Act requires otherwise, a resolution of unitholders must be passed by unitholders who together hold units in the Fund exceeding 50% in value of the total value of all units held by unitholders who vote on the resolution.

A resolution passed at a meeting of investors held in accordance with the relevant Fund's Constitution binds all investors of that Fund.

## Limitation of liability of unitholders

The Fund's Constitution provides that the liability of each unitholder is generally limited to their investment in the Fund and that a unitholder is not required to indemnify Vanguard or a creditor of Vanguard against any liability of Vanguard in respect of the relevant Fund, except as otherwise set out in the relevant Constitution, including that:

- a person applying for units indemnifies Vanguard against any liability in respect of the applicant paying or failing to pay the application amount; and
- an Authorised Participant who redeems units indemnifies Vanguard against any liability in respect of a withdrawal amount otherwise than as required by the relevant Constitution.

However, no complete assurance can be given in this regard, as the ultimate liability of a unitholder has not been finally determined by the courts.

## Reimbursement of expenses

In addition to any other indemnity which Vanguard may have under the Fund Constitution or at law, Vanguard is indemnified and has the right to be reimbursed out of, or paid from, the assets the Fund for all liabilities, losses, damages, expenses and costs incurred in the course of its office or in the administration or management of a particular Fund (other than if it is incurred by Vanguard's fraud, negligence or breach of trust). Without limitation, this includes amounts payable in properly performing any of its duties or exercising any of its powers.

## Related party arrangements

The responsible entity is a wholly owned subsidiary of VGI and part of the 'Vanguard Group' of related parties. For these purposes, a related party includes certain entities and individuals that have a close relationship with the responsible entity, including, but not limited to VGI itself, other subsidiaries of VGI and other funds operated or managed by members of the Vanguard Group.

The responsible entity may from time to time use the services of related parties (including, but not limited to, investment management and administration) and pay commercial rates for these services. The responsible entity may also enter into financial or other transactions with related parties in relation to the assets of the Fund and such arrangements will be based on arm's length commercial terms, or as otherwise permissible under the law.

In the course of managing the Fund, the responsible entity may come across conflicts in relation to its duties to the Fund, related funds and its own interests. The responsible entity has internal policies and procedures in place to manage all conflicts of interest appropriately. These policies and procedures will be reviewed on a regular basis and may change from time to time. In addition to complying with these policies and procedures, all conflicts will be resolved in a fair and reasonable manner, in accordance with the relevant law and ASIC requirements.

## Termination

Vanguard may wind up the Fund at any time on giving notice to unitholders. Following winding up, the net proceeds will be distributed to unitholders.

## Material contracts

Vanguard or VGI has entered into a number of contracts in relation to the offer of the ETF as follows:

JPMorgan Chase Bank N.A. (Sydney branch)	Global Custody Agreement which sets out the services provided by the JP Morgan Chase Bank N.A. on an ongoing basis.
Computershare Investor Services Pty Ltd	Registry Services Agreement which sets out the services provided by the share registrar on an ongoing basis.
FTSE International Limited	Index Licence Agreement. The licence allows the use of certain indices in the operation of the ETF.

## Custodian

Vanguard has appointed JP Morgan Chase Bank, N.A. (Sydney branch) (ABN 43 074 112 011) (**JP Morgan**) to provide custodial, settlement and other related services in relation to the ETF.

JP Morgan in its capacity as custodian for the ETF, also provides custodial services to Vanguard (as responsible entity) and is responsible for the safekeeping of the assets of the ETF. The role of the custodian is generally limited to holding the assets of the ETF and acting on behalf of the responsible entity in accordance with proper instructions (except in limited circumstances where the custodian has discretion to act without instructions).

The custodian has no supervisory obligation to ensure that Vanguard complies with its obligations as responsible entity of the Fund and generally does not make investment decisions in respect of the assets held or management of those assets. Vanguard will be liable to unitholders for acts and omissions of the appointed custodian. The custodian may change from time to time but must satisfy any relevant regulatory requirements.

## Registrar

Vanguard has appointed Computershare Investor Services Pty Limited (**Computershare**) as registrar for the ETF. The role of the registrar is to keep a record of the investors in the ETF. This includes details such as the quantity of the securities held, tax file numbers (if provided) and details of distribution reinvestment plan participation (where this is offered).

## Change of index

Vanguard has the right to change the index or index provider. If an index were to be changed, we will make an announcement to the ASX and take other steps as required by law or the AQUA Rules.

## Market maker

The AQUA Rules contain certain market making requirements. A market maker's role is to satisfy supply and demand for ETF units. They do this by fulfilling two key functions:

- providing liquidity to the market by providing bid and ask prices and acting as buyer and seller of ETF units throughout the day; and
- acting as or through an Authorised Participant relationship and applying for and redeeming ETF units, where necessary, to meet supply and demand.

Market makers seek to provide continuous liquidity to the market. The market maker uses information such as the daily Pricing Basket and previous day NAV prices to determine the current day NAV

price. The market maker then places ETF unit orders in the market either side of the current NAV on both the bid/ask. Investors will trade with a market maker or other buyers and sellers depending on who is offering the best price at the given time. Market maker(s) will generally continuously update their orders throughout the day to reflect changes in the price of the underlying securities and facilitate continuous liquidity.

The market maker(s) that Vanguard has appointed for the ETF have been selected on the basis of their experience in trading and market making in both Australia and international markets. Vanguard may change the lead market maker or appoint additional market makers.

## Compliance

### The compliance plan

Vanguard has prepared and lodged a compliance plan for the Fund with ASIC. The compliance plan sets out the key criteria that Vanguard will follow to ensure that it is complying with the Corporations Act and the Fund's Constitution. Each year compliance with the compliance plans are independently audited, as required by the Corporations Act, and the auditor's report is lodged with ASIC.

### The compliance committee

Vanguard is required to, and has, established a compliance committee with a majority of members that are external to Vanguard. The compliance committee's functions include:

- monitoring Vanguard's compliance with the compliance plans and reporting its findings to Vanguard;
- reporting breaches of the Corporations Act or the Constitution to Vanguard;
- reporting to ASIC if the committee is of the view that Vanguard has not taken or does not propose to take appropriate actions to deal with breaches reported to it by the committee; and
- assessing the adequacy of the compliance plans, recommending any changes and reporting these to Vanguard.

## Reporting and disclosure obligations

Vanguard, as responsible entity of the Fund will comply with the provisions of the Corporations Act, including the continuous disclosure requirements that apply to an unlisted disclosing entity as if the Fund were unlisted disclosing entities. As a disclosing entity, the Fund is subject to regular reporting and disclosure obligations. We will meet our continuous disclosure obligations by disclosing new material information on our website in accordance with ASIC's good practice guidance, and in the case of an ETF, on the ASX MAP.

Copies of documents lodged with ASIC in relation to the Fund may be obtained from, or inspected at, an ASIC office. Vanguard can also provide you with a copy (free of charge) of:

- the Annual Financial Report most recently lodged with ASIC for the Fund;
- any half-yearly fund financial reports lodged with ASIC in relation to the Fund after the lodgement of the Annual Financial Report and before the date of the PDS;
- any continuous disclosure notices given for the Fund after the lodgement of the Annual Financial Report and before the date of the PDS; and
- a transaction statement detailing holdings and transactions will be provided to investors at least once a year.

## If you have a complaint

If you have a complaint, please contact us on any of the following channels so that we can work together towards a resolution.

Email:	clientservices@vanguard.com.au
Phone:	1300 655 101 (from 8:00am to 6:00pm AET, Monday to Friday)
Secure message:	via your Vanguard Online Secure Message Portal (where available)
Mail:	Vanguard Investments Australia GPO Box 1837 Melbourne VIC 3001

Our Complaints Handling Policy is available on our website and in hard copy upon request. We aim to resolve your complaint as quickly as possible. For most standard complaints, we will provide you with a written internal dispute resolution response within 30 calendar days after receiving your complaint. Complex complaints may have a different maximum timeframe for responding. We will notify you if a different maximum timeframe applies to your complaint.

In the event that you are not satisfied with the outcome of your complaint, you have the right to refer the matter to an external dispute resolution process – the Australian Financial Complaints Authority (AFCA). AFCA provides fair and independent financial services complaint resolution service that is free to consumers. You can make a complaint to AFCA online, by letter, email or by phone.

It is important to note that time limits apply to some types of complaints lodged with AFCA. The AFCA complaint resolution service may only be available to retail clients.

### Australian Financial Complaints Authority

Website:	www.afca.org.au
Email:	info@afca.org.au
Telephone:	1800 931 678 (free call)
Mail:	Australian Financial Complaints Authority Limited GPO Box 3 Melbourne VIC 3001

## Privacy policy

We are committed to respecting the privacy of your personal information. Privacy laws regulate, among other matters, the way organisations collect, use, disclose, keep secure and give people access to their personal information. Our privacy policy states how we manage personal information. We collect personal information in the application process, and may collect additional personal information in the course of managing your investment, in order to provide this product to you and to establish and manage your investment in the ETF. We may obtain information about you or any beneficial owners from third parties if it is believed this is necessary to comply with relevant laws. We may be required by law to disclose personal information to relevant regulators (whether in or outside of Australia). We may provide an investor's personal information to our service providers for certain related purposes (as described under the *Privacy Act 1988* (Cth)) such as account administration and the production and mailing of statements. We may also use an investor's personal information and disclose it to our service providers to improve customer service (including companies conducting market research) and to keep investors informed of Vanguard's products and services, or to their financial adviser or broker to provide financial advice and ongoing service. We will assume consent to personal information being used for the purposes of providing information on services offered by Vanguard and being disclosed to market research companies for the purposes of analysing Vanguard's investment base, unless otherwise advised.

If you do not provide your personal information as requested, we may not be able to process or accept your application. To obtain a copy of the Vanguard Privacy Policy, or to access or update your personal information, visit our website, contact Client Services on 1300 655 101, by email to clientservices@vanguard.com.au, or by

## **US Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS)**

FATCA is a US law which impacts investors worldwide. FATCA attempts to minimise US income tax avoidance by US persons investing in foreign assets, including through their investments in foreign financial institutions. FATCA requires reporting of US persons' direct and indirect ownership of non-US accounts and non-US entities to the US Internal Revenue Service (**IRS**).

Similarly, the Organisation for Economic Cooperation and Development (**OECD**) has established a reporting regime (**CRS**), which requires participating jurisdictions, including Australia, to obtain information from their financial institutions and exchange it with other participating jurisdictions.

Under FATCA, the Australian Government has entered into an Inter-Governmental Agreement (**IGA**) with the Government of the United States of America for reciprocal exchange of taxpayer information. Under the IGA, financial institutions operating in Australia report information to the Australian Taxation Office (**ATO**) rather than the IRS. The ATO may then pass the information on to the IRS.

Vanguard or its authorised agents, such as the registrar (Computershare), may request such information or documents from you as is necessary to verify your identity and FATCA and CRS status, including self-certification forms. Vanguard or its authorised agents may disclose this information to the IRS or ATO (who may share this information with other tax authorities) as necessary to comply with FATCA, the IGA, CRS or applicable implementing law or regulation, which may include information about:

- investors identified as US citizens or tax residents (information about corporations and trusts with US substantial owners or controlling persons will also be reported);
- other investors identified as non-residents for CRS purposes (including non-resident controlling persons of certain entities);
- investors who do not confirm their FATCA or CRS status; or
- certain financial institutions that do not meet their FATCA obligations (non-participating foreign financial institutions).

Vanguard is not able to provide tax advice and strongly encourages investors to seek the advice of an experienced tax adviser to determine what actions investors may need to take in order to comply with FATCA and CRS.

## **Anti-money Laundering & Counter Terrorism Financing (AML/CTF) obligations, sanctions and relevant laws**

Vanguard is required to comply with laws and regulations regarding the prevention of money laundering and terrorism financing, sanctions obligations, anti-bribery and anti-corruption, modern slavery and other laws.

Vanguard is required to carry out procedures that verify your identity before providing services to you, and from time to time thereafter.

By completing the Application/Redemption process you agree that:

- You are not applying for units under an assumed or false name (i.e. aliases or pseudonyms).
- Any money you invest is not derived from or related to any criminal or illegal activities.
- Any proceeds will not be used in relation to any criminal, terrorism and terrorism financing or other illegal activities.
- You will not initiate, engage in, or effect a transaction that may be in breach of AML/CTF law, anti-bribery or anti-corruption laws or sanctions (or the law or sanctions of any other country in which Vanguard operates).
- On request, you will provide us with any identity and additional information we may require to comply with relevant laws or legislation (such as AML/CTF laws or sanctions). This could

include, but is not limited to, information about you, your transactions and your related parties, including the source of funds or source of wealth used in connection with the investment. You also agree that we may request this information from third parties if necessary to comply with relevant laws or legislation.

- We may obtain information about you, your legal personal representative, anyone acting on your behalf, a holder of a beneficial interest in the investment or the source of funds used in connection with the investment from third parties if we believe this is necessary to comply with AML/CTF laws or sanctions obligations.
- To comply with relevant laws and legislation, we may be required to act, including delaying or refusing the processing of any application or any transaction related to your investment if we believe or suspect that the application or transaction may cause us to breach any obligation or cause us to commit or participate in an offence under any relevant laws, including AML/CTF laws, anti-bribery and anti-corruption laws or sanctions. We will not incur any liability in doing so.
- Where legally obliged to do so (e.g. receipt of a lawful notice from a Commonwealth, State or Territory law enforcement agency), we may disclose the information gathered to regulatory and/or law enforcement agencies or other entities. We may share this information with other members of VGI.
- Vanguard is not liable for any losses caused by exercising its rights under this section.

### Consents to inclusion of statements

FTSE has given its written consent to all statements by it, or statements based on statements by it, in the form and context in which they are included in this PDS, and has not withdrawn its consent as at the date of this PDS.

### Consents to lodge PDS

The directors of Vanguard have consented to the lodgement of this PDS with ASIC.

### ASIC relief

#### Equal treatment relief

*ASIC Corporations (Relief to Facilitate Admission of Exchange Traded Funds) Instrument 2024/147* grants relief under section 601QA(1) of the Corporations Act from the equal treatment

requirement in section 601FC(1) to the extent necessary to allow the responsible entity to permit only unitholders who are Authorised Participants to withdraw from the ETF, except in limited circumstances.

#### Ongoing disclosure of material changes and significant events

*ASIC Corporations (Relief to Facilitate Admission of Exchange Traded Funds) Instrument 2024/147* also grants relief under section 1020F of the Corporations Act from the ongoing disclosure requirements in section 1017B on condition that the responsible entity complies with the continuous disclosure requirements in the Corporations Act as if the ETF were an unlisted disclosing entity.

#### Relevant interest relief

Where an ETF holds listed Australian securities, ASIC has granted relief under section 655A(1) and 673(1) of the Corporations Act with respect to relevant interest provisions in section 609, so that where an Authorised Participant makes a redemption request, this does not give rise to an Authorised Participant holding a 'relevant interest' in the securities held by the ETF for the purposes of the takeovers provisions of Chapter 6 and the substantial holding provisions in Chapter 6C of the Corporations Act.

#### Periodic statements

*ASIC Corporations (Periodic Statement Relief for Quoted Securities) Instrument 2024/14* grants relief to ETF issuers under sections 1020F(1)(a) and 1020F(1)(c) of the Corporations Act so that where a unitholder has acquired or disposed of ETF units during the period and the ETF issuer does not know the price at which the ETF units were transferred, periodic statements and exit statements do not need to include the amounts paid in relation to the transfer or the return on investment during the reporting period (provided that the ETF issuer is not able to calculate the return on investment and the periodic statement explains why this information was not included and describes how it can be obtained or calculated). The ETF issuer must also provide information about the performance of the ETF relative to the investment objectives of the ETF that the issuer believes is sufficient for the investor to make an informed assessment of the performance of the ETF for the relevant prescribed periods.

## 12. Glossary

**AET** means Australian Eastern Time.

**AQUA Rules** means the trading and other rules that apply to products that are quoted on the ASX AQUA market as set out in Schedule 10A of the ASX Operating Rules.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited.

**Authorised Participant** means a person who has executed an 'Authorised Participant' agreement with Vanguard.

**Cash Transaction** means an exchange of cash for ETF units or vice versa by an Authorised Participant.

**CHESS** means the Clearing House Electronic Subregister System.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**ETF** means the Vanguard Global Infrastructure Index ETF offered in this PDS.

**Fund** means the Vanguard Global Infrastructure Index Fund ARSN 128 385 277, an Australian registered managed investment scheme.

**Index** in relation to the Vanguard Global Infrastructure Index ETF means FTSE Developed Core Infrastructure Index (with net dividends reinvested) in Australian dollars, which is calculated, administered and owned by FTSE.

**OTC derivatives** means over-the-counter derivative financial instruments.

**Pricing Basket** means a basket of securities that is created to track the movements of an ETF. It is intended to assist with intra-day pricing and is not for transactional purposes.

**Secondary Market** is the trading venue for buyers and sellers of existing ETF units. This is usually performed on a securities exchange (for example the ASX) or 'over the counter'.



#### FTSE Disclaimer

The Vanguard Global Infrastructure Index ETF has been developed solely by Vanguard. The Vanguard Global Infrastructure Index ETF is/are not in any way connected to or sponsored, endorsed, sold or promoted by the London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). FTSE Russell is a trading name of certain of the LSE Group companies.

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