

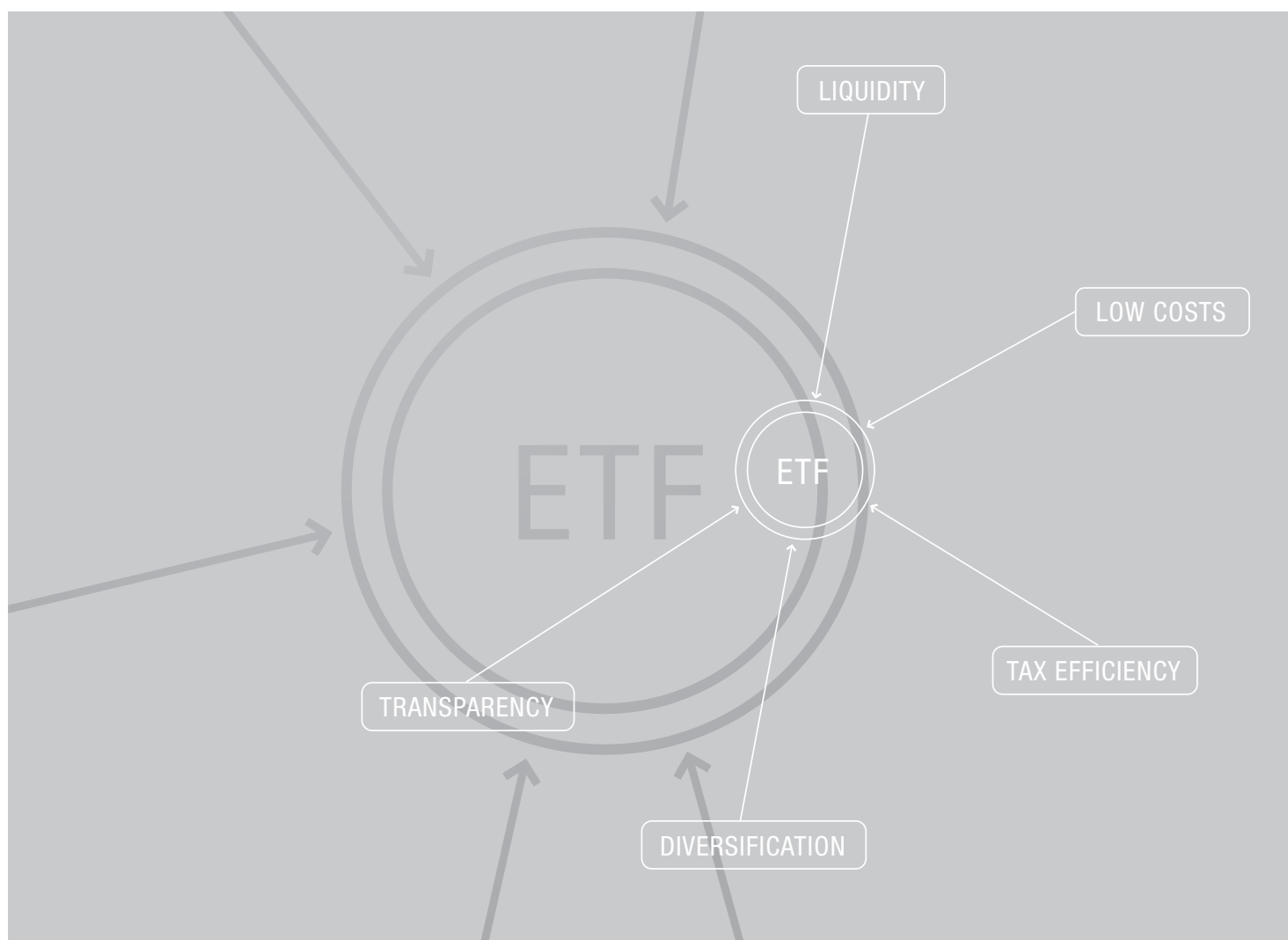
Vanguard® ETF Distribution Reinvestment Plan

Version 2.1

Issued by Vanguard Investments Australia Ltd (ABN 72 072 881 086)



Vanguard INVESTMENTS®



Contents

1.	Terms and Conditions.....	3
2.	Eligibility to participation in the Plan.....	3
3.	Application to participate.....	3
4.	Degree of Participation	4
5.	Operation of the Plan	4
6.	ETFs allocation under the Plan.....	6
7.	Transaction Costs	7
8.	Plan Statement	7
9.	Variation or Termination of Participation	7
10.	Modification, Suspension or Termination of the Plan by Vanguard.....	8
11.	Taxation	9
12.	ASX Operating Rules and Constitution	9
13.	Definitions	9
	Appendix A.....	11

1. Terms and Conditions

- 1.1 These Rules apply to the Vanguard Exchange Traded Funds with applicable effective dates, referred to in Appendix A.
- 1.2 Participation in the Plan is subject to these terms and conditions.
- 1.3 Participants are bound by the Rules of the Plan as modified from time to time.
- 1.4 Vanguard has the discretion whether to allow the reinvestment of Distributions and may terminate, modify, repeal, replace or suspend the Plan at any time.

2. Eligibility to participation in the Plan

- 2.1 Any Eligible Investor may participate in the Plan.
- 2.2 Participation in the Plan is optional and is not transferable.

3. Application to participate

3.1 Applications

An Investor may apply to participate in the Plan either in writing or by election through Vanguard's appointed Registrar.

3.2 Joint Investors

If the ETFs are jointly held by two or more Eligible Investors, all joint investors must make a single election to participate in the Plan for it to be valid. If one or more of the joint investors is not an Eligible Investor, none of the joint investors can apply to participate in the Plan with respect to the ETFs jointly held. Each joint investor must sign the election form.

3.3 Multiple holdings

Where an Investor has more than one allocated holding on the Register, the Investor will have to make a separate election for each holding.

3.4 Effective Date

To be effective for a forthcoming Distribution, the Application must be received by the Registrar by 5pm on the Record Date for that Distribution.

3.5 Acceptance of applications

Vanguard may in its absolute discretion accept or refuse any Application.

4. Degree of Participation

4.1 Full or partial participation

Participation in the Plan must be in full. Partial participation is not available until further notice.

4.2 Full participation

In the case of full participation, all ETFs held by the Investor, from time to time, however acquired (including ETFs issued under the Plan) will be subject to the Plan.

4.3 No indication of participation

If no election to participate is specified, participation will be deemed to be nil.

4.4 Discrepancies

Only the number of ETFs registered in the name of the Investor on the Record Date for a Distribution Period will be subject to the Plan.

5. Operation of the Plan

5.1 Plan Accounts

Vanguard will establish and maintain a Plan Account for each Participant.

5.2 Issue price

ETFs issued under the Plan will be issued at an issue price subject to rounding and calculated in accordance with the Constitution. The issue price is calculated based on the price of the ETF as at the close of business on the day prior to the Ex Distribution Date for that Distribution, less the distribution entitlement per unit. The issue price is rounded to four decimal places.

5.3 Reinvestment of Distributions

Distributions on Plan ETFs will be applied by Vanguard on the Participant's behalf in subscribing for or acquiring ETFs. Any amount that Vanguard is owed, is entitled to withhold or retain, in relation to the Distribution whether under its Constitution or otherwise, will not be available for subscribing for this purpose.

5.4 Calculation of Distributions

The number of ETFs, subject to Rule 5.5, issued to each Participant will be:

Distribution Payable + Credit

Issue Price

where:

Distribution Payable is the Distribution payable on the Participant's Plan as at the Record Date for that Distribution

Credit is the credit balance (if any) from a previous Distribution on the Participant's Plan

Issue Price is the Price at which ETFs are issued as determined in accordance with Rule 5.2

5.5 Fractions

Where a fraction of an ETF results from the application of the formula in Rule 5.4, that fraction will be rounded down to the nearest whole number and the remaining Distribution not applied will be carried forward as a credit balance on the Participant's Plan. No interest will be payable on the credit balance.

5.6 Authorisation to Vanguard

A Plan Participant shall be deemed to have directed Vanguard to:

- (a) determine the amount of the relevant Distribution entitlement of each Participant in respect of the Participating ETFs and credit the amount to the Participant's Plan Account;
- (b) determine and deduct from the Participant's Plan Account any Australian tax applicable or required to be withheld in respect of any Distribution to the Participant;
- (c) determine the maximum whole number of ETFs which could be acquired at the issue price by applying the credit balance amount in the Participant's Plan Account;
- (d) on behalf of the Participant, subscribe for that number of additional ETFs determined under paragraph 5.6(c) and debit the Participant's Plan Account with the aggregate issue price of the ETFs subscribed for;
- (e) issue to the Participant that number of ETFs determined under Rule 5.4; and
- (f) retain in the Participant's Plan Account any credit balance remaining after the issue of ETFs under Rule 5.4 until the payment of the next Distribution when that amount will be aggregated with any further Distribution credited to the Participant's Plan Account.

5.7 Administration of the Plan

This Plan will be administered by Vanguard which has the power to:

- (a) determine procedures for administration of the Plan consistent with these Rules;
- (b) settle in such manner as they think expedient any difficulties, anomalies or disputes which may arise in connection with the operation of the Plan, whether generally or in relation to any Participant or any ETFs, and the determination of Vanguard is conclusive and binding on all Participants and other persons to whom the determination relates; and
- (c) delegate to any one or more persons, including its Registrar, for such period and on such conditions as it may determine, the exercise of any of their powers or discretions arising under the Plan.

6. ETFs allocation under the Plan

6.1 Rights attached to ETFs

ETFs issued under the Plan will be credited as fully paid and rank equally in all respects with existing ETFs as from the date of issue.

6.2 Register

ETFs issued to a Participant under the Plan will be registered on the register on which the Investor's holding is currently registered.

6.3 Time of issue

ETFs to be allotted under the Plan will be issued within the time required by the ASX Operating Rules.

7. Transaction Costs

7.1 Costs to participants

To the extent permitted by law, Vanguard will pay brokerage, commission or other transaction costs in respect of ETFs allotted under the Plan.

7.2 Change in law

In the event of a change in the existing legislation so that at the date of any issue, stamp duty or other tax is payable in respect of the issue, the amount of such stamp duty or other tax shall be paid by the Participant to whom the ETFs under the Plan are issued and will be debited to the Participant's Plan Account.

8. Plan Statement

Vanguard will send to each Participant a combined Distribution statement and holding statement following the Allocation of ETFs under the Plan setting out the following information:

- (a) the Distribution payable in respect of that Participant's Plan which has been applied towards the acquisition of ETFs;
- (b) information regarding franking and imputation credits (if any) attached to the Distribution;
- (c) the number of additional ETFs allocated to that Participant under the Plan; and
- (d) the price at which the ETFs were issued.

9. Variation or Termination of Participation

9.1 By participants

A Participant may at any time terminate participation in the Plan, by lodging a notice either in writing or by election through Vanguard's appointed Registrar. To be effective for a forthcoming Distribution the termination notice must be received by the Registrar by 5pm on the Record Date for that Distribution.

9.2 By sale of Plan ETFs

If a Participant disposes of all its Plan ETFs, it will be deemed to have terminated participation in the Plan on the last date on which the Registrar registered the disposal of the ETFs.

9.3 Death, bankruptcy, etc

If a Participant dies, participation in the Plan terminates upon receipt by Vanguard of written notice of the death. If a Participant is declared bankrupt or is wound-up, participation in the Plan terminates upon receipt by Vanguard of a notification of bankruptcy or winding-up from the Participant or the Participant's trustee in bankruptcy, or liquidator, as the case may be. The death, bankruptcy or winding-up of one or more joint holders does not automatically terminate participation provided the remaining holder or all remaining joint holders are Eligible Investors.

9.4 Credit balances on termination

If a Participant terminates (or is deemed to have terminated) their participation in the Plan, the amount of any credit balance held in the Participant's Plan Account (arising under Rule 5.6(f)), will be paid to the Participant, at a time and in a manner determined by Vanguard.

10. Modification, Suspension or Termination of the Plan by Vanguard

10.1 Vanguard's notice

Vanguard may, by giving notice to Investors, at any time and for any period, modify, repeal, replace, suspend and terminate the Plan.

10.2 Omission to give notice

The accidental omission to give to an Investor a notice of modification, variation, amendment, suspension or termination of the Plan, or non-receipt of such a notice by an Investor, shall not invalidate the modification, amendment, variation, suspension or termination of the Plan.

10.3 Liability

The modification, amendment, variation, suspension, recommencement or termination does not give rise to any liability on the part of, or right of action against, Vanguard or any of its officers, employees or agents.

10.4 Variation of Plan

If the Plan or these Rules are varied, a Participant continues to participate under the Plan and these Rules in their varied form unless the Participant terminates its participation in the Plan in accordance with these Rules.

10.5 Suspension of Plan

If the Plan is suspended and is later recommenced, then upon recommencement all prior elections are reinstated subject to any variation or termination validly given by a Participant prior to the next Ex Distribution Date after the recommencement of the Plan.

10.6 Credit balances

If the Plan is suspended or terminated by Vanguard, the amount of any credit balance held in the Participant's Plan Account (arising under Rule 5.6(f)), will be paid to the Participant, at a time and in a manner determined by Vanguard.

11. Taxation

Vanguard does not make any representation or warranty in respect of, or accepts any responsibility for, the liability of Participants to the payment of income tax in respect of any issue of ETFs, payment or other transaction pursuant to the Plan.

12. ASX Operating Rules and Constitution

Notwithstanding any other provision of the Plan, this Plan must be administered in accordance with the ASX Operating Rules and the Constitution.

13. Definitions

When used in these terms and conditions, the words listed will, unless the contrary intention appears, have the following meanings:

Allocation means the issue of new ETFs to Participants under the Plan or the transfer of ETFs to Participants under the Plan.

Application means the application to participate, vary participation or terminate participation in the Plan in respect of a particular holding account, in the form that Vanguard approves from time to time.

ASX means Australian Securities Exchange Limited (ACN 008 624 691) or the securities market which it operates, as the context requires.

ASX Operating Rules means the rules that regulate how trading may take place on the ASX and any other rules of the ASX which are applicable while the ETF is quoted for trading, except to the extent of any express written waiver by the ASX.

Constitution means the trust deed for the relevant ETF, as amended from time to time.

Distribution means amounts to be distributed to Investors pursuant to the Constitution of the relevant ETF whether income or capital.

Distribution Period means a period for which income of the ETF is calculated.

Eligible Investor means a person registered as the holder of at least the minimum number of ETFs, in the relevant ETF, as specified by Vanguard (if any) and has a registered address in Australia or New Zealand.

Ex Distribution Date means the first day on which ETFs trade on the ASX without an entitlement to the relevant Distribution.

ETFs means securities in the relevant Vanguard Exchange Traded Fund securities.

Holding means a holding of ETFs recorded in the Register.

Investor means a person holding ETFs.

Participant means an Eligible Investor whose Application to participate in the Plan has been accepted by Vanguard.

Participating ETFs means the ETFs in respect of which Distributions are reinvested in accordance with the Plan.

Plan means the Vanguard ETF distribution reinvestment plan, the terms of which are set out in these Rules, as varied from time to time.

Plan ETFs means the ETFs in a particular holding account which are designated by a Participant as ETFs for which the Distribution is to be applied in subscribing for ETFs under the Plan.

Plan Account means the plan account established and maintained by Vanguard for each Participant in accordance with these terms and conditions.

Record Date means the date on which an ETF Investor must own the ETF to be entitled to receive the Distribution.

Register means the official recording of the names of the ETF investors and the number of ETFs held by each Investor.

Registrar means Computershare Investor Services Pty Limited

Vanguard means Vanguard Investments Australia Ltd (ABN 72 072 881 086).

Appendix A

The Plan is available for:

Exchange Traded Fund	ARSN	Effective Date
Vanguard® Australian Shares Index ETF	ARSN 090 939 718	15 October 2010
Vanguard® Australian Property Securities Index ETF	ARSN 090 939 549	01 November 2010
Vanguard® MSCI Australian Large Companies Index ETF	ARSN 147 936 105	26 May 2011
Vanguard® MSCI Australian Small Companies Index ETF	ARSN 147 936 570	26 May 2011
Vanguard® Australian Shares High Yield ETF	ARSN 091 751 807	26 May 2011



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