

Vanguard®

Vanguard® Index Diversified Bond Fund

Vanguard fund profile



At a glance

As at 31 December 2011

APIR code	VAN0101AU
Management costs	
First \$50,000	0.75% p.a.
Next \$50,000	0.50% p.a.
Balance over \$100,000	0.35% p.a.
Buy spread	+0.16%
Sell spread	-0.16%
Commencement	19 January 2000
Minimum investment	\$5,000
Income distribution	Quarterly

Objective

The fund seeks to track the return (income and capital appreciation) of a tailored diversified index, representing a 40 per cent allocation to Australian fixed interest securities (bonds) and a 60 per cent allocation to international fixed interest securities (hedged), before taking into account fund fees and expenses.

The index comprises:

- 40% UBS Australian Composite Bond Index
- 60% Barclays Capital Global Aggregate ex Securitised Index (hedged into Australian dollars)

Strategy

The fund invests in Australian and international bonds through underlying Vanguard® Wholesale Index Funds. The Australian fixed interest allocation invests in the Vanguard® Australian Fixed Interest Fund and the international fixed interest allocation invests in the Vanguard® International Fixed Interest Fund (Hedged) and the Vanguard® International Credit Securities Index Fund (Hedged). The fund achieves its investment objective by investing in the underlying Vanguard Wholesale funds.

Features and benefits

Diversification	The UBS Australian Composite Bond Index comprises approximately 400 Australian fixed interest securities (bonds) and the Barclays Capital Global Aggregate ex Securitised Index comprises approximately 12,000 international fixed interest securities (bonds). The diversified approach lowers risk and offers the opportunity for enhanced returns.
Income and capital growth potential	Steady and reliable income (quarterly) and some capital growth potential.
Low cost	Low management costs with no entry, exit or switching fees other than the usual buy/sell spreads.
Flexibility	Switch funds and make withdrawals with no associated costs other than the usual buy/sell spreads.

Vanguard® Index Diversified Bond Fund

Dated 31 December 2011

Overview

	Fund
Fund size (AUD)	\$58.2 Million
Inception date	19 January 2000
Management costs	0.75% pa - for that portion up to \$50,000 0.50% pa - for that portion from \$50,001 to \$100,000 0.35% pa - for that portion over \$100,000
Buy/sell spread	+0.16% / -0.16%
Modified duration (years) ⁵	5.22
Benchmark	40% UBS Australian Composite Bond Index 60% Barclays Capital Global Aggregate ex Securitized Index (hedged into Australian Dollars)
Underlying funds	40.0% Vanguard Australian Fixed Interest Index Fund 38.9% Vanguard Intl. Fixed Interest Index Fund (Hedged) 21.1% Vanguard Intl. Credit Securities Index Fund (Hedged)

Performance return^{1,2} (%)

	Fund Gross	Bmk	Fund Total	Dist	Growth
1 month	1.49	1.53	1.43	0.54	0.89
3 months	2.01	2.01	1.82	0.54	1.28
6 months	6.59	6.62	6.19	1.00	5.19
1 year	10.90	10.83	10.08	13.51	-3.43
3 years (pa)	7.90	7.93	7.10	7.44	-0.34
5 years (pa)	8.23	8.11	7.42	7.22	0.20
10 years (pa)	7.57	7.44	6.77	6.83	-0.06
Inception (pa)	7.87	7.74	7.06	6.57	0.49

Year to year gross return^{1,2} (%)

	Dec - Dec		June - June	
	Fund	Bmk	Fund	Bmk
YTD	10.90	10.83	6.59	6.62
2011	10.90	10.83	6.37	6.23
2010	8.00	7.88	9.82	9.89
2009	4.88	5.15	10.61	10.15
2008	12.21	11.51	6.53	6.51

Unit prices³

Net asset value	Purchase	Withdrawal
\$1.0655	\$1.0673	\$1.0637

Income distribution⁴

Quarter ended	Amount (CPU)	Reinvestment price
31 December 2011	0.5625	\$1.0599

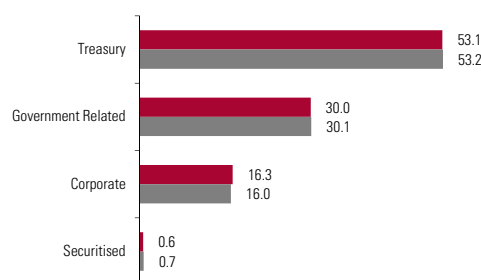
Notes

- Past performance is not an indication of future performance
- Returns assume reinvestment of all distributions. Returns for periods longer than 1 year are annualised. Fund gross returns are before management costs and taxes, but after transaction and operational costs. Fund total return is the fund gross return less management costs. Index returns do not allow for taxes, management, transaction and operational costs.
- Month end cumulative-distribution
- Past distributions are not an indication of future distributions
- Weighted average allocation of underlying funds

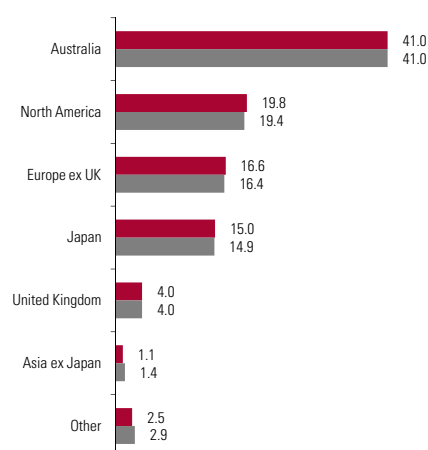
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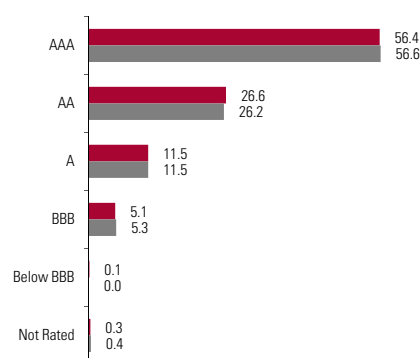
Sector allocation⁵ (%)



Regional allocation⁵ (%)



Credit allocation⁵ (%)



■ Fund weight ■ Benchmark weight



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