

Vanguard Manager Select Series

Vanguard Active Global Growth Fund

Vanguard Active Emerging Market Equity Fund

This Product Disclosure Statement (PDS) is for the Vanguard Funds (Funds) listed in the table below. This PDS is issued by Vanguard Investments Australia Ltd ABN 72 072 881 086 AFSL 227 263 (Vanguard, we, us or our), the responsible entity of the Funds.

Vanguard Manager Select Series	ARSN	ABN	APIR
Vanguard Active Global Growth Fund	632 655 577	16 465 809 772	VAN0722AU
Vanguard Active Emerging Market Equity Fund	632 655 675	13 359 821 400	VAN0221AU

Eligible Investors
 From 1 October 2020, direct new applications the Funds are only permitted from institutional investors approved by Vanguard. New retail investors can access the Funds indirectly (for example, through Vanguard Personal Investor, a master trust, wrap platform or a nominee or custody service). To find out if you are eligible to invest in a Fund directly or if you would like further information regarding Vanguard Personal Investor, please visit www.vanguard.com.au/personal or contact us.

Important Information

Vanguard has appointed FNZ Australia Pty Ltd (FNZ) as the fund administrator for retail investor accounts in the Funds (Retail Accounts). Vanguard will remain the fund administrator for certain existing institutional accounts as well as for new institutional accounts (Institutional Accounts). The transition of administration to FNZ from Vanguard is expected to occur from 16 October 2020 (Transition Date). We will notify you of any update to the Transition Date via notice on our website.

Due to operational variations between FNZ's administration of the Funds and that of Vanguard, there will be differences in the way the Retail and Institutional accounts operate. Any key differences impacting investors are set out in this PDS.

The information provided in this PDS is general information only and does not take into account your personal objectives, financial situation or needs. You should consider whether the information in the PDS is appropriate to your circumstances and obtain financial advice that is tailored to your personal circumstances from a licensed financial adviser.

Information in this PDS is current as at its issue date and may change from time to time. Where the changes are not materially adverse to investors, the information may be updated on the Vanguard website at www.vanguard.com.au. A paper copy of any updated information is available free of charge on request.

All dollar amounts are in Australian dollars unless otherwise indicated.

This PDS does not constitute an offer or invitation in any jurisdiction other than in Australia or to anyone whom it would not be lawful to make such an offer. Applications from outside Australia will not be accepted through this PDS. For the avoidance of doubt, units in the Funds are not intended to be sold to US Persons. US Person for this purpose is a person who is: (a) included in the definition of "US person" under Rule 902 of Regulation S of the US federal securities laws or (b) excluded from the definition of a "Non-United States Person" as used in the US commodity trading laws.

None of The Vanguard Group, Inc. (including Vanguard Investments Australia Ltd) or any of their related entities, directors or officers guarantee the repayment of capital or the performance of the Funds. Vanguard or any of its related entities or associates may invest in, lend to or provide services to the Funds. Vanguard may also invest, lend to, or provide services to funds or accounts owned or managed by its related entities or perform services to 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.

If you would like to request a printed copy of this PDS, please contact us.

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Contents	1
Investing with Vanguard	4
About Vanguard	4
About the Vanguard Manager Select Series	4
Investment Managers.....	5
Fund Profiles.....	6
Vanguard Active Global Growth Fund (managed by Baillie Gifford).....	6
Vanguard Active Emerging Market Equity Fund (managed by Wellington)	8
General risks of managed investment schemes.....	10
Significant risks of investing in the Funds.....	10
Fees and other costs	12
Our fees and costs	12
Additional explanation of fees and costs	13
Your guide to investing	17
Initial applications and additional investments – Institutional Investors and Institutional Accounts	17
Additional investments – Existing Retail Accounts	18
Other forms of payment.....	18
Cut-off times.....	18
Withdrawals.....	19
Cut-off times.....	19
Switches – For Institutional Accounts only	19
Transfers	20
Unit pricing	20
Fund Distributions	21
How to transact with us	22
Investor communication	23
Investor Communications – For Institutional Accounts.....	23
Investor Communications – For Retail Accounts.....	23
Taxation	26
Other information	28
Vanguard.....	29
Constitutions	29
Related party arrangements.....	30
Compliance	30
Investors.....	30

Investing with Vanguard

About Vanguard

Vanguard Investments Australia Ltd (Vanguard) is a wholly owned subsidiary of The Vanguard Group, Inc. The Vanguard Group, Inc. is one of the world's largest global investment management companies, with more than AUD \$8.8 trillion in assets under management as of 30 June 2020. In Australia, Vanguard has been serving financial advisers, retail clients and institutional investors for more than 20 years.

Stability and experience

The Vanguard Group, Inc. was established in 1975 and has been a leader in low cost investing ever since. In Australia, Vanguard leverages the scale, experience and resources of our established global business. Investing in the Funds allows you to access the knowledge and skill of Vanguard.

Client focus

The Vanguard Group, Inc. was founded on a simple but revolutionary idea - that an investment company should manage the funds it offers in the sole interest of its clients. From rigorous risk management to transparent pricing to plain talk communications, we put our clients' interests first.

Low costs

Investors can't control the markets, but they can control the costs of investing. Providing low cost investments isn't a pricing strategy for us. It's how we do business. Vanguard's scale also helps to keep costs low.

About the Vanguard Manager Select Series

The Vanguard Manager Select Series are a suite of actively managed funds which seek to deliver on what we consider the three most critical factors to active management: Talent, Patience and Low Cost.

Talent - Vanguard sources talented investment managers with a proven process and demonstrable ability. We focus on the right people, philosophy and process to produce long-term competitive results.

Patience - Long-term thinking is adopted in relation to the Funds, accepting there will be periods of underperformance. Rather than making decisions based solely on last year's performance, Vanguard's perspective is long term. We recognise active managers face bumps along the road to long-term outperformance. This disciplined approach is present at every step of our process.

Low Cost - Vanguard's enduring low-cost investment philosophy is at the centre of the strategy of the Manager Select Series.

About the Funds

The Funds are registered managed investment schemes. When you contribute money to a registered managed investment scheme, your money is pooled together with other people's money. The investment manager invests that money and manages the assets of each Fund on behalf of Vanguard for all scheme members in that Fund. The Australian Securities and Investments Commission (ASIC) has a website www.moneysmart.gov.au that has more information about managed investment schemes.

These Funds are divided into units. As an investor, you acquire units in the Fund. A unit represents a beneficial interest in the assets of a Fund as a whole (but not to a particular asset).

Classes of units

This PDS relates to the wholesale class of units for each of the Funds.

Investment Managers

We have appointed investment managers to manage the Funds as below:

Fund	Investment Manager
Vanguard Active Global Growth Fund	Baillie Gifford Overseas Limited (ARBN 118 567 178) Registration No.: SCO084807
Vanguard Active Emerging Market Equity Fund	Wellington Management Australia Pty Ltd (ABN 19 167 091 090) AFSL 462912

About Baillie Gifford

Baillie Gifford Overseas Limited is wholly owned by Baillie Gifford & Co., a Scottish investment firm. Founded in 1908, Baillie Gifford & Co., one of the largest independently owned investment management firms in the United Kingdom, manages money primarily for institutional clients. As of 30 June 2020, Baillie Gifford & Co. managed approximately \$470bn (AUD) in assets. The firm's investment approach is differentiated by being very long-term, optimistic, growth-orientated, and high-conviction. It utilises a wide range of inputs well beyond the typical financial and economic indicators to include important elements which are vital to long-term success such as corporate culture, governance and sustainability of the business model.

About Wellington

Tracing its history to 1928 and with over US\$1.1 trillion in assets under management as at 30 June 2020, Wellington Management¹ serves more than 2,200 institutional clients and funds in over 60 countries. It is also one of the world's largest investment sub advisers, providing investment expertise and experience to banks, insurance companies, and wealth management firms. Its investment capabilities are built on the strength of rigorous, proprietary research and span nearly all segments of the global capital markets, including equity, fixed income, multi-asset, and alternative strategies. Being a private partnership whose sole business is investment management allows Wellington to take a long-term view and to be aligned with the interests of its clients.

Wellington Management believes its distinctive strength is its commitment to rigorous, proprietary research — the foundation upon which the firm's investment approaches are built. Another hallmark of Wellington is its culture, that is, its dedication to collaboration and a sense of community, a trait the firm believes is its sustainable competitive advantage. It has built its organisation to foster healthy debate, diversity of thought, and the free exchange of ideas — conditions that Wellington thinks are essential for informed investment decision making. Actively sharing insights across asset classes and investment disciplines help create a marketplace of ideas that is leveraged for the benefit of client portfolios.

¹ Wellington Management Australia Pty Ltd (ABN 19 167 091 090), along with Wellington Management Group LLP and their other subsidiaries, are referred to in this document as "Wellington Management" or "Wellington".

Fund Profiles

Vanguard Active Global Growth Fund (managed by Baillie Gifford)

For the latest information on the Vanguard Active Global Growth Fund (referred to in this section as the “Fund”) including performance data, please visit the Vanguard website.

Investment objective	The Fund seeks to provide long-term capital growth by investing primarily in equity securities from around the globe that are considered to have above-average growth potential.
Investment Manager	Baillie Gifford Overseas Limited
Benchmark	MSCI All Country World Index (with net dividends reinvested) in Australian dollars
Fund commencement date	31 August 2019
Minimum investment amounts^A	
Minimum initial investment	\$500,000
Minimum additional investment	Up to the Transition Date \$100 After the Transition Date \$10
Minimum account balance	No minimum
Minimum transfer	\$500,000
Minimum withdrawal	No minimum
Payment of withdrawals^B	Generally within 3 business days
Distribution frequency^C	Quarterly
Unit pricing frequency	Daily
Fees and costs	
Management costs^D	0.5175% to 0.6825% p.a. of the net asset value of the Fund
Buy spread (purchase) ^E	0.12%
Sell spread (withdrawal) ^E	0.12%

A Vanguard may accept a lesser amount at its discretion.

B The Fund's constitution allows withdrawal proceeds to be paid within 30 days while the Fund is liquid, having regard to the nature of the assets or such longer period as the constitution for the Fund allows in certain circumstances. Please refer to the section “Withdrawals” for more information on when withdrawal payment times may be extended.

C Please refer to the section “Fund Distributions” for more information on when the distribution frequency may change.

D The management costs comprises of a management fee and indirect costs. The management fee is made up of the base fee and a capped positive or negative variable performance fee based on the Fund's performance relative to the benchmark over the same period. Indirect costs refers to the costs embedded in the returns of particular types of assets held by the Fund, such as certain over-the-counter derivatives. Please refer to the “Fees and other costs” section for more information on management costs.

E Please refer to the section “Buy/sell spreads” for more information on buy/sell spreads.

The above information is subject to change. Details of any changes which are not materially adverse to investors will be made available on our website. A paper copy of any updated information will be provided free of charge on request.

About the Fund

Vanguard has appointed Baillie Gifford as investment manager for the Vanguard Active Global Growth Fund. Baillie Gifford uses a bottom-up stock picking methodology to invest in companies around the world that they believe offer the prospect of sustainable, above average growth in earnings and cash flow.

Investment strategy and investment return objective

The Vanguard Active Global Growth Fund seeks to provide long-term capital growth by investing primarily in equity securities of companies from around the globe that are considered to have above-average growth potential.

The Vanguard Active Global Growth Fund employs a global equity strategy that makes long-term investments in well-managed businesses which are considered to have the potential for sustainable, competitive advantages and earnings growth at a faster rate than the market over the long term. Stocks are picked based on proprietary fundamental analysis in accordance with a sustainable and repeatable process. The portfolio generally invests in 70 -120 stocks.

Baillie Gifford places all the stocks in the portfolio in one of four ‘growth buckets’ described below. This helps the Fund to ensure a reasonable degree of diversification across different types of growth within the portfolio.

Stalwart – Stocks that have the potential for profitability in most macroeconomic environments – examples of these include stocks that have a dominant local scale, repeat purchase characteristics, and a strong customer loyalty and brand

Rapid – Stocks that have the prospect of more rapid growth – examples include stocks of companies innovating to attack existing profit pools or create new markets

Cyclical – Subject to macroeconomic and capital cycles, stocks with significant structural growth prospects – examples include companies with strong management who are highly skilled at capital allocation

Latent – Stocks that may be out of favour with the potential of a company specific catalyst to drive above average earnings in the future.

The Fund applies several constraints such as security, regions and industries to ensure diversification.

The Fund is generally unhedged and will be exposed to the fluctuating values of foreign currencies; these fluctuations may increase or decrease the value of the Fund. Currency considerations are part of the overall, fundamental bottom-up research process. The Fund factors potential currency movements into the assessment of the potential range of outcomes for any investment.

Further information about the Fund's investments is contained in the Fund Factsheet and is available on our website or can be obtained free of charge, on request.

Vanguard may from time to time vary the investment objective and/or strategy for the Fund. Vanguard will notify investors of any such changes in accordance with its regulatory requirements.

Significant benefits of investing in the Vanguard Active Global Growth Fund

Investment expertise	The Fund will allow you to tap into the investment expertise of Baillie Gifford's experienced research team with an average tenure of over two decades, utilising research from over 100 investment professionals.
Designed to deliver long term outperformance	The Fund is very different from the benchmark and invests in an actively managed portfolio of stocks from around the world. The Fund has the ambition of delivering higher total returns than the benchmark.
Investors not speculators	The Fund seeks to have a low turnover portfolio of stocks and to use time and volatility to its advantage.
Keep more of your return	Investors cannot control the markets, but they can control the costs of investing. Providing low cost investments is not a pricing strategy for us. It is how we do business. Vanguard's scale also helps to keep costs low.

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 long-term capital growth, global diversification, and with a higher tolerance for the risks associated with share market volatility.

Vanguard Active Emerging Market Equity Fund (managed by Wellington)

For the latest information on the Vanguard Active Emerging Market Equity Fund (referred to in this section as the "Fund") including performance data, please visit the Vanguard website.

Investment objective	The Fund seeks to provide long-term capital growth by investing primarily in equity securities of companies located in emerging markets around the world.
Benchmark	MSCI Emerging Market Index (with net dividends reinvested) in Australian Dollars
Investment Manager	Wellington Management Australia Pty Ltd
Fund commencement date	31 August 2019
Minimum investment amounts^A	
Minimum initial investment	\$500,000
Minimum additional investment	Up to the Transition Date \$100 After the Transition Date \$10
Minimum account balance	Nil
Minimum transfer	\$500,000
Minimum withdrawal	No minimum
Payment of withdrawals^B	Generally within 5 business days
Distribution frequency^C	Quarterly
Unit pricing frequency	Daily
Fees and costs	
Management costs^D	0.7450% to 1.0750p.a. of the net asset value of the Fund
Buy spread (purchase) ^E	0.25%
Sell spread (withdrawal) ^E	0.25%

A Vanguard may accept a lesser amount at its discretion.

B The Fund's constitution allows withdrawal proceeds to be paid within 30 days while the Fund is liquid, having regard to the nature of the assets or such longer period as the constitution for the Fund allows in certain circumstances. Please refer to the section "Withdrawals" for more information on when withdrawal payment times may be extended.

C Please refer to the section "Fund Distributions" for more information on when the distribution frequency may change.

D The management costs comprises of a management fee and indirect costs. The management fee is made up of the base fee and a capped positive or negative variable performance fee based on the Fund's performance relative to the benchmark over the same period. Indirect costs refers to the costs embedded in the returns of particular types of assets held by the Fund, such as certain over-the-counter derivatives. Please refer to the "Fees and other costs" section for more information on management costs.

E Please refer to the section "Buy/sell spreads" for more information on buy/sell spreads.

The above information is subject to change. Details of any changes which are not materially adverse to investors will be made available on our website. A paper copy of any updated information will be provided free of charge on request.

About the Fund

Vanguard has appointed Wellington Management Australia Pty Ltd as investment manager for the Vanguard Active Emerging Market Equity Fund. The Fund seeks to provide long-term capital growth by investing primarily in equity securities of companies located in emerging markets around the world.

Investment strategy and investment return objective

The Vanguard Active Emerging Markets Equity Fund is an actively managed portfolio of emerging markets stocks seeking to deliver long term capital growth. Wellington seeks to add value through fundamental security analysis and utilises a bottom-up stock picking approach to invest in companies they believe will outperform over the long-term.

The Fund consists of sector portfolios that are allocated to one or more of the Wellington's global industry analysts. The sector weight will be similar to that of the benchmark with each global industry analyst following a unique investment philosophy, process and analytical framework that is most effective to the industry they cover. This allows the Fund to maintain broad diversification across industries.

The process applies several index relative constraints such as security, asset sector and industry constraints with an aim to maintain a desired investment risk profile.

The Fund is unhedged and exposed to the fluctuating values of foreign currencies; these fluctuations may increase or decrease the value of the Fund. Expected changes in the relative values of currencies are considered at the company level as estimates of future growth are developed. Occasionally the Fund may hedge currency exposures defensively, but does not attempt to add value by actively managing currency or expect that currency will be a significant source of relative performance over time.

Further information about the Fund's investments is contained in the Fund Factsheet and is available on our website or can be obtained free of charge, on request.

Vanguard may from time to time vary the investment objective and/or strategy for the Fund. Vanguard will notify investors of any such changes in accordance with its regulatory requirements.

Significant benefits of investing in the Vanguard Active Emerging Market Equity Fund

Investment expertise	This Fund will allow you to tap into the investment expertise of Wellington Management's global industry analysts. This is a group with an average of two decades of professional experience, who each leverage their deep industry knowledge to create a portfolio of their best emerging market stock ideas.
Designed to deliver long term outperformance	This actively managed strategy is an all-cap approach that seeks to add value primarily through stock selection. The Fund aims to outperform over the longer term by exploiting the dispersion of stock returns that exists within each sector.
Best approach to each industry	Each global industry analyst follows a unique investment philosophy, process and analytical framework that is most effective to the industry they cover.
Keep more of your return	Investors cannot control the markets, but they can control the costs of investing. Providing low cost investments is not a pricing strategy for us. It is how we do business. Vanguard's scale also helps to keep costs low.

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 long-term capital growth, international diversification, and with a higher tolerance for the risks associated with share market volatility.

General risks of managed investment schemes

All investments have some level of risk. Since each Fund has a different investment objective and strategy, risks will vary from Fund to Fund. It is important to keep in mind one of the principles of investing: the higher the potential reward, the higher the risk of losing money. The reverse is also generally true: the lower the risk, the lower the potential reward. Different investment strategies carry different levels of risk, depending on the assets that make up the investment strategy. It is important to understand that:

- 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
- the appropriate level of risk for each person depends on a range of factors, including age, investment time frame, where other parts of the investor's wealth is invested, and the investor's risk tolerance.

Significant risks of investing in the Funds

There is no guarantee that the value of your initial investment will be maintained. In other words, the value of your investment may rise or fall. Significant investment risks include:

Investment style risk

The chance that returns from the types of securities in which the Funds invests will trail returns from the overall equity market. Certain Funds are managed in accordance with a particular investment style. Focusing primarily on one particular investment style (e.g. value or growth) to the exclusion of others may create risk in certain circumstances. For example, if a particular focus is placed on growth investing at a time when this investment style is out of favour in the marketplace, increased volatility and lower short-term returns may result.

Currency risk

There is the chance that the value of a foreign investment, measured in Australian dollars, will decrease because of unfavourable changes in currency exchange rates. While the Funds are generally unhedged, the Funds may mitigate currency risk by utilising forward foreign exchange contracts to hedge their currency exposure. Forward foreign exchange contracts are subject to derivative risk – please refer to 'Derivative risk' for further information.

An unfavourable move in a currency exchange rate may reduce, or even eliminate, any return on an investment purchased with foreign currency. The opposite can also be true – a Fund can benefit from changes in exchange rates. The use of forward currency contracts poses the risks set out under Derivative Risk.

Distribution risk

In circumstances where a Fund hedges its currency exposure, the profit or loss on the hedges may impact the amount of distribution paid. The currency hedging involves costs and implementation risks due to the volatility of currency and securities markets, and this volatility may impact distributions from the Funds. For example, when the Australian dollar is appreciating relative to other currencies, the gains from currency hedging may result in significant additional income being distributed by the Funds (unless where the Fund is an AMIT, Vanguard determines to accumulate this additional income). Conversely, when the Australian dollar is depreciating relative to other currencies, the losses from currency hedging can totally offset other income received by the Funds, which may result in no distribution for the period (unless Vanguard determines to make a cash distribution in any event).

Market risk

Market risk is the possibility that market returns will overall decline. 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. It is important to note that the value of your investment can be directly or indirectly impacted and that you may not get back what you invested in a Fund.

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.

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, 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 a Fund.

Counterparty risk

The Funds may incur a loss due to the failure of a counterparty to meet their obligations under a contract. A Fund's counterparties may include brokers, clearing houses and other agents.

Regulatory risk

There is a risk that the Funds may be adversely impacted by a change in laws and regulations governing a security, sector or financial market, including in relation to tax. Regulatory risk may be higher when investing internationally due to the nature and actions of particular legal systems and/or regimes in effect.

Manager risk

The investment manager's investment selection or implementation processes which may cause the Funds to not meet their investment objective or underperform other funds with a similar investment objective. Vanguard reviews the appointment of its external managers on a regular basis and has the discretion to terminate their appointment at any time.

Fund risk

Managed funds, in simple terms, pool the money of many individual investors. Therefore, investing in a managed fund may give rise to different outcomes as compared to investing in the underlying securities directly. As an investor in one of the Funds, 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 each Fund.

Operational risks

There is a risk that Vanguard, the investment manager, or another service provider, will fail to adequately administer or report accurately in relation to a Fund or your investment in a Fund. There is also a risk that circumstances beyond the control of Vanguard or the investment manager may prevent them from managing a Fund in accordance with its investment strategy. Such occurrences may include strikes, industrial disputes, fires, war, civil disturbance, terrorist acts, state emergencies and epidemics in Australia or in the countries where the underlying securities are held.

Emerging markets risk

Emerging markets are typically considered more volatile than developed markets because, among other factors, emerging markets can have greater custodial and operational risks; less developed legal, regulatory, and accounting systems; and greater political, social, and economic instability than developed markets.

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 contribution fees and management costs where applicable. 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 and costs based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website (www.moneysmart.gov.au) has a managed funds fee calculator to help you compare different fee options.

Our fees and costs

This PDS 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 each Fund's assets as a whole.

Tax information is 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.

Type of fee or cost	Amount	How and when paid
Fees when your money moves in or out of the fund		
<i>Establishment fee</i> The fee to open your investment	Nil	Not applicable
<i>Contribution fee</i> The fee on each amount contributed to your investment	Nil ^A	Not applicable
<i>Withdrawal fee</i> The fee on each amount you take out of your investment	Nil ^A	Not applicable
<i>Exit fee</i> The fee to close your investment	Nil	Not applicable
Management costs		
The fees and costs for managing your investment.		The total management costs for each Fund incorporates Vanguard's management fee and an estimate of any indirect costs (if applicable).
Vanguard Active Global Growth Fund	Management costs: 0.5175% to 0.6825% p.a. ^B of the net asset value of the Fund which includes: <ul style="list-style-type: none"> • Management fee which comprises of: <ul style="list-style-type: none"> ○ Base fee: 0.60% p.a. ○ Variable Performance fee: +/- 0.0825% p.a. ^C • Indirect costs: 0.00% p.a. 	Vanguard's management fee comprises of a base fee (Base Fee) and a capped positive or negative variable fee (Performance Fee) based on the Fund's performance relative to the benchmark over the same period. The management fee is calculated as a percentage of each Fund's net asset value. ^D The fee is accrued daily in the unit price and paid monthly. The fee for a month is paid on or after the first day of the following month. This fee is taken from the assets of the relevant fund. The amount of this fee can be negotiated. ^E
Vanguard Active Emerging Market Equity Fund	Management costs: 0.7450% to 1.0750% p.a. ^B of the net asset value of the Fund which includes: <ul style="list-style-type: none"> • Management fee which comprises of: <ul style="list-style-type: none"> ○ Base fee: 0.88% p.a. ○ Variable Performance fee: +/- 0.1650% p.a. ^C • Indirect costs: 0.03% p.a. 	Indirect costs are calculated as a percentage of each Fund's net asset value. ^D Indirect costs are paid from time to time as they arise from each Fund's assets. Please refer to the section 'Additional explanation of fees and costs' for further information about how and when indirect costs apply.
Service fees		
<i>Investment switching fee</i> The fee for changing investment options	Nil ^A	Not applicable.

^A You may incur a buy/sell spread when your money moves in or out of the Funds. Please refer to the section "Buy/sell spreads" for an explanation of buy/sell spreads.

^B All estimates of fees and costs in this section are based on information available as at the date of this PDS. As the Funds are newly established, these figures reflect Vanguard's reasonable estimate at the date of this PDS of those fees and costs that will apply for the current financial year (adjusted to reflect a 12 month period). Please refer to the 'Additional explanation of fees and costs' section for more information on management costs.

- C Past performance is not a reliable indicator of future performance and each Fund's actual Performance Fee will be based on that Fund's performance over the relevant period relative to its benchmark. Please refer to 'Performance Fee calculation methodology' in the 'Additional explanation of fees and costs' section.
- D Please refer to the section "Unit pricing" for an explanation of the net asset value for the Funds.
- E For certain wholesale clients (as defined in the Corporations Act 2001(Cth)) we may, at our discretion, negotiate, rebate or waive all or part of our fees. Please refer to 'Payments to financial advisers and management fee rebates' in the 'Additional explanation of fees and costs' section.

Example of annual fees and costs

The following table provides an example of how the fees and costs in the Vanguard Active Global Growth Fund can affect your investment over a one year period. You should use this table to compare this product with other managed investment products.

Example - Vanguard Active Global Growth Fund	Balance of \$500,000 with a contribution of \$5,000 during the year	
Contribution fees	Nil	For every additional \$5,000 you put in, you will be charged \$0.
PLUS management costs ^{A, B, D} comprising:	0.6825% p.a.	And , for every \$500,000 you have in the Fund, you will be charged \$3,412.59 each year.
Vanguard's management fee:		
	• Base Fee: 0.60 % p.a.	
	• Performance Fee: +0.0825 % p.a. ^D	
Indirect costs: Nil		
EQUALS cost of fund	If you had an investment of \$500,000 at the beginning of the year and put in \$5,000 during that year you will be charged fees of \$3,412.59 ^{A, B, C, D} . What it costs you will depend on the fees you negotiate with Vanguard.	

- A You may incur a buy/sell spread when your money moves in or out of the Funds. A buy spread of 0.12% would also apply for the Vanguard Active Global Growth Fund. For every \$5,000 you put in, you will be charged \$6.00. Please refer to the section "Buy/sell spreads" for an explanation of buy/sell spreads.
- B All estimates of fees and costs in this section are based on information available as at the date of this PDS. As the Funds are newly established, these figures reflect Vanguard's reasonable estimate at the date of this PDS of those fees and costs that will apply for the current financial year (adjusted to reflect a 12 month period). Please refer to the 'Additional explanation of fees and costs' section for more information on management costs.
- C Assumes that the \$5,000 contribution occurs on the last day of the year and that there is a constant balance of \$500,000 throughout the year. Additional fees may apply.
- D Assumes the maximum Performance Fee applies. Each Fund's actual Performance Fee will be based on that Fund's performance over the relevant period relative to its benchmark. Please refer to 'Performance Fee calculation methodology' in the 'Additional explanation of fees and costs' section.

Vanguard has a managed funds fee calculator on our website at www.vanguard.com.au that can be used to calculate the impact of fees and costs on your investment.

Additional explanation of fees and costs

Management costs

Management costs comprise the fees and costs that a unitholder incurs by investing in a Fund. Management costs are made up of Vanguard's management fee that is deducted from the assets of the Funds and may include indirect costs. The management costs shown do not include any potential extraordinary expenses. In addition, management costs do not include transactional and operational costs i.e. costs associated with investing the underlying assets, some of which may be recovered through buy/sell spreads.

Management fees

The management fee comprises of a set base fee (Base Fee) and a capped positive or negative variable element based on the Fund's performance relative to the benchmark over the same period (Performance Fee). Please refer to the "Performance Fee calculation methodology section below.

The management fee is deducted from the assets of each Fund and comprises Vanguard's remuneration for managing and overseeing the operations of the Funds. The management fee is calculated as a percentage of a Fund's net asset value (or the relevant class of units where a Fund has multiple classes of units). The fee is accrued daily in the unit price and paid monthly in arrears. The fee for a month is paid on or after the first day of the following month. The amount of this fee can be negotiated in certain circumstances.

As at the date of this PDS, Vanguard pays any ordinary expenses that are recoverable from the Funds, including the fees paid to the Investment Manager, out of the management fee at no additional charge to you. The management fee includes Goods and Services Tax (GST) after taking into account any expected input tax credits.

Ordinary expenses of the Funds that Vanguard may be paying from its management fee include:

- investment management fees paid to the investment manager;
- custodian fees (excluding transaction-based fees);
- accounting and audit fees; and
- 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.

The management fee may not be used to cover extraordinary expenses (such as litigation, the cost of investor meetings or other costs if incurred in the future). Such extraordinary expenses may be recovered from the assets of the Funds as an additional expense to the management fee where permitted under the constitutions.

The management fees of investing in the Funds are capped until further notice.

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

Indirect costs

Indirect costs are included as part of the management costs disclosed in the fee table for each Fund in the PDS. Indirect costs include the management costs of interposed vehicles if any (for example, the management fee of an underlying investment trust or exchange traded fund) and certain costs of over-the-counter derivatives (unless these costs are rebated).

It is important to note that indirect costs are reflected in the unit price of a Fund. Indirect costs are not an additional fee paid to Vanguard. The indirect costs are based on an estimate as at the date of this PDS and may vary over time. Vanguard may update indirect cost information on its website where the overall change to the management cost is not materially adverse to investors.

Performance Fee calculation methodology

Each Fund applies a Performance Fee (positive or negative) on a sliding scale depending on how a Fund performs relative to its benchmark. If a Fund outperforms its benchmark, the Performance Fee increases proportionately by the rate set out in the 'Variable Performance Fee per 1%' column in the table below. Conversely, if a Fund underperforms its benchmark the Performance Fee decreases proportionately by the same rate as set out in the table below. The maximum Performance Fee is capped to 0.0825% p.a. for the Vanguard Active Global Growth Fund and 0.165% p.a. for the Vanguard Active Emerging Market Equity Fund.

The Performance Fee is calculated according to the total net performance (after management fees) of a Fund relative to its benchmark, on a rolling 3 year period and is accrued daily ("Performance Period"). In the first 3 years of each Fund's operations, the performance is measured from the start of the Fund's first full quarter (1 October 2019).

No Performance Fee will be included in the management fee for the first 12 months beginning from 1 October 2019. During the period that the Performance Fee is included in the management fee (1 October 2020) up to 30 September 2022, as each Fund will not yet have a full 3 year rolling Performance Period, the performance methodology will be pro-rated.

Fund	Variable Performance Fee per 1% (or Fraction thereof) of over/underperformance relative to benchmark	Minimum Performance Fee (subtracted from the Base Fee)	Maximum Performance Fee (Added to the Base Fee)
Vanguard Active Global Growth Fund ^A	+/- 0.0092% p.a.	-0.0825% p.a.	+0.0825% p.a.
Vanguard Active Emerging Market Equity Fund ^B	+/- 0.0275% p.a.	-0.1650% p.a.	+0.1650% p.a.

Note: Figures in the above table are rounded to the nearest 4 decimal points to denote the actual maximum and minimum ranges

A The benchmark for the Vanguard Active Global Growth Fund is MSCI All Country World Index (with net dividends reinvested) in AUD

B The benchmark for the Vanguard Active Emerging Market Equity Fund is MSCI Emerging Market Index (with net dividends reinvested) in AUD

The difference between total net return of a Fund and the total return of the Benchmark over the Performance Period over rolling 3 years periods forms the basis of the calculation of the Performance Fee.

Where a Fund's total net return is equal to that of the Benchmark, the Performance Fee will be zero and the management fee will equal the Base Fee. Where a Fund's total net return is greater than the total return of the Benchmark, a Performance Fee will apply on a sliding scale, so that for each 1% (or fraction thereof rounded to 2 decimal points) of outperformance against the Benchmark, the Performance Fee will increase by the amount represented in the table above, up to the maximum Performance Fee as shown in the table.

Similarly, where a Fund's total net return is less than the total return of the Benchmark, the Performance Fee will be negative and will correspondingly reduce the Base Fee. This negative adjustment will apply on a sliding scale so that for each 1% (or fraction thereof rounded to 2 decimal points) of underperformance against the Benchmark, the Performance Fee will decrease by the amount represented in the table above down to the minimum Performance Fee as shown in the table.

Example 1 – Vanguard Active Global Growth Fund outperforms the Benchmark:

If the Fund's total net performance over the Performance Period (rolling 3 years) is 14.25% and the Benchmark performance for the same period is 12.0%, then the performance variance would be +2.25%. In this example, the Performance Fee component of the management fee would be +0.0207% p.a. (+2.25 multiplied by 0.0092). The management fee would be 0.6207% p.a. (comprised of 0.60% p.a. (Base Fee) plus 0.0207% (Performance Fee)).

Example 2 – Vanguard Active Global Growth Fund underperforms the Benchmark:

If the Fund's total net performance over the Performance Period (Rolling 3 years) is 12.0% and the Benchmark performance for the same period is 14.25%, then the performance variance would be -2.25%. In this example, the Performance Fee component of the

management fee would be -0.0207% p.a. (-2.25 multiplied by 0.0092). The management fee would be 0.5793%p.a (comprised of 0.60%p.a (Base Fee) minus 0.0207% (Performance Fee)).

In the event that a benchmark index changes materially, ceases to be provided or ceases to be available temporarily, Vanguard may have to consider changes to the benchmark referenced in the calculation methodology.

Vanguard and the Benchmark provider(s) will not be liable (at law including in negligence, tort law or otherwise) to unitholders for any error, delay or change in the provision, availability, composition, calculation or transmission of any Benchmark.

Changes to fees

Vanguard may alter the fees in accordance with the constitution of the Funds. The constitution governing each Fund generally limits the amount of the management fee component (excluding GST) to 1.50% p.a. of the net asset value.

The constitution of each Fund does not apply a limit to the amount of the ordinary expenses of the Funds that Vanguard incurs and covers out of the management fee or to any extraordinary expense of the Fund that is otherwise able to be recovered. Any increase above these maximums will generally require unitholder approval. Vanguard will give unitholders 30 days' written notice of any proposed increase in fees.

Withdrawal fee

A withdrawal fee could be introduced for the Funds, as permitted under the applicable constitution, although there is no current intention to do so. The withdrawal fee could be up to the greater of \$50 or 0.50% of the amount withdrawn.

Transactional and operational costs

In addition to the management costs, there are transactional and operational costs incurred in managing the assets of the Funds. Most of these costs would be incurred by investing directly in the underlying securities. Such costs arise whenever the Funds buy or sell assets to invest applications, fund withdrawals or to generally manage the Funds in accordance with each Fund's investment objective. 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.

Transactional and operational costs can include either "explicit costs", comprising those costs that are deducted from the assets of each Fund for a particular transaction, such as brokerage, commission and stamp duties, or "implicit costs", comprising those costs that are incurred in day-to-day trading of each Fund's assets and reflected in the unit price. Implicit costs can arise as a result of bid-offer spreads being applied by trading counterparties to securities traded by the Funds and are factored into the individual asset value and reflected in the unit price. They are an additional cost of investing to the investor and are not a fee paid to Vanguard.

These costs will depend on the actual turnover of assets.

There may occasionally be higher trading activity than usual, such as changes in market opportunities. In this case, there may be a higher than usual turnover of assets and consequently a temporary increase in transactional costs.

Further information about a Fund's transactional and operational costs, including the estimated costs for the last financial year, is contained in the Vanguard Transactional and Operational Costs Guide. This document should be read together with the current PDS for the Funds, and is available on our website. It is also possible to obtain a copy free of charge, on request.

Buy/sell spreads

Vanguard 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 Fund is Vanguard's reasonable estimate of the transaction costs that a Fund 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 each Fund 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 a Fund will pay the purchase price calculated by adding the buy spread to that Fund's net asset value per unit (or the net asset value of the relevant class of units where a Fund has multiple classes). Investors who withdraw from a Fund will receive the withdrawal price calculated by deducting the sell spread from that Fund's net asset value per unit (or the net asset value of the relevant class of units where a Fund has multiple classes).

If a Fund receives applications and withdrawals on the same day there may be a reduction in either or both the buy and sell spread, as Vanguard may not need to buy or sell as many assets as would otherwise be the case. As a result, a Fund's transactional and operational costs may be lower than normal. Vanguard passes its reasonable estimate of the reduction in transaction costs to investors 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 of how buy/sell spreads and reductions are calculated, you can request a copy of Vanguard's policy on unit pricing discretions.

The current buy/sell spread of the Vanguard Active Global Growth Fund is +0.12%/-0.12% and for the Vanguard Emerging Market Equity Fund is +0.25%/-0.25%. However a different buy/sell spread may apply if the estimate changes.

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 a Fund.

Changes to buy/sell spreads

Vanguard may vary the buy/sell spreads, from time to time without notice when it is necessary to protect the interests of existing investors and if permitted by law. The updated information will be disclosed on Vanguard's website.

Payments to financial advisers and management fee rebates

No adviser will receive any commission from Vanguard relating to your investment in a Fund. Vanguard may from time to time enter into arrangements to provide management fee rebates to certain wholesale investors who invest sizeable amounts in a Fund. Vanguard makes these payments from its own resources.

Your guide to investing

① New direct applications for the Funds in this PDS are only permitted from institutional investors approved by Vanguard.

The Funds are available to other investors investing indirectly through Vanguard Personal Investor, a master trust, wrap platform or a nominee or custody service.

Initial applications and additional investments – Institutional Investors and Institutional Accounts

An initial application for investment must be made on a Vanguard Wholesale Funds Application Form. The Application Form and relevant supporting documentation must be submitted online via our website (where available), sent via post, or delivered to our office. Facsimile or email copies will not be accepted. Vanguard will not process initial applications until all required information and/or supporting documentation is received. For more details on how to complete your application, please visit the Vanguard website.

Vanguard may, in its absolute discretion, accept or refuse to accept, in whole or in part, any application or subscription for units. Vanguard need not give any reason for refusal. If for any reason Vanguard refuses or is unable to process your application to invest in the Funds, Vanguard will, subject to any legal or regulatory requirements, return your application money to you. You will not be entitled to interest on your application money in this circumstance. Any interest accrued on application amounts pending the issue of units or the return of application money will be retained for the benefit of investors. Investments made in-specie (that is, where the payment is in assets in kind instead of cash) may be accepted at Vanguard's discretion.

The minimum initial investment amount for the Funds is \$500,000 per Fund. Vanguard, at its discretion, may accept lower investment amounts.

If you have an Institutional Account you may also make additional investments into your existing Fund(s).

Initial and additional investments may be funded via BPAY® or Direct credit. From Transition Date, we will no longer accept cheques from Institutional Account holders without prior approval.

BPAY®

Once your investment account has been established, Vanguard will forward an email to you with details on how to use the BPAY facility to make your initial investment via your financial institution's telephone or internet banking service.

For additional investments there is no requirement to complete any additional Vanguard forms.

Please note that although your BPAY transactions may be processed from your bank account immediately, your funds and payment instructions may take some time to be transferred to Vanguard from your financial institution. Provided that your BPAY request is made before your financial institution's cut-off time, Vanguard will typically receive your funds before 1:00pm AEDT/AEST on the following Melbourne business day. Units will only be issued once we receive your funds, and at the unit price applicable to the day payment is received. BPAY transactions cannot generally be reversed. Payments using credit card accounts cannot be made via BPAY. Any query on a BPAY transaction should be directed to your financial institution.

① *It is a condition of using the BPAY facility and making additional investments that you obtain and read the current Product Disclosure Statement (PDS) together with the other important information taken to form part of the PDS, prior to making each and every investment in a Fund. From time to time, Vanguard updates its PDS and Reference Guide. The latest versions of these documents can be found on the Vanguard website or you can request a copy by contacting us.*

Direct credit

Once your investment account has been established, Vanguard will forward an email to you with details on how to complete your initial investment by direct credit.

If you wish to receive the unit price for the day that you make your direct credit payment, you will need to fax us a copy of the bank receipt to confirm the funds transfer by 1:00pm AEDT/AEST on a Melbourne business day, except where otherwise determined by Vanguard. If you do not provide a copy of the bank receipt, the effective date of your investment will correspond to the date that the funds are visible in our bank account.

To make an additional investment via direct credit, you must complete an Additional Investment Form and forward your payment to the Vanguard Wholesale Application bank account. Contact us to obtain the relevant bank account details.

① If five business days has lapsed since we received your original Vanguard Wholesale Funds Application Form, you will be required to submit an Additional Investment Form to accompany your funds transfer.

Additional investments – Existing Retail Accounts

If you have an existing Retail Account you may make an additional investment into your existing Fund(s) only.

You may choose to make an additional investment into your existing Fund(s) by BPAY® or cheque subject to the following minimums

	As at the date of this PDS	From Transition Date
Minimum additional investment by BPAY®	\$100	\$10 (up to \$1,000,000 per transaction)
Minimum additional investment by cheque	\$5,000	\$100,000

BPAY®

When making an additional investment to an existing Fund via BPAY, there is no requirement to complete any additional Vanguard forms. For details on how to use the BPAY facility via your financial institutions telephone or internet banking service, please contact us.

Please note that although your BPAY transaction may be processed from your bank account immediately, your funds and payment instructions may take some time to be transferred to Vanguard from your financial institution. Provided that your BPAY request is made before your financial institution's cut-off time, Vanguard will typically receive your funds before 1:00pm AEDT/AEST on the following Melbourne business day. Units will only be issued once we receive your funds, and at the unit price applicable to the day payment is received. BPAY transactions cannot generally be reversed. Payments using credit card accounts cannot be made via BPAY. Any query on a BPAY transaction should be directed to your financial institution.

- ① *It is a condition of using the BPAY facility and making additional investments that you obtain and read the current Product Disclosure Statement (PDS) together with the other important information taken to form part of the PDS, prior to making each and every investment in a Fund. From time to time, Vanguard updates its PDS and Reference Guide. The latest versions of these documents can be found on the Vanguard website at the following location vanguard.com.au/offer documents or you can request a copy by contacting us.*

Cheque

- ① From the Transition Date, additional investment by cheque will only be available to Retail Account holders and for a minimum of \$100,000 per transaction only.

To make an additional investment by cheque, attach the cheque to a completed Additional Investment Form and return it to Vanguard by post. Cheques are to be made payable to Vanguard Wholesale Funds. If a cheque cannot be honoured (e.g. due to insufficient funds or validation issues), Vanguard reserves the right to cancel the transaction. From the Transition Date, please note that additional investments received by cheque will not be processed until funds have cleared. Units will only be issued (i) once funds have cleared at our bank and (ii) at the unit prices applicable to the day funds have cleared.

Other forms of payment

Vanguard may accept other forms of payment at its absolute discretion, where appropriate. In exercising this discretion, Vanguard takes into account its duties as a responsible entity under section 601FC of the *Corporations Act 2001*, including acting in the best interests of members.

If the other forms of payment cannot be settled, Vanguard reserves the right to cancel the transaction.

Cut-off times

The cut-off time for processing application instructions, is normally 1:00pm AEDT/AEST on a Melbourne business day. An earlier cut-off time may be adopted on business days when financial markets have shortened trading hours (for example, the last business day before Christmas day).

Application instructions received by the cut-off time, will be processed at the applicable purchase price to be applied for that business day. The purchase price applicable for that day will not be known until the next business day. Units are issued at the purchase price calculated at the next valuation point after acceptance of your application.

Where an application instruction is received after the cut-off time, the application will be processed at the next applicable purchase price, as if it had been received on the following business day.

Changes to the cut-off times will be published on our website. You should check the website if you are contemplating a transaction.

Withdrawals

To make a withdrawal from your existing Vanguard account, you must complete a Withdrawal Form available on the Vanguard website or you can obtain a copy by contacting us.

There is no minimum withdrawal amount for any Fund. Withdrawal proceeds will be paid by Electronic Funds Transfer (EFT) into your nominated Australian bank account. Vanguard will not process payments to third party bank accounts. If we are unable to verify your nominated bank account from the details you previously provided or by contacting you, your withdrawal proceeds may be paid by cheque.

Subject to the constitution of the applicable Fund, Vanguard may decide to process withdrawal requests progressively over a period of up to 20 business days at the withdrawal price applicable for each day on which a withdrawal is processed, if withdrawal requests exceed a certain percentage of the Fund's value over a one or two day period.

Subject to the constitution of the applicable Fund, there may be circumstances where Vanguard suspends withdrawals or delays the payment of withdrawal proceeds. For example, where there is a closure of an international market or exchange or during the first ten business days of July each year due to end of financial year activities for the Funds. Your withdrawal proceeds may include an entitlement to distributable income. We may agree to meet the value of a withdrawal by transferring authorised investments from the relevant Fund. Investors should note that withdrawal proceeds will normally be funded out of the assets of the Funds and not from Vanguard's own resources.

While a Fund is liquid for the purposes of the *Corporations Act 2001 (Cth)* (Corporations Act), Vanguard must redeem your units in accordance with the relevant Fund's constitution on request. A Fund is liquid if 80% of the value of the Fund's assets are held in liquid assets as defined in the *Corporations Act*. If a Fund is illiquid, a withdrawal request must be dealt with in accordance with the Fund's constitution and the *Corporations Act*. You may not be able to withdraw your investment in a timely manner if a Fund is illiquid. It is not expected that any of the Funds will be illiquid.

On withdrawal of units Vanguard may deduct from any amount to be paid to an investor, any amount due by the investor to Vanguard. Withdrawing units may give rise to tax consequences and it is recommended that you check the tax implications with your tax adviser before withdrawing. Amounts made available to satisfy a withdrawal request may accrue interest pending payment to you. Any such interest will be retained for the benefit of existing investors.

The constitutions of the Funds allow Vanguard to set minimum unit holding limits. Apart from the minimum initial investment amount, Vanguard does not intend to enforce a minimum unit holding at the present time, except in the case of transfers. Vanguard may enforce a minimum unit holding in the future such that Vanguard may treat a request by investors to withdraw some of their units in a Fund as a full withdrawal if the total value of the investors' units in that Fund is below the minimum holding. We will give you appropriate notice before enforcing a minimum holding limit in relation to your fund holding.

Cut-off times

The cut-off time for processing withdrawal instructions is normally 1:00pm AEDT/AEST on a Melbourne business day. An earlier cut-off time may be adopted on business days when financial markets have shortened trading hours (for example, the last business day before Christmas day).

Withdrawal instructions must be received by the cut-off time in order to be processed at the applicable withdrawal price to be applied for that business day. The withdrawal price applicable for that day will not be known until the next business day. Units are withdrawn at the withdrawal price calculated at the next valuation point after receipt of your withdrawal request. Where a withdrawal request is received after the cut-off time, the withdrawal request will be processed at the next applicable withdrawal price, as if it had been received on the following business day.

Changes to the cut-off times will be published on our website. You should check the website if you are contemplating a transaction.

Switches – For Institutional Accounts only

Switching all or part of an investment between the Funds is available for Institutional Accounts only.

Switching requests for Institutional Accounts must be received by the cut-off time - 1:00pm AEDT/AEST on a Melbourne business day, except where otherwise determined by Vanguard - to be processed at the applicable withdrawal and purchase prices to be applied for that business day.

Switching requests for Institutional Accounts received after the cut-off time will be processed at the applicable withdrawal and purchase prices as if they had been received on the following business day. The withdrawal and purchase prices applicable for that day will not be known until the next business day. A switch may give rise to an entitlement to distributable income (see 'Withdrawals' section for further information). A switch may give rise to tax consequences and it is recommended that you check the tax implications with your tax adviser before switching.

① It is a condition of using the switch facility that you obtain and read the current Product Disclosure Statement (PDS) together with the other important information taken to form part of the PDS, prior to making each and every investment in a Fund. From time to time Vanguard updates its PDS and Reference Guide. The latest versions of these documents can be found on the Vanguard website at the following location vanguard.com.au/offerdocuments or you can request a copy by contacting us.

Transfers

- ① We no longer accept requests to transfer units in a Fund to another person or entity that are received except in the following circumstances:
- Transfers relating to a deceased estate;
 - Transfers to minors who have come of age;
 - Transfers that are required by law;
 - The transfer is to an existing investor within the same Fund;
 - Transfers to a qualifying institutional investor; or
 - Any other purpose we deem appropriate at our discretion and with our prior approval.

You may request Vanguard to transfer units of a Fund for the reasons set out above. If you do not transfer your entire investment in a Fund, Vanguard may require that the value of the units transferred meets the applicable minimum investment amount. You (the transferor) and the recipient of the transferred units (the transferee) will need to complete a Transfer Form which is available on our website or by contacting us.

The transferee will also be required to obtain the latest PDS for the relevant Fund(s), complete a Vanguard Wholesale Funds Application Form and provide any supporting documentation as required before units can be transferred, unless the transferee is already an existing investor in the Fund that units are being transferred to.

Transfers must be received by the cut-off time - 1:00pm AEDT/AEST on a Melbourne business day except where otherwise determined by Vanguard - to be processed effective that day. Transfers received after the cut-off time will be processed as if they had been received on the next business day. Transferring units may give rise to tax consequences. We recommend that you consult your tax adviser before submitting a transfer request. Vanguard reserves the right to decline to register a transfer of units.

Unit pricing

The value of a unit is determined by dividing the net asset value for a Fund (total assets less total liabilities) by the number of units on issue in that Fund at the time of valuation (the valuation point). Units are usually valued daily, except on public holidays, if the market is closed or the Fund is suspended. The value of units will change from time to time as the market value of the assets rises or falls. The price you pay when contributing to a Fund (buying units) or receive when withdrawing from a Fund (redeeming units) is calculated as follows:

Buy price = net asset value per unit plus the buy spread
Sell price = net asset value per unit minus the sell spread

For the latest information on unit prices, please visit our website.

Policy on unit pricing

Vanguard has documented its policy in relation to various discretions that affect unit pricing within the Funds. The policy has been designed to meet the ASIC requirements and is available on request to all investors and prospective investors at no charge. The policy explains Vanguard's 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 by contacting us.

Impact of significant market events

Vanguard may determine to close a Fund to applications, withdrawals, switches and transfers where there are factors that Vanguard believes may prevent the accurate calculation of unit prices. This may include where markets are closed due to public holidays or when markets are closed in relevant countries. Generally, applications, withdrawals, switches, and transfers for the affected Fund(s), which are received on these days or after the cut-off time on the previous day, will be processed as if they had been received on the next business day following the affected dates.

Fund closures determined in advance as a result of a known public holiday and market closures are published on our website.

In some circumstances, Vanguard may determine to close a Fund to cash transactions but may remain open to accept in-specie transactions (where the payment is made in assets in kind instead of cash). This may include where a particular security or combination of securities in a Fund is subject to a trading halt or suspension announcement.

Impact of distributions

Investors should be aware that the unit price may include income accumulated in the relevant Fund that is yet to be distributed. After a distribution, a Fund's unit price will reduce to reflect the distribution paid. This would similarly affect investors who sell units in a Fund.

That is, the amount which an investor receives on withdrawal may be referable to income held in the relevant Fund that is yet to be distributed, or which may be accumulated by Vanguard.

Impact of end of financial year

Unit prices, transaction confirmations, and the payment of withdrawal and distribution proceeds may be delayed in the first ten business days of July each year due to end of financial year activities for the Funds.

Fund Distributions

Distributions may include income earned by a Fund 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 Funds to be based on the taxable income earned by the Funds for each year. The income of a Fund will generally include income earned on holding and disposing of the assets of that Fund.

Where a Fund is an AMIT (see further "Taxation" section below), distributions for each period may be based on estimates or exclude certain types of income. Where this occurs, the amount distributed may differ to the income attributed to investors for tax purposes. Any income of a Fund 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 in that Fund. Vanguard may from time to time, review its approach to distributions and elect to distribute on an alternative basis.

Distributions will generally be made on a quarterly basis, however Vanguard may elect to distribute at other times. Distributions will normally be paid within 10 business days following the end of the distribution period. The amount of distributions 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.

Distributions are calculated on a per unit basis and will be paid to investors based on the number and class of units held as at the end of the distribution period.

You can choose to have your distributions:

- reinvested in additional units; or
- paid directly to a nominated Australian bank account.

If you do not make a choice, distributions will be automatically reinvested in additional units in the relevant Fund. Where your distribution is reinvested, the units you receive will be issued to you without a buy spread being added to the price you pay for those units. Vanguard reserves the right to reinvest any distributions following the death of the investor even if the investor's representative requests the distributions to be credited to an Australian bank account.

You may change your choice for distribution payments by completing a Change of Details Form located on our website. To ensure that the change to your distribution payments is effective for an upcoming distribution period, you should submit a Change of Details Form to Vanguard at least 5 business days before the end of that distribution period. Your new instruction will apply to all subsequent distributions.

How to transact with us

Standard forms

Vanguard has standard forms that are to be used for transactions, including for additional investments, withdrawals, or change of account details. Investors (other than indirect investors) must use Vanguard standard forms or other approved electronic means (such as Calastone or SWIFT) when issuing Vanguard with transaction instructions - otherwise we may not process your instructions.

You can contact us to find out more about how to transact with Vanguard. We will provide you with details on other ways you can transact with Vanguard by notice to you.

Facsimile instructions

ⓘ From the Transition Date, we will no longer accept investment or withdrawal instructions by facsimile. Vanguard may accept certain fax instruction from institutional investors after the Transition Date.

If at any time you issue an instruction via facsimile (including additional investments, withdrawals and change of details) it is important to be aware that Vanguard:

- will only process your facsimile instruction if it is received in full and has been signed by authorised signatories
- is not responsible for any loss or delay that results from a facsimile 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
- does not take responsibility for any fraudulently or incorrectly completed facsimile instructions
- will not compensate you for any losses relating to facsimiles, unless required by law. For example, you bear the risk that a facsimile may be sent by someone who knows your account details.

In the event of fraud you agree to release, discharge and indemnify Vanguard from and against all actions, claims, demands, expenses and liabilities (however they arise) suffered by you or suffered by or brought against Vanguard, concerning the facsimile instructions, to the extent permitted by law.

Investor communication

Investor Communications – For Institutional Accounts

The type of information that is available to you as an institutional investor in the Funds is described below.

Communication		Frequency	Website	Email	Mail
Product Disclosure Statement(s)	A summary of significant information that you need to make a decision about investing in the Fund.	Ad Hoc	×	•	•
Reference Guide	Contains other important information that is taken to form part of the PDS.	Ad Hoc	×	•	•
Transaction & Operational Costs Guide	Contains other important information that is taken to form part of the PDS.	Ad Hoc	×	•	•
Application Forms	Contains information that Vanguard requires in order to establish your investment account.	Ad Hoc	×	•	•
Standard Forms	Forms used to instruct Vanguard in relation to your investment in a Fund.	Ad Hoc	×	•	•
Material information	Information that has not already been disclosed in the PDS and may otherwise have an impact on a Fund.	Ad Hoc	×		
Unit prices	The purchase price and withdrawal price for each Fund.	Daily	×		
Fund performance	Calculated and reported on a gross of fees, net of fees and after tax basis.	Monthly	×		
Fund fact sheets	Outlines the latest Fund performance, portfolio composition and asset allocation of each Fund.	Monthly	×		
Transaction confirmations	Details the number of units purchased or withdrawn, applicable unit price, effective date of the transaction and the new balance of units after the transaction.	After each transaction		△	•
Transaction statements	Details each transaction that occurred during the reporting month, the number of units held and the current value at month end for your investment(s).	Monthly		△	•
Distribution statements	Details the breakdown of the distribution, relevant taxation information and payment details setting out the number of units held and the value of the distribution following each distribution.	Monthly or quarterly (as described in the PDS for the relevant Fund)		△	•
Tax statements	Provides a summary of the distributions made to you during the financial year, as well as the relevant taxation information required to complete your Australian tax return.	After 30 June		△	•

× Vanguard will provide the information via this method, regardless of how you elect to receive it.

• You must elect to receive information in this manner. Please contact us for further information.

△ Available to Institutional clients only via a transport layer security (TLS) connection.

Investor Communications – For Retail Accounts

The type of information that is available to you as a Retail Account holder in the Funds is described below.

Communication		Frequency	Website	Email	Mail	Vanguard Online
Fund information and investment forms						
Product Disclosure Statement(s)	A summary of significant information that you need to make a decision about investing in the Fund.	Ad Hoc	×	•	•	
Reference Guide	Contains other important information that is taken to form part of the PDS.	Ad Hoc	×	•	•	
Transaction & Operational Costs Guide	Contains other important information that is taken to form part of the PDS.	Ad Hoc	×	•	•	
Standard Forms	Forms used to instruct Vanguard in relation to your investment in a Fund.	Ad Hoc	×	•	•	

Material information	Information that has not already been disclosed in the PDS and may otherwise have an impact on a Fund.	Ad Hoc	×
Unit prices and performance			
Unit prices	The purchase price and withdrawal price for each Fund.	Daily	×
Fund performance	Calculated and reported on a gross of fees, net of fees and after tax basis.	Monthly	×
Fund fact sheets	Outlines the latest Fund performance, portfolio composition and asset allocation of each Fund.	Monthly	×
Account statements			
Transaction confirmations	Details the number of units purchased or withdrawn, applicable unit price, effective date of the transaction and the new balance of units after the transaction.	After each transaction	• ×
Transaction statements	Details each transaction that occurred during the reporting month, the number of units held and the current value at month end for your investment(s).	Monthly	• ×
Distribution statements	Details the breakdown of the distribution, relevant taxation information and payment details setting out the number of units held and the value of the distribution following each distribution.	Monthly or quarterly (as described in the PDS for the relevant Fund)	• ×
Tax statements	Provides a summary of the distributions made to you during the financial year, as well as the relevant taxation information required to complete your Australian tax return.	After 30 June	• ×

- × Vanguard will provide the information via this method, regardless of how you elect to receive it.
- You must elect to receive information in this manner. Please contact us for further information.

Vanguard Online ® – For Retail Accounts

As at the date of this PDS, Retail Account holders who are registered with Vanguard Online can access the following services through this system:

Investment summaries	Access the latest value of your total investment portfolio with Vanguard. View your current account balance, unit prices and number of units held.
Statements	View and print your latest tax, distribution, transaction confirmations and quarterly transaction statements. You can also access historical statements.
Transaction history	View your transaction history online for each of your investments.
Balance search	Access your investment balance as at a particular date via the balance search option.
Mailbox	Your mailbox links directly to Vanguard Client Services. Use this facility to update your contact details, ask questions or provide feedback.

From Transition Date, Vanguard Online will be enhanced to provide the following services to you if you are an eligible accountholder who has re-registered to use the new service. These include but are not limited to:

Account Details

Access and change your details	You can access and change your Vanguard details including your contact details and password.
Transaction	
Additional Investments	You can access the BPAY biller code and Customer Reference Number for your existing Fund in order to make an additional investment into that Fund.
Withdrawals	Issue a withdrawal instruction with respect to your investments.
Reporting	

Investment summaries	Access the latest value of your total investment portfolio with Vanguard. View your current account balance, unit prices and number of units held.
Statements	View and print your latest tax, distribution, transaction confirmations and quarterly transaction statements. You can also access historical statements.
Transaction history	View your transaction history online for each of your investments.
Communications	
Secure Message	Use this facility to ask questions provide feedback or send us instructions.

As at Transition Date, the new Vanguard Online services will only be available to eligible accountholders being:

- Primary and secondary accountholders on individual and joint accounts; and
- Trustee(s), director(s) and company secretary on SMSF, trust, company, partnership and association accounts.

For persons who are not eligible accountholders, such as those acting on Powers of Attorney or Authorised Representatives of an eligible accountholder, you can continue to provide us with investment and withdrawal instructions by using the Vanguard standard forms available on our website and sending them to us via post or to the dedicated email address thirdpartycontact@vanguard.com.au. Note: This email address will be available from the Transition Date.

Vanguard Online access is not available for the following account types:

- Accounts attached to a margin loan
- Accounts involving deceased estates

Disclosing entities

Funds which are disclosing entities are subject to regular reporting and disclosure obligations. Where a Fund is a disclosing entity, we will meet our continuous disclosure obligations by disclosing new material information on our website on the basis of ASIC's best practice disclosure recommendations for continuous disclosure. As at the date of this PDS, the Funds are not disclosing entities.

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

- the annual financial report most recently lodged with ASIC for each Fund;
- any half-yearly fund financial reports lodged with ASIC in relation to a Fund after the lodgement of the above annual report and before the date of this PDS; and
- any continuous disclosure notices given for a Fund after the lodgement of an annual report.

If you wish to receive a copy of any of these reports, please contact us.

Taxation

The tax information in this PDS is provided for general information only and is not intended to provide an exhaustive or definitive statement as to all the possible tax outcomes for investors.

Vanguard does not provide tax advice. As each investor's circumstance is different, you should obtain professional tax advice concerning the particular tax implications of investing in the Funds for you. Discussion of tax in this PDS refers to the *Income Tax Assessment Act 1936* (Cth), the *Income Tax Assessment Act 1997* (Cth) as enacted, applicable case law and published Australian Taxation Office rulings, determinations and administrative practice at the date of this PDS. Any changes in the tax law or interpretation of the tax law subsequent to this date will not be reflected in the tax information provided in this PDS.

Taxation of Australian resident investors

The tax information provided in this PDS relates to Australian tax residents who hold their units on capital account for income tax purposes and who are not exempt from taxation, and does not consider any non-Australian tax consequences. Investors who fall outside these categories (for example, investors who are non-resident of Australia for tax purposes, hold their units on revenue account or as trading stock, or who have made a fair value or financial reports election under the taxation of financial arrangement ("TOFA") rules) should seek independent professional advice in relation to their specific circumstances.

Attribution Managed Investment Trusts (AMITs)

The Australian Government has in place a regime for the taxation of managed investment trusts (MITs), referred to as the Attribution Managed Investment Trust (AMIT) rules. Subject to eligibility, Vanguard may elect for a Fund to be classified as an AMIT and be subject to the AMIT rules.

The AMIT rules also provide 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, Vanguard may make this election for a multi-class Fund.

Vanguard has assessed the eligibility of each of the Funds to elect into the AMIT regime and has disclosed on our website whether or not the AMIT regime will apply to each of the Funds. As at the date of this PDS, the Funds are elected into the AMIT regime.

For Funds that are subject to the AMIT tax regime:

- The amount and components of the taxable income of a Fund which investors will be assessed on should be determined by reference to a statement provided by Vanguard to investors after the end of the year, known as the AMIT Member Annual Statement ("AMMA statement"). The AMMA statement will set out the amount and character of each component of the income of a Fund which Vanguard attributes to the investor each year and which the investor should be assessed on.
- If the amount distributed to an investor exceeds the taxable income attributed to the investor, investors should be required to recognise a decrease in the tax cost base of their units in the relevant Fund. If the taxable income attributed to an investor exceeds the amount distributed, then investors should be entitled to an increase in the tax cost base of their units. Vanguard's 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 differ from and exceed the amount distributed to an investor. This is likely to arise where Vanguard determines to accumulate taxable income in accordance with a Fund's constitution. In this instance, the investor should be entitled to a net increase in the cost base of their units, as discussed above.
- The constitutions for the Funds set out the basis upon which Vanguard will attribute the taxable income of the Funds to investors. This should be based on the components of income that are reflected in the distributions made to investors during the year and, in relation to income that is accumulated, a pro rata attribution of this income to investors at the time determined by Vanguard for this purpose. The constitutions also allows for attribution to investors who redeem their units in a Fund in certain circumstances.
- Although Vanguard expects that the Funds will be taxed under the AMIT tax regime, the constitutions for the Funds will also provide for a situation where the Funds are non-AMIT. The taxation of a non-AMIT Fund is discussed below.

Non-Attribution Managed Investment Trusts (non-AMIT)

A fund that does not qualify or elect to be an AMIT 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 that fund each year, and will be assessed on their proportionate share of the taxable income of that fund each year.

Investors will be provided with tax statements after the end of each financial year detailing the components, for income tax purposes, of any net taxable income of the relevant fund that they may be assessed on for the financial year as a result of their entitlements to the income of the relevant fund. This information should assist investors in preparing their tax return for the year.

Categories of income from the Funds

Franking credits

For each of the Funds that invest in Australian equities, the tax components on which you are assessed as a result of your investment in the Funds may include franking credits attached to franked dividends derived by the Fund in respect of Australian equities. Subject to the relevant qualification requirements (including 45 day holding period and related payments rule) these franking credits do not form part of your cash receipts but will need to be included in your taxable income and, depending on your particular circumstances, may be available to offset your tax liability. Certain investors may also be entitled to a refund if the franking credits exceed your total income tax liability.

Foreign income

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

Capital gains

Where you become assessed on a net capital gain from a Fund, to the extent the net capital gain includes a discounted gain, you may be required to gross up the net capital gain by doubling the discounted gain component. You may then apply any of your current or prior year capital losses to reduce the grossed up capital gain.

Depending on your circumstances, you may be able to apply the capital gains tax (CGT) discount (50% for individuals and certain trusts and 33.33% for complying superannuation funds) to arrive at your net capital gain. This amount should be included in the calculation of your taxable income.

As the Funds are trusts and are eligible for the discount capital gains concession, they 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. Depending on your circumstances, the receipt or attribution of those amounts may not be assessable but may result in a reduction in the cost base of your units in the Funds.

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 on disposal of certain assets by a Fund. Vanguard has made this election for the Funds that are eligible.

Non-assessable distributions

A Fund may make distributions of amounts which are non-assessable to the investor, 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, depending on their circumstances, and subject to the discussion above regarding capital gains concession amounts.

Other gains

Gains and losses in relation to investments of certain Funds, including foreign currency gains arising from the investment of the Funds, may be assessed as income under provisions other than the capital gains tax provisions of the Income Tax Assessment Act 1997 (Cth). The net taxable income of the Funds on which you are assessed may include a component of assessable income which is referable to those gains.

Disposal of units

Investors may be liable for tax on gains realised on the disposal of units in the Funds. Disposal of units may be in the form of a withdrawal, a switch between Funds or a transfer of units.

Under the CGT provisions, any taxable capital gain arising on disposal of your units may form part of your assessable income. Some investors may be eligible for the CGT discount upon disposal of their units if the units are held for at least 12 months or more before the disposal, and certain other requirements are satisfied. You should obtain professional tax advice about the availability of the CGT discount.

Any capital loss arising on a disposal of units may be able to be offset against capital gains arising in that year or subsequent years.

Redemption income entitlement

If you dispose of your units by a withdrawal in certain circumstances (for example, where the size of your withdrawal exceeds a certain threshold), you may be distributed or attributed under the AMIT rules some of the taxable income of the relevant Fund. Vanguard will notify you at the end of the financial year if this occurs. Any distribution or attribution of income that occurs in connection with a withdrawal of units from a Fund may affect the amount of net capital gain realised on disposal of your units. Investors should seek professional tax advice about the CGT treatment of the disposal of their units in the Funds, particularly if an entitlement to the income of a Fund is included in the withdrawal amount.

The amount and the components of the income of a Fund that may be distributed or attributed to you in these circumstances will be determined by Vanguard in accordance with the relevant Fund constitution.

Taxation of non-resident investors

If you are not a resident of Australia for tax purposes, Vanguard may be required to withhold Australian tax on certain distributions made to you.

If a Fund is an AMIT and you are attributed with certain components of the taxable income of that Fund without having been distributed those amounts, Vanguard is required under the AMIT regime to pay tax on that income on your behalf and is entitled to be indemnified by you in respect of the relevant amount. Under the Constitution for the Funds, Vanguard may satisfy this indemnity by deducting the relevant amount from any payments made to you or through a compulsory redemption of units.

Generally, a non-resident investor should not be liable for Australian CGT in respect of the disposal of their units in the Funds, if the Funds and the non-resident investor satisfy certain requirements at the time of disposal. It is very important that non-resident

investors seek independent tax advice before investing in the Funds which takes into account their particular circumstances and the provisions of any relevant double tax agreement between Australia and their country of residence. It is particularly important that Australian tax advice is obtained if the non-resident investor is assessed on the disposal of their units in the Funds otherwise than under the CGT provisions.

Quoting your Tax File Number (TFN) or TFN exemption or Australian Business Number (ABN)

Collection of your TFN is authorised and its use and disclosure are strictly regulated by the tax laws and the Privacy Act 1988. You may quote a TFN or claim a TFN exemption in relation to your investment in a Fund when completing your Application Form. If you choose not to quote a TFN or TFN exemption, Vanguard will be required to deduct tax at the prescribed rate (at the date of this PDS this was the highest marginal tax rate plus any applicable levies).

You may quote your ABN instead of a TFN if you are making this investment in the course of an enterprise carried on by you.

Social security

Investing in the Funds may affect your social security entitlements because your investment may be included in the income and assets tests of Centrelink and the Department of Veterans' Affairs. You should obtain professional advice concerning your particular social security implications.

Goods and Services Tax (GST)

The issue and withdrawal of units in the Funds should not be subject to GST, irrespective of whether or not the investor is registered for GST. In the instance the investor is registered for GST, the acquisition, disposal and/or redemption of units in the Funds will generally constitute input taxed financial supplies. The receipt of distributions should not give rise to any GST consequences for investors, as such amounts are generally considered to be outside the scope of the GST regime.

Fees and expenses incurred by the Funds, such as management costs, will generally attract GST at the rate of 10 percent. Given the nature of the Funds' activities, the Funds will generally not be entitled to claim input tax credits for the full amount of the GST incurred. However, a Reduced Input Tax Credit (RITC) should be available to the GST paid on the expenses incurred by a Fund.

The GST and expected RITC relating to fees and expenses is incorporated in the management cost for each Fund. Individual investors should seek specific professional advice with respect to the GST consequences of their investments.

Other information

Borrowings

While the Funds' constitutions permit borrowing, Vanguard does not currently intend to borrow for the purpose of gearing. Where a 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 borne by the Fund.

Cash and liquidity management

To manage day-to-day transaction requirements such as investor withdrawals and collateral requirements, a Fund may maintain a variable balance of cash. To effectively manage this cash, a 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 (semi-government) issued securities and repurchase agreements, where a high quality government or government related security is received or provided as collateral for the term of the agreement.

Environmental, social and ethical considerations

The value of individual securities may be influenced by labour standards, and environmental, social and ethical considerations.

Baillie Gifford believes that a company cannot be financially sustainable in the long run if its approach to business is fundamentally out of line with changing societal expectations. Baillie Gifford consider environmental, social, ethical and governance risks and opportunities as part of their investment process in the context of their overall focus on long-term investment performance. Baillie Gifford has no predetermined view on what is a labour standard or environmental, social or ethical consideration or methodology for considering them. It takes into account these matters as it may become aware of them to the extent that they financially affect the investment.

Each of Wellington's global industry analysts develop unique investment approaches, whereby labour standards, environment, social or ethical considerations are integrated into their research and decision-making processes to the extent that these issues may materially affect the long-term success of a company and its investment returns. This can manifest itself within the investment approach or portfolio weighting for a particular security, as well as within our proxy voting and company engagement efforts. There is no predetermined view or methodology, unless it financially affects the investment, about taking into account these standards and or what is regarded as a labour standard or environmental, social or ethical consideration.

Proxy voting and engagement

Vanguard has delegated the authority to vote proxies related to the assets held by the Funds to the respective investment manager of each Fund. The investment managers will vote such proxies in accordance with their proxy voting policies and procedures, which are available on the Vanguard website. To obtain a free copy of a report that details how the investment manager voted the proxies

relating to the assets held by the relevant Fund for the previous 12-month period ending 30 June, when available, visit the Vanguard website.

Termination

Vanguard may terminate a Fund at any time on giving notice to investors. Following termination, the net proceeds will be distributed to investors.

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 Funds.

In their capacity as custodian, JP Morgan provides custodial services to Vanguard (as responsible entity) and is responsible for the safekeeping of the assets of the Funds.

The role of the custodian is generally limited to holding the assets of the Funds and acting on behalf of the responsible entity in accordance with proper instructions (except in limited circumstances where the custodian has a discretion to act without instructions).

The custodian has no supervisory obligation to ensure that Vanguard complies with its obligations as responsible entity of the Funds and generally does not make investment decisions in respect of the assets held or manage 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.

Vanguard

Vanguard as responsible entity

Vanguard, as the responsible entity, is solely responsible for the management of the Funds. Vanguard holds an Australian Financial Services Licence (AFSL 227263), which authorises it to act as the responsible entity of the Funds. The powers and duties of Vanguard are set out in each Fund's constitution, the *Corporations Act* and general law. 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 Funds. Vanguard has appointed external investment managers to provide specialist investment management services in connection with the Funds, under an investment management agreement. Under this agreement, the relevant Investment Manager will establish a Fund's portfolio and on an ongoing basis make active changes to the composition of the portfolio consistent with that Fund's investment strategy and the Investment Manager's active investment philosophy. Vanguard reviews the appointment of its external managers on a regular basis. Under the investment management agreement, Vanguard has the discretion to terminate their appointment at any time.

Retirement of Vanguard

Vanguard may retire as responsible entity of a Fund by calling a meeting of investors to enable investors 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 a Fund entitled to vote, including members who are not present in person or by proxy) passed at a meeting of investors, 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 each Fund 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 each of the Funds (other than if it arises out of Vanguard's fraud, negligence or breach of trust).

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

Fund Administrator

Vanguard has appointed FNZ Australia Pty Ltd (FNZ) as the fund administrator for retail investor accounts in the Funds (Retail Accounts). Vanguard will remain the fund administrator for certain existing institutional accounts as well as for new institutional accounts (Institutional Accounts). The transition of administration to FNZ from Vanguard is expected to occur from 16 October 2020 (Transition Date). We will notify you of any update to the Transition Date via notice on our website.

Constitutions

Each Fund is a managed investment scheme governed by a constitution. Under the constitution, Vanguard has all the powers of a natural person in respect of the Funds. The constitution for each Fund sets out the rights and obligations of investors and the rights and obligations of Vanguard as responsible entity of the Funds. This PDS outlines some of the more important provisions of the constitutions.

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

A copy of the Funds' constitutions may be inspected by investors at Vanguard's office during business hours. Vanguard will provide investors with a copy of the required constitution upon request.

Amendments to the constitutions

Vanguard may amend the constitution of each Fund from time to time, subject to the provisions of the constitution and the *Corporations Act*. Generally, Vanguard can only amend a constitution where Vanguard reasonably believes that the change will not adversely affect your rights as an investor. Otherwise, a constitution can only be amended if approved at a meeting of investors.

Reimbursement of expenses

In addition to any other right of indemnity, which Vanguard may have under the Funds' constitutions or at law, Vanguard is indemnified and entitled to be reimbursed out of, or paid from, the assets of each of the Funds for all liabilities, losses, damages, expenses or 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 The Vanguard Group, Inc. and part of the Vanguard Group. 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 The Vanguard Group Inc. itself, other subsidiaries of The Vanguard Group, Inc. 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 a 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 a Fund the Responsible Entity may come across conflicts in relation to its duties to a Fund, related funds and its own interests. The Responsible Entity has internal policies and procedures in place to manage all conflict 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.

Compliance

The compliance plan

Vanguard has prepared and lodged a compliance plan for each 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 each Fund's constitution. Each year the compliance plan is 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 constitutions to Vanguard
- reporting to ASIC if the committee believes that Vanguard has not taken or does not propose to take appropriate actions to deal with breaches reported to it by the committee
- assessing the adequacy of the compliance plans, recommending any changes and reporting these to Vanguard.

Investors

Indirect investors

You may invest in the Funds offered in this PDS indirectly (for example, through a master trust, IDPS platform or a nominee or a custody service). If you invest in this manner certain information in this PDS may not be relevant to you such as: applications and withdrawals, income distributions, investor communication, fees and costs, how to open an account and cooling off rights. You should consult the relevant offer document or client agreement through which you have invested.

Meeting of investors

Vanguard may convene a meeting of investors of a Fund at any time. Examples of circumstances where meetings may be called include to approve certain amendments to a Fund's constitution. Investors also have limited rights to call meetings and have the right to vote at any investor meetings.

Except where a particular Fund constitution provides otherwise, or the *Corporations Act* requires otherwise, a resolution of investors must be passed by investors who hold units in the relevant Fund exceeding 50% in value of the total value of all units held by investors who vote on the resolution.

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

Limitation of liability of investors

The Fund's constitutions provide that the liability of each investor is limited to their investment in a Fund and that an investor is not required to indemnify Vanguard or a creditor of Vanguard against any liability of Vanguard in respect of a Fund. However, no complete assurance can be given in this regard, as the ultimate liability of an investor has not been finally determined by the courts.

Complaints

If you have a complaint about a Fund or the services provided to you by Vanguard, please contact Client Services on 1300 655 102 from 8:00am to 6:00pm AEDT/AEST, Monday to Friday.

If your complaint is not resolved to your satisfaction, you can refer the matter in writing to:

Client Services Manager, Vanguard Investments Australia Ltd, GPO Box 3006, Melbourne, Vic, 3001.

Vanguard will try to resolve your complaint and get back to you as soon as possible, but in any event we will provide a final response within 45 days or receipt.

If an issue has not been resolved to your satisfaction, you can lodge a complaint with the Australian Financial Complaints Authority (AFCA). AFCA provides a fair and independent financial services complaint resolution service that is free to consumers. You can contact AFCA on 1800 931 678 (free call) or email on info@afca.org.au.

Privacy

Vanguard is 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. Vanguard's privacy policy states how Vanguard manages personal information. Vanguard collects personal information in the Application Form, 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 a Fund. Vanguard may obtain information about the investor or any beneficial owners from third parties if it is believed this is necessary to comply with relevant laws. Vanguard may be required by law to disclose personal information to relevant regulators (whether in or outside of Australia).

If you do not provide the information requested in the Application Form, Vanguard will not be able to process or accept your application.

To obtain a copy of our privacy policy or to access or update your personal information, visit our website or contact Client Services on 1300 655 102 or write to GPO Box 3006, Melbourne, Vic, 3001.

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 to obtain information from their financial institutions and exchange it with other participating jurisdictions as of 1 July 2017.

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 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 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)
- All 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
- 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.

Consents to inclusion of statements

Baillie Gifford and Wellington have given and not withdrawn their consent to the statements relating to Baillie Gifford and Wellington respectively in the "Investment Managers" section and in other references about investments and investment strategy for each Fund, in the form and context in which they appear.



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