

Vanguard International Credit Securities Index Fund (Hedged)

Key fund facts	
Management fee	0.32% p.a.
Indirect costs	0.00% p.a.
Buy spread	0.20%
Sell spread	0.20%
Inception date	23 February 2001
Income distribution	Quarterly
Wholesale class size	\$713.0 million
Total fund size	\$900.80 million
Number of holdings	6,274

Trading information	
APIR code	VAN0106AU
Minimum investment	\$500,000 (No minimums apply for platforms)
Platform availability	For platform availability visit vanguard.com.au/mastertrust

Benchmark information	
Benchmark (Bmk)	Bloomberg Barclays Global Aggregate Corporate and Government-Related Scaled Index hedged into Australian dollars ^{D,E}
Number of holdings	19,579

Investment objective

Vanguard International Credit Securities Index Fund (Hedged) seeks to track the return of the Bloomberg Barclays Global Aggregate Corporate and Government-Related Scaled Index hedged into Australian dollars before taking into account fees, expenses and tax.

Fund overview^{D,E}

The Fund provides low-cost exposure to high-quality, income-generating securities issued by government-owned entities, government-guaranteed entities and investment-grade corporate issuers from around the world. The investments in the Fund are predominantly rated BBB- or higher by Standard & Poor's or equivalent ratings agency. The Fund is hedged to Australian dollars so the value of the Fund is relatively unaffected by currency fluctuations.

Performance return^{A,B,D,E} (%)

	Fund gross	Bmk	Fund total	Distb'n	Growth
1 month	0.08	0.10	0.06	4.48	-4.42
3 months	1.45	1.42	1.37	4.53	-3.16
6 months	7.49	7.30	7.31	5.44	1.87
1 year	4.18	4.30	3.85	6.50	-2.65
3 years (p.a.)	5.04	5.02	4.71	4.26	0.45
5 years (p.a.)	5.30	5.25	4.96	5.14	-0.18
10 years (p.a.)	6.10	6.17	5.75	4.99	0.76
Inception (p.a.)	7.30	7.29	6.95	6.07	0.88

Year to year gross return^{A,B,D,E} (%)

	Dec - Dec		June - June	
	Fund	Bmk	Fund	Bmk
YTD	4.11	4.24	1.45	1.42
2020	N/A	N/A	5.12	5.25
2019	9.94	9.83	8.55	8.39
2018	0.04	-0.04	1.32	1.26
2017	5.56	5.48	2.82	2.83

Income distribution^C

Quarter ended	Amount (CPU)	Reinvestment price
30 September 2020	5.5508	\$1.1864

Notes

- A Past performance is not an indication of future performance.
- B Returns assume reinvestment of all distributions. Returns for periods longer than 1 year are annualised. Fund gross returns are before management fees and taxes, but after transaction and operational costs. Fund total return is the fund gross return less management fees. Index returns do not allow for taxes, management, transaction and operational costs.
- C Past distributions are not an indication of future distributions.
- D Prior to 1 July 2008, the Fund's benchmark was the Citigroup non-MBS non-WGBI WorldBIG Bond Index (hedged into Australian dollars).
- E Prior to 1 April 2019, the Fund's benchmark was the Bloomberg Barclays Global Aggregate Government-Related and Corporate Index hedged into Australian dollars.

Vanguard International Credit Securities Index Fund (Hedged)

Characteristics

	Fund	Bmk
Number of issuers	1,873	3,582
Number of holdings	6,274	19,579
Yield to maturity	1.30%	1.36%
Weighted average coupon	2.9%	2.9%
Weighted average maturity	9.9 years	10.0 years
Weighted average credit quality	A	A
Effective duration	7.1 years	7.1 years
Running yield	2.54%	2.59%

Top 10 issuers

1. European Investment Bank
2. Kfw
3. Ontario (Province Of)
4. European Financial Stability Facility
5. Jpmorgan Chase & Co
6. Quebec (Province Of)
7. At&T Inc
8. Bank Of America Corp
9. Citigroup Inc
10. Wells Fargo & Company

The top 10 issuers represent 11.6% of the total fund.

Sector allocation¹ (%)

	Fund	Bmk
Corporate	62.6	62.2
Government-Related	37.0	37.4
Treasury	0.4	0.4

Credit allocation (%)

	Fund	Bmk
AAA	13.6	14.5
AA	16.4	16.8
A	30.8	29.6
BBB	36.6	36.4
Not rated	2.6	2.7

Market allocation (%)

	Fund	Bmk		Fund	Bmk
United States	37.8	37.3	Spain	1.6	1.4
Canada	8.2	8.0	Switzerland	1.3	1.3
Germany	7.7	7.9	Korea	1.2	1.1
Supranational	6.6	6.6	Italy	1.0	1.1
France	6.3	6.6	Belgium	0.9	0.9
United Kingdom	5.5	5.3	Mexico	0.8	0.9
Japan	3.9	3.8	United Arab Emirates	0.7	0.6
China	2.9	2.9	Indonesia	0.6	0.7
Australia	2.3	2.4	Saudi Arabia	0.6	0.6
Netherlands	2.3	2.4	Other	7.8	8.2

Glossary

Yield to maturity is the rate of return an investor would receive if the fund's fixed income securities were held to their maturity dates. The figure does not include the return component from hedging.

Weighted average coupon is the average interest rate (coupon rate) of all the bonds in a fund.

Weighted average maturity is the time from today until a bond matures or is redeemed by its issuer. Within a portfolio, the statistic is calculated for each bond and weighted by each bond's market value. In general, the longer a fund's average weighted maturity, the more its unit price will fluctuate in response to changing interest rates.

Weighted average credit quality is an indicator of credit risk. This figure is the average credit ratings assigned to a fund's holdings by credit rating agencies. Agencies assign credit ratings after appraising an issuer's ability to meet its obligations. Quality is graded on a scale, with Aaa or AAA indicating the most creditworthy bond issuers.

Effective duration is an option-adjusted measure of a portfolio's sensitivity to a change in interest rates. For example, if a bond has a duration of two years, its price would fall about 2% when interest rates rose one percentage point. On the other hand, the bond's price would rise by about 2% when interest rates fell by one percentage point.

Running yield for an individual bond is the annual dollar interest payment (coupon) of the bond divided by its market price. Within a portfolio, the statistic is calculated for each bond and weighted by each bond's market value.

Notes:

1. Government allocation represents cash that is held to cover government futures.

For more information:

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