

Vanguard MSCI Australian Small Companies Index ETF

VSO

Key ETF facts

Management fee	0.30% p.a.
Indirect costs	0.00% p.a.
Inception date	23 May 2011
Income distribution	Half yearly
Distribution reinvestment plan	Yes
ETF size	\$373.2 million
Number of holdings	170

Trading information

ASX code	VSO
ISIN	AU000000VSO2
Minimum investment	No minimum
ETF listed on ASX	26 May 2011

Benchmark information

Benchmark (Bmk)	MSCI Australian Shares Small Cap Index
Number of holdings	169

Investment objective

Vanguard MSCI Australian Small Companies Index ETF seeks to track the return of the MSCI Australian Shares Small Cap Index before taking into account fees, expenses and tax.

ETF overview

The ETF provides low-cost, broadly diversified exposure to small companies listed on the Australian Securities Exchange. The sectors in which the ETF invests include industrials, materials and consumer discretionary. The ETF offers potential long-term capital growth, which can be typical of the small company market sector.

Performance return^{A,B,C} (%)

	ETF gross	Bmk	ETF total	Distb'n	Growth
1 month	-2.72	-2.85	-2.75	0.00	-2.75
3 months	5.85	5.72	5.77	0.00	5.77
6 months	38.50	38.30	38.29	7.64	30.65
1 year	1.16	0.73	0.86	7.00	-6.14
3 years (p.a.)	8.62	8.46	8.30	4.41	3.89
5 years (p.a.)	11.32	11.23	10.98	4.45	6.53
10 years (p.a.)	N/A	N/A	N/A	N/A	N/A
Inception (p.a.)	5.38	5.27	5.07	3.81	1.26

Year to year franking levels and gross return^{A,B,C,E} (%)

	Dec - Dec		June - June		Franking
	ETF	Bmk	ETF	Bmk	
YTD	1.12	0.86	5.85	5.72	19.9
2020	N/A	N/A	-1.11	-1.44	19.9
2019	22.03	21.82	4.81	4.78	60.7
2018	-7.26	-7.28	19.28	19.28	60.7
2017	18.33	18.34	11.56	11.61	42.1

Income distribution^D

Half year ended	Amount (CPU)	Reinvestment price
30 June 2020	310.6855	\$53.1259

As at 30 June 2020, the gross distribution of 328.4965 cents per unit comprised 310.6855 of net (cash) distribution plus 17.8111 by way of franking credits and foreign tax credits.

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. ETF gross returns are before management fees and taxes, but after transaction and operational costs. ETF total return is the ETF gross return less management fees. Index returns do not allow for taxes, management, transaction and operational costs.
- ^C Returns assume that an investor purchased shares at Net Asset Value (NAV) and does not reflect the transaction costs imposed on the creation and redemptions of ETF units, brokerage or the bid ask spread that investors pay to buy and sell ETF securities on the Australian Securities Exchange.
- ^D Past distributions are not an indication of future distributions.
- ^E The franking level is an indication of the amount of imputation tax credits at the fund level which may be claimable by Australian investors. A higher percentage indicates a larger amount of imputation tax credits attributed relative to the net tax attributed by the fund.

Vanguard MSCI Australian Small Companies Index ETF

Characteristics

	ETF	Bmk
Number of holdings	170	169
Median market cap	\$2.7B	\$2.7B
Price/Earnings ratio	18.9x	18.9x
Price/Book ratio	1.6x	1.6x
Return on equity ratio	10.4%	10.4%
Earnings growth rate	7.4%	7.4%
Equity yield (dividend)	3.1%	3.1%

Top 10 holdings

1. Charter Hall Group
2. Boral Ltd.
3. NEXTDC Ltd.
4. Saracen Mineral Holdings Ltd.
5. JB Hi-Fi Ltd.
6. Atlas Arteria Ltd.
7. carsales.com Ltd.
8. Domino's Pizza Enterprises Ltd.
9. Ansell Ltd.
10. OZ Minerals Ltd.

The top 10 holdings represent 18.5% of the total ETF.

Sector allocation (%)

	ETF	Bmk
Materials	22.7	22.8
Consumer Discretionary	15.0	15.1
Industrials	12.7	12.7
Real Estate	10.5	10.5
Information Technology	9.6	9.6
Financials	9.5	9.5
Health Care	6.4	6.4
Consumer Staples	4.7	4.5
Communication Services	4.3	4.3
Energy	3.3	3.3
Utilities	1.3	1.3

Sector categories are based on the Global Industry Classification Standard system ("GICS"), except for the "Other" category (if applicable), which includes securities that have not been provided a GICS classification as of the effective reporting period.

Glossary

Median market cap is the midpoint of market capitalisation (market price multiplied by the number of shares outstanding) of the shares in the fund. Half the shares in the fund will have higher market capitalisation, half will have lower.

Price/Earnings ratio (P/E ratio) is a measure of the market value of a share compared to the earnings of the company. A share with a price of \$10, and earnings last year of \$1 a share, would have a P/E ratio of 10. For a fund, the ratio is the weighted average P/E ratio of the shares it holds. In general, a high P/E suggests that investors are expecting higher earnings growth in the future compared to companies with a lower P/E. Companies with negative earnings are excluded from the calculation.

Price/Book ratio is calculated by dividing the current market price of the share by the book value per share of the company.

Return on equity ratio is a measure of how much profit a company generates relative to its shareholders' equity. For a fund, the ratio is the weighted average return on equity ratio of the shares it holds.

Earnings growth rate is a measure of the trailing Earnings Per Share growth for a given company and share. For a fund, the rate is the weighted average earnings growth of the shares it holds.

Equity yield (dividend) is the dividend income earned by shares, expressed as a percentage of the market price of those shares. For a fund, the yield is the weighted average equity yield of the shares it holds.

For more information:

Personal investors can transact in Vanguard ETFs through their financial adviser or stockbroker. Our telephone service is available from 8am to 6pm, Monday-Friday AEST.

For personal investors:
Call 1300 655 888
Email clientservices@vanguard.com.au

For advisers:
Call 1300 655 888
Email adviserservices@vanguard.com.au

For institutional investors:
Call 1300 655 888
Email institutional@vanguard.com.au

In preparing the above information, individual circumstances, for example tax implications, have not been taken into account and it may therefore not be applicable to an individual's situation. Before making an investment decision, you should consider your or your clients' circumstances and whether the above information is applicable to your or your clients' situation. Vanguard Investments Australia Ltd (ABN 72 072 881 086 / AFS Licence 227263) (Vanguard) is the issuer of the Vanguard® Australian ETFs. Vanguard ETFs will only be issued to Authorised Participants, that is persons who have been authorised as trading participants under the ASX Operating Rules ('Eligible Investors'). Retail investors can transact in Vanguard ETFs through a stockbroker or financial adviser on the secondary market. Investors should consider the Product Disclosure Statement in deciding whether to acquire Vanguard ETFs. Retail investors can only use the Product Disclosure Statement for informational purposes only. You can access the Product Disclosure Statement on our website. Unless otherwise stated, all currencies shown in this document are in Australian dollars.

The funds or securities referred to herein are not sponsored, endorsed, or promoted by MSCI, and MSCI bears no liability with respect to any such funds or securities. The PDS contains a more detailed description of the limited relationship MSCI has with Vanguard and any related funds.

© 2020 Vanguard Investments Australia. All rights reserved.

8211_092020