

Vanguard Australian Corporate Fixed Interest Index ETF

VACF

Key ETF facts

Management fee	0.26% p.a.
Inception date	23 May 2016
Income distribution	Quarterly
Distribution reinvestment plan	Yes
ETF size	\$391.9 million
Total fund size	\$623.0 million
Number of holdings	371

Trading information

ASX code	VACF
ISIN	AU00000VACF9
Minimum investment	No minimum
ETF listed on ASX	25 May 2016

Benchmark information

Benchmark (Bmk)	Bloomberg AusBond Credit 0+ Yr Index
Number of holdings	374

Investment objective

Vanguard Australian Corporate Fixed Interest Index ETF seeks to track the return of the Bloomberg AusBond Credit 0+ Yr Index before taking into account fees, expenses and tax.

ETF overview

The ETF provides investors with low-cost, diversified exposure to Australian corporate bonds. It invests in investment grade bonds issued by corporations including Australia's four largest banks, offshore banks, other lending institutions and property trusts. The benchmark has a shorter duration than the broader composite index but a lower overall credit quality (BBB- or higher by Standard & Poor's ratings agency or equivalent) and therefore a higher expected yield.

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

	ETF gross	Bmk	ETF total	Distb'n	Growth
1 month	0.52	0.48	0.50	0.41	0.09
3 months	1.53	1.50	1.47	0.42	1.05
6 months	3.01	3.11	2.88	1.70	1.18
1 year	3.28	3.49	3.01	3.00	0.01
3 years (p.a.)	5.43	5.46	5.16	2.78	2.38
5 years (p.a.)	N/A	N/A	N/A	N/A	N/A
10 years (p.a.)	N/A	N/A	N/A	N/A	N/A
Inception (p.a.)	4.79	4.75	4.51	3.02	1.49

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

	Dec - Dec		June - June	
	ETF	Bmk	ETF	Bmk
YTD	3.70	3.88	1.53	1.50
2020	N/A	N/A	3.53	3.75
2019	7.02	7.06	8.07	8.08
2018	4.02	3.93	3.97	3.76
2017	5.32	5.09	2.99	2.83

Income distribution^D

Quarter ended	Amount (CPU)	Reinvestment price
30 September 2020	21.8718	\$53.3360

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 units 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.

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Characteristics

	ETF	Bmk
Number of issuers	154	152
Number of holdings	371	374
Yield to maturity	1.29%	1.30%
Weighted average coupon	3.5%	3.6%
Weighted average maturity	4.5 years	4.5 years
Weighted average credit quality	A+	A+
Effective duration	4.0 years	4.0 years
Running yield	3.27%	3.31%

Top 10 issuers

1. Bng Bank Nv
2. Kommunalbanken As
3. National Australia Bank Ltd
4. Nederlandse Waterschapsbank Nv
5. Australia And New Zealand Banking Group Ltd
6. Westpac Banking Corp
7. Commonwealth Bank Of Australia
8. Verizon Communications Inc
9. Lloyds Banking Group Plc
10. Apple Inc

The top 10 issuers represent 37.1% of the total ETF.

Sector allocation (%)

	ETF	Bmk
Corporate	68.0	68.1
Government-Related	26.4	26.4
Securitized	5.6	5.5

Credit allocation (%)

	ETF	Bmk
AAA	22.8	22.6
AA	22.9	22.7
A	29.0	29.5
BBB	25.3	25.1

Market allocation (%)

	Fund	Bmk		Fund	Bmk
Australia	51.2	51.8	Switzerland	1.4	1.2
Netherlands	11.4	11.6	Japan	1.1	0.9
United States	10.2	9.9	France	0.9	1.0
Norway	6.0	6.0	Sweden	0.9	0.8
United Kingdom	3.6	3.8	Belgium	0.8	0.9
Canada	2.5	2.5	Finland	0.8	0.7
New Zealand	2.5	2.3	Qatar	0.4	0.4
Germany	2.3	2.1	Hong Kong	0.3	0.3
Korea	1.8	2.0	Singapore	0.2	0.2
United Arab Emirates	1.7	1.6			

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.

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:

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