

Vanguard Australian Corporate Fixed Interest Index Fund

Key fund facts	
Management fee	0.29% p.a.
Buy spread	0.15%
Sell spread	0.15%
Inception date	10 October 2014
Income distribution	Quarterly
Wholesale class size	\$231.2 million
Total fund size	\$623.00 million
Number of holdings	371

Trading information	
APIR code	VAN0065AU
Minimum investment	\$500,000 (No minimums apply for platforms)
Platform availability	For platform availability visit vanguard.com.au/mastertrust

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

Investment objective

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

Fund overview

The Fund 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}(%)

	Fund gross	Bmk	Fund total	Distb'n	Growth
1 month	0.52	0.48	0.50	0.42	0.08
3 months	1.53	1.50	1.46	0.42	1.04
6 months	3.01	3.11	2.87	1.85	1.02
1 year	3.28	3.49	2.98	3.16	-0.18
3 years (p.a.)	5.43	5.46	5.13	2.87	2.26
5 years (p.a.)	4.77	4.74	4.46	2.95	1.51
10 years (p.a.)	N/A	N/A	N/A	N/A	N/A
Inception (p.a.)	4.93	4.88	4.63	3.03	1.60

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

	Dec - Dec		June - June	
	Fund	Bmk	Fund	Bmk
YTD	3.70	3.88	1.53	1.50
2020	N/A	N/A	3.53	3.75
2019	7.03	7.06	8.08	8.08
2018	4.02	3.93	3.98	3.76
2017	5.32	5.09	2.99	2.83

Income distribution^C

Quarter ended	Amount (CPU)	Reinvestment price
30 September 2020	0.4626	\$1.0998

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.

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Characteristics

	Fund	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 fund.

Sector allocation (%)

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

Credit allocation (%)

	Fund	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.

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:

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