

# Vanguard Personal Investor Guide

Part A – Investor Guide

Dated 15 November 2021



# Contents

About this guide	1
Overview	3
Key features and benefits	4
Investment options	9
Investing through Vanguard Personal Investor	11
Risks of investing	13
Fees and costs	15
How we communicate with you	23
How to apply	24
Connect with Vanguard	25

# About this guide

This Guide dated 15 November 2021 is an Investor Directed Portfolio Service (IDPS) Guide for Vanguard Personal Investor, issued by Vanguard Investments Australia Ltd (Vanguard), ABN 72 072 881 086, AFS Licence 227263 as Operator. Vanguard Personal Investor is an Investor Directed Portfolio Service (IDPS).

## What is this Guide for?

This Guide (the Guide) provides you with important information which you should know before investing with Vanguard Personal Investor. It sets out the key features and benefits of investing through Vanguard Personal Investor, the risks involved, the associated costs, the tax implications and the Terms and Conditions of becoming an investor.

The Guide is made up of the following documents which should be read together:

- *Vanguard Personal Investor Guide Part A – Investor Guide* (this document).
- *Vanguard Personal Investor Guide Part B – Statement of Additional Information* (including Terms and Conditions).

## Other important documents

There are additional documents you should read to help you make an informed investment decision regarding Vanguard Personal Investor, available on our website [www.vanguard.com.au/personal](http://www.vanguard.com.au/personal), including:

- *Vanguard Personal Investor – Investment Menu* which sets out the list of investment options available through Vanguard Personal Investor. You can obtain a copy of the Investment Menu free of charge from our website
- *Product Disclosure Statements* (PDS or disclosure documents) for each investment option that is a managed fund or exchange

traded fund (ETF). You can obtain a copy of each PDS or disclosure document for these investments available through Vanguard Personal Investor from our website

- *Vanguard's Financial Services Guide (FSG)*, which contains important information regarding who we are, how we operate, which financial products and services we offer to investors and our internal and external dispute resolution process.

## Changes to information in this Guide

Information in this Guide is current as of the issue date and may change from time to time. Where the changes are not materially adverse to investors, the information may be updated on our website [www.vanguard.com.au/personal](http://www.vanguard.com.au/personal). A paper copy of any updated information will be available for investors free of charge upon request by contacting us.

All dollar amounts are in Australian dollars unless otherwise indicated. This Guide does not constitute an offer or invitation in any jurisdiction other than Australia or to anyone to whom it would not be lawful to make such an offer.

None of The Vanguard Group, Inc. or any of their related entities (including Vanguard Investments Australia Ltd), directors or officers guarantee the repayment of capital or the performance of your investments.

## General advice warning

Information contained in this guide is general information only and does not take into consideration your personal objectives, financial situation or needs. You should read the relevant Product Disclosure Statements for each investment option (where applicable) and consider seeking advice from a licenced financial adviser before making an investment decision.

## Contact details for Vanguard Personal Investor

### Registered office:

Level 13  
130 Lonsdale Street  
Melbourne VIC 3000

### Postal address:

Vanguard Personal Investor  
GPO Box 1837  
Melbourne VIC 3001

### Other:

Secure message via Vanguard Online  
Contact phone number: 1300 655 101  
Website: [www.vanguard.com.au/personal](http://www.vanguard.com.au/personal)

### AFS Licence details

Vanguard holds an Australian Financial Services Licence (AFS Licence 227263), which authorises us to act as the operator of Vanguard Personal Investor.

### Your contract with us

By opening a Vanguard Personal Investor Account and accepting the Terms

and Conditions, you offer to enter into a contract with Vanguard. A contract is formed when we accept your application.

Your rights and obligations as a client of Vanguard Personal Investor and our rights and obligations as operator of Vanguard Personal Investor are governed by:

- The *Deed Poll* for Vanguard Personal Investor, which is the document signed by Vanguard to establish and set out the rules of Vanguard Personal Investor;
- The terms of the contract between you and Vanguard (the *IDPS Contract*), which are set out in:
  - the online account application form; and
  - the Terms and Conditions set out in the Statement of Additional Information.

You are bound by the terms of the Deed Poll and the IDPS Contract when we accept your application. A copy of the Deed Poll is available from us free of charge on request.

# Overview

## **What is Vanguard Personal Investor?**

Vanguard Personal Investor is an online investment service that provides easy low-cost access to a range of investment options including managed funds, exchange traded funds (ETFs) and Australian Securities Exchange (ASX) listed direct shares. Vanguard Personal Investor provides custodial, transactional and administrative investment services, designed to meet the needs of Australian investors.

Each Vanguard Personal Investor Account includes a Vanguard Cash Account that supports the transactional requirements of buying and selling investments. Money held in your Vanguard Cash Account earns a competitive interest rate making sure your money is always working for you.

You can select a combination of available investments to build a diversified portfolio tailored to your specific investment needs to help you achieve your financial goals. A key benefit of investing through Vanguard Personal Investor is access to wholesale managed fund investments that you may not otherwise have access to. These can be combined with investments in direct shares and ETFs, all in the one location.

## **Who operates Vanguard Personal Investor?**

Vanguard Investments Australia Ltd ("Vanguard", "we", "us", or "our") is the operator of Vanguard Personal Investor. As operator, Vanguard is solely responsible for the management and operations of Vanguard Personal Investor. Vanguard is also the custodian of Vanguard Personal Investor and holds the interests in assets in your account on trust for you. We may delegate our custody role to other custodians (referred to as a 'sub-custodian').

Where a sub-custodian is appointed to provide custody services in relation to certain assets, they will hold those assets on trust for us and we will in turn hold the interest in those assets for you. The role of the sub-custodian is to hold, maintain and deal with assets in accordance with directions received from us. The directions we give the sub-custodian will be based on instructions that we receive from you. As at the date of this Guide, we have appointed JP Morgan Chase, N.A. (Sydney Branch) ABN 43 074 112 011, AFS Licence 238367 as the sub-custodian to provide custody services to us in relation to direct shares and ETFs.

Vanguard has appointed FNZ Australia Pty Ltd (ABN 67138819119) as administrator of Vanguard Personal Investor, and UBS Securities Australia Ltd (UBS) (ABN 62 008 586 481, AFS Licence 231098) to provide brokerage services for the placement and settlement of any direct shares and ETFs. Australia and New Zealand Banking Group Limited ABN 11 005 357 522 (ANZ) has been appointed by Vanguard as the banking deposit provider for all payment services associated with depositing and withdrawing money in and out of your Vanguard Cash Account. Details of these services are outlined in the Statement of Additional Information. ANZ has consented to being named in this Guide in the form and context in which their name is included and have not withdrawn their consent.

# Key features and benefits

Vanguard Personal Investor is an easy to use, flexible service enabling investors to buy and sell managed funds, exchange traded funds and selected ASX listed direct shares in the one location.



## A respected global brand

- **Global reach:** as one of the world's largest investment companies, you can trust Vanguard to partner with you on your investment journey.
- **Comprehensive range of investment options:** access to Vanguard managed funds, Vanguard ETFs and selected ASX listed direct shares.



## Manage your investments online anytime, anywhere

- **Easy and convenient online access at your fingertips**
  - You can open a Vanguard Personal Investor Account online at [www.vanguard.com.au/personal](http://www.vanguard.com.au/personal).
  - You can buy and sell investments online via your Vanguard Online account or via the mobile app (when available)
  - You can set-up an automatic investment into managed funds via the Auto Invest feature.
  - You can access your transactional information, portfolio holdings and valuations at any time.
  - You can view and download reports and statements (including tax statements).



### Learn from investment experts

- **Informed decision making:** access to Vanguard investment insights, tools and calculators to help you make informed investment decisions.
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### • Account fee:

- **No Account Fee** for **Vanguard managed funds, Vanguard ETFs and Vanguard Cash Account**
- **0.10% p.a. Account Fee on ASX listed direct shares:** This is calculated daily on the value of your ASX listed direct shares investment account balance and deducted quarterly in arrears. (Refer to the section Fees and Costs for more information).

### • Competitive brokerage fees

- **No brokerage fees** on **Vanguard managed funds**
  - **\$9 flat brokerage fee per trade** when you buy or sell ETFs or ASX listed direct shares (Refer to the section Fees and Costs for more information).
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- **Convenient cash management:** your account comes with an integrated Vanguard Cash Account, a centralised cash hub for investing, settling your transactions, receiving investment income and paying withdrawals.
- **Maximise your investment opportunity:** you can transfer money from a linked bank account into your Vanguard Cash Account, so you are ready to invest when the opportunity is right for you.
- **Earn a competitive interest rate\*:** you will receive a competitive variable interest rate on the money held in your Vanguard Cash Account. Refer to [www.vanguard.com.au/personal](http://www.vanguard.com.au/personal) for the latest interest rate payable on your Vanguard Cash Account.
- **Convenient access to your money:** you can transfer available money from your Vanguard Cash Account to your linked bank account online.

## Opening your Vanguard Personal Investor Account

### Who can open an account

You do not need to have a financial adviser to open a Vanguard Personal Investor Account.

Vanguard Personal Investor is available to Australian residents aged 18 years or older. Applicants must have an Australian bank account and an Australian mobile phone number that will be used for ongoing security authentication. You must also have an Australian residential address and a valid email address.

Vanguard Personal Investor is currently available for

- individual investors,
- joint investors,
- trustees of self-managed super funds (SMSFs), and
- Australian registered private companies (subject to the limitations noted below)

### How to apply for a Vanguard Personal Investor Account

Vanguard Personal Investor is an online investment service. To apply, please visit our website [www.vanguard.com.au/personal](http://www.vanguard.com.au/personal).

When you commence your application, you will create a username and password which you can use to log into our secure portal, Vanguard Online.

To complete your application you will need to provide us with personal details such as your name, date of birth, Australian residential address, Australian mobile phone number and email address. Note: Your mobile phone number provides important security features for your Vanguard Personal Investor Account and will be used to authenticate your identity when setting up, updating, or trading on your account.

You will also need to provide an Australian bank account (linked bank account) held in the same name as your Vanguard Personal Investor account. The linked bank account must be held with an authorised Australian deposit-taking institution, (which may include financial institutions other than banks, such as a building society or credit union). You must keep a bank account linked at all times.

To verify your identity, we may ask for your Australian driver's licence number, Australian passport number or Medicare number.

You will need to provide your occupation details, source of funds, tax details (Tax File Number (TFN) or a tax exemption) and tax residency information. Whilst not mandatory, if you do not provide your TFN or exemption, income from your investments may be subject to Australian withholding tax.

To complete your application, you must confirm you have read and understood the *Vanguard Personal Investor Guide Parts A & B*, and accepted the associated Terms and Conditions.

Once you have completed the application process successfully and accepted our Terms and Conditions, your Vanguard Personal Investor Account is ready to go. You can transfer money into your Vanguard Cash Account to begin investing.

**Joint Investors:** Joint Investor accounts are available to two individuals who meet the eligibility criteria above. Joint applications are initiated by one of the joint account-holders and must be reviewed and approved by the second joint account-holder. Joint account-holders agree that either party on the account is authorised to operate the account on behalf of the other account-holder – i.e. 'any to sign'. Once the application is complete, the additional account-holder will receive an invitation to register for online access to the secure portal, Vanguard Online. Joint investor accounts are offered as "Joint tenants" under Australian law which means that the entire account holding is equally and jointly owned by each account holder.

**SMSFs:** SMSF applications are initiated by one Trustee or one Director of Corporate Trustees of the SMSF. Each individual trustee is required to review and approve the application. Directors of corporate trustees require one additional director to review and approve the application (where there is more than one director—single directors of corporate trustees do not require an additional reviewer or approver). Each approving trustee/director must also verify their identity as outlined above. Trustees/directors agree that any



one signatory on the account is authorised to operate the account on behalf of the other signatories to the account – i.e. 'any to sign'. Once the application is complete, each nominated signatory will receive an invitation to register for online access to the secure portal, Vanguard Online.

**Companies:** Company accounts are only available to companies that meet the following criteria:

1. The company must be solely a tax resident of Australia
2. The company is a proprietary company
3. The company isn't controlled by a foreign person(s)
4. The company shareholders comprise solely of individual persons residing in Australia
5. There are no more than 10 company officers (Directors and company secretary) associated to the company;
6. The company is not a regulated entity or institution undertaking investment activities on behalf of others (such as an APRA regulated superannuation fund, public companies, platforms or Managed Investment Schemes (MIS)), or any other entity type deemed institutional by Vanguard.

Companies require a minimum of two company officers to complete and approve the application. For single company officer companies (e.g. sole director/company secretary companies) do not require an additional approver. Each company officer is required to review and approve the application and must also consent to us verifying their individual identity as outlined above. Applicants agree that any one signatory on the account is authorised to operate the account on behalf of the other signatories to the account – i.e. 'any to sign'. Once the application is complete, each signatory will receive an invitation to register for online access to the secure portal, Vanguard Online.

### **How your Vanguard Personal Investor Account works**

#### **Your Vanguard Cash Account**

When you open a Vanguard Personal Investor Account, a Vanguard Cash Account is automatically created for you. This account

holds your cash balance and is used to settle all investment transactions. These transactions include the funding of investment purchases, proceeds of investment sales, dividends and distributions received from your investments as well as money deposited or withdrawn by you.

The money in your Vanguard Cash Account is held on deposit with ANZ, an Authorised Deposit-taking Institution (ADI), and earns you a competitive variable interest rate. Please refer to the Cash Account Interest Rate document on our website for the current interest rate.

Once deposited money has cleared into your Vanguard Cash Account, you are ready to purchase investments listed on the Investment Menu. Any cash balance showing as 'available cash' in your Vanguard Cash Account can be withdrawn at your request. Withdrawals will be paid to your linked bank account. Generally, Vanguard will not process payments to third party bank accounts or pay to international bank accounts.

All transfers of money into and out of your Vanguard Cash Account are made at your direction, subject to the Terms and Conditions outlined in the *Statement of Additional Information*.

#### **Auto Invest**

Auto Invest is a feature that allows you to regularly invest via direct debit from your linked bank account into one or more managed fund investment options or into your Vanguard Cash Account. You simply select the amount, frequency and start date of your deposit and then select the relevant managed fund investment option for your investment.

The minimum Auto Invest amount is \$200 either fortnightly, monthly, or quarterly and there is no minimum amount of investment into each managed fund. Investment transactions will typically be executed 3 business days after your scheduled regular deposit date.

Auto Invest is not currently available for ETFs or ASX listed direct shares. This may change in future.

Under Auto Invest, a regular investment acquisition of a managed fund may occur

without you having been given a current Product Disclosure Statement (PDS) in relation to the managed fund. You can obtain a copy of each PDS available through Vanguard Personal Investor from our website.

For more information about Auto Invest and the terms and conditions please refer to *Vanguard Personal Investor Guide Part B—Statement of Additional Information (including Terms and Conditions)*.

**Table 1.** Who can transact on your Vanguard Personal Investor Account

**Authorities on your account**

ACCOUNT TYPE	
<b>Individual</b>	Only the named account holder, or their legally authorised representative(s), can operate the account (i.e. transact and other activities such as updating your contact information).
<b>Joint</b>	Both account-holders, or their legally authorised representative(s), can operate the account and authorise that either party is authorised to operate the account on behalf of the other signatories to the account—this is in accordance with the 'any to sign' condition which allows both joint account holders to operate the account.
<b>SMSF</b>	Trustees and/or directors of corporate trustees of SMSFs, or their legally authorised representative(s), can operate the account and authorise that any one person on the account can operate the account on behalf of other signatories to the account—this is in accordance with the 'any to sign' condition allowing any one person on the account to operate it.
<b>Company</b>	Company officers, or their legally authorised representative(s) can operate the account and authorise that any one signatory on the account can operate the account behalf of the other signatories—this is in accordance with the 'any to sign' condition allowing any one person on the account to operate it.

To maintain the security and integrity of your account, we will ask you to authenticate yourself for certain transactions and account actions. In these circumstances we will send an SMS code to your mobile phone for authentication purposes.

There are certain scenarios such as suspected fraud or where we see unusual account activity where we might restrict or freeze access to your account. This includes suspending or restricting any transactions to the account. If your access is restricted, you will not be able to view or access your account online. If your account is frozen, please contact us by phone.

**Closing your Vanguard Personal Investor Account**

If you wish to close your Vanguard Personal Investor Account you should contact us using secure message via Vanguard Online or by phone.

You will need to sell or transfer your assets out of your account before it can be closed. Once all pending transactions have settled, we will pay the remaining balance of your Vanguard Cash Account (plus any interest payable to you and minus any outstanding fees) to your linked bank account, then close your Vanguard Personal Investor Account. For further details on the account closure process please refer to the *Statement of Additional Information*.

# Investment options

Vanguard Personal Investor offers access to a wide range of investment options including Vanguard managed funds, Vanguard ETFs and selected ASX listed direct shares so that you can invest according to your personal needs. The range of available investments will vary from time to time. Please refer to the Investment Menu for the most up to date list. You should consult the relevant PDS or disclosure document of each investment option (where applicable) before making an investment decision.

## **Investment Selection policy**

The investments available through Vanguard Personal Investor are selected in accordance with our Investment Selection Policy. For further information regarding this policy please see the Statement of Additional Information.

## **Managed Funds**

Managed funds provide a cost-effective way for investors to access professionally managed investments. Your money is pooled with other investors so you can invest in assets that may otherwise be difficult or not cost effective to access directly. When you invest in a managed fund you are buying units in that fund and the fund owns the underlying investments.

You can select managed funds from a variety of investment styles and asset classes such as equities, fixed interest, listed property and cash, or diversified (multi-sector) funds that hold a combination of asset classes to suit varying investor risk profiles. These include conservative, balanced, growth or high growth funds. The PDS of the relevant managed fund will detail the type of assets the fund holds, how the investments will be managed and the types of risk associated with the fund, so that you can compare your risk tolerance and investment objectives with that of the fund to determine if it meets your needs.

Please refer to the Investment Menu for the full list of available managed funds. At the date of issue of this Guide, the available managed funds are limited to those offered by Vanguard.

Trade instructions to buy or sell managed funds are placed through Vanguard Online and are subject to the terms and conditions of the fund, as outlined in the relevant fund PDS. We will make the PDS for each fund available to you as part of the purchase process. Please take the time to review and understand the investment options you select.

The proceeds of any sale of managed funds will be deposited into your Vanguard Cash Account.

## **Distributions from managed funds**

Any distribution you receive from a managed fund will automatically be reinvested in further units of the same fund, if allowable by the fund and subject to you providing Vanguard with your Tax File Number or tax exemption. Please contact us via secure message if you would prefer to have these distributions paid to your Vanguard Cash Account.

## **Exchanged Traded Funds (ETFs)**

An ETF is a managed fund traded on a stock exchange and are available for various asset classes including equities, fixed interest, listed property and cash. You can buy and sell the Vanguard ETFs listed on the Investment Menu from your Vanguard Personal Investor Account.

ETFs are bought and sold through Vanguard Online. The proceeds of any sale of ETFs (net of any brokerage costs) will be deposited into your Vanguard Cash Account.

## **Distributions from ETFs**

Distribution payments received from the ETFs you hold, will be paid into your Vanguard Cash Account. Distribution reinvestments from ETFs are not currently available.

## **Direct Shares**

Shares are an ownership interest in a corporation or financial asset. Shares of Australian listed public companies are available to the public generally via the ASX or other exchanges. The value of direct share investments is determined by the company's share price, which generally will move up and down on a daily basis depending on a range of factors.

You can buy and sell direct shares listed on the Investment Menu from your Vanguard Personal Investor Account through Vanguard Online. The proceeds of any sale of direct shares (net of any brokerage costs) will be deposited into your Vanguard Cash Account.

Please note, Vanguard Personal Investor is currently unable to facilitate the holding of Chess Depository Interests (CDI's) and may be required to remove securities from the Investment Menu from time to time where corporate actions such as restructuring, mergers or takeovers modify the legal structure of the corporation and result in a change in listing status.

### **Corporate Actions**

A corporate action is an event carried out by a listed entity that may have a material impact on its shareholders or creditors. Corporate actions can be either mandatory or voluntary. Mandatory corporate actions

are automatically applied to the investments involved (e.g. dividends) while voluntary corporate actions require an investor's response to be applied.

Participation in voluntary corporate actions is not currently available through Vanguard Personal Investor. You should consider this limitation before choosing to invest in direct shares.

### **Dividends from direct shares**

Dividend payments received from the direct shares you hold, will be paid into your Vanguard Cash Account. Dividend reinvestments from direct shares are not currently available.

### **Transferring investments to your Vanguard Personal Investor Account**

As at the date of issue of this Guide, transfers of investments you hold directly or on another platform into your Vanguard Personal Investor account are not available.

# Investing through Vanguard Personal Investor

Investing through Vanguard Personal Investor is different to investing directly. You, as the investor, should understand how your rights differ under the different structures.

**Table 2.** How investing through Vanguard Personal Investor is different to investing directly

	INVESTING THROUGH VANGUARD PERSONAL INVESTOR	INVESTING DIRECTLY
<b>Access to your investments</b>	You can invest in the range of Vanguard managed funds, ETFs and ASX listed direct shares that are listed as available for purchase on our Investment Menu.	Some managed funds may not be available for you to invest in directly or they may have prohibitive minimum purchase amounts. All exchange traded products and shares available for direct (retail) investment are available to you.
<b>Ownership of your unlisted investments</b>	Vanguard is the custodian of Vanguard Personal Investor and holds your Vanguard Cash Account and any unlisted assets (managed funds) you hold, on your behalf.  Vanguard retains legal ownership of your unlisted assets and you (the investor) retain beneficial ownership.	You as the investor are both the legal and beneficial owner of all your investments and hold all rights attached to ownership.
<b>Ownership of your listed investments</b>	JPMorgan has been appointed as the sub-custodian to hold any listed securities (ETFs and direct shares) in your Vanguard Personal Investor Account on your behalf.  JPMorgan holds legal ownership of these listed securities subject to Vanguard's direction, and you (the investor) retain beneficial ownership.	You as the investor are both the legal and beneficial owner of all your investments and hold all rights attached to ownership.
<b>Consolidated reporting</b>	You will have access to online comprehensive consolidated reporting on all investments held in your Vanguard Personal Investor Account. This includes transactional information, portfolio holding details, annual investor statements and annual tax reports.	You will receive separate reporting for each product issuer that you hold investments with.
<b>Online communications</b>	Your investment communications will all be available electronically.  For communications regarding direct shares, you can access these via the issuer website or the ASX website.  You can contact us to request these communications be sent to you by post.	You will receive communications from each product issuer or registry provider which may or may not be online.

Continued next page

**Cooling-off rights**

As you are not the registered holder of the investments in your Vanguard Personal Investor Account, you are not entitled to any cooling off rights for those investments.

The unavailability of cooling off rights may be particularly important for any investments that have restricted withdrawal rights. Some products may also have exit fees that would not have applied if cooling off rights were able to be exercised.

You may be entitled to a 14 day cooling off period for some financial products if you are a retail investor. This means you have a right to cancel your investment and receive a refund from the product issuer (less fees, taxes and adjusted for market movements).

**Withdrawal rights**

As you are not the registered owner of the investments in your Vanguard Personal Investor Account, withdrawal rights are not available to you directly. Where a PDS or other disclosure document is found to be defective, or a condition of the offer is not met (for example, if a minimum subscription requirement is not satisfied), or a new circumstance arises that is materially adverse from the point of a prospective investor, the product issuer may be required to either refund the investment or give investors the option of electing to withdraw their application and receive a refund.

Where practicable Vanguard will notify you of any communication received from a product issuer in respect of an investment you have applied for through Vanguard Personal Investor that gives you the option of electing to withdraw your application and receive a refund and provide any accompanying disclosure documents. If you wish to exercise those rights we'll generally act on any instruction received from you provided the instruction is received by the required cut-off time.

Withdrawal rights available under the Corporations Act will generally be available to you.

You will be notified directly by the product issuer if the product issuer is required to give you the option of electing to withdraw your application and receive a refund.

**Voting rights**

Vanguard holds your investments in custody and as you are not the registered holder, you do not have any voting rights.

As the legal and beneficial owner you are entitled to exercise any voting rights and directly participate in investor proposals.

You can also attend member general meetings.

**Corporate Actions**

As a sub-custodian is the registered holder of all listed securities (ETFs and direct shares) and Vanguard is the registered holder of all managed funds, certain corporate actions can have different consequences compared to investors holding securities directly. You may not be eligible for certain benefits that can result from holding an investment directly and you are unable to participate in voluntary corporate actions.

For managed funds, Vanguard will offer all investors the opportunity to participate in distribution reinvestment plans offered by the product issuer and we will generally act on your instructions to participate or not in these plans, provided they are received by the nominated cut-off time

With respect to listed securities such as ETFs and direct shares, Vanguard does not currently offer the ability to reinvest dividends/distributions nor does it offer to participate in other voluntary corporate actions.

As a retail investor who holds both legal and beneficial ownership of your investments, you are entitled to participate in any corporate actions that are offered to you by the product issuer.

**Corporate Notices**

As a sub-custodian is the registered holder of all listed securities and Vanguard is the registered holder of all unlisted securities, you will not normally receive communications such as notices of shareholder or unitholder meetings. Please contact us if you wish to receive copies of these communications from the underlying investment issuer, either electronically or via post.

As legal owner you will receive notices of meetings and other communications from share registries and managed fund product providers.

# Risks of investing

All investments carry some level of risk. It is important to understand the potential risks associated with investing and to assess these risks against your investment goals and appetite for risk. Investment risk will vary depending on the type and nature of the investment. You should undertake your own assessment of the risks of each investment option before making an investment choice.

Risks of investing through Vanguard Personal Investor include:

- **Service interruption risk:** Vanguard Personal Investor is an online investment service. There may be times when the service is not available or operates with limited functionality and you may not be able to buy or sell your investments or transfer money to or from your Personal Investor Account in a timely manner. We have appropriate controls in place to mitigate these risks and may provide alternative means of transacting or transferring money, however Vanguard is not responsible for any loss incurred should you be unable to perform transactions during a period of service interruption.
- **Operational risk:** There is a risk that Vanguard, or another service provider, will fail to adequately administer or report accurately in relation to your investment in Vanguard Personal Investor. There is also a risk that circumstances beyond Vanguard's control may impact Vanguard's operation of Vanguard Personal Investor. Such occurrences may include strikes, industrial disputes, fires, war, civil disturbance, terrorist acts, state emergencies and epidemics in Australia or in other countries.

Risks specific to the investment options available through Vanguard Personal Investor that should be considered:

- **Market risk:** is the possibility that the value of an investment will 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. Market risk can have a different impact on different investments. 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.

- **Security specific risk:** an investment in or exposure to a specific company or managed investment can be impacted by unforeseen changes in that company's or managed investment's operations, or business environment. Information on the security specific risk for each managed fund or ETF investment option is set out in the relevant PDS.
- **Currency risk:** Investments in global markets or securities which are denominated in foreign currencies give rise to foreign currency exposure. This means that the value of these investments will vary depending on changes in the exchange rate. Information on the currency risk for each managed fund or ETF investment option is set out in the relevant PDS.
- **Interest rate risk:** Changes in interest rates can either directly or indirectly impact the value and or the returns of your fixed interest investments. Generally, fixed interest security values may fall when market interest rates rise. Conversely, when market interest rates fall, fixed income security values may rise. The degree of change varies depending on the term of the fixed interest securities. Longer-term fixed interest securities are generally more impacted by interest rate risk than short-term securities.
- **Liquidity risk:** is the risk that you may not be able to convert an investment you hold into cash at short notice without a loss of capital, due to a lack of market depth, disruptions in the market place or the closure of a managed fund.
- **Operational risk:** In respect of managed funds and ETFs, there is a risk that circumstances beyond the control of the

fund may impact the operation of the fund. 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.

- **Other investment risks:** Please refer to the PDS or disclosure document for each managed fund or ETF investment you acquire through Vanguard Personal Investor for an explanation of the risks and taxation treatment relevant to that investment. Please undertake your own assessment of risks associated with any direct shares you may wish to acquire.



# Fees and costs

This document shows fees and other costs that you may be charged in relation to your Vanguard Personal Investor Account. These fees and costs may be deducted from your money or from the returns on your investment.

Information about taxes are set out in the Statement of Additional Information. You should read all the information about fees and costs because it is important to understand their impact on your investment.

The fees and costs for particular investments are set out in the Investment Menu and in the PDS or other disclosure document for that investment.

## Did you know?

Small differences in both investment performance, fees and costs can have a substantial impact on your long-term returns. For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30-year period. This could 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 based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed funds fee calculator to help you check out different fee options.

**Table 3.** Vanguard Personal Investor fees and costs

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
<b>Fees for when money moves in or out of your Vanguard Personal Investor Account</b>		
<b>Establishment fee</b> The fee to open your account	Nil	Not applicable
<b>Contribution fee</b> The fee on each amount contributed to your investment	Nil	Not applicable
<b>Withdrawal fee</b> The fee on each amount you take out of your investment	Nil	Not applicable
<b>Exit fee</b> The fee to close your investment	Nil	Not applicable
<b>Management costs</b>		
The fees and costs for managing your investments	<b>Account Fee:</b> Vanguard Funds, Vanguard ETFs and Cash Account: Nil	There is no Account Fee on the value of your Vanguard Funds, Vanguard ETFs and Vanguard Cash Account balance.
	All other investments: 0.10% p.a.	For all other investments, the Account Fee of 0.10% p.a. is calculated daily on the value of your non-Vanguard investment account balance. This fee is deducted quarterly in arrears from your Vanguard Cash Account. At the date of this Guide, the only "other investments" available are ASX listed direct shares.
	<b>Indirect Cash Management Fee:</b> Up to 0.50% p.a. <sup>1</sup> of the balance of your Cash Account	The Indirect Cash Management Fee is the amount Vanguard receives from the financial institution where your Cash Account funds are held on deposit.  This amount is calculated daily on the value of your Cash Account and is received monthly by Vanguard before the Cash Account Interest Rate to investors is declared. It is not a fee that is deducted from your account.
<b>Service fees</b>		
<b>Switching fee</b> The fee for changing your investment options	Nil	Not applicable

<sup>1</sup> The Indirect Cash Management Fee of up to 0.50% p.a. applies at the date of this Investor Guide and may change in future. Prior to 9 July 2021, the "Indirect Cash Management Fee" was referred to as the "Interest Rate Charge".

The total fees and costs payable by an investor will include the costs of holding a Vanguard Personal Investor Account as well as the cost of any investments chosen by you.

It is important that you understand the fees of any investment chosen by you, and that those fees will be in addition to the fees charged by us for your Vanguard Personal Investor Account, together with transaction and account costs incurred on your behalf.

The costs of the investments chosen by you will generally be set out in the PDS or other disclosure document for the investment.

**Table 4.** Transaction and operational costs of Vanguard Personal Investor

TRANSACTION TYPE	FEE
<b>Deposit or withdraw money for your Vanguard Cash Account</b>	Nil
<b>Buy or sell Managed Funds</b>	Nil
<b>Buy or sell Direct shares or ETFs (Brokerage)</b>	\$9.00 flat fee per trade.

## Examples of fees and costs for a Vanguard Personal Investor Account

### Example A: annual fees and costs for a \$50,000 portfolio invested in the Vanguard Balanced Index Fund

This table gives an example of how the fees and costs in a balanced investment option held in your Vanguard Personal Investor Account can impact your investment over a one-year period. You should use this table to compare this product with other investor directed portfolio services.

Vanguard Balanced Index Fund – balance of \$50,000 with a contribution of \$5,000 during the year\*

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
<b>Contribution Fees</b>	Nil	For every additional \$5,000 you put in, you will be charged \$0.
<b>PLUS Management Costs</b>	0.29% p.a.	And, for the \$50,000 you have invested in the balanced investment option you will be charged: \$146.05 <sup>†</sup> per year.
<p>The total management cost of 0.29% p.a. comprises:</p> <ul style="list-style-type: none"> <li>• Account fee: Nil.</li> <li>• Management costs of investment option: 0.29% p.a.</li> <li>• Indirect Cash Management fee: 0.50% p.a.</li> </ul>		
<b>EQUALS Cost of Vanguard Balanced Index Fund</b>		<p>If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of \$146.05<sup>†*</sup></p> <p>What it costs you will depend on the investment option you choose and the fees you negotiate.</p>

\* The amounts of \$50,000 and \$5,000 are prescribed by legislation for use in this example. The example assumes the \$50,000 is invested for the full year, the value of the investment is consistent over the year and the additional \$5,000 is invested at the end of the year, therefore management costs are associated with the initial \$50,000 only. The dollar amount varies due to rounding

† The example assumes a Cash Account balance of \$500, with the balance of \$49,500 invested in the Vanguard Balanced Index Fund. The assumption is on the basis that investors can be expected to normally maintain \$500 in the Cash Account to cover the Account Fee and any applicable brokerage, however there is no required minimum balance.

\* Additional fees may apply, including a buy spread on acquiring the investment in the Vanguard Balanced Index Fund and a sell spread on withdrawing from the investment. Full details of fees and costs will be set out in the PDS for the balanced investment option.

### Example B: Annual fees and costs for a mixed \$50,000 portfolio

Investment of \$50,000 in a portfolio\* comprised of:

- \$500 Vanguard Cash Account
- \$20,000 Vanguard Australian Shares Index Fund
- \$20,000 Vanguard Diversified Growth ETF
- \$9,500 Direct Shares

MANAGEMENT COSTS	CALCULATION	FEE AMOUNT
Account Fee on Vanguard investments and Cash Account	Nil x \$40,500	\$0.00
<b>PLUS</b> Account Fee on all other investments ( <i>including Direct Shares</i> )	0.10% x 9,500	\$9.50
<b>PLUS</b> Indirect Cash Management Fee ( <i>Vanguard Cash Account</i> )*	0.50% x \$500	\$2.50
<b>PLUS</b> Investment management costs of Vanguard Australian Shares Index Fund	0.16% x \$20,000	\$32.00
<b>PLUS</b> Investment management costs of Vanguard Diversified Growth ETF	0.27% x \$20,000	\$54.00
<b>PLUS</b> Investment management costs of Direct Shares	Nil	\$0.00
		<b>\$98.00</b>

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**EQUALS** Cost of portfolio      If you had an investment of \$50,000 at the beginning of the year invested in the portfolio outlined above, you would be charged fees of **\$98.00 p.a.** \*\*

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- \* The example assumes the \$50,000 is invested for the full year, the value of the investment is consistent over the year.
- † The example assumes a Cash Account balance of \$500, with the balance of \$49,500 invested. The assumption is on the basis that investors can be expected to normally maintain \$500 in the Cash Account to cover the Account Fee and any applicable brokerage, however there is no required minimum balance.
- \* Additional fees may apply, such as a buy spread on acquiring an investment in a managed fund, or a sell spread on withdrawing from a fund, or brokerage on ETF and direct share trades. Full details of fees and costs will be set out in the PDS for the investment option.

### Example C: annual fees and costs for a mixed \$50,000 portfolio

Investment of \$50,000 in a portfolio\* comprised of:

- \$500 Vanguard Cash Account
- \$24,750 Vanguard Australian Shares Index ETF
- \$24,750 Direct Shares

MANAGEMENT COSTS	CALCULATION	FEE AMOUNT
Account Fee on Vanguard investments and Cash Account	Nil x \$25,250	\$0.00
<b>PLUS</b> Account Fee on all other investments ( <i>including Direct Shares</i> )	0.10% x 24,750	\$24.75
<b>PLUS</b> Indirect Cash Management Fee ( <i>Vanguard Cash Account</i> ) <sup>†</sup>	0.50% x \$500	\$2.50
<b>PLUS</b> Management costs of Vanguard Australian Shares Index ETF	0.10% x \$24,750	\$24.75
<b>PLUS</b> Direct Shares	Nil	\$0.00
		<b>\$52.00</b>

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**EQUALS** Cost of portfolio      If you had an investment of \$50,000 at the beginning of the year invested in the portfolio outlined above, you would be charged fees of **\$52.00** p.a.<sup>††</sup>

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- \* The example assumes the \$50,000 is invested for the full year, the value of the investment is consistent over the year.
- † The example assumes a Cash Account balance of \$500, with the balance of \$49,500 invested. The assumption is on the basis that investors can be expected to normally maintain \$500 in the Cash Account to cover the Account Fee and any applicable brokerage, however there is no required minimum balance.
- †† Additional fees may apply, such as a buy spread on acquiring an investment in a managed fund, or a sell spread on withdrawing from a fund, or brokerage on ETF or Direct Share trades. Full details of fees and costs will be set out in the PDS for the investment option.

## **Additional information on fees and costs for Vanguard Personal Investor**

### **Account Fee**

The Account Fee only applies to non-Vanguard investments (ASX direct shares) and is charged by Vanguard for performing the functions as operator of Vanguard Personal Investor, including reporting, custodial and settlement services.

The Account Fee does not include any expense incurred in acquiring or disposing of investments on your behalf such as brokerage fees for trading ETFs or direct shares. The Account Fee applies for any period you hold non-Vanguard investments in your Vanguard Personal Investor Account.

If you have insufficient money in your Vanguard Cash Account to pay your Account Fee, we will ask you to top up your Vanguard Cash Account or we may sell your investments to pay for the fee. Please refer to the *Statement of Additional Information* for further details.

### **Indirect Cash Management Fee**

All amounts in your Vanguard Cash Account are held in omnibus accounts with ANZ, an Authorised Deposit-taking Institution (or any other institution we select from time to time). Please refer to the Cash Account Interest Rate document on our website for the current interest rate.

The Indirect Cash Management Fee is the amount Vanguard receives from the financial institution where the Vanguard Cash Account funds are held on deposit. This amount is calculated daily on the value of deposits held in the omnibus account and is received monthly by Vanguard before the Vanguard Cash Account Interest Rate to investors is declared. It is not a fee that is deducted from your account.

Further information on the operation of your Vanguard Cash Account can be found in the section 'Your Vanguard Cash Account' in this Part A of this *Investor Guide*.

### **Fees and costs of investments**

Managed Funds and ETFs are managed and operated by fund managers that charge

fees and other costs for the management and administration of those products. The investment returns of each product are net of fees and other costs. Some fund managers may be entitled to performance fees in addition to their management fee. The method for calculating the performance fees varies between the managed funds and the details are included in the PDS or other disclosure document of the relevant managed fund.

Unlisted managed funds may charge investors an estimate of the transaction costs that the fund will incur to buy or sell its underlying assets. This buy/sell spread is incorporated into the price paid to purchase or sell units and the amount of the spread accrues to the fund.

For further information regarding the fees and other costs for each managed fund, refer to the PDS or other disclosure document for the relevant managed fund or ETF.

### **Transactional and operational costs deducted from your Personal Investor Account**

Transactional and operational costs payable in respect of ETFs and Direct Shares acquired through Vanguard Personal Investor are the brokerage fees paid at the time of purchase or sale. They are added to the buy or sell value of any order for ETFs or Direct Shares. The total amount is deducted from your Vanguard Cash Account at the time of purchase or sale.

### **Other transactional and operational costs**

Transactional and operational costs arise from trading activity to execute the investment strategy for a managed fund or ETF such as settlement and clearing costs, and which are not the result of investors buying or selling units in the managed fund or ETF, are incurred at the time the fund undertakes the trading activity and included in the fund's unit price.

Indirect transactional and operational costs are not deducted from your Vanguard Personal Investor Account, but they are additional costs of investing. Further information on transactional and operational costs for each managed fund and ETF available through Vanguard Personal Investor is provided in the PDS or other disclosure document for the relevant managed fund or ETF.

### **Goods and Services Tax (GST)**

All the fees and costs described in this *Investor Guide* are inclusive of any GST and net of any reduced input tax credits (RITCs) that may be claimed, stated at the current rate charged under the A New Tax System (Goods and Services Tax) Act 1999.

If at any time in the future the Australian Government changes the rate of GST, the fees and costs deducted from your account may change.

### **Changes to fees and costs**

We reserve the right to change our fees at any time or introduce new fees. We will give you at least 30 days written notice prior to increasing any fee or introducing new fees.

### **Reduced Account Fees**

At Vanguard's discretion, we may charge a reduced Account Fee to certain investors.

### **Tax information**

Please see the Statement of Additional Information for information about tax matters relating to your investments. The tax information 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 circumstances are different, we recommend you seek professional taxation advice from a tax adviser appropriate to your circumstances prior to joining Vanguard Personal Investor.



# How we communicate with you

## How we will keep you informed

### Vanguard Online

Vanguard Personal Investor is an online service. You can place trades, view your account valuation, transaction history and investment holdings online. Communications and reports will be made available online through the online service.

### Vanguard Personal Investor mobile app

The Vanguard Personal Investor mobile app (when available) can be used for most types of trades, and to view a snapshot of your account valuation, investment holdings and to access statements.

### Electronic notifications

To ensure you have the most up to date information about your investments we will send you electronic notifications via email or the Vanguard Online secure messaging service. These notifications will provide you with information such as updates to our services, confirmation of transactions or changes to our fees.

### Annual Statements and Tax reporting

You will be able to access information on all your transactions, holdings and portfolio details online at any time. In addition we will provide online Annual Audited Investor Reports after the end of each financial year. This report details your opening and closing account balance, your transaction statement for the period, net earnings and investment performance. You will receive a notification when your Annual report is available online.

Annual Tax Reports will also be made available online after the end of the financial year. This report provides information regarding your income from investments held in your Vanguard Personal Investor Account including realised capital gains from your transaction activity. You will receive a notification when your tax report is available online.

### Addressing your concerns

If you have a complaint regarding the operation of Vanguard Personal Investor,

the investment options available on the Investment Menu, or financial product advice provided to you in relation to Vanguard Personal Investor, please contact us so that we can work together towards a resolution.

**Email:** [clientservices@vanguard.com.au](mailto:clientservices@vanguard.com.au)

**Phone:** 1300 655 101 (from 8:00am to 6:00pm AET, Monday to Friday)

**Secure message:** Through your Vanguard Online Secure Message Portal

**Mail:** Vanguard Investments Australia, GPO Box 1837, Melbourne VIC 3001

We aim to resolve your complaint as quickly as possible. For most standard complaints, we will provide you with a written internal dispute resolution response within 30 calendar days after receiving your complaint. Complex complaints may have a different maximum timeframe for responding. We will notify you if a different timeframe will apply to your complaint.

Our Complaints Handling Policy is available on our website and in hard copy upon request.

If you are not satisfied with the outcome of your complaint, you have the right to refer the matter to an external dispute resolution process – the Australian Financial Complaints Authority (AFCA). AFCA provides fair and independent financial services complaint resolution that is free to consumers. You can make a Complaint to AFCA online, by letter, email or by phone.

It is important to note that time limits apply to some types of complaints lodged with the AFCA.

### Australian Financial Complaints Authority

**Website:** [www.afca.org.au](http://www.afca.org.au)

**Email:** [info@afca.org.au](mailto:info@afca.org.au)

**Telephone:** 1800 931 678 (free call)

**Mail:** Australian Financial Complaints Authority, GPO Box 3, Melbourne VIC 3001

# How to apply

In order to make an informed investment decision, it is important you read the following:

- *Vanguard Personal Investor Guide Part A* (this document)
- *Vanguard Personal Investor Guide Part B – Statement of Additional Information*

You should also read the PDS or other disclosure document relating to each investment you wish to purchase through Vanguard Personal Investor. For managed funds and ETFs, these are available from our website: [www.vanguard.com.au/personal](http://www.vanguard.com.au/personal).

For queries relating to Vanguard issued investments, please call 1300 655 101.

For queries relating to direct shares, please contact the issuing company directly.

Once you have read these documents you can open a Vanguard Personal Investor Account online at [www.vanguard.com.au/personal](http://www.vanguard.com.au/personal)

# Connect with Vanguard

## Vanguard Investments Australia



**Registered office:**

Level 13  
130 Lonsdale Street  
Melbourne VIC 3000



**Postal address:**

Vanguard Personal Investor  
GPO Box 1837  
Melbourne VIC 3001



**Other:**

Secure message  
via Vanguard Online

**Contact phone number:**

1300 655 101

**Website:**

[vanguard.com.au/personal](https://vanguard.com.au/personal)

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1300 655 101

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