



Notice

1 August 2017

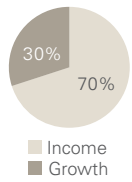
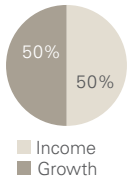
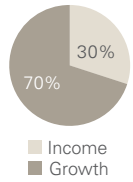
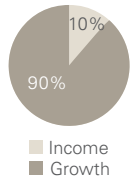
Vanguard Diversified Funds Revised strategic asset allocation implementation

Changed strategic asset allocation—July 2017

As previously advised, our global team of investment experts analysed our diversified fund portfolios and determined asset allocation changes aimed at reducing concentration risk while managing currency exposure. The following changes were implemented over July:

- We **reduced the allocation to Australian shares in favour of international shares** to reduce risk resulting from the high concentration of banks and mining companies in the Australian sharemarket.
- We **removed the allocation to listed property securities** to reduce home bias and concentration risk to property, leaving investors with exposure to listed property through Australian and international shares.
- We **reduced the allocation to Australian fixed interest in favour of international fixed income** to improve diversification and reduce costs.
- We **introduced currency hedging, comprising 30% of the allocation to international shares** to manage the additional currency risk resulting from the reduction in equity home bias.
- We **increased the allocation to international small companies and emerging markets** to maintain their relative market capitalisation weights for an international shares portfolio.
- We **increased diversification for international fixed interest** by including the Vanguard Global Aggregate Bond Index Fund (hedged).

The changes to the four Vanguard Diversified Funds options from 27 July are:

	Conservative	Balanced	Growth	High Growth
				
	Asset Allocation (%)	Asset Allocation (%)	Asset Allocation (%)	Asset Allocation (%)
Asset Class	New	New	New	New
Vanguard Cash Plus Fund	10.00	0.00	0.00	0.00
Vanguard Australian Fixed Interest Index Fund	18.00	15.00	9.00	3.00
Vanguard Global Aggregate Bond Index Fund (Hedged)	42.00	35.00	21.00	7.00
Total Income	70.00	50.00	30.00	10.00
Vanguard Australian Shares Index Fund	12.00	20.00	28.00	36.00
Vanguard International Shares Index Fund	8.50	14.50	20.50	26.50
Vanguard International Shares Index Fund (Hedged)	5.50	9.00	12.50	16.00
Vanguard International Small Companies Index Fund	2.00	3.50	5.00	6.50
Vanguard Emerging Markets Shares Index Fund	2.00	3.00	4.00	5.00
Total Growth	30.00	50.00	70.00	90.00

If you have any questions, please contact Vanguard Client Services on 1300 655 102 (8:00 am to 6:00 pm Melbourne time, Monday to Friday).

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