

16 August 2019

Important notice to unitholders

Supplementary PDS issued effective 16 August 2019

What is changing?

The PDSs are being updated to clarify that Vanguard has the ability to use total return swaps for the following Exchange Trade Funds (ETFs):

ETF	ASX CODE	ANNOUNCEMENT
Vanguard Australian Shares Index ETF	VAS	Supplementary Product Disclosure Statement
Vanguard Australian Property Securities Index ETF	VAP	Supplementary Product Disclosure Statement
Vanguard Australian Shares High Yield ETF	VHY	Supplementary Product Disclosure Statement
Vanguard MSCI Australian Large Companies Index ETF	VLC	Supplementary Product Disclosure Statement
Vanguard MSCI Australian Small Companies Index ETF	VSO	Supplementary Product Disclosure Statement

Why is it changing?

The use of over-the-counter and exchange traded derivatives enables Vanguard to track the relevant index more tightly as they provide access to the additional pool of liquidity available in the derivative market.

Derivative financial instruments may be used for the purposes of maintaining fund liquidity and managing market exposure. The use of over-the-counter derivatives will not be used to a material extent – that is, use will generally not exceed 5% of the net asset value of the fund, other than temporarily and in exceptional circumstances. Importantly, derivatives will not be used to leverage the assets of the fund.

Please ensure you refer to the Product Disclosure Document (PDS) and Supplementary PDS for the relevant products.

Vanguard's Product Disclosure Statements and Supplementary PDSs are available on our website www.vanguard.com.au

**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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Vanguard ETFs will only be issued to Authorised Participants. That is, persons who have entered into an Authorised Participant Agreement with Vanguard ("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 and Supplementary PDS in deciding whether to acquire Vanguard ETFs. Retail investors can only use the Product Disclosure Statement and Supplementary PDS for informational purposes. You can access the Product Disclosure Statement and Supplementary PDS at vanguard.com.au.