



**Vanguard**<sup>®</sup>

Reference Guide | 1 November 2018

## Vanguard Wholesale Funds

This Reference Guide is issued by Vanguard Investments Australia Ltd ABN 72 072 881 086, AFSL 227263 (Vanguard). The information in this document forms part of the Product Disclosure Statement (PDS) of the Funds listed in this Reference Guide.

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### Important information

The information provided in this Reference Guide is general information only and does not take into account your objectives, financial situation or needs. You should obtain financial advice that is tailored to your personal circumstances from a licensed financial adviser.

**Information in this Reference Guide is current as at its issue date and may change from time to time. Where the changes are not materially adverse to investors, the information may be updated on the Vanguard website at [www.vanguard.com.au](http://www.vanguard.com.au). A paper copy of any updated information is available free of charge on request.**

All dollar amounts are in Australian dollars unless otherwise indicated. This Reference Guide does not constitute an offer or invitation in any jurisdiction other than in Australia and New Zealand or to anyone whom it would not be lawful to make such an offer. Applications from outside Australia will not be accepted through the relevant PDS and this Reference Guide. For the avoidance of doubt, units in the Fund are not intended to be sold to US Persons as defined under Regulation S of the US federal securities laws.

None of The Vanguard Group, Inc. (including Vanguard Investments Australia Ltd) or any of their related entities, directors or officers guarantees the repayment of capital or the performance of the Funds. Vanguard or any of its related entities or associates may invest in, lend to or provide services to the Funds. Vanguard may also invest in, lend to, or provide services to funds or accounts owned or managed by its related entities or perform services to clients who have appointed Vanguard as investment manager. The allocation of aggregated investments amongst various funds and accounts will be conducted by Vanguard and its related entities in accordance with appropriate policies and procedures to manage any conflicts of interest.

If you would like to request a printed copy of this Reference Guide, please contact us.

**Registered office**  
Level 34, Freshwater Place  
2 Southbank Boulevard  
Southbank Victoria 3006

**Postal address**  
GPO Box 3006  
Melbourne Victoria 3001

**Telephone** 1300 655 102  
**Facsimile** 1300 765 712  
**Email** [clientservices@vanguard.com.au](mailto:clientservices@vanguard.com.au)  
**Website** [www.vanguard.com.au](http://www.vanguard.com.au)

# Vanguard Wholesale Funds

Vanguard is the responsible entity of the following Vanguard Wholesale Funds (collectively the 'Funds' and individually 'Fund') for which this Reference Guide applies. The information in this Reference Guide forms part of the PDS for each of the following Funds:

Cash Funds	Issue date	ARSN	ABN	APIR <sup>®</sup> Code
Vanguard Cash Reserve Fund	1 Nov 2018	127 015 301	62 738 136 510	VAN0020AU
Vanguard Cash Plus Fund	1 Nov 2018	090 940 060	19 638 293 529	VAN0102AU
<b>Fixed Interest Funds</b>				
Vanguard Australian Government Bond Index Fund	1 Nov 2018	134 177 807	23 499 844 319	VAN0025AU
Vanguard Australian Corporate Fixed Interest Index Fund	1 Nov 2018	147 938 001	51 978 865 366	VAN0065AU
Vanguard Australian Fixed Interest Index Fund	1 Nov 2018	090 939 941	52 931 145 473	VAN0001AU
Vanguard Australian Inflation-Linked Bond Index Fund	1 Nov 2018	147 936 249	69 769 407 563	VAN0064AU
Vanguard International Fixed Interest Index Fund (Hedged)	1 Nov 2018	090 940 337	59 108 266 812	VAN0103AU
Vanguard International Credit Securities Index Fund (Hedged)	1 Nov 2018	095 366 055	15 118 646 737	VAN0106AU
Vanguard Diversified Bond Index Fund	1 Nov 2018	147 937 728	90 633 012 411	VAN0042AU
Vanguard Global Aggregate Bond Index Fund (Hedged)	1 Nov 2018	618 350 539	14 933 513 845	VAN9309AU
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) – AUD Hedged	1 Nov 2018	618 349 090	40 120 502 284	VAN2989AU
Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) – NZD Hedged	1 Nov 2018	618 349 090	40 120 502 284	VAN1233AU
<b>Property Funds</b>				
Vanguard Australian Property Securities Index Fund	1 Nov 2018	090 939 549	27 186 332 271	VAN0004AU
Vanguard International Property Securities Index Fund	1 Nov 2018	115 001 002	97 674 886 440	VAN0018AU
Vanguard International Property Securities Index Fund (Hedged)	1 Nov 2018	115 001 360	52 511 318 838	VAN0019AU
<b>Australian Shares Funds</b>				
Vanguard Australian Shares Index Fund	1 Nov 2018	090 939 718	65 759 271 740	VAN0002AU
Vanguard Australian Shares High Yield Fund	1 Nov 2018	091 751 807	61 324 061 551	VAN0104AU
<b>International Shares Funds</b>				
Vanguard International Shares Index Fund	1 Nov 2018	090 939 610	56 291 101 711	VAN0003AU
Vanguard International Shares Index Fund (Hedged) - AUD Class	1 Nov 2018	093 254 909	97 123 270 094	VAN0105AU
Vanguard International Shares Index Fund (Hedged) - NZD Class	1 Nov 2018	093 254 909	97 123 270 094	VAN0066AU
Vanguard International Shares Select Exclusions Index Fund	1 Nov 2018	613 045 739	45 215 187 041	VAN1579AU
Vanguard International Shares Select Exclusions Index Fund – AUD Hedged	1 Nov 2018	613 045 739	45 215 187 041	VAN3200AU
Vanguard International Shares Select Exclusions Index Fund – NZD Hedged	1 Nov 2018	613 045 739	45 215 187 041	VAN8287AU
Vanguard Ethically Conscious International Shares Index Fund	1 Nov 2018	626 133 275	89 276 633 202	VAN8175AU
Vanguard Ethically Conscious International Shares Index Fund – AUD Hedged	1 Nov 2018	626 133 275	89 276 633 202	VAN0848AU
Vanguard Ethically Conscious International Shares Index Fund – NZD Hedged	1 Nov 2018	626 133 275	89 276 633 202	VAN4013AU
Vanguard International Small Companies Index Fund	1 Nov 2018	127 015 472	20 372 713 731	VAN0021AU
Vanguard International Small Companies Index Fund (Hedged)	1 Nov 2018	127 015 436	13 064 564 422	VAN0022AU
Vanguard Emerging Markets Shares Index Fund	1 Nov 2018	090 939 450	63 171 298 643	VAN0005AU
<b>Infrastructure Funds</b>				
Vanguard Global Infrastructure Index Fund	1 Nov 2018	128 385 277	82 191 294 545	VAN0023AU
Vanguard Global Infrastructure Index Fund (Hedged)	1 Nov 2018	128 385 197	92 392 829 821	VAN0024AU
<b>Diversified Funds</b>				
Vanguard Conservative Index Fund	1 Nov 2018	101 565 351	24 396 176 911	VAN0109AU
Vanguard Balanced Index Fund	1 Nov 2018	101 565 431	14 193 060 779	VAN0108AU
Vanguard Growth Index Fund	1 Nov 2018	101 565 520	43 698 348 922	VAN0110AU
Vanguard High Growth Index Fund	1 Nov 2018	101 565 637	71 339 405 674	VAN0111AU

# Applications

## New investors

### Initial application for investment

An initial application for investment must be made on a Vanguard Wholesale Funds Application Form. The Application Form and relevant supporting documentation must be submitted online via our website, sent via post, or delivered to our office. Facsimile or email copies will not be accepted. Vanguard will not process initial applications until all required information and/or supporting documentation is received. With the recent addition of an online application facility, we've made the process even easier. For more details on how to complete your application online, please visit the Vanguard website.

Vanguard may, in its absolute discretion, accept or refuse to accept, in whole or in part, any application or subscription for units. Vanguard need not give any reason for refusal. If for any reason Vanguard refuses or is unable to process your application to invest in the Funds, Vanguard will, subject to any legal or regulatory requirements, return your application money to you. You will not be entitled to interest on your application money in this circumstance. Any interest accrued on application amounts pending the issue of units or the return of application money will be retained for the benefit of investors. Investments made in-specie (that is, where the payment is in assets in kind instead of cash) may be accepted at Vanguard's discretion.

### Initial investment

The minimum initial investment amount for the Vanguard Wholesale Funds is \$500,000 per Fund. Vanguard, at its discretion, may accept lower investment amounts.

Your initial investment may be funded via one of the following methods:

- BPAY®
- Cheque; or
- Direct credit

You can select your preferred payment method under the section titled 'Initial investment funding' in the Vanguard Wholesale Funds Application Form.

### Payment methods

#### BPAY®

Once your investment account has been established, Vanguard will forward an email to you with details on how to use the BPAY facility to make your initial investment via your financial institution's telephone or internet banking service. Please note that although your BPAY transactions may be processed from your bank account immediately, your funds and payment instructions may take some time to be transferred to Vanguard from your financial institution. Provided that your BPAY request is made before your financial institution's cut-off time, Vanguard will typically receive your funds before 2:00pm Melbourne, Australia time on the following business day. Units will only be issued once we receive your funds, and at the unit price applicable to the day payment is received. BPAY transactions cannot generally be reversed. Payments using credit card accounts cannot be made via BPAY. Any query on a BPAY transaction should be directed to your financial institution.

#### Direct credit

Once your investment account has been established, Vanguard will forward an email to you with details on how to complete your initial investment by direct credit.

If you wish to receive the unit price for the day that you make your direct credit payment, you will need to fax us a copy of the bank receipt to confirm the funds transfer by 2:00pm Melbourne, Australia time on a business day, except where otherwise determined by Vanguard. If you do not provide a copy of the bank receipt, the effective date of your investment will correspond to the date that the funds are visible in our bank account.

**⚠️ If five business days has lapsed since we received your original Vanguard Wholesale Funds Application Form, you will be required to submit an Additional Investment Form to accompany your funds transfer.**

#### Cheque

To make your initial investment by cheque, attach the cheque to your completed Application Form prior to returning it to Vanguard via post or delivery to our office. Cheques are to be made payable to Vanguard Wholesale Funds. Vanguard will accept and process cheques received as cleared funds if received by 2:00pm Melbourne, Australia time on a business day, except where otherwise determined by Vanguard. If a cheque cannot be honoured (e.g. due to insufficient funds or validation issues), Vanguard reserves the right to cancel the transaction.

## Existing investors

### Additional investments

You may choose to make an additional investment into your existing Vanguard Wholesale Fund(s) or into a new Fund. Please note that you may be required to meet the applicable minimum investment amount.

An additional investment may be funded via one of the following methods:

- BPAY®
- Cheque; or
- Direct credit

Please note that additional investments made by cheque or direct credit must be accompanied by an Additional Investment Form.

You can access an Additional Investment Form by visiting our website or contacting Client Services on 1300 655 102.

**!** *It is a condition of using the BPAY facility and making additional investments that you obtain and read the current Product Disclosure Statement (PDS) together with the other important information taken to form part of the PDS, prior to making each and every investment in a Fund. From time to time, Vanguard updates its PDS and Reference Guide. The latest versions of these documents can be found on the Vanguard website at the following location [vanguard.com.au/offer](http://vanguard.com.au/offer) documents or you can request a copy from Client Services on 1300 655 102.*

## Payment methods

### BPAY®

When making an additional investment to an existing Fund or a new Fund via BPAY, there is no requirement to complete any additional Vanguard forms. For details on how to use the BPAY facility via your financial institutions telephone or internet banking service, please contact Client Services on 1300 655 102.

Please note that although your BPAY transaction may be processed from your bank account immediately, your funds and payment instructions may take some time to be transferred to Vanguard from your financial institution. Provided that your BPAY request is made before your financial institution's cut-off time, Vanguard will typically receive your funds before 2:00pm Melbourne, Australia time on the following business day. Units will only be issued once we receive your funds, and at the unit price applicable to the day payment is received. BPAY transactions cannot generally be reversed. Payments using credit card accounts cannot be made via BPAY. Any query on a BPAY transaction should be directed to your financial institution.

### Direct credit

To make an additional investment via direct credit, you must complete an Additional Investment Form and forward your payment to the Vanguard Wholesale Application bank account. To obtain the relevant bank account details, you can contact Client Services on 1300 655 102.

If you wish to receive the unit price for the day that you make your direct credit transfer, you will need to fax a copy of the Additional Investment Form to Vanguard, along with a bank receipt to confirm the transfer, by 2:00pm Melbourne, Australia time on a business day, except where otherwise determined by Vanguard. If you do not provide a copy of the bank receipt, the effective date of your investment will correspond to the date that the funds are visible in our bank account, provided that the Additional Investment Form has been received.

### Cheque

To make an additional investment by cheque, attach the cheque to a completed Additional Investment Form and return it to Vanguard via post. Cheques are to be made payable to Vanguard Wholesale Funds. Vanguard will accept and process cheques received as cleared funds if received by 2:00pm Melbourne, Australia time on a business day, except where otherwise determined by Vanguard. If a cheque cannot be honoured (e.g. due to insufficient funds or validation issues), Vanguard reserves the right to cancel the transaction.

### Other forms of payment

Vanguard may accept other forms of payment at its absolute discretion, where appropriate. In exercising this discretion, Vanguard takes into account its duties as a responsible entity under section 601FC of the Corporations Act 2001, including acting in the best interests of members.

If the other forms of payment cannot be settled, Vanguard reserves the right to cancel the transaction.

## Cut-off times

The cut-off time for processing application instructions, is normally 2:00pm Melbourne, Australia time on a business day. An earlier cut-off time may be adopted on business days when financial markets have shortened trading hours (for example, the last business day before Christmas day).

Application instructions received by the cut-off time, will be processed at the applicable purchase price to be applied for that business day. The purchase price applicable for that day will not be known until the next business day. Units are issued at the purchase price calculated at the next valuation point after acceptance of your application.

Where an application instruction is received after the cut-off time, the application will be processed at the next applicable purchase price, as if it had been received on the following business day.

Changes to the cut-off times will be published on our website. You should check the website if you are contemplating a transaction.

# Withdrawals

## Withdrawal requests

To make a withdrawal from your existing Vanguard account, you must complete a Withdrawal Form and return it by fax or post. In order to access a Withdrawal Form, please visit the Vanguard website or contact Client Services on 1300 655 102.

The minimum withdrawal amount is \$1,000 per Fund. Withdrawal proceeds will be paid by Electronic Funds Transfer (EFT) into your nominated Australian bank account or by cheque. Vanguard will not process payments to third party bank accounts. If we are unable to verify your nominated bank account from the details you previously provided or by contacting you, your withdrawal proceeds may be paid by cheque.

Subject to the constitution of the applicable Fund, Vanguard may decide to process withdrawal requests progressively over a period of up to 20 business days at the withdrawal price applicable for each day on which a withdrawal is processed, if withdrawal requests exceed a certain percentage of the Fund's value over a one or two day period.

Subject to the constitution of the applicable Fund, there may be circumstances where Vanguard suspends withdrawals or delays the payment of withdrawal proceeds. For example, where there is a closure of an international market or exchange or during the first ten business days of July each year due to end of financial year activities for the Funds. Your withdrawal proceeds may include an entitlement to distributable income. We may agree to meet the value of a withdrawal by transferring authorised investments from the relevant Fund. Investors should note that withdrawal proceeds will normally be funded out of the assets of the Funds and not from Vanguard's own resources.

While a Fund is liquid for the purposes of the *Corporations Act 2001 (Cth) (Corporations Act)*, Vanguard must redeem your units in accordance with the relevant Fund's constitution on request. A Fund is liquid if 80 percent of the value of the Fund's assets are held in liquid assets as defined in the Corporations Act. If a Fund is illiquid, a withdrawal request must be dealt with in accordance with the Fund's constitution and the Corporations Act. You may not be able to withdraw your investment in a timely manner if a Fund is illiquid. It is not expected that any of the Funds will be illiquid.

On withdrawal of units Vanguard may deduct from any amount to be paid to an investor, any amount due by the investor to Vanguard. Withdrawing units may give rise to tax consequences and it is recommended that you check the tax implications with your tax adviser before withdrawing. Amounts made available to satisfy a withdrawal request may accrue interest pending payment to you. Any such interest will be retained for the benefit of existing investors.

The constitutions of the Funds allow Vanguard to set minimum unit holding limits. Apart from the minimum initial investment amount, Vanguard does not intend to enforce a minimum unit holding at the present time, except in the case of transfers. Vanguard may enforce a minimum unit holding in the future such that Vanguard may treat a request by investors to withdraw some of their units in a Fund as a full withdrawal if the total value of the investors' units in that Fund is below the minimum holding. We will give you appropriate notice before enforcing a minimum holding limit in relation to your fund holding.

## Cut-off times

The cut-off time for processing withdrawal instructions is normally 2:00pm Melbourne, Australia time on a business day. An earlier cut-off time may be adopted on business days when financial markets have shortened trading hours (for example, the last business day before Christmas day).

Withdrawal instructions must be received by the cut-off time in order to be processed at the applicable withdrawal price to be applied for that business day. The withdrawal price applicable for that day will not be known until the next business day. Units are withdrawn at the withdrawal price calculated at the next valuation point after receipt of your withdrawal request. Where a withdrawal request is received after the cut-off time, the withdrawal request will be processed at the next applicable withdrawal price, as if it had been received on the following business day.

Changes to the cut-off times will be published on our website. You should check the website if you are contemplating a transaction.

## Switches

You may request that Vanguard switch all or part of your investment from one Wholesale Fund to another Wholesale Fund. To initiate a switch, you must complete a Switching Form and return it to Vanguard by fax or post. In order to access a Switching Form, please visit the Vanguard website or contact Client Services on 1300 655 102.

A switch will be processed as a withdrawal of units from the existing Fund (or the Fund being switched out of) and an application for units in the new Fund (or the Fund being switched in to). Units in the existing Fund will be withdrawn at the next available withdrawal price and the proceeds will then be used to purchase units in the new Fund at the applicable purchase price. The normal buy/sell spreads will apply to switch transactions.

The minimum switch is \$1,000 into an existing Fund. If the switch is into a new Fund, Vanguard may require you to meet the applicable minimum investment amount.

Switching requests must be received by the cut-off time - 2:00pm Melbourne, Australia time on a business day, except where otherwise determined by Vanguard - to be processed at the applicable withdrawal and purchase prices to be applied for that business day.

Switching requests received after the cut-off time will be processed at the applicable withdrawal and purchase prices as if they had been received on the following business day. The withdrawal and purchase prices applicable for that day will not be known until the next business day. A switch may give rise to an entitlement to distributable income (see 'Withdrawals' section for further information). A switch may give rise to tax consequences and it is recommended that you check the tax implications with your tax adviser before switching.

**!** It is a condition of using the switch facility that you obtain and read the current Product Disclosure Statement (PDS) together with the other important information taken to form part of the PDS, prior to making each and every investment in a Fund. From time to time Vanguard updates its PDS and Reference Guide. The latest versions of these documents can be found on the Vanguard website at the following location [vanguard.com.au/offerdocuments](http://vanguard.com.au/offerdocuments) or you can request a copy from Client Services on 1300 655 102.

## Transfers

You may request Vanguard to transfer units of a Fund to another person or entity in Australia. If you do not transfer your entire investment in a Fund, Vanguard may require that the value of the units transferred meets the applicable minimum investment amount. You (the transferor) and the recipient of the transferred units (the transferee) will need to complete a Transfer Form.

The transferee will also be required to obtain the latest PDS for the relevant Fund(s), complete a Vanguard Wholesale Funds Application Form and provide any supporting documentation as required before units can be transferred, unless the transferee is already an existing investor in the Fund that units are being transferred to.

Transfers must be received by the cut-off time - 2:00pm Melbourne, Australia time on a business day except where otherwise determined by Vanguard - to be processed effective that day. Transfers received after the cut-off time will be processed as if they had been received on the next business day. Transferring units may give rise to tax consequences. We recommend that you consult your tax adviser before submitting a transfer request. Vanguard reserves the right to decline to register a transfer of units.

## Unit pricing

### Policy on unit pricing

Vanguard has documented its policy in relation to various discretions that affect unit pricing within the Funds. The policy has been designed to meet the ASIC requirements and is available on request to all investors and prospective investors at no charge. The policy explains Vanguard's approach in relation to buy/sell spreads, valuation methodology, rounding of decimal places, cut-off times for receiving instructions, the frequency of income distributions and unit pricing discretions generally. A copy of the policy on unit pricing discretions can be obtained by contacting Client Services on 1300 655 102.

### Impact of significant market events

Vanguard may determine to close a Fund to applications, withdrawals, switches and transfers where there are factors that Vanguard believes may prevent the accurate calculation of unit prices. This may include where markets are closed due to public holidays or when markets are closed in relevant countries. Generally, applications, withdrawals, switches, and transfers for the affected Fund(s), which are received on these days or after the cut-off time on the previous day, will be processed as if they had been received on the next business day following the affected dates.

Fund closures determined in advance as a result of a known public holiday and market closures are published on our website.

In some circumstances, Vanguard may determine to close a Fund to cash transactions but may remain open to accept in-specie transactions (where the payment is made in assets in kind instead of cash). This may include where a particular security or combination of securities in a Fund is subject to a trading halt or suspension announcement.

### Impact of distributions

Investors should be aware that the price may include income accumulated in the Fund that is yet to be distributed. After a distribution, the Fund's unit price will reduce to reflect the distribution paid. This would similarly affect investors who sell units in a Fund. That is, the amount which an investor receives on withdrawal may be referable to income held in the Fund that is yet to be distributed, or which may be accumulated by Vanguard.

Vanguard may determine to pay distributions at times other than at the end of the normal distribution periods.

### Impact of end of financial year

Unit prices, transaction confirmations, and the payment of withdrawal and distribution proceeds may be delayed in the first ten business days of July each year due to end of financial year activities for the Funds.

# New Zealand investors

## Applications

New Zealand investors may apply for units in the following Funds:

- Vanguard International Shares Index Fund
- Vanguard International Shares Index Fund (Hedged) - AUD Class
- Vanguard International Shares Index Fund (Hedged) - NZD Class
- Vanguard International Shares Select Exclusions Index Fund
- Vanguard International Shares Select Exclusions Index Fund – AUD Hedged
- Vanguard International Shares Select Exclusions Index Fund – NZD Hedged
- Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) – AUD Hedged
- Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) – NZD Hedged
- Vanguard Ethically Conscious International Shares Index Fund
- Vanguard Ethically Conscious International Shares Index Fund – AUD Hedged
- Vanguard Ethically Conscious International Shares Index Fund – NZD Hedged

## ⚠ WARNING TO NEW ZEALAND INVESTORS

- This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and regulations made under that Act. In New Zealand, this is subpart 6 or Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.
- This offer and the content of the PDS are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act (Aust) and the regulations made under that Act set out how the offer must be made.
- There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.
- The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.
- Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.
- The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

## Initial application for investment

An initial application for investment must be made on a Vanguard Wholesale Funds Application Form. The Application Form and relevant supporting documentation must be submitted online via our website, sent via post, or delivered to our office. Facsimile or email copies will not be accepted. Vanguard will not process initial applications until all required information and/or supporting documentation is received.

Vanguard may, in its absolute discretion, accept or refuse to accept, in whole or in part, any application or subscription for units. Vanguard need not give any reason for refusal. If for any reason Vanguard refuses or is unable to process your application to invest in the Funds, Vanguard will, subject to any legal or regulatory requirements, return your application money to you. You will not be entitled to interest on your application money in this circumstance. Any interest accrued on application amounts pending the issue of units or the return of application money will be retained for the benefit of investors. Investments made in-specie (that is, where the payment is in assets in kind instead of cash) may be accepted at Vanguard's discretion.

## Initial investment

The minimum initial investment amount for the following Funds is \$500,000 Australian dollars per Fund.

- Vanguard International Shares Index Fund
- Vanguard International Shares Index Fund (Hedged) – AUD Class
- Vanguard International Shares Select Exclusions Index Fund
- Vanguard International Shares Select Exclusions Index Fund – AUD Hedged
- Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) – AUD Hedged
- Vanguard Ethically Conscious International Shares Index Fund
- Vanguard Ethically Conscious International Shares Index Fund – AUD Hedged

The minimum initial investment amount for the following Funds is \$500,000 New Zealand dollars per Fund.

- Vanguard International Shares Index Fund (Hedged) - NZD Class
- Vanguard International Shares Select Exclusions Index Fund – NZD Hedged.
- Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) – NZD Hedged
- Vanguard Ethically Conscious International Shares Index Fund – NZD Hedged

Vanguard, at its discretion, may accept lower investment amounts. Investment amounts may be remitted either by cheque or Electronic Funds Transfer (EFT) in the currency specified. Please contact Client Services for banking details.

## Currency risk

As the offer of units in the Vanguard International Shares Index Fund, the Vanguard International Shares Index Fund (Hedged) - AUD Class, the Vanguard International Shares Select Exclusions Index Fund, the Vanguard International Shares Select Exclusions Index Fund – AUD Hedged, the Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) – AUD Hedged, the Ethically Conscious International Shares Index Fund and the Vanguard Ethically Conscious International Shares Index Fund – AUD Hedged are in Australian dollars, New Zealand investors should consider the following before applying for units:

### **⚠️ WARNING TO NEW ZEALAND INVESTORS**

The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant. If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

## Withdrawals

To make a withdrawal from your Vanguard account, you must complete a Withdrawal Form and return it by fax or post. In order to access a Withdrawal Form, please visit the Vanguard website or contact Client Services on 1300 655 102. Please refer to the sections 'Withdrawals – withdrawal requests' and 'How to transact with us' for more information.

## Cut-off times

### Applications

The cut-off time for processing application instructions from New Zealand investors for units in the Vanguard International Shares Index Fund (Hedged) – NZD Class and the Vanguard International Shares Select Exclusions Index Fund – NZD Hedged is normally 11:00am Melbourne, Australia time on a business day, except where otherwise determined by Vanguard.

The cut-off time for processing application instructions from New Zealand investors for units in the Vanguard International Shares Index Fund, the Vanguard International Shares Index Fund (Hedged) – AUD Class, the Vanguard International Shares Select Exclusions Index Fund, the Vanguard International Shares Select Exclusions Index Fund – AUD Hedged, the Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) – AUD Hedged, the Vanguard Ethically Conscious International Shares Index Fund and the Vanguard Ethically Conscious International Shares Index Fund – AUD Hedged is normally 2:00pm Melbourne, Australia time on a business day, except where otherwise determined by Vanguard.

An earlier cut-off time may be adopted on business days when financial markets have shortened trading hours (for example, the last business day before Christmas day). Application instructions received by the cut-off time, will be processed at the applicable purchase price to be applied for that business day. The purchase price applicable for that day will not be known until the next business day. Units are issued at the purchase price calculated at the next valuation point after acceptance of your application. Where an application instruction is received after the cut-off time, the application will be processed at the next applicable purchase price, as if it had been received on the following business day.

### Withdrawals

The cut-off time for processing withdrawal instructions for all Funds offered to New Zealand investors is normally 2:00pm Melbourne, Australia time on a business day. An earlier cut-off time may be adopted on business days when financial markets have shortened trading hours (for example, the last business day before Christmas day).

Withdrawal instructions must be received by the cut-off time in order to be processed at the applicable withdrawal price to be applied for that business day. The withdrawal price applicable for that day will not be known until the next business day. Units are withdrawn at the withdrawal price calculated at the next valuation point after receipt of your withdrawal request. Where a withdrawal request is received after the cut-off time, the withdrawal request will be processed at the next applicable withdrawal price, as if it had been received on the following business day.

## Switching

New Zealand investors may only switch between the following Funds:

- Vanguard International Shares Index Fund
- Vanguard International Shares Index Fund (Hedged) – AUD Class
- Vanguard International Shares Index Fund (Hedged) – NZD Class
- Vanguard International Shares Select Exclusions Index Fund
- Vanguard International Shares Select Exclusions Index Fund – AUD Hedged
- Vanguard International Shares Select Exclusions Index Fund – NZD Hedged
- Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) – AUD Hedged
- Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) – NZD Hedged
- Vanguard Ethically Conscious International Shares Index Fund
- Vanguard Ethically Conscious International Shares Index Fund – AUD Hedged
- Vanguard Ethically Conscious International Shares Index Fund – NZD Hedged

Please refer to the sections 'Switches' and 'How to transact with us' for more information.

## Transferring

New Zealand investors may transfer units in the following Funds to another person or entity in Australia or New Zealand.

- Vanguard International Shares Index Fund
- Vanguard International Shares Index Fund (Hedged) – AUD Class
- Vanguard International Shares Index Fund (Hedged) – NZD Class



- Vanguard International Shares Select Exclusions Index Fund
- Vanguard International Shares Select Exclusions Index Fund – AUD Hedged
- Vanguard International Shares Select Exclusions Index Fund – NZD Hedged
- Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) – AUD Hedged
- Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) – NZD Hedged
- Vanguard Ethically Conscious International Shares Index Fund
- Vanguard Ethically Conscious International Shares Index Fund – AUD Hedged
- Vanguard Ethically Conscious International Shares Index Fund – NZD Hedged

Please refer to the sections 'Transfers' and 'How to transact with us' for more information.

## Dispute resolution process

### WARNING TO NEW ZEALAND INVESTORS

The dispute resolution process described in this offer document is available only in Australia and is not available in New Zealand. Should you wish to make a complaint about this offer, please contact the Financial Markets Authority, Wellington, New Zealand.

## How to transact with us

### Standard forms

Vanguard has standard forms that are to be used for transactions, including: additional investments, withdrawals, switches, transfers or change of account details. Investors (other than indirect investors) must use Vanguard standard forms when issuing Vanguard with transaction instructions - otherwise we may not process your instructions.

You can download Vanguard's standard forms from our website or contact Client Services on 1300 655 102 to find out more about how to transact with Vanguard.

### Facsimile instructions

When advising Vanguard via facsimile in respect of instructions (including additional investments, withdrawals, switches, change of details and transfer requests) it is important to be aware that Vanguard:

- will only process your facsimile instruction if it is received in full and has been signed by all authorised signatories;
- is not responsible for any loss or delay that results from a facsimile transmission not being received by Vanguard;
- will not accept a facsimile receipt confirmation from the sender's facsimile machine as evidence of receipt of the facsimile;
- does not take responsibility for any fraudulently or incorrectly completed facsimile instructions; and
- will not compensate you for any losses relating to facsimiles, unless required by law. For example, you bear the risk that a facsimile may be sent by someone who knows your account details.

Please note that initial applications for investment must be submitted online via our website, sent via post or delivered to the Vanguard office, as facsimile or email copies will not be processed.

In the event of fraud you agree to release, discharge and indemnify Vanguard from and against all actions, claims, demands, expenses and liabilities (however they arise) suffered by you or suffered by or brought against Vanguard, concerning the facsimile instructions, to the extent permitted by law.

## Investor communication

The type of information that is available and you will receive as a direct investor in the Fund is described below.

Communication		Frequency	Website	Email	Mail	Vanguard Online
<b>Fund information and investment forms</b>						
Product Disclosure Statement(s)	A summary of significant information that you need to make a decision about investing in the Fund.	Ad Hoc	x	•	•	
Reference Guide	Contains other important information that is taken to form part of the PDS.	Ad Hoc	x	•	•	
Transaction & Operational Costs Guide	Contains other important information that is taken to form part of the PDS.	Ad Hoc	x	•	•	
Application Forms	Contains information that Vanguard requires in order to establish your investment account.	Ad Hoc	x	•	•	
Standard Forms	Forms used to instruct Vanguard in relation to your investment in a Fund.	Ad Hoc	x	•	•	
Material information	Information that has not already been disclosed in the PDS and may otherwise have an impact on a Fund.	Ad Hoc	x			
<b>Unit prices and performance</b>						
Unit prices	The purchase price and withdrawal price for each Fund.	Daily	x			
Fund performance	Calculated and reported on a gross of fees, net of fees and after tax basis.	Monthly	x			
Fund fact sheets	Outlines the latest Fund performance, portfolio composition and asset allocation of each Fund.	Monthly	x			
<b>Account statements</b>						
Transaction confirmations	Details the number of units purchased or withdrawn, applicable unit price, effective date of the transaction and the new balance of units after the transaction.	After each transaction		Δ	•	x
Transaction statements	Details each transaction that occurred during the reporting month, the number of units held and the current value at month end for your investment(s).	Monthly		Δ	•	x
Distribution statements	Details the breakdown of the distribution, relevant taxation information and payment details setting out the number of units held and the value of the distribution following each distribution.	Monthly or quarterly (as described in the PDS for the relevant Fund)		Δ	•	x
Tax statements	Provides a summary of the distributions made to you during the financial year, as well as the relevant taxation information required to complete your Australian tax return.	After 30 June		Δ	•	x

x Vanguard will provide the information via this method, regardless of how you elect to receive it.

• You must elect to receive information in this manner. Please contact Client Services on 1300 655 102 for further information.

Δ Available to Institutional clients only via a transport layer security (TLS) connection.

## Vanguard Online

Vanguard Online is a secure, online facility that keeps investors in touch with their investments. Vanguard Online provides eligible investors with access to the following services:

<b>Investment summaries</b>	Access the latest balance or value of your total portfolio with Vanguard. View statement summaries with current account balances, unit prices and number of units held.
<b>Statements</b>	View and print your latest tax, distribution, transaction confirmations and monthly transaction statements. You can also access historical statements.
<b>Transaction history</b>	View the transaction history for each of your investments.
<b>Balance search</b>	Access your investment balance as at a particular date via the balance search option.
<b>Mailbox</b>	Your mailbox links directly to the Vanguard Client Services Team. Use this facility to update your contact details, ask questions or provide feedback.

After your initial application is accepted and you have made your initial investment, Vanguard will email you information on how to register for Vanguard Online. Please refer to the Vanguard website or contact Client Services on 1300 655 102 for more information.

## Disclosing entities

Funds which are disclosing entities are subject to regular reporting and disclosure obligations. We will meet our continuous disclosure obligations by disclosing new material information on the Vanguard website in accordance with ASIC's good practice guidance. Copies of documents lodged with the ASIC in relation to the Funds may be obtained from, or inspected at, an ASIC office. Vanguard can also provide you with a hard copy of the following reports (free of charge):

- the annual financial report most recently lodged with ASIC for each Fund;
- any half-yearly Fund financial reports lodged with ASIC in relation to a Fund after the lodgement of the above annual report and before the date of this PDS; and
- any continuous disclosure notices given for a Fund after the lodgement of an annual report.

If you wish to receive a hard copy of any of these reports, please contact Client Services on 1300 655 102.

## Fees and costs

### Management costs

Management costs comprise the fees or costs that a unitholder incurs by investing in a Fund. Management costs are made up of Vanguard's management fee that is deducted from the returns of the Funds and may include indirect costs. The management costs shown do not include any potential extraordinary expenses. In addition, management costs do not include transactional and operational costs i.e. costs associated with investing the underlying assets, some of which may be recovered through buy/sell spreads.

### Management fees

The management fee component is a fixed amount that Vanguard deducts from the assets of the Funds and comprises Vanguard's remuneration for managing and overseeing the operations of the Funds. The management fee is calculated as a percentage of the Fund's net asset value (or the relevant class of units where the Fund has multiple classes). The fee is accrued daily in the unit price and paid monthly in arrears. The fee for a month is paid on or after the first day of the following month.

This fee is taken from the assets of the relevant Fund. The amount of this fee can be negotiated.

As at the date of this Reference Guide, Vanguard pays any expenses that are recoverable from the Funds out of the management fee at no additional charge to you. The management fee includes Goods and Services Tax (GST) after taking into account any expected input tax credits.

Ordinary expenses of the Funds that Vanguard may be paying from its management fee include:

- custodian fees (excluding transaction-based fees);
- accounting and audit fees;
- any other recoverable expenses permitted under the constitution of the relevant Fund such as the cost of preparing and amending the constitutions, the cost of producing the PDS, postage and other Fund administration expenses.

The management fee may not be used to cover extraordinary expenses (such as litigation, the cost of investor meetings or other costs if incurred in the future). Such extraordinary expenses may be recovered from the assets of the Fund as an additional expense to the management fee where permitted under the constitutions. The management fee of investing in each of the Funds is capped until further notice.

In calculating taxable income for the Funds, all available tax deductions are taken into account. This means that the effective after-tax cost to investors of investing in a Fund may be lower than the amounts specified in the PDS for the Fund, to the extent that management costs are a tax deductible expense and reduce the taxable income of that Fund.

### Indirect costs

Indirect costs are included as part of the management costs disclosed in the fee table for each Fund in the PDS. Indirect costs include the management costs of interposed vehicles (for example, the management fee of an underlying investment trust or exchange traded fund), fees in relation to securities lending and certain costs of over-the-counter derivatives. For any Funds that invest in an underlying Vanguard Fund which is managed by Vanguard, Vanguard's management fee in the underlying Fund(s) is fully rebated back to the relevant investing Fund and so does not need to be counted in indirect costs for the relevant Fund.

It is important to note that indirect costs are reflected in the unit price of a Fund. Indirect costs are not an additional fee paid to Vanguard. Indirect costs disclosed in the PDS for each Fund are based on the financial year immediately prior to the issue date of the relevant PDS and to the extent necessary are estimated by Vanguard using reasonable assumptions. Indirect costs may vary over time. Where changes to indirect costs are not materially adverse to investors, the information may be updated on our website.

### Changes to management fees

Vanguard may alter the management fee in accordance with the constitution of the Funds. The constitutions governing each Fund generally limit the amount of the management fee component (excluding GST) to 0.20%p.a. to 1.50%p.a. This limit does not apply to ordinary expenses of the Funds that Vanguard incurs and covers out of the management fee or to any extraordinary expense of the Fund that is otherwise able to be recovered. Any increase to the management fee above these maximums will generally require unitholder approval.

## Withdrawal fee

A withdrawal fee or an early withdrawal fee could be introduced for several of the Funds, as permitted under the applicable constitution, although there is no current intention to do so.

Generally, the withdrawal fee could be up to the greater of \$50 or 0.50 percent of the amount withdrawn. The early withdrawal fee could be up to 0.50 percent of the amount withdrawn if units are withdrawn within a certain number of days after purchase.

## Transactional and operational costs

In addition to the management costs, there are transactional and operational costs incurred in managing the assets of the Funds. Most of these costs would be incurred by investing directly in the underlying securities. Such costs arise whenever the Funds buy or sell assets to invest applications, Fund withdrawals or to generally manage the Fund in accordance with its investment objective. Where these costs arise as a result of applications and withdrawals, these costs will generally be covered by the inclusion of a buy/sell spread in the purchase or withdrawal price.

Transactional costs can include either "explicit costs", comprising those costs that are deducted from the assets of the Fund for a particular transaction, such as brokerage, commission and stamp duties, or "implicit costs", comprising those costs that are incurred in day-to-day trading of the Fund's assets and reflected in the unit price. Implicit costs can arise as a result of bid-offer spreads being applied by trading counterparties to securities traded by the Fund and are factored into the individual asset value and reflected in the unit price. Both explicit and implicit costs are an additional cost of investing to the investor and are not fees paid to Vanguard.

These costs will depend on the actual turnover of assets. For a summary of the Funds' estimated transactional and operational costs for the last financial year, please refer to the Vanguard Transactional and Operational Costs Guide on our website.

There may occasionally be higher trading activity than usual, such as to implement a change of index or asset allocation. In this case, there may be a higher than usual turnover of assets and consequently a temporary increase in transactional costs.

## Buy/sell spreads

Vanguard may include a buy spread component in the purchase price and a sell spread component in the withdrawal price. The buy/sell spread for each Fund is Vanguard's reasonable estimate of the transaction costs that the Fund may incur to buy and sell assets when investing applications and funding withdrawals and is not separately charged to the investor. The buy/sell spread is paid to the Funds to meet these expenses and is not received by Vanguard.

The purpose of the buy/sell spread is to protect investors from the costs generated by the transaction activity of other investors. Investors who invest into a Fund will pay the purchase price calculated by adding the buy spread to the Fund's net asset value per unit (or the net asset value of the relevant class of units where the Fund has multiple classes). Investors who withdraw from a Fund will receive the withdrawal price calculated by deducting the sell spread from the Fund's net asset value per unit (or the net asset value of the relevant class of units where the Fund has multiple classes).

If a Fund receives applications and withdrawals on the same day there may be a reduction in either or both the buy and sell spread, as Vanguard may not need to buy or sell as many assets as would otherwise be the case. As a result, the Fund's transactional costs may be lower than normal. Vanguard passes its reasonable estimate of the reduction in transactional costs to investors in the form of a reduced buy or sell spread. Investors should note that this reduction in the buy/sell spread depends on investors' application and withdrawal activity on a particular day and cannot be predetermined. For further details of how buy/sell spreads and reductions are recalculated, you can request a copy of Vanguard's policy on unit pricing discretion.

There may be circumstances where the buy spreads or sell spreads will be lower or higher - for example, they may be higher when there are large or prolonged withdrawals from the Fund. For further details on how buy/sell spreads are calculated, you can request a copy of Vanguard's policy on unit pricing discretion.

## Payments to financial advisers and management fee rebates

No adviser will receive any commission from Vanguard relating to your investment in the Fund. Vanguard may from time to time enter into arrangements to provide management fee rebates to certain wholesale investors who invest sizeable amounts in a Fund. Vanguard makes these payments from its own resources.

## How Vanguard invests

While maintaining the objective of a Fund, Vanguard tries to minimise the transaction costs associated with managing cash flows and making adjustments for index or benchmark changes.

### Cash and liquidity management

To manage day-to-day transaction requirements such as investor withdrawals and collateral requirements, a Fund may maintain a variable balance of cash. To effectively manage this cash, a Fund may invest in (directly or through another Vanguard Fund) cash equivalent instruments that aim to preserve capital and provide liquidity.

Cash equivalent instruments include, but are not limited to, high quality short-term money market instruments and short dated debt securities such as government issued securities, government-related (semi-government) issued securities and repurchase agreements, where a high quality government or government related security is received or provided as collateral for the term of the agreement.

### Derivative financial instruments

A Fund may utilise over-the-counter and exchange traded derivatives such as futures, forwards and swaps, to help achieve its investment objective. Derivative financial instruments may be used for the purposes of maintaining Fund liquidity and managing market exposure. Derivative financial instruments will not be used to leverage the assets of the Funds.

### Borrowings

While the Funds' constitutions permit borrowing, Vanguard does not currently intend to borrow for the purposes of gearing. A Fund will only borrow where Vanguard believes it is in the best interests of investors to do so.

### Securities lending

The Funds or their underlying Funds may engage in securities lending. Securities lending is a common practice where holders of securities make short term loans of shares in return for a fee, to incrementally increase returns to investors. For the relevant Funds, Vanguard employs a value-oriented approach to securities lending which seeks to capture a scarcity premium by lending hard-to-borrow securities or 'specials'. Due to the higher fees charged per loan, higher returns can be generated with a lower level of securities lent. This is a more conservative approach that generally results in only a small percentage of the relevant Fund's securities being lent. This amount will be capped at a maximum of 7.5%.

Vanguard has appointed an external agent lender to facilitate the lending of securities on behalf of the relevant Funds to a select group of borrowers (banks and broker-dealers). This group of borrowers has been pre-approved in accordance with Vanguard's Global Securities Lending credit policies and limits. Each borrower is required to provide a minimum amount of collateral which is generally limited to high quality sovereign debt (or equivalent) and equal to 105% of the market value of the securities loaned, marked to market daily.

All revenue generated from the securities lending program is returned to the relevant Funds, less agent lender fees and costs. Vanguard does not retain any portion of the revenue generated from the securities lending program. The agent lender fees and costs are reflected in the relevant Fund's indirect costs to the extent they are material.

## Taxation

The tax information in this Reference Guide 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 circumstance is different, you should obtain professional tax advice concerning the particular tax implications of investing in the Funds for you. Discussion of tax in this Reference Guide refers to the Income Tax Assessment Act 1936 (Cth), the Income Tax Assessment Act 1997 (Cth) as enacted, applicable case law and published Australian Taxation Office rulings, determinations and administrative practice at the date of this Reference Guide. Any changes in the tax law or interpretation of the tax law subsequent to this date will not be reflected in the tax information provided in this Reference Guide.

### Taxation of Australian resident investors

The tax information provided in this Reference Guide relates to Australian tax residents who hold their units on capital account for income tax purposes and who are not exempt from taxation, and does not consider any non-Australian tax consequences. Investors who fall outside these categories (for example, investors who are foreign residents, hold their units on revenue account or as trading stock, or who have made a fair value or financial reports election under the taxation of financial arrangement ("TOFA") rules) should seek independent professional advice in relation to their specific circumstances.

### Attribution Managed Investment Trusts (AMITs)

The Australian Government has enacted a new regime for the taxation of managed investment trusts (MITs), referred to as the Attribution Managed Investment Trust (AMIT) rules. Subject to eligibility, Vanguard may elect for a Fund to be classified as an AMIT and be subject to the AMIT rules.

The AMIT rules also provide for qualifying AMITs that have multiple classes of units on issue to elect for each class to be treated as a separate trust for the purposes of determining and attributing the taxable income of the relevant trust to investors. Subject to eligibility and the election being in the best interests of investors, Vanguard may make this election for a multi-class Fund.

Vanguard has assessed the eligibility of each of the Funds to elect into the AMIT regime and has disclosed on our website whether or not the AMIT regime will apply to each of the Funds.

For Funds that are subject to the new AMIT tax regime:

- The amount and components of the taxable income of the Fund which investors will be assessed on should be determined by reference to a statement provided by Vanguard to investors after the end of the year, known as the AMIT Member Annual Statement ("AMMA statement"). The AMMA statement will set out the amount and character of each component of the income of the Fund which Vanguard attributes to the investor each year and which the investor should be assessed on.
- If the amount distributed to an investor exceeds the taxable income attributed to the investor, investors should be required to recognise a decrease in the tax cost base of their units in the Fund. If the taxable income attributed to an investor exceeds the amount distributed, then investors should be entitled to an increase in the tax cost base of their units. Vanguard's estimate of these net cost base increase or decrease amounts will also be disclosed to investors through the AMMA statement.
- It is possible for the amount of taxable income that is attributed to an investor to differ from and exceed the amount distributed to an investor. This is likely to arise where Vanguard determines to accumulate taxable income in accordance with the Fund constitution. In this instance, the investor should be entitled to a net increase in the cost base of their units, as discussed above.
- The Constitution for the Fund sets out the basis upon which Vanguard will attribute the taxable income of the Fund to investors. This should be based on the components of income that are reflected in the distributions made to investors during the year and, in relation to income that is accumulated, a pro rata attribution of this income to investors at the time determined by Vanguard for this purpose. The Constitution also allows for attribution to investors who redeem their units in the Fund in certain circumstances.
- Although Vanguard expects that the Funds will be taxed under the AMIT tax regime, the Constitutions for the Funds will also provide for a situation where the Funds are non-AMIT. The taxation of a non-AMIT Fund is discussed below.

## Non-Attribution Managed Investment Trusts (non-AMIT)

A Fund that does not qualify or elect to be an AMIT will be subject to the ordinary trust taxation provisions in the tax legislation. Broadly, investors in a Fund that is a non-AMIT will be distributed and made "presently entitled" to all of the income of the Fund each year, and will be assessed on their proportionate share of the taxable income of the Fund each year.

Investors will be provided with tax statements after the end of each financial year detailing the components, for income tax purposes, of any net taxable income of the relevant Fund that they may be assessed on for the financial year as a result of their entitlements to the income of the relevant Fund. This information should assist investors in preparing their tax return for the year.

## Categories of income from the Funds

### Franking credits

For each of the Funds that invest in Australian equities, the tax components on which you are assessed as a result of your investment in the Funds may include franking credits attached to franked dividends derived by the Fund in respect of Australian equities. Subject to the relevant qualification requirements (including 45 day holding period and related payments rule) these franking credits do not form part of your cash receipts but will need to be included in your taxable income and, depending on your particular circumstances, may be available to offset your tax liability. Certain investors may also be entitled to a refund if the franking credits exceed your total income tax liability.

### Foreign income

Income received by a Fund from sources outside Australia may be subject to tax in the country of source. Australian tax resident investors may be entitled to claim a foreign income tax offset against their Australian tax liability in respect of their share of the foreign tax paid.

### Capital gains

Where you become assessed on a net capital gain from the Fund, to the extent the net capital gain includes a discounted gain, you may be required to gross up the net capital gain by doubling the discounted gain component. You may then apply any of your current or prior year capital losses to reduce the grossed up capital gain.

Depending on your circumstances, you may be able to apply the capital gains tax (CGT) discount (50 percent for individuals and certain trusts and 33.33 percent for complying superannuation funds) to arrive at your net capital gain. This amount should be included in the calculation of your taxable income.

As the Funds are trusts and are eligible for the discount capital gains concession, they may distribute (where the Fund is not an AMIT) or attribute (where the Fund is an AMIT) amounts that are referable to the discount capital gains concession. Depending on your circumstances, the receipt or attribution of those amounts may not be assessable and may not result in a reduction in the cost base of your units in the Funds.

### CGT tax election

There are tax rules that allow an eligible "managed investment trust" to make an irrevocable election to apply the CGT rules as the primary code for the taxation of gains and losses on disposal of certain assets by the Fund. Vanguard has made this election for the Funds that are eligible.

### Non-assessable distributions

A Fund may make distributions of amounts which are non-assessable to the investor, such as amounts that are referable to the discount capital gains concession. Receipt of certain non-assessable amounts may have CGT consequences, including the potential for cost base adjustments for investors, depending on their circumstances, and subject to the discussion above regarding capital gains concession amounts.

### Other gains

Gains and losses in relation to investments of certain Funds, including foreign currency gains arising from the investment of the Funds, may be assessed as income under provisions other than the capital gains tax provisions of the Income Tax Assessment Act 1997 (Cth). The net taxable income of the Fund on which you are assessed may include a component of assessable income which is referable to

those gains.

## Disposal of units

Investors may be liable for tax on gains realised on the disposal of units in the Funds. Disposal of units may be in the form of a withdrawal, a switch between Funds or a transfer of units.

Under the CGT provisions, any taxable capital gain arising on disposal of your units may form part of your assessable income. Some investors may be eligible for the CGT discount upon disposal of their units if the units are held for at least 12 months or more before the disposal, and certain other requirements are satisfied. You should obtain professional tax advice about the availability of the CGT discount.

Any capital loss arising on a disposal of units may be able to be offset against capital gains arising in that year or subsequent years.

## Redemption income entitlement

If you dispose of your units by a withdrawal in certain circumstances (for example, where the size of your withdrawal exceeds a certain threshold), you may be distributed or attributed under the AMIT rules some of the taxable income of the Fund. Vanguard will notify you at the end of the financial year if this occurs. Any distribution or attribution of income that occurs in connection with a withdrawal of units from the Fund may affect the amount of net capital gain realised on disposal of your units. Investors should seek professional tax advice about the CGT treatment of the disposal of their units in the Funds, particularly if an entitlement to the income of the Fund is included in the withdrawal amount.

The amount and the components of the income of the Fund that may be distributed or attributed to you in these circumstances will be determined by Vanguard in accordance with the relevant Fund constitution.

## Taxation of non-resident investors

If you are not a resident of Australia for tax purposes, Vanguard may be required to withhold Australian tax on certain distributions made to you.

If the Fund is an AMIT and you are attributed with certain components of the taxable income of the Fund without having been distributed those amounts, Vanguard is required under the AMIT regime to pay tax on that income on your behalf and is entitled to be indemnified by you in respect of the relevant amount. Under the Constitution for the Funds, Vanguard may satisfy this indemnity by deducting the relevant amount from any payments made to you or through a compulsory redemption of units.

Generally, a non-resident investor should not be liable for Australian CGT in respect of the disposal of their units in the Funds, if the Funds and the non-resident investor satisfy certain requirements at the time of disposal. It is very important that non-resident investors seek independent tax advice before investing in the Funds which takes into account their particular circumstances and the provisions of any relevant double tax agreement between Australia and their country of residence. It is particularly important that Australian tax advice is obtained if the non-resident investor is assessed on the disposal of their units in the Funds otherwise than under the CGT provisions.

## Quoting your Tax File Number (TFN) or TFN exemption or Australian Business Number (ABN)

Collection of your TFN is authorised and its use and disclosure are strictly regulated by the tax laws and the Privacy Act 1988. You may quote a TFN or claim a TFN exemption in relation to your investment in a Fund when completing your Application Form. If you choose not to quote a TFN or TFN exemption, Vanguard will be required to deduct tax at the prescribed rate (at the date of this Reference Guide this was the highest marginal tax rate plus any applicable levies).

You may quote your ABN instead of a TFN if you are making this investment in the course of an enterprise carried on by you.

## Social security

Investing in the Funds may affect your social security entitlements because your investment may be included in the income and assets tests of Centrelink and the Department of Veterans' Affairs. You should obtain professional advice concerning your particular social security implications.

## Goods and Services Tax (GST)

The issue and withdrawal of units in the Funds should not be subject to GST, irrespective of whether or not the investor is registered for GST. In the instance the investor is registered for GST, the acquisition, disposal and/or redemption of units in the Funds will generally constitute input taxed financial supplies. The receipt of distributions should not give rise to any GST consequences for investors, as such amounts are generally considered to be outside the scope of the GST regime.

Fees and expenses incurred by the Funds, such as management costs, will generally attract GST at the rate of 10 percent. Given the nature of the Funds' activities, the Funds will generally not be entitled to claim input tax credits for the full amount of the GST incurred. However, a Reduced Input Tax Credit (RITC) should be available to the GST paid on the expenses incurred by a Fund.

The GST and expected RITC relating to fees and expenses is incorporated in the management cost for each Fund. Individual investors should seek specific professional advice with respect to the GST consequences of their investments.

## Other information

### Funds

#### Proxy voting and engagement

Vanguard votes proxies in companies/funds where its Funds have a significant economic interest and it is reasonably practicable to do so. Details of Vanguard's proxy voting policy can be found on our website.

#### Termination

Vanguard may wind up the Funds or a Fund at any time on giving notice to investors. Following winding up, the net proceeds will be distributed to investors.

#### Custodian

Vanguard has appointed JP Morgan Chase Bank, N.A. (Sydney branch) (ABN 43 074 112 011) (JP Morgan) to provide custodial, settlement and other related services in relation to the Funds or the underlying Funds.

In their capacity as custodian, JP Morgan provides custodial services to Vanguard (as responsible entity) and is responsible for the safekeeping of the assets of the Funds or underlying Funds (as applicable).

The role of the custodian is generally limited to holding the assets of the Funds or underlying Funds and acting on behalf of the responsible entity in accordance with proper instructions (except in limited circumstances where the custodian has a discretion to act without instructions). The custodian has no supervisory obligation to ensure that Vanguard complies with its obligations as responsible entity of the Funds and generally does not make investment decisions in respect of the assets held or manage those assets. Vanguard will be liable to unit holders for acts and omissions of the appointed custodian.

The custodian may change from time to time but must satisfy any relevant regulatory requirements.

### Vanguard

#### Vanguard as responsible entity and the investment manager

Vanguard, as the responsible entity, is solely responsible for the management and administration of the Funds and the underlying Funds in which the Funds invest in where applicable. Vanguard is also the investment manager for the Funds. Vanguard holds an Australian Financial Services Licence (AFSL 227263), which authorises it to act as the responsible entity of the Funds and Underlying Funds. The powers and duties of Vanguard are set out in each Fund's constitution, the Corporations Act and general trust law. Vanguard has the power to appoint an agent, or otherwise engage a person (including any related entities or associates), to do anything that it is authorised to do in connection with the Funds.

#### Retirement of Vanguard

Vanguard may retire as responsible entity of a Fund by calling a meeting of investors to enable investors to vote on a resolution to choose a company to be the new responsible entity. Vanguard may be removed from office by an extraordinary resolution (i.e. 50% of all units in the Fund entitled to vote, including members who are not present in person or by proxy) passed at a meeting of investors, in accordance with the Corporations Act.

#### Indemnities and limitation liability of Vanguard

In general, Vanguard may act on the opinion of, advice of and information obtained from advisers and experts. In those cases, Vanguard is not liable for anything done in good faith in reliance on that opinion, advice or information.

Vanguard is indemnified out of each Fund against any expenses, loss, costs, damages and liabilities that may be incurred in properly performing any of its duties or prosecuting or defending any action or suit in connection with each of the Funds (other than if it arises out of Vanguard's fraud, negligence or breach of trust).

Vanguard is not liable personally to investors or other persons for failing to act except in the case of fraud, negligence or breach of trust.

### Constitutions

Each Fund is a managed investment scheme governed by a constitution. Under the constitution, Vanguard has all the powers of a natural person in respect of the Funds. The constitution for each Fund sets out the rights and obligations of investors and the rights and obligations of Vanguard as responsible entity of the Funds. This Reference Guide outlines some of the more important provisions of the constitutions.

The terms and conditions of the Funds' constitutions are binding on each investor in the relevant Fund and all persons claiming through them respectively, as if the investor or person were a party to the constitutions.

A copy of any of the Fund constitutions may be inspected by investors at Vanguard's office during business hours. Vanguard will provide investors with a copy of the required constitution upon request.

#### Amendments to the constitutions

Vanguard may amend the constitution of each Fund from time to time, subject to the provisions of the constitution and the Corporations Act. Generally, Vanguard can only amend a constitution where Vanguard reasonably believes that the change will not adversely affect your rights as an investor. Otherwise, a constitution can only be amended if approved at a meeting of investors.

#### Reimbursement of expenses

In addition to any other right of indemnity, which Vanguard may have under the Fund's constitutions or at law, Vanguard is indemnified and entitled to be reimbursed out of, or paid from, the assets of each of the Funds for all liabilities, losses, damages, expenses or costs



incurred in the course of its office or in the administration or management of a particular Fund (other than if it is incurred by Vanguard's fraud, negligence or breach of trust). Without limitation, this includes amounts payable in properly performing any of its duties or exercising any of its powers.

## Related party arrangements

The Responsible Entity is a wholly owned subsidiary of The Vanguard Group Inc. and part of the Vanguard Group. For these purposes, a related party includes certain entities and individuals that have a close relationship with the Responsible Entity, including, but not limited to The Vanguard Group Inc. itself, other subsidiaries of The Vanguard Group Inc. and other funds operated or managed by members of the Vanguard Group.

The Responsible Entity may from time to time use the services of related parties (including, but not limited to, investment management and administration) and pay commercial rates for these services. The Responsible Entity may also enter into financial or other transactions with related parties in relation to the assets of the Fund and such arrangements will be based on arm's length commercial terms or as otherwise permissible under the law.

In the course of managing the Fund the Responsible Entity may come across conflicts in relation to its duties to a Fund, related funds and its own interests. The Responsible Entity has internal policies and procedures in place to manage all conflict of interest appropriately. These policies and procedures will be reviewed on a regular basis and may change from time to time. In addition to complying with these policies and procedures, all conflicts will be resolved in a fair and reasonable manner, in accordance with the relevant law and ASIC requirements.

## Compliance

### The compliance plan

Vanguard has prepared and lodged compliance plans for each Fund with ASIC. The compliance plans set out the key criteria that Vanguard will follow to ensure that it is complying with the Corporations Act and each Fund's constitution. Each year the compliance plans are independently audited, as required by the Corporations Act, and the auditor's report is lodged with ASIC.

### The compliance committee

Vanguard is required to, and has, established a compliance committee with a majority of members that are external to Vanguard. The compliance committee's functions include:

- monitoring Vanguard's compliance with the compliance plans and reporting its findings to Vanguard
- reporting breaches of the Corporations Act or the constitutions to Vanguard
- reporting to ASIC if the committee believes that Vanguard has not taken or does not propose to take appropriate actions to deal with breaches reported to it by the committee
- assessing the adequacy of the compliance plans, recommending any changes and reporting these to Vanguard.

## Investors

### Indirect investors

You may invest in the Funds offered in this Reference Guide indirectly (for example, through a master trust, wrap platform or a nominee or a custody service). If you invest in this manner certain information in this Reference Guide may not be relevant to you such as: applications and withdrawals, investor communication, fees and costs (subject to the below). You should consult the relevant offer document or client agreement through which you have invested.

### Meeting of investors

Vanguard may convene a meeting of investors of a Fund at any time. Examples of circumstances where meetings may be called include to approve certain amendments to a Fund's constitution or to wind up a Fund. Investors also have limited rights to call meetings and have the right to vote at any investor meetings.

Except where a particular Fund constitution provides otherwise, or the Corporations Act requires otherwise, a resolution of investors must be passed by investors who hold units in the Fund exceeding 50% in value of the total value of all units held by investors who vote on the resolution.

A resolution passed at a meeting of investors held in accordance with a Fund's constitution binds all investors of that Fund.

### Limitation of liability of investors

The Fund's constitutions provide that the liability of each investor is limited to their investment in a Fund and that an investor is not required to indemnify Vanguard or a creditor of Vanguard against any liability of Vanguard in respect of a Fund. However, no complete assurance can be given in this regard, as the ultimate liability of an investor has not been finally determined by the courts.

## US Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS)

FATCA is a US law which impacts investors worldwide. FATCA attempts to minimise US income tax avoidance by US persons investing in foreign assets, including through their investments in foreign financial institutions. FATCA requires reporting of US persons' direct and indirect ownership of non-US accounts and non-US entities to the US Internal Revenue Service (IRS).

Similarly, the Organisation for Economic Cooperation and Development (OECD) has established a reporting regime (CRS), which requires participating jurisdictions to obtain information from their financial institutions and exchange it with other participating jurisdictions as of 1 July 2017.

Under FATCA, the Australian Government has entered into an Inter-Governmental Agreement (IGA) with the Government of the United States of America for reciprocal exchange of taxpayer information. Under the IGA, financial institutions operating in Australia report

information to the Australian Taxation Office (ATO) rather than the IRS. The ATO may then pass the information on to the IRS.

The Fund may request such information or documents from you as is necessary to verify your identity and FATCA and CRS status, including self-certification forms. The Fund may disclose this information to the IRS or ATO (who may share this information with other tax authorities) as necessary to comply with FATCA, the IGA, CRS or applicable implementing law or regulation, which may include information about:

Investors identified as US citizens or tax residents (information about corporations and trusts with US substantial owners or controlling persons will also be reported)

- All other investors identified as non-residents for CRS purposes (including non-resident controlling persons of certain entities)
- Investors who do not confirm their FATCA or CRS status
- Certain financial institutions that do not meet their FATCA obligations (non-participating foreign financial institutions)

Vanguard is not able to provide tax advice and strongly encourages investors to seek the advice of an experienced tax adviser to determine what actions investors may need to take in order to comply with FATCA and CRS.

## Privacy policy

Vanguard is committed to respecting the privacy of your personal information. Privacy laws regulate, among other matters, the way organisations collect, use, disclose, keep secure and give people access to their personal information. Vanguard's privacy policy states how Vanguard manages personal information. Vanguard collects personal information in the Application Form, and may collect additional personal information in the course of managing your investment in order to provide this product to you and to establish and manage your investment in the Fund. Vanguard may obtain information about the investor or any beneficial owners from third parties if it is believed this is necessary to comply with relevant laws. Vanguard may be required by law to disclose personal information to relevant regulators (whether in or outside of Australia).

If you do not provide the information requested in the Application Form, Vanguard may not be able to process or accept your application.