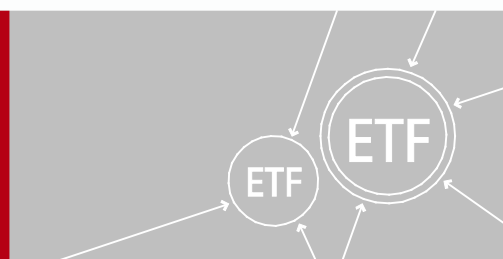




## Interim Report for the Vanguard® Exchange Traded Funds

11 March 2016



Vanguard Investments Australia Ltd announces the following:

ETF	ASX CODE	ANNOUNCEMENT
Vanguard® Australian Shares Index ETF	VAS	Interim Report
Vanguard® Australian Property Securities Index ETF	VAP	Interim Report
Vanguard® Australian Fixed Interest Index ETF	VAF	Interim Report
Vanguard® Australian Government Bond Index ETF	VGB	Interim Report
Vanguard® Australian Shares High Yield ETF	VHY	Interim Report
Vanguard® MSCI Australian Large Companies Index ETF	VLC	Interim Report
Vanguard® FTSE Emerging Markets Shares ETF	VGE	Interim Report
Vanguard® MSCI Index International Shares ETF	VGS	Interim Report
Vanguard® International Fixed Interest Index (Hedged) ETF	VIF	Interim Report
Vanguard® International Credit Securities Index (Hedged) ETF	VCF	Interim Report
Vanguard® FTSE Asia ex Japan Shares Index ETF	VAE	Interim Report
Vanguard® FTSE Europe Shares ETF	VEQ	Interim Report
Vanguard® MSCI Australian Small Companies Index ETF	VSO	Interim Report
Vanguard® MSCI Index International Shares (Hedged) ETF	VGAD	Interim Report

Vanguard has prepared an interim report for the half year ended 31 December 2015, for the Vanguard Wholesale Funds. The ETFs above are classes of units in the relevant funds. Units in the ETF class are those that are traded on the Australian Securities Exchange (ASX).

The interim report provides financial information for each fund and where indicated, provides specific information for the ETF class.

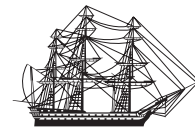
## Further Information

If you have any queries on Vanguard ETFs, please visit [vanguard.com.au/etf](http://vanguard.com.au/etf)

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**Vanguard®**

**Interim report for the half year ended 31 December 2015**

## Vanguard® Wholesale Funds

Exchange Traded Funds

ASX Codes: VAF, VIF, VAP, VAS, VGS, VLC, VSO, VHY, VGE, VGB, VGAD, VCF, VEQ, VAE

## Vanguard ETFs covered in this half year report

Vanguard Australian Fixed Interest Index Fund	ARSN 090 939 941	ABN 52 931 145 473
Vanguard International Fixed Interest Index Fund (Hedged)	ARSN 090 940 337	ABN 59 108 266 812
Vanguard Australian Property Securities Index Fund	ARSN 090 939 549	ABN 27 186 332 271
Vanguard Australian Shares Index Fund	ARSN 090 939 718	ABN 65 759 271 740
Vanguard International Shares Index Fund	ARSN 090 939 610	ABN 56 291 101 711
Vanguard Australian Large Companies Index Fund	ARSN 147 936 105	ABN 17 468 108 459
Vanguard Australian Small Companies Index Fund	ARSN 147 936 570	ABN 73 969 263 897
Vanguard Australian Shares High Yield Fund	ARSN 091 751 807	ABN 61 324 061 551
Vanguard Global Emerging Markets Shares Fund	ARSN 147 937 906	ABN 91 542 729 566
Vanguard Australian Government Bond Index Fund	ARSN 134 177 807	ABN 23 499 844 319
Vanguard Global Shares Index Fund (Hedged)	ARSN 165 786 989	ABN 92 314 430 239
Vanguard International Credit Securities Index Fund (Hedged)	ARSN 095 366 055	ABN 15 118 646 737
Vanguard Asia ex Japan Shares Index Fund	ARSN 606 451 110	ABN 50 411 576 623
Vanguard Europe Shares Index Fund	ARSN 606 480 086	ABN 30 252 933 265

## Responsible Entity

Vanguard Investments Australia Ltd  
ABN 72 072 881 086  
AFSL 227263

Level 34  
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Southbank Vic 3006

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# Contents

Directors' Report	2
Auditor's Independence Declaration	6
Statement of comprehensive income	7
Balance sheet	11
Statement of changes in equity	15
Statement of cash flows	17
Notes to the financial statements	21
Directors' Declaration	43
Independent Auditor's Report	44

## Directors' Report

The directors of Vanguard Investments Australia Ltd, the Responsible Entity of the Vanguard Wholesale Funds, present their report together with the financial report of the following Vanguard Wholesale Funds ('the Funds') for the half year ended 31 December 2015.

- Vanguard Australian Fixed Interest Index Fund
- Vanguard International Fixed Interest Index Fund (Hedged)
- Vanguard Australian Property Securities Index Fund
- Vanguard Australian Shares Index Fund
- Vanguard International Shares Index Fund
- Vanguard Australian Large Companies Index Fund
- Vanguard Australian Small Companies Index Fund
- Vanguard Australian Shares High Yield Fund
- Vanguard Global Emerging Markets Shares Index Fund
- Vanguard Australian Government Bond Index Fund
- Vanguard Global Shares Index Fund (Hedged)
- Vanguard International Credit Securities Index Fund (Hedged)
- Vanguard Asia ex Japan Shares Index Fund
- Vanguard Europe Shares Index Fund

## Principal activities

The Funds invest in accordance with the investment policy of the Funds as set out in the current Product Disclosure Statements (PDS) and in accordance with the Constitutions of the Funds. The Funds seek to track the returns of the Funds' respective indices, before taking into account Fund fees and expenses.

The Funds did not have any employees during the half year.

There were no significant changes in the nature of the activities of the Funds during the half year.

## Directors

The following persons held office as directors of Vanguard Investments Australia Ltd during the half year and up to the date of this report :

J M Norris

G W Reed

C R Comegys

C Lui

C Kelton (Appointed 1 July 2015)

## Directors' Report (continued)

### Review and results of operations

During the year, the investment policy of the Funds continued to be that detailed in the current PDS and in accordance with the provisions of the Constitutions of the Funds. There have been no changes to the operations of the Funds since the last reporting period.

#### Results

The results of the operations of the Funds were as follows:

	Vanguard Australian Fixed Interest Index Fund		Vanguard International Fixed Interest Index Fund (Hedged)		Vanguard Australian Property Securities Index Fund	
For the half year ended 31 December	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating profit/(loss) before finance costs attributable to unitholders	82,432	185,862	82,977	145,461	293,908	410,469
<b>Distributions</b>						
Distribution paid and payable	94,495	85,934	-	-	104,398	63,497
Distribution (cents per unit)	*	*	-	-	**	**

\* The distribution for Vanguard Australian Fixed Interest Index Fund was 2.2975 (2014: 2.4643) cents per unit for the Ordinary Class Units and 102.4531 (2014: 101.4867) cents per unit for the ETF Class Units.

\*\* The distribution for Vanguard Australian Property Securities Fund was 2.1382 (2014: 1.4341) cents per unit for the Ordinary Class Units and 176.1391 (2014: 118.4559) cents per unit for the ETF Class Units.

	Vanguard Australian Shares Index Fund		Vanguard International Shares Index Fund		Vanguard Australian Large Companies Index Fund	
For the half year ended 31 December	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating profit/(loss) before finance costs attributable to unitholders	(39,712)	191,685	386,568	1,786,533	(1,697)	680
<b>Distributions</b>						
Distribution paid and payable	288,169	222,984	123,485	113,254	1,556	926
Distribution (cents per unit)	***	***	****	****	170.1662	152.4574

\*\*\* The distribution for Vanguard Australian Shares Index Fund was 5.4317 (2014: 4.9657) cents per unit for the Ordinary Class Units and 189.6436 (2014: 173.3748) cents per unit for the ETF Class Units.

\*\*\*\* The distribution for Vanguard International Shares Index Fund was 1.8125 (2014: 1.4153) cents per unit for the Ordinary and R Class Units, 56.5379 (2014: 31.2752) cents per unit for the ETF Class A Class Units, and 56.8234 (2014: 31.2424) cents per unit for the ETF Class B Units.

## Directors' Report (continued)

### Review and results of operations

#### Operating profit/(loss) before finance costs attributable to unitholders (continued)

	Vanguard Australian Small Companies Index Fund		Vanguard Australian Shares High Yield Fund		Vanguard Global Emerging Markets Shares Fund	
For the half year ended 31 December	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating profit/(loss) before finance costs attributable to unitholders	2,645	(924)	(87,392)	13,939	(6,918)	1,198
<b>Distributions</b>						
Distribution paid and payable	1,284	718	49,256	38,219	628	257
Distribution (cents per unit)	89.9039	71.4082	*****	*****	75.2101	64.4398

\*\*\*\*\* The distribution for Vanguard Australian Shares High Yield Fund was 4.9226 (2014: 4.6800) cents per unit for the Ordinary Class Units and 197.3470 (2014: 183.2371) cents per unit for the ETF Class Units.

	Vanguard Australian Government Bond Index Fund		Vanguard Global Shares Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)	
For the half year ended 31 December	2015	2014	2015	2014*	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating profit/(loss) before finance costs attributable to unitholders	4,829	6,626	(31)	73	20,550	42,287
<b>Distributions</b>						
Distribution paid and payable	3,351	1,759	-	-	-	-
Distribution (cents per unit)	*****	*****	-	-	-	-

\*\*\*\*\* The distribution for Vanguard Australian Government Bond Index Fund was 1.2110 (2014: 1.6358) cents per unit for the Ordinary Class Units and 60.4240 (2014: 68.7963) cents per unit for the ETF Class Units.

	Vanguard Asia ex Japan Shares Index Fund		Vanguard Europe Shares Index Fund	
For the half year ended 31 December	2015**	2014	2015**	2014
	\$'000	\$'000	\$'000	\$'000
Operating profit/(loss) before finance costs attributable to unitholders	215	n/a	(35)	n/a
<b>Distributions</b>				
Distribution paid and payable	-	n/a	13	n/a
Distribution (cents per unit)	-	-	16.6076	n/a

\*\*Vanguard Asia ex Japan Shares Index Fund and Vanguard Europe Shares Index Fund commenced operations on 9 December 2015.

## **Directors' Report (continued)**

### **Review and results of operations (continued)**

#### **Rounding of amounts to the nearest thousand dollars**

The Funds are registered schemes of the kind referred to in Class Order 98/0100 (as amended), issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report and financial report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

#### **Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

This report is made in accordance with a resolution of the directors.



Colin Kelton  
Managing Director  
Melbourne  
8 March 2016





## Auditor's Independence Declaration

As lead auditor for the review of the Vanguard Wholesale Funds (Exchange Traded Funds) for the half-year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of the following Funds during the period:

- Vanguard Australian Fixed Interest Index Fund
- Vanguard International Fixed Interest Index Fund (Hedged)
- Vanguard Australian Property Securities Index Fund
- Vanguard Australian Shares Index Fund
- Vanguard International Shares Index Fund
- Vanguard Australian Large Companies Index Fund
- Vanguard Australian Small Companies Index Fund
- Vanguard Australian Shares High Yield Fund
- Vanguard Global Emerging Markets Shares Fund
- Vanguard Australian Government Bond Index Fund
- Vanguard Global Shares Index Fund (Hedged)
- Vanguard International Credit Securities Index Fund (Hedged)
- Vanguard Asia ex Japan Shares Index Fund
- Vanguard Europe Shares Index Fund

A handwritten signature in black ink, appearing to read 'JF Power'.

JF Power  
Partner  
PricewaterhouseCoopers

Melbourne  
8 March 2016

# STATEMENT OF COMPREHENSIVE INCOME

For the half year ended 31 December 2015

	Vanguard Australian Fixed Interest Index Fund		Vanguard International Fixed Interest Index Fund (Hedged)		Vanguard Australian Property Securities Index Fund		Vanguard Australian Shares Index Fund	
	2015	2014	2015	2014	2015	2014	2015	2014
Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Investment income</b>								
Interest income from financial instruments not held at fair value through profit or loss	-	-	-	-	-	10	912	815
Dividend income	-	-	-	-	-	-	217,122	180,233
Distribution income	-	-	-	-	110,091	63,753	29,427	19,676
Net gains/(losses) on financial instruments held at fair value through profit or loss	87,898	190,509	86,863	148,976	189,287	351,556	(277,973)	(1,003)
Other operating income	111	53	2	3	9	7	110	60
<b>Total net investment income/(loss)</b>	<b>88,009</b>	<b>190,562</b>	<b>86,865</b>	<b>148,979</b>	<b>299,387</b>	<b>415,326</b>	<b>(30,402)</b>	<b>199,781</b>
<b>Expenses</b>								
Responsible Entity's fees	5,577	4,699	3,888	3,515	5,252	4,263	9,081	7,928
Transaction costs	-	-	-	-	53	35	211	168
Other operating expenses	-	1	-	3	174	559	18	-
<b>Total operating expenses</b>	<b>5,577</b>	<b>4,700</b>	<b>3,888</b>	<b>3,518</b>	<b>5,479</b>	<b>4,857</b>	<b>9,310</b>	<b>8,096</b>
<b>Operating profit/(loss) for the half year</b>	<b>82,432</b>	<b>185,862</b>	<b>82,977</b>	<b>145,461</b>	<b>293,908</b>	<b>410,469</b>	<b>(39,712)</b>	<b>191,685</b>
<b>Finance costs attributable to unitholders</b>								
Distributions to unitholders	5	(94,495)	(85,934)	-	(104,398)	(63,497)	(288,169)	(222,984)
(Increase)/decrease in net assets attributable to unitholders	4	12,063	(99,928)	(82,977)	(145,461)	(189,510)	(346,972)	327,881
<b>Profit/(loss) for the half year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other comprehensive income for the half year	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the half year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

## STATEMENT OF COMPREHENSIVE INCOME (continued)

For the half year ended 31 December 2015

For the half year ended 31 December 2015									
		Vanguard International Shares Index Fund		Vanguard Australian Large Companies Index Fund		Vanguard Australian Small Companies Index Fund		Vanguard Australian Shares High Yield Fund	
		2015	2014	2015	2014	2015	2014	2015	2014
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Investment income									
Interest income from financial instruments not held at fair value through profit or loss		183	344	-	-	1	-	93	71
Dividend income		119,601	118,898	1,221	748	1,221	736	40,063	31,529
Distribution income		5,439	4,510	99	25	222	204	2,864	4,506
Net gains/(losses) on financial instruments held at fair value through profit or loss		272,308	1,674,387	(2,963)	(57)	1,316	(1,787)	(127,803)	(19,686)
Other operating income		3,303	369	2	2	9	6	23	25
Total net investment income/(loss)		400,834	1,798,508	(1,641)	718	2,769	(841)	(84,760)	16,445
Expenses									
Responsible Entity's fees		12,613	11,802	53	35	124	78	2,516	2,399
Transaction costs		49	61	-	-	-	1	116	106
Other operating expenses		1,604	112	3	3	-	4	-	1
Total operating expenses		14,266	11,975	56	38	124	83	2,632	2,506
Operating profit/(loss) for the half year		386,568	1,786,533	(1,697)	680	2,645	(924)	(87,392)	13,939
Finance costs attributable to unitholders									
Distributions to unitholders	5	(123,485)	(113,254)	(1,556)	(926)	(1,284)	(718)	(49,256)	(38,219)
(Increase)/decrease in net assets attributable to unitholders	4	(263,083)	(1,673,279)	3,253	246	(1,361)	1,642	136,648	24,280
Profit/(loss) for the half year		-	-	-	-	-	-	-	-
Other comprehensive income for the half year		-	-	-	-	-	-	-	-
Total comprehensive income for the half year		-	-	-	-	-	-	-	-

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

## STATEMENT OF COMPREHENSIVE INCOME (continued)

For the half year ended 31 December 2015

		Vanguard Global Emerging Markets Shares Fund		Vanguard Australian Government Bond Index Fund		Vanguard Global Shares Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)	
		2015	2014	2015	2014	2015	2014	2015	2014
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Investment income</b>									
Interest income from financial instruments not held at fair value through profit or loss		1	1	-	-	11	1	-	-
Dividend income		-	-	-	-	-	-	-	-
Distribution income		627	269	-	-	500	88	-	-
Net gains/(losses) on financial instruments held at fair value through profit or loss		(7,474)	948	5,181	6,763	(569)	(15)	23,109	44,339
Other operating income		5	15	16	9	48	-	29	1
<b>Total net investment income/(loss)</b>		<b>(6,841)</b>	<b>1,233</b>	<b>5,197</b>	<b>6,772</b>	<b>(10)</b>	<b>74</b>	<b>23,138</b>	<b>44,340</b>
<b>Expenses</b>									
Responsible Entity's fees		76	31	368	146	21	1	2,588	2,053
Transaction costs		1	4	-	-	-	-	-	-
Other operating expenses		-	-	-	-	-	-	-	-
<b>Total operating expenses</b>		<b>77</b>	<b>35</b>	<b>368</b>	<b>146</b>	<b>21</b>	<b>1</b>	<b>2,588</b>	<b>2,053</b>
<b>Operating profit/(loss) for the half year</b>		<b>(6,918)</b>	<b>1,198</b>	<b>4,829</b>	<b>6,626</b>	<b>(31)</b>	<b>73</b>	<b>20,550</b>	<b>42,287</b>
<b>Finance costs attributable to unitholders</b>									
Distributions to unitholders	5	(628)	(257)	(3,351)	(1,759)	-	-	-	-
(Increase)/decrease in net assets attributable to unitholders	4	7,546	(941)	(1,478)	(4,867)	31	(73)	(20,550)	(42,287)
<b>Profit/(loss) for the half year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other comprehensive income for the half year		-	-	-	-	-	-	-	-
<b>Total comprehensive income for the half year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

## STATEMENT OF COMPREHENSIVE INCOME (continued)

For the half year ended 31 December 2015

		Vanguard Asia ex Japan Shares Index Fund**		Vanguard Europe Shares Index Fund**	
		2015	2014	2015	2014
	Notes	\$'000	\$'000	\$'000	\$'000
<b>Investment income</b>					
Interest income from financial instruments not held at fair value through profit or loss		-	-	-	-
Dividend income		62	-	-	-
Distribution income		-	-	10	-
Net gains/(losses) on financial instruments held at fair value through profit or loss		95	-	(47)	-
Other operating income		69	-	3	-
<b>Total net investment income/(loss)</b>		<b>226</b>	<b>-</b>	<b>(34)</b>	<b>-</b>
<b>Expenses</b>					
Responsible Entity's fees		6	-	1	-
Transaction costs		5	-	-	-
Other operating expenses		-	-	-	-
<b>Total operating expenses</b>		<b>11</b>	<b>-</b>	<b>1</b>	<b>-</b>
<b>Operating profit/(loss) for the half year</b>		<b>215</b>	<b>-</b>	<b>(35)</b>	<b>-</b>
<b>Finance costs attributable to unitholders</b>					
Distributions to unitholders	5	-	-	(13)	-
(Increase)/decrease in net assets attributable to unitholders	4	(215)	-	48	-
<b>Profit/(loss) for the half year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other comprehensive income for the half year		-	-	-	-
<b>Total comprehensive income for the half year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\*\*Vanguard Asia ex Japan Shares Index Fund and Vanguard Europe Shares Index Fund commenced operations on 9 December 2015.

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

# BALANCE SHEET

As at 31 December 2015

	Vanguard Australian Fixed Interest Index Fund		Vanguard International Fixed Interest Index Fund (Hedged)		Vanguard Australian Property Securities Index Fund		Vanguard Australian Shares Index Fund	
	31 Dec 2015	30 Jun 2015	31 Dec 2015	30 Jun 2015	31 Dec 2015	30 Jun 2015	31 Dec 2015	30 Jun 2015
<i>Notes</i>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>								
Cash & cash equivalents	20,631	20,686	6,970	20,494	(9,223)	5,158	83,190	89,004
Collateral margin deposit	-	-	6,070	24,370	-	-	-	-
Futures margin deposit	54	54	1,193	417	2,061	3,956	7,735	12,370
Receivables	419	444	393	460	71,673	66,784	22,069	80,495
Due from brokers - receivable for securities sold	15,795	13,888	30,971	50,245	-	-	-	-
Financial assets held at fair value through profit or loss	4,726,616	4,461,163	3,141,091	2,828,595	4,412,621	4,063,538	10,285,123	9,734,461
Other assets	2,458	3,051	-	1,669	667	1,302	4,583	23,899
<b>Total assets</b>	<b>4,765,973</b>	<b>4,499,286</b>	<b>3,186,688</b>	<b>2,926,250</b>	<b>4,477,799</b>	<b>4,140,738</b>	<b>10,402,700</b>	<b>9,940,229</b>
<b>Liabilities</b>								
Collateral margins	-	-	-	-	-	-	-	-
Payables	953	871	695	598	944	859	1,509	1,454
Distribution payable	5	45,986	42,419	-	52,106	70,540	72,422	145,140
Due to brokers - payables for securities purchased	14,097	17,786	51,074	12,399	-	3,571	3,666	11,715
Financial liabilities held at fair value through profit or loss	8	-	39,763	57,743	334	357	-	2,748
Other liabilities	422	1,633	-	531	692	2,967	1,433	991
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	<b>61,466</b>	<b>62,709</b>	<b>91,532</b>	<b>123,377</b>	<b>72,510</b>	<b>80,176</b>	<b>151,748</b>	<b>94,049</b>
<b>Net assets attributable to unitholders (liability)</b>	<b>4</b>	<b>4,704,507</b>	<b>4,436,577</b>	<b>3,095,156</b>	<b>2,802,873</b>	<b>4,405,289</b>	<b>10,250,952</b>	<b>9,846,180</b>

The above balance sheet should be read in conjunction with the accompanying notes.

## BALANCE SHEET (continued)

As at 31 December 2015

	Vanguard International Shares Index Fund		Vanguard Australian Large Companies Index Fund		Vanguard Australian Small Companies Index Fund		Vanguard Australian Shares High Yield Fund	
	31 Dec 2015	30 Jun 2015	31 Dec 2015	30 Jun 2015	31 Dec 2015	30 Jun 2015	31 Dec 2015	30 Jun 2015
<i>Notes</i>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>								
Cash & cash equivalents	191,975	50,050	67	(215)	279	134	12,943	11,416
Collateral margin deposit	-	-	-	-	-	-	-	-
Futures margin deposit	16,703	3,968	-	-	59	18	1,101	2,313
Receivables	26,299	32,628	59	386	165	335	2,131	14,717
Due from brokers - receivable for securities sold	2	121,539	746	252	3,564	562	33,152	70,660
Financial assets held at fair value through profit or loss	12,514,451	15,177,294	53,788	42,917	61,852	75,006	1,498,096	1,455,898
Other assets	47,102	3,583	-	-	-	-	883	7,564
<b>Total assets</b>	<b>12,796,532</b>	<b>15,389,062</b>	<b>54,660</b>	<b>43,340</b>	<b>65,919</b>	<b>76,055</b>	<b>1,548,306</b>	<b>1,562,568</b>
<b>Liabilities</b>								
Collateral margins	-	-	-	-	-	-	-	-
Payables	1,946	2,307	9	8	27	18	420	435
Distribution payable	5	58,595	520,576	771	331	1,284	856	20,808
Due to brokers - payables for securities purchased	-	117	-	-	-	-	28,114	45,860
Financial liabilities held at fair value through profit or loss	186	668	-	-	-	-	-	-
Other liabilities	1,860	63,086	-	-	2,662	-	15	638
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	<b>62,587</b>	<b>586,754</b>	<b>780</b>	<b>339</b>	<b>3,973</b>	<b>874</b>	<b>49,357</b>	<b>114,254</b>
<b>Net assets attributable to unitholders (liability)</b>	<b>4</b>	<b>12,733,945</b>	<b>14,802,308</b>	<b>53,880</b>	<b>43,001</b>	<b>61,946</b>	<b>1,498,949</b>	<b>1,448,314</b>

The above balance sheet should be read in conjunction with the accompanying notes.

## BALANCE SHEET (continued)

As at 31 December 2015

	Vanguard Global Emerging Markets Shares Fund		Vanguard Australian Government Bond Index Fund		Vanguard Global Shares Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)	
	31 Dec 2015	30 Jun 2015	31 Dec 2015	30 Jun 2015	31 Dec 2015	30 Jun 2015	31 Dec 2015	30 Jun 2015
<i>Notes</i>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>								
Cash & cash equivalents	123	1,306	206	1,591	2,690	533	27,590	16,441
Collateral margin deposit	-	-	-	-	-	-	-	-
Futures margin deposit	-	-	22	41	252	50	449	469
Receivables	4	400	15	13	4	363	268	294
Due from brokers - receivable for securities sold	134	282	1,580	799	-	-	4,553	2,457
Financial assets held at fair value through profit or loss	45,706	43,400	296,785	241,580	58,459	23,513	1,499,733	1,485,227
Other assets	-	-	-	20	-	-	157	164
<b>Total assets</b>	<b>45,967</b>	<b>45,388</b>	<b>298,608</b>	<b>244,044</b>	<b>61,405</b>	<b>24,459</b>	<b>1,532,750</b>	<b>1,505,052</b>
<b>Liabilities</b>								
Collateral margins	-	-	-	-	-	-	-	-
Payables	17	11	67	52	2	1	424	409
Distribution payable	5	317	1,815	1,679	-	-	-	-
Due to brokers - payables for securities purchased	-	1,550	-	116	-	-	23,372	4,298
Financial liabilities held at fair value through profit or loss	-	5	1	-	353	143	12,445	10,347
Other liabilities	-	-	3	604	-	-	16	289
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	<b>170</b>	<b>1,883</b>	<b>1,886</b>	<b>2,451</b>	<b>355</b>	<b>144</b>	<b>36,257</b>	<b>15,343</b>
<b>Net assets attributable to unitholders (liability)</b>	<b>4</b>	<b>43,505</b>	<b>296,722</b>	<b>241,593</b>	<b>61,050</b>	<b>24,315</b>	<b>1,496,493</b>	<b>1,489,709</b>

The above balance sheet should be read in conjunction with the accompanying notes.



## BALANCE SHEET (continued)

As at 31 December 2015

	Vanguard Asia ex Japan Shares Index Fund**		Vanguard Europe Shares Index Fund**	
	31 Dec 2015	30 Jun 2015	31 Dec 2015	30 Jun 2015
Notes	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>				
Cash & cash equivalents	273	-	8	-
Collateral margin deposit	-	-	-	-
Futures margin deposit	32	-	-	-
Receivables	59	-	988	-
Due from brokers - receivable for securities sold	-	-	10	-
Financial assets held at fair value through profit or loss	22,892	-	3,922	-
Other assets	-	-	-	-
<b>Total assets</b>	<b>23,256</b>	<b>-</b>	<b>4,928</b>	<b>-</b>
<b>Liabilities</b>				
Collateral margins	-	-	-	-
Payables	7	-	1	-
Distribution payable 5	-	-	13	-
Due to brokers - payables for securities purchased	31	-	974	-
Financial liabilities held at fair value through profit or loss	3	-	-	-
Other liabilities	-	-	-	-
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	<b>41</b>	<b>-</b>	<b>988</b>	<b>-</b>
<b>Net assets attributable to unitholders (liability)</b>	<b>23,215</b>	<b>-</b>	<b>3,940</b>	<b>-</b>

\*\*Vanguard Asia ex Japan Shares Index Fund and Vanguard Europe Shares Index Fund commenced operations on 9 December 2015.

The above balance sheet should be read in conjunction with the accompanying notes.

## STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2015

	Vanguard Australian Fixed Interest Index Fund		Vanguard International Fixed Interest Index Fund (Hedged)		Vanguard Australian Property Securities Index Fund		Vanguard Australian Shares Index Fund	
	2015	2014	2015	2014	2015	2014	2015	2014
Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total equity at the beginning of the half year	-	-	-	-	-	-	-	-
Profit/(loss) for the half year	-	-	-	-	-	-	-	-
Other comprehensive income for the half year	-	-	-	-	-	-	-	-
Total comprehensive income for the half year	-	-	-	-	-	-	-	-
Transactions with owners in their capacity as owners	-	-	-	-	-	-	-	-
Total equity at the end of the half year	-	-	-	-	-	-	-	-

	Vanguard International Shares Index Fund		Vanguard Australian Large Companies Index Fund		Vanguard Australian Small Companies Index Fund		Vanguard Australian Shares High Yield Fund	
	2015	2014	2015	2014	2015	2014	2015	2014
Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total equity at the beginning of the half year	-	-	-	-	-	-	-	-
Profit/(loss) for the half year	-	-	-	-	-	-	-	-
Other comprehensive income for the half year	-	-	-	-	-	-	-	-
Total comprehensive income for the half year	-	-	-	-	-	-	-	-
Transactions with owners in their capacity as owners	-	-	-	-	-	-	-	-
Total equity at the end of the half year	-	-	-	-	-	-	-	-

The above statement of changes in equity should be read in conjunction with the accompanying notes.

## STATEMENT OF CHANGES IN EQUITY (continued)

For the half year ended 31 December 2015

	Vanguard Global Emerging Markets Shares Fund		Vanguard Australian Government Bond Index Fund		Vanguard Global Shares Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)	
	2015	2014	2015	2014	2015	2014	2015	2014
Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total equity at the beginning of the half year	-	-	-	-	-	-	-	-
Profit/(loss) for the half year	-	-	-	-	-	-	-	-
Other comprehensive income for the half year	-	-	-	-	-	-	-	-
Total comprehensive income for the half year	-	-	-	-	-	-	-	-
Transactions with owners in their capacity as owners	-	-	-	-	-	-	-	-
Total equity at the end of the half year	-	-	-	-	-	-	-	-

	Vanguard Asia ex Japan Shares Index Fund		Vanguard Europe Shares Index Fund	
	2015**	2014	2015**	2014
Notes	\$'000	\$'000	\$'000	\$'000
Total equity at the beginning of the half year	-	-	-	-
Profit/(loss) for the half year	-	-	-	-
Other comprehensive income for the half year	-	-	-	-
Total comprehensive income for the half year	-	-	-	-
Transactions with owners in their capacity as owners	-	-	-	-
Total equity at the end of the half year	-	-	-	-

\*\*Vanguard Asia ex Japan Shares Index Fund and Vanguard Europe Shares Index Fund commenced operations on 9 December 2015.

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than equity. As a result, there was no equity at the start or end of the half year.

The above statement of changes in equity should be read in conjunction with the accompanying notes.

# STATEMENT OF CASH FLOWS

For the half year ended 31 December 2015

	Vanguard Australian Fixed Interest Index Fund		Vanguard International Fixed Interest Index Fund (Hedged)		Vanguard Australian Property Securities Index Fund		Vanguard Australian Shares Index Fund	
	2015	2014	2015	2014	2015	2014	2015	2014
Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>								
Proceeds from sale of financial instruments held at fair value through profit or loss	582,685	568,147	507,949	674,319	112,747	199,065	496,551	61,724
Purchases of financial instruments held at fair value through profit or loss	(765,829)	(577,912)	(678,687)	(568,259)	(274,244)	(287,081)	(1,331,340)	(828,375)
Transaction costs on purchases of financial instruments held at fair value through profit or loss	-	-	-	-	(52)	(35)	(211)	(129)
Dividends received	-	-	-	-	-	-	277,841	230,805
Interest received	-	-	-	-	-	10	860	815
Distributions received	-	-	-	-	105,206	91,863	27,173	23,152
Other income received	145	53	124	-	6	507	115	83
Responsible Entity's fees paid	(5,495)	(4,640)	(3,819)	(3,491)	(5,167)	(4,158)	(8,948)	(7,807)
Payment of other expenses	(9)	(5)	(27)	(291)	(175)	(566)	(96)	(179)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(188,503)</b>	<b>(14,357)</b>	<b>(174,460)</b>	<b>102,278</b>	<b>(61,679)</b>	<b>(395)</b>	<b>(538,055)</b>	<b>(519,911)</b>
<b>Cash flows from financing activities</b>								
Proceeds from applications by unitholders	714,956	438,751	349,517	257,666	449,311	335,660	1,393,420	1,052,727
Payments for redemptions by unitholders	(488,596)	(377,961)	(178,202)	(360,321)	(341,669)	(322,510)	(778,098)	(425,329)
Distributions paid from financing activities	(37,912)	(34,721)	(12,976)	-	(60,344)	(42,047)	(83,081)	(72,108)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>188,448</b>	<b>26,069</b>	<b>158,339</b>	<b>(102,655)</b>	<b>47,298</b>	<b>(28,897)</b>	<b>532,241</b>	<b>555,290</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(55)</b>	<b>11,712</b>	<b>(16,121)</b>	<b>(377)</b>	<b>(14,381)</b>	<b>(29,292)</b>	<b>(5,814)</b>	<b>35,379</b>
Cash and cash equivalents at the beginning of the half year	20,686	7,540	20,494	8,677	5,158	32,287	89,004	59,703
Effects of foreign currency exchange rate changes on cash and cash equivalents	-	-	2,597	594	-	-	-	-
<b>Cash and cash equivalents at the end of the half year</b>	<b>20,631</b>	<b>19,252</b>	<b>6,970</b>	<b>8,894</b>	<b>(9,223)</b>	<b>2,995</b>	<b>83,190</b>	<b>95,082</b>

Non-cash financing activities

The above statement of cashflows should be read in conjunction with the accompanying notes.

## STATEMENT OF CASH FLOWS (continued)

For the half year ended 31 December 2015

	Vanguard International Shares Index Fund		Vanguard Australian Large Companies Index Fund		Vanguard Australian Small Companies Index Fund		Vanguard Australian Shares High Yield Fund	
	2015	2014	2015	2014	2015	2014	2015	2014
Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>								
Proceeds from sale of financial instruments held at fair value through profit or loss	3,898,981	591,884	2,281	1,088	28,673	6,492	424,896	371,494
Purchases of financial instruments held at fair value through profit or loss	(856,828)	(730,425)	(16,609)	(13,397)	(17,244)	(19,973)	(573,924)	(528,331)
Transaction costs on purchases of financial instruments held at fair value through profit or loss	(49)	(60)	-	-	-	(1)	(116)	(106)
Dividends received	122,289	109,162	1,564	961	1,297	751	51,999	39,965
Interest received	176	286	-	-	1	-	116	59
Distributions received	5,294	4,091	82	30	315	174	3,468	5,749
Other income received	3,355	317	2	2	8	6	45	13
Responsible Entity's fees paid	(12,974)	(11,479)	(51)	(33)	(125)	(76)	(2,513)	(2,360)
Payment of other expenses	(1,604)	(112)	(3)	(3)	-	(4)	(17)	(1)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>3,158,640</b>	<b>(36,336)</b>	<b>(12,734)</b>	<b>(11,352)</b>	<b>12,925</b>	<b>(12,631)</b>	<b>(96,046)</b>	<b>(113,518)</b>
<b>Cash flows from financing activities</b>								
Proceeds from applications by unitholders	1,564,995	1,435,536	14,133	12,232	7,773	13,344	272,811	269,027
Payments for redemptions by unitholders	(4,506,732)	(1,327,405)	-	-	(19,707)	(8,756)	(105,813)	(116,534)
Distributions paid from financing activities	(79,920)	(25,806)	(1,117)	(589)	(846)	(609)	(69,425)	(32,053)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>(3,021,657)</b>	<b>82,325</b>	<b>13,016</b>	<b>11,643</b>	<b>(12,780)</b>	<b>3,979</b>	<b>97,573</b>	<b>120,440</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>136,983</b>	<b>45,989</b>	<b>282</b>	<b>291</b>	<b>145</b>	<b>(8,652)</b>	<b>1,527</b>	<b>6,922</b>
Cash and cash equivalents at the beginning of the half year	50,050	101,696	(215)	(177)	134	45	11,416	3,871
Effects of foreign currency exchange rate changes on cash and cash equivalents	4,942	10,776	-	-	-	-	-	-
<b>Cash and cash equivalents at the end of the half year</b>	<b>191,975</b>	<b>158,461</b>	<b>67</b>	<b>114</b>	<b>279</b>	<b>(8,607)</b>	<b>12,943</b>	<b>10,793</b>

Non-cash financing activities

The above statement of cashflows should be read in conjunction with the accompanying notes.

## STATEMENT OF CASH FLOWS (continued)

For the half year ended 31 December 2015

	Vanguard Global Emerging Markets Shares Fund		Vanguard Australian Government Bond Index Fund		Vanguard Global Shares Index Fund (Hedged)		Vanguard International Credit Securities Index Fund (Hedged)	
	2015	2014	2015	2014	2015	2014	2015	2014
Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>								
Proceeds from sale of financial instruments held at fair value through profit or loss	802	282	32,324	15,809	1,609	372	420,507	171,616
Purchases of financial instruments held at fair value through profit or loss	(12,007)	(16,895)	(83,226)	(118,806)	(36,877)	(15,382)	(393,532)	(240,563)
Transaction costs on purchases of financial instruments held at fair value through profit or loss	(1)	(5)	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-
Interest received	1	1	-	-	8	-	-	-
Distributions received	1,025	269	-	-	633	88	-	-
Other income received	4	15	17	7	48	-	93	-
Responsible Entity's fees paid	(70)	(26)	(353)	(119)	(20)	-	(2,574)	(2,011)
Payment of other expenses	(1)	-	(2)	(1)	-	-	(39)	(27)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(10,247)</b>	<b>(16,359)</b>	<b>(51,240)</b>	<b>(103,110)</b>	<b>(34,599)</b>	<b>(14,922)</b>	<b>24,455</b>	<b>(70,985)</b>
<b>Cash flows from financing activities</b>								
Proceeds from applications by unitholders	9,838	18,794	72,762	120,422	36,766	15,027	147,715	146,737
Payments for redemptions by unitholders	-	-	(19,859)	(8,821)	-	-	(161,746)	(65,420)
Distributions paid from financing activities	(792)	(240)	(3,048)	(1,376)	-	-	-	(1,840)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>9,046</b>	<b>18,554</b>	<b>49,855</b>	<b>110,225</b>	<b>36,766</b>	<b>15,027</b>	<b>(14,031)</b>	<b>79,477</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1,201)</b>	<b>2,195</b>	<b>(1,385)</b>	<b>7,115</b>	<b>2,167</b>	<b>105</b>	<b>10,424</b>	<b>8,492</b>
Cash and cash equivalents at the beginning of the half year	1,306	23	1,591	95	533	-	16,441	15,056
Effects of foreign currency exchange rate changes on cash and cash equivalents	18	(1)	-	-	(10)	3	725	332
<b>Cash and cash equivalents at the end of the half year</b>	<b>123</b>	<b>2,217</b>	<b>206</b>	<b>7,210</b>	<b>2,690</b>	<b>108</b>	<b>27,590</b>	<b>23,880</b>

Non-cash financing activities

The above statement of cashflows should be read in conjunction with the accompanying notes.

## STATEMENT OF CASH FLOWS (continued)

For the half year ended 31 December 2015

	Vanguard Asia ex Japan Shares Index Fund**		Vanguard Europe Shares Index Fund**	
	2015	2014	2015	2014
Notes	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>				
Proceeds from sale of financial instruments held at fair value through profit or loss	27	-	-	-
Purchases of financial instruments held at fair value through profit or loss	(22,781)	-	(3,011)	-
Transaction costs on purchases of financial instruments held at fair value through profit or loss	(5)	-	-	-
Dividends received	3	-	-	-
Interest received	-	-	-	-
Distributions received	-	-	10	-
Other income received	69	-	3	-
Responsible Entity's fees paid	-	-	-	-
Payment of other expenses	-	-	-	-
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(22,687)</b>	<b>-</b>	<b>(2,998)</b>	<b>-</b>
<b>Cash flows from financing activities</b>				
Proceeds from applications by unitholders	23,000	-	3,000	-
Payments for redemptions by unitholders	-	-	-	-
Distributions paid from financing activities	-	-	-	-
<b>Net cash inflow/(outflow) from financing activities</b>	<b>23,000</b>	<b>-</b>	<b>3,000</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>313</b>	<b>-</b>	<b>2</b>	<b>-</b>
Cash and cash equivalents at the beginning of the half year	-	-	-	-
Effects of foreign currency exchange rate changes on cash and cash equivalents	(40)	-	6	-
<b>Cash and cash equivalents at the end of the half year</b>	<b>273</b>	<b>-</b>	<b>8</b>	<b>-</b>

Non-cash financing activities

\*\*Vanguard Asia ex Japan Shares Index Fund and Vanguard Europe Shares Index Fund commenced operations on 9 December 2015.

The above statement of cashflows should be read in conjunction with the accompanying notes.

# NOTES TO THE FINANCIAL STATEMENTS

**For the half year ended 31 December 2015**

## 1. General information

The Responsible Entity of the Vanguard Wholesale Funds is Vanguard Investments Australia Ltd (the 'Responsible Entity'). The Responsible Entity's registered office is Level 34, Freshwater Place, 2 Southbank Boulevard, Southbank VIC 3006.

The following Funds were constituted between 16 June 1998 and 17 December 2010 and will terminate between 15 June 2078 and 17 December 2098 unless terminated earlier in accordance with the provisions of the Constitutions of the Funds:

Vanguard Australian Fixed Interest Index Fund, Vanguard International Fixed Interest Index Fund (Hedged), Vanguard Australian Property Securities Index Fund, Vanguard Australian Shares Index Fund, Vanguard International Shares Index Fund, Vanguard Australian Large Companies Index Fund, Vanguard Australian Small Companies Index Fund, Vanguard Australian Shares High Yield Fund, Vanguard Global Emerging Markets Shares Fund and Vanguard Australian Government Bond Index Fund.

Vanguard Australian Large Companies Index Fund and Vanguard Australian Small Companies Index Fund were constituted on 17 December 2010 and will terminate on 17 December 2090 unless terminated earlier in accordance with the provisions of the Constitutions of the Funds. The Funds commenced trading on 23 May 2011.

Vanguard Global Emerging Markets Shares Fund was registered on 24 December 2010 and will terminate on 19 November 2093 unless terminated earlier in accordance with the provisions of the Constitution of the Fund. The Fund commenced operations on 21 November 2013.

Vanguard Global Shares Index Fund (Hedged) was constituted on 12 September 2013 and will terminate on 12 September 2093 unless terminated earlier in accordance with the provisions of the Constitution of the Fund. The Fund commenced operations on 18 November 2014.

Vanguard Asia ex Japan Shares Index Fund and Vanguard Europe Shares Index Fund were constituted on 28 May 2015 and will terminate in accordance with the provisions of the Constitution of the Funds. The Funds commenced operations on 9 December 2015. Accordingly, these financial statements reflect the period of activity from 9 December 2015 to 31 December 2015. The Funds operate as Exchange Traded Funds (ETF) listed on the Australian Stock Exchange.

## 2. Basis of preparation of interim report

These general purpose financial statements for the half year ended 31 December 2015 have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001* in Australia. The Funds are for-profit unit trusts for the purpose of preparing the financial statements.

This half year financial report does not include all the notes of the type normally included in a set of annual financial statements. Accordingly, these statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2015 and any public announcements made in respect of the Vanguard Wholesale Funds during the half year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding half year reporting period.

The financial statements were authorised for issue by the directors on 8 March 2016. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

On 9 October 2013, Vanguard International Fixed Interest Index Fund (Hedged) entered into collateral arrangements for forward foreign exchange contracts and repurchase agreements.

### *New accounting standards or amendments adopted by the Funds*

There are no new standards, interpretations or amendments to existing standards that are effective for the first time for the half year beginning 1 July 2015 that would be expected to have a material impact on the Funds.

### *Compliance with International Financial Reporting Standards*

The financial statements of the Funds also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 31 December 2015

### 3. Fair value measurement

The Funds measure and recognise the following assets and liabilities at fair value on a recurring basis:

- Financial assets / liabilities designated at fair value through profit or loss (FVTPL)
- Financial assets / liabilities held for trading
- Derivative financial instruments

The Funds had no assets or liabilities at fair value on a non-recurring basis in the current reporting period. The carrying amounts of the Funds assets and liabilities at the balance sheet date approximate their fair values.

Financial assets and liabilities held at fair value through profit and loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit and loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the statement of comprehensive income.

#### (a) Fair value hierarchy

The following tables analyse financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The determination of what constitutes 'observable' requires significant judgement by the Responsible Entity. The Responsible Entity considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

The following table presents the Funds' assets and liabilities measured and recognised at fair value as at 31 December 2015.

	Vanguard Australian Fixed Interest Index Fund				Vanguard International Fixed Interest Index Fund (Hedged)			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>31 December 2015</b>								
<b>Financial assets</b>								
Financial assets held for trading								
Derivatives	-	-	-	-	17	48,916	-	48,933
Financial assets designated at fair value through profit or loss:								
Equity securities	-	-	-	-	-	-	-	-
Debt securities	-	4,726,616	-	4,726,616	-	3,092,158	-	3,092,158
<b>Total</b>	-	4,726,616	-	4,726,616	17	3,141,074	-	3,141,091
<b>Financial liabilities</b>								
Financial liabilities held for trading								
Derivatives	8	-	-	8	100	39,663	-	39,763
<b>Total</b>	8	-	-	8	100	39,663	-	39,763
<b>30 June 2015</b>								
<b>Financial assets</b>								
Financial assets held for trading								
Derivatives	-	-	-	-	110	18,058	-	18,168
Financial assets designated at fair value through profit or loss:								
Equity securities	-	-	-	-	-	-	-	-
Debt securities	-	4,461,163	-	4,461,163	-	2,810,427	-	2,810,427
<b>Total</b>	-	4,461,163	-	4,461,163	110	2,828,485	-	2,828,595
<b>Financial liabilities</b>								
Financial liabilities held for trading								
Derivatives	-	-	-	-	5	57,738	-	57,743
<b>Total</b>	-	-	-	-	5	57,738	-	57,743

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 31 December 2015

### 3. Fair value measurement (continued)

#### (a) Fair value hierarchy (continued)

	Vanguard Australian Property Securities Index Fund				Vanguard Australian Shares Index Fund			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>31 December 2015</b>								
<b>Financial assets</b>								
Financial assets held for trading								
Derivatives	-	-	-	-	2,063	-	-	2,063
Financial assets designated at fair value through profit or loss:								
Equity securities	4,412,621	-	-	4,412,621	10,281,833	1,227	-	10,283,060
Debt securities	-	-	-	-	-	-	-	-
<b>Total</b>	<b>4,412,621</b>	<b>-</b>	<b>-</b>	<b>4,412,621</b>	<b>10,283,896</b>	<b>1,227</b>	<b>-</b>	<b>10,285,123</b>
<b>Financial liabilities</b>								
Financial liabilities held for trading								
Derivatives	334	-	-	334	-	-	-	-
<b>Total</b>	<b>334</b>	<b>-</b>	<b>-</b>	<b>334</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>30 June 2015</b>								
<b>Financial assets</b>								
Financial assets held for trading								
Derivatives	-	-	-	-	-	-	-	-
Financial assets designated at fair value through profit or loss:								
Equity securities	4,063,538	-	-	4,063,538	9,733,728	733	-	9,734,461
Debt securities	-	-	-	-	-	-	-	-
<b>Total</b>	<b>4,063,538</b>	<b>-</b>	<b>-</b>	<b>4,063,538</b>	<b>9,733,728</b>	<b>733</b>	<b>-</b>	<b>9,734,461</b>
<b>Financial liabilities</b>								
Financial liabilities held for trading								
Derivatives	357	-	-	357	2,748	-	-	2,748
<b>Total</b>	<b>357</b>	<b>-</b>	<b>-</b>	<b>357</b>	<b>2,748</b>	<b>-</b>	<b>-</b>	<b>2,748</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 31 December 2015

### 3. Fair value measurement (continued)

#### (a) Fair value hierarchy (continued)

	Vanguard International Shares Index Fund				Vanguard Australian Large Companies Index Fund			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>31 December 2015</b>								
<b>Financial assets</b>								
Financial assets held for trading								
Derivatives	2,402	27	-	2,429	-	-	-	-
Financial assets designated at fair value through profit or loss:								
Equity securities	12,506,514	5,508	-	12,512,022	53,788	-	-	53,788
Debt securities	-	-	-	-	-	-	-	-
<b>Total</b>	<b>12,508,916</b>	<b>5,535</b>	<b>-</b>	<b>12,514,451</b>	<b>53,788</b>	<b>-</b>	<b>-</b>	<b>53,788</b>
<b>Financial liabilities</b>								
Financial liabilities held for trading								
Derivatives	-	186	-	186	-	-	-	-
<b>Total</b>	<b>-</b>	<b>186</b>	<b>-</b>	<b>186</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>30 June 2015</b>								
<b>Financial assets</b>								
Financial assets held for trading								
Derivatives	-	5	-	5	-	-	-	-
Financial assets designated at fair value through profit or loss:								
Equity securities	15,175,981	1,308	-	15,177,289	42,917	-	-	42,917
Debt securities	-	-	-	-	-	-	-	-
<b>Total</b>	<b>15,175,981</b>	<b>1,313</b>	<b>-</b>	<b>15,177,294</b>	<b>42,917</b>	<b>-</b>	<b>-</b>	<b>42,917</b>
<b>Financial liabilities</b>								
Financial liabilities held for trading								
Derivatives	668	-	-	668	-	-	-	-
<b>Total</b>	<b>668</b>	<b>-</b>	<b>-</b>	<b>668</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 31 December 2015

### 3. Fair value measurement (continued)

#### (a) Fair value hierarchy (continued)

	Vanguard Australian Small Companies Index Fund				Vanguard Australian Shares High Yield Fund			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>31 December 2015</b>								
<b>Financial assets</b>								
Financial assets held for trading								
Derivatives	-	-	-	-	11	-	-	11
Financial assets designated at fair value through profit or loss:								
Equity securities	61,770	82	-	61,852	1,498,085	-	-	1,498,085
Debt securities	-	-	-	-	-	-	-	-
<b>Total</b>	<b>61,770</b>	<b>82</b>	<b>-</b>	<b>61,852</b>	<b>1,498,096</b>	<b>-</b>	<b>-</b>	<b>1,498,096</b>
<b>Financial liabilities</b>								
Financial liabilities held for trading								
Derivatives	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>30 June 2015</b>								
<b>Financial assets</b>								
Financial assets held for trading								
Derivatives	-	-	-	-	44	-	-	44
Financial assets designated at fair value through profit or loss:								
Equity securities	74,970	36	-	75,006	1,455,854	-	-	1,455,854
Debt securities	-	-	-	-	-	-	-	-
<b>Total</b>	<b>74,970</b>	<b>36</b>	<b>-</b>	<b>75,006</b>	<b>1,455,898</b>	<b>-</b>	<b>-</b>	<b>1,455,898</b>
<b>Financial liabilities</b>								
Financial liabilities held for trading								
Derivatives	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 31 December 2015

### 3. Fair value measurement (continued)

#### (a) Fair value hierarchy (continued)

	Vanguard Global Emerging Markets Shares Fund				Vanguard Australian Government Bond Index Fund			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>31 December 2015</b>								
<b>Financial assets</b>								
Financial assets held for trading								
Derivatives	-	-	-	-	-	-	-	-
Financial assets designated at fair value through profit or loss:								
Equity securities	45,706	-	-	45,706	-	-	-	-
Debt securities	-	-	-	-	-	296,785	-	296,785
<b>Total</b>	<b>45,706</b>	<b>-</b>	<b>-</b>	<b>45,706</b>	<b>-</b>	<b>296,785</b>	<b>-</b>	<b>296,785</b>
<b>Financial liabilities</b>								
Financial liabilities held for trading								
Derivatives	-	-	-	-	1	-	-	1
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>
<b>30 June 2015</b>								
<b>Financial assets</b>								
Financial assets held for trading								
Derivatives	-	-	-	-	-	-	-	-
Financial assets designated at fair value through profit or loss:								
Equity securities	43,400	-	-	43,400	-	-	-	-
Debt securities	-	-	-	-	-	241,580	-	241,580
<b>Total</b>	<b>43,400</b>	<b>-</b>	<b>-</b>	<b>43,400</b>	<b>-</b>	<b>241,580</b>	<b>-</b>	<b>241,580</b>
<b>Financial liabilities</b>								
Financial liabilities held for trading								
Derivatives	-	5	-	5	-	-	-	-
<b>Total</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 31 December 2015

### 3. Fair value measurement (continued)

#### (a) Fair value hierarchy (continued)

	Vanguard Global Shares Index Fund (Hedged)				Vanguard International Credit Securities Index Fund (Hedged)			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>31 December 2015</b>								
<b>Financial assets</b>								
Financial assets held for trading								
Derivatives	45	486	-	531	41	13,987	-	14,028
Financial assets designated at fair value through profit or loss:								
Equity securities	-	57,928	-	57,928	-	-	-	-
Debt securities	-	-	-	-	-	1,485,705	-	1,485,705
<b>Total</b>	<b>45</b>	<b>58,414</b>	<b>-</b>	<b>58,459</b>	<b>41</b>	<b>1,499,692</b>	<b>-</b>	<b>1,499,733</b>
<b>Financial liabilities</b>								
Financial liabilities held for trading								
Derivatives	5	348	-	353	58	12,387	-	12,445
<b>Total</b>	<b>5</b>	<b>348</b>	<b>-</b>	<b>353</b>	<b>58</b>	<b>12,387</b>	<b>-</b>	<b>12,445</b>
<b>30 June 2015</b>								
<b>Financial assets</b>								
Financial assets held for trading								
Derivatives	1	88	-	89	47	8,924	-	8,971
Financial assets designated at fair value through profit or loss:								
Equity securities	-	23,424	-	23,424	-	-	-	-
Debt securities	-	-	-	-	-	1,476,256	-	1,476,256
<b>Total</b>	<b>1</b>	<b>23,512</b>	<b>-</b>	<b>23,513</b>	<b>47</b>	<b>1,485,180</b>	<b>-</b>	<b>1,485,227</b>
<b>Financial liabilities</b>								
Financial liabilities held for trading								
Derivatives	3	140	-	143	46	10,301	-	10,347
<b>Total</b>	<b>3</b>	<b>140</b>	<b>-</b>	<b>143</b>	<b>46</b>	<b>10,301</b>	<b>-</b>	<b>10,347</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 31 December 2015

### 3. Fair value measurement (continued)

#### (a) Fair value hierarchy (continued)

	Vanguard Asia ex Japan Shares Index Fund**				Vanguard Europe Shares Index Fund**			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>31 December 2015</b>								
<b>Financial assets</b>								
Financial assets held for trading								
Derivatives	-	-	-	-	-	-	-	-
Financial assets designated at fair value through profit or loss:								
Equity securities	22,864	28	-	22,892	3,922	-	-	3,922
Debt securities	-	-	-	-	-	-	-	-
<b>Total</b>	<b>22,864</b>	<b>28</b>	<b>-</b>	<b>22,892</b>	<b>3,922</b>	<b>-</b>	<b>-</b>	<b>3,922</b>
<b>Financial liabilities</b>								
Financial liabilities held for trading								
Derivatives	3	-	-	3	-	-	-	-
<b>Total</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>30 June 2015</b>								
<b>Financial assets</b>								
Financial assets held for trading								
Derivatives	-	-	-	-	-	-	-	-
Financial assets designated at fair value through profit or loss:								
Equity securities	-	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>								
Financial liabilities held for trading								
Derivatives	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\*\*Vanguard Asia ex Japan Shares Index Fund and Vanguard Europe Shares Index Fund commenced operations on 9 December 2015.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 31 December 2015

### 3. Fair value measurement (continued)

#### (a) Fair value hierarchy (continued)

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities, certain unlisted unit trusts, exchange traded derivatives, US government treasury bills and certain non-US sovereign obligations.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include, investment-grade corporate bonds and certain non-US sovereign obligations, certain listed equities, certain unlisted unit trusts, and over-the-counter derivatives. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for the Funds' unlisted equity securities.

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments where available.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The Funds' policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

The following table presents the transfers between levels as at 31 December 2015:

	Vanguard Australian Shares Index Fund			Vanguard International Shares Index Fund		
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
31 December 2015						
Transfers between level 1 and 2:						
Equity securities	(1,185)	1,185	-	(4,489)	4,489	-

30 June 2015

Transfers between level 1 and 2:

Equity Securities	(685)	685	-	-	-	-
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	Vanguard Australian Small Companies Index Fund		
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
31 December 2015			

Transfers between level 1 and 2:

Debt securities	(80)	80	-
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30 June 2015

Transfers between level 1 and 2:

Equity Securities	(33)	33	-
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The equity securities transferred into level 2 relates to the frequency of quoted price valuations. There were no transfers into and out of level 3 during the reporting period.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 31 December 2015

### 4. Net assets attributable to unitholders

	Vanguard Australian Large Companies Index Fund		Vanguard Australian Small Companies Index Fund	
	31 Dec 2015 '000	31 Dec 2014 '000	31 Dec 2015 '000	31 Dec 2014 '000
<b>(a) Units on issue</b>				
Opening balance	705	424	1,767	905
Applications	240	199	180	300
Distributions reinvested	1	1	1	1
Redemptions	-	-	(520)	(200)
<b>Closing balance</b>	<b>946</b>	<b>624</b>	<b>1,428</b>	<b>1,006</b>
	31 Dec 2015 \$'000	31 Dec 2014 \$'000	31 Dec 2015 \$'000	31 Dec 2014 \$'000
<b>(b) Net assets attributable to unitholders</b>				
Opening balance	43,001	25,885	75,181	39,754
Applications	14,072	12,207	7,719	13,302
Distributions reinvested	60	25	54	42
Redemptions	-	-	(22,369)	(8,756)
Increase/(decrease) in net assets attributable to unitholders	(3,253)	(246)	1,361	(1,642)
<b>Closing balance</b>	<b>53,880</b>	<b>37,871</b>	<b>61,946</b>	<b>42,700</b>

	Vanguard Global Emerging Markets Shares Fund		Vanguard Global Shares Index Fund (Hedged)	
	31 Dec 2015 '000	31 Dec 2014 '000	31 Dec 2015 '000	31 Dec 2014 '000
<b>(a) Units on issue</b>				
Opening balance	730	170	460	-
Applications	180	349	710	300
Distributions reinvested	1	1	-	-
Redemptions	-	-	-	-
<b>Closing balance</b>	<b>911</b>	<b>520</b>	<b>1,170</b>	<b>300</b>
	31 Dec 2015 \$'000	31 Dec 2014 \$'000	31 Dec 2015 \$'000	31 Dec 2014 \$'000
<b>(b) Net assets attributable to unitholders</b>				
Opening balance	43,505	8,683	24,315	-
Applications	9,772	18,782	36,766	15,027
Distributions reinvested	66	12	-	-
Redemptions	-	-	-	-
Increase/(decrease) in net assets attributable to unitholders	(7,546)	941	(31)	73
<b>Closing balance</b>	<b>45,797</b>	<b>28,418</b>	<b>61,050</b>	<b>15,100</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 31 December 2015

### 4. Net assets attributable to unitholders (continued)

	Vanguard Asia ex Japan Shares Index Fund		Vanguard Europe Shares Index Fund	
	31 Dec 2015 '000	31 Dec 2014** '000	31 Dec 2015 '000	31 Dec 2014** '000
<b>(a) Units on issue</b>				
Opening balance	-	-	-	-
Applications	460	-	80	-
Distributions reinvested	-	-	-	-
Redemptions	-	-	-	-
<b>Closing balance</b>	<b>460</b>	<b>-</b>	<b>80</b>	<b>-</b>
	31 Dec 2015 \$'000	31 Dec 2014** \$'000	31 Dec 2015 \$'000	31 Dec 2014** \$'000
<b>(b) Net assets attributable to unitholders</b>				
Opening balance	-	-	-	-
Applications	23,000	-	3,988	-
Distributions reinvested	-	-	-	-
Redemptions	-	-	-	-
Increase/(decrease) in net assets attributable to unitholders	215	-	(48)	-
<b>Closing balance</b>	<b>23,215</b>	<b>-</b>	<b>3,940</b>	<b>-</b>

\*\*Vanguard Asia ex Japan Shares Index Fund and Vanguard Europe Shares Index Fund commenced operations on 9 December 2015.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 31 December 2015

### 4. Net assets attributable to unitholders (continued)

Vanguard Australian Fixed Interest Index Fund				
	31 Dec 2015		31 Dec 2014	
	Ordinary Units	ETF Class Units	Ordinary Units	ETF Class Units
	'000	'000	'000	'000
<b>(a) Units on issue</b>				
Opening balance	3,742,068	4,246	3,345,246	862
Applications	533,350	2,110	341,475	1,079
Distributions reinvested	46,625	6	46,619	2
Redemptions	(426,539)	-	(334,601)	-
Closing balance	3,895,504	6,362	3,398,739	1,943

	31 Dec 2015			31 Dec 2014		
	Ordinary Units	ETF Class Units	Total	Ordinary Units	ETF Class Units	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>(b) Net assets attributable to unitholders</b>						
Opening balance			4,436,577			3,771,317
Applications	609,438	104,608	714,046	385,142	52,925	438,067
Distributions reinvested	53,016	316	53,332	51,987	75	52,062
Redemptions	(487,385)	-	(487,385)	(376,160)	-	(376,160)
Increase/(decrease) in net assets attributable to unitholders			(12,063)			99,928
Closing balance			4,704,507			3,985,214

Vanguard International Fixed Interest Index Fund (Hedged)*				
	31 Dec 2015		31 Dec 2014	
	Ordinary Units	ETF Class Units	Ordinary Units	ETF Class Units
	'000	'000	'000	'000
<b>(a) Units on issue</b>				
Opening balance	2,352,758	-	2,323,490	-
Applications	284,256	40	218,507	-
Distributions reinvested	32,829	-	-	-
Redemptions	(146,274)	-	(305,233)	-
Closing balance	2,523,569	40	2,236,764	-

	31 Dec 2015			31 Dec 2014		
	Ordinary Units	ETF Class Units	Total	Ordinary Units	ETF Class Units	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>(b) Net assets attributable to unitholders</b>						
Opening balance			2,802,873			2,658,577
Applications	345,841	2,007	347,848	256,278	-	256,278
Distributions reinvested	39,128	-	39,128	-	-	-
Redemptions	(177,670)	-	(177,670)	(359,148)	-	(359,148)
Increase/(decrease) in net assets attributable to unitholders			82,977			145,461
Closing balance			3,095,156			2,701,168

\*The ETF Class of Vanguard International Fixed Interest Index Fund (Hedged) and Vanguard International Credit Securities Index Fund (Hedged) commenced operations on 9 December 2015

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 31 December 2015

### 4. Net assets attributable to unitholders (continued)

Vanguard Australian Property Securities Index Fund				
	31 Dec 2015		31 Dec 2014	
	Ordinary Units	ETF Class Units	Ordinary Units	ETF Class Units
	'000	'000	'000	'000
<b>(a) Units on issue</b>				
Opening balance	4,219,181	5,762	4,086,518	3,331
Applications	417,650	1,080	333,987	1,139
Distributions reinvested	53,028	11	45,253	5
Redemptions	(382,121)	-	(409,073)	-
Closing balance	4,307,738	6,853	4,056,685	4,475

	31 Dec 2015		Total	31 Dec 2014		Total
	Ordinary Units	ETF Class Units		Ordinary Units	ETF Class Units	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>(b) Net assets attributable to unitholders</b>						
Opening balance			4,060,562			3,277,895
Applications	369,125	78,765	447,890	264,767	74,599	339,366
Distributions reinvested	45,935	786	46,721	34,053	295	34,348
Redemptions	(339,394)	-	(339,394)	(322,477)	-	(322,477)
Increase/(decrease) in net assets attributable to unitholders			189,510			346,972
Closing balance			4,405,289			3,676,104

Vanguard Australian Shares Index Fund				
	31 Dec 2015		31 Dec 2014	
	Ordinary Units	ETF Class Units	Ordinary Units	ETF Class Units
	'000	'000	'000	'000
<b>(a) Units on issue</b>				
Opening balance	4,389,506	15,659	3,874,070	9,964
Applications	489,133	6,340	428,102	2,819
Distributions reinvested	72,409	54	63,650	41
Redemptions	(331,590)	(2,180)	(196,310)	(460)
Closing balance	4,619,458	19,873	4,169,512	12,364

	31 Dec 2015		Total	31 Dec 2014		Total
	Ordinary Units	ETF Class Units		Ordinary Units	ETF Class Units	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>(b) Net assets attributable to unitholders</b>						
Opening balance			9,846,180			8,334,390
Applications	950,759	419,726	1,370,485	851,989	196,363	1,048,352
Distributions reinvested	137,089	3,618	140,707	124,204	2,748	126,952
Redemptions	(634,270)	(144,269)	(778,539)	(393,159)	(32,138)	(425,297)
Increase/(decrease) in net assets attributable to unitholders			(327,881)			(31,299)
Closing balance			10,250,952			9,053,098

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 31 December 2015

## 4. Net assets attributable to unitholders (continued)

Vanguard Australian Shares High Yield Fund				
	31 Dec 2015		31 Dec 2014	
	Ordinary Units	ETF Class Units	Ordinary Units	ETF Class Units
	'000	'000	'000	'000
<b>(a) Units on issue</b>				
Opening balance	568,622	8,438	493,883	6,137
Applications	83,568	2,300	86,554	1,760
Distributions reinvested	16,868	50	5,623	20
Redemptions	(68,366)	-	(39,008)	(780)
Closing balance	600,692	10,788	547,052	7,137

	31 Dec 2015		Total	31 Dec 2014		Total
	Ordinary Units	ETF Class Units		Ordinary Units	ETF Class Units	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>(b) Net assets attributable to unitholders</b>						
Opening balance			1,448,314			1,248,142
Applications	127,635	135,487	263,122	150,050	115,276	265,326
Distributions reinvested	26,344	3,008	29,352	9,519	1,294	10,813
Redemptions	(105,191)	-	(105,191)	(67,022)	(49,361)	(116,383)
Increase/(decrease) in net assets attributable to unitholders			(136,648)			(24,280)
Closing balance			1,498,949			1,383,618

Vanguard Australian Government Bond Index Fund				
	31 Dec 2015		31 Dec 2014	
	Ordinary Units	ETF Class Units	Ordinary Units	ETF Class Units
	'000	'000	'000	'000
<b>(a) Units on issue</b>				
Opening balance	188,731	1,012	42,555	281
Applications	50,293	420	110,033	160
Distributions reinvested	161	1	86	1
Redemptions	(15,717)	(60)	(7,611)	-
Closing balance	223,468	1,373	145,063	442

	31 Dec 2015		Total	31 Dec 2014		Total
	Ordinary Units	ETF Class Units		Ordinary Units	ETF Class Units	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>(b) Net assets attributable to unitholders</b>						
Opening balance			241,593			55,558
Applications	52,147	20,530	72,677	110,862	7,633	118,495
Distributions reinvested	166	66	232	86	29	115
Redemptions	(16,295)	(2,963)	(19,258)	(7,865)	-	(7,865)
Increase/(decrease) in net assets attributable to unitholders			1,478			4,867
Closing balance			296,722			171,170

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 31 December 2015

### 4. Net assets attributable to unitholders (continued)

Vanguard International Credit Securities Index Fund (Hedged)*						
	31 Dec 2015			31 Dec 2014		
	Ordinary Units	ETF Class Units		Ordinary Units	ETF Class Units	
	'000	'000		'000	'000	
<b>(a) Units on issue</b>						
Opening balance	1,256,129	-		996,857	-	
Applications	122,066	20		126,187	-	
Distributions reinvested	-	-		20,068	-	
Redemptions	(134,550)	-		(56,343)	-	
Closing balance	1,243,645	20		1,086,769	-	
	31 Dec 2015			31 Dec 2014		
	Ordinary Units	ETF Class Units	Total	Ordinary Units	ETF Class Units	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>(b) Net assets attributable to unitholders</b>						
Opening balance			1,489,709			1,132,436
Applications	146,707	1,000	147,707	146,751		146,751
Distributions reinvested	-	-	-	22,842		22,842
Redemptions	(161,473)	-	(161,473)	(64,832)		(64,832)
Increase/(decrease) in net assets attributable to unitholders			20,550			42,287
Closing balance			1,496,493			1,279,484

\*The ETF Class of Vanguard International Fixed Interest Index Fund (Hedged) and Vanguard International Credit Securities Index Fund (Hedged) commenced operations on 9 December 2015

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 31 December 2015

### 4. Net assets attributable to unitholders (continued)

Vanguard International Shares Index Fund										
31 December 2015						31 December 2014				
	Ordinary Units '000	Class R Units '000	ETF Class Units '000	B Class Units '000		Ordinary Units '000	Class R Units '000	ETF A Class Units '000	ETF B Class Units '000	
<b>(a) Units on issue</b>										
Opening balance	7,827,194	84,192	1,300	415		7,827,509	71,770	-	-	
Applications	755,708	6,079	1,800	624		840,871	16,038	300	289	
Distributions reinvested	269,781	1,832	3	10		121,262	476	-	-	
Redemptions	(2,293,937)	(9,879)	-	(35)		(791,925)	(26,491)	-	(8)	
Closing balance	6,558,746	82,224	3,103	1,014		7,997,717	61,793	300	281	
31 December 2015						31 December 2014				
	Ordinary Units \$'000	Class R Units \$'000	ETF Class Units \$'000	B Class Units \$'000	Total \$'000	Ordinary Units \$'000	Class R Units \$'000	ETF A Class Units \$'000	ETF B Class Units \$'000	Total \$'000
<b>(b) Net assets attributable to unitholders</b>										
Opening balance					14,802,308					12,278,688
Applications	1,453,969	11,572	106,315	36,516	1,608,372	1,371,431	26,946	15,023	14,472	1,427,872
Distributions reinvested	501,548	3,406	143	591	505,688	190,763	748	-	-	191,511
Redemptions	(4,424,647)	(18,864)	-	(1,995)	(4,445,506)	(1,283,820)	(43,710)	-	(435)	(1,327,965)
Increase/(decrease) in net assets attributable to unitholders					263,083					1,673,279
Closing balance					12,733,945					14,243,385

Each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund.

The Vanguard Australian Shares Index Fund offers two classes of units, Ordinary Units and ETF Class Units. The ETF Class Units commenced on 4 May 2009 and are traded on the Australian Stock Exchange. Each unit has the same rights attaching to it as all other units of the relevant class.

The Vanguard Australian Property Securities Index Fund offers two classes of units, Ordinary Units and ETF Class Units. The ETF Class Units commenced on 11 October 2010 and are traded on the Australian Stock Exchange. Each unit has the same rights attaching to it as all other units of the relevant class.

The Vanguard Australian Shares High Yield Fund offers two classes of units, Ordinary Units and ETF Class Units. The ETF Class Units commenced on 26 May 2011 and are traded on the Australian Stock Exchange. Each unit has the same rights attaching to it as all other units of the relevant class.

The Vanguard Australian Fixed Interest Index Fund offers two classes of units, Ordinary Units and ETF Class Units. The ETF Class Units commenced on 31 October 2012 and are traded on the Australian Stock Exchange. Each unit has the same rights attaching to it as all other units of the relevant class.

The Vanguard Australian Government Bond Index Fund offers two classes of units, Ordinary Units and ETF Class Units. The ETF Class Units commenced on 30 April 2012 and are traded on the Australian Stock Exchange. Each unit has the same rights attaching to it as all other units of the relevant class.

The Vanguard International Shares Index Fund (VISIF) offers four classes of units, Ordinary Units, Class R Units, ETF Class Units and B Class Units. Until 21 December 2004, Class R Units were issued on the basis that all distributions were compulsorily reinvested in further Class R Units (unless the Responsible Entity elects to pay a cash distribution). This is no longer required due to changes in legislation. The ETF Class and B Class Units commenced on 18 November 2014 and are traded on the Australian Stock Exchange.



The Vanguard International Fixed Interest Index Fund (Hedged) offers two classes of units, Ordinary Units and ETF Class Units. The ETF Class Units commenced on 9 December 2015 and are traded on the Australian Stock Exchange. Each unit has the same rights attaching to it as all other units of the relevant class.

The Vanguard International Credit Securities Index Fund (Hedged) offers two classes of units, Ordinary Units and ETF Class Units. The ETF Class Units commenced on 9 December 2015 and are traded on the Australian Stock Exchange. Each unit has the same rights attaching to it as all other units of the relevant class.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 31 December 2015

### 5. Distributions to unitholders paid and payable

	Vanguard Australian Fixed Interest Index Fund (Ordinary Class Unit)				Vanguard Australian Fixed Interest Index Fund (ETF Class Unit)			
	2015		2014		2015		2014	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Interim distributions paid	45,825	1.1985	39,906	1.1601	2,684	52.8466	638	47.1159
Distributions payable - 31 December	42,812	1.0990	44,326	1.3042	3,174	49.6065	1,064	54.3708
<b>Total Distributions to unitholders</b>	<b>88,637</b>	<b>2.2975</b>	<b>84,232</b>	<b>2.4643</b>	<b>5,858</b>	<b>102.4531</b>	<b>1,702</b>	<b>101.4867</b>

	Vanguard International Fixed Interest (Hedged) (Ordinary Class Unit)				Vanguard International Fixed Interest (Hedged) (ETF Class Unit) (1)			
	2015		2014		2015		2014	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Interim distributions paid	-	-	-	-	-	-	-	-
Distributions payable - 31 December	-	-	-	-	-	-	-	-
<b>Total Distributions to unitholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(1) Vanguard International Fixed Interest (Hedged) (ETF Class) inception date was 9 December 2015.

	Vanguard Australian Property Securities Index Fund (Ordinary Class Unit)				Vanguard Australian Property Securities Index Fund (ETF Class Unit)			
	2015		2014		2015		2014	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Interim distributions paid	30,289	0.6915	4,785	0.1162	3,569	56.9144	361	9.7728
Distributions payable - 31 December	62,319	1.4467	53,465	1.3179	8,221	119.2247	4,886	108.6831
<b>Total Distributions to unit holders</b>	<b>92,608</b>	<b>2.1382</b>	<b>58,250</b>	<b>1.4341</b>	<b>11,790</b>	<b>176.1391</b>	<b>5,247</b>	<b>118.4559</b>

	Vanguard Australian Shares Index Fund (Ordinary Class Unit)				Vanguard Australian Shares Index Fund (ETF Class Unit)			
	2015		2014		2015		2014	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Interim distributions paid	125,798	2.7016	111,780	2.7943	17,231	94.3797	11,247	97.6640
Distributions payable - 31 December	126,113	2.7300	90,538	2.1714	19,027	95.2639	9,419	75.7108
<b>Total Distributions to unit holders</b>	<b>251,911</b>	<b>5.4317</b>	<b>202,318</b>	<b>4.9657</b>	<b>36,258</b>	<b>189.6436</b>	<b>20,666</b>	<b>173.3748</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 31 December 2015

### 5. Distributions to unitholders paid and payable (continued)

	Vanguard International Shares Index Fund (Ordinary and R Class Unit)				Vanguard International Shares Index Fund (ETF Class Unit) (2)			
	2015		2014		2015		2014	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Interim distributions paid	64,067	0.9470	49,791	0.6301	594	29.8120	-	-
Distributions payable - 31 December	57,477	0.8655	63,281	0.7852	847	26.7259	94	31.2752
<b>Total Distributions to unit holders</b>	<b>121,544</b>	<b>1.8125</b>	<b>113,072</b>	<b>1.4153</b>	<b>1,441</b>	<b>56.5379</b>	<b>94</b>	<b>31.2752</b>

	Vanguard International Shares Index Fund (B Class Unit) (2)			
	2015		2014	
	\$'000	CPU	\$'000	CPU
Interim distributions paid	229	30.0704	-	-
Distributions payable - 31 December	271	26.7530	88	31.2424
<b>Total Distributions to unit holders</b>	<b>500</b>	<b>56.8234</b>	<b>88</b>	<b>31.2424</b>

(2) Vanguard International Shares Index Fund's (ETF A Class and ETF B Class) inception date was 18 November 2014.

	Vanguard Australian Large Companies Index Fund				Vanguard Australian Small Companies Index Fund			
	2015		2014		2015		2014	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Interim distributions paid	785	89.0831	376	64.6197	-	-	-	-
Distributions payable - 31 December	771	81.0831	550	87.8377	1,284	89.9039	718	71.4082
<b>Total Distributions to unit holders</b>	<b>1,556</b>	<b>170.1662</b>	<b>926</b>	<b>152.4574</b>	<b>1,284</b>	<b>89.9039</b>	<b>718</b>	<b>71.4082</b>

	Vanguard Australian Shares High Yield Fund (Ordinary Class Unit)				Vanguard Australian Shares High Yield Fund (ETF Class Unit)			
	2015		2014		2015		2014	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Interim distributions paid	17,067	2.9151	11,577	2.1896	11,381	116.6084	6,057	86.0409
Distributions payable - 31 December	12,059	2.0075	13,624	2.4904	8,749	80.7386	6,961	97.1962
<b>Total Distributions to unit holders</b>	<b>29,126</b>	<b>4.9226</b>	<b>25,201</b>	<b>4.6800</b>	<b>20,130</b>	<b>197.3470</b>	<b>13,018</b>	<b>183.2371</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 31 December 2015

### 5. Distributions to unitholders paid and payable (continued)

	Vanguard Global Emerging Markets Shares Fund				Vanguard Australian Government Bond Index Fund (Ordinary Class Unit)			
	2015		2014		2015		2014	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Interim distributions paid	475	59.2202	173	48.6311	1,202	0.5933	413	0.8902
Distributions payable - 31 December	153	15.9899	84	15.8087	1,380	0.6177	1,082	0.7456
<b>Total Distributions to unit holders</b>	<b>628</b>	<b>75.2101</b>	<b>257</b>	<b>64.4398</b>	<b>2,582</b>	<b>1.2110</b>	<b>1,495</b>	<b>1.6358</b>

	Vanguard Australian Government Bond Index Fund (ETF Class Unit)				Vanguard Global Shares Index Fund (Hedged)			
	2015		2014		2015		2014	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Interim distributions paid	334	29.0749	116	35.6248	-	-	-	-
Distributions payable - 31 December	435	31.3491	148	33.1715	-	-	-	-
<b>Total Distributions to unit holders</b>	<b>769</b>	<b>60.4240</b>	<b>264</b>	<b>68.7963</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Vanguard International Credit Securities Index Fund (Hedged) (Ordinary Class Unit)				Vanguard International Credit Securities Index Fund (Hedged) (ETF Class Unit) (3)			
	2015		2014		2015		2014	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Interim distributions paid	-	-	-	-	-	-	-	-
Distributions payable - 31 December	-	-	-	-	-	-	-	-
<b>Total Distributions to unit holders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Vanguard Asia ex Japan Shares Index Fund**				Vanguard Europe Shares Index Fund**			
	2015		2014		2015		2014	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Interim distributions paid	-	-	-	-	-	-	-	-
Distributions payable - 31 December	-	-	-	-	13	16.6076	-	-
<b>Total Distributions to unit holders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13</b>	<b>16.6076</b>	<b>-</b>	<b>-</b>

(3) Vanguard International Credit Securities Index Fund (Hedged) (ETF Class) inception date was 9 December 2015.

\*\*Vanguard Asia ex Japan Shares Index Fund and Vanguard Europe Shares Index Fund commenced operations on 9 December 2015.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 31 December 2015

### 6. Segment information

The Funds are organised into one main segment which operates solely in the business of investment management within Australia. Consequently, no segment reporting is provided in the Funds' financial statements.

### Geographical exposures

While the Funds operate from Australia only (the geographical segment), some Funds have investment exposures in different countries.

### 7. Events occurring after the reporting period

There are no significant events that have occurred since balance date which would impact on the financial position of the Funds as disclosed in the balance sheet as at 31 December 2015 or on the results and cashflows of the Funds for the half year ended on that date.

Investors should be aware that markets and currencies can be volatile, therefore affecting the returns of an investment portfolio. You can obtain up to date fund performance and unit price information by visiting the Vanguard website at [www.vanguard.com.au](http://www.vanguard.com.au).

### 8. Contingent assets, liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 31 December 2015 or since the last reporting period.

## DIRECTORS' DECLARATION

In the opinions of the directors of the Responsible Entity:

(a) the financial statements and notes set out on pages 7 to 42 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of each Fund's financial position as at 31 December 2015 and of its performance for the financial half year ended on that date; and

(b) there are reasonable grounds to believe that each Fund will be able to pay its debts as and when they become due and payable.

(c) Note 2 confirms that the financial statements comply with International Financial reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors.



C Kelton  
Managing Director  
Melbourne  
8 March 2016



## **Independent auditor's review report to the unitholders of the Vanguard Wholesale Funds (Exchange Traded Funds)**

- Vanguard Australian Fixed Interest Index Fund
- Vanguard International Fixed Interest Index Fund (Hedged)
- Vanguard Australian Property Securities Index Fund
- Vanguard Australian Shares Index Fund
- Vanguard International Shares Index Fund
- Vanguard Australian Large Companies Index Fund
- Vanguard Australian Small Companies Index Fund
- Vanguard Australian Shares High Yield Fund
- Vanguard Global Emerging Markets Shares Fund
- Vanguard Australian Government Bond Index Fund
- Vanguard Global Shares Index Fund (Hedged)
- Vanguard International Credit Securities Index Fund (Hedged)
- Vanguard Asia ex Japan Shares Index Fund
- Vanguard Europe Shares Index Fund

### ***Report on the Half-Year Financial Report***

We have reviewed the accompanying half-year financial report of the Vanguard Wholesale Funds (Exchange Traded Funds) as listed above (the Funds), which comprises the balance sheet as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the [directors' declaration](#).

### ***Directors' responsibility for the half-year financial report***

The directors of Vanguard Investments Australia Ltd, the Responsible Entity of the Funds, are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

### ***Auditor's responsibility***

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the financial position of the Funds as at 31 December 2015 and their performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Vanguard Wholesale Funds (Exchange Traded Funds), ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Vanguard Wholesale Funds (Exchange Traded Funds) is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the financial position of the Funds as at 31 December 2015 and of their performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in blue ink, appearing to read 'PricewaterhouseCoopers', with a stylized, cursive script.

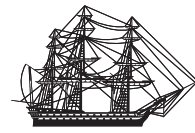
PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'JF Power', with a stylized, cursive script.

JF Power  
Partner

Melbourne  
8 March 2016





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## Responsible Entity

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