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Vanguard

Annual Report

for the Vanguard® Exchange Traded Funds

13 September 2021

Vanguard Investments Australia Ltd announces the following:

ETF	ASX CODE	ANNOUNCEMENT
Vanguard Diversified Balanced Index ETF	VDBA	Annual Report
Vanguard Diversified Conservative Index ETF	VDCO	Annual Report
Vanguard Diversified Growth Index ETF	VDGR	Annual Report
Vanguard Diversified High Growth Index ETF	VDHG	Annual Report

Vanguard has prepared an Annual Report for the year ended 30 June 2021, for the Vanguard Diversified Funds and ETFs. 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 Annual 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

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Vanguard Investments Australia Ltd, Level 13, 130 Lonsdale Street, Melbourne VIC 3000 vanguard.com.au 1300 655 888

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Annual report | 30 June 2021

Vanguard Diversified Funds and ETFs

Responsible Entity

Vanguard Investments Australia Ltd.
ABN 72 072 881 086
AFSL 227263

Level 13
130 Lonsdale Street
Melbourne VIC 3000
Australia

Telephone: (03) 8888 3888
Facsimile: 1300 765 712

vanguard.com.au

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Vanguard Diversified Funds and ETFs

Fund	ASX	ARSN	ABN
Vanguard Diversified Bond Index Fund	-	147 937 728	90 633 012 411
Vanguard Balanced Index Fund	VDBA	101 565 431	14 193 060 779
Vanguard Conservative Index Fund	VDCO	101 565 351	24 396 176 911
Vanguard Growth Index Fund	VDGR	101 565 520	43 698 348 922
Vanguard High Growth Index Fund	VDHG	101 565 637	71 339 405 674

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About Vanguard

Since our establishment in 1975, Vanguard has strived to be the world's highest-value provider of investment products and services. We have an unwavering focus on our clients with a commitment to champion what's best for investors by offering outstanding service, while keeping costs low.

Over the years Vanguard has built a reputation as a global leader in client advocacy and earned the trust of millions of investors along the way. Our sole purpose has been to align our interest with those of our investors to ensure they have the best chance for investment success.

With over AUD \$10.6 trillion in assets under management as of 30 June 2021, including more than AUD \$2.6 trillion in ETFs, Vanguard is one of the world's largest global investment management companies.

In Australia, Vanguard has been serving financial advisers, retail clients and institutional investors for more than 25 years.

Our unique structure — putting investors' interests first

What sets Vanguard apart — and allows Vanguard to put investors first around the world — is the ownership structure of The Vanguard Group, Inc., in the United States.

Rather than being publicly traded or owned by a small group of individuals, the Vanguard Group is owned by Vanguard's US-domiciled funds and ETFs. Those funds, in turn, are owned by their investors.

This mutual structure aligns our interests with those of our investors and drives the culture, philosophy and policies throughout the Vanguard organisation worldwide. As a result, Australian investors benefit from Vanguard's stability and experience, low costs and client focus.

Our investment expertise

When you invest with Vanguard, you have more than 40 years of investing experience behind you. So no matter which investment products suit your needs, you can feel confident that Vanguard investments are built on a rigorous investment philosophy that stands the test of time.

Low-cost investing

We know we can't control the markets, but we can control the costs of investing. To that end, providing low-cost investments isn't a pricing strategy for us. It's how we do business.

We can keep costs low because of our unique ownership structure in the United States, which allows us to return profits to investors through lower costs.

Directors' report

The Responsible Entity of the Vanguard Diversified Funds and ETFs (the "Funds") for the year ended 30 June 2021 was Vanguard Investments Australia Ltd (the "Responsible Entity").

The directors of Vanguard Investments Australia Ltd present their report together with the financial statements for the year ended 30 June 2021.

Principal activities

The Funds invest in accordance with the investment policy of the Funds as set out in their respective Product Disclosure Statements (PDSs) and in accordance with the Funds' Constitution. The Funds predominantly invest in the Vanguard Wholesale Funds, a group of unlisted unit trusts which are also managed by the Responsible Entity. The Funds seek to track the weighted average return of the various indices of the underlying Vanguard Wholesale Funds in which they invest, in proportion to their strategic asset allocation, before taking into account fees, expenses and tax. The weights used are the strategic asset allocations to each asset class, for each individual Fund. See note 12 for details on the Funds' investments in Vanguard Wholesale Funds.

The ETF Class units of the Funds operate as Exchange Traded Funds (ETFs) listed on the Australian Securities Exchange (ASX).

The Funds did not have any employees during the year.

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

Directors

The following persons held office as directors of the Responsible Entity during the year and up to the date of this report:

J M Norris (Resigned 21 September 2020)

C Lui (Resigned 31 December 2020)

J Platt

F Kolimago

C Mclsaac (Appointed 25 September 2020)

C Cosby (Appointed 21 May 2021)

D Shrimski (Appointed 21 May 2021)

Review and results of operations

The Funds invest in unlisted unit trusts and cash and cash equivalents. The investment policy of the Funds continues to be in accordance with the provisions of the Funds' Constitution.

Results

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

	Vanguard Diversified Bond Index Fund		Vanguard Balanced Index Fund		Vanguard Conservative Index Fund	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
Operating profit/(loss) before finance costs attributable to unitholders (\$'000)	(1,707)	10,895	817,510	64,144	224,349	51,868
Distributions - Wholesale Class						
Distribution paid and payable (\$'000)	25,196	4,111	661,533	198,161	277,636	59,160
Distribution (cents per unit)	8.0723	1.5504	15.6871	5.6422	12.1668	3.0319
Distributions - ETF Class						
Distribution paid and payable (\$'000)	-	-	40,336	9,172	14,973	2,314
Distribution (cents per unit)	-	-	591.6878	208.8950	516.1705	121.8871

Directors' report (continued)

Review and results of operations (continued)

Results (continued)

	Vanguard Growth Index Fund		Vanguard High Growth Index Fund	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
Operating profit/(loss) before finance costs attributable to unitholders (\$'000)	1,188,296	(5,720)	1,013,611	(39,462)
Distributions - Wholesale Class				
Distribution paid and payable (\$'000)	672,115	274,096	416,462	138,074
Distribution (cents per unit)	15.5495	7.2677	19.3981	7.7413
Distributions - ETF Class				
Distribution paid and payable (\$'000)	36,892	10,351	79,436	16,174
Distribution (cents per unit)	541.6570	238.2952	552.7535	242.2598

Performance

The tables below detail the performance of the Funds as represented by the total return, net of fees, which is calculated as the aggregation of the percentage capital growth and percentage distribution of income. The total return is shown for the past five years to 30 June 2021 and assumes that all distributions were re-invested during that period. These are calculated in accordance with FSC Standard 6.0 Product Performance - calculation and presentation of returns. The directors assess the performance of the Funds by comparing each Fund's total return with the corresponding Index (the "Benchmark") gross of fees.

	2021	2020	2019	2018	2017
	%	%	%	%	%
Vanguard Diversified Bond Index Fund					
Capital growth	(8.55)	3.13	7.20	(3.46)	(5.66)
Distribution of income	8.03	1.61	0.78	5.34	5.73
Total return	(0.52)	4.74	7.98	1.88	0.07
Benchmark					
<i>Diversified Bond Composite Index - Wholesale (1)</i>	(0.31)	5.20	8.12	2.16	0.33

(1) Diversified Bond Composite Index - Wholesale comprises of (weight/index): 30% Bloomberg AusBond Composite 0+ Yr Index, 70% Bloomberg Barclays Global Aggregate Float-Adjusted and Scaled Index hedged into Australian dollars.

	2021	2020	2019	2018	2017
	%	%	%	%	%
Vanguard Balanced Index Fund					
Capital growth	2.34	(2.02)	6.67	3.69	(1.30)
Distribution of income	11.64	3.94	2.30	3.95	7.50
Total return	13.98	1.92	8.97	7.64	6.20
Benchmark					
<i>Balanced Composite Index - Wholesale (2)</i>	14.38	2.90	9.17	7.87	6.40

(2) Balanced Composite Index - Wholesale comprises of (weight/index): 20% S&P/ASX 300 Index, 14.5% MSCI World ex-Australia Index (with net dividends reinvested) in Australian dollars, 9% MSCI World ex-Australia Index (with net dividends reinvested) hedged into Australian dollars, 3.5% MSCI World ex-Australia Small Cap Index (with net dividends reinvested) in Australian dollars, 3% MSCI Emerging Markets Index (with net dividends reinvested) in Australian dollars, 15% Bloomberg AusBond Composite 0+ Yr Index, 35% Bloomberg Barclays Global Aggregate Float-Adjusted and Scaled Index hedged into Australian dollars.

	2021	2020	2019	2018	2017
	%	%	%	%	%
Vanguard Conservative Index Fund					
Capital growth	(2.09)	0.36	6.53	1.17	(2.03)
Distribution of income	10.11	2.46	1.51	4.11	5.98
Total return	8.02	2.82	8.04	5.28	3.95
Benchmark					
<i>Conservative Composite Index - Wholesale (3)</i>	8.33	3.56	8.14	5.51	4.03

(3) Conservative Composite Index - Wholesale comprises of (weight/index): 12% S&P/ASX 300 Index, 8.5% MSCI World ex-Australia Index (with net dividends reinvested) in Australian dollars, 5.5% MSCI World ex-Australia Index (with net dividends reinvested) hedged into Australian dollars, 2% MSCI World ex-Australia Small Cap Index (with net dividends reinvested) in Australian dollars, 2% MSCI Emerging Markets Index (with net dividends reinvested) in Australian dollars, 18% Bloomberg AusBond Composite 0+ Yr Index, 42% Bloomberg Barclays Global Aggregate Float-Adjusted and Scaled Index hedged into Australian dollars, 10% Bloomberg AusBond Bank Bill Index.

Directors' report (continued)

Review and results of operations (continued)

Performance (continued)

	2021 %	2020 %	2019 %	2018 %	2017 %
Vanguard Growth Index Fund					
Capital growth	8.32	(4.44)	5.88	3.76	(0.31)
Distribution of income	11.97	5.07	3.42	6.27	9.11
Total return	20.29	0.63	9.30	10.03	8.80
Benchmark					
<i>Growth Composite Index - Wholesale (4)</i>	20.76	1.54	9.53	10.22	8.91

(4) Growth Composite Index - Wholesale comprises of (weight/index): 28% S&P/ASX 300 Index, 20.5% MSCI World ex-Australia Index (with net dividends reinvested) in Australian dollars, 12.5% MSCI World ex-Australia Index (with net dividends reinvested) hedged into Australian dollars, 5% MSCI World ex-Australia Small Cap Index (with net dividends reinvested) in Australian dollars, 4% MSCI Emerging Markets Index (with net dividends reinvested) in Australian dollars, 9% Bloomberg AusBond Composite 0+ Yr Index, 21% Bloomberg Barclays Global Aggregate Float-Adjusted and Scaled Index hedged into Australian dollars.

	2021 %	2020 %	2019 %	2018 %	2017 %
Vanguard High Growth Index Fund					
Capital growth	13.70	(5.42)	5.01	5.04	2.09
Distribution of income	13.22	4.65	4.57	7.42	9.29
Total return	26.92	(0.77)	9.58	12.46	11.38
Benchmark					
<i>High Growth Composite Index - Wholesale (5)</i>	27.45	(0.06)	9.85	12.59	11.50

(5) High Growth Composite Index - Wholesale comprises of (weight/index): 36% S&P/ASX 300 Index, 26.5% MSCI World ex-Australia Index (with net dividends reinvested) in Australian dollars, 16% MSCI World ex-Australia Index (with net dividends reinvested) hedged into Australian dollars, 6.5% MSCI World ex-Australia Small Cap Index (with net dividends reinvested) in Australian dollars, 5% MSCI Emerging Markets Index (with net dividends reinvested) in Australian dollars, 3% Bloomberg AusBond Composite 0+ Yr Index, 7% Bloomberg Barclays Global Aggregate Float-Adjusted and Scaled Index hedged into Australian dollars.

Investors should be aware that past performance is not necessarily an indicator of future performance.

Unit redemption prices

Unit redemption prices (quoted including distribution) are shown as follows:

	At 30 June		Period high		Period low	
	2021 \$	2020 \$	2021 \$	2020 \$	2021 \$	2020 \$
Vanguard Diversified Bond Index Fund	0.9220	1.0112	1.0117	1.0237	0.9116	0.9618
Vanguard Balanced Index Fund - Wholesale Class	1.4857	1.4505	1.5020	1.5582	1.4143	1.2812
Vanguard Balanced Index Fund - ETF Class	56.4287	54.8789	56.8863	58.9515	53.5641	48.5900
Vanguard Conservative Index Fund - Wholesale Class	1.2375	1.2605	1.2814	1.3066	1.2050	1.1558
Vanguard Conservative Index Fund - ETF Class	54.5175	55.0460	56.0834	57.0670	53.0852	50.5909
Vanguard Growth Index Fund - Wholesale Class	1.5458	1.4293	1.5458	1.5906	1.3899	1.2208
Vanguard Growth Index Fund - ETF Class	58.5425	53.7082	58.5425	59.6370	52.4218	45.7750
Vanguard High Growth Index Fund - Wholesale Class	1.8708	1.6295	1.8708	1.8713	1.5922	1.3377
Vanguard High Growth Index Fund - ETF Class	61.0862	52.8375	61.0862	60.6422	51.6721	43.3505

Directors' report (continued)

Significant changes in state of affairs

Jim Norris resigned as a Director of Vanguard Investments Australia Ltd on 21 September 2020.

Chris McIsaac was appointed as a Director of Vanguard Investments Australia Ltd on 25 September 2020.

Cynthia Lui resigned as a Director of Vanguard Investments Australia Ltd on 31 December 2020.

Caroline Cosby was appointed as a Director of Vanguard Investments Australia Ltd on 21 May 2021.

Daniel Shrimski was appointed as a Director of Vanguard Investments Australia Ltd on 21 May 2021.

Market disruptions associated with the COVID-19 pandemic have had a global impact, and uncertainty exists as to the long-term implications. Such disruptions can adversely affect assets of the Funds and thus performance of the Funds.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Funds that occurred during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect:

- (i) the operations of the Funds in future financial years; or
- (ii) the results of those operations in future financial years; or
- (iii) the state of affairs of the Funds in future financial years.

Likely developments and expected results of operations

The Funds will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Funds and in accordance with the provisions of the Funds' Constitution.

The results of the Funds' operations will be affected by a number of factors, including the performance of investment markets in which the Funds invest. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Indemnity and insurance of officers and auditors

No insurance premiums were paid for out of the assets of the Funds in regards to insurance cover provided to either the officers of Vanguard Investments Australia Ltd or the auditors of the Funds. So long as the officers of Vanguard Investments Australia Ltd act in accordance with the Funds' Constitution and the Law, the officers remain indemnified out of the assets of the Funds against losses incurred while acting on behalf of the Funds. The auditors of the Funds are in no way indemnified out of the assets of the Funds.

Fees paid to and interests held in the Funds by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of the Funds' property during the year are disclosed in note 12 of the financial statements.

No fees were paid out of the Funds' property to the directors of the Responsible Entity during the year.

The number of interests in the Funds held by the Responsible Entity or its associates as at the end of the financial year are disclosed in note 12 of the financial statements.

Interests in the Funds

The movement in units on issue in the Funds during the year is disclosed in note 7 of the financial statements.

The value of the Funds' assets and liabilities are disclosed on the balance sheet and derived using the basis set out in note 2 of the financial statements.

Directors' report (continued)

Environmental regulation

The operations of the Funds are not subject to any particular or significant environmental regulations under either Commonwealth, State or Territory law.

Rounding of amounts to the nearest thousand dollars

Amounts in the directors' report have been rounded to the nearest thousand dollars in accordance with *ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191*, 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 7.

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



F Kolimago

Managing Director

Melbourne

9 September 2021

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Auditor's Independence Declaration

- Vanguard Diversified Bond Index Fund
- Vanguard Balanced Index Fund*
- Vanguard Conservative Index Fund*
- Vanguard Growth Index Fund*
- Vanguard High Growth Index Fund*

referred to collectively as Vanguard Diversified Funds and ETFs.

*denotes listed Funds

As lead auditor for the audit of Vanguard Diversified Funds and ETFs for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in cursive script that reads 'Britt Hawkins'.

Britt Hawkins
Partner
PricewaterhouseCoopers

Melbourne
9 September 2021

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Statements of comprehensive income

For the year ended 30 June 2021

	Notes	Vanguard Diversified Bond Index Fund		Vanguard Balanced Index Fund		Vanguard Conservative Index Fund	
		30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Investment income							
Interest income		-	-	5	97	3	44
Distribution income		25,090	6,462	502,377	171,172	213,878	71,254
Net gains/(losses) on financial instruments at fair value through profit or loss	5	(26,646)	4,565	318,819	(104,148)	12,472	(18,284)
Other operating income		-	-	154	152	58	86
Total net investment income/(loss)		(1,556)	11,027	821,355	67,273	226,411	53,100
Expenses							
Responsible Entity's fees	13	149	127	3,841	3,123	2,058	1,228
Custody fees		2	2	3	4	3	3
Other operating expenses		-	3	1	2	1	1
Total operating expenses		151	132	3,845	3,129	2,062	1,232
Operating profit/(loss)		(1,707)	10,895	817,510	64,144	224,349	51,868
Finance costs attributable to unitholders							
Distributions to unitholders	8	-	-	(701,869)	(207,333)	(292,609)	(61,474)
(Increase)/decrease in net assets attributable to unitholders	7	-	-	(115,641)	143,189	68,260	9,606
Profit/(loss) for the year		(1,707)	10,895	-	-	-	-
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the year		(1,707)	10,895	-	-	-	-

	Notes	Vanguard Growth Index Fund		Vanguard High Growth Index Fund	
		30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
		\$'000	\$'000	\$'000	\$'000
Investment income					
Interest income		4	95	3	47
Distribution income		506,596	201,849	331,390	127,089
Net gains/(losses) on financial instruments at fair value through profit or loss	5	685,905	(203,988)	684,711	(164,566)
Other operating income		135	128	403	210
Total net investment income/(loss)		1,192,640	(1,916)	1,016,507	(37,220)
Expenses					
Responsible Entity's fees	13	4,339	3,798	2,890	2,237
Custody fees		4	4	5	4
Other operating expenses		1	2	1	1
Total operating expenses		4,344	3,804	2,896	2,242
Operating profit/(loss)		1,188,296	(5,720)	1,013,611	(39,462)
Finance costs attributable to unitholders					
Distributions to unitholders	8	(709,007)	(284,447)	(495,898)	(154,248)
(Increase)/decrease in net assets attributable to unitholders	7	(479,289)	290,167	(517,713)	193,710
Profit/(loss) for the year		-	-	-	-
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	-	-

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

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Balance sheets

As at 30 June 2021

	Notes	Vanguard Diversified Bond Index Fund		Vanguard Balanced Index Fund		Vanguard Conservative Index Fund	
		30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets							
Cash and cash equivalents	9	191	-	8,841	4	2,931	1
Receivables		568	222	16,080	6,928	7,490	4,894
Accrued income		1,935	2,836	96,443	74,262	31,197	30,061
Due from brokers - receivable for securities sold		1,481	2,368	141,620	102,554	45,440	28,624
Financial assets at fair value through profit or loss	6	310,170	267,141	7,018,528	5,313,754	3,091,405	2,582,002
Total assets		314,345	272,567	7,281,512	5,497,502	3,178,463	2,645,582
Liabilities							
Distribution payable	8	1,903	2,864	171,144	123,837	56,367	39,140
Payables		440	69	8,885	2,449	6,246	858
Due to brokers - payables for securities purchased		-	-	4,173	-	-	-
Total liabilities		2,343	2,933	184,202	126,286	62,613	39,998
Net assets attributable to unitholders (equity)	7	312,002	269,634	-	-	-	-
Net assets attributable to unitholders (liability)	7	-	-	7,097,310	5,371,216	3,115,850	2,605,584

	Notes	Vanguard Growth Index Fund		Vanguard High Growth Index Fund	
		30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
		\$'000	\$'000	\$'000	\$'000
Assets					
Cash and cash equivalents	9	20,547	15	5,255	169
Receivables		15,846	5,813	25,387	4,003
Accrued income		124,801	82,664	102,890	55,636
Due from brokers - receivable for securities sold		171,143	128,238	129,486	66,258
Financial assets at fair value through profit or loss	6	7,432,340	5,381,243	5,191,320	3,319,570
Total assets		7,764,677	5,597,973	5,454,338	3,445,636
Liabilities					
Distribution payable	8	207,857	159,131	177,533	84,835
Payables		5,740	1,826	3,065	1,118
Due to brokers - payables for securities purchased		18,239	-	9,210	-
Total liabilities		231,836	160,957	189,808	85,953
Net assets attributable to unitholders (liability)	7	7,532,841	5,437,016	5,264,530	3,359,683

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

Statements of changes in equity

For the year ended 30 June 2021

	Notes	Vanguard Diversified Bond Index Fund		Vanguard Balanced Index Fund		Vanguard Conservative Index Fund	
		30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total equity at the beginning of the financial year		269,634	216,874	-	-	-	-
Comprehensive income for the year							
Profit/(loss) for the year		(1,707)	10,895	-	-	-	-
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the year		(1,707)	10,895	-	-	-	-
Transactions with unitholders							
Applications		121,203	122,049	-	-	-	-
Redemptions		(54,547)	(76,302)	-	-	-	-
Units issued upon reinvestment of distributions		2,615	229	-	-	-	-
Distributions paid and payable	8	(25,196)	(4,111)	-	-	-	-
Total transactions with unitholders		44,075	41,865	-	-	-	-
Total equity at the end of the financial year		312,002	269,634	-	-	-	-

	Notes	Vanguard Growth Index Fund		Vanguard High Growth Index Fund	
		30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
		\$'000	\$'000	\$'000	\$'000
Total equity at the beginning of the financial year		-	-	-	-
Comprehensive income for the year					
Profit/(loss) for the year		-	-	-	-
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	-	-
Transactions with unitholders					
Applications		-	-	-	-
Redemptions		-	-	-	-
Units issued upon reinvestment of distributions		-	-	-	-
Distributions paid and payable	8	-	-	-	-
Total transactions with unitholders		-	-	-	-
Total equity at the end of the financial year		-	-	-	-

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

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Statements of cash flows

For the year ended 30 June 2021

	Notes	Vanguard Diversified Bond Index Fund		Vanguard Balanced Index Fund		Vanguard Conservative Index Fund	
		30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000
Cash flows from operating activities							
Proceeds from sale of financial instruments at fair value through profit or loss		30,754	48,652	1,638,259	820,539	1,131,777	316,586
Purchases of financial instruments at fair value through profit or loss		(73,551)	(93,124)	(2,578,911)	(1,892,991)	(1,432,782)	(939,421)
Interest received		-	10	5	104	3	47
Other income received		-	-	154	152	58	86
Responsible Entity's fees paid		(147)	(125)	(3,746)	(3,067)	(1,729)	(1,200)
Operating expenses paid		(3)	(5)	(26)	(21)	(6)	(10)
Net cash inflow/(outflow) from operating activities	10(a)	(42,947)	(44,592)	(944,265)	(1,075,284)	(302,679)	(623,912)
Cash flows from financing activities							
Proceeds from applications by unitholders		120,859	122,206	2,330,529	1,868,504	1,149,357	1,050,117
Payments for redemptions by unitholders		(54,179)	(76,288)	(803,583)	(688,741)	(607,220)	(402,267)
Distributions paid from operating activities		(23,542)	(1,355)	(573,844)	(104,469)	(236,528)	(23,935)
Net cash inflow/(outflow) from financing activities		43,138	44,563	953,102	1,075,294	305,609	623,915
Net increase/(decrease) in cash and cash equivalents							
		191	(29)	8,837	10	2,930	3
Cash and cash equivalents at the beginning of the year		-	29	4	(6)	1	(2)
Cash and cash equivalents at the end of the year	9	191	-	8,841	4	2,931	1
Non-cash financing activities	10(b)	2,615	229	80,718	16,205	38,854	5,076

	Notes	Vanguard Growth Index Fund		Vanguard High Growth Index Fund	
		30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000
Cash flows from operating activities					
Proceeds from sale of financial instruments at fair value through profit or loss				1,861,901	1,504,615
Purchases of financial instruments at fair value through profit or loss				(2,787,300)	(2,205,382)
Interest received				4	104
Other income received				135	128
Responsible Entity's fees paid				(4,209)	(3,748)
Operating expenses paid				(28)	(29)
Net cash inflow/(outflow) from operating activities	10(a)			(929,497)	(704,312)
Cash flows from financing activities					
Proceeds from applications by unitholders				2,325,712	2,044,515
Payments for redemptions by unitholders				(814,478)	(1,194,656)
Distributions paid from operating activities				(561,205)	(145,528)
Net cash inflow/(outflow) from financing activities				950,029	704,331
Net increase/(decrease) in cash and cash equivalents					
				20,532	19
Cash and cash equivalents at the beginning of the year				15	(4)
Cash and cash equivalents at the end of the year	9			20,547	15
Non-cash financing activities	10(b)			99,076	46,157

The above statements of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

For the year ended 30 June 2021

1 General information

These financial statements cover the Vanguard Diversified Funds and ETFs (the "Funds") as registered managed investment schemes. The respective constitution dates are as follows:

- Vanguard Diversified Bond Index Fund 17 December 2010
- Vanguard Balanced Index Fund 30 July 2002
- Vanguard Conservative Index Fund 30 July 2002
- Vanguard Growth Index Fund 30 July 2002
- Vanguard High Growth Index Fund 30 July 2002

The Responsible Entity of the Vanguard Diversified Funds and ETFs is Vanguard Investments Australia Ltd (the "Responsible Entity"). The Responsible Entity's registered office is Level 13, 130 Lonsdale Street, Melbourne VIC 3000.

The Funds invest in accordance with the investment policy of the Funds as set out in their respective Product Disclosure Statements (PDSs) and in accordance with the Funds' Constitution. The Funds predominantly invest in the Vanguard Wholesale Funds, a group of unlisted unit trusts which are also managed by the Responsible Entity. The Funds seek to track the weighted average return of the various indices of the underlying Vanguard Wholesale Funds in which they invest, in proportion to their strategic asset allocation, before taking into account fees, expenses and tax. The weights used are the strategic asset allocations to each asset class, for each individual Fund. See note 12 for details on the Funds' investments in Vanguard Wholesale Funds.

The ETF Class units of the Funds operate as Exchange Traded Funds (ETFs) listed on the Australian Securities Exchange (ASX).

The financial statements were authorised for issue by the directors on 9 September 2021. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated in the following text.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the 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.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The balance sheet is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All material balances are expected to be recovered or settled within twelve months, except for investments in financial assets at fair value through profit or loss and net assets attributable to unitholders. The amount expected to be recovered or settled within twelve months after the end of each reporting period cannot be reliably determined.

The Funds manage financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at balance date.

In the case of net assets attributable to unitholders, the units are redeemed on demand at the unitholder's option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

Notes to the financial statements (continued)

For the year ended 30 June 2021

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(i) 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.

(ii) New and amended standards adopted by the Funds

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2020 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

(iii) New standards, amendments and interpretations effective after 1 July 2021 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2021, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Funds.

(b) Financial instruments

(i) Classification

The Funds classify their investments based on their business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Funds' portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Funds' documented investment strategy. The Funds' policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

(ii) Recognition/derecognition

The Funds recognise financial assets and financial liabilities on the date they become party to the contractual agreement (trade date) and recognise changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments has expired or the Funds have transferred substantially all risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Funds measure financial assets and financial liabilities at fair value. Transaction costs of financial assets carried at fair value through profit and loss are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within net gains/(losses) on financial instruments at fair value through profit or loss in the period in which they arise.

For further details on how the fair value of the financial instruments is determined are disclosed in note 4.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Notes to the financial statements (continued)

For the year ended 30 June 2021

2 Summary of significant accounting policies (continued)

(c) Net assets attributable to unitholders

Units are redeemable at the unitholders' option, however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders.

The units can be put back to the Funds at any time for cash based on the redemption price, which is equal to a proportionate share of the Funds' net asset value attributable to the unitholders.

The units are carried at the redemption amount that is payable at balance sheet date if the holder exercises the right to put the units back to the Funds. This amount represents the expected cash flows on redemption of these units.

Units are classified as equity when they satisfy the following criteria under AASB 132 *Financial instruments: Presentation*:

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Fund's liquidation
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical
- apart from the contractual obligation to redeem the units, the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Fund, and it is not a contract settled in the Fund's own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

(d) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown as a liability in the balance sheet.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Funds' main income generating activity.

(e) Investment income

Dividend and distribution income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income within dividend income and distribution income when the Fund's right to receive payments is established.

Other changes in fair value for such instruments are recorded in accordance with the policies described in note 2(b) to the financial statements.

(f) Expenses

All expenses, including Responsible Entity's fees and custodian fees, are recognised in the statement of comprehensive income on an accruals basis.

(g) Income tax

Under current legislation, Funds that have elected into the AMIT tax regime are not subject to income tax provided they attribute the entirety of their taxable income to their unitholders.

The benefits of imputation credits and foreign tax paid are passed on to unitholders.

(h) Distributions

Distributions are payable as set out in the Funds' Product Disclosure Statement and/or Funds' Constitution. Such distributions are recognised as payable when they are determined by the Responsible Entity of the Funds.

Notes to the financial statements (continued)

For the year ended 30 June 2021

2 Summary of significant accounting policies (continued)

(i) Increase/decrease in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders. Where the Funds' units are classified as liabilities, movements in net assets attributable to unitholders are recognised in the statement of comprehensive income as finance costs.

(j) Functional and presentation currency

Items included in the Funds' financial statements are measured using the currency of the primary economic environment in which it operates (the 'functional currency'). This is the Australian dollar, which reflects the currency of the economy in which the Funds compete for funds and is regulated. The Australian dollar is also the Funds' presentation currency.

(k) Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Funds shall measure the loss allowance on amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Funds shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance.

(l) Receivables and accrued income

Receivables may include amounts for interest and trust distributions. Trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in note 2(e) above. Amounts are generally received within 30 days of being recorded as receivables.

(m) Payables

Payables include liabilities and accrued expenses owing by the Funds which are unpaid as at the end of the reporting period.

As the Funds have a contractual obligation to distribute their distributable income, a separate distribution payable is recognised in the balance sheet as at the end of each reporting period where this amount remains unpaid as at the end of the reporting period.

(n) Applications and redemptions

Applications received for units in the Funds are recorded net of any entry fees payable prior to the issue of units in the Funds. Redemptions from the Funds are recorded gross of any exit fees payable after the cancellation of units redeemed.

(o) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Responsible Entity by third parties have been passed onto the Funds. The Funds qualify for Reduced Input Tax Credit recovery rate of between 55% and 75%, hence Responsible Entity's fees, custodial fees and other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the balance sheet. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

Notes to the financial statements (continued)

For the year ended 30 June 2021

2 Summary of significant accounting policies (continued)

(p) Use of estimates

The Funds make estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the majority of the Funds' financial instruments, quoted market prices are readily available. However, certain financial instruments, for example, over-the-counter derivatives or unquoted securities, are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Responsible Entity, independent of the area that created them.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain other financial instruments, including amounts due from/to brokers and payables, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

(q) Investment entity exception

The Funds have determined that they are investment entities under the definition in AASB 10, as they meet the following criteria:

- (a) the Funds have obtained funds from unitholders for the purpose of providing them with investment management services;
- (b) the Funds' business purpose, which is communicated directly to unitholders, is investing solely for returns from capital appreciation and investment income; and
- (c) the performance of investments made by the Funds are measured and evaluated on a fair value basis.

The Funds also meet all of the typical characteristics of an investment entity.

The Funds do not control any of the entities where they have an investment and therefore do not prepare consolidated financial statements. Instead, the Funds' investments are accounted for at fair value through profit or loss as disclosed in Note 2(b).

(r) Rounding of amounts

The Funds are registered schemes of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, relating to the "rounding off" amounts in the financial statements. Amounts in the financial statements have been rounded off to the nearest thousand dollars, unless otherwise indicated.

3 Financial risk management

The Funds' activities expose them to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Funds' overall risk management program focuses on ensuring compliance with the Funds' Product Disclosure Statement and seeks to maximise the returns derived for the level of risk to which the Funds are exposed. The Funds use derivative financial instruments to moderate and create certain risk exposures. Financial risk management is carried out by the investment management department of the Responsible Entity under policies approved by the Board of Directors of the Responsible Entity (the "Board").

The Funds use different methods to measure different types of risks to which they are exposed. These methods are explained on the following pages.

Market disruptions associated with the COVID-19 pandemic have had a global impact, and uncertainty exists as to the long-term implications. Such disruptions can adversely affect assets of the Funds and thus performance of the Funds.

Notes to the financial statements (continued)

For the year ended 30 June 2021

3 Financial risk management (continued)

(a) Market risk

(i) Price risk

The Funds are exposed to equity securities price risk. This arises from investments held by the Funds for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates. Paragraph (ii) 'Foreign exchange risk' below sets out how this component of price risk is managed and measured.

In any asset sector the returns of individual securities are a combination of the market returns and returns specific to each security. By diversifying their holdings across the market, index funds are generally well protected from the specific risk of individual securities. Vanguard employs an indexing investment strategy in all asset classes in which the Funds invest.

At 30 June, the fair value of equities exposed to price risk were as follows:

	Vanguard Diversified Bond Index Fund		Vanguard Balanced Index Fund		Vanguard Conservative Index Fund	
	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000
Unlisted unit trusts	310,170	267,141	7,018,528	5,313,754	3,091,405	2,582,002
Net total	310,170	267,141	7,018,528	5,313,754	3,091,405	2,582,002

	Vanguard Growth Index Fund		Vanguard High Growth Index Fund	
	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000
Unlisted unit trusts	7,432,340	5,381,243	5,191,320	3,319,570
Net total	7,432,340	5,381,243	5,191,320	3,319,570

The tables presented in note 3(b) summarise the impact on operating profit before finance costs attributable to unitholders and liabilities attributable to unitholders from possible changes in market prices that were reasonably based on the risk that the Funds were exposed to at reporting date.

(ii) Foreign exchange risk

Foreign exchange risk arises as a result of investments in financial instruments denominated in foreign currencies. Fluctuations in the value of Australian dollar and foreign currencies can affect the returns from overseas investments, as losses or gains must be converted to Australian Dollars.

The Funds have no significant direct exposure to foreign exchange risk. However, the Funds are indirectly exposed to foreign exchange risk via their investment strategy of investing in the Vanguard Wholesale Funds where those Funds may have a direct foreign exchange exposure.

Of the Vanguard Wholesale Funds, the Vanguard International Shares Index Fund, Vanguard Emerging Markets Shares Index Fund and Vanguard International Small Companies Index Fund do not hedge any of their exposure to foreign currencies. Accordingly, these Funds are affected by currency fluctuations.

The Vanguard International Shares Index Fund (Hedged) and Vanguard Global Aggregate Bond Index Fund (Hedged) invest on a fully hedged basis (to Australian dollars), reducing their exposure to currency risk. Foreign currency exposure is accounted for by marking to market in a manner consistent with the valuation of the underlying securities.

(iii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates.

The Funds have insufficient direct exposure to interest rate risk to be material. The Funds are indirectly exposed to interest rate risk via their investment strategy of investing in the Vanguard Wholesale Funds. All financial liabilities are non-interest bearing.

Notes to the financial statements (continued)

For the year ended 30 June 2021

3 Financial risk management (continued)

(b) Summarised sensitivity analysis

The following tables summarise the sensitivity of the Funds' operating profit and net assets attributable to unitholders to price risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and foreign exchange rates as well as the indices that the individual Funds are designed to track. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the Funds invest. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

The Funds have revised the assumptions used to determine their sensitivity to price risk compared to the comparative period as a result of increases in market volatility in the recent period. Price risk movement represents the range of historical index returns from the average return based on the minimum suggested investment time frames indicated within the Funds' respective PDS minus one standard deviation to average return plus one standard deviation. The Funds have not made any other changes to the methods used to determine its sensitivity to the market risk compared to the comparative period.

The Funds have a limited direct exposure to interest rate risk which is considered to be immaterial. The Funds do not have direct exposure to foreign exchange risk. However, the Funds have an indirect exposure to interest rate risk and foreign exchange rate risk via their investments in Vanguard Wholesale Funds. No sensitivity analysis tables for interest rate risk and foreign exchange risk have been prepared on a look-through basis.

	Impact on operating profit/(loss) and net assets attributable to unitholders									
	Vanguard Diversified Bond Index Fund		Vanguard Balanced Index Fund		Vanguard Conservative Index Fund		Vanguard Growth Index Fund		Vanguard High Growth Index Fund	
	Price risk		Price risk		Price risk		Price risk		Price risk	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Low	High	Low	High	Low	High	Low	Low	Low	High	
30 Jun 2021	-1%	+1%	-1%	+2%	-1%	+2%	-2%	+4%	-2%	+4%
	(3,102)	3,102	(70,185)	140,371	(30,914)	61,828	(148,647)	297,294	(103,826)	207,653
30 Jun 2020	0%	+1%	-1%	+2%	-1%	+2%	-2%	+3%	-2%	+4%
	-	2,671	(53,138)	106,275	(25,820)	51,640	(107,625)	161,437	(66,391)	132,783

(c) Credit risk

Credit risk is the risk that the Funds' trading counterparties become insolvent or cannot otherwise meet their obligations of the Funds in full when they fall due.

The Funds have no significant direct exposure to credit risk. However, the Funds are indirectly exposed to credit risk via their investment strategy of investing in the Vanguard Wholesale Funds where those Funds may have a direct credit risk exposure.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets. There were no significant concentrations of credit risk to counterparties at 30 June 2021 or 30 June 2020.

(d) Liquidity risk

Liquidity risk is the risk that the Funds may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Funds' financial instruments are predominantly investments in the Vanguard Wholesale Funds, a group of unlisted unit trusts which are also managed by the Responsible Entity. The Vanguard Wholesale Funds' financial instruments include investments in equity investments, fixed interest securities and derivative contracts traded over-the-counter. The Vanguard Wholesale Funds' listed securities are considered to be readily realisable as they are all listed on major stock exchanges. The Vanguard Wholesale Funds may use futures to gain market exposure without investing directly in the securities. This allows the Vanguard Wholesale Funds to maintain liquidity without being under-invested in their respective investment policies. The derivatives are not used to leverage the Vanguard Wholesale Funds' portfolios.

Notes to the financial statements (continued)

For the year ended 30 June 2021

3 Financial risk management (continued)

(d) Liquidity risk (continued)

The tables below analyses the Funds' non-derivative financial liabilities into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date. The amounts in the tables are the contractual undiscounted cash flows.

Vanguard Diversified Bond Index Fund										
	30 Jun 2021				Total	30 Jun 2020				Total
	Less than 1 month	1-6 months	6-12 months	1-2 years		Less than 1 month	1-6 months	6-12 months	1-2 years	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Distribution payable	1,903	-	-	-	1,903	2,864	-	-	-	2,864
Payables	440	-	-	-	440	69	-	-	-	69
Total liabilities	2,343	-	-	-	2,343	2,933	-	-	-	2,933

Vanguard Balanced Index Fund										
	30 Jun 2021				Total	30 Jun 2020				Total
	Less than 1 month	1-6 months	6-12 months	1-2 years		Less than 1 month	1-6 months	6-12 months	1-2 years	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Distribution payable	171,144	-	-	-	171,144	123,837	-	-	-	123,837
Payables	8,885	-	-	-	8,885	2,449	-	-	-	2,449
Due to brokers - payables for securities purchased	4,173	-	-	-	4,173	-	-	-	-	-
Net assets attributable to unitholders	7,097,310	-	-	-	7,097,310	5,371,216	-	-	-	5,371,216
Total liabilities	7,281,512	-	-	-	7,281,512	5,497,502	-	-	-	5,497,502

Vanguard Conservative Index Fund										
	30 Jun 2021				Total	30 Jun 2020				Total
	Less than 1 month	1-6 months	6-12 months	1-2 years		Less than 1 month	1-6 months	6-12 months	1-2 years	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Distribution payable	56,367	-	-	-	56,367	39,140	-	-	-	39,140
Payables	6,246	-	-	-	6,246	858	-	-	-	858
Net assets attributable to unitholders	3,115,850	-	-	-	3,115,850	2,605,584	-	-	-	2,605,584
Total liabilities	3,178,463	-	-	-	3,178,463	2,645,582	-	-	-	2,645,582

Vanguard Growth Index Fund										
	30 Jun 2021				Total	30 Jun 2020				Total
	Less than 1 month	1-6 months	6-12 months	1-2 years		Less than 1 month	1-6 months	6-12 months	1-2 years	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Distribution payable	207,857	-	-	-	207,857	159,131	-	-	-	159,131
Payables	5,740	-	-	-	5,740	1,826	-	-	-	1,826
Due to brokers - payables for securities purchased	18,239	-	-	-	18,239	-	-	-	-	-
Net assets attributable to unitholders	7,532,841	-	-	-	7,532,841	5,437,016	-	-	-	5,437,016
Total liabilities	7,764,677	-	-	-	7,764,677	5,597,973	-	-	-	5,597,973

Notes to the financial statements (continued)

For the year ended 30 June 2021

3 Financial risk management (continued)

(d) Liquidity risk (continued)

	Vanguard High Growth Index Fund									
	30 Jun 2021					30 Jun 2020				
	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	1-2 years \$'000	Total \$'000
Distribution payable	177,533	-	-	-	177,533	84,835	-	-	-	84,835
Payables	3,065	-	-	-	3,065	1,118	-	-	-	1,118
Due to brokers - payables for securities purchased	9,210	-	-	-	9,210	-	-	-	-	-
Net assets attributable to unitholders	5,264,530	-	-	-	5,264,530	3,359,683	-	-	-	3,359,683
Total liabilities	5,454,338	-	-	-	5,454,338	3,445,636	-	-	-	3,445,636

4 Fair value measurement

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

- Financial assets / liabilities at fair value through profit or loss (FVPL) (see note 6)

The Funds have no assets or liabilities at fair value on a non-recurring basis in the current reporting period.

AASB 13 requires disclosure of fair value measurements by level of the following fair value hierarchy:

- 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 or indirectly (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

(i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The Funds value their investments in accordance with the accounting policies set out in note 2(b) to the financial statements. For the majority of investments, the Funds rely on information provided by independent pricing services for the valuation of investments.

The quoted market price used for financial assets held by the Funds is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price. When the Funds hold derivatives with offsetting market risks, they use mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

(ii) Fair value in an inactive or unquoted market (level 2 and level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions. The carrying amounts of the Funds' assets and liabilities at the balance sheet date approximate their fair values.

During the year, the Funds only held investments in unlisted unit trusts, which are recorded at the redemption value per unit as reported by the investment managers of such funds. The output of valuation techniques is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Funds hold. Valuations are therefore adjusted, where appropriate to allow for additional factors including liquidity risk and counterparty risk.

Notes to the financial statements (continued)

For the year ended 30 June 2021

4 Fair value measurement (continued)

Recognised fair value measurements

The following tables present the Funds' financial assets and liabilities measured at fair value according to the fair value hierarchy at 30 June 2021 and 30 June 2020.

	Vanguard Diversified Bond Index Fund							
	30 Jun 2021				30 Jun 2020			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss								
Unlisted unit trusts	-	310,170	-	310,170	-	267,141	-	267,141
Total	-	310,170	-	310,170	-	267,141	-	267,141

	Vanguard Balanced Index Fund							
	30 Jun 2021				30 Jun 2020			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss								
Unlisted unit trusts	-	7,018,528	-	7,018,528	-	5,313,754	-	5,313,754
Total	-	7,018,528	-	7,018,528	-	5,313,754	-	5,313,754

	Vanguard Conservative Index Fund							
	30 Jun 2021				30 Jun 2020			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss								
Unlisted unit trusts	-	3,091,405	-	3,091,405	-	2,582,002	-	2,582,002
Total	-	3,091,405	-	3,091,405	-	2,582,002	-	2,582,002

	Vanguard Growth Index Fund							
	30 Jun 2021				30 Jun 2020			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss								
Unlisted unit trusts	-	7,432,340	-	7,432,340	-	5,381,243	-	5,381,243
Total	-	7,432,340	-	7,432,340	-	5,381,243	-	5,381,243

	Vanguard High Growth Index Fund							
	30 Jun 2021				30 Jun 2020			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss								
Unlisted unit trusts	-	5,191,320	-	5,191,320	-	3,319,570	-	3,319,570
Total	-	5,191,320	-	5,191,320	-	3,319,570	-	3,319,570

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

Transfers between levels

There were no transfers between levels during the reporting period.

Notes to the financial statements (continued)

For the year ended 30 June 2021

5 Net gains/(losses) on financial instruments at fair value through profit or loss

Net gains/(losses) recognised in relation to financial assets and financial liabilities at fair value through profit or loss:

	Vanguard Diversified Bond Index Fund		Vanguard Balanced Index Fund		Vanguard Conservative Index Fund	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net unrealised gain/(loss) on financial instruments at fair value through profit or loss	(27,008)	1,393	187,788	(153,802)	(49,369)	(34,377)
Net realised gain/(loss) on financial instruments at fair value through profit or loss	362	3,172	131,031	49,654	61,841	16,093
Total net gains/(losses) on financial instruments at fair value through profit or loss	(26,646)	4,565	318,819	(104,148)	12,472	(18,284)

	Vanguard Growth Index Fund		Vanguard High Growth Index Fund			
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020		
	\$'000	\$'000	\$'000	\$'000		
Net unrealised gain/(loss) on financial instruments at fair value through profit or loss			514,120	(292,646)	554,478	(182,406)
Net realised gain/(loss) on financial instruments at fair value through profit or loss			171,785	88,658	130,233	17,840
Total net gains/(losses) on financial instruments at fair value through profit or loss			685,905	(203,988)	684,711	(164,566)

6 Financial assets at fair value through profit or loss

	Vanguard Diversified Bond Index Fund		Vanguard Balanced Index Fund		Vanguard Conservative Index Fund	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000
Financial assets at fair value through profit or loss						
Unlisted unit trusts	310,170	267,141	7,018,528	5,313,754	3,091,405	2,582,002
Total financial assets at fair value through profit or loss	310,170	267,141	7,018,528	5,313,754	3,091,405	2,582,002
Comprising:						
Unlisted unit trusts						
Units in cash trusts	-	-	-	-	-	260,245
Units in Australian equity trusts	-	-	1,407,694	1,075,504	370,256	312,611
Units in international equity trusts	-	-	2,077,088	1,582,890	548,430	462,201
Units in Australian fixed interest trusts	92,725	80,085	1,055,354	795,670	871,391	463,156
Units in international fixed interest trusts	217,445	187,056	2,478,392	1,859,690	1,301,328	1,083,789
Total unlisted unit trusts	310,170	267,141	7,018,528	5,313,754	3,091,405	2,582,002
Total financial assets at fair value through profit or loss	310,170	267,141	7,018,528	5,313,754	3,091,405	2,582,002

Notes to the financial statements (continued)

For the year ended 30 June 2021

6 Financial assets at fair value through profit or loss (continued)

	Vanguard Growth Index Fund		Vanguard High Growth Index Fund	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	Fair value \$'000	Fair value \$'000	Fair value \$'000	Fair value \$'000
Financial assets at fair value through profit or loss				
Unlisted unit trusts	7,432,340	5,381,243	5,191,320	3,319,570
Total financial assets at fair value through profit or loss	7,432,340	5,381,243	5,191,320	3,319,570
Comprising:				
Unlisted unit trusts				
Units in Australian equity trusts	2,089,656	1,527,097	1,886,999	1,208,332
Units in international equity trusts	3,085,675	2,242,491	2,777,068	1,783,388
Units in Australian fixed interest trusts	676,286	484,692	157,818	98,044
Units in international fixed interest trusts	1,580,723	1,126,963	369,435	229,806
Total unlisted unit trusts	7,432,340	5,381,243	5,191,320	3,319,570
Total financial assets at fair value through profit or loss	7,432,340	5,381,243	5,191,320	3,319,570

An overview of the risk exposures relating to financial assets at fair value through profit or loss is included in note 3.

7 Net assets attributable to unitholders

Under AASB 132 *Financial instruments: Presentation*, puttable financial instruments meet the definition of a financial liability to be classified as equity where certain strict criteria are met. The Funds shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions. Otherwise the financial instrument should be disclosed as a liability.

Movement in number of units and net assets attributable to unitholders during the year were as follows:

	Vanguard Diversified Bond Index Fund			
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	No. '000	No. '000	\$'000	\$'000
Balance as at 1 July	269,441	223,182	269,634	216,874
Applications	124,853	122,692	121,203	122,049
Redemptions	(56,620)	(76,665)	(54,547)	(76,302)
Units issued upon reinvestment of distributions	2,732	232	2,615	229
Distributions paid and payable	-	-	(25,196)	(4,111)
Profit/(loss) for the year	-	-	(1,707)	10,895
Closing balance as at 30 June	340,406	269,441	312,002	269,634

	Vanguard Balanced Index Fund							
	Wholesale Class				ETF Class			
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
No. '000	No. '000	\$'000	\$'000	No. '000	No. '000	\$'000	\$'000	
Balance as at 1 July	3,617,044	2,892,825	5,119,617	4,182,588	4,695	2,477	251,599	135,465
Applications	1,469,507	1,185,169	2,150,048	1,741,600	3,410	2,260	189,482	126,385
Redemptions	(554,036)	(472,004)	(809,795)	(685,306)	-	(50)	-	(2,532)
Units issued upon reinvestment of distributions	53,648	11,054	76,566	15,782	77	8	4,152	423
Increase/(decrease) in net assets attributable to unitholders	-	-	111,555	(135,047)	-	-	4,086	(8,142)
Closing balance as at 30 June	4,586,163	3,617,044	6,647,991	5,119,617	8,182	4,695	449,319	251,599

Notes to the financial statements (continued)

For the year ended 30 June 2021

7 Net assets attributable to unitholders (continued)

	Vanguard Conservative Index Fund							
	Wholesale Class				ETF Class			
	30 Jun 2021 No. '000	30 Jun 2020 No. '000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 No. '000	30 Jun 2020 No. '000	30 Jun 2021 \$'000	30 Jun 2020 \$'000
Balance as at 1 July	2,013,937	1,541,396	2,496,151	1,905,448	2,018	1,026	109,433	55,363
Applications	862,624	785,752	1,077,593	988,717	1,355	1,110	74,358	61,261
Redemptions	(491,179)	(317,220)	(612,279)	(394,444)	-	(120)	-	(6,231)
Units issued upon reinvestment of distributions	30,332	4,009	37,147	4,971	32	2	1,707	105
Increase/(decrease) in net assets attributable to unitholders	-	-	(64,333)	(8,541)	-	-	(3,927)	(1,065)
Closing balance as at 30 June	2,415,714	2,013,937	2,934,279	2,496,151	3,405	2,018	181,571	109,433

	Vanguard Growth Index Fund							
	Wholesale Class				ETF Class			
	30 Jun 2021 No. '000	30 Jun 2020 No. '000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 No. '000	30 Jun 2020 No. '000	30 Jun 2021 \$'000	30 Jun 2020 \$'000
Balance as at 1 July	3,741,894	3,249,092	5,188,690	4,716,861	4,748	2,473	248,326	134,474
Applications	1,453,514	1,291,593	2,150,875	1,899,707	3,295	2,255	184,847	124,494
Redemptions	(557,783)	(830,441)	(818,262)	(1,194,223)	-	(5)	-	(287)
Units issued upon reinvestment of distributions	63,619	31,650	90,944	44,825	150	25	8,132	1,332
Increase/(decrease) in net assets attributable to unitholders	-	-	452,338	(278,480)	-	-	26,951	(11,687)
Closing balance as at 30 June	4,701,244	3,741,894	7,064,585	5,188,690	8,193	4,748	468,256	248,326

	Vanguard High Growth Index Fund							
	Wholesale Class				ETF Class			
	30 Jun 2021 No. '000	30 Jun 2020 No. '000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 No. '000	30 Jun 2020 No. '000	30 Jun 2021 \$'000	30 Jun 2020 \$'000
Balance as at 1 July	1,857,090	1,485,066	2,948,857	2,493,822	7,972	3,203	410,826	174,243
Applications	677,078	563,592	1,179,420	946,853	9,995	4,695	571,677	253,268
Redemptions	(252,735)	(200,919)	(435,706)	(334,023)	-	-	-	-
Units issued upon reinvestment of distributions	26,949	9,351	45,142	15,341	484	74	26,601	3,889
Increase/(decrease) in net assets attributable to unitholders	-	-	430,563	(173,136)	-	-	87,150	(20,574)
Closing balance as at 30 June	2,308,382	1,857,090	4,168,276	2,948,857	18,451	7,972	1,096,254	410,826

Each unit represents a right to an individual share in the Funds and does not extend to a right to the underlying assets of the Funds. The Vanguard Diversified Bond Index Fund has no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

Capital risk management

The Funds consider their net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified either as a liability or equity. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Funds are subject to daily applications and redemptions at the discretion of unitholders.

Daily applications and redemptions are reviewed relative to the liquidity of the Funds' underlying assets on a daily basis by the Responsible Entity. Under the terms of the Funds' Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unitholders.

Notes to the financial statements (continued)

For the year ended 30 June 2021

8 Distributions to unitholders paid and payable

The distributions during the year were as follows:

	Vanguard Diversified Bond Index Fund			
	30 Jun 2021		30 Jun 2020	
	\$'000	CPU	\$'000	CPU
Distributions paid				
- 30 September	6,374	2.2000	272	0.1181
- 31 December	4,526	1.4598	456	0.1784
- 31 March	12,393	3.8535	519	0.1908
Distributions payable				
- 30 June	1,903	0.5590	2,864	1.0631
	25,196	8.0723	4,111	1.5504

	Vanguard Balanced Index Fund							
	Wholesale Class				ETF Class			
	30 Jun 2021		30 Jun 2020		30 Jun 2021		30 Jun 2020	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 30 September	108,117	2.8271	20,465	0.6525	5,471	105.1570	742	23.6813
- 31 December	123,058	3.0369	21,283	0.6303	6,625	109.7561	940	23.3673
- 31 March	271,169	6.3520	38,235	1.0922	16,285	230.8963	1,831	41.5411
Distributions payable								
- 30 June	159,189	3.4711	118,178	3.2672	11,955	145.8784	5,659	120.3053
	661,533	15.6871	198,161	5.6422	40,336	591.6878	9,172	208.8950

	Vanguard Conservative Index Fund							
	Wholesale Class				ETF Class			
	30 Jun 2021		30 Jun 2020		30 Jun 2021		30 Jun 2020	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 30 September	51,700	2.4020	7,025	0.4057	2,348	104.7876	251	17.5393
- 31 December	54,764	2.4679	7,065	0.3750	2,706	101.6970	294	16.1147
- 31 March	118,673	5.1237	7,364	0.3790	6,051	196.2738	335	17.3616
Distributions payable								
- 30 June	52,499	2.1732	37,706	1.8722	3,868	113.4121	1,434	70.8715
	277,636	12.1668	59,160	3.0319	14,973	516.1705	2,314	121.8871

	Vanguard Growth Index Fund							
	Wholesale Class				ETF Class			
	30 Jun 2021		30 Jun 2020		30 Jun 2021		30 Jun 2020	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 30 September	97,683	2.4809	29,728	0.8429	4,792	92.1010	926	30.8845
- 31 December	119,817	2.9274	32,433	0.8521	6,179	101.8888	1,049	28.0062
- 31 March	257,830	5.9554	59,217	1.4914	14,849	213.5088	1,963	45.4017
Distributions payable								
- 30 June	196,785	4.1858	152,718	4.0813	11,072	134.1584	6,413	134.0028
	672,115	15.5495	274,096	7.2677	36,892	541.6570	10,351	238.2952

Notes to the financial statements (continued)

For the year ended 30 June 2021

8 Distributions to unitholders paid and payable (continued)

	Vanguard High Growth Index Fund							
	Wholesale Class				ETF Class			
	30 Jun 2021		30 Jun 2020		30 Jun 2021		30 Jun 2020	
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions paid								
- 30 September	55,321	2.8356	19,191	1.1928	8,202	89.8915	1,433	38.0916
- 31 December	68,578	3.3745	18,274	1.0672	11,400	99.3767	1,653	33.2774
- 31 March	145,449	6.8150	25,961	1.4617	29,415	200.9896	2,901	44.9162
Distributions payable								
- 30 June	147,114	6.3730	74,648	4.0196	30,419	162.4957	10,187	125.9746
	416,462	19.3981	138,074	7.7413	79,436	552.7535	16,174	242.2598

9 Cash and cash equivalents

	Vanguard Diversified Bond Index Fund		Vanguard Balanced Index Fund		Vanguard Conservative Index Fund	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Domestic cash at bank	191	-	8,841	4	2,931	1
Total cash and cash equivalents	191	-	8,841	4	2,931	1

	Vanguard Growth Index Fund		Vanguard High Growth Index Fund	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	\$'000	\$'000	\$'000	\$'000
Domestic cash at bank	20,547	15	5,255	169
Total cash and cash equivalents	20,547	15	5,255	169

Notes to the financial statements (continued)

For the year ended 30 June 2021

10 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

	Vanguard Diversified Bond Index Fund		Vanguard Balanced Index Fund		Vanguard Conservative Index Fund	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities						
Profit/(loss) for the year	(1,707)	10,895	-	-	-	-
Increase/(decrease) in net assets attributable to unitholders	-	-	115,641	(143,189)	(68,260)	(9,606)
Distribution to unitholders	-	-	701,869	207,333	292,609	61,474
Proceeds from sale of financial instruments at fair value through profit or loss	30,754	48,652	1,638,259	820,539	1,131,777	316,586
Purchases of financial instruments at fair value through profit or loss	(73,551)	(93,124)	(2,578,911)	(1,892,991)	(1,432,782)	(939,421)
Net (gains)/losses on financial instruments at fair value through profit or loss	26,646	(4,565)	(318,819)	104,148	(12,472)	18,284
Net change in receivables	899	(1,685)	(22,332)	(31,588)	(1,138)	(14,950)
Net change in payables	3	2	224	56	329	28
Non-cash items	(25,991)	(4,767)	(480,196)	(139,592)	(212,742)	(56,307)
Net cash inflow/(outflow) from operating activities	(42,947)	(44,592)	(944,265)	(1,075,284)	(302,679)	(623,912)
(b) Non-cash financing activities						
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	2,615	229	80,718	16,205	38,854	5,076

	Vanguard Growth Index Fund		Vanguard High Growth Index Fund	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	\$'000	\$'000	\$'000	\$'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities				
Increase/(decrease) in net assets attributable to unitholders	479,289	(290,167)	517,713	(193,710)
Distribution to unitholders	709,007	284,447	495,898	154,248
Proceeds from sale of financial instruments at fair value through profit or loss	1,861,901	1,504,615	1,183,619	400,295
Purchases of financial instruments at fair value through profit or loss	(2,787,300)	(2,205,382)	(2,140,540)	(1,160,797)
Net (gains)/losses on financial instruments at fair value through profit or loss	(685,905)	203,988	(684,711)	164,566
Net change in receivables	(42,160)	(25,306)	(47,287)	(19,037)
Net change in payables	130	44	121	31
Non-cash items	(464,459)	(176,551)	(284,136)	(108,058)
Net cash inflow/(outflow) from operating activities	(929,497)	(704,312)	(959,323)	(762,462)
(b) Non-cash financing activities				
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	99,076	46,157	71,743	19,230

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Notes to the financial statements (continued)

For the year ended 30 June 2021

11 Remuneration of auditors

The auditor's remuneration is borne by the Responsible Entity. During the year, the following fees were paid or payable for services provided by the auditor of the Funds.

	Vanguard Diversified Bond Index Fund		Vanguard Balanced Index Fund		Vanguard Conservative Index Fund	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	\$	\$	\$	\$	\$	\$
Auditors of the Funds - PwC						
Audit and review of financial statements	13,765	11,500	13,765	11,500	13,765	11,500
Other assurance services						
Audit of compliance plan	1,933	1,968	1,933	1,968	1,933	1,968
Other non-audit services						
Tax compliance services	6,905	6,375	6,905	6,375	6,905	6,375
Total services provided by PwC	22,603	19,843	22,603	19,843	22,603	19,843

	Vanguard Growth Index Fund		Vanguard High Growth Index Fund	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	\$	\$	\$	\$
Auditors of the Funds - PwC				
Audit and review of financial statements	13,765	11,500	13,765	11,500
Other assurance services				
Audit of compliance plan	1,933	1,968	1,933	1,968
Other non-audit services				
Tax compliance services	6,905	6,375	6,905	6,375
Total services provided by PwC	22,603	19,843	22,603	19,843

12 Related party transactions

Responsible Entity

The Responsible Entity of the Vanguard Diversified Funds and ETFs is Vanguard Investments Australia Ltd (ABN 72 072 881 086 AFSL 227263), which is a wholly owned subsidiary of The Vanguard Group, Inc.

Key management personnel

Key management personnel includes persons who were directors of Responsible Entity at any time during the financial year as follows:

J M Norris (Resigned 21 September 2020)

C Lui (Resigned 31 December 2020)

J Platt

F Kolimago

C Mclsaac (Appointed 25 September 2020)

C Cosby (Appointed 21 May 2021)

D Shrimski (Appointed 21 May 2021)

No other person had authority and responsibility for planning, directing and controlling the activities of the Funds, directly or indirectly during the financial year.

Notes to the financial statements (continued)

For the year ended 30 June 2021

12 Related party transactions (continued)

Transactions with key management personnel

Key management personnel services are provided by Vanguard Investments Australia Ltd and included in the management fees. There is no separate charge for these services. There was no compensation paid directly by the Funds to any of the key management personnel.

Key management personnel unitholdings

The key management personnel of Vanguard Investments Australia Ltd (VIA) held units in the Funds as follows:

30 Jun 2021 Unitholder	Vanguard Growth Index Fund						
	Number of units held opening Units	Number of units held closing Units	Fair value of investments \$	Interest held at year end %	Number of units acquired Units	Number of units disposed Units	Distributions paid/payable by the Fund \$
C Lui and related parties*	869,101	910,568	1,366,399	0.03	41,467	-	84,322

*The balance is reflective up until the 31st December 2020, the resignation date of Cynthia Lui.

30 Jun 2020 Unitholder	Vanguard Growth Index Fund						
	Number of units held opening Units	Number of units held closing Units	Fair value of investments \$	Interest held at year end %	Number of units acquired Units	Number of units disposed Units	Distributions paid/payable by the Fund \$
C Lui and related parties	838,171	869,101	1,242,207	0.02	30,930	-	35,471

Key management personnel remuneration

Key management personnel are paid by the Responsible Entity. Payments made from the Funds do not include any amounts directly attributable to key management personnel remuneration.

Key management personnel loan disclosures

The Funds have not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

Responsible Entity's fees and other transactions

During the year ended 30 June 2021, the Responsible Entity received an all-inclusive management fee (inclusive of GST, net of RITC available to the Funds) over the Funds' average net assets attributable to unitholders for the year as follows:

	Management costs		Management cost deducted directly from the Fund		Management cost deducted from underlying Funds	
	2021 % per annum	2020 % per annum	2021 % per annum	2020 % per annum	2021 % per annum	2020 % per annum
Vanguard Diversified Bond Index Fund	0.29	0.29	0.05	0.05	0.24	0.24
Vanguard Balanced Index Fund - Wholesale Class	0.29	0.29	0.07	0.06	0.22	0.23
Vanguard Balanced Index Fund - ETF Class	0.27	0.27	0.05	0.04	0.22	0.23
Vanguard Conservative Index Fund - Wholesale Class	0.29	0.29	0.06	0.05	0.23	0.24
Vanguard Conservative Index Fund - ETF Class	0.27	0.27	0.04	0.03	0.23	0.24
Vanguard Growth Index Fund - Wholesale Class	0.29	0.29	0.07	0.06	0.22	0.23
Vanguard Growth Index Fund - ETF Class	0.27	0.27	0.05	0.04	0.22	0.23
Vanguard High Growth Index Fund - Wholesale Class	0.29	0.29	0.08	0.07	0.21	0.22
Vanguard High Growth Index Fund - ETF Class	0.27	0.27	0.06	0.05	0.21	0.22

Notes to the financial statements (continued)

For the year ended 30 June 2021

12 Related party transactions (continued)

Responsible Entity's fees and other transactions (continued)

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the year and amounts payable at year end between the Funds and the Responsible Entity are as follows:

	Vanguard Diversified Bond Index Fund		Vanguard Balanced Index Fund		Vanguard Conservative Index Fund	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	\$	\$	\$	\$	\$	\$
Responsible Entity's fees for the year	148,567	126,903	3,840,751	3,122,736	2,057,902	1,228,223
Fees earned by the Responsible Entity in respect of investments by the Funds in other schemes managed by the Responsible Entity*	712,304	608,679	14,199,533	11,540,517	6,361,672	5,711,809
Total fees payable to the Responsible Entity at year end	12,744	11,314	358,913	263,911	434,652	105,724

	Vanguard Growth Index Fund		Vanguard High Growth Index Fund	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	\$	\$	\$	\$
Responsible Entity's fees for the year	4,338,770	3,798,403	2,890,130	2,237,330
Fees earned by the Responsible Entity in respect of investments by the Funds in other schemes managed by the Responsible Entity*	14,219,140	12,553,391	9,134,440	6,791,335
Total fees payable to the Responsible Entity at year end	412,786	282,823	301,257	189,164

*Where monies are invested into other Funds managed by the Responsible Entity, the Responsible Entity fee is calculated taking into account the fees charged in the underlying Funds.

Related party unitholdings

Vanguard Investments Australia Ltd did not hold any units in the Funds during the year.

Parties related to the Funds including the Responsible Entity, its affiliates or other schemes managed by the Responsible Entity did not hold any units in the Funds during the year.

Investments

The Funds held investments in the following schemes which were also managed by the Responsible Entity or its related parties:

30 Jun 2021	Vanguard Diversified Bond Index Fund					
	Fair value of investment	Interest held	Distribution received/receivable	Number of units acquired	Number of units disposed	Distribution receivable unpaid
	\$	%	\$	Units	Units	\$
Vanguard Australian Fixed Interest Index Fund	92,724,948	1.18	2,374,860	23,569,861	10,206,981	716,202
Vanguard Global Aggregate Bond Index Fund (Hedged)	217,444,619	3.26	22,715,120	69,561,050	17,220,288	1,219,291
	310,169,567		25,089,980	93,130,911	27,427,269	1,935,493

30 Jun 2020	Vanguard Diversified Bond Index Fund					
	Fair value of investment	Interest held	Distribution received/receivable	Number of units acquired	Number of units disposed	Distribution receivable unpaid
	\$	%	\$	Units	Units	\$
Vanguard Australian Fixed Interest Index Fund	80,085,116	1.17	2,427,295	26,998,997	14,710,282	1,085,951
Vanguard Global Aggregate Bond Index Fund (Hedged)	187,056,098	3.70	4,034,379	60,776,716	30,800,092	1,749,862
	267,141,214		6,461,674	87,775,713	45,510,374	2,835,813

Notes to the financial statements (continued)

For the year ended 30 June 2021

12 Related party transactions (continued)

Investments (continued)

30 Jun 2021	Vanguard Balanced Index Fund					
	Fair value of investment \$	Interest held %	Distribution received/ receivable \$	Number of units acquired Units	Number of units disposed Units	Distribution receivable unpaid \$
Vanguard Australian Fixed Interest Index Fund	1,055,354,323	13.46	25,352,629	377,761,193	128,990,441	8,151,498
Vanguard International Small Companies Index Fund	238,919,948	16.69	17,628,150	17,130,649	20,347,129	7,613,270
Vanguard Australian Shares Index Fund	1,407,693,454	8.57	43,945,279	175,687,999	147,186,272	8,295,424
Vanguard International Shares Index Fund	1,012,274,073	5.16	49,278,499	200,647,319	165,544,019	26,249,565
Vanguard Emerging Markets Shares Index Fund	213,520,271	12.71	5,569,859	18,208,442	12,649,543	2,640,136
Vanguard International Shares Index Fund (Hedged) - AUD Class	612,374,066	8.99	118,823,500	292,520,592	201,309,196	29,596,150
Vanguard Global Aggregate Bond Index Fund (Hedged)	2,478,392,254	37.12	241,778,526	1,338,746,690	489,565,971	13,897,247
	7,018,528,389		502,376,442	2,420,702,884	1,165,592,571	96,443,290

30 Jun 2020	Vanguard Balanced Index Fund					
	Fair value of investment \$	Interest held %	Distribution received/ receivable \$	Number of units acquired Units	Number of units disposed Units	Distribution receivable unpaid \$
Vanguard Australian Fixed Interest Index Fund	795,670,285	11.64	24,126,481	239,746,180	118,347,553	10,789,256
Vanguard International Small Companies Index Fund	188,921,636	18.20	10,328,091	38,421,446	1,972,646	3,279,171
Vanguard Australian Shares Index Fund	1,075,503,753	8.52	34,320,915	211,957,893	63,401,331	2,851,288
Vanguard International Shares Index Fund	755,098,080	5.09	44,649,464	123,850,960	57,721,780	27,575,801
Vanguard Emerging Markets Shares Index Fund	160,074,907	13.95	7,905,142	20,328,961	230,867	2,538,889
Vanguard International Shares Index Fund (Hedged) - AUD Class	478,795,035	9.14	9,831,142	239,984,786	131,651,555	9,831,142
Vanguard Global Aggregate Bond Index Fund (Hedged)	1,859,690,091	36.80	40,011,199	637,420,113	345,789,820	17,396,926
	5,313,753,787		171,172,434	1,511,710,339	719,115,552	74,262,473

30 Jun 2021	Vanguard Conservative Index Fund					
	Fair value of investment \$	Interest held %	Distribution received/ receivable \$	Number of units acquired Units	Number of units disposed Units	Distribution receivable unpaid \$
Vanguard Short Term Fixed Interest Fund (formerly known as Vanguard Cash Plus Fund)	-	-	294,934	25,327,895	280,520,719	-
Vanguard Australian Fixed Interest Index Fund	557,340,877	7.11	14,022,552	194,856,578	99,335,396	4,304,870
Vanguard International Small Companies Index Fund	61,378,387	4.29	4,655,402	4,686,937	9,074,058	1,955,844
Vanguard Australian Shares Index Fund	370,255,841	2.25	12,244,727	54,461,234	61,052,728	2,181,888
Vanguard International Shares Index Fund	260,416,075	1.33	13,046,020	70,157,107	70,317,513	6,752,923
Vanguard Emerging Markets Shares Index Fund	62,526,539	3.72	1,695,468	4,183,020	3,978,406	773,128
Vanguard International Shares Index Fund (Hedged) - AUD Class	164,108,314	2.41	33,151,000	98,416,329	91,638,832	7,931,385
Vanguard Global Aggregate Bond Index Fund (Hedged)	1,301,328,266	19.49	134,768,363	605,699,020	259,367,807	7,297,021
Vanguard Cash Reserve Fund	314,050,396	19.60	-	357,150,262	43,883,034	-
	3,091,404,695		213,878,466	1,414,938,382	919,168,493	31,197,059

Notes to the financial statements (continued)

For the year ended 30 June 2021

12 Related party transactions (continued)

Investments (continued)

30 Jun 2020	Vanguard Conservative Index Fund					
	Fair value of investment \$	Interest held %	Distribution received/ receivable \$	Number of units acquired Units	Number of units disposed Units	Distribution receivable unpaid \$
Vanguard Cash Plus Fund	260,245,642	22.10	3,371,889	93,385,957	28,359,746	284,864
Vanguard Australian Fixed Interest Index Fund	463,155,910	6.78	13,971,963	136,138,133	46,707,847	6,280,375
Vanguard International Small Companies Index Fund	53,856,906	5.19	2,829,157	17,497,605	4,413,384	934,811
Vanguard Australian Shares Index Fund	312,611,009	2.48	9,889,308	69,669,788	20,371,262	828,769
Vanguard International Shares Index Fund	215,277,089	1.45	12,576,741	44,112,876	21,124,827	7,861,811
Vanguard Emerging Markets Shares Index Fund	49,727,376	4.33	2,490,183	7,408,127	-	788,708
Vanguard International Shares Index Fund (Hedged) - AUD Class	143,339,310	2.74	2,943,199	85,869,826	43,357,026	2,943,199
Vanguard Global Aggregate Bond Index Fund (Hedged)	1,083,788,998	21.45	23,181,774	340,779,874	114,099,370	10,138,569
	2,582,002,240		71,254,214	794,862,186	278,433,462	30,061,106

30 Jun 2021	Vanguard Growth Index Fund					
	Fair value of investment \$	Interest held %	Distribution received/ receivable \$	Number of units acquired Units	Number of units disposed Units	Distribution receivable unpaid \$
Vanguard Australian Fixed Interest Index Fund	676,286,383	8.62	15,773,120	287,156,036	106,717,666	5,223,599
Vanguard International Small Companies Index Fund	366,267,151	25.58	26,579,675	44,765,697	36,444,478	11,671,234
Vanguard Australian Shares Index Fund	2,089,655,931	12.72	63,560,496	284,830,330	209,614,637	12,314,175
Vanguard International Shares Index Fund	1,517,933,923	7.73	72,628,004	289,254,770	214,954,140	39,361,974
Vanguard Emerging Markets Shares Index Fund	297,547,241	17.71	7,569,906	27,588,797	15,013,058	3,679,113
Vanguard International Shares Index Fund (Hedged) - AUD Class	903,926,779	13.26	170,614,739	423,385,489	253,239,957	43,686,946
Vanguard Global Aggregate Bond Index Fund (Hedged)	1,580,722,883	23.67	149,869,828	987,798,535	391,323,647	8,863,688
	7,432,340,291		506,595,768	2,344,779,654	1,227,307,583	124,800,729

30 Jun 2020	Vanguard Growth Index Fund					
	Fair value of investment \$	Interest held %	Distribution received/ receivable \$	Number of units acquired Units	Number of units disposed Units	Distribution receivable unpaid \$
Vanguard Australian Fixed Interest Index Fund	484,692,173	7.09	15,469,976	211,702,367	170,915,352	6,572,406
Vanguard International Small Companies Index Fund	269,808,542	25.99	15,900,326	58,991,771	25,007,919	4,683,150
Vanguard Australian Shares Index Fund	1,527,097,006	12.10	53,438,728	315,140,418	156,142,431	4,048,515
Vanguard International Shares Index Fund	1,082,745,319	7.30	66,023,409	181,963,618	131,267,987	39,541,313
Vanguard Emerging Markets Shares Index Fund	213,393,579	18.60	11,504,234	27,606,902	11,431,552	3,384,557
Vanguard International Shares Index Fund (Hedged) - AUD Class	676,543,655	12.92	13,891,532	314,214,641	235,732,614	13,891,532
Vanguard Global Aggregate Bond Index Fund (Hedged)	1,126,962,588	22.30	25,621,267	545,571,380	469,310,755	10,542,447
	5,381,242,862		201,849,472	1,655,191,097	1,199,808,610	82,663,920

Notes to the financial statements (continued)

For the year ended 30 June 2021

12 Related party transactions (continued)

Investments (continued)

30 Jun 2021	Vanguard High Growth Index Fund					
	Fair value of investment \$	Interest held %	Distribution received/ receivable \$	Number of units acquired Units	Number of units disposed Units	Distribution receivable unpaid \$
Vanguard Australian Fixed Interest Index Fund	157,817,802	2.01	3,517,788	83,542,921	28,861,632	1,218,976
Vanguard International Small Companies Index Fund	330,132,165	23.06	23,438,176	55,583,495	30,768,054	10,519,780
Vanguard Australian Shares Index Fund	1,886,999,121	11.49	54,486,880	319,450,189	170,652,645	11,119,934
Vanguard International Shares Index Fund	1,374,676,734	7.00	63,971,273	286,362,474	168,150,723	35,647,131
Vanguard Emerging Markets Shares Index Fund	264,425,310	15.74	6,402,463	34,264,179	12,705,443	3,269,567
Vanguard International Shares Index Fund (Hedged) - AUD Class	807,833,503	11.85	146,412,707	437,988,366	201,923,639	39,042,741
Vanguard Global Aggregate Bond Index Fund (Hedged)	369,435,056	5.53	33,160,653	281,817,241	111,266,996	2,071,557
	5,191,319,691		331,389,940	1,499,008,865	724,329,132	102,889,686

30 Jun 2020	Vanguard High Growth Index Fund					
	Fair value of investment \$	Interest held %	Distribution received/ receivable \$	Number of units acquired Units	Number of units disposed Units	Distribution receivable unpaid \$
Vanguard Australian Fixed Interest Index Fund	98,043,483	1.43	2,968,532	51,598,409	35,063,202	1,329,466
Vanguard International Small Companies Index Fund	217,305,465	20.93	11,661,442	43,213,600	1,972,646	3,771,838
Vanguard Australian Shares Index Fund	1,208,332,438	9.58	37,900,353	226,605,130	54,070,352	3,203,432
Vanguard International Shares Index Fund	864,087,790	5.83	50,442,090	113,532,339	38,201,592	31,556,050
Vanguard Emerging Markets Shares Index Fund	168,836,192	14.72	8,288,888	27,364,038	1,970,594	2,677,849
Vanguard International Shares Index Fund (Hedged) - AUD Class	533,158,121	10.18	10,947,384	213,667,021	92,793,662	10,947,384
Vanguard Global Aggregate Bond Index Fund (Hedged)	229,806,489	4.55	4,880,270	127,228,712	92,587,208	2,149,781
	3,319,569,978		127,088,959	803,209,249	316,659,256	55,635,800

Interest held represents the entity's year end percentage interest in the Wholesale class of the investee funds.

A Fund's maximum exposure to loss from its interest in investee funds is equal to the total fair value of its investments in the investee funds as there is no off-balance sheet exposure relating to any of the investee funds. Once the Fund has disposed of its shares in an investee fund, it ceases to be exposed to any risk from that investee fund.

The proportion of ownership interest is equal to the proportion of the voting power held.

The Funds did not hold any investments in Vanguard Investments Australia Ltd during the year.

Other transactions within the Funds

Apart from those details disclosed in this note, no directors have entered into a material contract with the Funds during the financial year and there were no material contracts involving directors' interests subsisting at year end.

Notes to the financial statements (continued)

For the year ended 30 June 2021

13 Responsible Entity's fees

	Vanguard Diversified Bond Index Fund		Vanguard Balanced Index Fund				Vanguard Conservative Index Fund			
			Wholesale Class		ETF Class		Wholesale Class		ETF Class	
	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000
Responsible Entity's fees incurred by the Funds	149	127	3,697	3,034	144	89	1,983	1,198	75	30
Management costs per annum	0.29%	0.29%	0.29%	0.29%	0.27%	0.27%	0.29%	0.29%	0.27%	0.27%

	Vanguard Growth Index Fund				Vanguard High Growth Index Fund					
	Wholesale Class		ETF Class		Wholesale Class		ETF Class			
	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000		
Responsible Entity's fees incurred by the Funds			4,173	3,711	166	87	2,523	2,085	367	152
Management costs per annum			0.29%	0.29%	0.27%	0.27%	0.29%	0.29%	0.27%	0.27%

14 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 30 June 2021 or on the results and cash flows of the Funds for the year ended on that date.

15 Contingent assets, contingent liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2021 (30 June 2020: Nil).

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 8 to 34 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 the Funds' financial position as at 30 June 2021 and of their performance, as represented by the results of their operations for the financial year ended on that date.
- (b) there are reasonable grounds to believe that the Funds will be able to pay their debts as and when they become due and payable.
- (c) Note 2(a) 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.



F Kolimago
Managing Director
Melbourne
9 September 2021



Independent auditor's report

To the unitholders of:

- Vanguard Diversified Bond Index Fund
- Vanguard Balanced Index Fund*
- Vanguard Conservative Index Fund*
- Vanguard Growth Index Fund*
- Vanguard High Growth Index Fund*

referred to collectively as Vanguard Diversified Funds and ETFs.

*denotes listed Funds

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Vanguard Diversified Funds and ETFs (the Funds) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Funds' financial positions as at 30 June 2021 and of their financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the balance sheets as at 30 June 2021
- the statements of comprehensive income for the year then ended
- the statements of changes in equity for the year then ended
- the statements of cash flows for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

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Independence

We are independent of the Funds in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial report as a whole, taking into account the structure of the Funds, the accounting processes and controls and the industry in which the Funds operate.



Materiality

- For the purpose of our audit, we used approximately 1% of each Fund's net assets to set our overall materiality for each Fund.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose net assets because, in our view, it is the metric against which the performance of the Funds are most commonly measured and is a generally accepted benchmark in the fund industry.
- We utilised 1% as the threshold based on our professional judgement, noting they are within the range of commonly acceptable thresholds.

Audit Scope

- Our audit focused on where the Funds made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- Our audit approach reflects the nature of the investments held by the Funds and the consideration of the work undertaken by third-party service providers.



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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit Committee.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><i>Investments in financial assets at fair value through profit or loss</i> <i>Refer to note 2 (Summary of significant accounting policies) and note 4 (Fair value measurement)</i></p> <p>At 30 June 2021, investments in financial assets at fair value through profit or loss comprised primarily of investments in unlisted unit trusts.</p> <p>Investments in financial assets at fair value through profit or loss was a key audit matter because investments represent the principal element of the balance sheet. A discrepancy in the valuation or existence of investments could cause the net asset value to be materially misstated which would also impact the Funds' reported performance as the valuation of investments is the main driver of movements in the profit of the Funds.</p>	<p>To assess the design and operating effectiveness of the service provider's relevant controls, we:</p> <ul style="list-style-type: none">inspected the most recent reports provided by the service provider setting out the controls in place at that service provider, and that included an independent audit opinion over the design and operating effectiveness of those controls.developed an understanding of the control objectives and associated control activities and evaluated the results of the tests undertaken and the conclusions formed by the auditor on the design and operating effectiveness of controls, to the extent relevant to our audit of the Funds. <p>We performed the following procedures, amongst others, to assess the valuation and existence of the Funds' investments in unlisted unit trusts:</p> <ul style="list-style-type: none">We obtained confirmation from the unit registry for investments in unlisted unit trusts at year end and compared the confirmed balance to the accounting records.We compared the price used by the Funds to value these investments to the most recent audited financial statements of the unlisted unit trusts and to the 30



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<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
-------------------------	-----------------------------------------------------

June 2021 price quoted by the unlisted unit trusts' Responsible Entity.

Other information

The directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors of the Responsible Entity for the financial report

The directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors of the Responsible Entity determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors of the Responsible Entity are responsible for assessing the ability of the Funds to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Responsible Entity either intends to liquidate the Funds or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.



A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf, for the listed funds and
http://www.auasb.gov.au/auditors_responsibilities/ar6.pdf, for the unlisted funds. These descriptions form part of our auditor's report.

PricewaterhouseCoopers

PricewaterhouseCoopers

Britt Hawkins

Britt Hawkins
Partner

Melbourne
9 September 2021

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Responsible Entity

Vanguard Investments Australia Ltd
ABN 72 072 881 086
AFSL 227263

Level 13
130 Lonsdale Street
Melbourne VIC 3000

Telephone: (03) 8888 3888
Facsimile: 1300 765 712

vanguard.com.au

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