



Product Viewpoint

Vanguard Australian Fixed Interest Index ETF

ISSUE DATE 31-10-2018

Key information

FUND MANAGER	VANGUARD INVESTMENTS AUSTRALIA LTD
ASSET CLASS	FIXED INTEREST
SECTOR	AUSTRALIAN FIXED INTEREST
SUB SECTOR	BROAD - PASSIVE
LEGAL TYPE	EXCHANGE TRADED FUND
PDS OBJECTIVE	THE FUND SEEKS TO TRACK THE RETURN OF THE BLOOMBERG AUSBOND COMPOSITE 0+YR INDEX BEFORE TAKING INTO ACCOUNT FEES, EXPENSES AND TAX
MANAGEMENT COSTS	0.2% P.A.
ASX LISTING DATE	OCTOBER 2012
DISTRIBUTION FREQUENCY	QUARTERLY
FUND SIZE	\$1,387.44M

Daily trading information

TICKER	VAF
52 WEEK LOW	\$49.89
52 WEEK HIGH	\$53.06
LAST PRICE	\$52.82
LAST NET ASSET VALUE (NAV)	\$52.81
PREMIUM / DISCOUNT TO NAV (DAILY)	0%
AVERAGE DAILY TRADED VOLUME	62,265
AVERAGE DAILY TRADED VALUE	\$3.22M

Top 10 holdings

AUSTRALIA (COMMONWEALTH OF)	2.25%	3.22%
AUSTRALIA (COMMONWEALTH OF)	4.25%	3.13%
AUSTRALIA (COMMONWEALTH OF)	4.75%	2.92%
AUSTRALIA (COMMONWEALTH OF)	5.75%	2.88%
AUSTRALIA (COMMONWEALTH OF)	3.25%	2.87%
AUSTRALIA (COMMONWEALTH OF)	2.75%	2.79%
AUSTRALIA (COMMONWEALTH OF)	5.5%	2.73%

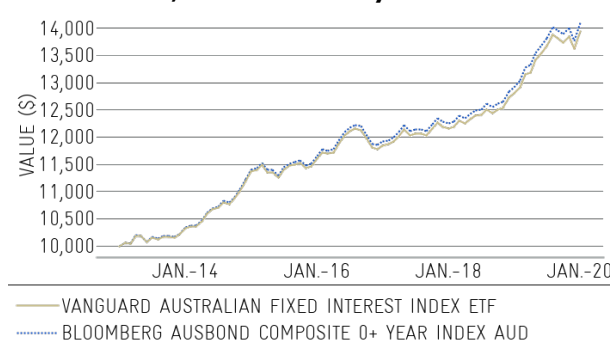
www.vanguardinvestments.com.au

Returns after fees (at 31-1-2020)

	1 YR	3 YR	5 YR	7 YR
TOTAL RETURN (% PA)	8.88	5.57	4.16	4.86
LONSEC BENCHMARK (%)	9.06	5.73	4.32	5.02
STANDARD DEVIATION (% PA)	3.96	2.85	2.88	2.78
TRACKING ERROR (% PA)	0.04	0.04	0.04	0.04

BENCHMARK USED: BLOOMBERG AUSBOND COMPOSITE 0+ YEAR INDEX AUD

Growth of \$10,000 over seven years



What this Rating means

The 'Highly Recommended Index' rating indicates that Lonsec has very strong conviction the financial product can generate risk adjusted returns in line with relevant objectives. The financial product is considered a preferred entry point to this asset class or strategy.

Lonsec Opinion of this Fund

Overall

Lonsec has maintained the Fund's 'Highly Recommended Index' rating at this review. Lonsec considers the Manager to be well-resourced and highly experienced in management of passive-style products. Vanguard has continually displayed willingness to streamline processes and reduce cost via improved systems and trading methodologies. The Fund represents a convenient and cost effective means for investors to gain exposure to the Australian bond market.

Strengths

- Vanguard is a market leader in low cost passive strategies, benefiting from its scale, expertise and resources, which is reflected in the quality of the product.
- The Fund adequately represents the performance of one of the most popular Australian bond market indexes.
- The team continues to benefit from constant system and process improvements.
- Low key person risk.

Weaknesses

- The underlying index constituent details are not readily available to non-subscriber investors.

Fees & indirect costs

BUY/SELL DIFFERENTIAL	0.03
PREMIUM / DISCOUNT TO NAV (MONTHLY)	0%

Product Risk Characteristics

	LOW	MODERATE	HIGH
BUSINESS SUSTAINABILITY RISK	●		
CAPITAL VOLATILITY		●	
CREDIT RISK	●		
FOREIGN CURRENCY EXPOSURE	●		
INTEREST RATE RISK			●
REDEMPTION RISK		●	
SECURITY LIQUIDITY RISK		●	
LEVERAGE RISK	●		
SECURITY CONCENTRATION RISK	●		

Risk categories are based on Lonsec's qualitative opinion of the risks inherent in the financial product's asset class and the risks relative to other financial products in the relevant Lonsec sector universe.

ANALYST: JOSHUA NAPPA | APPROVED BY: PRASANKA RAJAPAKSHA

Vanguard Australian Fixed Interest Index ETF

What is this Fund?

The Vanguard Australian Fixed Interest Index ETF ('Fund') is a listed product which is passively managed with the aim of matching the returns to the underlying index before fees.

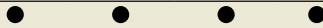
Using this Fund

Exchange traded funds (ETFs) are investment vehicles traded on a stock exchange like ordinary shares. ETFs are generally structured to provide investors with returns that track a particular index or asset class.

ETFs are suited to those investors who believe the market average provides an efficient long term return or are unwilling to pay the additional fees involved with active investment management.

Suggested Lonsec risk profile suitability

SECURE DEFENSIVE CONSERVATIVE BALANCED GROWTH HIGH GROWTH



For guidance on appropriate asset allocations and risk profiles, refer to the latest Lonsec Strategic Asset Allocation Review and Risk Profile Definitions on our website.

Manager Profile

The Vanguard Group Inc was established in 1975 as a mutually owned organisation and as at January 2018 had approximately US\$5.1 trillion in funds under management. Globally, Vanguard employs over 14,000 staff throughout global offices. Vanguard Investments Australia Ltd (Vanguard) was established in 1996 as a wholly owned subsidiary of Vanguard Group Inc (US).

Glossary

[Click here for the glossary of terms.](#)

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