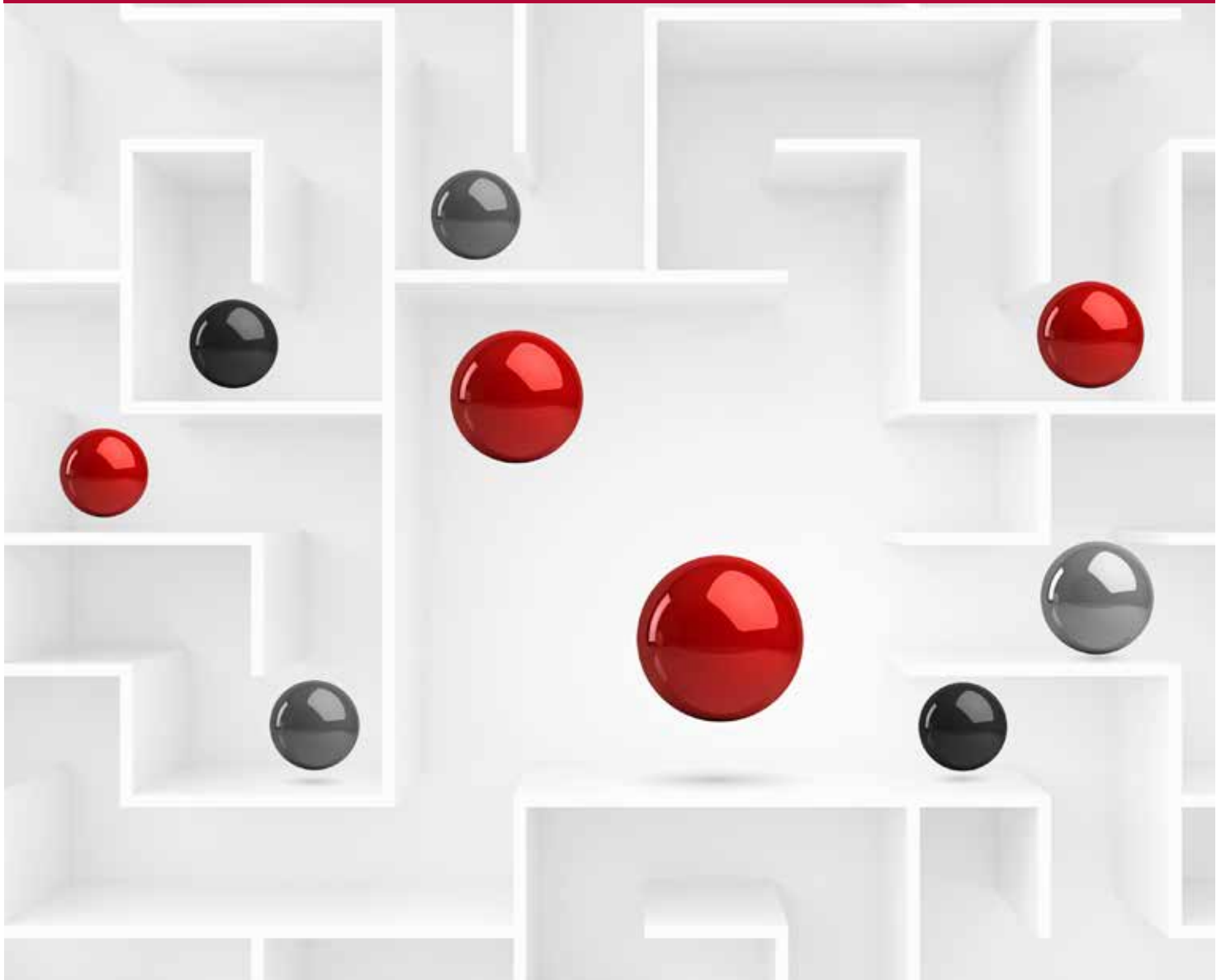


Vanguard[®]

Vanguard ETF portfolio strategies



In today's demanding market, many advisers are discovering that low-cost index strategies can help streamline their traditional portfolio construction efforts and free up time to focus on client relationship and business development needs.

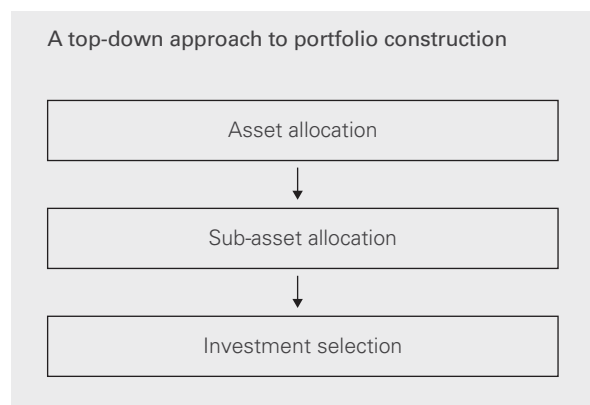
This guide provides sample ETF portfolio strategies to suit a range of client risk and return profiles. The portfolios offer a simple and highly cost-effective means of gaining broad market coverage across a range of asset classes.

Strategic asset allocation driving portfolio outcomes

Vanguard's investment philosophy is built on the belief that strategic asset allocation drives long-term outcomes. Diversifying across and within asset classes helps to reduce volatility and smooth out returns over time.

A top-down approach

A top-down approach establishes asset allocation as the most important investment decision. Allocation across broad asset classes is followed by allocation within each asset class and, ultimately, by specific investment selections.

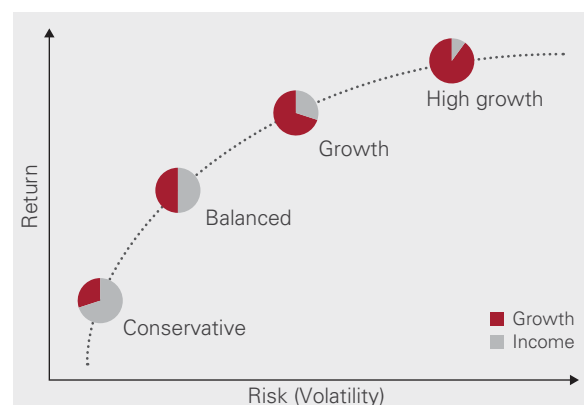


Vanguard's ETF portfolio strategies

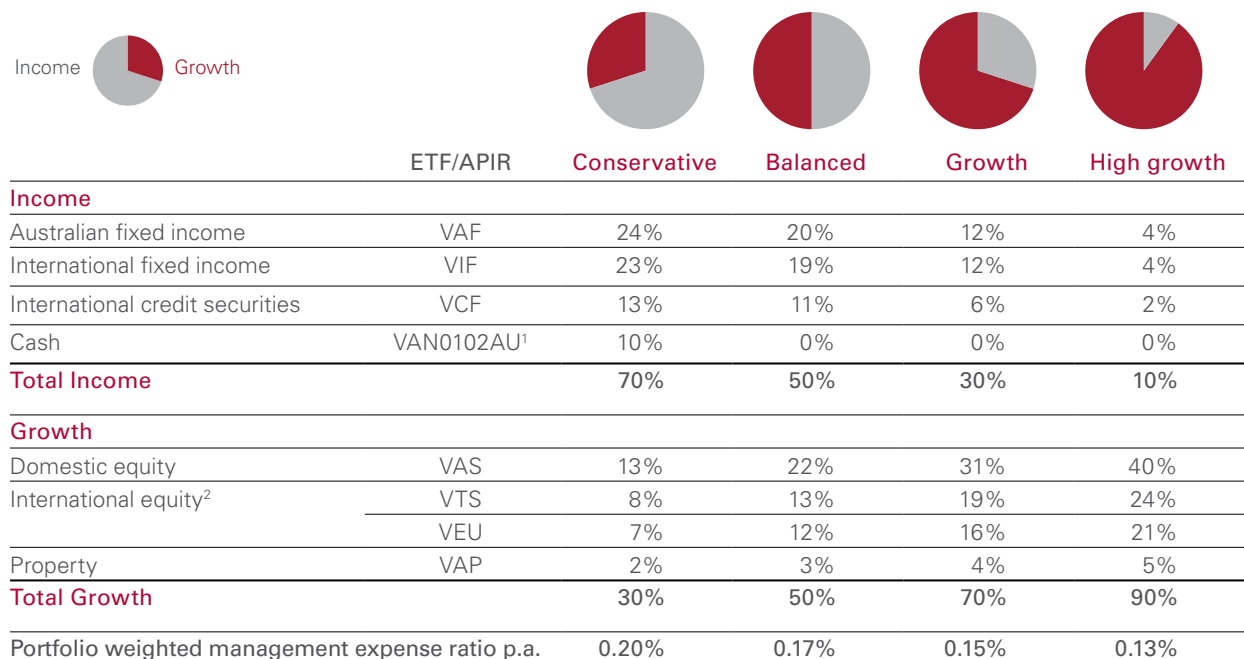
Vanguard's ETF portfolio strategies have been developed to meet the needs of a range of investor profiles. The four portfolios allow you to cater to the most conservative clients through to those with a longer investment time frame that require greater exposure to growth assets.

Asset allocations between growth and income assets are split as follows:

Conservative:	30% growth	70% income
Balanced:	50% growth	50% income
Growth:	70% growth	30% income
High growth:	90% growth	10% income



Vanguard's ETF portfolio strategies – asset allocation



¹ The Vanguard Wholesale Fund has been used to achieve exposure to short-term money market securities to complement ETF asset allocations.

² Allocation to international equities based on the US being approximately 54% of total world market cap.

Benefits for your clients

Lower return variability

Vanguard's ETF portfolio strategies aim to deliver returns that are in line with those of their respective benchmarks. This allows you control over the amount of active risk your clients are exposed to. We believe that your ability to control or eliminate active risk can help boost client loyalty and enhance retention.

Broad exposure

Regardless of your clients' asset allocation needs, the strategies offer a high level of diversification through broad exposure to domestic and international markets.

Lower investment costs

The strategies typically have lower investment costs than actively managed portfolios, allowing your clients to keep more of their investment returns. The weighted average expense ratio of all four options is 20 basis points or less, compared with the industry average ETF expense ratio of 40 basis points.[#]

Benefits for your business

Gain more time to grow your practice

Utilising these simple low-cost ETF strategies in client portfolios allows you to spend more time driving value for clients on services beyond the investment selection. Building out your value proposition to focus on services like estate planning, retirement planning, risk profiling and tax planning often leads to higher client satisfaction, especially during down markets as clients can see the value their adviser adds in a tangible way.

Streamline your investment process

Simplify your efforts to offer diversified portfolios by providing access to calibrated asset allocations that fit your clients' particular risk profiles and investment objectives. In turn, this also provides you with a simple and easy to communicate investment philosophy that clients can understand.

Ability to lower costs without impacting your margin

As the financial advice industry continues to feel the pressure to reduce fees, ETFs can allow you to lower costs for your clients without reducing your advice margin.

[#] Source: ASX with Vanguard calculations, weighted by funds under management as at 30 June 2016.

Conservative portfolio strategy

Strategy

The conservative portfolio strategy is biased towards income assets and is designed for investors with a low tolerance for risk.

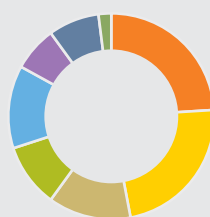
The strategy targets a 70% allocation to income oriented asset classes and a 30% allocation to growth oriented asset classes.

Who it may suit

- investors with a minimum time horizon of three years
- investors seeking a steady source of income with some capital growth
- investors seeking relatively stable returns, with a low probability for loss of capital over the investment timeframe
- investors seeking a tax-effective investment

Portfolio weighted management expense ratio per annum:

0.20%



Vanguard Australian Fixed Interest Index ETF (VAF)	24%
Vanguard International Fixed Interest Index ETF (Hedged) (VIF)	23%
Vanguard International Credit Securities Index ETF (Hedged) (VCF)	13%
Vanguard Cash Plus Fund	10%
Vanguard Australian Shares Index ETF (VAS)	13%
Vanguard US Total Market Shares Index ETF (VTS)	8%
Vanguard All-World ex-US Shares Index ETF (VEU)	7%
Vanguard Australian Property Securities Index ETF (VAP)	2%

Top 10 holdings	%
1. CBA	1.18
2. Australia (Commonwealth of) 4.25 21 Apr-2026	0.97
3. Westpac Banking Corp	0.91
4. Australia (Commonwealth of) 5.75 15-May-2021	0.84
5. Australia (Commonwealth of) 4.50 15-Apr-2020	0.83
6. Australia (Commonwealth of) 4.75 21 Apr-2027	0.80
7. Australia (Commonwealth of) 2.75 21 Apr-2024	0.76
8. Australia (Commonwealth of) 3.25 21-Apr-2025	0.74
9. Australia (Commonwealth of) 5.50 21 Jan 2018	0.71
10. Australia (Commonwealth of) 5.75 15 Jul-2022	0.70

Sector allocation	%
Treasury	34.60
Government Related	15.13
Corporate	10.27
Cash	10.0
Financials	7.90
Property	3.16
Industrials	2.98
Consumer Goods	2.76
Consumer Services	2.55
Basic Materials	2.51
Health Care	2.66
Technology	1.78
Oil & Gas	1.53
Telecommunications	1.28
Utilities	0.90

Regional allocation	%
Australia	40.00
North America	21.00
Europe ex UK	11.10
Cash	10.00
Japan	9.10
UK	3.30
Emerging Markets	2.00
Asia Pacific (ex Aus, Japan)	1.00
Middle East	0.10
Other	2.40

Data as at 30 June 2016. These strategies are intended to provide our recommended asset allocations for specific risk tolerances. These strategies do not take into account other potential costs such as commissions, brokerage or buy-sell spreads.

Balanced portfolio strategy

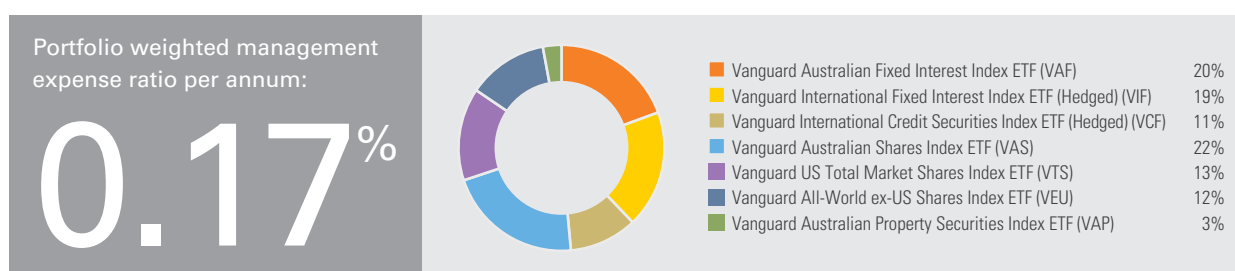
Strategy

The balanced portfolio strategy is designed for investors seeking a balance between income and capital growth assets.

The strategy targets a 50% allocation to income oriented asset classes and a 50% allocation to growth oriented asset classes.

Who it may suit

- investors with a minimum time horizon of five years
- investors seeking a balance between income and capital growth potential
- investors seeking a tax-effective investment



Top 10 holdings	%
1. CBA	2.00
2. Westpac Banking Corp	1.53
3. ANZ Banking Group	1.10
4. Telstra Corp Ltd	1.06
5. National Australia Bank Ltd	1.05
6. Scentre Group	1.04
7. BHP Billiton Ltd	0.94
8. Westfield	0.81
9. CSL Ltd	0.80
10. Australia (Commonwealth of)	4.25

21-Apr-2026

Sector allocation	%
Treasury	28.67
Financials	13.29
Government Related	12.68
Corporate	8.65
Industrials	4.99
Property	4.96
Consumer Goods	4.62
Consumer Services	4.27
Basic Materials	4.24
Health Care	4.45
Technology	2.97
Oil & Gas	2.57
Telecommunications	2.15
Utilities	1.51

Regional allocation	%
Australia	46.18
North America	24.57
Europe ex UK	11.01
Japan	8.57
UK	3.53
Emerging Markets	2.75
Asia Pacific (ex Aus, Japan)	1.28
Middle East	0.14
Other	2.02

Data as at 30 June 2016. These strategies are intended to provide our recommended asset allocations for specific risk tolerances. These strategies do not take into account other potential costs such as commissions, brokerage or buy-sell spreads.

Growth portfolio strategy

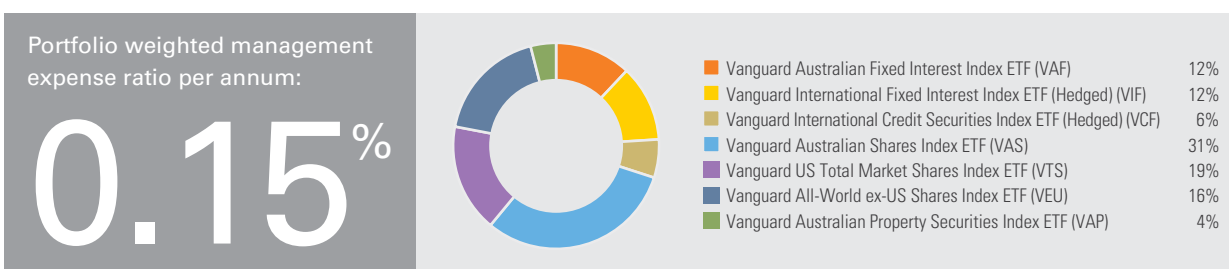
Strategy

The growth portfolio strategy is biased towards growth assets, and is designed for investors seeking long-term capital growth.

The strategy targets a 30% allocation to income oriented asset classes and a 70% allocation to growth oriented asset classes.

Who it may suit

- investors with a minimum time horizon of seven years
- investors seeking long-term capital growth through a diversified portfolio with a bias to growth assets
- investors seeking a tax-effective investment



Top 10 holdings	%
1. CBA	2.81
2. Westpac Banking Corp	2.16
3. ANZ Banking Group	1.55
4. Telstra Corp Ltd	1.50
5. National Australia Bank Ltd	1.48
6. Scentre Group	1.42
7. BHP Billiton Ltd	1.32
8. CSL Ltd	1.13
9. Westfield	1.10
10. Wesfarmers Ltd	0.99

Sector allocation	%
Financials	18.68
Treasury	17.80
Government Related	7.37
Industrials	7.00
Property Trusts	6.76
Consumer Goods	6.48
Consumer Services	5.99
Basic Materials	5.96
Health care	6.24
Corporate	4.84
Technology	4.16
Oil & Gas	3.60
Telecommunications	3.02
Utilities	2.11

Regional allocation	%
Australia	48.28
North America	24.26
Europe ex UK	10.00
Japan	7.22
Emerging Markets	3.73
UK	3.68
Asia Pacific (ex Aus, Japan)	1.56
Middle East	0.13
Other	1.15

Data as at 30 June 2016. These strategies are intended to provide our recommended asset allocations for specific risk tolerances. These strategies do not take into account other potential costs such as commissions, brokerage or buy-sell spreads.

High growth portfolio strategy

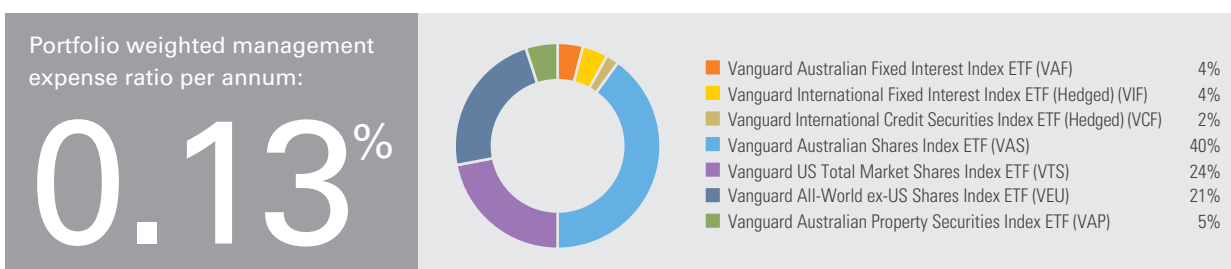
Strategy

The high growth portfolio strategy provides exposure to mainly growth assets and is designed for investors with a high tolerance for risk who are seeking long-term capital growth.

The strategy targets a 10% allocation to income oriented asset classes and a 90% allocation to growth oriented asset classes.

Who it may suit

- investors with a minimum time horizon of seven years
- investors seeking long-term capital growth through a diversified portfolio of mainly growth assets
- investors seeking a tax-effective investment



Top 10 holdings	%
1. CBA	3.63
2. Westpac Banking Corp	2.79
3. ANZ Banking Group	2.00
4. Telstra Corp Ltd	1.93
5. National Australia Bank Ltd	1.92
6. Scentre Group	1.79
7. BHP Billiton Ltd	1.70
8. CSL Ltd	1.46
9. Westfield	1.39
10. Wesfarmers Ltd	1.28

Sector allocation	%
Financials	24.07
Industrials	9.02
Property Trusts	8.56
Consumer Goods	8.33
Consumer Services	7.71
Basic Materials	7.68
Health care	8.04
Treasury	5.93
Technology	5.35
Oil & Gas	4.63
Telecommunications	3.90
Government Related	2.46
Utilities	2.72
Corporate	1.61

Regional allocation	%
Australia	50.22
North America	27.43
Europe ex UK	7.89
Japan	5.01
Emerging Markets	4.06
UK	3.33
Asia Pacific (ex Aus, Japan)	1.58
Middle East	0.12
Other	0.38

Data as at 30 June 2016. These strategies are intended to provide our recommended asset allocations for specific risk tolerances. These strategies do not take into account other potential costs such as commissions, brokerage or buy-sell spreads.

Vanguard's Capital Markets Team

Giving you the tools you need to achieve the best possible ETF trading outcomes

Led by dedicated ETF specialists located in our head office in Melbourne, Australia, the Vanguard Capital Markets Team provides the following services:

- Immediate responses to ETF trade and execution queries
- Access to market makers who can add depth to the market and keep buy/sell spreads tight
- Education on potential ETF trading strategies
- ETF research, tools and thought leadership

You can contact the Vanguard ETF Trading & Support Team anytime between 9am – 5pm (Melbourne time), Monday to Friday on

1300 655 888

Connect with Vanguard™

- > vanguard.com.au/etfs
- > 1300 655 205



Vanguard®

Vanguard Investments Australia Ltd (ABN 72 072 881 086 / AFSL 227263) (Vanguard) is the issuer of the Vanguard ETFs. Vanguard is the issuer of the Prospectus on behalf of the US listed exchange traded funds ("ETFs") described in the Prospectus. Vanguard has arranged for interests in the US ETFs to be made available to Australian investors via CHESS Depository Interests that are quoted on the AQUA market of the Australian Securities Exchange ("ASX"). Vanguard ETFs will only be issued to Authorised Participants, that is, persons who have entered into an Authorised Participant Agreement with Vanguard. Retail investors can transact in Vanguard ETFs through a stockbroker or financial adviser on the secondary market. Retail investors can only use the Prospectus and PDS for informational purposes. We have not taken your circumstances into account when preparing this publication so it may not be applicable to your circumstances. You should consider your circumstances and the relevant PDS and/or Prospectus before making any investment decision. You can access the relevant PDSs and/or Prospectus at vanguard.com.au. This publication was prepared in good faith and we accept no liability for any errors or omissions. © 2016 Vanguard Investments Australia Ltd. All rights reserved.
VETFPS_072016