



## Vanguard Index Diversified Bond Fund

Key fund facts	
Management costs	
- First \$50,000	0.75% p.a.
- Next \$50,000	0.50% p.a.
- Balance over \$100,000	0.35% p.a.
Buy spread	0.13%
Sell spread	0.13%
Inception date	19 January 2000
Income distribution	Quarterly
Fund size	\$83.9 million

Trading information	
APIR code	VAN0101AU
Minimum investment	\$5,000

Benchmark information	
Benchmark (Bmk)	Diversified Bond Composite Index - Retail <sup>P</sup>

### Investment objective

The Vanguard Index Diversified Bond Fund seeks to track the return of a tailored diversified index representing a 40% allocation to the Bloomberg AusBond Composite 0+ Yr Index and a 60% allocation to the Barclays Global Aggregate ex Securitised Index (hedged to Australian dollars) before taking into account fees, expenses and tax.

### Fund overview

The Fund provides low-cost access to a broadly diversified portfolio of Australian and International bonds. It invests in high grade securities issued by government, government-related and corporate entities and delivers regular income along with moderate long-term growth. The investments in the Fund are predominantly rated -BBB or higher by Standard & Poor's ratings agency or equivalent.

### Performance return<sup>A,B,D</sup> (%)

	Fund gross	Bmk	Fund total	Distb'n	Growth
1 month	0.19	0.18	0.13	0.00	0.13
3 months	2.80	2.77	2.61	3.11	-0.50
6 months	4.57	4.50	4.17	3.58	0.59
1 year	8.23	8.17	7.42	4.51	2.91
3 years (p.a.)	7.34	7.32	6.54	2.60	3.94
5 years (p.a.)	6.96	6.96	6.16	2.78	3.38
10 years (p.a.)	7.44	7.36	6.63	4.98	1.65
Inception (p.a.)	7.57	7.48	6.77	5.52	1.25

### Year to year gross return<sup>A,B,D</sup> (%)

	Dec - Dec		June - June	
	Fund	Bmk	Fund	Bmk
YTD	7.33	7.27	0.96	0.93
2016	N/A	N/A	5.85	5.79
2015	3.01	3.01	5.75	5.69
2014	10.34	10.30	7.10	7.13
2013	2.17	2.19	3.99	3.95

### Income distribution<sup>C</sup>

Quarter ended	Amount (CPU)	Reinvestment price
30 June 2016	3.8130	\$1.2197

### Notes

- A Past performance is not an indication of future performance.
- B Returns assume reinvestment of all distributions. Returns for periods longer than 1 year are annualised. Fund gross returns are before management costs and taxes, but after transaction and operational costs. Fund total return is the fund gross return less management costs. Index returns do not allow for taxes, management, transaction and operational costs.
- C Past distributions are not an indication of future distributions.
- D Diversified Bond Composite Index - Retail comprises of (weight/index): 40% Bloomberg AusBond Composite 0+ Yr Index, 60% Barclays Global Aggregate ex Securitised Index (hedged to AUD).

# Vanguard Index Diversified Bond Fund

## Characteristics

	Fund	Bmk
Yield to maturity	1.40%	N/A
Weighted average coupon	3.5%	N/A
Weighted average maturity	8.1 years	8.1 years
Effective duration	6.5 years	6.4 years
Running yield	3.07%	N/A

## Credit allocation (%)

	Fund	Bmk
AAA	47.5	47.4
AA	19.8	19.9
A	20.3	20.4
BBB	11.7	11.5
Below BBB	0.1	0.1
Not rated	0.6	0.7

## Sector allocation (%)

	Fund	Bmk
Treasury	57.8	57.8
Gov-Related	25.1	25.3
Corporate	16.6	16.4
Securitized	0.5	0.5

## Country allocation (%)

	Fund	Bmk		Fund	Bmk
Australia	33.1	33.4	Netherlands	1.6	1.6
United States	19.5	18.9	Korea	1.1	1.1
Japan	13.0	13.1	Belgium	0.8	0.7
Germany	5.4	5.4	Switzerland	0.6	0.6
Supranational	4.8	4.7	Mexico	0.5	0.5
United Kingdom	4.1	4.1	Austria	0.5	0.5
France	3.8	3.8	Sweden	0.4	0.5
Italy	2.7	2.6	Norway	0.4	0.4
Canada	2.5	2.6	China	0.3	0.4
Spain	1.6	1.6	Other	3.3	3.6

## Glossary

**Yield to maturity** is the rate of return an investor would receive if the fund's fixed income securities were held to their maturity dates. The figure does not include the return component from hedging.

**Weighted average coupon** is the average interest rate (coupon rate) of all the bonds in a fund.

**Weighted average maturity** is the time from today until a bond matures or is redeemed by its issuer. Within a portfolio, the statistic is calculated for each bond and weighted by each bond's market value. In general, the longer a fund's average weighted maturity, the more its unit price will fluctuate in response to changing interest rates.

**Effective duration** is an option-adjusted measure of a portfolio's sensitivity to a change in interest rates. For example, if a bond has a duration of two years, its price would fall about 2% when interest rates rose one percentage point. On the other hand, the bond's price would rise by about 2% when interest rates fell by one percentage point.

**Running yield** for an individual bond is the annual dollar interest payment (coupon) of the bond divided by its market price. Within a portfolio, the statistic is calculated for each bond and weighted by each bond's market value.

## For more information:

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