

Fund Overview

Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)

Negative screening



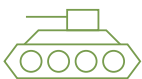
Non-Renewable energy

- Fossil fuels
- Nuclear power



Vice products

- Adult entertainment
- Alcohol
- Gambling
- Tobacco



Weapons

- Controversial weapons (e.g. cluster munitions)
- Conventional military weapons
- Firearms

Investors have a wide variety of humanitarian, ethical, environmental, and social concerns, and many want to see these beliefs reflected in their investments. With this in mind, Vanguard offers clients ESG investment options which utilise exclusionary screening.

The Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged) (the Fund) tracks an index that uses screens to exclude certain sectors, companies, or practices based on specific criteria that are considered negative environmental, social, and governance practices. For example, screening out tobacco companies. While sector weightings may differ from a more traditional broad-market index, the Fund remains broadly diversified and aligned with Vanguard’s philosophy of providing enduring, low cost, diversified, and long-term products.

Investment objective

The Vanguard Ethically Conscious Global Aggregate Bond Index Fund seeks to track the return of the Bloomberg Barclays MSCI Global Aggregate SRI Exclusions Float Adjusted Bond Index, hedged in AUD or NZD, before taking into account fees, expenses and tax.

Fund overview

The Fund provides low cost exposure to high-quality, income-generating securities issued by governments, government-owned entities, government-guaranteed entities, investment-grade corporate issues and securitised assets from around the world. The Fund excludes non-government securities associated with fossil fuels, alcohol, tobacco, gambling, military weapons and civilian firearms, nuclear power and adult entertainment.

The investments in the Fund are predominantly rated BBB- or higher by Standard & Poor’s or equivalent ratings agency. The Fund is hedged to Australian dollars so the value of the Fund is relatively unaffected by currency fluctuations.

The Fund applies nine negative screens across three categories. (See left side).

The screening criteria excludes approximately 2,500 bonds from the Bloomberg Barclays Global Aggregate Fixed Income Float Adjusted Index, representing about 4% of the broader benchmark.

	AUD Hedged Fund	NZD Hedged Fund	AUD Hedged ETF
Benchmark	Bloomberg Barclays MSCI Global Aggregate SRI Exclusions Float Adjusted Bond Index, hedged in AUD or NZD, before taking into account fees, expenses and tax		
Management fee	0.28% pa	0.28% pa	0.26% pa
Number of benchmark holdings	Approximately 20,000		
Income distribution	Quarterly		
Minimum investment	\$500,000	\$500,000	Not applicable
Code	VAN2989AU	VAN1233AU	VEFI

Bloomberg Barclays Index exclusion methodology

Since 1973, Bloomberg Barclays Indices have been the most widely used indices for fixed income investors seeking objective, rules based, and representative benchmarks to measure asset class risk and returns. Bloomberg Barclays provide an independent and transparent index construction process that strongly aligns with existing international standards.

Fossil fuels

- Issuers that have proved and probable coal reserves, and/or proved reserves for oil and natural gas regardless of their industries, including companies that own less than 50% of a reserves field.

Alcohol

- All issuers classified as a "Producer" that earn more than 5% in revenue, or more than \$500 million in revenue from alcohol-related products.

Tobacco

- All issuers classified as a "Producer";
- All issuers classified as "Distributor", "Retailer" and "Supplier" that earn 15% or more of their revenue from tobacco-related products.

Gambling

- All issuers classified as involved in "Operations" or "Support" that earn 5% or more in revenue, or more than \$500 million in revenue, from gambling-related activities.

Civilian Firearms

- All issuers classified as a "Producer".
- All issuers classified as a "Retailer" that earn 5% or more in revenue, or more than \$20 million in revenue from civilian firearms-related products.

Adult entertainment

- All issuers classified as a "Producer" that earn more than 5% in revenue, or more than \$500 million in revenue, from adult entertainment materials.

Military Weapons

- All issuers classified as involved in manufacturing of Nuclear Weapons, Nuclear Weapons Components, Chemical and Biological Weapons Components, or Depleted Uranium Weapons.
- All issuers that earn 5% or more in revenue, or more than \$500 million in revenue, from manufacturing of Conventional Weapons, Conventional Weapons Components, or Conventional Weapons Support Systems and Services.

Nuclear Power

- All issuers classified as a nuclear "Utility".
- All issuers classified as involved in uranium mining, designing nuclear reactors or enrichment of fuel for nuclear reactors.
- All issuers that earn 15% or more revenues as a supplier to the nuclear power industry.

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