



Fund Overview

Vanguard Ethically Conscious Global Aggregate Bond Index Fund (Hedged)

Negative screening



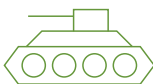
Non-Renewable energy

- Fossil fuels
- Nuclear power



Vice products

- Adult entertainment
- Alcohol
- Gambling
- Tobacco



Weapons

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



Controversies

- Principles of the UN Global Compact
- Covering human and labour rights, environmental issues and anti-corruption standards

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) 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, as well as companies violating the norms established by the UN Global Compact Principles relating to labour and human rights, environmental issues and anti-corruption standards.

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 ten negative screens across three categories. (See left side).

The screening criteria excludes approximately 3,800 bonds from the Bloomberg Barclays Global Aggregate Fixed Income Float Adjusted Index, representing about 6% 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

- Companies with any industry tie to fossil fuels (thermal coal, oil and gas), in particular reserve ownership, related revenues and power generation.

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 companies that manufacture firearms and small arms ammunitions for civilian markets.
- All companies deriving revenue from the distribution (wholesale or retail) of firearms or small arms ammunition intended for civilian use.

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.

Controversies

- Companies that have violated any one of the 10 Principles of the UN Global Compact. This includes companies violating controversies derived from the: Universal Declaration of Human Rights, International Labour Organisation’s Declarations on Fundamental Principles and Rights to Work, Rio Declaration on Environment and Development, and the UN Declaration Against Corruption.

Connect with Vanguard™ > vanguard.com.au/esg-investing > 1300 655 205

Vanguard®

BLOOMBERG® is a trademark of Bloomberg Finance L.P. or its affiliates. BARCLAYS® is a trademark and service mark of Barclays Bank Plc (collectively with its affiliates, “Barclays”). MSCI® is a trademark and service mark of MSCI, Inc. (collectively with its affiliates, including MSCI ESG Research LLC (“MSCI ESG”), “MSCI”). These marks are used under license. Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited (“BISL”) (collectively, “Bloomberg”), or Bloomberg’s licensors own all proprietary rights in the “Bloomberg Barclays MSCI Global Aggregate SRI Exclusions Float Adjusted IndexSM (“Index”) which Index is determined, composed and calculated by BISL, or any successor thereto, based on environmental, social and governance research provided by MSCI ESG. Neither Bloomberg, Barclays nor MSCI is affiliated with Vanguard as Issuer of the Vanguard Ethically Conscious Global Aggregate Bond Index Fund (AUD Hedged) and Vanguard Ethically Conscious Global Aggregate Bond Index Fund (NZD Hedged), and neither Bloomberg, Barclays nor MSCI approves, endorses, reviews or recommends Vanguard Ethically Conscious Global Aggregate Bond Index Fund (AUD Hedged) and Vanguard Ethically Conscious Global Aggregate Bond Index Fund (NZD Hedged). Bloomberg, Barclays and MSCI do not guarantee the timeliness, accurateness or completeness of any data or information relating to the Index, and none shall be liable in any way to the Issuer, investors in Vanguard Ethically Conscious Global Aggregate Bond Index Fund (AUD Hedged) and Vanguard Ethically Conscious Global Aggregate Bond Index Fund (NZD Hedged) or other third parties in respect of the use or accuracy of the Index or any data included therein. Vanguard Investments Australia Ltd (ABN 72 072 881 086 / AFS Licence 227263) is the product issuer. We have not taken your circumstances into account when preparing the above information so it may not be applicable to your circumstances. You should consider your circumstances and our Product Disclosure Statement (PDS) before making any investment decision. You can access our PDS on our website or by calling us. This information was prepared in good faith and we accept no liability for any errors or omissions. Unless otherwise stated, all currencies shown in this document are in Australian dollars. © 2020 Vanguard Investments Australia, All rights reserved. FOVEFI_072020