



Important notice

We are reducing costs and revising strategic asset allocation for our Vanguard Diversified Bond Index Fund

Our investment philosophy is built on the belief that strategic asset allocation is a key driver of returns - recent Vanguard analysis shows that 89.1 per cent of fund return variations can be attributed to asset allocation¹.

We review our diversified funds regularly to ensure they continue to deliver on their investment objectives. As part of our latest review, we are revising the strategic asset allocation and reducing costs to help investors continue to best meet their goals.

How are we revising the strategic asset allocation?

Our global team of investment experts have analysed our Diversified Bond Index Fund to ensure we continue to provide a solution that meets its intended objective.

As a result, we're increasing the allocation to international fixed income and enhancing diversification with a new underlying fund tracking a broader mix of securities.*

Currently the fund has a 40% allocation to domestic fixed interest and 60% allocation to international fixed interest securities. This will change to 30% and 70% respectively.

Why are we reducing costs?

Cost remains one of the most important factors in successful investing, in any market cycle. Vanguard's commitment to lower costs isn't just a marketing strategy or sales ploy - it is an essential part of how we give investors the best chance for investment success.

Vanguard is structured to consistently lower costs over time as funds under management grow. Vanguard's goal is to ensure investors benefit directly when economies of scale bring down the costs of running our funds sustainably.

So, we're pleased to announce that we're reducing the management expense ratio

(MER) for our Vanguard Diversified Bond Index Fund.

	Current MER (% pa)	MER from 1 July 2017 (% pa)
Vanguard Diversified Bond Index Fund	0.34	0.29

This means for every \$1000 you invest in these funds, you may pay as little as \$2.90 p.a.

Vanguard has been operating in Australia for just over 20 years and we have now made a total of 27 separate price cuts to our ETF and wholesale managed funds over that time.

When are the changes happening?

The strategic asset allocation changes will take effect from July 2017.

You can read the updated product disclosure statement at www.vanguard.com.au/pds.

We will communicate with you once these changes have been effected.

Like to know more?

If you have any questions, please contact [Vanguard Client Services](#) on 1300 655 101 (8:00am to 6:00pm Melbourne time, Monday to Friday).

We look forward to helping you achieve your goals with our low-cost, high-quality investments.

Kind regards



Evan Reedman
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