

31 December 2017

International Fixed Interest Fund

Fund description

Invests mainly in international fixed interest assets. Investments may include fixed interest assets issued by governments or international companies, and cash and cash equivalents.

Market and fund review

The fund returned 0.6% over the quarter, and 2.2% over the year as a whole.

It was a busy end of year for the world's major central banks, and naturally, this was a key focus for bond investors. In the US, the Federal Reserve (Fed) raised official US interest rates by a quarter percent to a target range of 1.25–1.50%. The only other major central banks to lift interest rates were the Bank of England and the Bank of Canada. There was some divergence in the performance of global bond markets during the quarter, with most trending higher in price terms. That said, late in the quarter, bond markets did sell off a little. This was on the back of the European Central Bank upping its growth and inflation expectations for Europe, and news that President Trump's tax bill would likely be passed into law. The latter raises the prospect of stronger growth going forward, which suggests interest rates may need to rise at a faster pace.

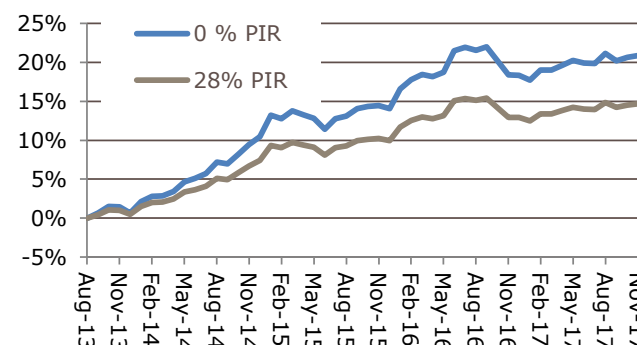
Against this backdrop, the yield on US 10-year government bonds finished the quarter seven basis points higher, but still managed a small increase in total return terms. Elsewhere, the yields on 10-year government bonds were slightly lower, meaning modest gains from many of the other key bond markets in total return terms. While the prospect of higher global interest rates may affect future returns from this asset class, it's important to remember that bonds play an important role in any diversified portfolio – helping to provide a solid foundation to your portfolio during times of uncertainty and market volatility.

Fund performance

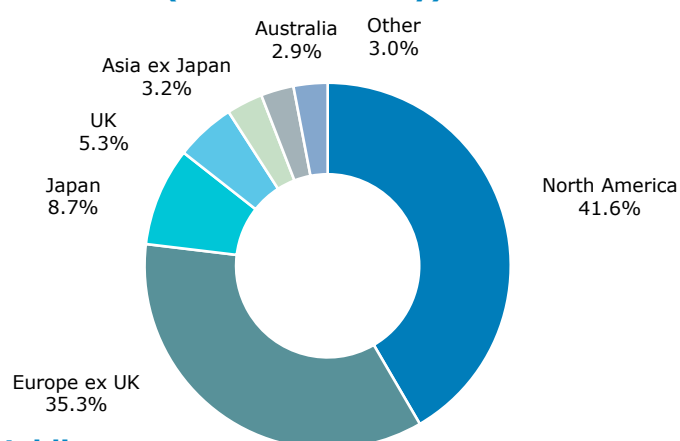
	1mth	3mth	6mth	1yr	3yrs (ann)	5yrs (ann)	Since Launch (ann)
At 0% PIR Tax	0.0%	0.6%	0.8%	2.2%	3.1%	n/a	4.5%
At 28% PIR Tax	0.0%	0.4%	0.6%	1.6%	2.2%	n/a	3.3%

Performance is after fund fees and stated PIR. The 28% PIR return series shows returns at the highest PIR at the time of the performance.

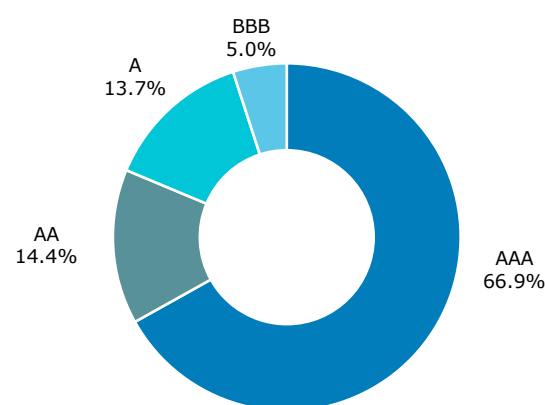
Fund performance since launch



Country allocation (one month delay)



Credit allocation (one month delay)

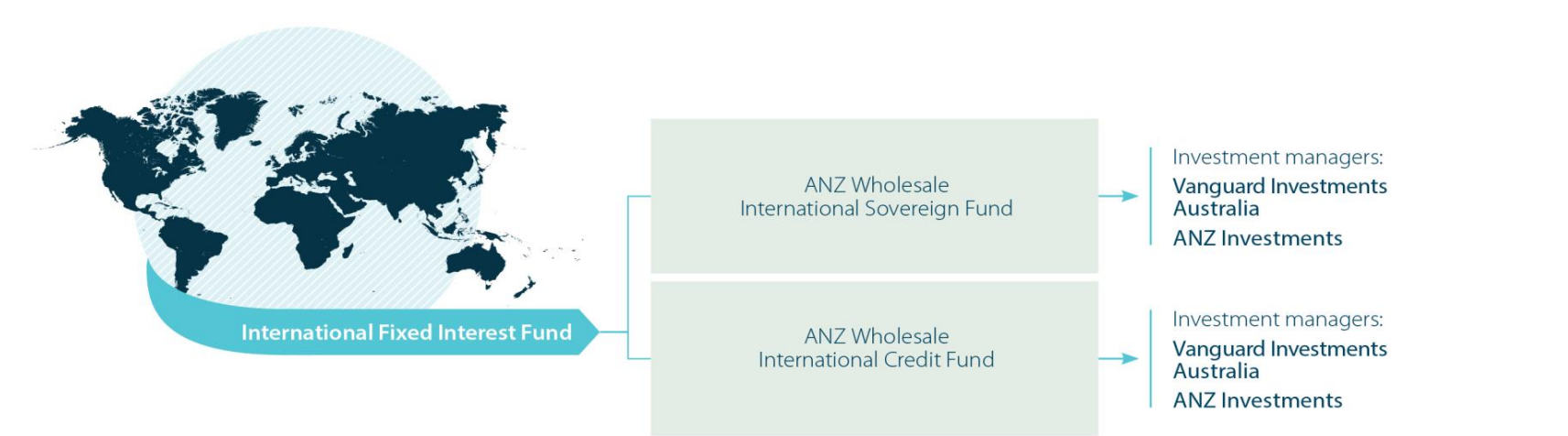


Top 10 Holdings

1	United States Treasury 1.50% 31 Oct 2019	1.1%
2	United States Treasury 2.00% 31 Dec 2021	1.1%
3	United States Treasury 1.50% 31 Jan 2022	1.0%
4	United States 10yr Future Feb 2018	0.9%
5	United States Treasury 1.00% 15 Nov 2019	0.9%
6	United States Treasury 1.62% 15 Oct 2020	0.9%
7	United States Treasury 1.50% 15 Jun 2020	0.9%
8	United States Treasury 1.37% 30 Apr 2020	0.8%
9	United States Treasury 1.87% 31 Oct 2022	0.8%
10	United States Treasury 2.37% 15 Aug 2024	0.8%
Total Top 10 Holdings		9.2%
# International Fixed Interest Holdings		768

International Fixed Interest Fund

Current fund structure



External fund manager

Vanguard Investments Australia

Vanguard Investments Australia Limited (Vanguard) manages a portfolio of international fixed interest assets issued by governments. Vanguard also manages a portfolio of international credit securities.

Additional fund details

Minimum transaction amounts

Lump sum payments	\$500
Regular payments	\$50
Lump sum withdrawals	\$500
Regular withdrawals	\$100
Withdrawal size	\$500

Fees

Annual fund charge	0.94%
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Launch date

20 September 2013

Detailed fund information

[Guide and product disclosure statement](#)

Forms to alter your investment

[See form section of product disclosure statement](#)

Contact information

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Information is current as at the date of this document and may change on a daily basis.

Past performance does not indicate future performance. The actual performance any given investor realises will depend on many things, is not guaranteed and may be negative as well as positive.

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