


Vanguard®

27 March 2013

The Chairman
 Australian Accounting Standards Board
 PO Box 204
 Collins Street West Victoria 8007
 AUSTRALIA

 By email to: standard@asb.gov.au

Dear Chairman

Re: ED 233 Australian Additional Disclosures – Investment Entities

We appreciate the opportunity to provide feedback on ED 233. Vanguard Investments Australia Ltd is an investment fund manager specialising in index fund management. We are a preparer of financial statements for an investment entity and we will be directly impacted by the proposed changes.

Vanguard supports adoption of the IASB amendments to relieve investment entities from consolidating their subsidiaries with no additional disclosures for Australian investment entities (consistent with alternative view 2 in ED 233 AV2.1-3).

Vanguard's view is consistent with the view expressed by the many preparers and investors who responded to the IASB issued ED *Investment Entities* that consolidating the subsidiaries of investment entities does not result in useful information for investors. Given the nature of the investor relationship in investment entities and the fact that management make decisions based on the fair value of their investments (not consolidated information), the fair value through profit and loss recognition is preferred as it results in information that is more relevant to the users of our financial statements.

Further, the onerous task of providing two sets of financial statements imposes additional cost to Australian investment entities with little benefit to users for the reasons stated above. Two sets of financials may be confusing for some readers as there is no guidance for them to determine which set of reports they should use for decision-making. It will also reduce comparability to the full IFRS compliant financial statements of investment entities in other countries where the needs of users are not considered significantly different to the needs of users of investment entities in Australia.

Please contact me if you wish to discuss any of the matters in more detail.

Yours faithfully,

Daniel Shrimski
 Chief Financial Officer

Level 34
 Freshwater Place
 2 Southbank Boulevard
 Southbank, VIC 3006
 Australia

Phone: +61 3 8888 3888
 Fax: +61 1300 765 712

vanguard.com.au