

SAM Sustainability Leaders Australia Fund

**Fund Manager
And Responsible**

Entity
Vanguard Investments
Australia Ltd,
ABN 72 072 881 086
AFSL 227263

Investment approach

Seeks to capture the performance of leading listed companies through identification of the leaders in sustainability. SAM believes that, over the medium to long term, these companies will outperform the broader Australian equity markets.

NEW:
For daily updates on the AuSSI see page 1 of the Business Section of the The Australian (next to the S&P 200).

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Performance Attribution

In the March quarter the Fund outperformed the S&P/ASX 200 by 0.49% returning 9.52% compared to the benchmark return of 9.03%. Attribution analysis shows that 0.41% of this 0.49% gap was due to stock selection. The net outcome of holding the National and ANZ banks made a significant positive contribution here even after the impact of not holding the Commonwealth Bank was taken into account.

The fund benefited, in a small way, from a lack of holdings in AWB (AWB 0.09%). Positions in National Australia Bank (NAB, 0.44%), ANZ (ANZ, 0.28%), BHP-Billiton (BHP, 0.27%) and Oxiana (OXR, 0.20%) contributed positively to performance. In addition another 10 companies, in the portfolio, contributed positively at levels above or equal to 0.10%. A negative contribution was recorded by our holding in Qantas (QAN, -0.07%). Not holding Commonwealth Bank (CBA, -0.53%) reduced the overall out-performance for the quarter, but was not sufficient to cause a negative impact.

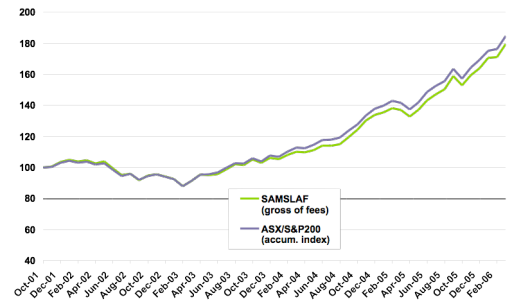
The S&P/ASX 200 and the fund have recorded growth of 30.35% and 31.00% respectively over the period from 1 April 2005 to 31 March 2006.

During the quarter we held the first AuSSI seminars for 2006. It focused on water management and the contribution to the shareholder and investor wealth creation. BHP-Billiton, Fosters and Lend Lease spoke at the event, which was hosted by IAG in Sydney and the Victorian EPA in Melbourne. The presentations are available on the website at www.aussi.net.au/html/news_events/events

Top Ten Holdings equal 54% of the total Fund.

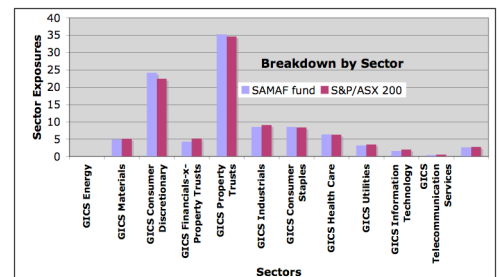
BHP BILLITON	11.75%
NATIONAL AUSTRALIA BANK	9.18%
ANZ BANK	7.60%
WESTPAC BANK	7.25%
COLES MYER	3.96%
RIO TINTO	3.30%
WOODSIDE PETROLEUM	2.76%
TELSTRA	2.66%
RINKER GROUP	2.61%
QBE INSURANCE	2.47%

Performance Chart: Inception to 31 Mar 2006
Source: SAM



Net asset value:	\$1.4746
Purchase:	\$1.4776
Withdrawal:	\$1.4716
Buy/Sell Spread:	+/-0.20%
MER:	0.70% p.a.
Total Fund Size:	\$195.4 million

Portfolio Breakdown by Sector



Key performance data: 31 Mar 2006

	1 Mth	3 Mths	12 Mths	Since Inception (na)*
FUND Net Return	4.86%	9.33%	30.09%	13.52%
FUND Gross return	4.93%	9.52%	31.00%	14.31%
S&P / ASX 200 Accumulation Index	4.74%	9.03%	30.35%	15.04%

* Commencement 14 November 2001

