



Vanguard[®] 20+ Year Euro Treasury Index Fund

An Index-Related Fund

28 February 2011

Investment objective

The fund seeks to provide returns consistent with the performance of the Barclays Capital Euro Aggregate Treasury 20+ Year Index (AA- and above), a market-weighted bond index of the euro-denominated government fixed-income securities.

Investment strategy

The fund employs a "passive management"—or indexing—strategy designed to track the performance of the index. This market-weighted index is designed to reflect the total universe of euro-denominated Eurozone treasury securities with maturities of at least twenty years.

Fund returns***Vanguard 20+ Year Euro Treasury Index Fund—EUR**

	Net of expenses	Gross of expenses	Barclays Capital Euro-Aggregate Treasury 20+ Yrs Index AA- and Above
1 month	-0.65%	-0.63%	-0.63%
3 months	-4.01	-3.94	-3.94
Year to date	-1.50	-1.45	-1.45
1 year	-0.70	-0.40	-0.44
3 years	4.39	4.71	4.66
Since inception	4.48	4.80	4.75

Total expense ratio

Administrative and other expenses	0.16%
Investment management expenses	0.14
Total expense ratio	0.30%

Fund facts

Inception date	29 August 2007
EUR	
Purchase fee	0.10%
Redemption fee	0.00%
Fund codes (EUR)	
Bloomberg	VGYETII
ISIN	IE00B246KL88
Sedol	B246KL8
Valoren	3410226
Vanguard Fund Code	VYETS
Minimum initial investment	500,000
EUR	

Domicile	Ireland	Currencies	EUR
Trading frequency	Daily (11.00 GMT cutoff)	Settlement	T+3
Total assets	USD (millions) 383	Structure	UCITS III
	EUR (millions) 277		

Investment Manager**The Vanguard Group, Inc. (Vanguard)**

Gregory Davis, CFA, Principal, Head of Bond Index Group
Portfolio manager.
Advised the fund since 2007.
Worked in investment management since 1999.
B.S., Pennsylvania State University.
M.B.A., The Wharton School of the University of Pennsylvania.

Didier Haenecour, Head of Europe Bond Index Group
Portfolio manager.
Advised the fund since 2009.
Worked in investment management since 1993.
B.S., HEC Saint Louis, Brussels.
M.S., South Bank University, London.

*Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions.

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Quarterly fund commentary as at 31 December 2010

- In contrast to the impressive results that characterized much of 2010, fixed income markets across the globe produced negative returns during the fourth quarter as yields began to rise from historic lows. With the sovereign debt crisis continuing to loom, the impact was even greater in the Eurozone, primarily among the peripheral countries—commonly referred to as the PIIGS (Portugal, Ireland, Italy, Greece, Spain). Specifically, Ireland accepted an 85 billion euro (\$113 billion) bailout in November, making it the second country in the 16-member Eurozone to be rescued (Greece was the first).
- In this environment, the Barclays Capital Euro Aggregate Treasury 20+ Year Index returned -8.68%; the fund closely tracked the index.
- Given the lack of demand for longer-maturity bonds, the yield of the 10-year euro bond rose 68 basis points, to 2.96%, while the yield of the 30-year euro bond increased 54 basis points, to 3.41%.
- For the 12 months ended 31 December, the index returned 4.31%, while the fund returned 4.04%. Given the fund's sampling methodology, deviations in performance—whether positive or negative—can be expected. The fund's return over the period is attributable to small differences between the fund's weightings and the weightings of the corresponding issues in the benchmark. Over time, these differences should even out as a result of the advisor's refined indexing methodology and close attention to risk control.

All returns are based in euro.

Fund characteristics

	20+ Year Euro Treasury Index Fund	Barclays Euro-Agg Treasury 20+ Year Index AA- and above
Number of bonds	26	26
Effective YTM	4.61	4.61
Average coupon	4.7%	4.7%
Average maturity	26.8 years	26.8 years
Average quality	Aa1	Aa1
Average duration	14.9 years	14.8 years
Cash investment	-0.1%	—

Distribution by credit quality

	20+ Year Euro Treasury Index Fund
Government	100.1%
AAA	55.0
AA	45.1
A	0.0
Less than A	0.0
Not Rated	0.0
Cash	-0.1%
Total	100.0%

Credit-quality ratings for each issue are obtained from Barclays Capital using ratings derived from Moody's Investors Service, Fitch Ratings, and Standard & Poor's. When ratings from all three agencies are available, the median rating is used. When ratings are available from two of the agencies, the lower rating is used. When one rating is available, that rating is used.

Distribution by maturity

	20+ Year Euro Treasury Index Fund
Less than 5 years	-0.1%
5 to less than 10 years	0.0
More than 10 years	100.1
Total	100.0%

Market diversification

	20+ Year Euro Treasury Index Fund
EMU Gov't	
Austria	2.5
Belgium	4.8
Finland	0.0
France	26.0
Germany	21.4
Greece	0.0
Ireland	0.0
Italy	29.2
Netherlands	5.2
Portugal	0.0
Slovenia	0.0
Spain	10.9
Total	100.0%

Volatility

	R-Squared	Beta
Institutional Shares	1.00	1.00

R-squared and beta are calculated from trailing 36-month fund returns relative to the Barclays Capital Euro-Aggregate Treasury 20+ Yrs Index AA- and Above.

For more information
 Web: <http://global.vanguard.com>
 Email (International): international@vanguard.com
 Email (U.K.): uk_client_services@vanguard.co.uk
 Tel (International): +1 610 669 6705
 Tel (Europe): +353 1612 3226
 Tel (U.K.): +44 207 489 4305

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