



Vanguard® 20+ Year Euro Treasury Index Fund

An Index-Related Fund

30 June 2010

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

	Barclays Capital Euro-Aggregate Treasury 20+ Yrs Index AA- and Above		
	Net of expenses	Gross of expenses	
1 month	-0.27%	-0.24%	-0.24%
3 months	2.31	2.39	2.37
Year to date	6.50	6.66	6.64
1 year	12.20	12.54	12.51
Since inception	7.01	7.33	7.28

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
Vanguard Fund Code	VYETS
Minimum initial investment	
EUR	500,000

Domicile	Ireland	Currencies	EUR
Trading frequency	Daily (11.00 GMT cutoff)	Settlement	T+3
Total assets	USD (millions) 380	Structure	UCITS III
	EUR (millions) 310		

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 30 June 2010

- Despite occasional signs that the benefits of the economic recovery were beginning to be felt in the Eurozone—among them, the fact that in May the unemployment rate held steady at 10% for a third consecutive month—the quarter was primarily characterised by persistent sovereign-debt concerns. This uneasiness led to a spike in risk aversion as investors sought a safe haven for their investments. In this environment, the Barclays Capital Euro Aggregate Treasury 20+ Year Index returned 2.37%; the fund closely tracked the index.
- Yields fell across all maturities, with an overall flattening of the yield curve as longer-dated bonds decreased more than shorter-dated bonds. The yield of the 2-year euro bond fell 36 basis points, to 0.60%; the yield of the 10-year euro bond fell 51 basis points, to 2.58%; and the yield of the 30-year euro bond fell 53 basis points, to 3.29%.
- For the 12 months ended 30 June, the index returned 12.51%, while the fund returned 12.20%. 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	27	27
Effective YTM	4.15	4.15
Average coupon	4.8%	4.8%
Average maturity	26.8 years	26.8 years
Average quality	Aa1	Aa1
Average duration	15.0 years	15.0 years
Cash investment	0.0%	—

Distribution by credit quality

	20+ Year Euro Treasury Index Fund
Government	
AAA	56.1
AA	41.0
A	2.9
Less than A	0.0
Not Rated	0.0
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	0.0%
5 to less than 10 years	0.0
More than 10 years	100.0
Total	100.0%

Market diversification

	20+ Year Euro Treasury Index Fund
EMU Gov't	
Austria	1.8
Belgium	4.5
Finland	0.0
France	24.5
Germany	25.4
Greece	0.0
Ireland	0.0
Italy	28.0
Netherlands	4.3
Portugal	1.2
Slovenia	0.0
Spain	10.3
Total	100.0%

For more information

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