



# Vanguard® 20+ Year Euro Treasury Index Fund

## An Index-Related Fund

28 February 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	1.58%	1.60%	1.60%
3 months	1.31	1.38	1.39
Year to date	3.21	3.26	3.25
1 year	8.81	9.14	9.14
Since inception	6.63	6.95	6.91

### Total expense ratio

Administrative and other expenses	0.16%
Investment management expenses	0.14
<b>Total expense ratio</b>	<b>0.30%</b>

### Fund facts

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

<b>Domicile</b>	Ireland	<b>Currencies</b>	EUR
<b>Trading frequency</b>	Daily (11.00 GMT cutoff)	<b>Settlement</b>	T+3
<b>Total assets</b>	USD (millions) 496	<b>Structure</b>	UCITS III
	EUR (millions) 363		

### 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 2009

- The broader European economy showed signs of improvement in the quarter, with several of the larger economies releasing promising economic results. The tone of economic news improved, and stock markets around the globe posted strong returns as investors continued to shift back into riskier assets. Longer-dated bonds came under selling pressure as the improving outlook led investors to believe that higher interest rates are on the horizon. The European Central Bank (ECB), sensitive to inflation, set in motion plans to start unwinding several of the supportive measures put in place during the year, including quantitative easing. However, the ECB held its key interest rate unchanged at 1.00% throughout the quarter.
- Yields rose across all maturities, with longer-dated bonds increasing more than shorter-dated bonds: The yield of the 2-year euro bond rose 7 basis points, to 1.33%; the yield of the 10-year euro bond rose 16 basis points, to 3.38%; and the yield of the 30-year euro bond rose 16 basis points, to 4.11%. Amid these rising yields, the Barclays Capital Euro Aggregate Treasury 20+ Year Index (AA- or Above) posted a return of -0.75%; the fund closely tracked the index, returning -0.82% for the period.
- For the 12 months ended 31 December, the index returned 1.14%, and the fund closely tracked its index. Earlier in the year, as investors sought refuge in quality through an uncertain credit market, Eurozone yields fell across the curve, which particularly benefitted the longer-duration—and more price-sensitive—bonds that make up the index. More recently, stabilization of major world economies caused yields to rise sharply, which offset earlier gains and resulted in a more modest return for the period.

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	24	24
Effective YTM	4.30	4.30
Average coupon	4.8%	4.8%
Average maturity	26.6 years	26.6 years
Average quality	Aa1	Aa1
Average duration	14.8 years	14.8 years
Cash investment	-0.1%	—

## Distribution by credit quality

	20+ Year Euro Treasury Index Fund
<b>Government</b>	
AAA	63.9
AA	33.1
A	3.0
Less than A	0.0
Not Rated	0.0
<b>Total</b>	<b>100.0%</b>

## 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
<b>Total</b>	<b>100.0%</b>

## Market diversification

	20+ Year Euro Treasury Index Fund
<b>EMU Gov't</b>	
Austria	1.9
Belgium	3.9
Finland	0.0
France	23.4
Germany	24.1
Greece	0.0
Ireland	0.0
Italy	30.5
Netherlands	3.0
Portugal	1.6
Slovenia	0.0
Spain	11.6
<b>Total</b>	<b>100.0%</b>

For more information

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