



Vanguard®

Vanguard® U.S. Opportunities Fund

30 June 2010

Investment objective

The fund seeks to provide long-term growth of capital by investing in stocks with above-average earnings growth potential that is not reflected in their current market prices.

Investment strategy

The fund invests mainly in U.S. stocks, with an emphasis on companies that are considered to have prospects for rapid earnings growth. The fund's Investment Manager, PRIMECAP Management Company ("PRIMECAP"), uses fundamental research to identify stocks that are expected to outperform the market over a three to five-year time horizon and that are available at attractive prices relative to their fundamental values. The fund has the flexibility to invest in companies of any size, but it mostly invests in small- and mid-cap stocks.

Total expense ratio

	Investor Shares	Institutional Shares
Administrative and other expenses	0.45%	0.35%
Investment management expenses	0.50	0.50
Total expense ratio	0.95%	0.85%

Fund returns*

Vanguard U.S. Opportunities Fund—USD

	Investor Shares		Institutional Shares		Russell 3000 Index	
	Net of expenses	Gross of expenses	Net of expenses	Gross of expenses	Investor Shares	Institutional Shares
1 month	-5.68%	-5.60%	-5.67%	-5.60%	-5.75%	-5.75%
3 months	-10.96	-10.75	-10.94	-10.75	-11.32	-11.32
Year to date	-2.99	-2.54	-2.94	-2.53	-6.05	-6.05
1 year	25.42	26.62	25.55	26.62	15.72	15.72
3 years	-2.69	-1.76	-2.58	-1.75	-9.47	-9.47
5 years	6.25	7.26	6.36	7.26	-0.48	-0.48
Since inception	12.92	13.99	10.13	11.07	3.45	1.53

Vanguard U.S. Opportunities Fund—EUR

	Investor Shares		Russell 3000 Index in EUR
	Net of expenses	Gross of expenses	Investor Shares
1 month	-5.05%	-4.98%	-5.46%
3 months	-1.65	-1.42	-2.09
Year to date	13.62	14.16	9.85
1 year	43.62	44.99	32.65
3 years	0.53	1.49	-6.42
Since inception	2.13	3.11	-3.88

Vanguard U.S. Opportunities Fund—GBP

	Investor Shares		Russell 3000 Index in GBP
	Net of expenses	Gross of expenses	Investor Shares
1 month	-8.85%	-8.77%	-8.48%
3 months	-9.73	-9.51	-9.97
Year to date	4.71	5.20	1.39
1 year	38.07	39.39	27.33
3 years	7.32	8.34	-0.16
Since inception	7.91	8.94	1.15

*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.

†Each of these individuals manages a portion of the Fund's assets autonomously; there is no decision-making by committee. A small portion of the Fund's assets is managed by individuals at PRIMECAP's research department.

Fund facts

	Investor Shares	Institutional Shares
Inception date		
USD	01 July 2002	08 April 2002
EUR	04 December 2006	—
GBP	19 December 2006	—
Purchase fee	0.00%	0.00%
Redemption fee	0.00%	0.00%
Fund codes (USD)		
Bloomberg	VANGUOA	VANGUOD
CUSIP	G9318R234	G9318R119
ISIN	IE00B03HCW31	IE00B03HCY54
Sedol	B03HCW3	B03HCY5
Vanguard Fund Code	VUSVU	VUSSU
Fund codes (EUR)		
Bloomberg	VANGUOE	—
ISIN	IE00B03HCV24	—
Sedol	B03HCV2	—
Vanguard Fund Code	VUSVE	—
Fund codes (GBP)		
Bloomberg	VANGUOG	—
ISIN	IE00B1GHC616	—
Sedol	B1GHC61	—
Vanguard Fund Code	VUSSD	—
Minimum initial investment		
USD/EUR/GBP	100,000	500,000

Investment Manager†

The Vanguard Group, Inc. (Vanguard) PRIMECAP Management Company

Howard B. Schow, Chairman
Portfolio manager.
Advised the fund since 2002.
Worked in investment management since 1956.
B.A., Williams College.
M.B.A., Harvard Business School.

Theo A. Kolokotronis, President
Portfolio manager.
Advised the fund since 2002.
Worked in investment management since 1970.
B.A., University of Chicago.
M.B.A., Harvard Business School.

Joel P. Fried, Executive Vice President
Portfolio manager.
Advised the fund since 2002.
Worked in investment management since 1985.
B.S., University of California, Los Angeles.
M.B.A., Anderson Graduate School of Business, University of California, Los Angeles.

Alfred W. Mordecai, Executive Vice President
Portfolio manager.
Advised the fund since 2002.
Worked in investment management since 1997.
B.S.E., Duke University.
M.E.A., Virginia Polytechnic Institute and State University.
M.B.A., Harvard Business School.

David H. Van Slooten, Executive Vice President
Portfolio manager.
Advised the fund since 2002.
Worked in investment management since 1996.
B.S., Brigham Young University.
M.M., Kellogg Graduate School of Business, Northwestern University.

Vanguard® U.S. Opportunities Fund

Quarterly fund commentary as at 30 June 2010

- Over the second quarter, concerns regarding the European sovereign debt crisis, as well as mixed economic signals, weighed on the performance of equities. The Russell 3000 Index—a broad measure of the stock market—returned -11.32%; the U.S. Opportunities Fund slightly outperformed the index.
- A position in American Italian Pasta Company contributed positively to results as the stock gained 36%, primarily because of its potential acquisition by Ralcorp Holdings. In addition, an underweight position in the financials sector aided relative performance, as the sector returned -12.9% for the period.
- Results within the health care sector—which represented a large overweight position in the fund—were somewhat mixed as solid returns from Immunogen (+15%) were not enough to overcome the poor performances of Dyax (-33%) and InterMune (-79%).
- Relative performance suffered from poor stock selection in the materials and information technology sectors. Within materials, Monsanto (-35%) was a primary detractor. The returns of several tech holdings disappointed, including Electronic Arts (-23%), Flextronics International (-29%) and Research In Motion (-34%).
- For the 12 months ended 30 June, stock selection in the health care and information technology sectors was particularly strong. Health care stocks Medarex (+93%), Cepheid (+70%) and Pharmacyclics (+397%), as well as tech holdings Cree (+104%) and Stratasys (+186%), helped drive the fund's performance well ahead of that of the benchmark (+15.72%).

All returns are based in U.S. dollars.

Fund characteristics

	U.S. Opportunities Fund	Russell 3000 Index
Number of stocks	137	2,995
Median market cap	\$2.5B	\$25.2B
Price/earnings ratio	88.9x	17.3x
Price/book ratio	2.6x	1.9x
Return on equity	5.3%	19.1%
Earnings growth rate	8.0%	6.5%
Foreign holdings	9.8%	0.0%
Cash investments	9.5%	—
Turnover rate	-59%	—
Equity yield (dividend)	0.6%	2.0%

The PTR approach considers the total security purchases and sales, the total subscriptions and redemptions and the average net assets of the fund to calculate the turnover figure. Data as at 31 December 2009.

Additional Fund facts

Domicile	Currencies
Ireland	USD, EUR, GBP
Trading frequency	Settlement
Daily (16.00 GMT cutoff)	T+3
Total assets	Structure
USD (millions) 324	UCITS III
EUR (millions) 264	

Sector diversification (% of common stock)

	U.S. Opportunities Fund	Russell 3000 Index
Consumer Discretionary	6.9%	10.9%
Consumer Staples	3.8	9.7
Energy	2.5	9.9
Financials	1.4	17.1
Health Care	40.7	12.3
Industrials	11.3	11.2
Information Technology	29.3	18.4
Materials	3.4	3.9
Telecommunication Services	0.7	2.8
Utilities	0.0	3.8
Total	100.0%	100.0%

Volatility

	R-Squared	Beta
Investor Shares	0.92	1.11
Institutional Shares	0.92	1.11

R-squared and beta are calculated from trailing 36-month fund returns relative to the Russell 3000 Index.

Ten largest holdings

	U.S. Opportunities Fund
Immunogen Inc.	3.6%
Cruceil NV ADR	3.5
Dendreon Corp.	3.0
Electronic Arts Inc.	3.0
Eli Lilly & Co.	2.9
Conceptus Inc.	2.9
Amgen Inc.	2.6
Cepheid Inc.	2.5
American Italian Pasta Co.	2.4
Nektar Therapeutics	2.4
Total	28.8%

For more information

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