



Vanguard® Switzerland Stock Index Fund

An Index-Related Fund

28 February 2010

Investment objective

The fund seeks to provide returns consistent with the returns of Morgan Stanley Capital International ("MSCI") Switzerland Index.

Investment strategy

The fund employs a "passive management"—or indexing—investment strategy designed to track the performance of the index by investing in all, or a representative sample, of the securities that make up the index, holding each stock in approximate proportion to its weighting in the index.

Fund returns*

Vanguard Switzerland Stock Index Fund— CHF

	Institutional Shares		MSCI Switzerland in CHF
	Net of expenses	Gross of expenses	Institutional Shares
1 month	3.66%	3.69%	3.69%
3 months	6.82	6.93	6.93
Year to date	2.14	2.20	2.20
1 year	45.12	45.70	45.14
3 years	-7.39	-7.02	-7.39
5 years	3.87	4.28	3.91
Since inception	3.85	4.27	3.95

Total expense ratio

	Institutional Shares
Administrative and other expenses	0.11 %
Investment management expenses	0.29
Total expense ratio	0.40 %

Fund facts

	Institutional Shares
Inception date	02 February 2004
CHF	
Purchase fee	0.05%
Redemption fee	0.00%
Fund codes (CHF)	
Bloomberg	VANSSII
ISIN	IE0007200417
Sedol	0720041
Valoren	1786405
Vanguard Fund Code	VSSIC
Minimum initial investment	500,000
CHF	
Domicile	Currencies
Ireland	CHF
Trading frequency	Settlement
Daily (16.00 GMT cutoff)	T+3
Total assets	Structure
USD (millions) 276	UCITS III
EUR (millions) 202	
CHF (millions) 296	

Investment Manager

The Vanguard Group, Inc. (Vanguard)

Christine Franquin
 Portfolio manager.
 Advised the fund since 2004.
 Worked in investment management since 2000.
 B.A., Universitaire Faculteiten Sint Ignatius, Antwerpen Belgium.
 J.D., University of Liege Belgium.
 Master of Science in Finance, Clark University, Massachusetts.

*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

- During the fourth quarter, investors pulled back slightly from the economically sensitive financial sector after enjoying significant gains earlier in the year. In this environment, the MSCI Switzerland Index (+3.44%) posted a positive return in the fourth quarter, despite poor performance from financial stocks, which represented nearly 23% of the index. For the three months, the Switzerland Stock Index Fund closely tracked the results of its benchmark.
- Consumer staples, health care, and materials, which together represented more than 62% of the index, were the largest contributing sectors for the quarter. Nestlé (+14%), which continued to represent the majority of the consumer staples sector, was the top contributor to the index. Pharmaceuticals companies Novartis (+9%) and Roche (+5%) drove the performance in the health care sector.
- The financial sector was the largest detractor for the quarter. UBS (-15%) experienced a drop as its long-term debt was downgraded from B- to C, owing to concerns surrounding loss of customer confidence, as evidenced by the net outflows of customer accounts. Credit Suisse Group (-11%) detracted from returns as uncertainties surrounding new regulations created concerns about future profits.
- For the 12 months period ended 31 December, the MSCI Switzerland Index returned 21.7%. Consumer staples, financials, and materials led the rally as investors showed resilience based on improving economic data during the year. The utilities sector was the sole detractor for the period.

All returns are based in Swiss francs.

Fund characteristics

	Switzerland Stock Index Fund	MSCI Switzerland Index
Number of stocks	37	37
Median market cap	\$126.7B	\$126.7B
Price/earnings ratio	17.2x	17.2x
Price/book ratio	2.5x	2.5x
Return on equity	18.8%	18.8%
Earnings growth rate	14.4%	14.4%
Cash investments	0.2%	—
Turnover rate	10%	—
Equity yield (dividend)	2.8%	2.8%

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 of 31 December 2009.

Ten largest holdings

	Switzerland Stock Index Fund
Nestle SA	22.3%
Novartis AG	15.2
Roche Holding AG	15.2
Credit Suisse Group AG	6.5
UBS AG	6.3
ABB Ltd.	5.8
Zurich Financial Services AG	4.6
Syngenta AG	3.2
Cie Financiere Richemont SA	2.3
Holcim Ltd.	2.1
Total	83.5%

Sector diversification (% of common stock)

	Switzerland Stock Index Fund	MSCI Switzerland Index
Consumer Discretionary	3.7%	3.7%
Consumer Staples	23.3	23.3
Financials	21.9	21.9
Health Care	33.8	33.8
Industrials	9.7	9.7
Information Technology	0.4	0.4
Materials	6.1	6.1
Telecommunication Services	1.0	1.0
Utilities	0.1	0.1
Total	100.0%	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 MSCI Switzerland in CHF.

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