



Vanguard® U.S. Futures Fund

An Index-Related Fund

28 February 2010

Investment objective

The fund seeks to track the performance of the Standard & Poor's 500 Composite Stock Price Index (the "S&P 500 Index"), which measures the investment return of large-capitalisation U.S. stocks. It is a market-value weighted index, with each stock's weight in the index proportionate to its market value. The fund seeks capital appreciation by tracking the performance of the index by combining corresponding positions in equity-based derivatives and short-term bonds.

Investment strategy

The Investment Manager seeks to purchase equity-based derivatives that track the return of the index less the "cost of carry". Simultaneously, the Investment Manager seeks to construct a short-term bond portfolio that produces a return sufficient to mitigate the "cost of carry" on the equity-based derivatives portion of the portfolio.

Fund returns*

Vanguard U.S. Futures Fund—USD

	Investor Shares		S&P 500 Index	S&P 500 Net Total Return
	Net of expenses	Gross of expenses	Total Return Index ¹	Net Total Return Index ²
1 month	3.07%	3.09%	3.10%	3.02%
3 months	1.22	1.29	1.31	1.16
Year to date	-0.65	-0.60	-0.61	-0.71
1 year	55.51	55.98	53.62	52.60
3 years	-6.38	-6.10	-5.67	-6.30
5 years	-0.21	0.09	0.37	-0.26
Since inception	1.07	1.38	1.66	1.01

Total expense ratio

	Investor Shares
Administrative and other expenses	0.07%
Investment management expenses	0.23
Total expense ratio	0.30%

Fund facts

Inception date	01 November 2004
USD	
Purchase fee	0.00%
Redemption fee	0.00%
Fund codes (USD)	
Bloomberg	VANGUSF
CUSIP	G9318T370
ISIN	IE00B02YVC81
Sedol	B02YVC8
Vanguard Fund Code	VFFVU
Minimum initial investment	
USD	500,000

Domicile	Currencies
Ireland	USD
Trading frequency	Settlement
Daily (14.00 GMT cutoff)	T+3
Total assets	Structure
USD (millions) 374	UCITS III
EUR (millions) 274	

Investment Manager

The Vanguard Group, Inc. (Vanguard)

Michael H. Buek, CFA, Principal
Portfolio manager.
Advised the fund since 2004.
Worked in investment management since 1987.
B.S., University of Vermont.
M.B.A., Villanova University.

David R. Glocke, Principal
Portfolio manager.
Advised the fund since 2009.
Worked in investment management since 1991.
B.S., University of Wisconsin.

*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.

¹The S&P 500 Total Return Index represents price-plus-gross cash dividend return.

²The S&P 500 Net Total Return Index represents price-plus-net cash dividend return. Net cash dividend equals reinvested dividends less 30% withholding tax.

Vanguard® U.S. Futures Fund

An Index-Related Fund

Quarterly fund commentary as at 31 December 2009

- Continuing the intense rally that began in early March, U.S. equity markets marched higher during the fourth quarter as the Standard & Poor's 500 Index returned 6.04% for the period. The U.S. Futures Fund closely tracked the index for the quarter.
- Among sectors, information technology (+10.9%) and health care (+8.8%) were the leading contributors to the index's return for the quarter. In information technology, Microsoft (+19%) and Google (+25%) were the top contributors. In health care, strong performances from pharmaceutical companies Pfizer (+11%), Merck (+17%) and Johnson & Johnson (+7%) aided performance. The financials (-3.2%) sector was the only one to post a negative return for the quarter, with Citigroup (-32%) and Bank of America (-11%) the top detractors.
- The fund's investment policy is to purchase equity-based derivatives that track the return of the index, less the "cost-of-carry," or the costs incurred in holding those investments. Simultaneously, the fund seeks to construct a short-term bond portfolio that produces a return sufficient to mitigate those costs. This strategy is designed to help non-U.S. investors earn an after-tax return that matches that of the S&P 500 Index. Over the year, the short-term bond portfolio generated gains above the "cost-of-carry," resulting in outperformance.
- For the 12 months ended 31 December, the S&P 500 Index returned 26.46% as all ten sectors notched positive returns. Financials (+17.8%), information technology (+62.1%) and consumer discretionary (+41.2%) were the top contributors.

All returns are based in U.S. dollars.

Fund characteristics

	S&P 500 Index
Number of stocks	500
Median market cap	\$44.6B
Price/earnings ratio	19.6x
Price/book ratio	2.2x
Return on equity	20.8%
Earnings growth rate	7.9%

Sector diversification (% of common stock)

	S&P 500 Index
Consumer Discretionary	9.8%
Consumer Staples	11.6
Energy	11.1
Financials	16.0
Health Care	12.7
Industrials	10.3
Information Technology	18.8
Materials	3.4
Telecommunication Services	2.8
Utilities	3.5
Total	100.0%

Fund characteristics

	U.S. Futures Fund
Number of bonds	74
Effective YTM	0.34
Average coupon	0.1%
Average maturity	0.2 years
Average quality	Aa2
Average duration	0.1 years

Distribution by credit quality

	U.S. Futures Fund
Moody's Quality	
Treasury/Agency	17.6
Aaa	1.9
Aa	80.5
A	0.0
Baa	0.0
Ba	0.0
B	0.0
Not Rated	0.0
Total	100.0%

Distribution by issuer

	U.S. Futures Fund
Asset-Backed	1.9
Commercial Mortgage-Backed	0.0
Money Market	98.1
Finance	0.0
Foreign	0.0
Mortgage-Backed	0.0
Industrial	0.0
Treasury/Agency	0.0
Utilities	0.0
Total	100.0%

Distribution by maturity

	U.S. Futures Fund
0 to 1 Year	98.1
1 to 3 Years	1.9
3 to 5 Years	0.0
More than 5 years	0.0
Total	100.0%

For more information
 Web: <http://global.vanguard.com>
 Email (global): international@vanguard.com
 Email (Europe): client.service@vanguard.be
 Tel (global): +1 610 669 6705
 Tel (Europe): +32 (0) 2 357 3030

Standard & Poor's 500®, S&P 500®, and 500 are trademarks of The McGraw-Hill Companies, Inc., and have been licensed for use by The Vanguard Group, Inc. Vanguard mutual funds are not sponsored, endorsed, sold, or promoted by Standard & Poor's, and Standard & Poor's makes no representation regarding the advisability of investing in the funds.

The information contained herein does not constitute an offer or solicitation and may not be treated as an offer or solicitation in any jurisdiction where such an offer or solicitation is against the law, or to anyone to whom it is unlawful to make such an offer or solicitation, or if the person making the offer or solicitation is not qualified to do so. This provides information about sub-funds of Vanguard Investment Series plc. The performance data shown represent past performance. Past performance may not be a reliable guide to future performance. Changes in exchange rates may have an adverse effect on the value, price or income of a fund. Income may fluctuate in accordance with market conditions and taxation arrangements.

The sale of Vanguard Investment Series plc funds is subject to conditions stipulated in the prospectus, supplements to the prospectus, simplified prospectuses, and, in some countries, local addenda. These documents can be obtained free of cost at the office of the administrator in JPMorgan House, International Financial Services Centre, Dublin 1, Ireland. These documents contain detailed information on the management, costs, possible limitations and investments risks associated with investing in the Vanguard Investment Series plc funds and should be carefully read before investing. Vanguard Investment Series plc has been authorised in Ireland as a UCITS pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 as amended. The difference between the sale and re-purchase price of units in Vanguard Investment Series plc (taking in account of possible portfolio transaction charges) means that any investment should be viewed as medium to long-term. Investors should also note that, in certain circumstances set out in the prospectus, a redemption charge may become payable. Vanguard Investments Europe SA is a Distributor of the Vanguard Investment Series plc.

These materials are for professional clients and not intended for distribution to retail investors. VIE = investment company regulated by CBFA.