



**Vanguard**<sup>®</sup>

# Vanguard<sup>®</sup> Global Stock Index Fund

## An Index-Related Fund

30 June 2010

### Investment objective

The fund seeks to provide long-term growth of capital by tracking the performance of the Morgan Stanley Capital International World Free Index, a market-capitalisation-weighted index of common stocks of companies in developed countries. For the Institutional "Euro Hedged" shares, the fund seeks to actively hedge exposure to currencies other than euro.

### Investment strategy

The fund attempts to track its index by holding a portfolio of all, or a representative sample, of the securities in the MSCI World Free Index in roughly the same proportions as represented in the index itself.

### Fund returns\*

#### Vanguard Global Stock Index Fund—USD

	Investor Shares		Institutional Shares		MSCI World Free Index in USD	
	Net of expenses	Gross of expenses	Net of expenses	Gross of expenses	Investor Shares	Institutional Shares
1 month	-3.43%	-3.39%	-3.42%	-3.39%	-3.43%	-3.43%
3 months	-12.71	-12.60	-12.68	-12.60	-12.67	-12.67
Year to date	-9.99	-9.77	-9.94	-9.77	-9.84	-9.84
1 year	9.74	10.29	9.86	10.30	10.20	10.20
3 years	-11.78	-11.33	-11.69	-11.33	-11.46	-11.46
5 years	-0.31	0.19	-0.21	0.19	0.06	0.06
10 years	-1.43	-0.93	-1.32	-0.92	-1.02	-1.02

#### Vanguard Global Stock Index Fund—EUR

	Investor Shares		Institutional Shares		MSCI World Free Index in EUR	
	Net of expenses	Gross of expenses	Net of expenses	Gross of expenses	Investor Shares	Institutional Shares
1 month	-3.25%	-3.21%	-3.24%	-3.21%	-3.26%	-3.26%
3 months	-3.57	-3.45	-3.54	-3.44	-3.53	-3.53
Year to date	5.44	5.70	5.49	5.70	5.61	5.61
1 year	25.68	26.31	25.80	26.30	26.19	26.19
3 years	-8.86	-8.41	-8.77	-8.41	-8.53	-8.53
5 years	-0.54	-0.04	-0.44	-0.04	-0.18	-0.18
10 years	-3.81	-3.33	—	—	-3.41	-3.41
Since inception	-3.32	-2.84	2.63	3.04	-2.92	2.88

#### Vanguard Global Stock Index Fund—EUR Hedged Shares

	Institutional Shares		MSCI Indices EUR World Index Hedged
	Net of expenses	Gross of expenses	
1 month	-4.27%	-4.24%	-4.24%
3 months	-11.78	-11.69	-11.72
Year to date	-7.81	-7.63	-7.66
1 year	10.37	10.81	10.73
3 years	-12.55	-12.19	-12.24
5 years	-1.79	-1.40	-1.47
Since inception	-0.38	0.02	-0.05

### Total expense ratio

	Investor Shares	Institutional Shares	Institutional Hedged <sup>†</sup>
Administrative and other expenses	0.21%	0.11%	0.11%
Investment management expenses	0.29	0.29	0.29
Total expense ratio	0.50%	0.40%	0.40%

### Fund facts

	Investor Shares	Institutional Shares	Institutional Hedged
<b>Inception date</b>			
USD	12 August 1998	04 August 1998	—
EUR	14 February 2000	10 December 2002	04 November 2004
<b>Purchase fee</b>	0.00%	0.00%	0.00%
<b>Redemption fee</b>	0.00%	0.00%	0.00%
<b>Fund codes (USD)</b>			
Bloomberg	VANGIVI	VANGISI	—
CUSIP	G9318R309	G9318R358	—
ISIN	IE00B03HD084	IE00B03HD209	—
Sedol	B03HD08	B03HD20	—
Valoren	988450	0989786	—
Vanguard Fund Code	VGUVA	VGUSA	—
<b>Fund codes (EUR)</b>			
Bloomberg	VANGLVI	VANGEIS	VANGLEH
CUSIP	G9318R150	G9318R184	—
ISIN	IE00B03HCZ61	IE00B03HD191	IE00B03HD316
Sedol	B03HCZ6	B03HD19	B03HD31
Valoren	1129250	1438847	1129259
Vanguard Fund Code	VGEBV	VGESB	VGSEH
<b>Minimum initial investment</b>			
USD/EUR	100,000	500,000	500,000

<b>Domicile</b>	Ireland	<b>Currencies</b>	USD, EUR
<b>Trading frequency</b>	Daily (11.00 GMT cutoff)	<b>Settlement</b>	T+3
<b>Total assets</b>	USD (millions) 3,591	<b>Structure</b>	UCITS III
	EUR (millions) 2,932		

### Investment Manager

The Vanguard Group, Inc. (Vanguard)

Donald M. Butler, CFA, Principal  
Portfolio manager.  
Advised the fund since 2008.  
Worked in investment management since 1997.  
B.S.B.A., Shippensburg University.

\*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.

<sup>†</sup>Institutional hedged class in Euros.

# Vanguard® Global Stock Index Fund

## An Index-Related Fund

### Quarterly fund commentary as at 30 June 2010

- The MSCI World Free Index returned -12.67% in the second quarter as investors' fears increased following a string of events that weighed heavily on the equity markets. The Global Stock Index Fund closely tracked the benchmark during the period.
- Investments in the United States (-11.6%), which accounted for approximately 50% of the index's capitalization, on average, during the quarter, were the largest detractors from performance. Within the U.S., all sectors posted negative returns, with information technology, financials, and energy detracting the most. Despite the difficult environment, data management firms NetApp (+15%) and SanDisk (+21%) contributed modestly to the index's return.
- In the United Kingdom, which accounted for approximately 10% of the index's capitalization during the quarter, the index's position in the energy company BP PLC (-50%) dampened performance, as the stock suffered owing to the recent crisis in the Gulf of Mexico.
- European countries such as Greece (-40.4%), Italy (-21.0%), Spain (-20.8%), Ireland (-19.8%), and Portugal (-16.7%)—which collectively accounted for approximately 3% of the index's capitalization during the quarter—hindered performance amid growing concerns over sovereign debt.
- For the 12 months ended 30 June, the MSCI World Free Index returned 10.20%. Holdings within the U.S. (+14.3%) and the U.K. (+8.6%), which together accounted for 59% of the index's capitalization, contributed the most to performance. Within the U.S., holdings in the information technology (+15.9%) and industrial (+26.7%) sectors particularly contributed to results.

All returns are based in U.S. dollars.

### Fund characteristics

	Global Stock Index Fund	MSCI World Free Index
Number of stocks	1,671	1,657
Median market cap	\$30.8B	\$30.8B
Price/earnings ratio	16.5x	16.5x
Price/book ratio	1.7x	1.7x
Return on equity	18.9%	18.8%
Earnings growth rate	4.1%	4.1%
Cash investments	0.0%	—
Turnover rate	-17%	—
Equity yield (dividend)	2.7%	2.7%

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.

### Ten largest holdings

	Global Stock Index Fund
Exxon Mobil Corp.	1.5%
Apple Inc.	1.2
Microsoft Corp.	0.9
Procter & Gamble Co.	0.9
Nestle SA	0.9
Johnson & Johnson	0.8
International Business Machines Corp.	0.8
HSBC Holdings PLC	0.8
General Electric Co.	0.8
JPMorgan Chase & Co.	0.7
<b>Total</b>	<b>9.3%</b>

### Sector diversification (% of common stock)

	Global Stock Index Fund	MSCI World Free Index
Consumer Discretionary	10.0%	9.9%
Consumer Staples	10.5	10.5
Energy	10.0	10.0
Financials	20.5	20.5
Health Care	10.2	10.2
Industrials	10.9	11.0
Information Technology	12.0	12.0
Materials	7.3	7.3
Telecommunication Services	4.2	4.2
Utilities	4.4	4.4
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

### Market diversification

	Global Stock Index Fund	MSCI World Free Index
<b>Europe</b>		
United Kingdom	9.3	9.5
France	4.4	4.4
Switzerland	3.6	3.6
Germany	3.5	3.5
Spain	1.6	1.6
Netherlands	1.4	1.2
Sweden	1.3	1.3
Italy	1.3	1.3
Finland	0.5	0.5
Denmark	0.5	0.5
Belgium	0.4	0.4
Norway	0.3	0.3
Austria	0.1	0.1
Ireland	0.1	0.1
Greece	0.1	0.1
Portugal	0.1	0.1
Subtotal	28.5	28.5
<b>Pacific</b>		
Japan	10.6	10.5
Australia	3.7	3.7
Hong Kong	1.2	1.2
Singapore	0.8	0.8
New Zealand	0.1	0.1
Subtotal	16.4	16.3
<b>Middle East</b>		
Israel	0.4	0.4
Subtotal	0.4	0.4
<b>North America</b>		
United States	49.6	49.6
Canada	5.1	5.2
Subtotal	54.7	54.8
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

### Volatility

	R-Squared	Beta
Investor Shares	1.00	1.00
Institutional Shares	1.00	1.00
Institutional Hedged	1.00	1.00

R-squared and beta are calculated from trailing 36-month fund returns relative to the MSCI World Free Index in USD.

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