



**Vanguard**<sup>®</sup>

# Vanguard<sup>®</sup> U.S. 500 Stock Index Fund

## An Index-Related Fund

30 June 2010

### Investment objective

The fund seeks to track the performance of the Standard & Poor's ("S&P") 500 Index, a widely recognised benchmark of U.S. stock market performance that is dominated by the stocks of large U.S. companies.

### 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 U.S. 500 Stock Index Fund—USD

	Investor Shares		Institutional Shares		S&P 500 Net Total Return <sup>††</sup>	
	Net of expenses	Gross of expenses	Net of expenses	Gross of expenses	Investor Shares	Institutional Shares
1 month	-5.31%	-5.28%	-5.30%	-5.28%	-5.28%	-5.28%
3 months	-11.63	-11.55	-11.61	-11.55	-11.56	-11.56
Year to date	-7.07	-6.90	-7.03	-6.90	-6.93	-6.93
1 year	13.36	13.79	13.45	13.79	13.73	13.73
3 years	-10.61	-10.26	-10.53	-10.26	-10.42	-10.42
5 years	-1.68	-1.31	-1.60	-1.31	-1.42	-1.42
10 years	-2.42	-2.05	-2.34	-2.05	-2.14	-2.14

#### Vanguard U.S. 500 Stock Index Fund—EUR

	Investor Shares		Institutional Shares		S&P 500 Index with 70% Div in EUR	
	Net of expenses	Gross of expenses	Net of expenses	Gross of expenses	Investor Shares	Institutional Shares
1 month	-4.67%	-4.64%	-4.66%	-4.64%	-4.64%	-4.64%
3 months	-2.38	-2.29	-2.36	-2.29	-2.30	-2.30
Year to date	8.85	9.05	8.89	9.06	9.02	9.02
1 year	29.80	30.29	29.91	30.30	30.23	30.23
3 years	-7.65	-7.29	-7.57	-7.29	-7.46	-7.46
5 years	-1.91	-1.54	-1.82	-1.53	-1.65	-1.65
Since inception	1.44	1.82	0.65	0.96	1.75	0.88

#### Vanguard U.S. 500 Stock Index Fund—Institutional Hedged Shares

	Institutional Shares		S&P 500 Index in EUR Hedged
	Net of expenses	Gross of expenses	Institutional Shares
1 month	-5.40%	-5.37%	-5.35%
3 months	-12.39	-12.32	-12.21
Year to date	-7.85	-7.71	-7.62
1 year	12.29	12.62	12.70
3 years	-11.87	-11.61	-11.71
Since inception	-7.78	-7.50	-7.59

### Total expense ratio

	Investor Shares	Institutional Shares	Institutional Hedged <sup>†</sup>
Administrative and other expenses	0.15%	0.07%	0.07%
Investment management expenses	0.23	0.23	0.23
Total expense ratio	0.38%	0.30%	0.30%

### Fund facts

	Investor Shares	Institutional Shares	Institutional Hedged
<b>Inception date</b>			
USD	04 November 1998	04 November 1998	—
EUR	30 April 2003	26 September 2002	31 October 2006
<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	VANUIMI	VANUISI	—
CUSIP	G9318R366	G9318R374	—
ISIN	IE0002639668	IE0002639775	—
Sedol	0263966	0263977	—
Valoren	0986495	0989771	—
Vanguard Fund Code	VUSFV	VUSFS	—
<b>Fund codes (EUR)</b>			
Bloomberg	VANUIEN	VANUIEI	VANUSEH
CUSIP	G9318R424	G9318R416	—
ISIN	IE0032620787	IE0032126645	IE00B1G3DH73
Sedol	3262078	3212664	B1G3DH7
Valoren	1592729	1520502	—
Vanguard Fund Code	VEUFV	VEUFS	VEUEH
<b>Minimum initial investment</b>			
USD/EUR	100,000	500,000	500,000
<b>Domicile</b>			
Ireland			USD, EUR
<b>Trading frequency</b>			
Daily (14.00 GMT cutoff)			T+3
<b>Total assets</b>			
USD (millions) 2,323			Structure UCITS III
EUR (millions) 1,897			

### Investment Manager

The Vanguard Group, Inc. (Vanguard)

Donald M. Butler, CFA, Principal  
Portfolio manager.  
Advised the fund since 1998.  
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.

†Institutional hedged class in Euros.

††The 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. 500 Stock Index Fund

## An Index-Related Fund

### Quarterly fund commentary as at 30 June 2010

- The Standard & Poor's 500 Net Total Return Index returned -11.56% for the quarter, and the U.S. 500 Stock Index Fund closely tracked the index. Amid concerns over the sustainability of the economic recovery, all ten sectors displayed negative returns for the quarter.
- Among sectors, information technology (-12.3%), financials (-13.3%), and energy (-12.7%) were the leading detractors from the index's return for the quarter. In information technology, Microsoft (-21%), Google (-22%), and Cisco (-18%) were the top detractors, while in financials, Bank of America (-19%), JPMorgan Chase (-18%), and Wells Fargo (-18%) led the decline. Concern over the situation in the Gulf of Mexico and the impact it might have on other deepwater drilling companies hurt Exxon Mobil's stock, which returned -14%.
- For the 12 months ended 30 June, the fund tracked the index (+13.73%) as all ten sectors notched positive performances. Information technology (+15.9%), industrials (+27.4%), and financials (+17.0%) were the top contributors and accounted for more than half of the fund's return.
- Top individual contributors for the 12 months were Apple (+77%) and IBM (+21%) in information technology and American Express (+74%) and JPMorgan Chase (+8%) in financials. Broad strength across industrial stocks contributed to the sector's strong performance for the year.

All returns are based in U.S. dollars.

### Fund characteristics

	U.S. 500 Stock Index Fund	S&P 500 Index
Number of stocks	504	500
Median market cap	\$41.7B	\$41.7B
Price/earnings ratio	16.2x	16.2x
Price/book ratio	1.9x	1.9x
Return on equity	20.6%	20.6%
Earnings growth rate	6.5%	6.5%
Cash investments	0.1%	—
Turnover rate	-15%	—
Equity yield (dividend)	2.2%	2.2%

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

	U.S. 500 Stock Index Fund
Exxon Mobil Corp.	3.1%
Apple Inc.	2.5
Microsoft Corp.	1.9
Procter & Gamble Co.	1.9
Johnson & Johnson	1.7
International Business Machines Corp.	1.7
General Electric Co.	1.7
JPMorgan Chase & Co.	1.6
Bank of America Corp.	1.5
AT&T Inc.	1.5
<b>Total</b>	<b>19.1%</b>

### Sector diversification (% of common stock)

	U.S. 500 Stock Index Fund	S&P 500 Index
Consumer Discretionary	10.1%	10.1%
Consumer Staples	11.5	11.5
Energy	10.7	10.7
Financials	16.3	16.3
Health Care	12.1	12.1
Industrials	10.3	10.3
Information Technology	18.8	18.8
Materials	3.4	3.4
Telecommunication Services	3.0	3.0
Utilities	3.8	3.8
<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 S&P 500 Net Total Return.

For more information

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