



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

## An Index-Related Fund

28 February 2011

### 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	3.33%	3.36%	3.34%	3.36%	3.36%	3.36%
3 months	12.70	12.80	12.72	12.80	12.79	12.79
Year to date	5.72	5.79	5.73	5.79	5.77	5.77
1 year	21.42	21.88	21.51	21.88	21.85	21.85
3 years	1.24	1.63	1.33	1.63	1.50	1.50
5 years	1.95	2.33	2.03	2.33	2.22	2.22
10 years	1.71	2.10	1.80	2.10	2.02	2.02
Since inception	2.40	2.79	2.48	2.79	2.66	2.66

#### 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	2.57%	2.60%	2.57%	2.60%	2.59%	2.59%
3 months	6.22	6.32	6.25	6.32	6.31	6.31
Year to date	2.70	2.76	2.71	2.76	2.74	2.74
1 year	19.97	20.42	20.07	20.43	20.39	20.39
3 years	4.49	4.89	4.57	4.89	4.75	4.75
5 years	-1.00	-0.63	-0.92	-0.62	-0.74	-0.74
Since inception	3.14	3.53	2.29	2.60	3.46	2.53

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

	Institutional Shares		S&P 500 Index hedged in EUR
	Net of expenses	Gross of expenses	
1 month	3.35%	3.37%	Institutional Shares 3.37%
3 months	12.44	12.53	12.56
Year to date	5.67	5.72	5.74
1 year	18.96	19.32	19.45
3 years	-0.49	-0.19	-0.25
Since inception	-1.13	-0.83	-0.92

### 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
<b>Total expense ratio</b>	<b>0.38%</b>	<b>0.30%</b>	<b>0.30%</b>

### 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	986495	989771	—
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	2775363
Vanguard Fund Code	VEUFV	VEUFS	VEUEH
<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 (14.00 GMT cutoff)	<b>Settlement</b>	T+3
<b>Total assets</b>	USD (millions) 2,913	<b>Structure</b>	UCITS III
	EUR (millions) 2,109		

### 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.

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### Quarterly fund commentary as at 31 December 2010

- The Standard & Poor's 500 Net Total Return Index returned 10.59% for the quarter, and the U.S. 500 Stock Index Fund closely tracked the index. All ten sectors posted positive returns as sentiment over the global recovery improved.
- Among sectors, energy (+21.5%), materials (+19.0%) and consumer discretionary (+12.6%) were the leading contributors to the index's return for the quarter. In energy, Exxon Mobil (+19%), Schlumberger (+36%) and Chevron (+14%) were the top performers. In materials, Freeport-McMoran Copper & Gold (+42%), Monsanto (+46%) and Dow Chemical (+25%) were the top contributors. In consumer discretionary, Ford Motor (+37%) and Comcast (+22%) were the top contributors. Although health care (+3.7%) posted a positive overall return, Abbott Laboratories (-8%) was the largest detractor.
- For the 12 months ended 31 December, the fund tracked the index (+14.37%), with all ten sectors recording positive returns. Consumer discretionary (+27.5%), industrials (+26.9%) and energy (+20.4%) were the top contributors.
- Top individual contributors for the 12 months were Apple (+53%), Citigroup (+43%) and General Electric (+24%). Broad strength across all sectors contributed to the 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	\$49.7B	\$49.7B
Price/earnings ratio	16.7x	16.7x
Price/book ratio	2.3x	2.3x
Return on equity	20.6%	20.6%
Earnings growth rate	5.3%	5.3%
Cash investments	0.5%	—
Turnover rate	-12%	—
Equity yield (dividend)	1.8%	1.8%

The PTR (Portfolio Turnover Rate) 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 2010.

### Ten largest stocks as % of total net assets

	U.S. 500 Stock Index Fund
Exxon Mobil Corp.	3.6%
Apple Inc.	2.7
General Electric Co.	1.8
Chevron Corp.	1.7
International Business Machines Corp.	1.7
Microsoft Corp.	1.6
JPMorgan Chase & Co.	1.5
Procter & Gamble Co.	1.5
Wells Fargo & Co.	1.4
Johnson & Johnson	1.4
<b>Total</b>	<b>18.9%</b>

### Sector diversification (% of common stock)

	U.S. 500 Stock Index Fund	S&P 500 Index
Consumer Discretionary	10.6%	10.6%
Consumer Staples	10.1	10.1
Energy	13.1	13.1
Financials	16.0	16.0
Health Care	10.7	10.7
Industrials	11.1	11.1
Information Technology	18.7	18.7
Materials	3.6	3.6
Telecommunication Service	2.9	2.9
Utilities	3.2	3.2
<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  
 Web: <http://global.vanguard.com>  
 Email (International): [international@vanguard.com](mailto:international@vanguard.com)  
 Email (U.K.): [uk\\_client\\_services@vanguard.co.uk](mailto:uk_client_services@vanguard.co.uk)  
 Tel (International): +1 610 669 6705  
 Tel (Europe): +353 1612 3226  
 Tel (U.K.): +44 207 489 4305

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