



Vanguard[®]

Vanguard[®] U.S. 500 Stock Index Fund

An Index-Related Fund

28 February 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 ^{††}	
	Net of expenses	Gross of expenses	Net of expenses	Gross of expenses	Investor Shares	Institutional Shares
1 month	3.00%	3.03%	3.01%	3.03%	3.02%	3.02%
3 months	1.07	1.16	1.09	1.16	1.16	1.16
Year to date	-0.75	-0.69	-0.74	-0.69	-0.71	-0.71
1 year	52.16	52.74	52.29	52.75	52.60	52.60
3 years	-6.50	-6.14	-6.42	-6.14	-6.30	-6.30
5 years	-0.52	-0.14	-0.44	-0.14	-0.26	-0.26
10 years	-1.14	-0.76	-1.06	-0.76	-0.86	-0.86

Vanguard U.S. 500 Stock Index Fund—EUR

	Investor Shares		Institutional Shares		S&P 500 Index with 70% Div in Euros	
	Net of expenses	Gross of expenses	Net of expenses	Gross of expenses	Investor Shares	Institutional Shares
1 month	4.91%	4.94%	4.91%	4.94%	4.93%	4.93%
3 months	11.18	11.29	11.21	11.29	11.29	11.29
Year to date	4.34	4.40	4.35	4.41	4.38	4.38
1 year	41.60	42.14	41.72	42.15	42.02	42.02
3 years	-7.50	-7.15	-7.42	-7.14	-7.31	-7.31
5 years	-1.07	-0.69	-0.98	-0.68	-0.81	-0.81
Since inception	0.88	1.27	0.11	0.41	1.19	0.33

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

	Institutional Shares		S&P 500 Index EUR Hedged
	Net of expenses	Gross of expenses	Institutional Shares
1 month	3.07%	3.09%	3.09%
3 months	1.13	1.21	1.20
Year to date	-0.78	-0.74	-0.77
1 year	51.05	51.51	51.34
3 years	-7.73	-7.46	-7.61
Since inception	-6.48	-6.20	-6.33

Total expense ratio

	Investor Shares	Institutional Shares	Institutional Hedged [†]
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
Inception date			
USD	04 November 1998	04 November 1998	—
EUR	30 April 2003	26 September 2002	31 October 2006
Purchase fee	0.00%	0.00%	0.00%
Redemption fee	0.00%	0.00%	0.00%
Fund codes (USD)			
Bloomberg	VANUIMI	VANUISI	—
CUSIP	G9318R366	G9318R374	—
ISIN	IE0002639668	IE0002639775	—
Sedol	0263966	0263977	—
Valoren	0986495	0989771	—
Vanguard Fund Code	VUSFV	VUSFS	—
Fund codes (EUR)			
Bloomberg	VANUIEN	VANUIEI	VANUSEH
CUSIP	G9318R424	G9318R416	—
ISIN	IE0032620787	IE0032126645	IE00B1G3DH73
Sedol	3262078	3212664	B1G3DH7
Valoren	1592729	1520502	—
Vanguard Fund Code	VEUFV	VEUFS	VEUEH
Minimum initial investment			
USD/EUR	100,000	500,000	500,000

Domicile	Ireland	Currencies	USD, EUR
Trading frequency	Daily (14.00 GMT cutoff)	Settlement	T+3
Total assets	USD (millions) 2,420	Structure	UCITS III
	EUR (millions) 1,774		

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 2009

- Continuing the intense rally that began in early March, U.S. equity markets climbed higher during the fourth quarter as the Standard & Poor's 500 Net Total Return Index returned 5.87%. The U.S. 500 Stock Index Fund closely tracked the index over both the quarter and the year ended 31 December.
- 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 performance from pharmaceutical companies Pfizer (+11%), Merck (+17%), and Johnson & Johnson (+7%) aided performance. The only sector with a negative return for the quarter was financials (-3.2%); Citigroup (-32%) and Bank of America (-11%) were the top detractors in the sector.
- For the 12 months ended 31 December, the S&P 500 Net Total Return Index returned 25.55%, with all ten sectors exhibiting positive performance. Financials (+17.8%), information technology (+62.1%), and consumer discretionary (+41.2%) were the top contributors. The information technology sector contributed more than 40% to the return of the index.
- The top individual contributors were Apple (+147%), IBM (+59%), and Microsoft (+60%) in information technology and Goldman Sachs (+103%) and JPMorgan Chase (+34%) in financials. Broad strength across media stocks contributed to the consumer discretionary 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	\$44.6B	\$44.6B
Price/earnings ratio	19.6x	19.6x
Price/book ratio	2.2x	2.2x
Return on equity	20.8%	20.8%
Earnings growth rate	7.9%	7.9%
Cash investments	0.2%	—
Turnover rate	15%	—
Equity yield (dividend)	2.0%	2.0%

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

	U.S. 500 Stock Index Fund
Exxon Mobil Corp.	3.1%
Microsoft Corp.	2.2
Procter & Gamble Co.	1.9
Apple Inc.	1.9
Johnson & Johnson	1.7
General Electric Co.	1.7
International Business Machines Corp.	1.7
Bank of America Corp.	1.7
JPMorgan Chase & Co.	1.7
AT&T Inc.	1.5
Total	19.1%

Sector diversification (% of common stock)

	U.S. 500 Stock Index Fund	S&P 500 Index
Consumer Discretionary	9.8%	9.8%
Consumer Staples	11.6	11.6
Energy	11.2	11.1
Financials	16.0	16.0
Health Care	12.6	12.7
Industrials	10.3	10.3
Information Technology	18.8	18.8
Materials	3.4	3.4
Telecommunication Services	2.8	2.8
Utilities	3.5	3.5
Total	100.0%	100.0%

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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