

Vanguard[®] Euro Government Bond Index Fund

An Index-Related Fund

28 February 2011

Investment objective

The fund seeks to provide returns consistent with the performance of the Barclays Capital Global Aggregate Euro Government Float Adjusted Bond Index which is a market-weighted bond index of the euro-denominated government fixed-income securities.

Investment strategy

The fund employs a "passive management"—or indexing—strategy designed to track the performance of the index. This market-weighted index is designed to reflect the total universe of euro-denominated Eurozone treasury and Eurozone government-related securities with maturities greater than one year.

Fund returns*

Vanguard Euro Government Bond Index Fund—USD

	Investor Shares		Spliced Euro Government Bond Float Adjusted Index in USD
	Net of expenses	Gross of expenses	Investor Shares
1 month	0.72%	0.74%	0.73%
3 months	5.04	5.12	5.09
Year to date	2.44	2.49	2.46
1 year	0.19	0.49	0.44
3 years	0.28	0.58	0.59
5 years	6.07	6.38	6.37
Since inception	8.12	8.45	8.41

Vanguard Euro Government Bond Index Fund—EUR

	Investor Shares		Institutional Shares		Spliced Euro Government Bond Float Adjusted Index in EUR	
	Net of expenses	Gross of expenses	Net of expenses	Gross of expenses	Investor Shares	Institutional Shares
1 month	-0.03%	0.00%	-0.02%	0.00%	-0.02%	-0.02%
3 months	-1.00	-0.93	-0.98	-0.93	-0.96	-0.96
Year to date	-0.51	-0.46	-0.49	-0.46	-0.49	-0.49
1 year	-1.00	-0.71	-0.90	-0.71	-0.76	-0.76
3 years	3.49	3.80	3.59	3.80	3.81	3.81
5 years	2.99	3.30	3.09	3.30	3.29	3.29
10 years	—	—	4.50	4.71	4.69	4.69
Since inception	4.47	4.78	4.76	4.97	4.76	4.95

Total expense ratio

	Investor Shares	Institutional Shares
Administrative and other expenses	0.16%	0.06%
Investment management expenses	0.14	0.14
Total expense ratio	0.30%	0.20%

Fund facts

	Investor Shares	Institutional Shares
Inception date		
USD	03 December 2002	—
EUR	18 April 2001	29 September 2000
Purchase fee	0.10%	0.10%
Redemption fee	0.00%	0.00%
Fund codes (USD)		
Bloomberg	VANEGID	—
CUSIP	G9318V136	—
ISIN	IE0032369989	—
Sedol	3236998	—
Valoren	1554536	—
Vanguard Fund Code	VUGBV	—
Fund codes (EUR)		
Bloomberg	VANEGBX	VANEUGB
ISIN	IE0007472115	IE0007472990
Sedol	0747211	0747299
Valoren	1439504	1137875
Vanguard Fund Code	VEGBV	VEGBS
Minimum initial investment		
USD/EUR	100,000	500,000

Domicile	Ireland	Currencies	USD, EUR
Trading frequency	Daily (11.00 GMT cutoff)	Settlement	T+3
Total assets	USD (millions) 3,023	Structure	UCITS III
	EUR (millions) 2,188		

Investment Manager

The Vanguard Group, Inc. (Vanguard)

Gregory Davis, CFA, Principal, Head of Bond Index Group
Portfolio manager.
Advised the fund since 2000.
Worked in investment management since 1999.
B.S., Pennsylvania State University.
M.B.A., The Wharton School of the University of Pennsylvania.

Didier Haenecour, Head of Europe Bond Index Group
Portfolio manager.
Advised the fund since 2009.
Worked in investment management since 1993.
B.S., HEC Saint Louis, Brussels.
M.S., South Bank University, London.

*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.

Spliced Euro Government Float Adjusted Bond Index: The benchmark for this portfolio was Citigroup EMU Government Bond Index through 31 December, 2004, Barclays Capital Euro-Aggregate Government Bond Index through 30 June, 2010 and Barclays Capital Global Aggregate Euro Government Float Adjusted Bond Index thereafter.

Vanguard® Euro Government Bond Index Fund

An Index-Related Fund

Quarterly fund commentary as at 31 December 2010

- The European Central Bank (ECB) left rates unchanged for the fourth quarter, influenced by contained inflation and heightened uncertainty of peripheral countries fiscal health. The world economy continues to recover, but fears of debt contagion and concerns over future inflation had a negative impact.
- Fiscal health worries in peripheral countries (e.g. Ireland and Spain) influenced investors to sell bonds in the euro area in search for relatively safer alternatives. For the quarter ended 31 December, the general 2-year euro bond's yield increased 3 basis points to 0.86%, the 10-year euro bond's yield increased 68 basis points to 2.96% and the 30-year euro bond's yield increased 54 basis points to 3.41%. The fund's return was in line with that of its benchmark.
- All sectors posted negative performance. Government securities (-3.53%) accounted for 83% of the index's capitalization at quarter-end. Agency issues returned -1.92% and local government bonds returned -1.47% for the period.
- Over the 12 months ended 31 December, the benchmark returned 1.49%, with government, agency and local government bonds returning 1.14%, 3.10% and 3.60%, respectively. The fund's return trailed that of its benchmark primarily because of the fund's expenses and its use of sampling.

All returns are based in euro.

Fund characteristics

	Euro Government Bond Index Fund	Spliced Euro Gov't Bond Index
Number of bonds	406	983
Effective YTM	3.41	3.40
Average coupon	4.2%	4.0%
Average maturity	7.9 years	7.9 years
Average quality	Aa1	Aa1
Average duration	5.8 years	5.8 years
Cash investment	-0.1%	—

Distribution by issuer

	Euro Government Bond Index Fund
Government	100.1%
EMU Government	83.9
Agency	10.8
Local Government	5.4
Non-Government	0.0%
Industrial & Utility	0.0
Collateralized	0.0
Finance	0.0
Other	0.0
Cash	-0.1%
Total	100.0%

Distribution by credit quality

	Euro Government Bond Index Fund
AAA	54.6
AA	39.9
A	3.6
Less than A	1.9
Not Rated	0.1
Cash	-0.1
Total	100.0%

Credit-quality ratings for each issue are obtained from Barclays Capital using ratings derived from Moody's Investors Service, Fitch Ratings, and Standard & Poor's. When ratings from all three agencies are available, the median rating is used. When ratings are available from two of the agencies, the lower rating is used. When one rating is available, that rating is used.

Distribution by maturity

	Euro Government Bond Index Fund
Less than 5 years	46.9%
5 to less than 10 years	30.0
More than 10 years	23.1
Total	100.0%

Market diversification

	Euro Government Bond Index Fund
EMU Gov't	
Austria	4.5
Belgium	5.3
Finland	1.3
France	22.2
Germany	26.2
Greece	0.0
Ireland	1.7
Italy	20.2
Netherlands	6.0
Portugal	2.1
Slovenia	0.3
Spain	10.2
Other*	0.0
Total	100.0%

*Other is equivalent to Non-Government.

Volatility

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

R-squared and beta are calculated from trailing 36-month fund returns relative to the Spliced Euro Government Bond Float Adjusted Index in EUR.

For more information
 Web: <http://global.vanguard.com>
 Email (International): international@vanguard.com
 Email (U.K.): uk_client_services@vanguard.co.uk
 Tel (International): +1 610 669 6705
 Tel (Europe): +353 1612 3226
 Tel (U.K.): +44 207 489 4305

The value of investments, and the income from them, may fall or rise and investors may get back less than they invested. The value of this investment may fall or rise as a result of changes in exchange rates. Funds investing in fixed interest securities carry the risk of default on repayment and erosion of the capital value of your investment and the level of income may fluctuate. Movements in interest rates are likely to affect the capital value of fixed interest securities. Past performance is not a reliable indicator of future results.

The material contained in this document is not to be regarded as an offer to buy or sell or the solicitation of any offer to buy or sell securities 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. The information on this factsheet does not constitute legal, tax, or investment advice. You must not, therefore, rely on the content of this presentation when making any investment decisions. The Simplified Prospectus and Full Prospectus (including any supplements) for this fund are available from Vanguard Asset Management, Limited via our website <https://global.vanguard.com/>.

The Manager of Vanguard Investment Series plc is Vanguard Group (Ireland) Limited. Vanguard Asset Management, Limited is a distributor of Vanguard Investment Series plc. Vanguard Investment Series plc has been authorised by the Financial Regulator in Ireland as a UCITS and has been registered for public distribution in certain EU countries. Prospective investors are referred to the Funds' prospectus for further information. Prospective investors are also urged to consult their own professional advisors on the implications of making an investment in, and holding or disposing shares of the Funds and the receipt of distributions with respect to such shares under the law of the countries in which they are liable to taxation. Issued by Vanguard Asset Management, Limited which is authorised and regulated in the UK by the Financial Services Authority.