

About this brochure

This brochure provides a description of each Vanguard® fund offered in your employer’s retirement plan. The funds are categorized by fund type, such as bond funds and stock funds, and are listed alphabetically within each category. Before jumping into the fund descriptions, you may want to review the key investment terms on the next page. All data contained in this document is as of March 31, 2007.

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**For a prospectus and additional information about a fund, call Vanguard at 800-523-1188
Monday through Friday from 8:30 a.m. to 9 p.m., Eastern time.**

Visit Vanguard online at www.vanguard.com.

Key investment terms

Here are some key terms that come up in the fund descriptions. It may be helpful to review their definitions.

Stocks represent a share of ownership in a company.

Bonds are IOUs issued by governments, government agencies, or corporations. Investments in bonds and bond funds are subject to interest rate, credit, and inflation risk.

Short-term reserves are short-term IOUs due to be repaid within a year.

Mutual funds are investments in which money is pooled to buy stocks, bonds, or short-term reserves. Mutual funds offer professional money management and broad diversification. Diversification does not ensure a profit or protect against a loss in a declining market.

Index funds try to track the performance of a particular market index, such as the Standard & Poor's 500 Index, by investing in all the securities (stocks or bonds) within the index, or a representative sampling of the index.

Diversification is the mixture of stocks, bonds, and short-term reserves of many different companies. Diversification does not ensure a profit or protect against a loss in a declining market.

Risk is the possibility of losing some or all of an investment's value. All mutual funds are subject to risk. In addition, certain types of investments are subject to additional risks. For example:

Emerging markets: Stocks of companies in emerging markets are generally more risky than stocks of companies in developed countries.

International: Foreign investing involves additional risks including currency fluctuations and political uncertainty.

Treasury: While U.S. Treasury or government agency securities provide substantial protection against credit risk, they do not protect investors against price changes due to changing interest rates. The market values of government securities are not guaranteed and will fluctuate.

High-yield bonds: Because high-yield bonds are considered speculative, investors should be prepared to assume a substantially greater level of credit risk than with other types of bonds.

Small- and mid-capitalization: Prices of small- and mid-cap stocks often fluctuate more than those of large-company stocks.

Sector: Funds that concentrate on a relatively narrow market sector face the risk of higher share-price volatility.

Target Retirement Funds

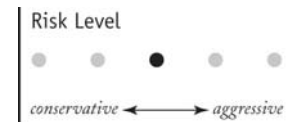
The ten date-specific Target Retirement Funds are broadly diversified mutual funds that gradually and automatically shift to more conservative investments over time as the investor's expected retirement date nears. Vanguard Target Retirement Income Fund maintains a conservative mix appropriate for retirees.

Target Retirement Funds have varying degrees of exposure to the stock and bond markets and are therefore subject to varying combinations of stock and bond market risks. Keep in mind that although Vanguard Target Retirement Funds can simplify investment selection, all mutual fund investing is subject to risk. Each Target Retirement Fund invests in up to seven broadly diversified Vanguard funds and is subject to the risks associated with these underlying funds. Diversification does not ensure a profit or protect against a loss in a declining market.

Vanguard Target Retirement 2005 Fund

Vanguard Target Retirement 2005 Fund seeks to provide capital appreciation and current income consistent with its current asset allocation. The fund invests in other Vanguard mutual funds using an asset allocation strategy designed for investors planning to retire before 2008. The fund's asset allocation will become more conservative over time. Within five years after 2005, the fund's asset allocation should resemble that of the Target Retirement Income Fund. The fund's target allocation of underlying Vanguard funds is as follows: Vanguard Total Bond Market Index Fund, 41.3%; Vanguard Total Stock Market Index Fund, 35.6%; Vanguard Inflation-Protected Securities Fund, 12.7%; Vanguard European Stock Index Fund, 5.3%; Vanguard Pacific Stock Index Fund, 2.3%; Vanguard Emerging Markets Stock Index Fund, 1.4%; and Vanguard Prime Money Market Fund, 1.4%.

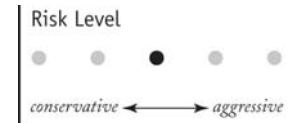
The fund's indirect bond holdings are a diversified mix of short-, intermediate-, and long-term investment-grade, taxable U.S. government, U.S. agency, corporate bonds, and inflation-indexed bonds issued by the U.S. government, as well as mortgage-backed securities. Its indirect stock holdings consist substantially of large-capitalization U.S. stocks and, to a lesser extent, of mid- and small-cap U.S. stocks and international funds. The fund's indirect money market holdings consist of high-quality, short-term money market instruments.



Vanguard Target Retirement 2015 Fund

Vanguard Target Retirement 2015 Fund seeks to provide capital appreciation and current income consistent with its current asset allocation. The fund invests in other Vanguard mutual funds using an asset allocation strategy designed for investors planning to retire between 2013 and 2017. The fund's asset allocation will become more conservative over time. Within five years after 2015, the fund's asset allocation should resemble that of the Target Retirement Income Fund. The fund's target allocation of underlying Vanguard funds is as follows: Vanguard Total Stock Market Index Fund, 51.2%; Vanguard Total Bond Market Index Fund, 35.9%; Vanguard European Stock Index Fund, 7.6%; Vanguard Pacific Stock Index Fund, 3.3%; and Vanguard Emerging Markets Stock Index Fund, 2.0%.

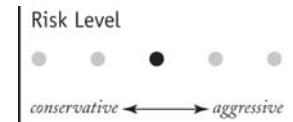
The fund's indirect stock holdings consist substantially of large-capitalization U.S. stocks and, to a lesser extent, mid- and small-cap U.S. stocks and international stocks. Its indirect bond holdings are a diversified mix of investment-grade taxable U.S. government, U.S. agency, and corporate bonds, as well as mortgage-backed securities, all with maturities of more than 1 year.



Vanguard Target Retirement 2025 Fund

Vanguard Target Retirement 2025 Fund seeks to provide capital appreciation and current income consistent with its current asset allocation. The fund invests in other Vanguard mutual funds using an asset allocation strategy designed for investors planning to retire between 2023 and 2027. The fund's asset allocation will become more conservative over time. Within five years after 2025, the fund's asset allocation should resemble that of the Target Retirement Income Fund. The fund's target allocation of underlying Vanguard funds is as follows: Vanguard Total Stock Market Index Fund, 63.6%; Vanguard Total Bond Market Index Fund, 20.5%; Vanguard European Stock Index Fund, 9.4%; Vanguard Pacific Stock Index Fund, 4.0%; and Vanguard Emerging Markets Stock Index Fund, 2.5%.

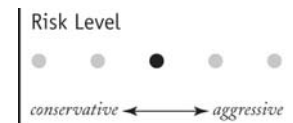
The fund's indirect stock holdings consist substantially of large-capitalization U.S. stocks and, to a lesser extent, mid- and small-cap U.S. stocks and international stocks. Its indirect bond holdings are a diversified mix of investment-grade taxable U.S. government, U.S. agency, and corporate bonds, as well as mortgage-backed securities, all with maturities of more than 1 year.



Vanguard Target Retirement 2035 Fund

Vanguard Target Retirement 2035 Fund seeks to provide capital appreciation and current income consistent with its current asset allocation. The fund invests in other Vanguard mutual funds using an asset allocation strategy designed for investors planning to retire between 2033 and 2037. The fund's asset allocation will become more conservative over time. Within five years after 2035, the fund's asset allocation should resemble that of the Target Retirement Income Fund. The fund's target allocation of underlying Vanguard funds is as follows: Vanguard Total Stock Market Index Fund, 72.1%; Vanguard European Stock Index Fund, 10.5%; Vanguard Total Bond Market Index Fund, 10.0%; Vanguard Pacific Stock Index Fund, 4.6%; and Vanguard Emerging Markets Stock Index Fund, 2.8%.

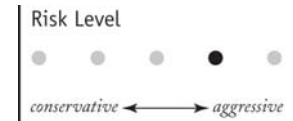
The fund's indirect stock holdings consist substantially of large-capitalization U.S. stocks and, to a lesser extent, mid- and small-cap U.S. stocks and international stocks. Its indirect bond holdings are a diversified mix of investment-grade taxable U.S. government, U.S. agency, and corporate bonds, as well as mortgage-backed securities, all with maturities of more than 1 year.



Vanguard Target Retirement 2045 Fund

Vanguard Target Retirement 2045 Fund seeks to provide capital appreciation and current income consistent with its current asset allocation. The fund invests in other Vanguard mutual funds using an asset allocation strategy designed for investors planning to retire between 2043 and 2047. The fund's asset allocation will become more conservative over time. Within five years after 2045, the fund's asset allocation should resemble that of the Target Retirement Income Fund. The fund's target allocation of underlying Vanguard funds is as follows: Vanguard Total Stock Market Index Fund, 72.1%; Vanguard European Stock Index Fund, 10.5%; Vanguard Total Bond Market Index Fund, 10.0%; Vanguard Pacific Stock Index Fund, 4.6%; and Vanguard Emerging Markets Stock Index Fund, 2.8%.

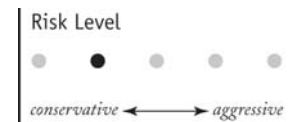
The fund's indirect stock holdings consist substantially of large-capitalization U.S. stocks and, to a lesser extent, mid- and small-cap U.S. stocks and international stocks. Its indirect bond holdings are a diversified mix of investment-grade taxable U.S. government, U.S. agency, and corporate bonds, as well as mortgage-backed securities, all with maturities of more than 1 year.



Vanguard Target Retirement Income Fund

Vanguard Target Retirement Income Fund seeks to provide current income and some capital appreciation. The fund invests in other Vanguard mutual funds according to an asset allocation strategy designed for investors currently in retirement. The fund's target allocation of underlying Vanguard funds is as follows: Vanguard Total Bond Market Index Fund, 45.2%; Vanguard Total Stock Market Index Fund, 23.9%; Vanguard Inflation-Protected Securities Fund, 19.9%; Vanguard Prime Money Market Fund, 5.0%; Vanguard European Stock Index Fund, 3.5%; Vanguard Pacific Stock Index Fund, 1.6%; and Vanguard Emerging Markets Stock Index Fund, 0.9%.

The fund's indirect bond holdings are a diversified mix of short-, intermediate-, and long-term U.S. government, U.S. agency, and investment-grade corporate bonds, inflation-indexed bonds issued by the U.S. government, as well as mortgage-backed securities. Its indirect stock holdings consist substantially of large-capitalization U.S. stocks and, to a lesser extent, mid- and small-cap U.S. stocks. The fund's indirect money market holdings consist of high-quality, short-term money market instruments.

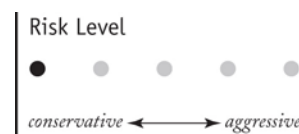


Short-term reserves

Short-term reserves are conservative investments designed for short-term goals. Although they are conservative, short-term reserves are not without risk. One of the main risks is that your investment won't keep pace with the rising cost of living (inflation).

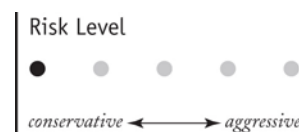
Vanguard Federal Money Market Fund

Vanguard Federal Money Market Fund seeks to provide current income while maintaining liquidity and a stable share price of \$1. The fund invests primarily in high-quality, short-term money market instruments. At least 80% of the fund's assets are invested in securities issued by the U.S. government and its agencies and instrumentalities. Although these securities are high-quality, most of the securities held by the fund are neither guaranteed by the United States Treasury nor supported by the full faith and credit of the U.S. government. To be considered high-quality, a security generally must be rated in one of the two highest credit-quality categories for short-term securities by at least two nationally recognized rating services (or by one, if only one rating service has rated the security). The fund will maintain a dollar-weighted average maturity of 90 days or less.



Vanguard Prime Money Market Fund

Vanguard Prime Money Market Fund seeks to provide current income while maintaining liquidity and a stable share price of \$1. The fund invests in high-quality, short-term money market instruments, including certificates of deposit, banker's acceptances, commercial paper, and other money market securities. To be considered high-quality, a security generally must be rated in one of the two highest credit-quality categories for short-term securities by at least two nationally recognized rating services (or by one, if only one rating service has rated the security). If unrated, the security must be determined by Vanguard to be of quality equivalent to those in the two highest credit-quality categories. The fund will invest more than 25% of its assets in securities issued by companies in the financial services industry. The fund will maintain a dollar-weighted average maturity of 90 days or less.



Vanguard Treasury Money Market Fund

Vanguard Treasury Money Market Fund seeks to provide current income while maintaining liquidity and a stable share price of \$1. The fund invests solely in high-quality, short-term money market securities whose interest and principal payments are backed by the full faith and credit of the U.S. government. At least 80% of the fund's assets will always be invested in U.S. Treasury securities; the remainder of the assets may be invested in securities issued by U.S. government agencies. The fund will maintain a dollar-weighted average maturity of 90 days or less.



Bond funds

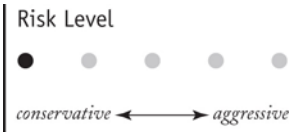
Bond funds are designed to provide income and also to balance a portfolio invested in stocks. They come in short-, intermediate-, and long-term varieties. Short-term bond funds invest in bonds that mature, on average, in 1 to 5 years. Intermediate-term bond funds have an average maturity of 5 to 10 years. Long-term bond funds have an average maturity of more than 10 years.

Generally, long-term bond funds are riskier than intermediate-term bond funds, which are riskier than short-term bond funds. This is because longer-term bonds are more sensitive to changes in interest rates, which can cause bond prices to fluctuate. But longer-term bond funds also have the potential to provide a higher long-term return. Another risk to consider is the average credit quality of a fund’s underlying bonds. The higher a bond’s credit quality, the less likely it is to default on payments of principal and interest.

Short-term

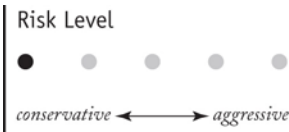
Vanguard Short-Term Bond Index Fund

Vanguard Short-Term Bond Index Fund seeks a high level of interest income by attempting to track the performance of the Lehman Brothers 1–5 Year Government/Credit Index, which is made up of about 2,000 short-term bonds issued by the U.S. Treasury, federal agencies, and corporations. Because it is not practical or cost-effective to own every security in the index, the fund invests in a large sampling that matches key characteristics of the index (such as market-sector weightings, coupon interest rates, credit quality, and maturity). To boost returns, the fund holds a higher percentage than the index in investment-grade corporate securities and a lower percentage in Treasury securities. The fund is expected to maintain an average maturity of 1 to 5 years. The fund (like the index) excludes GNMA’s and other mortgage-backed securities.



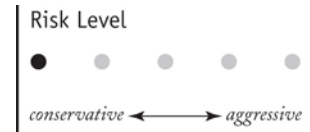
Vanguard Short-Term Federal Fund

Vanguard Short-Term Federal Fund seeks a high level of interest income by investing primarily in short-term securities issued by U.S. government agencies. These securities may not be backed by the full faith and credit of the U.S. government. The fund also may invest in U.S. Treasury securities and in repurchase agreements backed by U.S. Treasury or federal agency securities. To reduce fluctuations in its share price, the fund is expected to maintain an average maturity of 1 to 3 years.



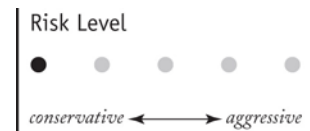
Vanguard Short-Term Investment-Grade Fund

Vanguard Short-Term Investment-Grade Fund seeks current income while maintaining limited price volatility by investing in a variety of high-quality and, to a lesser extent, medium-quality fixed income securities, at least 80% of which will be short- and intermediate-term investment-grade fixed income securities. High-quality fixed income securities are those rated the equivalent of A3 or better by Moody's Investors Service, Inc., or another independent rating agency; medium-quality fixed income securities are those rated the equivalent of Baa1, Baa2, or Baa3 by Moody's or another independent rating agency. (Investment-grade fixed income securities are those rated the equivalent of Baa3 and above by Moody's.) The fund is expected to maintain a dollar-weighted average maturity of 1 to 3 years.



Vanguard Short-Term Treasury Fund

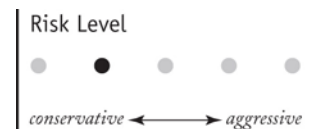
Vanguard Short-Term Treasury Fund seeks a high level of interest income by investing primarily in short-term U.S. Treasury securities and other securities backed by the full faith and credit of the U.S. government (although shares of the fund itself are neither insured nor guaranteed by the government). To reduce fluctuations in its share price, the fund is expected to maintain an average maturity of 1 to 3 years. The fund seeks to improve returns through modest adjustments to the fund's average maturity within the stated range.



Intermediate-term

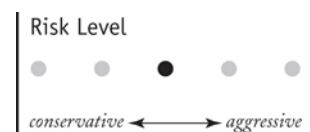
Vanguard GNMA Fund

Vanguard GNMA Fund seeks a high and sustainable level of interest income by investing in a broad range of mortgage-backed securities issued by the Government National Mortgage Association (GNMA). An agency of the U.S. government, GNMA guarantees the timely payment of interest and principal on the securities, each of which represents a pool of individual mortgage loans. Securities are based on different types of loans (e.g., fixed-rate and adjustable-rate) and properties (e.g., single-family homes and apartments). The fund is managed to reduce the risk posed by loan prepayments, which occur, for example, when home owners refinance their mortgages, and which can lead to reductions in the fund's interest income.



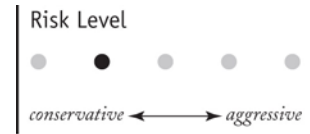
Vanguard High-Yield Corporate Fund

Vanguard High-Yield Corporate Fund seeks a high level of interest income by investing in high-yield corporate bonds, or "junk bonds," which pay high interest rates because they are considered to carry greater risk of default than bonds with higher credit ratings. (Default occurs when a bond issuer fails to pay interest or repay principal on time.) The investment advisor seeks to reduce this risk somewhat through solid credit research and broad diversification across companies and industries, and by emphasizing high-yield bonds with relatively stronger credit ratings. *Fee: The fund charges a 1% redemption fee on shares held for less than one year.*



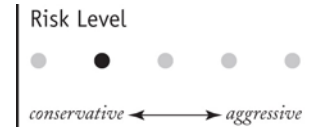
Vanguard Inflation-Protected Securities Fund

Vanguard Inflation-Protected Securities Fund seeks inflation protection and income consistent with investment in inflation-indexed securities by investing at least 80% of its assets in inflation-indexed bonds issued by the U.S. government, its agencies and instrumentalities, and corporations. The fund may invest in bonds of any maturity; however, its dollar-weighted average maturity is expected to be in a range of 7 to 20 years. At a minimum, all bonds purchased by the fund will be rated “investment-grade.”



Vanguard Intermediate-Term Bond Index Fund

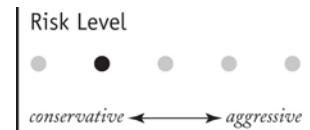
Vanguard Intermediate-Term Bond Index Fund seeks to track the performance of a market-weighted bond index with an intermediate-term dollar-weighted average maturity. The fund employs a “passive management”—or indexing—strategy designed to track the performance of the Lehman Brothers 5–10 Year Government/Credit Index. This index includes all medium and larger issues of U.S. government, investment-grade corporate, and investment-grade international dollar-denominated bonds that have maturities between 5 and 10 years and are publicly issued.



The fund invests by sampling the index, meaning that it holds a range of securities that, in the aggregate, approximates the full index in terms of key risk factors and other characteristics. All of the fund’s investments will be selected through the sampling process, and at least 80% of the fund’s assets will be invested in bonds held in the index. The fund maintains a dollar-weighted average maturity consistent with that of the index, which ranges between 5 and 10 years.

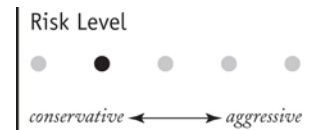
Vanguard Intermediate-Term Investment-Grade Fund

Vanguard Intermediate-Term Investment-Grade Fund seeks a moderate and sustainable level of current income by investing in a variety of high-quality and, to a lesser extent, medium-quality fixed income securities, at least 80% of which will be short- and intermediate-term investment-grade fixed income securities. High-quality fixed income securities are those rated the equivalent of A3 or better by Moody’s Investors Service, Inc., or another independent rating agency; medium-quality fixed income securities are those rated the equivalent of Baa1, Baa2, or Baa3 by Moody’s or another independent rating agency. (Investment-grade fixed income securities are those rated the equivalent of Baa3 and above by Moody’s.) The fund is expected to maintain a dollar-weighted average maturity of 5 to 10 years.



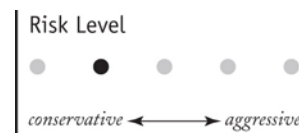
Vanguard Intermediate-Term Treasury Fund

Vanguard Intermediate-Term Treasury Fund seeks a high level of interest income by investing primarily in intermediate-term U.S. Treasury securities and other securities backed by the full faith and credit of the U.S. government. The fund is expected to maintain a dollar-weighted average maturity of 5 to 10 years. Within that range, the average maturity may be adjusted to take advantage of expected changes in interest rates.



Vanguard Total Bond Market Index Fund

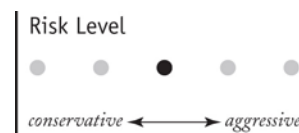
Vanguard Total Bond Market Index Fund seeks a high level of interest income by attempting to track the performance of the Lehman Brothers Aggregate Bond Index, which is a widely recognized measure of the entire taxable U.S. bond market. The index consists of more than 5,000 U.S. Treasury, federal agency, mortgage-backed, and investment-grade corporate securities, with a total market value exceeding \$4 trillion. Because it is not practical or cost-effective to own every security in the index, the fund invests in a large sampling that matches key characteristics of the index (such as market-sector weightings, coupon interest rates, credit quality, and maturity). To boost returns, the fund holds a higher percentage than the index in short-term, investment-grade corporate bonds and a lower percentage in short-term Treasury securities.



Long-term

Vanguard Long-Term Bond Index Fund

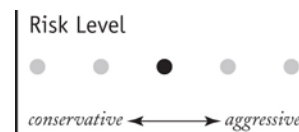
Vanguard Long-Term Bond Index Fund seeks to track the performance of a market-weighted bond index with a long-term dollar-weighted average maturity. The fund employs a “passive management”—or indexing—strategy designed to track the performance of the Lehman Brothers Long Government/Credit Index which includes all medium and larger issues of U.S. government, investment-grade corporate, and investment-grade international dollar-denominated bonds that have maturities greater than 10 years and are publicly issued.



The fund invests by sampling the index, meaning that it holds a range of securities that, in the aggregate, approximates the full index in terms of key risk factors and other characteristics. All of the fund’s investments will be selected through the sampling process, and at least 80% of the fund’s assets will be invested in bonds held in the index. The fund maintains a dollar-weighted average maturity consistent with that of the index, which currently ranges between 15 and 30 years.

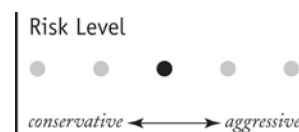
Vanguard Long-Term Investment-Grade Fund

Vanguard Long-Term Investment-Grade Fund seeks a high and sustainable level of current income by investing in a variety of high-quality and, to a lesser extent, medium-quality fixed income securities, at least 80% of which will be intermediate- and long-term, investment-grade fixed income securities. High-quality fixed income securities are those rated the equivalent of A3 or better by Moody’s Investors Service, Inc., or another independent rating agency; medium-quality fixed income securities are those rated the equivalent of Baa1, Baa2, or Baa3 by Moody’s or another independent rating agency. (Investment-grade fixed income securities are those rated the equivalent of Baa3 and above by Moody’s.) The fund is expected to maintain a dollar-weighted average maturity of 15 to 25 years.



Vanguard Long-Term Treasury Fund

Vanguard Long-Term Treasury Fund seeks a high and sustainable level of interest income by investing primarily in long-term U.S. Treasury bonds and other securities backed by the full faith and credit of the U.S. government. To achieve durability of interest income, the fund is expected to maintain a dollar-weighted average maturity of 15 to 30 years. Within that range, the average maturity may be adjusted to take advantage of expected changes in interest rates.

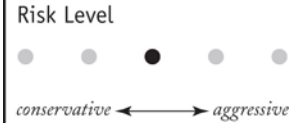


Balanced funds

Balanced funds invest in both stocks and bonds, and sometimes short-term reserves. They are therefore subject to the risks of these asset classes. But because stock and bond prices sometimes move in opposite directions, a fund that holds both stocks and bonds can help balance out the volatility of either asset class.

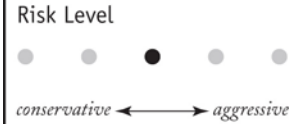
Vanguard Asset Allocation Fund

Vanguard Asset Allocation Fund seeks to maximize long-term total return (share price plus income) while incurring less stock market risk than a fund made up entirely of stocks by investing in common stocks, long-term U.S. Treasury bonds, and money market instruments (short-term reserves). The mix, or allocation, of the three types of assets changes from time to time depending on which mix appears to offer the best combination of expected returns and risk. Although the fund normally invests in two or more of the three asset types, it may at any time place all of its assets in one type—stocks, bonds, or short-term reserves. To accomplish changes in allocations quickly and cost-effectively, the fund may use futures contracts instead of buying and selling individual securities.



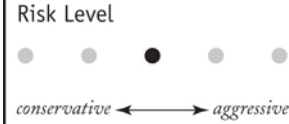
Vanguard Balanced Index Fund

Vanguard Balanced Index Fund seeks current income as well as long-term growth of capital and income by investing in stocks and bonds, with an average of 60% of its assets in stocks and 40% in bonds. The stock segment seeks to track the investment performance of the MCSI® US Broad Market Index, an unmanaged benchmark representing the overall U.S. stock market. The fund’s bond segment seeks to track the performance of the Lehman Brothers Aggregate Bond Index, an unmanaged index that covers virtually all taxable fixed-income securities. The fund owns a large sample of the securities in each index. The samples are chosen to match key characteristics of the indexes (such as company size and dividend yield for stocks and credit quality, maturity, and yield for bonds).



Vanguard LifeStrategy® Conservative Growth Fund

Vanguard LifeStrategy Conservative Growth Fund seeks current income and low-to-moderate capital appreciation. The fund does not buy securities directly; instead, it invests in five Vanguard funds: a domestic stock fund, an international stock fund, two bond funds, and an asset allocation fund. This gives the fund exposure to a broadly diversified group of U.S. and foreign stocks and various types of bonds.

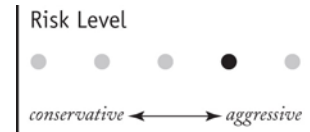


The fund invests fixed percentages of its assets in the five Vanguard funds, but its proportion of exposure to stocks, bonds, and short-term investments may change from time to time because of changes in the asset allocation fund. The fund’s asset allocation ranges are expected to be 25%–50% stocks, 30%–55% bonds, and 20%–45% short-term reserves.

Vanguard LifeStrategy Growth Fund

Vanguard LifeStrategy Growth Fund seeks capital appreciation and some current income. The fund does not buy securities directly; instead, it invests in four Vanguard funds: a domestic stock fund, an international stock fund, a bond fund, and an asset allocation fund. This gives the fund exposure to a broadly diversified group of U.S. and foreign stocks and various types of bonds.

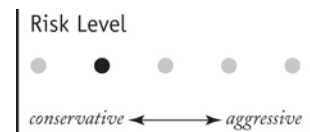
The fund invests fixed percentages of its assets in the four Vanguard funds, but its proportion of exposure to stocks, bonds, and short-term investments may change from time to time because of changes in the asset allocation fund. The fund's asset allocation ranges are expected to be 65%–90% stocks, 10%–35% bonds, and 0%–25% short-term reserves.



Vanguard LifeStrategy Income Fund

Vanguard LifeStrategy Income Fund seeks current income and some capital appreciation. The fund does not buy securities directly; instead, it invests in four Vanguard funds: a stock fund, two bond funds, and an asset allocation fund. This gives the fund exposure to a broadly diversified group of U.S. stocks and various types of bonds.

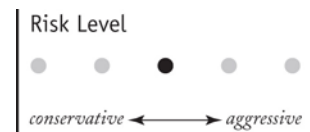
The fund invests fixed percentages of its assets in the four Vanguard funds, but its proportion of exposure to stocks, bonds, and short-term investments may change from time to time because of changes in the asset allocation fund. The fund's asset allocation ranges are expected to be 5%–30% stocks, 50%–75% bonds, and 20%–45% short-term reserves.



Vanguard LifeStrategy Moderate Growth Fund

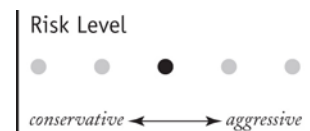
Vanguard LifeStrategy Moderate Growth Fund seeks capital appreciation and a low-to-moderate level of current income. The fund does not buy securities directly; instead, it invests in four Vanguard funds: a domestic stock fund, an international stock fund, a bond fund, and an asset allocation fund. This gives the fund exposure to a broadly diversified group of U.S. and foreign stocks and various types of bonds.

The fund invests fixed percentages of its assets in the four Vanguard funds, but its proportion of exposure to stocks, bonds, and short-term investments may change from time to time because of changes in the asset allocation fund. The fund's asset allocation ranges are expected to be 45%–70% stocks, 30%–55% bonds, and 0%–25% short-term reserves.



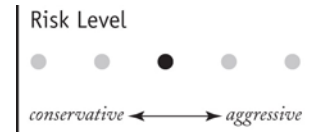
Vanguard STAR® Fund

Vanguard STAR Fund seeks long-term capital appreciation and income. As a “fund of funds,” the STAR Fund invests in a diversified group of other Vanguard mutual funds, rather than in individual securities. The fund follows a balanced investment approach by placing 60% to 70% of its assets in common stocks through eight stock funds; 20% to 30% of its assets in bonds through two bond funds; and 10% to 20% of its assets in short-term reserves through a short-term bond fund. Through its underlying funds, the STAR Fund owns diversified mixes of stocks and bonds. The fund's stock holdings emphasize large-capitalization stocks of domestic companies and, to a lesser extent, a diversified group of stocks in companies located outside the United States. The fund's bond holdings focus predominantly on short- and long-term investment-grade corporate bonds and GNMA mortgage-backed securities.



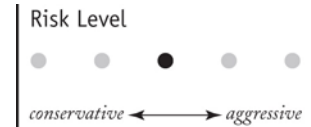
Vanguard Wellesley® Income Fund

Vanguard Wellesley Income Fund seeks a high level of income, long-term growth of income, and moderate long-term growth of capital by investing in bonds and common stocks, with 60% to 65% of its assets in short-, intermediate-, and long-term investment-grade corporate and government bonds and the remainder in dividend-paying stocks. In keeping with the fund's conservative orientation, asset allocation changes are made gradually when desirable to improve the income stream or in reaction to the relative value of the stock and bond markets.



Vanguard Wellington™ Fund

Vanguard Wellington Fund seeks long-term capital appreciation and reasonable current income by investing 60% to 70% of its assets in dividend-paying and, to a lesser extent, non-dividend-paying common stocks of established medium-sized and large companies. In choosing these companies, the advisor seeks those that appear to be undervalued but to have prospects for improvement. These stocks are commonly referred to as value stocks. The remaining 30% to 40% of fund assets are invested mainly in investment-grade corporate bonds, with some exposure to U.S. Treasury and government agency bonds, as well as mortgage-backed securities.



Stock funds

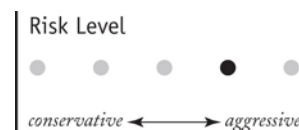
There are many varieties of stock funds. For simplicity, we've organized them into five groups—large-cap domestic, mid-cap domestic, small-cap domestic, international/global, and sector. Large-cap domestic stock funds invest in large U.S. companies. Mid-cap domestic stock funds concentrate in medium-sized U.S. companies. Small-cap domestic stock funds own stock in small U.S. companies. International/global stock funds invest primarily in companies based outside the United States. And sector funds concentrate on a relatively narrow market.

Of the three main asset classes (stocks, bonds, and short-term reserves), stocks are the riskiest because of potentially large short-term price fluctuations. But stocks also have the potential to provide the highest return over the long term. Generally, domestic stock funds are less risky than international/global stock funds. And large-cap stock funds are less risky than mid- and small-cap stock funds. Make sure you understand the risks of each fund before investing in it.

Large-cap domestic

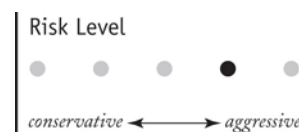
Vanguard 500 Index Fund

Vanguard 500 Index Fund seeks to track the performance of a benchmark index that measures the investment return of large-capitalization stocks. The fund employs a “passive management”—or indexing—investment approach designed to track the performance of the Standard & Poor's 500 Index, a widely recognized benchmark of U.S. stock market performance that is dominated by the stocks of large U.S. companies. The fund attempts to replicate the target index by investing all or substantially all of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting within the index.



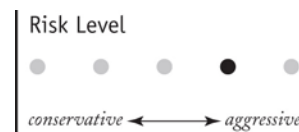
Vanguard Dividend Growth Fund

Vanguard Dividend Growth Fund seeks an above-average level of current income and long-term growth of capital and income by investing in stocks of high-quality companies that tend to offer current dividends and the prospects of attractive long-term total returns as a result of their ability to grow earnings and their willingness to increase dividends over time. These stocks typically—but not always—will be undervalued relative to the market and will show potential for increasing dividends. The fund will be diversified across industry sectors.



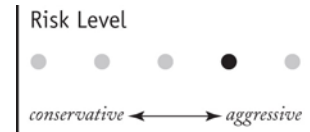
Vanguard Equity Income Fund

Vanguard Equity Income Fund seeks an above average level of current income and reasonable long-term capital appreciation by investing mainly in dividend-paying common stocks of established, medium-sized and large U.S. companies. Each stock is purchased when it is undervalued relative to its individual history and to the market. Generally, at the time of purchase, the stocks are out of favor with the investment community.



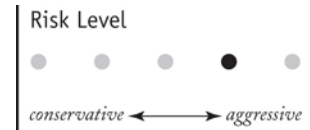
Vanguard FTSE Social Index Fund

Vanguard FTSE Social Index Fund seeks long-term growth of capital by using a passive management strategy designed to track the performance of the FTSE4Good US Select Index. The index is composed primarily of large- and mid-cap stocks that have been screened for certain social and environmental criteria by the index sponsor, which is independent of Vanguard. FTSE screens out companies having significant involvement in tobacco, alcohol, gambling, weapons manufacturing, nuclear power, or unfair labor practices. The fund attempts to track the index by investing all or substantially all of its assets in the stocks that constitute the index.



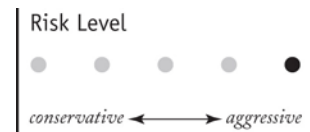
Vanguard Growth and Income Fund

Vanguard Growth and Income Fund seeks long-term growth of capital and income from dividends by investing in a diversified group of stocks chosen with the help of sophisticated computer models. The fund seeks stocks that appear to be undervalued by the market and that, as a group, appear likely to provide higher returns than the unmanaged Standard & Poor's 500 Index while having similar risk characteristics.



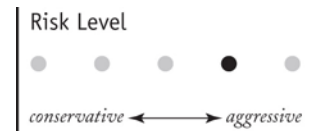
Vanguard Growth Equity Fund

Vanguard Growth Equity Fund seeks long-term growth of capital by investing primarily in common stocks and other equity securities of U.S. companies with medium and large capitalizations that are believed to have strong earnings growth potential and to be reasonably valued at the time of purchase. The fund invests in securities of companies that are diversified across economic sectors and attempts to maintain sector weightings that approximate the Russell 1000 Growth Index.



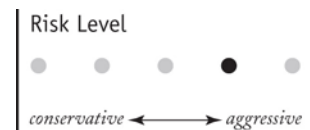
Vanguard Growth Index Fund

Vanguard Growth Index Fund seeks to track the performance of a benchmark index that measures the investment return of large-capitalization growth stocks. The fund employs a “passive management”—or indexing—investment approach designed to track the performance of the MSCI® US Prime Market Growth Index, a broadly diversified index of growth stocks of predominantly large U.S. companies. The fund attempts to replicate the target index by investing all or substantially all of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.



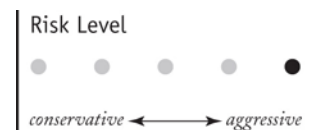
Vanguard Morgan™ Growth Fund

Vanguard Morgan Growth Fund seeks long-term capital appreciation by investing primarily in stocks of large and medium-sized companies that have strong records of growth in sales and earnings or that have performed well during certain market cycles. The fund also invests in stocks of smaller companies that offer good prospects for growth.



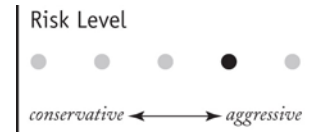
Vanguard PRIMECAP Fund

Vanguard PRIMECAP Fund seeks long-term capital appreciation by investing in stocks of companies with above-average prospects for continued earnings growth, strong industry positions, and skilled management teams. It also may invest in companies with below-average earnings but bright prospects for earnings growth. *Fee: The fund charges a 1% redemption fee on shares held for less than one year.*



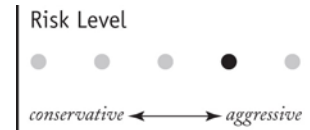
Vanguard Total Stock Market Index Fund

Vanguard Total Stock Market Index Fund seeks to track the performance of a benchmark index that measures the investment return of the overall stock market. The fund employs a “passive management”—or indexing—investment approach designed to track the performance of the MSCI US Broad Market Index, which consists of all regularly traded U.S. common stocks. The fund typically invests all or substantially all of its assets in a representative sample of the stocks that make up the index. The fund holds a range of securities that, in the aggregate, approximates the full index in terms of key characteristics. These key characteristics include industry weightings and market capitalization, as well as certain financial measures, such as price/earnings ratio and dividend yield.



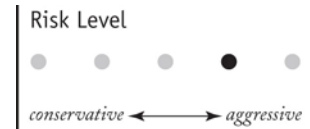
Vanguard U.S. Growth Fund

Vanguard U.S. Growth Fund seeks long-term capital appreciation by emphasizing large, well-managed companies with above-average earnings growth and reasonable valuations.



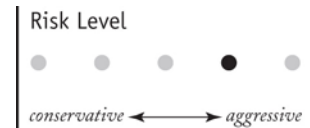
Vanguard U.S. Value Fund

Vanguard U.S. Value Fund seeks to provide long-term capital appreciation and income. The fund invests primarily in value stocks—those that are generally out of favor with investors and that typically (but not always) have lower-than-average price/earnings ratios and higher-than-average dividend yields. The advisor selects stocks by using computerized models to identify those that are trading at prices below the fundamental value of the underlying companies.



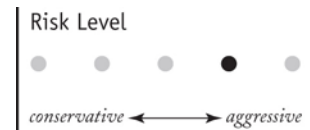
Vanguard Value Index Fund

Vanguard Value Index Fund seeks to track the performance of a benchmark index that measures the investment return of large-capitalization value stocks. The fund employs a “passive management”—or indexing—investment approach designed to track the performance of the MSCI US Prime Market Value Index, a broadly diversified index of value stocks of predominantly large U.S. companies. The fund attempts to replicate the target index by investing all or substantially all of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.



Vanguard Windsor™ II Fund

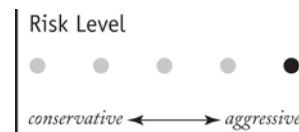
Vanguard Windsor II Fund seeks long-term capital appreciation and income by investing in a diversified group of out-of-favor stocks of large-capitalization companies.



Mid-cap domestic

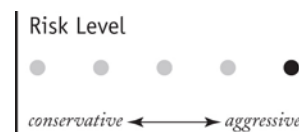
Vanguard Capital Opportunity Fund

Vanguard Capital Opportunity Fund seeks long-term capital appreciation by investing in stocks of mid- and small-capitalization companies expected to have above-average growth of earnings. *Fee: The fund charges a 1% redemption fee on shares held for less than one year.*



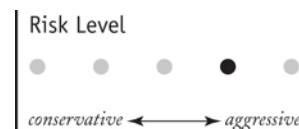
Vanguard Capital Value Fund

Vanguard Capital Value Fund seeks maximum long-term total return by investing in stocks across the capitalization spectrum that are considered by the fund's advisor to be undervalued. Undervalued stocks are generally those that are out of favor with investors and currently trading at prices that, the advisor feels, are below what the stocks are worth compared to potential earnings, asset values, and/or dividends. These stocks often have lower-than-average price/earnings ratios and higher-than-average dividend yields.



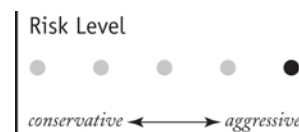
Vanguard Convertible Securities Fund

Vanguard Convertible Securities Fund seeks current income and long-term capital appreciation by investing in a broadly diversified group (75 to 100 issues) of corporate bonds or preferred stocks, each of which can be converted into a specified number of shares of common stock. *Fee: The fund charges a 1% redemption fee on shares held for less than one year.*



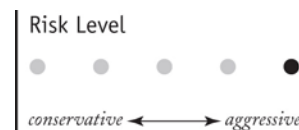
Vanguard Extended Market Index Fund

Vanguard Extended Market Index Fund seeks to track the performance of a benchmark index that measures the investment return of small- and mid-capitalization stocks. The fund employs a "passive management"—or indexing—investment approach designed to track the performance of the Standard & Poor's Completion Index, a broadly diversified index of stocks of small and medium-size U.S. companies. The index contains all the U.S. common stocks regularly traded on the New York and American Stock Exchanges and the Nasdaq over-the-counter market, except those stocks included in the Standard & Poor's 500 Index. The fund invests all or substantially all of its assets in the 1,200 largest stocks in its target index (covering nearly 80% of the index's total market capitalization), and the rest of its assets in a representative sample of the remaining stocks. The fund holds a broadly diversified collection of securities that, in the aggregate, approximates the full index in terms of key characteristics. These key characteristics include industry weightings and market capitalization, as well as certain financial measures, such as price/earnings ratio and dividend yield.



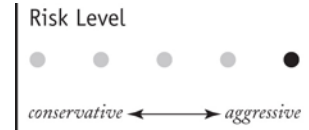
Vanguard Mid-Cap Growth Fund

Vanguard Mid-Cap Growth Fund seeks long-term capital appreciation by investing in stocks of medium-sized companies that have demonstrated above-average earnings growth, fundamental operating strength, and, in the advisor's view, attractive growth prospects.



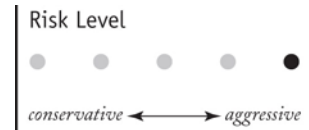
Vanguard Mid-Cap Index Fund

Vanguard Mid-Cap Index Fund seeks to track the performance of a benchmark index that measures the investment return of mid-capitalization stocks. The fund employs a “passive management”—or indexing—investment approach designed to track the performance of the MSCI US Mid Cap 450 Index, a broadly diversified index of stocks of medium-sized U.S. companies. The fund attempts to replicate the target index by investing all or substantially all of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.



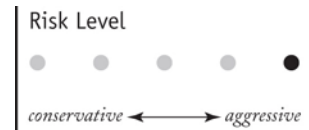
Vanguard Selected Value Fund

Vanguard Selected Value Fund seeks long-term capital appreciation and income by investing mainly in the stocks of medium-sized U.S. companies, choosing stocks considered by the advisor to be undervalued. Such stocks, called “value” stocks, often are out of favor in periods when investors are drawn to companies with strong prospects for growth. The prices of value stocks, therefore, may be below-average in comparison with such fundamental factors as earnings, revenue, and book value. In addition, value stocks often provide above-average dividend yields. *Fee: The fund charges a 1% redemption fee on shares held for less than one year.*



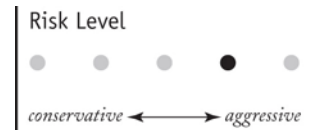
Vanguard Strategic Equity Fund

Vanguard Strategic Equity Fund seeks long-term capital appreciation by investing in small- and mid-capitalization domestic stocks based on the advisor’s assessment of the relative return potential of the securities. The advisor selects securities that it believes offer a good balance between reasonable valuations and attractive growth prospects relative to their peers, by using proprietary software programs that allow comparisons among thousands of securities at a time.



Vanguard Windsor Fund

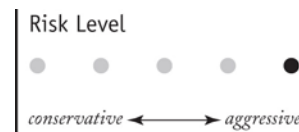
Vanguard Windsor Fund seeks long-term capital appreciation and income by investing in stocks believed to be misunderstood or undervalued by the market.



Small-cap domestic

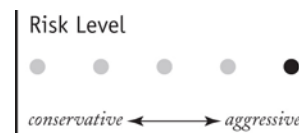
Vanguard Explorer™ Fund

Vanguard Explorer Fund seeks long-term capital appreciation by investing mainly in the stocks of smaller companies (which, at the time of purchase, typically have a market value of less than \$2 billion). These companies are considered by the advisors to have above-average prospects for growth, but often provide little or no dividend income.



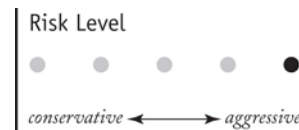
Vanguard Small-Cap Growth Index Fund

Vanguard Small-Cap Growth Index Fund seeks to track the performance of a benchmark index that measures the investment return of small-capitalization growth stocks. The fund employs a “passive management”—or indexing—investment approach designed to track the performance of the MSCI US Small Cap Growth Index, a broadly diversified index of growth stocks of small U.S. companies. The fund attempts to replicate the target index by investing all or substantially all of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.



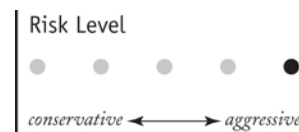
Vanguard Small-Cap Index Fund

Vanguard Small-Cap Index Fund seeks to track the performance of a benchmark index that measures the investment return of small-capitalization stocks. The fund employs a “passive management”—or indexing—investment approach designed to track the performance of the MSCI US Small Cap 1750 Index, a broadly diversified index of stocks of small U.S. companies. The fund attempts to replicate the target index by investing all or substantially all of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.



Vanguard Small-Cap Value Index Fund

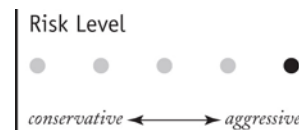
Vanguard Small-Cap Value Index Fund seeks to track the performance of a benchmark index that measures the investment return of small-capitalization value stocks. The fund employs a “passive management”—or indexing—investment approach designed to track the performance of the MSCI US Small Cap Value Index, a broadly diversified index of value stocks of small U.S. companies. The fund attempts to replicate the target index by investing all or substantially all of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.



International/Global

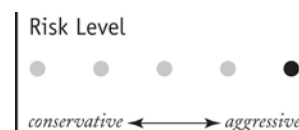
Vanguard Developed Markets Index Fund

Vanguard Developed Markets Index Fund seeks long-term growth of capital by investing in two Vanguard international index funds: Vanguard European Stock Index Fund and Vanguard Pacific Stock Index Fund. The fund seeks to track the investment results of the Morgan Stanley Capital International® (MSCI) Europe, Australasia, Far East (EAFE®) Index, which includes approximately 1,000 common stocks of companies located in Europe, Australia, Asia, and the Far East. *Fee: The fund charges a 2% redemption fee on shares held for less than two months.*



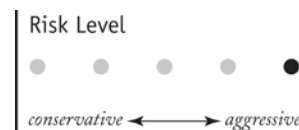
Vanguard Emerging Markets Stock Index Fund

Vanguard Emerging Markets Stock Index Fund seeks to track the performance of the Select Emerging Markets Index, which includes the common stocks of companies located in 18 emerging markets worldwide. The fund employs a “passive management”—or indexing—investment approach by investing all or substantially all of its assets in the common stocks included in the index. *Fees: The fund charges a 0.5% fee for all purchases and a 0.5% fee for all redemptions, regardless of how long shares have been held. The fund’s fee structure differs from other international funds because of the substantial transaction costs (commissions and liquidity) associated with investing in emerging markets.*



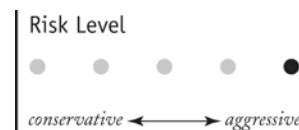
Vanguard European Stock Index Fund

Vanguard European Stock Index Fund seeks long-term growth of capital by attempting to track the investment results of the Morgan Stanley Capital International (MSCI) Europe Index, which is made up of stocks from 16 European countries. The fund holds each stock in proportion to its weighting in the index. *Fee: The fund charges a 2% redemption fee on shares held for less than two months.*



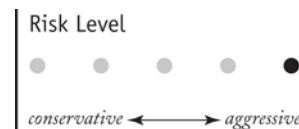
Vanguard Global Equity Fund

Vanguard Global Equity Fund seeks long-term capital appreciation by investing in stocks from the United States and other countries, selecting securities that appear undervalued based on analyses of industry sectors and individual companies.



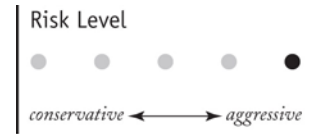
Vanguard International Explorer Fund

Vanguard International Explorer Fund seeks long-term capital appreciation by investing in stocks of high-quality, smaller companies located outside the United States. *Fee: The fund charges a 2% redemption fee on shares held for less than two months.*



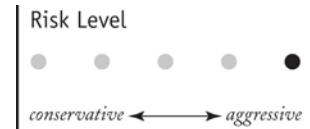
Vanguard International Growth Fund

Vanguard International Growth Fund seeks long-term capital appreciation by investing mainly in the stocks of seasoned companies located outside the United States. In selecting stocks, the fund's advisors evaluate foreign markets around the world and choose companies with above-average growth potential. *Fee: The fund charges a 2% redemption fee on shares held for less than two months.*



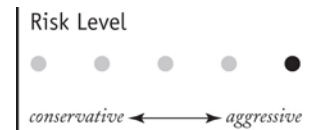
Vanguard International Value Fund

Vanguard International Value Fund seeks long-term capital appreciation by investing in common stocks of companies located outside the United States that are considered by the fund's advisors to be undervalued. Such stocks, called "value" stocks, often are out of favor in periods when investors are drawn to companies with strong prospects for growth. *Fee: The fund charges a 2% redemption fee on shares held for less than two months.*



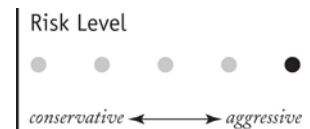
Vanguard Pacific Stock Index Fund

Vanguard Pacific Stock Index Fund seeks long-term growth of capital by attempting to track the performance of the Morgan Stanley Capital International (MSCI) Pacific Index, which is made up of stocks from companies in Australia, Hong Kong, Japan, New Zealand, and Singapore. The fund holds each stock in proportion to its weighting in the index. *Fee: The fund charges a 2% redemption fee on shares held for less than two months.*



Vanguard Total International Stock Index Fund

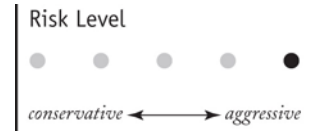
Vanguard Total International Stock Index Fund seeks long-term growth of capital. The fund does not buy securities directly; instead, it invests in three Vanguard international index funds: a European fund, a Pacific fund, and an emerging markets fund. This gives the fund exposure to stocks from more than 30 countries. The combination of the three underlying index funds, in turn, seeks to track the investment results of the Morgan Stanley Capital International (MSCI) Total International Composite Index. *Fee: The fund charges a 2% redemption fee on shares held for less than two months.*



Sector

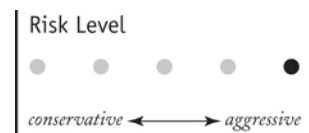
Vanguard Energy Fund

Vanguard Energy Fund seeks long-term growth of capital. Dividend income is incidental. The fund invests in stocks of companies engaged in the production, transmission, marketing, or research of energy and energy sources. These companies may include firms seeking new sources of energy, such as solar, nuclear, and geothermal, or new uses for traditional energy sources, such as oil, natural gas, and coal. *Fee: The fund charges a 1% redemption fee on shares held for less than one year.*



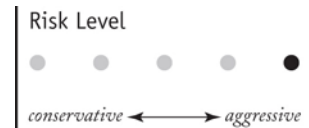
Vanguard Health Care Fund

Vanguard Health Care Fund seeks long-term growth of capital. Dividend income is incidental. The fund invests in common stocks of companies in a variety of segments of the health care industry. Its selections may include pharmaceutical firms, designers and manufacturers of medical equipment and supplies, operators of hospitals and other health care facilities, as well as biotechnology researchers. *Fee: The fund charges a 1% redemption fee on shares held for less than one year.*



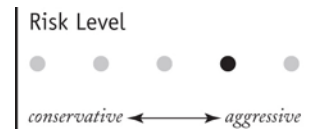
Vanguard Precious Metals and Mining Fund*

Vanguard Precious Metals and Mining Fund seeks long-term growth of capital. Dividend income is incidental. The fund invests in stocks of foreign and U.S. companies engaged in exploring, mining, processing, or marketing gold, silver, platinum, diamonds, or other precious metals and rare minerals. It may also invest up to 20% of its assets directly in gold, silver, or other precious metal bullion and coins. *Fee: The fund charges a 1% redemption fee on shares held for less than one year.*



Vanguard REIT Index Fund

Vanguard REIT Index Fund seeks a high level of income and moderate long-term capital appreciation by tracking the performance of a benchmark index that measures the performance of publicly traded equity real estate investment trusts (REITs), which own properties such as apartments, office buildings, and shopping malls. *Fee: The fund charges a 1% redemption fee on shares held for less than one year.*



A note about risk

All investing is subject to risk. While U.S. Treasury or government agency securities provide substantial protection against credit risk, they do not protect investors against price changes due to changing interest rates. The market values of government securities are not guaranteed and will fluctuate. Investments in bond funds are subject to interest rate, credit, and inflation risk. Because high-yield bonds are considered speculative, investors should be prepared to assume a substantially greater level of credit risk than with other types of bonds. Prices of mid- and small-cap stocks often fluctuate more than those of large-company stocks. Stocks of companies in emerging markets are generally more risky than stocks of companies in developed countries. Foreign investing involves additional risks including currency fluctuations and political uncertainty. Funds that concentrate on a relatively narrow market sector face the risk of higher share-price volatility.



For more information about any fund, including investment objectives, risks, charges, and expenses, call The Vanguard Group at 800-523-1188 to obtain a prospectus. The prospectus contains this and other important information about the fund. Read and consider the prospectus information carefully before you invest. You can also download Vanguard fund prospectuses at www.vanguard.com.

An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although a money market fund seeks to preserve the value of your investment at \$1 per share, it is possible to lose money by investing in such a fund.

*This fund is closed to new investors.

Risk level takes into account the different types of risk applicable to each fund's asset class and investment style.

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