Vanguard FTSE All-World ex-US ETF (USD)

Performance

<table>
<thead>
<tr>
<th>Year</th>
<th>1st Qtr</th>
<th>2nd Qtr</th>
<th>3rd Qtr</th>
<th>4th Qtr</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>11.84%</td>
<td>-7.41%</td>
<td>6.94%</td>
<td>7.00%</td>
<td>18.55%</td>
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<tr>
<td>2013</td>
<td>2.22%</td>
<td>-2.95%</td>
<td>10.12%</td>
<td>4.82%</td>
<td>14.50%</td>
</tr>
<tr>
<td>2014</td>
<td>0.40%</td>
<td>5.14%</td>
<td>-5.26%</td>
<td>0.01%</td>
<td>-5.26%</td>
</tr>
</tbody>
</table>

Trailing Returns

- 1 Yr: 11.75%
- 3 Yr: 3.82%
- 5 Yr: 7.85%
- 10 Yr: -0.04%

Fund Facts

- Shares Outstanding: 254.46 mil
- Total Assets: $12,298.1 mil
- Manager: Ryan Lutt
- Tenure: 6.2 Years
- Legal Structure: Vanguard Group, Inc.
- Base Currency: USD
- Legal Structure: Vanguard Group, Inc.
- Base Currency: USD

Fees and Expenses

- Management Fee %: 0.11%
- Expense Ratio %: 0.15%
- 12b1 Expense %: NA

Risk and Return Profile

- Morningstar Rating™: 3★
- Morningstar Risk: Average
- Morningstar Return: Average
- Standard Deviation NAV: 14.35%
- Standard Deviation Mkt: 14.89%
- Mean NAV: 12.37%
- Mean Mkt: 12.71%
- Sharpe Ratio: 0.88%

MPT Statistics

- NAV: Standard Index
- Best Fit Index: MSVI ADV USD
- Alpha: 0.66%
- Beta: 0.99%
- R-Squared: 97.75%

12-Month Yield

- Potentially Cap Gains Exp: No
- Leveraged: No

Leverage Type

- Leverage %: 100.00%

Prospectus Benchmark

- FTSE AW Ex US TR USD

Top Holdings

- Nestle SA: 4 mil
- Novartis AG: 3 mil
- HSBC Holdings PLC: 22 mil
- Roche Holding: 1.5 mil
- Royal Dutch Shell PLC Class A: 5 mil
- Toyota Motor Corp: 3 mil
- BP PLC: 21 mil
- Total SA: 2 mil
- Sanofi: 1 mil
- Commonwealth Bank of Australia: 2 mil
- GlaxoSmithKline PLC: 6 mil
- Banco Santander SA: 14 mil
- American Tobacco PLC: 2 mil
- Samsung Electronics Co Ltd GDR: 212,732,952 common shares
- 963,278 Bayer AG: 0.56

Portfolio Analysis 08-31-2014

Asset Allocation

- Net %: 0.10%
- Long %: 0.00%
- Short %: 0.00%

Share Group

- Cash: 10.01%
- US Stocks: 15.43%
- Non-US Stocks: 38.89%
- Bonds: 29.65%
- Other/Net Cash: 1.62%

Value vs. Blend

- P/E Ratio TTM: 35.75%
- P/B Ratio TTM: 1.10%
- Geo Avg Mkt Cap: 0.97%

Equity Style

- Value Blend Growth
- Large
- Mid
- Small

Fixed-Income Style

- Long Duration
- Short Duration

Credit Quality Breakdown

- Bond %: —

Regional Exposure

- Americas: 11.3%
- Greater Europe: 49.8%
- Greater Asia: 38.9%

Sector Weights

- Retail: 45.8%
- Consumer Defensive: 21.5%
- Financial Services: 23.4%
- Healthcare: 8.4%
- Utilities: 3.5%

Investment Style

- Equity
- Stock %
- 100%
- 60%
- 40%
- 20%
- 10%
- 4k
- 10k
- 200k
- 40k
- 60k
- 80k

Portfolio Statistics

- Part Ref Indx
- Ref Indx
- Ref Cat
- Part Cat
- Bln

Portfolio Analysis

- 2003
- 2004
- 2005
- 2006
- 2007
- 2008
- 2009
- 2010
- 2011
- 2012
- 2013
- 2014

Performance Disclosure

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment may fluctuate, thus an investor’s shares, when sold or redeemed, may be worth more or less than their original cost.

Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-662-7447 or visit www.vanguard.com.
Vanguard Growth ETF (USD)

Performance 09-30-2014
Quarterly Returns
1st Qtr 2nd Qtr 3rd Qtr 4th Qtr Total %
2012 15.24 -3.88 6.82 -1.09 17.03
2013 9.27 1.22 8.47 10.34 32.38
2014 0.78 6.17 1.05 — 8.13

Trailing Returns
1 Yr 3 Yr 5 Yr 10 Yr Incept
Std Mkt 09-30-14 19.28 — 16.65 9.08 7.83
Std NAV 09-30-14 19.31 — 16.62 9.08 7.83
Mkt Total Ret 19.28 22.90 16.65 9.06 7.83
NAV Total Ret 19.31 22.95 16.62 9.08 7.83
+/ Std Index -0.42 -0.04 0.92 0.97 —
+/ Cat Index 0.16 0.50 0.11 0.14 —
% Rank Cat 56 57 47 29
No. in Cat 28 22 16 8

30-day SEC Yield 1.25 —

30-day SEC Yield

Performance Disclosure
The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and ten-year (if applicable) Morningstar metrics.

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor’s principal value of an investment will fluctuate; thus an investor’s

Performance Disclosure

Risk and Return Profile

Morningstar Rating

Morningstar Risk

Morningstar Return

Standard Deviation NAV

Standard Deviation MKT

Mean NAV

Mean MKT

Sharpe Ratio

MPT Statistics

NAV

Alpha

Beta

R-Squared

12-Month Yield

Potential Cap Gains Exp

Leveraged

Leverage Type

Leverage %

Primary Prospectus Benchmark

CRSP US Large Cap Growth TR USD

Operations

Family: Vanguard
Manager: Gerard O'Reilly
Tenure: 19.8 Years
Total Assets: $15,522.4 mil
Shares Outstanding: 156.19 mil

Ticker: VUG
Incept: 01-26-2004
Expiration Date: —
Exchange: NYSE ARCA
NAV: 99.67

Prem/Discount: 0.00
Mkt Price: 99.67
Base Currency: USD
Legal Structure: Open Ended Investment Company
Backing Bank: Vanguard Group, Inc.

Morningstar Rating

Standard Index

Russell 1000 Growth TR USD

Morningstar Cat

Large Growth

Investment Style

Equity

Stock %

Growth of $10,000

Vanguard Growth ETF

22.905

Category Average

22.156

Standard Index

21,735

Performance Quartile

(within category)

History

No. of Funds in Cat

Avg Prem/Discount %

Asset Allocation %

Net %

Long %

Short %

Cash

0.19

0.19

0.00

US Stocks

97.72

97.72

0.00

Non-US Stocks

2.08

2.09

0.00

Bonds

0.00

0.00

0.00

Other/Net Clsd

0.00

0.00

0.00

Total

100.00

100.00

0.00

Share Data since 07-2014

Holdings

369 Total Stocks

3 Total Fixed Income

32% Turnover Ratio

30 mil Apple Inc

7.14

8 mil Gilead Sciences Inc

1.91

19 mil Coca-Cola Co

1.91

1 mil Google Inc Class A

1.90

1 mil Google Inc Class C

1.89

10 mil Facebook Inc Class A

1.72

6 mil Schlumberger NV

1.65

8 mil Walt Disney Co

1.62

16 mil Oracle Corporation

1.60

8 mil Qualcomm Inc

1.48

7 mil Philip Morris International Inc

1.48

7 mil Home Depot Inc

1.48

2 mil Amazon.com Inc

1.44

11 mil Comcast Corp Class A

1.42

2 mil Visa Inc Class A

1.23

Sectors

Stocks %

Real Estate

5.0

2.60

Energy

8.4

0.87

Industrials

10.7

0.97

Technology

25.6

1.42

Defensive

19.9

0.74

Consumer Defensive

7.1

0.75

Healthcare

12.6

0.88

Utilities

0.2

0.06

Portfolio Analysis 08-31-2014

Asset Allocation %

Net %

Long %

Short %

Cash

0.19

0.19

0.00

US Stocks

97.72

97.72

0.00

Non-US Stocks

2.08

2.09

0.00

Bonds

0.00

0.00

0.00

Other/Net Clsd

0.00

0.00

0.00

Total

100.00

100.00

0.00

Equity Style

Value

Bond

Growth

P/E Ratio TTM

24.9

1.30

1.04

P/B Ratio TTM

4.5

1.89

19.57

GEO Avg Mkt Cap

51553

0.74

0.71

Credit Quality Breakdown

Bond %

AAA

—

AA

—

A

—

BBB

—

BB

—

B

—

Below B

—

NR

—

Regional Exposure

Stock %

Americas

98.1

0.98

Greater Europe

1.7

19.55

Greater Asia

0.2

—

Prem/Discount: 0.00

Mkt Price: 99.67

Base Currency: USD

Legal Structure: Open Ended Investment Company

Backing Bank: Vanguard Group, Inc.

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Vanguard Intermediate-Term Corp Bd ETF (USD)

Performance 09-30-2014

<table>
<thead>
<tr>
<th>Quarterly Returns</th>
<th>1st Qtr</th>
<th>2nd Qtr</th>
<th>3rd Qtr</th>
<th>4th Qtr</th>
<th>Total %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>3.07</td>
<td>2.46</td>
<td>4.17</td>
<td>1.24</td>
<td>11.36</td>
</tr>
<tr>
<td>2013</td>
<td>0.55</td>
<td>-0.06</td>
<td>1.10</td>
<td>0.68</td>
<td>-1.80</td>
</tr>
<tr>
<td>2014</td>
<td>3.10</td>
<td>2.88</td>
<td>-0.11</td>
<td>9.53</td>
<td></td>
</tr>
</tbody>
</table>

Trailing Returns

- 1 Yr: 6.62
- 5 Yr: 6.82
- 10 Yr: Incep

Std Mkt 09-30-14: 6.62
Std NAV 09-30-14: 6.65
Mkt Total Ret: 6.62
NAV Total Ret: 6.65

+/- Std Index: 2.69
+/- Cat Expense: -0.12

% Rank Cat: 39
No. in Cat: 29

30-day SEC Yield Subscribed: 3.17 Unsubscribed: —

Fees and Expenses

- Management Fees %: 0.09
- Expense Ratio %: 0.12
- 12b1 Expense %: NA

Risk and Return Profile

- Morningstar Rating™: 3★
- Morningstar Risk: +Avg
- Morningstar Return: —

- Standard Deviation NAV: 4.76
- Standard Deviation Mkt: 4.76
- Mean NAV: 5.72
- Mean Mkt: 5.68
- Sharpe Ratio: 1.17

Portfolio Analysis 09-31-2014

Asset Allocation %

- Cash: 0.70
- US Stocks: 99.30
- Non-US Stocks: 0.00
- Bonds: 0.00
- Other/Net Clsd: 0.00

Total: 100.00

Equity Style

- P/E Ratio TTM: 39.31
- P/B Ratio TTM: 1.23
- Geo Avg Mkt Cap: $2 Trillion

Portfolio Statistics

- Value: 141 Corporate Bond
- Bond: 98
- Bond TR USD: 100
- Barclays US Agg Bond TR USD: 97
- Barclays US Corporate Bond TR USD: 99

Fixed-Income Style

- Avg Eff Maturity: 7.60
- Avg Eff Duration: 6.54
- Avg Wtd Coupon: 4.16
- Avg Wtd Price: 106.38

Credit Quality Breakdown

- Bond %: 98
- AAA: 0.98
- AA: 8.14
- A: 40.71
- BBB: 50.06
- BB: 0.00
- B: 0.00
- Below B: 0.10
- NR: 0.00

Regional Exposure

- Americas: 11.0
- Greater Europe: 30.7
- Greater Asia: 58.3

Prem/Discount: 0.20
- Mkt Price: 85.77
- Base Currency: USD
- Legal Structure: Open Ended Investment Company
- Backing Bank: Vanguard Group, Inc.

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**Vanguard Mid-Cap ETF (USD)**

### Performance 09-30-2014

<table>
<thead>
<tr>
<th>1st Qtr</th>
<th>2nd Qtr</th>
<th>3rd Qtr</th>
<th>4th Qtr</th>
<th>Total %</th>
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<tbody>
<tr>
<td>2012</td>
<td>13.40</td>
<td>-5.46</td>
<td>5.21</td>
<td>2.83</td>
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<tr>
<td>2013</td>
<td>12.89</td>
<td>2.37</td>
<td>7.69</td>
<td>8.60</td>
</tr>
<tr>
<td>2014</td>
<td>3.28</td>
<td>4.51</td>
<td>-1.15</td>
<td>—</td>
</tr>
</tbody>
</table>

Trailing Returns: 1 Yr, 3 Yr, 5 Yr, 10 Yr:

- Incept

Std Mkt 09-30-14: 15.83
- 17.03
- 10.30
- 9.63

Std NAV 09-30-14: 15.87
- 17.03
- 10.28
- 9.63

Mkt Total Ret: 15.83
- 23.29
- 17.03
- 10.30
- 9.63

NAV Total Ret: 15.87
- 23.23
- 17.03
- 10.28
- 9.63

+/- Std Index: -3.87
- 0.31
- 1.33
- 2.17
- —

+/- Cat Index: 0.04
- 0.48
- 0.16
- 0.06
- —

% Rank Cat: 23 52 34 15

No. in Cat: 22 22

16 8

30-day SEC Yield: 1.35

### Portfolio Analysis 09-30-2014

**Asset Allocation %**

<table>
<thead>
<tr>
<th>Category</th>
<th>Net</th>
<th>% Long</th>
<th>% Short</th>
<th>Share Class</th>
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</thead>
<tbody>
<tr>
<td>Cash</td>
<td>0.24</td>
<td>0.24</td>
<td>0.00</td>
<td>Unsubsidized</td>
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<tr>
<td>US Stocks</td>
<td>96.48</td>
<td>96.48</td>
<td>0.00</td>
<td>Subsidized</td>
</tr>
<tr>
<td>Non-US Stocks</td>
<td>3.28</td>
<td>3.28</td>
<td>0.00</td>
<td>Subsidized</td>
</tr>
<tr>
<td>Bonds</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>Unsubsidized</td>
</tr>
<tr>
<td>Other/Net Cash</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>Unsubsidized</td>
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<tr>
<td>Total</td>
<td>100.00</td>
<td>100.00</td>
<td>0.00</td>
<td>NA</td>
</tr>
</tbody>
</table>

**Price Statistics**

- P/E Ratio TTM: 21.5
- P/B Ratio TTM: 12.7
- Geo Avg Mkt Cap $1Ml: 10732

**Equity Style**

- Value: 15.37
- Blend: 15.39
- Growth: 15.41

**Credit Quality Breakdown**

- AAA: —
- AA: —
- BBB: —
- BB: —
- B: —
- Below B: —

**Regional Exposure**

- Americas: 97.1
- Greater Europe: 2.3
- Greater Asia: 0.6

**Fees and Expenses**

- Management Fees: 0.07%
- Expense Ratio: 0.09%
- 12b1 Expense: NA

**Risk and Return Profile**

- Morningstar Rating: 4★ 4★ 4★ 4★
- Morningstar Risk: -Avg -Avg -Avg
- Morningstar Return: +Avg +Avg +Avg

- Standard Deviation NAV: 12.49
- Standard Deviation Mkt: 12.47
- Mean NAV: 23.31
- Mean Mkt: 23.29
- Sharpe Ratio: 1.71
- MPT Statistics:
  - Standard Index: Best Fit Index Morningstar Cap TR USD
  - Alpha: -2.29
  - Beta: 1.13
  - R-Squared: 91.31
- Mkt Total Ret: 11.71
- NAV Total Ret: 11.71
- 12-Month Yield: 1.11%
- Potential Cap Gains Exp: —
- Leveraged: —
- Leverage Type: —
- Leverage %: 10%
- Primary Prospectus Benchmark: CRSP US Mid Cap TR USD

**Operations**

- Family: Vanguard
- Manager: Donald Butler
- Tenure: 16.4 Years
- Total Assets: $8,543.1 mil
- Shares Outstanding: 73.06 mil

**Ticker:** VO
- Incept: 01-26-2004
- Expiration Date: —
- Exchange: NYSE ARCA
- NAV: 117.29

**Investment Style**

- Growth of $10,000:
  - Vanguard Mid-Cap ETF: 21.75
  - Category Average: 28.908
  - Standard Index: 21.735

**Performance Quartile**

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<td>100</td>
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</tr>
</tbody>
</table>

**Portfolio Statistics**

**Historical Data**

- Holdings:
  - Total Shares: 375 Total Stocks, 2 Total Fixed Income, 32% Turnover Rate
  - 4 mil Western Digital Corp: 0.71
  - 12 mil Southwest Airlines Co: 0.68
  - 4 mil Vertex Pharmaceuticals Inc: 0.68
  - 5 mil Delphi Automotive PLC: 0.65
  - 526,004 Chipotle Mexican Grill Inc Class A: 0.65
  - 5 mil Health Care REIT, Inc: 0.64
  - 4 mil Moody’s Corporation: 0.62
  - 2 mil AvalonBay Communities Inc: 0.62
  - 20 mil Alcoa Inc: 0.60
  - 5 mil Seagate Technology PLC: 0.60
  - 4 mil Avago Technologies Ltd: 0.57
  - 1 mil Shriver-Williams Co: 0.57
  - 6 mil Mylan Inc: 0.56
  - 5 mil Cerner Corp: 0.55
  - 6 mil United Continental Holdings Inc: 0.55

- Sector Weightings:
  - Stocks %: 11.31
  - Retail Sector: 11.31

- Cyclical: 39.5
  - Basic Materials: 5.9
  - Consumer Cyclical: 17.6
  - Financial Services: 10.4
  - Real Estate: 5.6

- Sensitive: 38.7
  - Communication Services: 1.5
  - Energy: 7.6
  - Industrials: 15.0
  - Technology: 14.5

- Defensive: 21.8
  - Consumer Defensive: 7.0
  - Healthcare: 9.7
  - Utilities: 5.1

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Vanguard Small-Cap ETF (USD)

### Performance 09-30-2014

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<th>3rd Qtr</th>
<th>4th Qtr</th>
<th>Total %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>12.95</td>
<td>-3.46</td>
<td>5.47</td>
<td>2.78</td>
<td>18.22</td>
</tr>
<tr>
<td>2013</td>
<td>12.84</td>
<td>2.77</td>
<td>9.19</td>
<td>8.83</td>
<td>37.80</td>
</tr>
<tr>
<td>2014</td>
<td>2.60</td>
<td>3.77</td>
<td>-5.48</td>
<td>—</td>
<td>0.63</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Trailing Returns</th>
<th>1 Yr</th>
<th>3 Yr</th>
<th>5 Yr</th>
<th>10 Yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incept</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Std Mkt 09-30-14</td>
<td>9.35</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Std NAV 09-30-14</td>
<td>9.51</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mkt Total Ret</td>
<td>9.35</td>
<td>23.54</td>
<td>16.33</td>
<td>9.88</td>
</tr>
<tr>
<td>NAV Total Ret</td>
<td>9.51</td>
<td>23.56</td>
<td>16.27</td>
<td>9.85</td>
</tr>
<tr>
<td>+/- Std Index</td>
<td>-10.23</td>
<td>0.56</td>
<td>0.57</td>
<td>1.46</td>
</tr>
<tr>
<td>+/- Cat Index</td>
<td>5.58</td>
<td>2.30</td>
<td>1.98</td>
<td>1.66</td>
</tr>
<tr>
<td>% Rank Cat</td>
<td>14</td>
<td>13</td>
<td>9</td>
<td>1</td>
</tr>
<tr>
<td>No. in Cat</td>
<td>22</td>
<td>17</td>
<td>13</td>
<td>4</td>
</tr>
</tbody>
</table>

30-day SEC Yield: 1.42

### Performance Disclosure

The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics. The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate, thus an investor’s shares, when sold or redeemed, may be worth more or less than their original cost.

Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-662-7447 or visit www.vanguard.com.

### Fees and Expenses

<table>
<thead>
<tr>
<th>Fund Expenses</th>
<th>Management Fees %</th>
<th>Expense Ratio %</th>
<th>12/18 Expense %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.06</td>
<td>0.09</td>
<td>NA</td>
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### Risk and Return Profile

<table>
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<tr>
<th>Morningstar Rating™</th>
<th>4★</th>
<th>4★</th>
<th>4★</th>
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<tbody>
<tr>
<td>Morningstar Risk</td>
<td>Avg</td>
<td>Avg</td>
<td>+Avg</td>
</tr>
<tr>
<td>Morningstar Return</td>
<td>+Avg</td>
<td>+Avg</td>
<td>+Avg</td>
</tr>
</tbody>
</table>

| Standard Deviation NAV | 14.38 | 17.81 | 19.70 |
| Standard Deviation MktK | 14.48 | 17.88 | 19.78 |
| Mean NAV               | 23.56 | 26.17 | 9.85 |
| Mean MktK              | 23.54 | 26.33 | 9.88 |
| Sharpe Ratio           | 1.55  | 0.94  | 0.50 |

### Portfolio Analysis 08-31-2014

<table>
<thead>
<tr>
<th>Asset Allocation %</th>
<th>Net %</th>
<th>Long %</th>
<th>Short %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>0.08</td>
<td>0.08</td>
<td>0.00</td>
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<tr>
<td>US Stocks</td>
<td>98.26</td>
<td>98.26</td>
<td>0.00</td>
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<tr>
<td>Non-US Stocks</td>
<td>1.62</td>
<td>1.62</td>
<td>0.00</td>
</tr>
<tr>
<td>Bonds</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Other/Net Clsd</td>
<td>0.04</td>
<td>0.04</td>
<td>0.00</td>
</tr>
<tr>
<td>Total</td>
<td>100.00</td>
<td>100.00</td>
<td>0.00</td>
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### Fixed-Income Style

<table>
<thead>
<tr>
<th>P/E Ratio TTM</th>
<th>P/E Ratio TTM Ref Index</th>
<th>P/E Ratio TTM Ref Cat</th>
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<tbody>
<tr>
<td>11.4</td>
<td>1.02</td>
<td>0.98</td>
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<tr>
<td>2.3</td>
<td>0.87</td>
<td>4.87</td>
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<tr>
<td>2911</td>
<td>0.04</td>
<td>1.08</td>
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</table>

### Credit Quality Breakdown

<table>
<thead>
<tr>
<th>Bond %</th>
<th>AAA</th>
<th>AA</th>
<th>A</th>
<th>BBB</th>
<th>BB</th>
<th>B</th>
<th>Below B</th>
<th>NR</th>
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</thead>
</table>

### Sector Weights

<table>
<thead>
<tr>
<th>Stocks %</th>
<th>Ret Std Index</th>
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</thead>
<tbody>
<tr>
<td>44.0</td>
<td>1.45</td>
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<tr>
<td>Basic Materials</td>
<td>5.5</td>
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<tr>
<td>Consumer Cyclical</td>
<td>14.7</td>
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<tr>
<td>Financial Services</td>
<td>12.3</td>
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<tr>
<td>Real Estate</td>
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<td>Communication Services</td>
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<td>Energy</td>
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<td>Industrials</td>
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<tr>
<td>Technology</td>
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### Regional Exposure

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<tr>
<th>Stock %</th>
<th>Ret Std Index</th>
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<tbody>
<tr>
<td>Americas</td>
<td>96.8</td>
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<tr>
<td>Greater Europe</td>
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<tr>
<td>Greater Asia</td>
<td>0.4</td>
</tr>
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</table>

### Ticker:

<table>
<thead>
<tr>
<th>VB</th>
<th>Incept: 01-26-2004</th>
<th>Exchange: NYSE ARCA</th>
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<tbody>
<tr>
<td>NAV</td>
<td>110.70</td>
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Performance 09-30-2014

Quarterly Returns
1st Qtr 2nd Qtr 3rd Qtr 4th Qtr Total %
2012 0.21 2.13 1.58 0.07 4.04
2013 -0.03 -2.43 0.57 -0.24 -2.14
2014 1.97 1.93 0.21 — 4.15

Trailing Returns
1 Yr 3 Yr 5 Yr 10 Yr Incep

Std Mkt 09-30-14 4.05 — 3.97 — 4.50
Std NAV 09-30-14 3.90 — 4.03 — 4.89
Mkt Total Ret 4.05 2.35 3.97 — 4.90
NAV Total Ret 3.90 2.33 4.03 — 4.89

+/- Std Index -0.05 -0.11 -0.09 — —
+/- Cat Index -0.05 -0.11 -0.09 — —

% Rank Cat
2003 30 15 — —
2004 30 15 — —
2005 30 15 — —
2006 30 15 — —
2007 30 15 — —
2008 30 15 — —
2009 30 15 — —
2010 30 15 — —
2011 30 15 — —
2012 30 15 — —
2013 30 15 — —
2014 30 15 — —

No. in Cat 14 11 8 —

Subsidized Unsubsidized
30-day SEC Yield 2.15 —

Performance Disclosure
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Fees and Expenses
Management Fees % 0.05
Expense Ratio % 0.08
12b1 Expense % NA

Risk and Return Profile
Morningstar Rating TM
2 ★ 2 ★ —
Morningstar Risk Avg Avg
Morningstar Return Avg Avg

Standard Deviation NAV 2.74 2.94 —
Standard Deviation MKT 2.74 2.94 —
Mean NAV 2.33 4.03 —
Mean MKT 2.35 3.97 —
Sharpe Ratio 0.83 1.34 —

MPT Statistics
Best Fit Index Morningstar Bond MSCI BR
Alpha -0.16 -0.30 —
Beta 1.03 1.03 —
R-Squared 99.32 99.33 —

12-Month Yield 2.58%
Potential Cap Gains Exp —

Leveraged No
Leverage Type
Leverage % 100.00
Primary Prospectus Benchmark Barclays US Agg Float Adj TR USD

Operations
Family: Vanguard
Manager: Joshua Barrickman
Tenure: 1.7 Years
Total Assets: $23,376.5 mil
Shares Outstanding: 285.32 mil

Overall Morningstar Rating™
★ ★ 29 Intermediate-Term Bond

Standard Index
Barclays US Agg Bond TR USD

Category Index
Barclays US Agg Bond TR USD

Morningstar Cat Intermediate-Term Bond

Investment Style
Fixed-income Bond %
Growth of $10,000
Vanguard Total Bond Market ETF 14,222
Category Average 14,665
Standard Index 14,270

Performance Quartile
(1)

History

Asset Allocation %
Cash 4.54 4.54 0.00
US Stocks 0.00 0.00 0.00
Non-US Stocks 0.00 0.00 0.00
Bonds 95.43 95.43 0.00
Other/Net Clsd — — —
Total 100.00 100.00 0.00

Share Class
Share Amount
Holdings
0 Total Stocks 14,989 Total Fixed-income, 0 Equity
14,989 Total Fixed-income, 0 Equity

Credit Quality Breakdown
AAA 69.67
AA 4.20
A 12.55
BBB 13.38
BB 0.00
B 0.00
Below B — —
NR 0.00

Portfolio Analysis 09-31-2014

Price Bond Growth
P/E Ratio TTM — —
P/B Ratio TTM — —
Geo Avg Mkt Cap Smal

Equity Style

Fixed-Income Style
Avg Eff Maturity 7.70
Avg Eff Duration 5.80
Avg Wtd Coupon 3.56
Avg Wtd Price 107.53

Sector Weights

Stocks % Rel Std Index
Cyclical — —
Basic Materials — —
Consumer Cyclical — —
Financial Services — —
Real Estate — —
Sensitive — —
Communication Services — —
Energy — —
Industrials — —
Technology — —

Defensive — —
Consumer Defensive — —
Healthcare — —
Utilities — —

Barclays US Agg Float Adj TR USD
Ticker: BND
Incept: 04-03-2007
Expiration Date: —
Exchange: NYSE ARCA
NAV: 81.79

Prem/Discount: 0.17
Mkt Price: 81.93
Base Currency: USD
Legal Structure: Open Ended Investment Company
Backing Bank: Vanguard Group, Inc.
Vanguard Value ETF (USD)

Performance 09-30-2014

<table>
<thead>
<tr>
<th>Quarterly Returns</th>
<th>1st Qtr</th>
<th>2nd Qtr</th>
<th>3rd Qtr</th>
<th>4th Qtr</th>
<th>Total %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>10.56%</td>
<td>-2.42%</td>
<td>5.80%</td>
<td>0.90%</td>
<td>15.19%</td>
</tr>
<tr>
<td>2013</td>
<td>12.21%</td>
<td>3.86%</td>
<td>3.61%</td>
<td>10.18%</td>
<td>33.03%</td>
</tr>
<tr>
<td>2014</td>
<td>2.82%</td>
<td>4.28%</td>
<td>0.81%</td>
<td>—</td>
<td>8.10%</td>
</tr>
</tbody>
</table>

Trailing Returns

- 1 YR: 7.60%
- 3 YR: 22.33%
- 5 YR: 35.87%
- 10 YR: 19.86%

Performance Disclosure

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Fees and Expenses

<table>
<thead>
<tr>
<th>Fund Expenses</th>
<th>Management Fees %</th>
<th>Expense Ratio %</th>
<th>12b1 Expense %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.06</td>
<td>0.09</td>
<td>NA</td>
</tr>
</tbody>
</table>

Risk and Return Profile

Morningstar Rating™ 4★ 4★ 3★

Morningstar Risk -Avg Avg Avg

Morningstar Return -Avg Avg Avg

- 3 YR: 10.22%
- 5 YR: 13.13%
- 10 YR: 15.22%

Standard Deviation NAV 10.42 13.13 15.19

Standard Deviation MktK 10.48 13.18 15.22

Mean NAV 23.06 14.90 7.81

Mean MktK 23.05 14.94 7.84

Sharpe Ratio 2.05 1.12 0.47

MPT Statistics

<table>
<thead>
<tr>
<th>Standard Index</th>
<th>Best Fit Index Russell 1000 Value TR USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alpha</td>
<td>0.92</td>
</tr>
<tr>
<td>Beta</td>
<td>0.96</td>
</tr>
<tr>
<td>R-Squared</td>
<td>94.95</td>
</tr>
</tbody>
</table>

12-Month Yield 2.28%

Potential Cap Gains Exp No

Leveraged No

Leverage Type

Leverage % 100.00

Prospectus Benchmark CRSP US Large Cap Value TR USD

Operations

Family: Vanguard

Manager: Gerard O'Reilly

Tenure: 19.8 Years

Total Assets: $15,465.5 mil

Shares Outstanding: 190.86 mil

Ticker: VTV

Categorized: Value Blend Growth

Large

Mid

Small

Performance Quarter (within category)

Portfolio Analysis 09-31-2014

Asset Allocation %

<table>
<thead>
<tr>
<th>Cash</th>
<th>US Stocks</th>
<th>Non-US Stocks</th>
<th>Bonds</th>
<th>Other/Net Clsid</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.01</td>
<td>98.59</td>
<td>1.39</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Net %</td>
<td>0.01</td>
<td>98.59</td>
<td>1.39</td>
<td>0.00</td>
</tr>
<tr>
<td>Long %</td>
<td>0.01</td>
<td>98.59</td>
<td>1.39</td>
<td>0.00</td>
</tr>
<tr>
<td>Short %</td>
<td>0.01</td>
<td>98.59</td>
<td>1.39</td>
<td>0.00</td>
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Portfolio Statistics

<table>
<thead>
<tr>
<th>Value</th>
<th>Bond</th>
<th>Growth</th>
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</thead>
<tbody>
<tr>
<td>P/E Ratio TTM</td>
<td>18.1</td>
<td>0.87</td>
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<tr>
<td>P/B Ratio TTM</td>
<td>9.4</td>
<td>0.84</td>
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<tr>
<td>Geo Avg Mkt Cap $mil</td>
<td>74254</td>
<td>1.06</td>
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</table>

Fixed-Income Style

<table>
<thead>
<tr>
<th>Avg Eff Maturity</th>
<th>Avg Eff Duration</th>
<th>Avg Wtd Coupon</th>
<th>Avg Wtd Price</th>
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</thead>
</table>

Credit Quality Breakdown

<table>
<thead>
<tr>
<th>Bond</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAA</td>
</tr>
<tr>
<td>AA</td>
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<tr>
<td>A</td>
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<tr>
<td>BBB</td>
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<td>BB</td>
</tr>
<tr>
<td>B</td>
</tr>
<tr>
<td>Below B</td>
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</table>

Regional Exposure

<table>
<thead>
<tr>
<th>Americas</th>
<th>Greater Europe</th>
<th>Greater Asia</th>
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<tbody>
<tr>
<td>96.6</td>
<td>1.4</td>
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<tr>
<td>Stock %</td>
<td>Rel Std Index</td>
<td>Rel Std Index</td>
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Sector Weightings

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<tr>
<th>Stocks %</th>
<th>Rel Std Index</th>
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</thead>
<tbody>
<tr>
<td>30.5</td>
<td>1.00</td>
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</table>

Cyclical

| Basic Materials | 3.8 | 1.14 |
| Consumer Cyclical | 5.0 | 0.49 |
| Financial Services | 21.5 | 1.44 |
| Real Estate | 0.2 | 0.10 |

Sensitive

| Communication Services | 4.2 | 1.05 |
| Energy | 11.6 | 1.22 |
| Industrials | 11.5 | 1.04 |
| Technology | 11.3 | 0.63 |

Defensive

| Consumer Defensive | 10.4 | 1.09 |
| Healthcare | 15.0 | 1.05 |
| Utilities | 5.3 | 1.76 |

Investment Style

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<thead>
<tr>
<th>Equity Stock %</th>
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<tbody>
<tr>
<td>100%</td>
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<tr>
<td>80%</td>
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<tr>
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</tr>
<tr>
<td>40%</td>
</tr>
<tr>
<td>20%</td>
</tr>
<tr>
<td>10%</td>
</tr>
<tr>
<td>5%</td>
</tr>
</tbody>
</table>

Growth of $10,000

| Vanguard Value ETF | 21.94 |
| Category Average | 22.052 |
| Standard Index | 21.735 |

Preem/Discount: 0.07

Mkt Price: 81.20

Base Currency: USD

Legal Structure: Open Ended Investment Company

Backing Bank: Vanguard Group, Inc.
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An investment in a money-market vehicle is not insured or guaranteed by the FDIC or any other government agency. The current yield quotation reflects the current earnings of the money market more closely than the total return quotation. Although money markets seek to preserve the value of your current earnings of the money market more closely than the total return data quoted, there is no guarantee future results. The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor’s shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than return data quoted herein.

Standardized Returns assume reinvestment of dividends and capital gains. They depict performance without adjusting for the effects of taxation, but are adjusted to reflect sales charges and ongoing fund expenses. If adjusted for taxation, the performance quoted would be significantly reduced.

For variable annuities, additional expenses will be taken into account, including M&E risk charges, fund-level expenses such as management fees and operating fees, contract-level administration fees, and charges such as surrender, contract, and sales charges.

After-tax returns are calculated using the highest individual federal marginal income tax rates, and do not reflect the impact of state and local taxes. Actual after-tax returns depend on the investor’s tax situation and may differ from those shown. The after-tax returns shown are not relevant to investors who hold their fund shares through tax-deferred arrangements such as 401(k) plans or an IRA. After-tax returns exclude the effects of either the alternative minimum tax or phase-out of certain tax credits. Any taxes due are as of the time the distributions are made, and the taxable amount and tax character of each distribution are as specified by the fund on the dividend declaration date. Due to foreign tax credits or realized capital losses, after-tax returns may be greater than before-tax returns. After-tax returns for exchange-traded funds are based on net asset value.

### Standardized and Tax Adjusted Returns Disclosure Statement

| Annualized returns 09-30-2014 | 7-day Yield Subsidized | 7-day Yield Unsubsidized | 1Yr | 5Yr | 10Yr | Since Inception | Inception Date | Max Front Load % | Max Back Load % | Net Exp Ratio % | Gross Exp Ratio % |
|--------------------------------|------------------------|--------------------------|-----|-----|------|----------------|----------------|-----------------|---------------|---------------|-----------------|-------------------|
| Vanguard FTSE All-World ex-US ETF-NAV | —                      | —                        | 4.82 | 6.08 | —    | 2.44 | 03-02-2007 | NA             | NA             | 0.15           | 0.15             |
| Vanguard FTSE All-World ex-US ETF-Market | —                      | —                        | 4.69 | 5.98 | —    | 2.18 | 03-02-2007 | NA             | NA             | 0.15           | 0.15             |
| Vanguard Growth ETF-NAV | —                      | —                        | 19.31 | 16.62 | 9.08 | 7.83 | 01-26-2004 | NA             | NA             | 0.09           | 0.09             |
| Vanguard Growth ETF-Market | —                      | —                        | 19.28 | 16.85 | 9.06 | 7.83 | 01-26-2004 | NA             | NA             | 0.09           | 0.09             |
| Vanguard Intermediate-Term Corp Bd ETF-NAV | —                      | —                        | 6.65 | —    | —    | 6.87 | 11-19-2009 | NA             | NA             | 0.12           | 0.12             |
| Vanguard Mid-Cap ETF-NAV | —                      | —                        | 15.87 | 17.03 | 10.28 | 9.63 | 01-26-2004 | NA             | NA             | 0.09           | 0.09             |
| Vanguard Mid-Cap ETF-Market | —                      | —                        | 15.83 | 17.03 | 10.30 | 9.63 | 01-26-2004 | NA             | NA             | 0.09           | 0.09             |
| Vanguard Small-Cap ETF-NAV | —                      | —                        | 9.51 | 16.27 | 9.85 | 9.01 | 01-26-2004 | NA             | NA             | 0.09           | 0.09             |
| Vanguard Small-Cap ETF-Market | —                      | —                        | 9.35 | 16.33 | 9.88 | 9.00 | 01-26-2004 | NA             | NA             | 0.09           | 0.09             |
| Vanguard Total Bond Market ETF-NAV | —                      | —                        | 3.89 | 4.03 | —    | 4.89 | 04-03-2007 | NA             | NA             | 0.08           | 0.08             |
| Vanguard Total Bond Market ETF-Market | —                      | —                        | 4.05 | 3.97 | —    | 4.90 | 04-03-2007 | NA             | NA             | 0.08           | 0.08             |
| Vanguard Value ETF-NAV | —                      | —                        | 19.10 | 14.90 | 7.81 | 7.44 | 01-26-2004 | NA             | NA             | 0.09           | 0.09             |
| Vanguard Value ETF-Market | —                      | —                        | 19.10 | 14.94 | 7.84 | 7.45 | 01-26-2004 | NA             | NA             | 0.09           | 0.09             |
| Barclays US Corp IG TR USD | —                      | —                        | 6.77 | 6.41 | 5.49 | —    | —             | —              | —              | —              | —               |
| Barclays US Credit TR USD | —                      | —                        | 6.64 | 6.10 | 5.41 | —    | —             | —              | —              | —              | —               |
| Morningstar Core Bond MCBI TR | —                      | —                        | 3.85 | 4.13 | 4.79 | —    | —             | —              | —              | —              | —               |
| Morningstar Mid Cap TR USD | —                      | —                        | 15.70 | 17.44 | 10.36 | —    | —             | —              | —              | —              | —               |
| Morningstar Small Cap TR USD | —                      | —                        | 7.69 | 15.79 | 9.41 | —    | —             | —              | —              | —              | —               |
| MSCI ACWI Ex USA NR USD | —                      | —                        | 4.77 | 6.03 | 7.06 | —    | —             | —              | —              | —              | —               |
| MSCI EAFE NR USD | —                      | —                        | 4.25 | 6.56 | 6.32 | —    | —             | —              | —              | —              | —               |
| Russell 1000 Growth TR USD | —                      | —                        | 19.15 | 16.50 | 8.94 | —    | —             | —              | —              | —              | —               |
| Russell 1000 Value TR USD | —                      | —                        | 18.89 | 15.26 | 7.84 | —    | —             | —              | —              | —              | —               |
| Russell Mid Cap TR USD | —                      | —                        | 15.83 | 17.19 | 10.34 | —    | —             | —              | —              | —              | —               |
| S&P 500 TR USD | —                      | —                        | 19.73 | 15.70 | 8.11 | —    | —             | —              | —              | —              | —               |
| USTREAS T-Bill Auction Ave 3 Mon | —                      | —                        | 0.04 | 0.08 | 1.56 | —    | —             | —              | —              | —              | —               |

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### Annualized returns 09-30-2014

<table>
<thead>
<tr>
<th>Fund Description</th>
<th>Return after Tax (%)</th>
<th>On Distribution</th>
<th>On Distribution and Sales of Shares</th>
<th>Inception Date</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>1Yr</td>
<td>5Yr</td>
<td>10Yr</td>
<td>Since Inception</td>
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<tr>
<td>Vanguard Intermediate-Term Corp Bd ETF-</td>
<td>5.09</td>
<td></td>
<td></td>
<td>5.35</td>
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<tr>
<td>Vanguard Mid-Cap ETF-NAV</td>
<td>15.28</td>
<td>16.61</td>
<td>9.82</td>
<td>9.20</td>
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<td>Vanguard Small-Cap ETF-NAV</td>
<td>8.89</td>
<td>15.80</td>
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<td>Vanguard Total Bond Market ETF-NAV</td>
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<td>3.56</td>
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<tr>
<td>Vanguard Value ETF-NAV</td>
<td>17.90</td>
<td>14.20</td>
<td>7.03</td>
<td>6.69</td>
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</table>

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ETF Detail Report
Disclosure Statement

The Exchange-traded Fund (ETF) Detail report is supplemental sales literature, and therefore must be preceded or accompanied by the fund’s current prospectus or an equivalent statement. Please read this information carefully. In all cases, this disclosure statement should accompany the ETF Detail Report. Morningstar is not itself a FINRA-member firm. All data presented is based on the most recent information available to Morningstar.

ETFs trading on a secondary market may trade at, above, or below their net asset value (NAV). If an ETF’s shares trade at a price above their NAV they are said to be trading at a “premium.” Conversely, if they are trading at a price below their NAV, they are said to be trading at a “discount.”

Holding company depositary receipts (HOLDRs) are similar to ETFs, but they focus on narrow industry groups. HOLDRs initially own 20 stocks, which are unmanaged, and can become more concentrated due to mergers, or the disparate performance of their holdings. HOLDRs can only be bought in 100-share increments. Investors may exchange shares of a HOLDR for its underlying stocks at any time.

The market price noted on the Detail Report is the price of the ETF as of the close of trading on the last business day at month-end. This date is listed at the top of the Detail Report.

Performance
The performance data given represents past performance and should not be considered indicative of future results. Principal value and investment return will fluctuate, so that an investor’s shares, when sold, may be worth more or less than the original investment. Portfolio statistics change over time. ETFs and HOLDRs are not FDIC-insured, may lose value, and are not guaranteed by a bank or other financial institution.

For ETFs, standardized total return is reflected as of month- and quarter-end time periods. It depicts performance without adjusting for brokerage commissions and the effects of taxation, but is adjusted to reflect all actual ongoing ETF expenses and assumes reinvestment of dividends and capital gains. If adjusted, the effects of brokerage commissions and taxation would reduce the performance quoted.

For HOLDRs, the standardized total return reflects performance at market price, without adjusting for the effects of taxation or brokerage commissions. These returns are adjusted to reflect all ongoing expenses and assume reinvestment of dividends and capital gains. If adjusted, the effects of taxation would reduce the performance quoted.

The 12-month yield is derived by summing the trailing 12-months’ income distributions and dividing the sum by the last month’s ending NAV, plus any capital gains distributed over the same period. Income refers only to interest payments from fixed-income securities and dividend payoffs from common stocks.

Growth of 10,000
This graph compares the growth of an investment of 10,000 (in the base currency of the fund) with that of an index and with that of the average for all funds in its Morningstar category. The NAV total returns are not adjusted to reflect the effects of taxation, but they are adjusted to reflect actual ongoing fund expenses and assume reinvestment of dividends and capital gains. If adjusted, the effect of taxation would reduce the performance quoted. Please note, while the investor obtaining an ETF through the secondary market does not obtain it at NAV, the purpose in presenting this graph based on NAV is to provide an illustration of the historical performance of the ETF strategy. In no way should this performance be considered indicative of or a guarantee of the future performance of this ETF nor should it be viewed as a substitute for an actual investor experience.

The index is an unmanaged portfolio of specified securities, and cannot be invested in directly. The index and the category average do not reflect any initial or ongoing expenses. A fund’s portfolio may differ significantly from the securities in the index. The index is chosen by Morningstar.

Risk Measures
The risk measures below are calculated for ETFs with at least a three-year history.

Standard deviation is a statistical measure of the volatility of the ETF’s NAV returns.

Mean represents the annualized geometric NAV return for the period shown.

The Sharpe ratio uses standard deviation and excess return to determine reward per unit of risk.

Alpha measures the difference between an ETF’s NAV returns and its expected performance, given its level of risk as measured by beta. Alpha is often seen as a measure of the value added or subtracted by a portfolio manager.

Beta is a measure of an ETF’s sensitivity to market movements. A portfolio with a beta greater than 1 is more volatile than the market, and a portfolio with a beta less than 1 is less volatile than the market.

R-squared reflects the percentage of an ETF’s movements that is explained by movements in its benchmark index, showing the degree of correlation between the ETF and the benchmark. This figure is also helpful in assessing how likely it is that alpha and beta are statistically significant.

Best fit index: Alpha, beta, and R-squared statistics are presented for a broad market index and a “Best fit” index. The Best-Fit index identified in this report was determined by Morningstar by calculating R-squared for the fund against approximately 100 indexes tracked by Morningstar. The index representing the highest R-squared is identified as the best-fit index. The best-fit index may not be the fund’s benchmark, nor does it necessarily contain the types of securities that may be held by the fund.

Asset Allocation
The weighting of the portfolio in various asset classes, including “Other” is shown in the table. “Other” includes security types that are not neatly classified in the other asset classes, such as convertible bonds and preferred stocks.

In the table, allocation to the classes is shown for long positions, short positions, and net (long positions net of short) positions. These statistics summarize what the managers are buying and how they are positioning the portfolio. When short positions are captured in these portfolio statistics, investors get a more robust description of the funds’ exposure and risk.

Most managed product portfolios hold fairly conventional securities, such as long positions in stocks and bonds. Other portfolios use other investment strategies or securities, such as short positions or derivatives, to reduce transaction costs, enhance returns, or reduce risk. Some of these securities and strategies behave like conventional securities, while others have unique return characteristics.
and risk characteristics.

Most portfolios take long positions in securities. Long positions involve buying the security outright and then selling it later, with the hope that the security price rises over time. In contrast, short positions are taken to benefit from anticipated price declines. In this type of transaction, the investor borrows the security from another investor, sells it and receives cash, and then is obligated to buy it back at some point in the future. If the price falls after the short sale, the investor will have sold high and can now buy low to close the short position and lock in a profit. However, if the price of the security increases after the short sale, the investor will experience losses by buying it at a higher price than the sale price.

The strategy of selling securities short is prevalent in specialized portfolios, such as long-short, market-neutral, bear-market, and hedge funds. Most conventional portfolios do not typically short securities, although they may reserve the right to do so under special circumstances. Funds may also short derivatives, and this is sometimes more efficient than shorting individual securities. Short positions produce negative exposure to the security that is being shorted. This means that when the security rises in value, the short position will fall in value and vice versa. Morningstar’s portfolio statistics will capture this negative exposure. For example, if a fund has many short stock positions, the percent of assets in stocks in the asset allocation breakdown may be negative. Funds must provide their broker with cash collateral for the short position, so funds that short often have a large cash position, sometimes even exceeding 100% cash.

Note that all other portfolio statistics presented in this report are based on the long holdings of the fund only.

**Style Analysis**

The Morningstar Style Box reveals a fund’s investment style as of the date noted on this report.

For equity funds the vertical axis shows the market capitalization of the long stocks owned and the horizontal axis shows investment style (value, blend, or growth).

For fixed-income funds, the vertical axis shows the credit quality of the long bonds owned and the horizontal axis shows interest rate sensitivity as measured by a bond’s effective duration.

Morningstar seeks credit rating information from fund companies on a periodic basis (e.g., quarterly). In compiling credit rating information Morningstar accepts credit ratings reported by fund companies that have been issued by all Nationally Recognized Statistical Rating Organizations (NRSROs). For a list of all NRSROs, please visit http://www.sec.gov/divisions/marketreg/ratingagency.htm. Additionally, Morningstar accepts foreign credit ratings from widely recognized or registered rating agencies. If two rating organizations/agencies have rated a security, fund companies are to report the lower rating; if three or more organizations/agencies have rated a security, fund companies are to report the median rating, and in cases where there are more than two organization/agency ratings and a median rating does not exist, fund companies are to use the lower of the two middle ratings. PLEASE NOTE: Morningstar, Inc. is not itself an NRSRO nor does it issue a credit rating on the fund. An NRSRO or rating agency ratings can change from time-to-time.

For credit quality, Morningstar combines the credit rating information provided by the fund companies with an average default rate calculation to come up with a weighted-average credit quality. The weighted-average credit quality is currently a letter that roughly corresponds to the scale used by a leading NRSRO. Bond funds are assigned a style box placement of “low”, “medium”, or “high” based on their average credit quality. Funds with a low credit quality are those whose weighted-average credit quality is determined to be less than “BBB-”; medium are those less than “AA-”, but greater or equal to “BBB-”; and high are those with a weighted-average credit quality of “AA-” or higher. When classifying a bond portfolio, Morningstar first maps the NRSRO credit ratings of the underlying holdings to their respective default rates (as determined by Morningstar’s analysis of actual historical default rates). Morningstar then averages these default rates to determine the average default rate for the entire bond fund. Finally, Morningstar maps this average default rate to its corresponding credit rating along a convex curve.

For interest-rate sensitivity, Morningstar obtains from fund companies the average effective duration. Generally, Morningstar classifies a fixed-income fund’s interest-rate sensitivity based on the effective duration of the Morningstar Core Bond Index (MCBI), which is currently three years. The classification of Limited will be assigned to those funds whose average effective duration is between 25% to 75% of MCBI’s average effective duration; funds whose average effective duration is between 75% to 125% of the MCBI will be classified as Moderate; and those that are at 125% or greater of the average effective duration of the MCBI will be classified as Extensive.

For municipal bond funds, Morningstar also obtains from fund companies the average effective duration. In these cases static breakpoints are utilized. These breakpoints are as follows: (i) Limited: 4.5 years or less; (ii) Moderate: more than 4.5 years but less than 7 years; and (iii) Extensive: more than 7 years. In addition, for non-US taxable and non-US domiciled fixed income funds static duration breakpoints are used: (i) Limited: less than or equal to 3.5 years; (ii) Moderate: greater than 3.5 and less than equal to 6 years; (iii) Extensive: greater than 6 years.

**Equity Portfolio Statistics**

The referenced data elements below are a weighted average of the long equity holdings in the portfolio.

The Price/Earnings ratio is a weighted average of the price/earnings ratios of the stocks in the underlying fund’s portfolio. The P/E ratio of a stock is calculated by dividing the current price of the stock by its trailing 12-months’ earnings per share. In computing the average, Morningstar weights each portfolio holding by the percentage of equity assets it represents.

The Price/Cash Flow ratio is a weighted average of the price/cash-flow ratios of the stocks in a fund’s portfolio. Price/cash-flow shows the ability of a business to generate cash and acts as a gauge of liquidity and solvency.

The Price/Book ratio is a weighted average of the price/book ratios of all the stocks in the underlying fund’s portfolio. The P/B ratio of a company is calculated by dividing the market price of its stock by the company’s per-share book value. Stocks with negative book values are excluded from this calculation.

The geometric average market capitalization of a fund’s equity portfolio gives you a measure of the size of the companies in which the mutual fund invests.

**Fixed-Income Portfolio Statistics**

The referenced data elements below are a weighted average of the long fixed income holdings in the portfolio.

Duration is a time measure of a bond’s interest rate sensitivity. Average effective duration is a weighted average of the duration of the underlying fixed income securities within the portfolio.

Average effective maturity is a weighted average of all the maturities of the
bonds in a portfolio, computed by weighting each maturity date by the market value of the security.

Average weighted coupon is generated from the fund’s portfolio by weighting the coupon of each bond by its relative size in the portfolio. Coupons are fixed percentages paid out on a fixed-income security on an annual basis.

Average weighted price is generated from the fund’s portfolio by weighting the price of each bond by its relative size in the portfolio. This number reveals if the fund favors bonds selling at prices above or below face value (premium or discount securities, respectively). A higher number indicates a bias toward premiums. This statistic is expressed as a percentage of par (face) value.

Credit quality breakdowns are shown for corporate-bond holdings and depict the quality of bonds in the underlying portfolio. The report shows the percentage of fixed-income securities that fall within each credit quality rating as assigned by an NRSRO. Bonds not rated by an NRSRO are included in the not rated (NR) category.

Investment Risks

International/Emerging Market Equities: Investing in international securities involves special additional risks. These risks include, but are not limited to, currency risk, political risk, and risk associated with varying accounting standards. Investing in emerging markets may accentuate these risks.

Sector Strategies: Portfolios that invest exclusively in one sector or industry involve additional risks. The lack of industry diversification subjects the investor to increased industry-specific risks.

Non-Diversified Strategies: Portfolios that invest a significant percentage of assets in a single issuer involve additional risks, including share price fluctuations, because of the increased concentration of investments.

Small Cap Equities: Portfolios that invest in stocks of small companies involve additional risks. Smaller companies typically have a higher risk of failure, and are not as well established as larger blue-chip companies. Historically, smaller-company stocks have experienced a greater degree of market volatility than the overall market average.

Mid Cap Equities: Portfolios that invest in companies with market capitalization below $10 billion involve additional risks. The securities of these companies may be more volatile and less liquid than the securities of larger companies.

High-Yield Bonds: Portfolios that invest in lower-rated debt securities (commonly referred to as junk bonds) involve additional risks because of the lower credit quality of the securities in the portfolio. The investor should be aware of the possible higher level of volatility, and increased risk of default.

Tax-Free Municipal Bonds: The investor should note that the income from tax-free municipal bond funds may be subject to state and local taxation and the Alternative Minimum Tax.

Bonds: Bonds are subject to interest rate risk. As the prevailing level of bond interest rates rise, the value of bonds already held in a portfolio declines. Portfolios that hold bonds are subject to declines and increases in value due to general changes in interest rates.

HOLDRs: The investor should note that these are narrow industry-focused products that, if the industry is hit by hard times, will lack diversification and possible loss of investment would be likely. These securities can trade at a discount to market price, ownership is of a fractional share interest, the underlying investments may not be representative of the particular industry, the HOLDR might be delisted from the AMEX if the number of underlying companies drops below nine, and the investor may experience trading halts.

Hedge Funds: The investor should note that hedge fund investing involves specialized risks that are dependent upon the type of strategies undertaken by the manager. This can include distressed or event-driven strategies, long/short strategies, using arbitrage (exploiting price inefficiencies), international investing, and use of leverage, options and/or derivatives. Although the goal of hedge fund managers may be to reduce volatility and produce positive absolute return under a variety of market conditions, hedge funds may involve a high degree of risk and are suitable only for investors of substantial financial means who could bear the entire loss of their investment.

Bank Loan/Senior Debt: Bank loans and senior loans are impacted by the risks associated with fixed income in general, including interest rate risk and default risk. They are often non-investment grade; therefore, the risk of default is high. These securities are also relatively illiquid. Managed products that invest in bank loans/senior debt are often highly leveraged, producing a high risk of return volatility.

Exchange Traded Notes (ETNs): ETNs are unsecured debt obligations. Any repayment of notes is subject to the issuer’s ability to repay its obligations. ETNs do not typically pay interest.

Leveraged ETFs: Leveraged investments are designed to meet multiples of the return performance of the index they track and seek to meet their fund objectives on a daily basis (or other time period stated within the prospectus objective). The leverage/gearing ratio is the amount of excess return that a leveraged investment is designed to achieve in comparison to its index performance (i.e. 200%, 300%, -200%, or -300% or 2X, 3X, -2X, -3X). Compounding has the ability to affect the performance of the fund to be either greater or less than the index performance multiplied by the multiple stated within the funds objective over a stated time period.

Short Positions: When a short position moves in an unfavorable way, the losses are theoretically unlimited. The broker may demand more collateral and a manager might have to close out a short position at an opportune time to limit further losses.

Long-Short: Due to the strategies used by long-short funds, which may include but are not limited to leverage, short selling, short-term trading, and investing in derivatives, these funds may have greater risk, volatility, and expenses than those focusing on traditional investment strategies.

Liquidity Risk: Closed-end fund, ETF, and HOLDR trading may be halted due to market conditions, impacting an investor’s ability to sell a fund.

Market Price Risk: The market price of ETFs, HOLDRs, and closed-end funds traded on the secondary market is subject to the forces of supply and demand and thus independent of the NAV. This can result in the market price trading at a premium or discount to the NAV, which will affect an investor’s value.

Market Risk: The market prices of ETFs and HOLDRs can fluctuate as a result of several factors, such as security-specific factors or general investor sentiment. Therefore, investors should be aware of the prospect of market fluctuations and the impact it may have on the market price.

Target-Date Funds: Target-date funds typically invest in other mutual funds and...
are designed for investors who are planning to retire during the target date year. The fund’s target date is the approximate date when investors expect to begin withdrawing their money. A target-date fund’s investment objective/strategy typically becomes more conservative over time, primarily by reducing its allocation to equity mutual funds and increasing its allocations in fixed-income mutual funds. An investor’s principal value in a target-date fund is not guaranteed at any time, including at the fund’s target date.

High double- and triple-digit returns: High double- and triple-digit returns were the result of extremely favorable market conditions, which may not continue to be the case. High returns for short time periods must not be a major factor when making investment decisions.

Benchmark Disclosure

Barclays US Agg Bond TR USD
This index is composed of the BarCap Government/Credit Index, the Mortgage- Backed Securities Index, and the Asset-Backed Securities Index. The returns we publish for the index are total returns, which includes the daily reinvestment of dividends. The constituents displayed for this index are from the following proxy: iShares Core US Aggregate Bond.

Barclays US Corp IG TR USD
Description unavailable.

Barclays US Credit TR USD
Tracks the returns of all publicly issued, fixed-rate, nonconvertible, dollar- denominated, SEC-registered, investment-grade corporate debt. The constituents displayed for this index are from the following proxy: iShares Core US Credit Bond.

Morningstar Core Bond MCBI TR
The Morningstar Core Bond Index is a broad investment-grade index that includes the largest, most important sectors of the investment-grade U.S. bond market. The index is comprised of the Morningstar US Government Bond, US Corporate Bond and US Mortgage Bond indexes.

Morningstar Mid Cap TR USD
The Morningstar Mid Cap Index tracks the performance of U.S. mid-cap stocks. These stocks fall between the 70th and 90th percentile in market capitalization of the investable universe. In aggregate, the Mid-Cap Index represents 20 percent of the investable universe.

Morningstar Small Cap TR USD
The Morningstar Small Cap Index tracks the performance of U.S. small-cap stocks. These stocks fall between the 90th and 97th percentile in market capitalization of the investable universe. In aggregate, the Small Cap Index represents 7 percent of the investable universe.

MSCI ACWI Ex USA NR USD
The MSCI AC World ex USA is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets. The index consists of 48 developed and emerging market country indices. The returns we publish for the index are total returns, which include reinvestment of dividends. The constituents displayed for this index are from the following proxy: iShares MSCI ACWI.

MSCI EAFE NR USD
This Europe, Australasia, and Far East index is a market-capitalization-weighted index of 21 non-U.S., industrialized country indexes.

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Russell 1000 Growth TR USD
Tracks the companies within the Russell 1000 with higher price-to-book ratios and higher forecasted growth values. The constituents displayed for this index are from the following proxy: iShares Russell 1000 Growth.

Russell 1000 Value TR USD
Tracks the companies within the Russell 1000 with lower price-to-book ratios and lower forecasted growth values. The constituents displayed for this index are from the following proxy: iShares Russell 1000 Value.

Russell 2000 TR USD
Consists of the 2000 smallest companies in the Russell 3000 Index. The constituents displayed for this index are from the following proxy: iShares Russell 2000.

Russell Mid Cap TR USD
Measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 25% of the total market capitalization of the Russell 1000 Index. The constituents displayed for this index are from the following proxy: iShares Russell Mid-Cap.

S&P 500 TR USD
A market capitalization-weighted index composed of the 500 most widely held stocks whose assets and/or revenues are based in the US; it’s often used as a proxy for the stock market. TR (Total Return) indexes include daily reinvestment of dividends. The constituents displayed for this index are from the following proxy: iShares Core S&P 500.

USTREAS T-Bill Auction Ave 3 Mon
Three-month T-bills are government-backed, short-term investments considered to be risk-free and as good as cash because the maturity is only three months. Morningstar collects yields on the T-bill on a weekly basis from the Wall Street Journal.