



# National ABLE Alliance

NAA Due Diligence Review

May 9, 2024



**Investments**

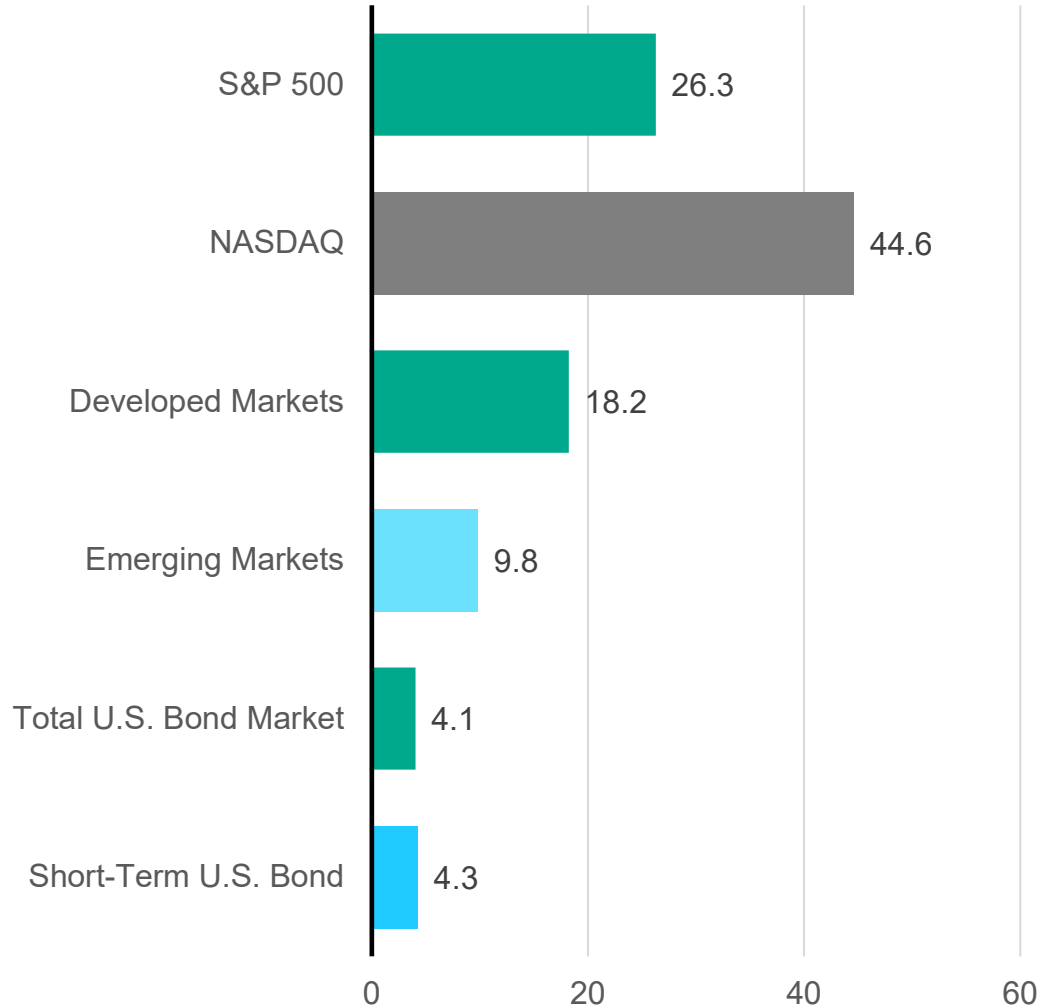


# **Market Review**

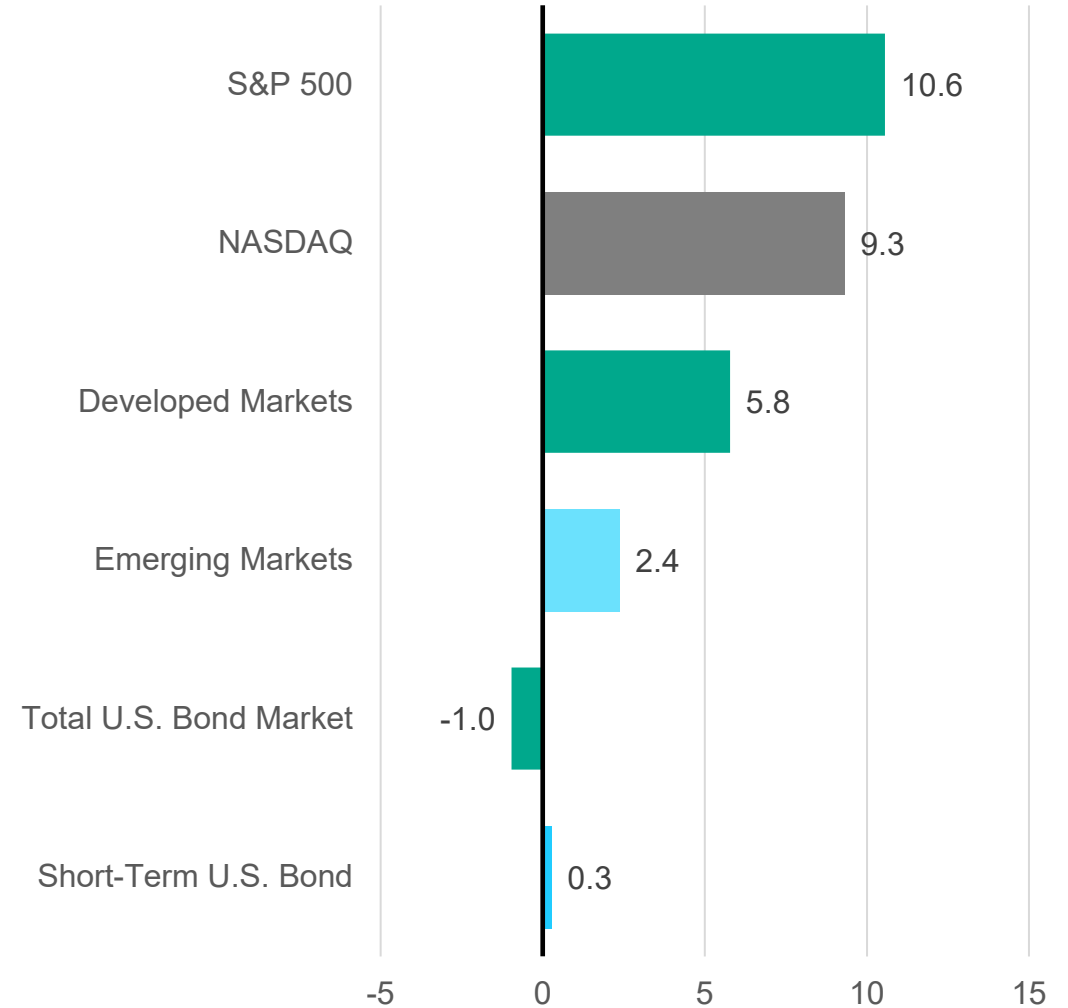
# Market Review

## Capital Market Returns

### 2023 Total Year Return

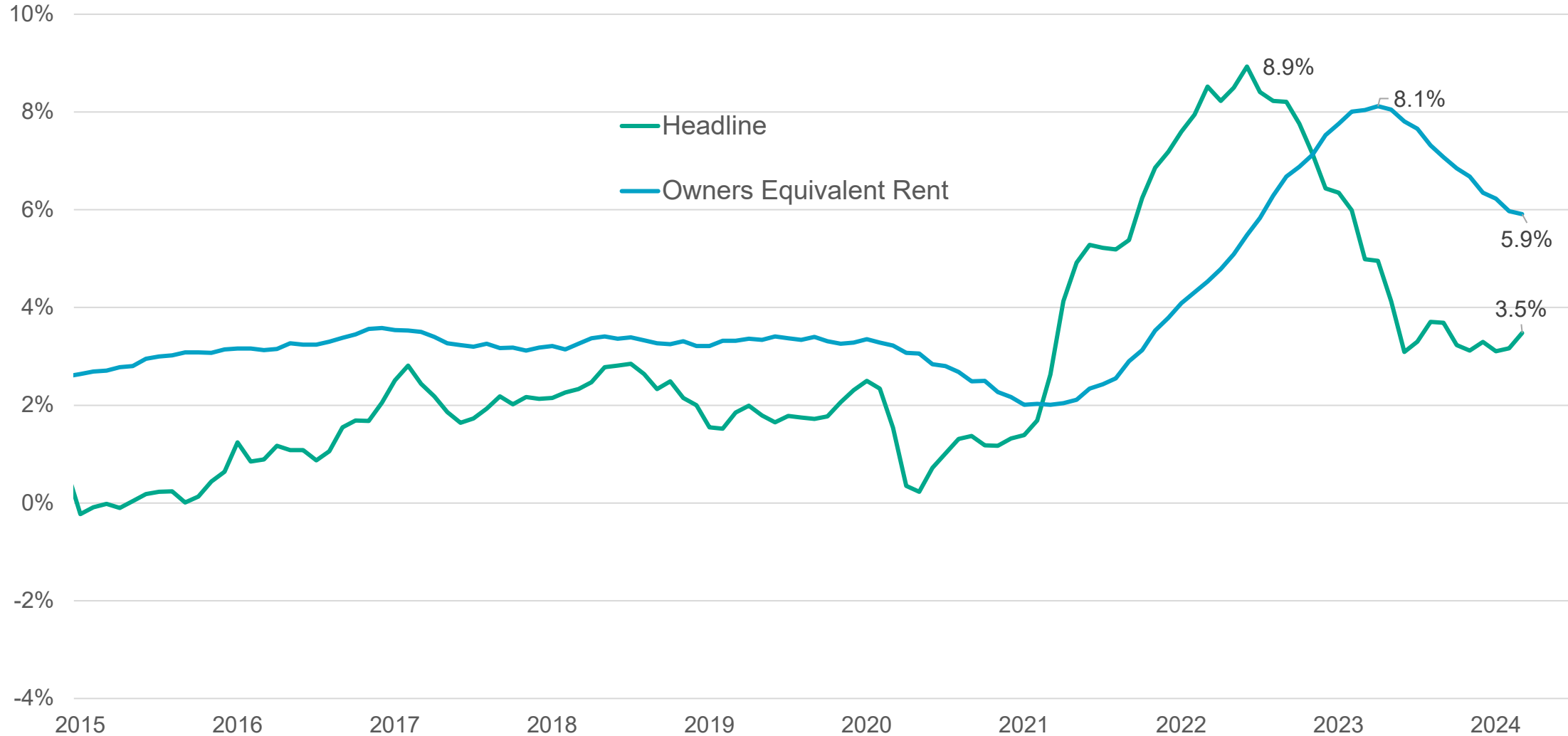


### Q1 2024 Return



# Market Review

## Inflation



# Market Review

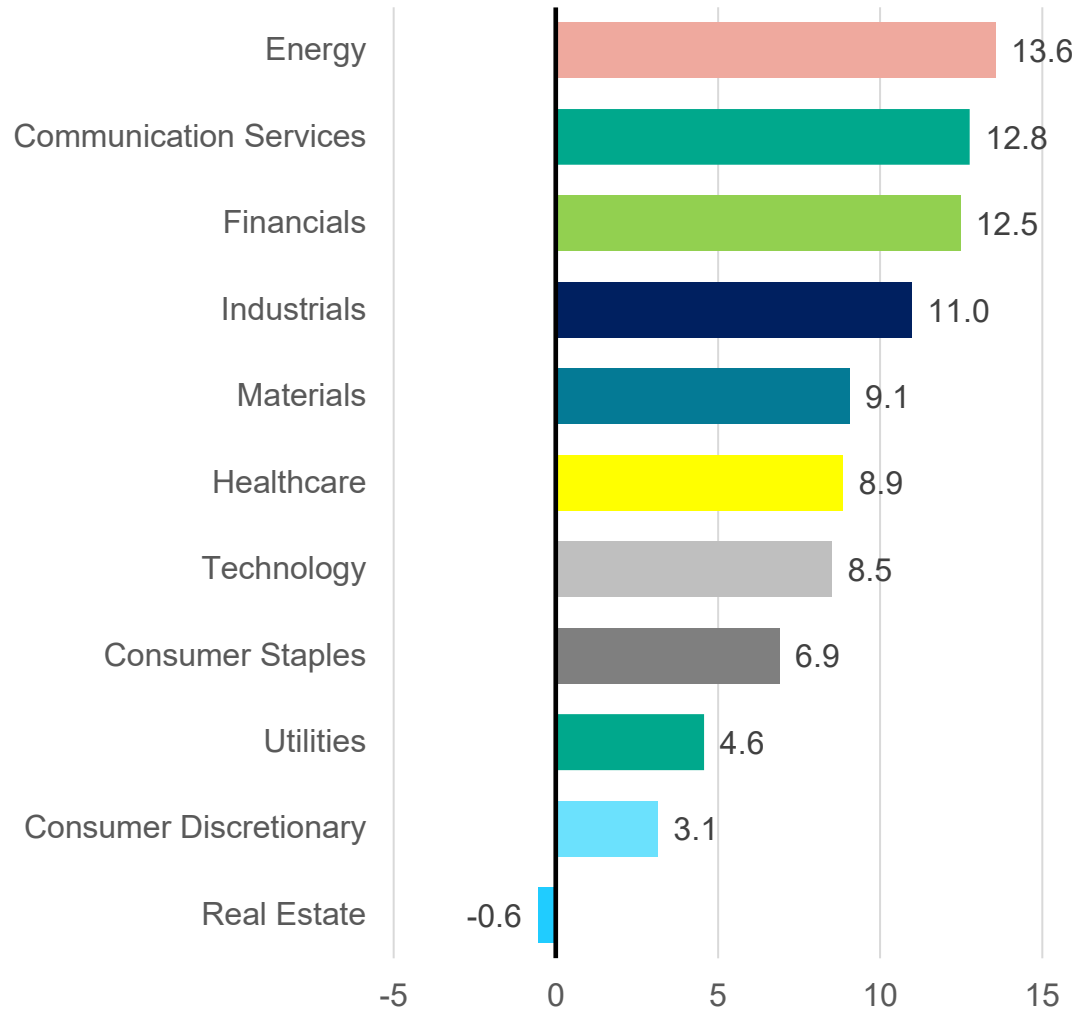
## S&P 500 Earnings Per Share



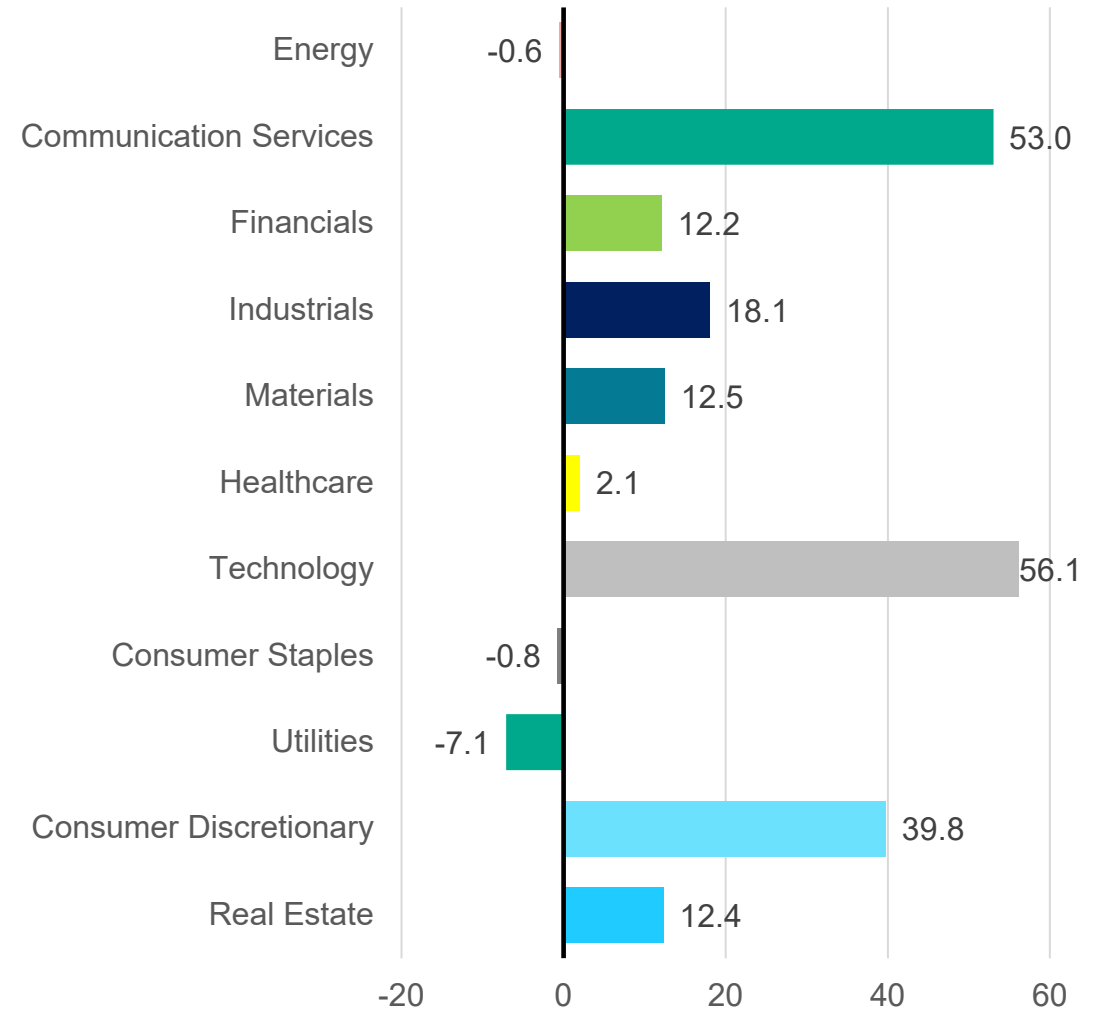
# Market Review

## U.S. Sector Returns

### Q1 2024 Return



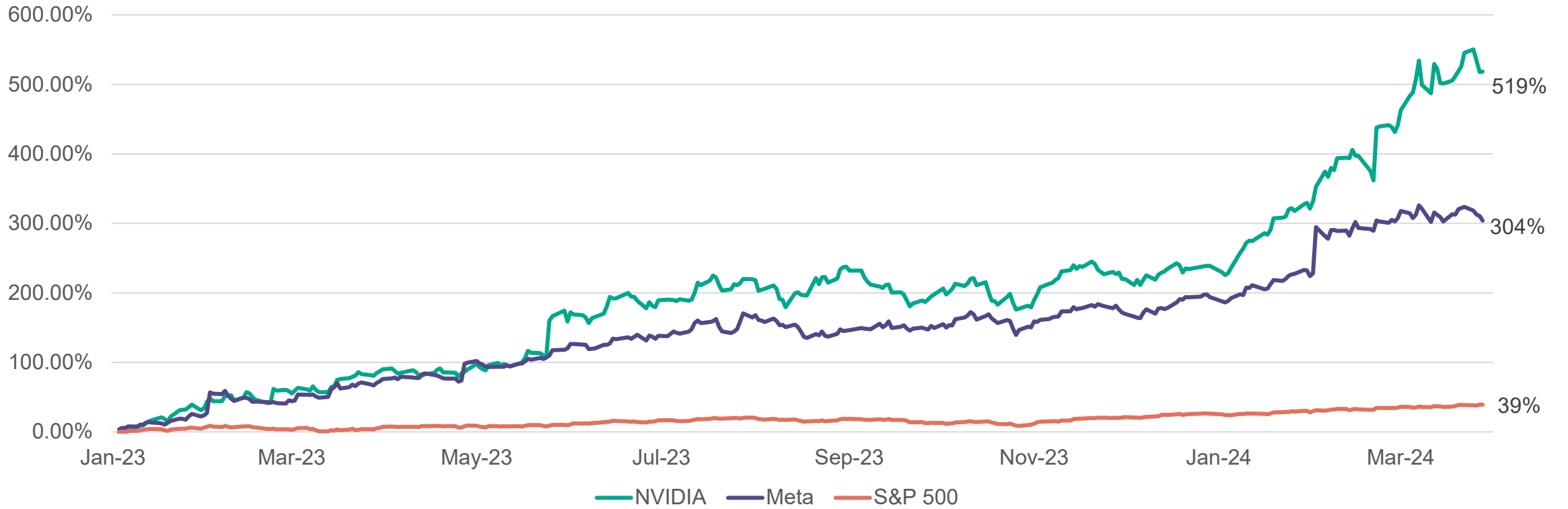
### 2023 Return



# Market Review

## Market led by Technology

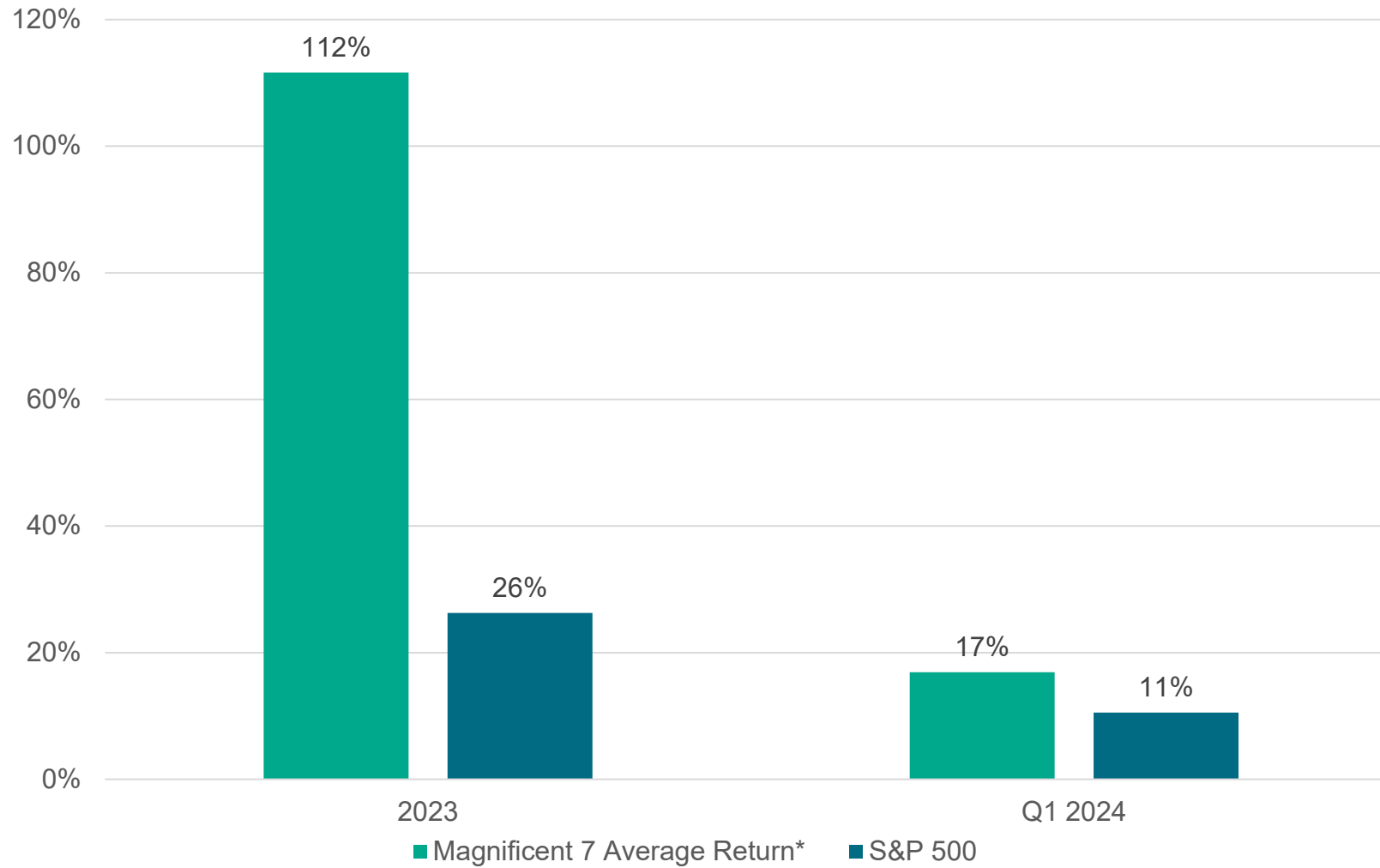
### Cumulative Returns Since Jan 2023





# Market Review

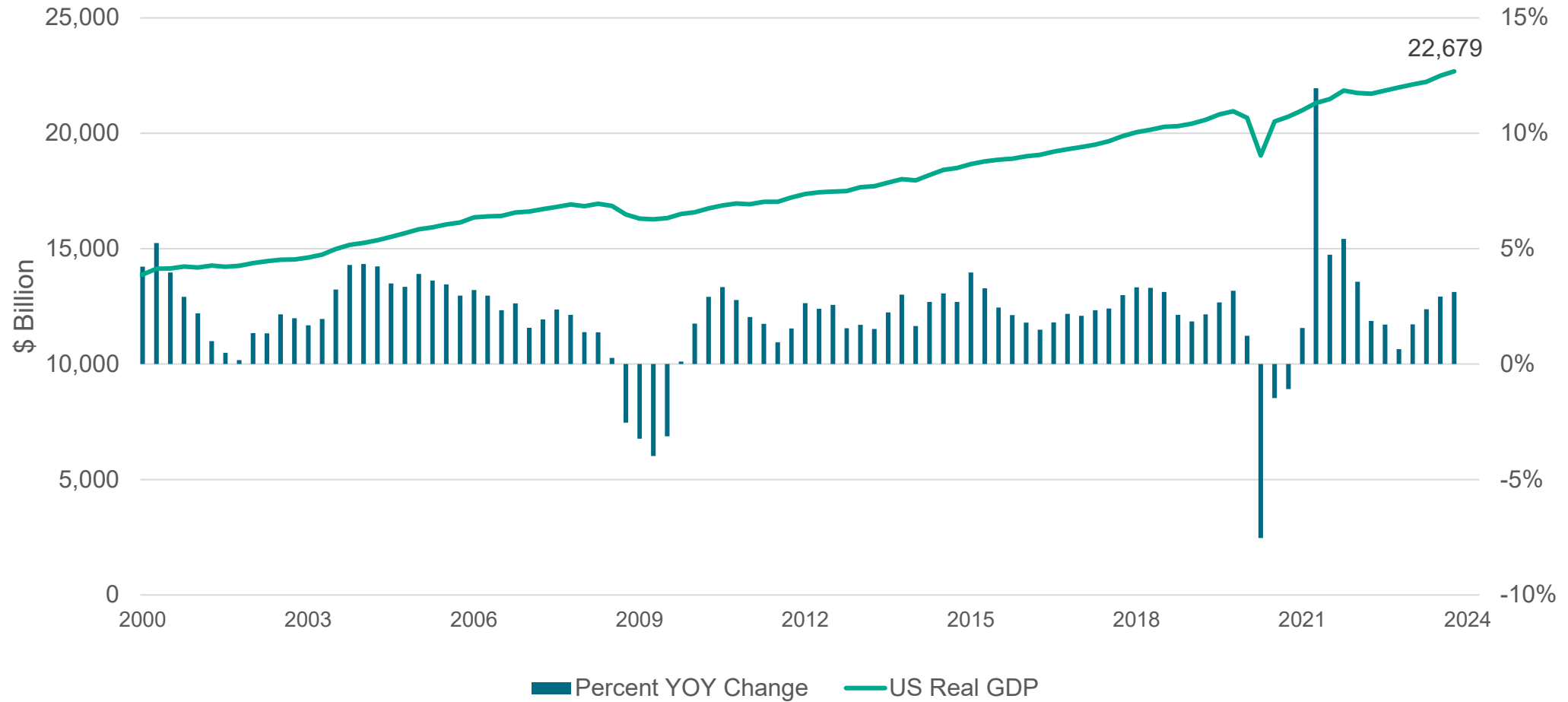
## “Magnificent 7”



\*Includes Apple, Alphabet (Google), Microsoft, Amazon, Meta, NVIDIA and Tesla

# Market Review

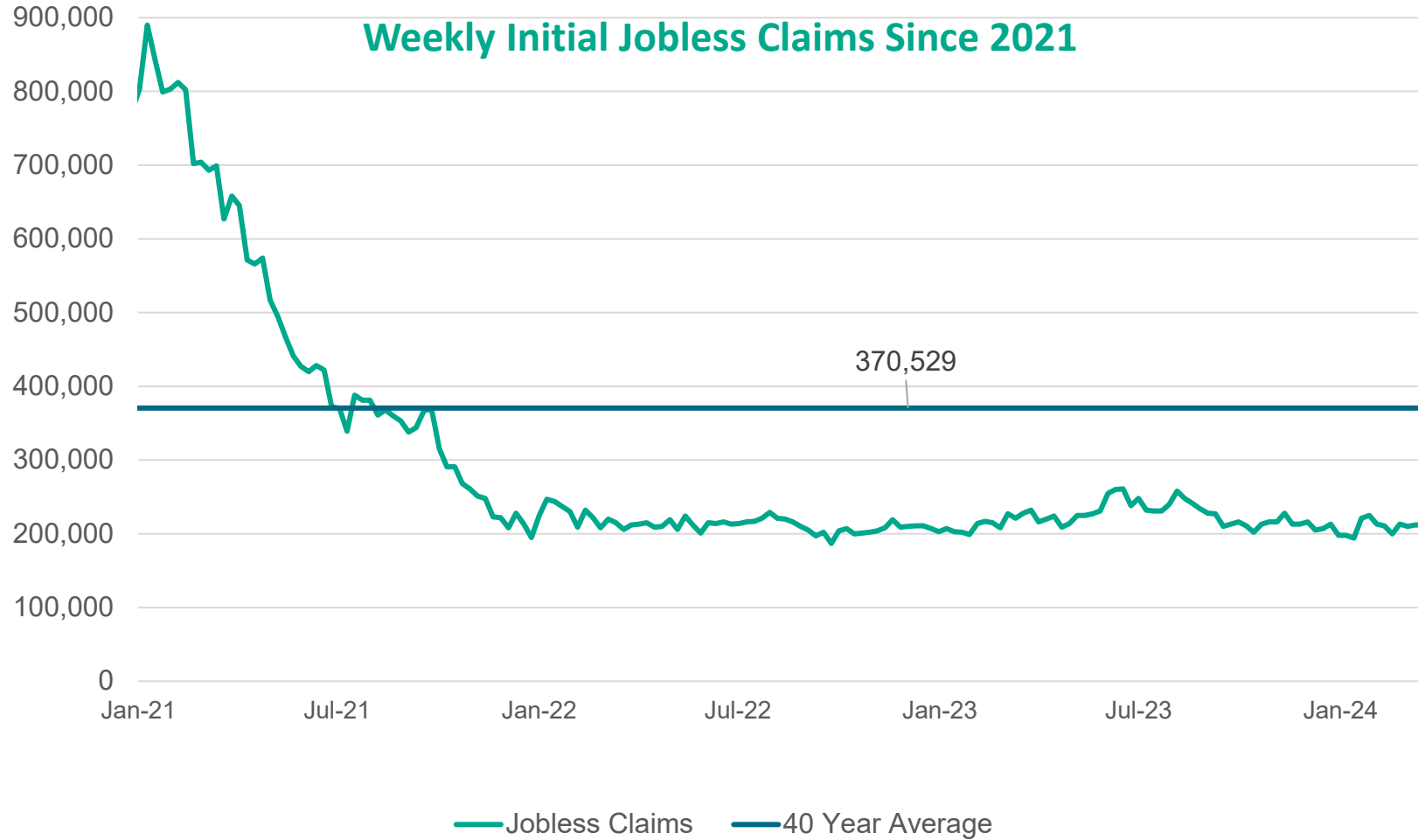
## US Real GDP



Source: Federal Reserve Bank of St. Louis

# Market Review

## Initial Jobless Claims



Source: Federal Reserve Bank of St. Louis

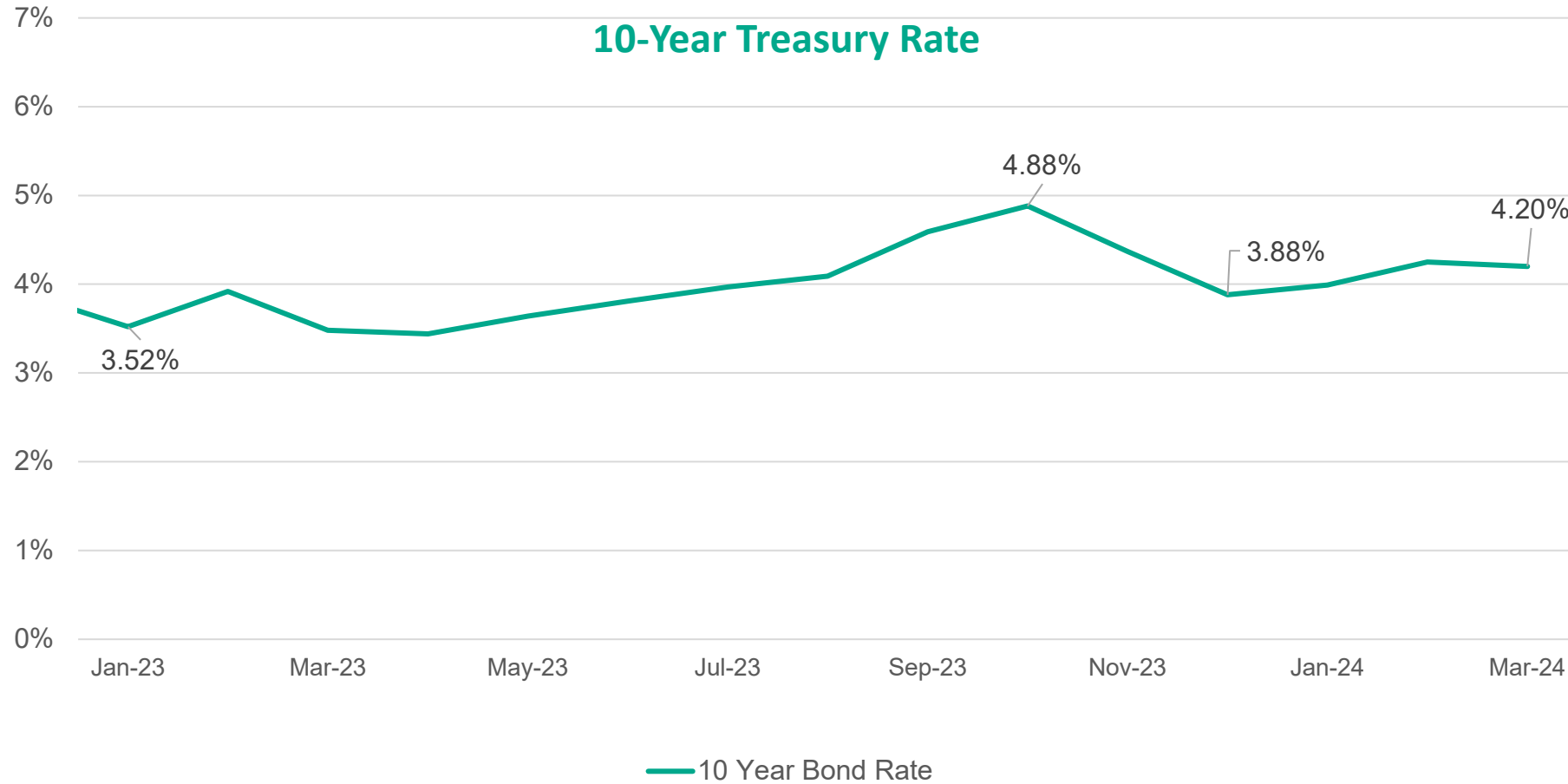
# Market Review

## Equity Returns

Name	31-Mar-24					
	Q1	2023	1 Year	3 Year	5 Year	10 Year
S&P 500	10.56	26.29	29.88	11.49	15.05	12.96
NASDAQ	9.31	44.64	35.08	8.17	17.19	15.73
Large Growth	11.41	42.68	39.00	12.50	18.52	15.98
Large (All)	10.30	26.53	29.87	10.45	14.76	12.68
Large Value	8.99	11.46	20.27	8.11	10.32	9.01
Small Growth	7.58	18.66	20.35	-2.68	7.38	7.89
Small (All)	5.18	16.93	19.71	-0.10	8.10	7.58
Small Value	2.90	14.65	18.75	2.22	8.17	6.87
Developed Markets	5.78	18.24	15.32	4.78	7.33	4.80
Emerging Markets	2.37	9.83	8.15	-5.05	2.22	2.95
Emerging Markets (ex China)	4.01	20.03	20.51	2.16	6.38	4.18
China	-2.19	-11.20	-17.05	-18.92	-6.33	1.24

# Market Review

## 10 Year Bond

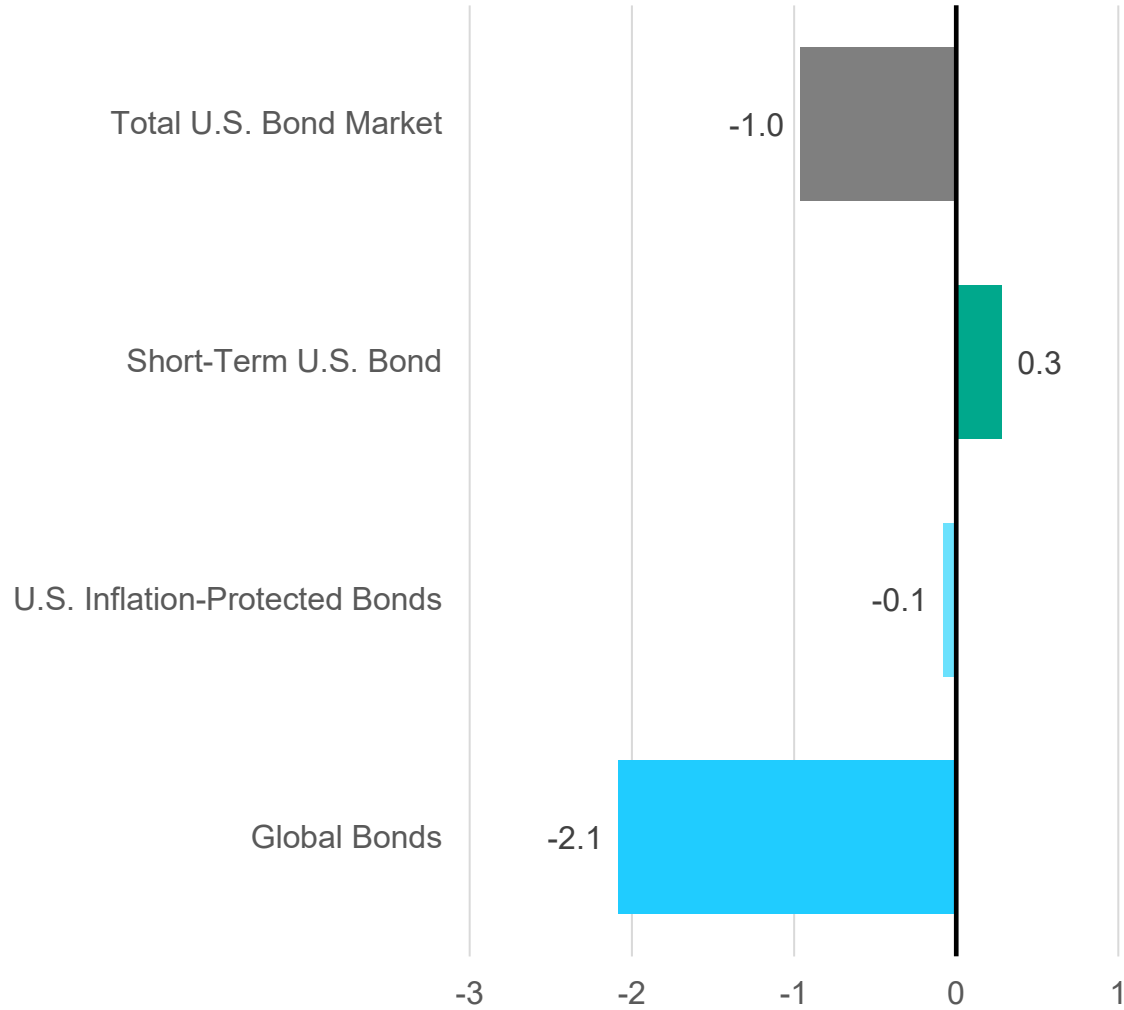


Source: Federal Reserve Bank of St. Louis

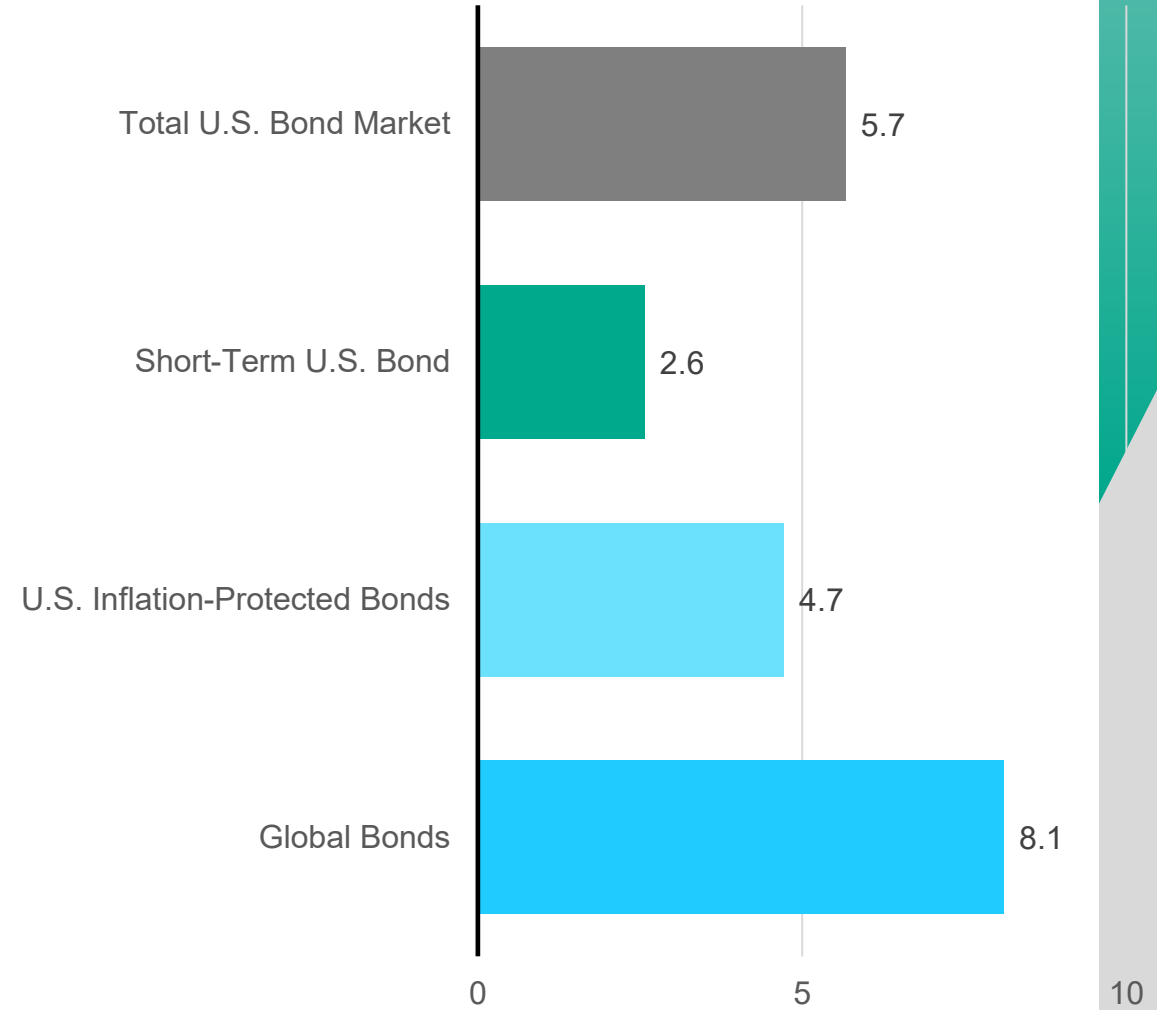
# Market Review

## Bond Returns

### Q1 2024 Return



### Q4 2023 Return



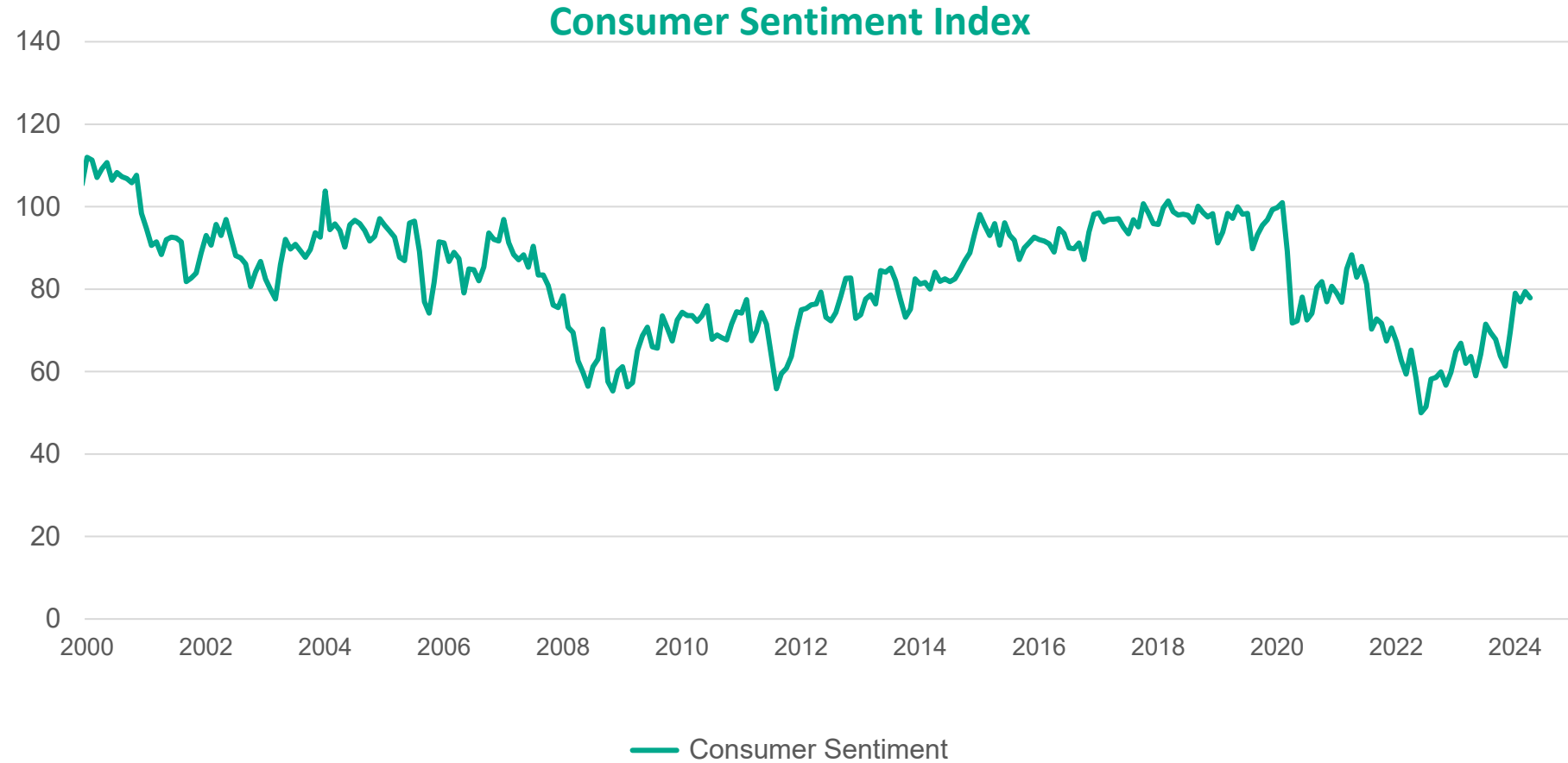
# Market Review

## Bond Returns

Name	31-Mar-24					
	Q1	2023	1 Year	3 Year	5 Year	10 Year
Total U.S. Bond Market	-0.96	4.05	0.05	-2.73	-0.08	1.03
Short-Term U.S. Bond	0.28	4.29	2.94	0.01	1.13	1.06
U.S. Inflation-Protected Bonds	-0.08	3.90	0.45	-0.53	2.49	2.21
Global Bonds	-2.08	5.72	0.49	-4.73	-1.17	-0.07

# Market Review

## Consumer Sentiment

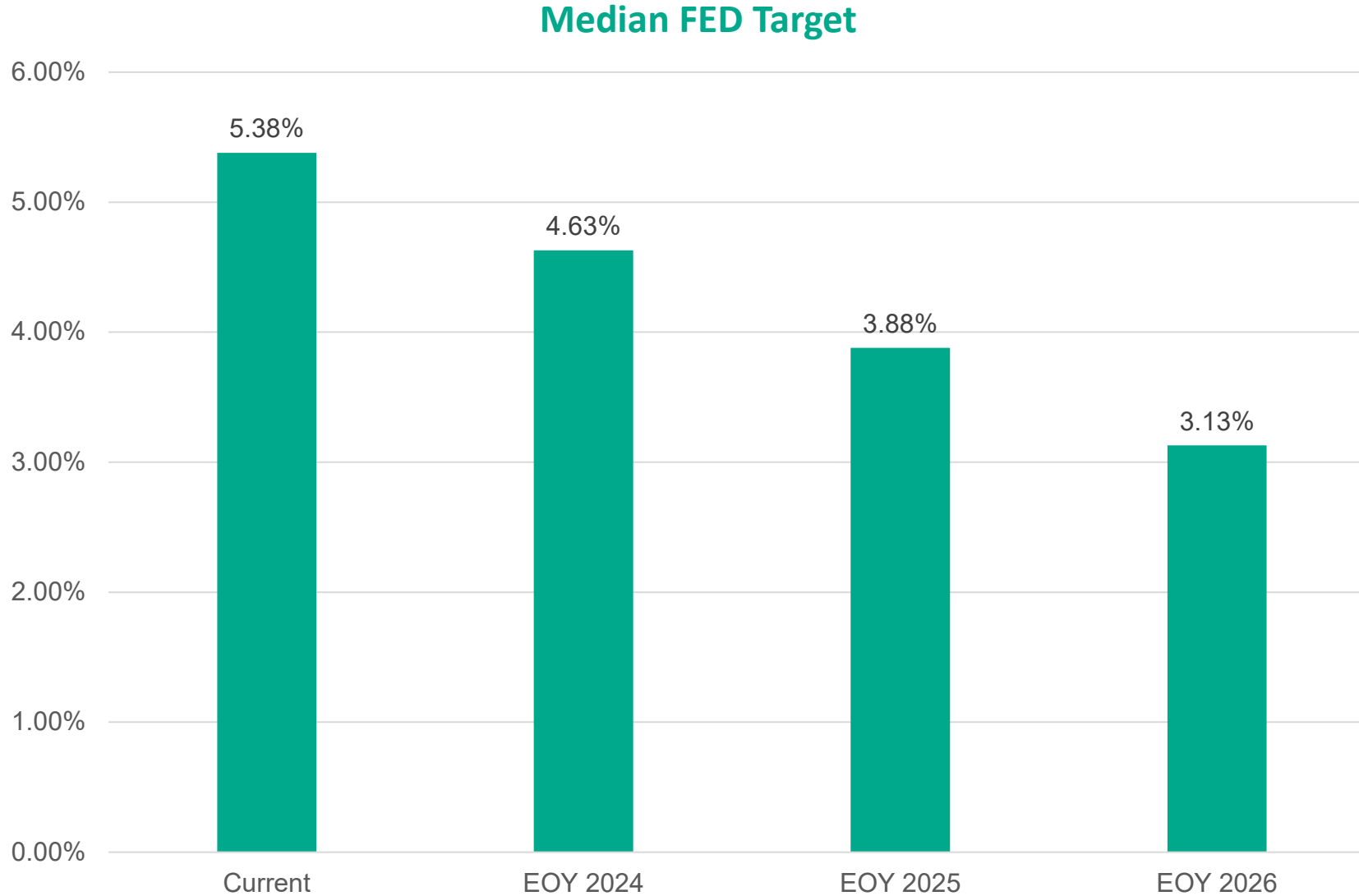


Source: Federal Reserve Bank of St. Louis



# Market Review

## Rate Cuts on Horizon

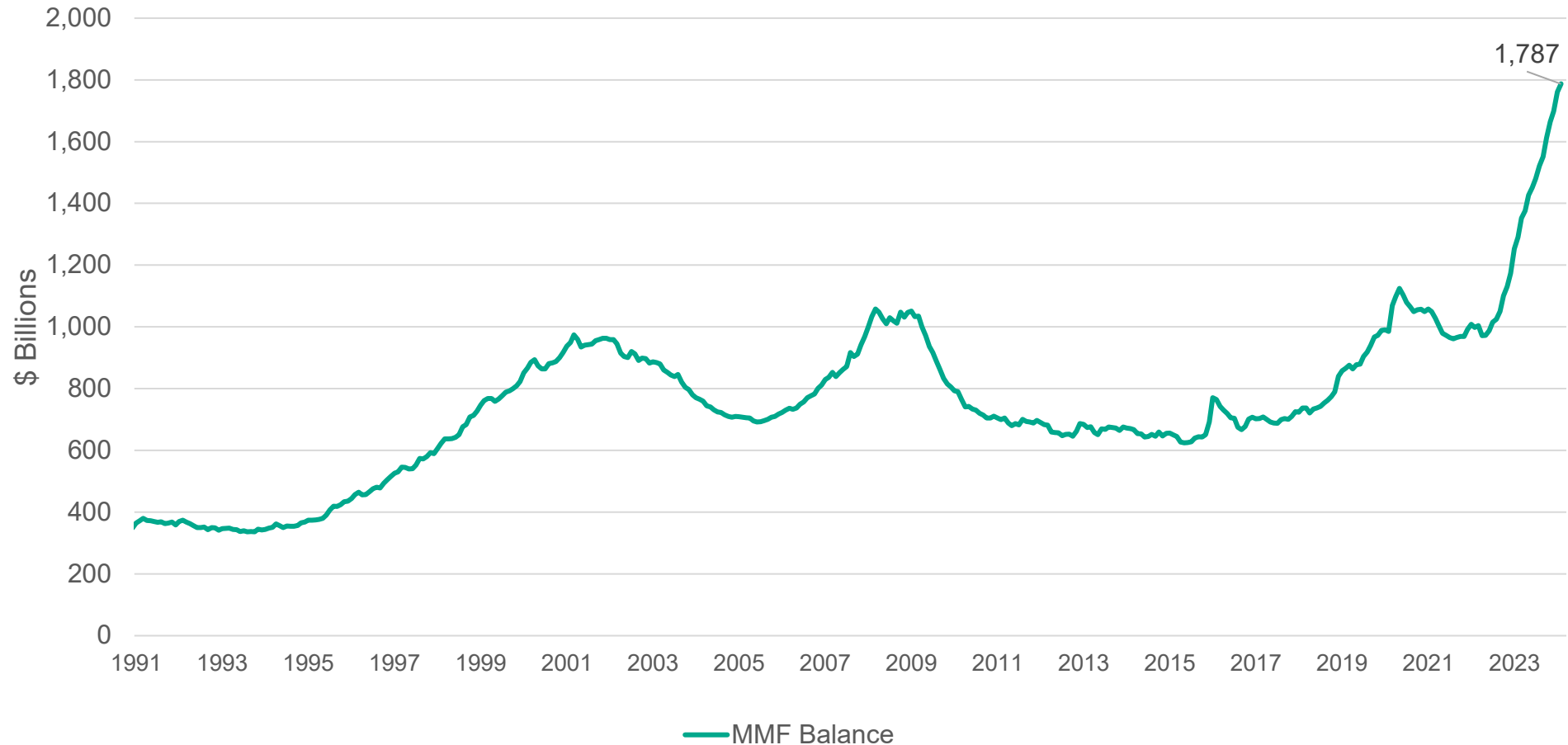


Median end of year FED target rate based on FED projections

Source: US Federal Reserve Summary of Economic Projections, March 20, 2024

# Market Review

## Retail Money Market Fund Balances

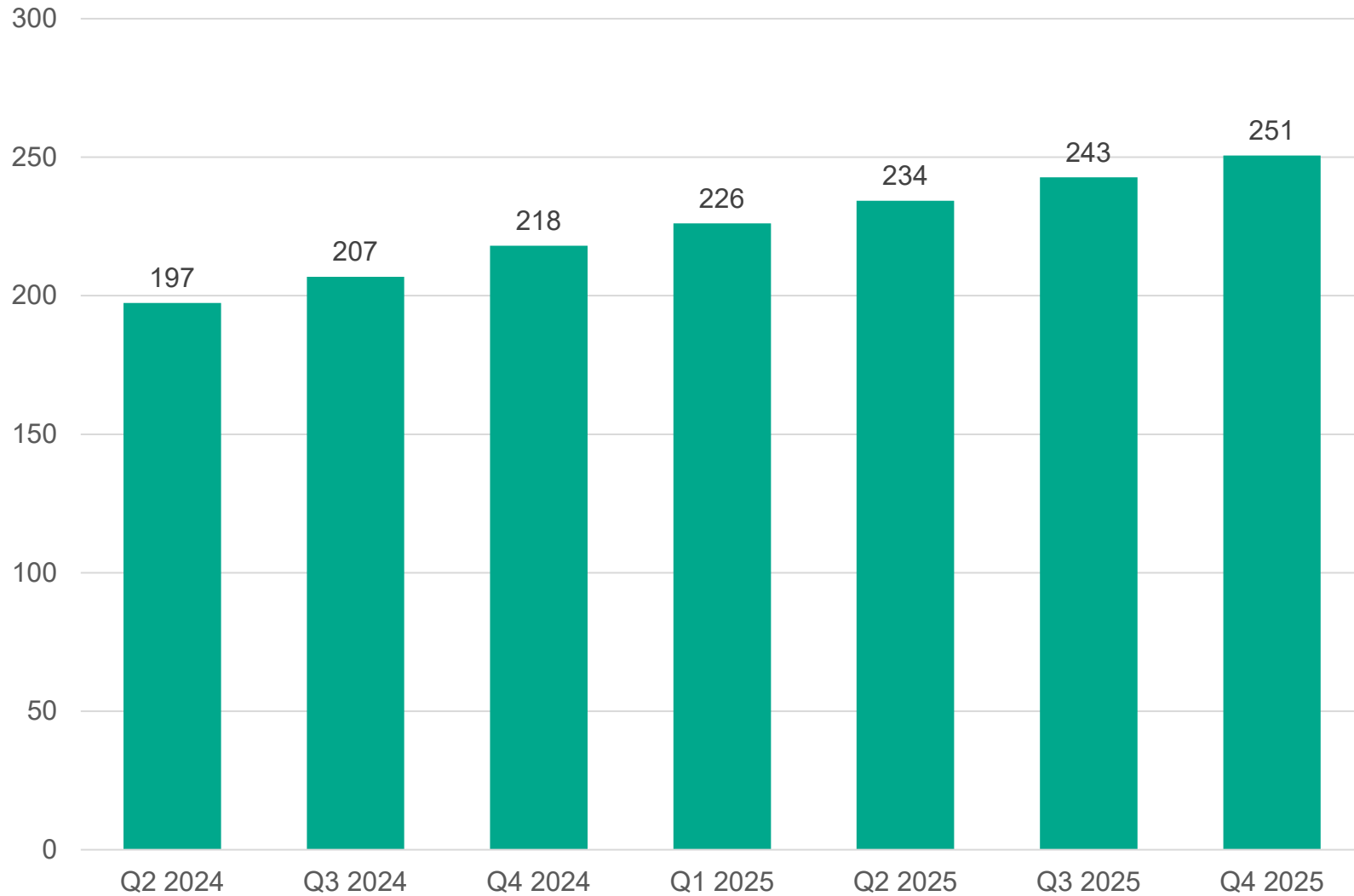


Retail money market fund balances are a component of M2 money supply. The funds are invested by individual investors and don't include IRA balances.

Source: Federal Reserve Bank of St. Louis

# Market Review

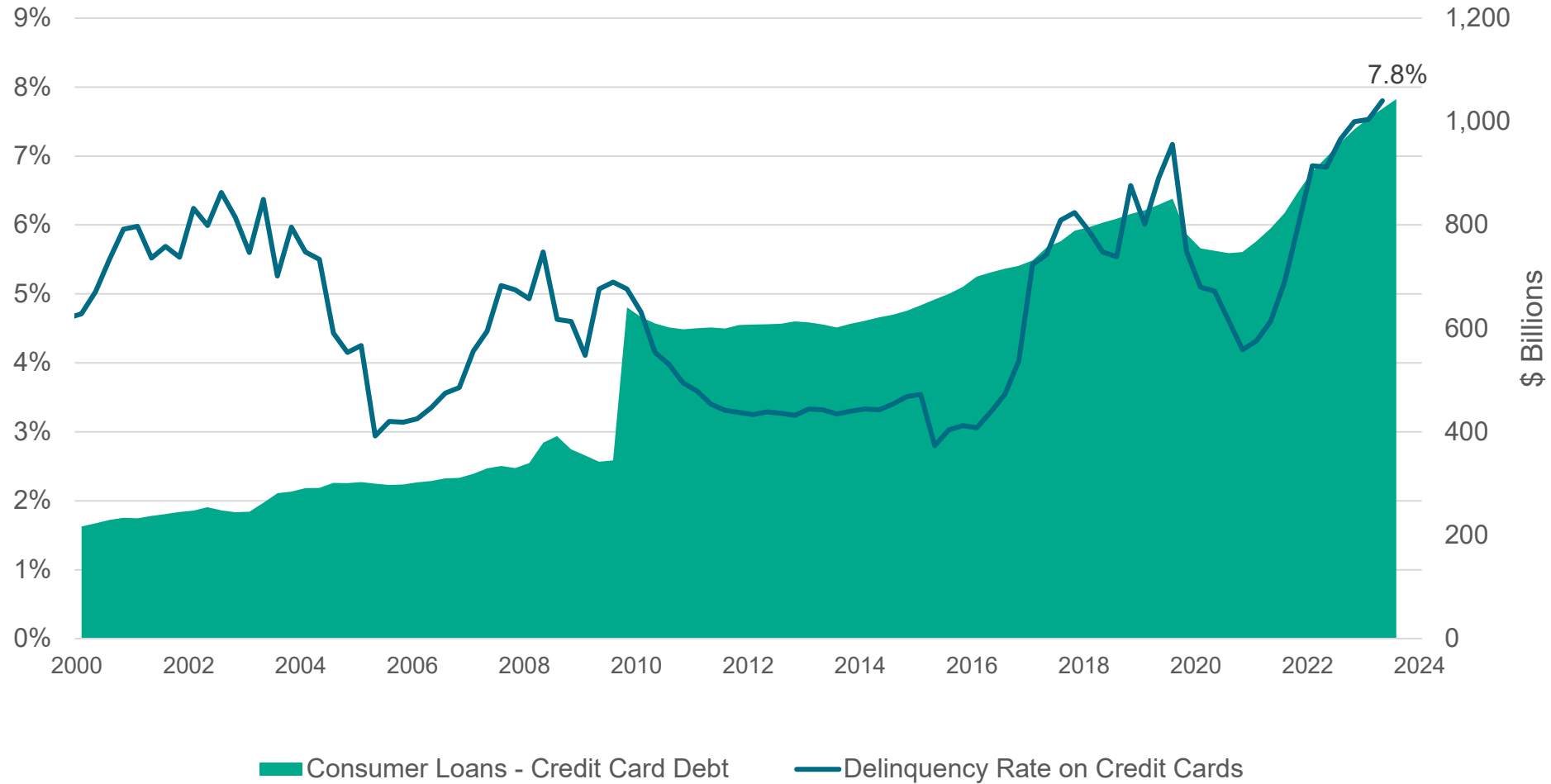
## S&P 500 Forward looking Earnings Per Share



Projections are annualized

# Market Review

## Consumer Stress



Source: Federal Reserve Bank of St. Louis

# Market Review

## S&P 500

### S&P 500 Reaching All Time Highs

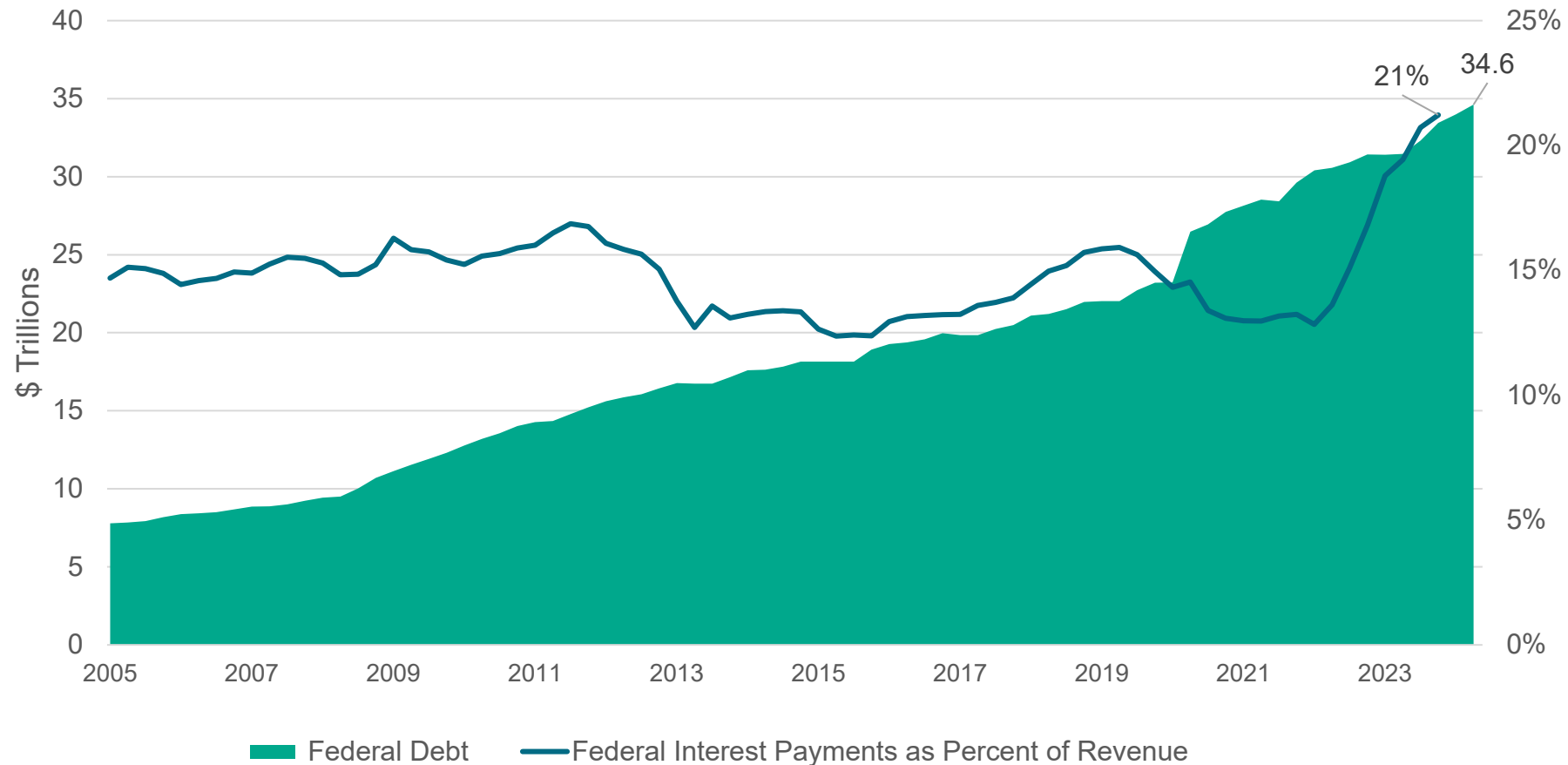


Source: Federal Reserve Bank of St. Louis

The information contained herein is provided only for the intended audience and not for use with or distribution to the general public.

# Market Review

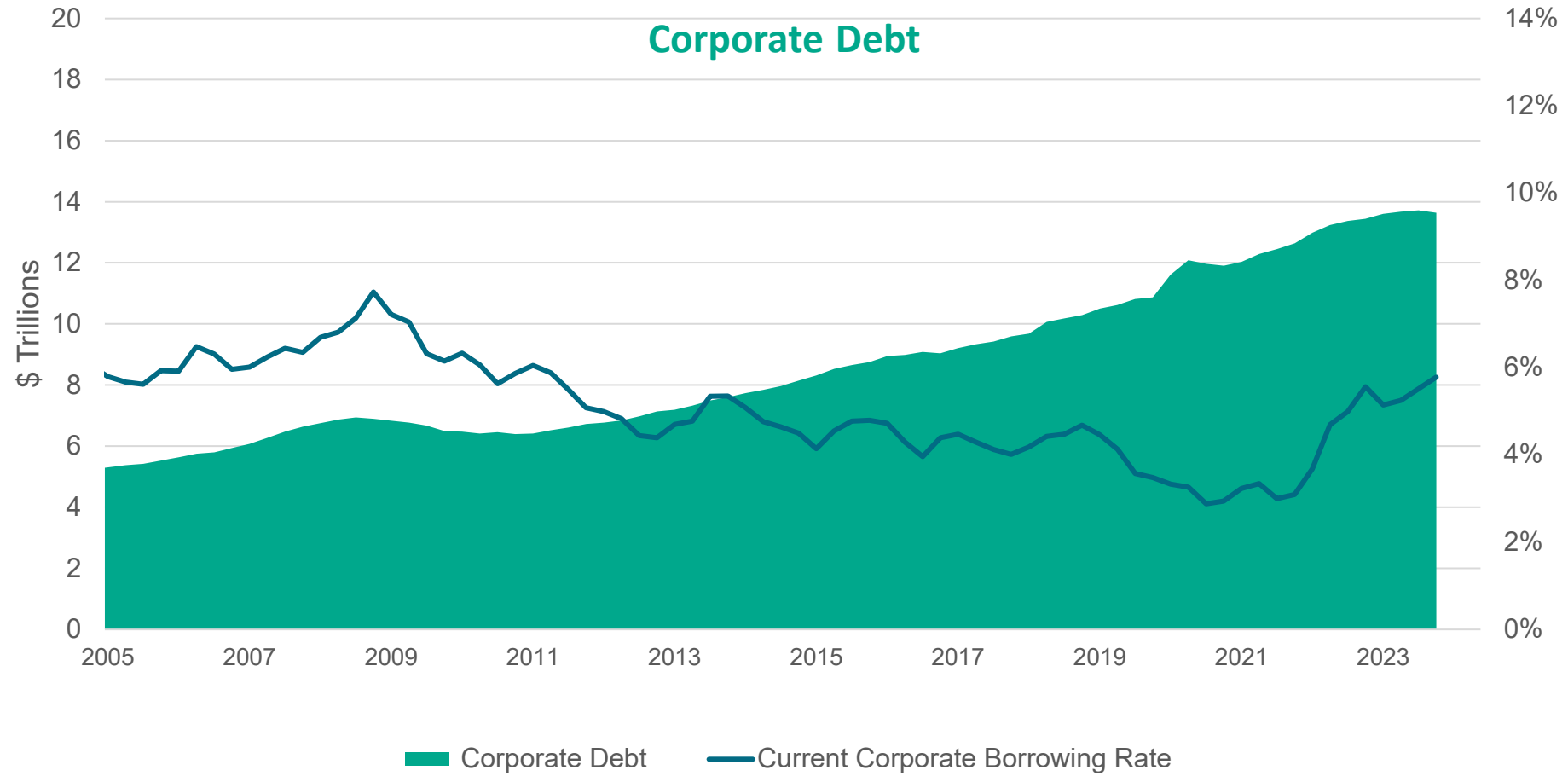
## Total Federal Debt vs Interest Payments



Source: Federal Reserve Bank of St. Louis

# Market Review

## Corporate Debt



Source: Federal Reserve Bank of St. Louis



# **NAA Portfolio Review**



# NAA Investment Review

## Topics

- Performance Review
  - Portfolios performing in line with benchmarks for the quarter and full year adjusting for fees
- Competitive Performance Review
  - Definitive comparisons made challenging by different equity allocations amongst competitors
  - National ABLE plan is doing well in comparison to other ABLE plans over the 3-5 time horizon
  - Over the shorter term (1 year) a higher relative allocation to Small Cap funds and Real Estate hurt performance, but shorter duration bonds helped relative performance

# NAA Annual Studies

- Fee and Benchmark Studies
  - Benchmarks providing adequate breadth and depth of market exposure
  - Underlying passive fund fees all 6<sup>th</sup> percentile or better
    - Active High Yield fund 32<sup>nd</sup> percentile
- Annual Asset Allocation Process
  - Process rooted in mean-variance optimization techniques
  - Annual review based on updated Capital Market Assumptions and proprietary Monte Carlo tools
- 2024 Asset Allocation Recommendations
  - Reduce significant overweight to small/midcap equities
  - Reduce significant overweight to real estate securities
  - Within Fixed Income
    - Lengthen duration and add high yield throughout all portfolios
    - Reduce exposure to short term bonds inflation-protected
- Savings Portfolio

# Portfolio Level Performance

Total Assets: \$471,752,362

As of 03/31/24

<u>Fund Name</u>	<u>Market Value</u>	<u>% of Plan</u>	<u>3 Months</u>	<u>YTD</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>	<u>Inception</u>	<u>Inception Date</u>
Aggressive Option	\$63,360,767	13.43%	5.73	5.73	18.88	4.09	8.79		8.91	12/15/16
ABLE Aggressive Custom Benchmark			5.78	5.78	19.34	4.35	9.10		9.31	
<b>Variance</b>			<b>(0.05)</b>	<b>(0.05)</b>	<b>(0.46)</b>	<b>(0.26)</b>	<b>(0.31)</b>		<b>(0.40)</b>	
Moderately Aggressive Option	\$49,719,769	10.54%	4.66	4.66	16.03	3.40	7.70		7.81	12/15/16
ABLE Moderately Aggressive Custom Benchmark			4.73	4.73	16.49	3.67	7.99		8.18	
<b>Variance</b>			<b>(0.07)</b>	<b>(0.07)</b>	<b>(0.46)</b>	<b>(0.27)</b>	<b>(0.29)</b>		<b>(0.37)</b>	
Growth Option	\$60,947,789	12.92%	3.76	3.76	13.24	2.70	6.54		6.65	12/15/16
ABLE Growth Custom Benchmark			3.89	3.89	13.73	2.97	6.83		7.02	
<b>Variance</b>			<b>(0.13)</b>	<b>(0.13)</b>	<b>(0.49)</b>	<b>(0.27)</b>	<b>(0.29)</b>		<b>(0.37)</b>	
Moderate Option	\$44,248,962	9.38%	2.79	2.79	10.41	1.95	5.33		5.46	12/15/16
ABLE Moderate Custom Benchmark			2.90	2.90	10.94	2.21	5.60		5.80	
<b>Variance</b>			<b>(0.11)</b>	<b>(0.11)</b>	<b>(0.53)</b>	<b>(0.26)</b>	<b>(0.27)</b>		<b>(0.34)</b>	
Moderately Conservative Option	\$34,650,845	7.35%	2.19	2.19	8.40	1.94	4.22		4.25	12/15/16
ABLE Moderately Conservative Custom Benchmark			2.29	2.29	8.98	2.22	4.48		4.56	
<b>Variance</b>			<b>(0.10)</b>	<b>(0.10)</b>	<b>(0.58)</b>	<b>(0.28)</b>	<b>(0.26)</b>		<b>(0.31)</b>	
Conservative Option	\$87,463,948	18.54%	1.27	1.27	5.46	1.73	2.56		2.51	12/15/16
ABLE Conservative Custom Benchmark			1.48	1.48	6.31	2.15	2.84		2.80	
<b>Variance</b>			<b>(0.21)</b>	<b>(0.21)</b>	<b>(0.85)</b>	<b>(0.42)</b>	<b>(0.28)</b>		<b>(0.29)</b>	
Checking Account Option	\$131,360,282	27.85%								03/30/17

# Underlying Product Performance

Total Assets: \$471,752,362

As of 03/31/24

Underlying Fund Name	Underlying Fund	Total Ret		Total Ret	Total Ret	Total Ret	Total Ret
	Expense	Total Ret 3 Mo	YTD	Total Ret 1 Yr	Annlzd 3 Yr	Annlzd 5 Yr	Annlzd 10 Yr
Vanguard Institutional Index Fund - Institutional Plus	0.02%	10.55%	10.55%	29.86%	11.47%	15.03%	12.95%
S&P 500 TR USD		10.56%	10.56%	29.88%	11.49%	15.05%	12.96%
<b>Performance Variance</b>		<b>-0.01%</b>	<b>-0.01%</b>	<b>-0.02%</b>	<b>-0.02%</b>	<b>-0.02%</b>	<b>-0.01%</b>
Vanguard Extended Market Index Fund - Instl Plus Shares	0.04%	6.97%	6.97%	26.74%	0.98%	10.14%	9.01%
S&P Completion TR USD		6.96%	6.96%	26.34%	0.79%	9.97%	8.85%
<b>Performance Variance</b>		<b>0.01%</b>	<b>0.01%</b>	<b>0.40%</b>	<b>0.19%</b>	<b>0.17%</b>	<b>0.16%</b>
Vanguard Developed Markets Index Instl	0.05%	5.14%	5.14%	14.94%	3.96%	7.39%	5.04%
Vanguard Spliced Developed ex US Index		5.12%	5.12%	15.22%	3.92%	7.37%	5.07%
<b>Performance Variance</b>		<b>0.02%</b>	<b>0.02%</b>	<b>-0.28%</b>	<b>0.04%</b>	<b>0.02%</b>	<b>-0.03%</b>
Vanguard Emerging Mkts Stock Idx Instl	0.10%	1.90%	1.90%	7.43%	-3.73%	2.86%	3.24%
Vanguard Spliced Emerging Markets Index		2.04%	2.04%	8.46%	-3.21%	3.17%	3.39%
<b>Performance Variance</b>		<b>-0.14%</b>	<b>-0.14%</b>	<b>-1.03%</b>	<b>-0.52%</b>	<b>-0.31%</b>	<b>-0.15%</b>
Schwab U.S. REIT ETF	0.07%	-1.31%	-1.31%	7.87%	2.35%	1.00%	4.84%
Schwab Spliced REIT Index		-1.26%	-1.26%	7.97%	2.43%	1.05%	4.92%
<b>Performance Variance</b>		<b>-0.05%</b>	<b>-0.05%</b>	<b>-0.10%</b>	<b>-0.08%</b>	<b>-0.05%</b>	<b>-0.08%</b>

# Underlying Product Performance

Total Assets: \$471,752,362

As of 03/31/24

Underlying Fund Name	Underlying Fund	Total Ret		Total Ret	Total Ret	Total Ret	Total Ret
	Expense	Total Ret 3 Mo	YTD	Total Ret 1 Yr	Annlzd 3 Yr	Annlzd 5 Yr	Annlzd 10 Yr
Vanguard Total Bond Market Idx InstlPIs	0.03%	-0.79%	-0.79%	1.67%	-2.40%	0.39%	1.53%
Vanguard Spliced Bloomberg US Aggregate Index		-0.72%	-0.72%	1.77%	-2.39%	0.43%	1.57%
<b>Performance Variance</b>		<b>-0.07%</b>	<b>-0.07%</b>	<b>-0.10%</b>	<b>-0.01%</b>	<b>-0.04%</b>	<b>-0.04%</b>
Vanguard Short-Term Bond Index Fund - Institutional Plus Shares	0.04%	0.17%	0.17%	3.09%	-0.39%	1.20%	1.36%
Vanguard Spliced Bloomberg US 1-5 Yr Index		0.14%	0.14%	3.16%	-0.38%	1.24%	1.40%
<b>Performance Variance</b>		<b>0.03%</b>	<b>0.03%</b>	<b>-0.07%</b>	<b>-0.01%</b>	<b>-0.04%</b>	<b>-0.04%</b>
Vanguard Short-Term Inflation-Protected Securities Index Fund - Institutional Shares	0.04%	0.81%	0.81%	3.11%	2.22%	3.16%	2.01%
Bloomberg US TIPS 0-5 Year TR USD		0.85%	0.85%	3.20%	2.25%	3.20%	2.05%
<b>Performance Variance</b>		<b>-0.04%</b>	<b>-0.04%</b>	<b>-0.09%</b>	<b>-0.03%</b>	<b>-0.04%</b>	<b>-0.04%</b>
American Funds High Income F3	0.32%	2.39%	2.39%	11.86%	3.62%	5.09%	4.36%
Bloomberg US HY 2% Issuer Cap TR USD		1.47%	1.47%	11.15%	2.19%	4.19%	4.44%
<b>Performance Variance</b>		<b>0.92%</b>	<b>0.92%</b>	<b>0.71%</b>	<b>1.43%</b>	<b>0.90%</b>	<b>-0.08%</b>
iShares® Core International Aggregate Bond ETF	0.07%	0.40%	0.40%	5.81%	-0.80%	0.91%	
Bloomberg Gbl Agg xUSD 10% IC TR Hdg USD		0.56%	0.56%	6.17%	-0.69%	1.05%	
<b>Performance Variance</b>		<b>-0.16%</b>	<b>-0.16%</b>	<b>-0.36%</b>	<b>-0.11%</b>	<b>-0.14%</b>	

Sallie Mae High Yield Savings Account current APY is 4.65% gross of any Portfolio fees.

SCHH  
**Schwab U.S. REIT ETF**

**Investment objective**

The Fund's goal is to track as closely as possible, before fees and expenses, the total return of an index composed of U.S. real estate investment trusts classified as equities.

**Fund highlights**

- A straightforward, low-cost fund offering potential tax-efficiency
- The Fund can serve as part of the core or complement in a diversified portfolio
- Simple access to REITs, excluding non-REIT stocks that may be included in other real estate indices
- Index excludes mortgage REITs and hybrid REITs

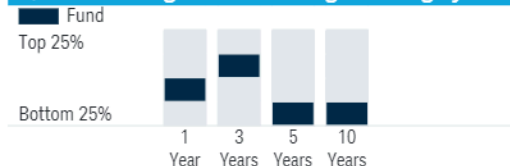
Fund details	
Total net assets	\$6,514,314,108
Inception date	01/13/11
Total Expense Ratio <sup>1</sup>	0.07%
Ticker symbol	SCHH
Number of securities	119
Distribution frequency	Quarterly
CUSIP	808524847
Index Bloomberg ticker	DJERCUT
Index name	Dow Jones Equity All REIT Capped Index
Portfolio turnover rate (1-year trailing)	6.30%
Exchange	NYSE Arca

**Morningstar Rating™ and Style Box<sup>2</sup>**

Fund Category: Real Estate		Investment Style	
Rating		VALUE	BLEND
Overall	★★		
Three-Year	★★★★		
Five-Year	★★★★		
Ten-Year	★★		

Source: Morningstar, Inc. As of 03/31/24, the Morningstar Rating for the total number of Real Estate funds for the three-, five- and ten-year periods were 125/236, 200/217, and 135/160 respectively. The ratings reflect historical risk-adjusted performance and the Overall Rating is derived from a weighted average of the Fund's three-, five- and ten-year Morningstar Rating metrics.

**Quartile rankings within Morningstar category<sup>3</sup>**



Rank within category is independently calculated and compares this Fund's total annual return to that of other funds in the same category and its figures are not adjusted for any fees and expenses, loads, sales charges, or taxes. As of 03/31/24, the quartile ranking of Real Estate funds for the one-, three-, five- and ten-year periods were 145/250, 125/236, 200/217, and 135/160, respectively.

Performance (%) as of 3/31/24	Cumulative		Annualized				
	3 Months	Year to Date	1 Year	3 Years	5 Years	10 Years	Since Inception
Fund (NAV Returns)	-1.31	-1.31	7.87	2.35	1.00	4.84	6.47
Fund (Market Price Returns)	-1.45	-1.45	7.71	2.31	0.97	4.84	6.46
Dow Jones Equity All REIT Capped Index <sup>3, 4</sup>	-1.26	-1.26	7.97	2.43	-	-	-
REIT Spliced Index <sup>5</sup>	-1.26	-1.26	7.97	2.43	1.05	4.92	6.56
Category Average <sup>3</sup>	-0.97	-0.97	8.45	1.69	3.45	5.85	-



Performance data quoted represents past performance and is no guarantee of future results. Returns are based on total return, which assumes reinvestment of dividends and distributions. Investment returns and principal value will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than their original cost. Shares of ETFs are not individually redeemable directly with the ETF. Shares of ETFs are bought and sold at market price, which may be higher or lower than the net asset value (NAV). Brokerage commissions will reduce returns. Current performance may be lower or higher than performance data quoted. To obtain performance information current to the most recent month end, please visit [www.schwabassetmanagement.com](http://www.schwabassetmanagement.com).

**Market Price** is the price at which investors buy and sell ETF shares in the stock market. ETF Market Price determines investor returns. An ETF's Market Price may be higher or lower than the NAV at any given point in time. Market returns are based upon the Official Closing Price of the primary listing exchange (generally, 4:00 p.m. Eastern time) and may not represent the returns you would receive if shares were traded at other times.

**NAV (Net Asset Value)** is a per share valuation of the securities in an ETF officially calculated once per day. NAV price performance is primarily used to evaluate the fund and its managers and may not reflect the actual return for the investor.

Index performance returns do not reflect any management fees, transaction costs or expenses, which would lower performance. They assume dividends and distributions were reinvested. Indices are unmanaged and cannot be invested in directly.

The first index listed for the fund is the fund's primary benchmark, as shown in the prospectus. Additional indices shown are provided for comparative purposes.

Yields as of 3/31/24	
30-day SEC yield	3.92%

**30-day SEC yield** was created by the SEC to help investors more easily evaluate the yields of comparable funds. It approximates the current income generated by the securities in a fund's portfolio over a 30-day period after the deduction of expenses, and is shown as an annualized percentage of the fund's offering price. It is calculated by dividing the net investment income per share earned by the fund over the most recent 30 day period by the maximum offering price per share on the last date of the period.

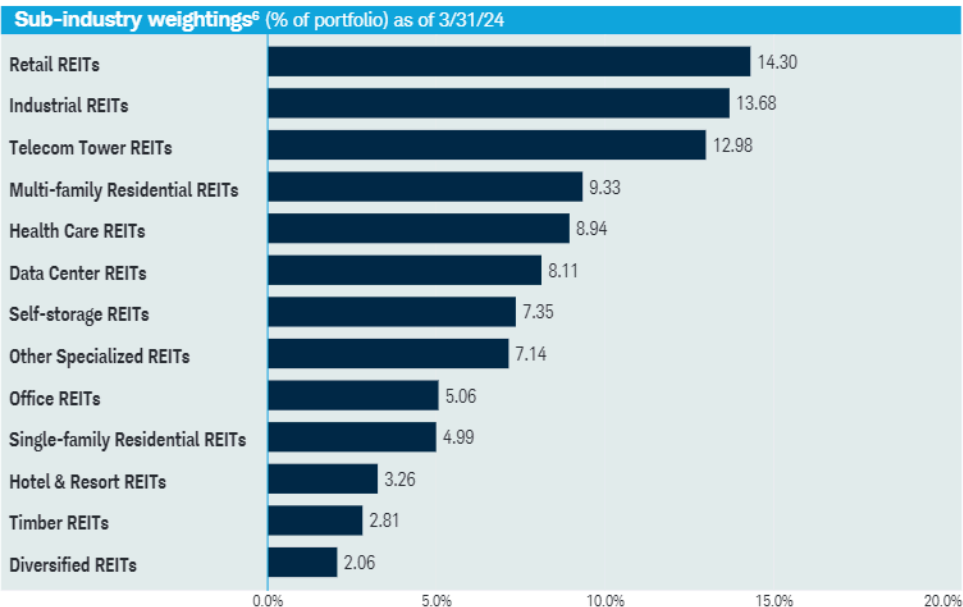
Investors should consider carefully information contained in a fund's prospectus, or if available, the summary prospectus including investment objectives, risks, charges and expenses. You can view and download a prospectus by visiting [www.schwabassetmanagement.com/prospectus](http://www.schwabassetmanagement.com/prospectus). Please read the prospectus carefully before investing.

Top 10 holdings <sup>6, 7</sup> (% of portfolio) as of 3/31/24	
Prologis, Inc.	9.42
American Tower Corporation	7.33
Equinix, Inc.	4.55
Welltower Inc.	4.21
Simon Property Group, Inc.	4.16
Public Storage	3.74
Crown Castle Inc.	3.74
Realty Income Corporation	3.67
Digital Realty Trust, Inc.	3.56
Extra Space Storage Inc.	2.53
<b>TOTAL</b>	<b>46.91</b>

Statistical information (3 Yr.) as of 3/31/24	
Sharpe ratio	-0.02
Standard deviation	21.39%

Data provided by Zephyr StyleADVISOR as of 03/31/24.

Portfolio characteristics <sup>6</sup> as of 3/31/24	
Wtd. avg. market capitalization (in millions)	\$40,982
Price-to-earnings ratio	33.75
Price-to-book ratio	2.32
Price-to-cash-flow ratio	14.83
Return on equity	13.70%
5-year earnings growth	7.69%



Sub-industry weightings for the Fund's portfolio are determined using the Global Industry Classification Standard (GICS). GICS was developed by and is the exclusive property of MSCI and Standard & Poor's (S&P). GICS is a service mark of MSCI and S&P and has been licensed for use by Charles Schwab & Co., Inc.

## Find out more today

For more information, please visit [www.schwabassetmanagement.com](http://www.schwabassetmanagement.com).

For additional information about the indices and terms shown, please visit [www.schwabassetmanagement.com/resources/glossary](http://www.schwabassetmanagement.com/resources/glossary).

Risks of investing in REITs are similar to those associated with direct ownership of real estate, such as changes in real estate values and property taxes, interest rates, cash flow of underlying real estate assets, supply and demand, and the management skill and credit worthiness of the issuer. Investing in REITs may pose additional risks such as real estate industry risk, interest rate risk and liquidity risk. Sector funds are not typically diversified and focus their investments on companies involved in a specific sector. The fund may involve a greater degree of risk than an investment in other funds with greater diversification.

<sup>1</sup> As stated in the prospectus. This figure may differ from that presented in the Fund's shareholder report.

<sup>2</sup> Morningstar proprietary ratings reflect historical risk-adjusted performance. For each fund with at least a 3-year history, Morningstar calculates a Morningstar Rating™ based on a Morningstar risk-adjusted return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. (Each share class is counted as a fraction of 1 fund within this scale and rated separately, which may cause slight variations in the distribution percentages). The top 10% of the funds in an investment category receive 5 stars, 22.5% receive 4 stars, 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star.

<sup>3</sup> Source: Morningstar, Inc. as of 03/31/24.

<sup>4</sup> The Dow Jones Equity All REIT Capped Index commenced operations on June 22, 2020.

<sup>5</sup> **REIT Spliced Index** An internally calculated index, comprised of the Dow Jones U.S. Select REIT Index from the inception of the Schwab U.S. REIT ETF until the close of business on June 19, 2020, and the Dow Jones Equity All REIT Capped Index thereafter. The REIT Spliced Index is published with the permission of S&P Dow Jones Indices LLC, but is not calculated, sponsored or endorsed by S&P Dow Jones Indices LLC.

<sup>6</sup> Data provided by FactSet as of 03/31/24.

<sup>7</sup> Portfolio holdings are as of the date shown and may not represent current or future holdings and are not a recommendation of individual securities by the investment adviser.

Diversification strategies do not ensure a profit and do not protect against losses in declining markets.

Securities information includes trades posted to the ETF as of trade date.

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# Vanguard Short-Term Bond Index Fund

Bond fund | Institutional Plus Shares

## Fund facts

<b>Risk level</b> Low ← → High	<b>Total net assets</b>	<b>Expense ratio as of 04/28/23</b>	<b>Ticker symbol</b>	<b>Turnover rate</b>	<b>Inception date</b>	<b>Fund number</b>
1 2 3 4 5	\$7,335 MM	0.04%	VBIPX	63.8%	09/29/11	0733

## Investment objective

Vanguard Short-Term Bond Index Fund seeks to track the performance of a market-weighted bond index with a short-term dollar-weighted average maturity.

## Investment strategy

The fund employs an indexing investment approach designed to track the performance of the Bloomberg 1-5 Year U.S. Government/Credit Float Adjusted Bond 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 of between 1 and 5 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. Under normal circumstances, the fund's dollar-weighted average maturity is not expected to exceed 3 years.

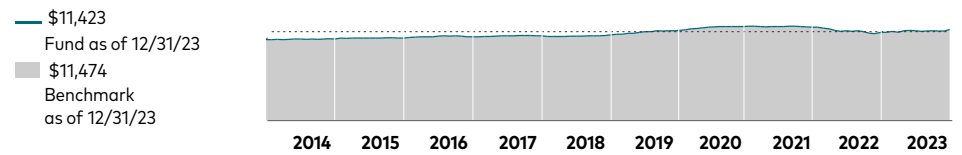
For the most up-to-date fund data, please scan the QR code below.



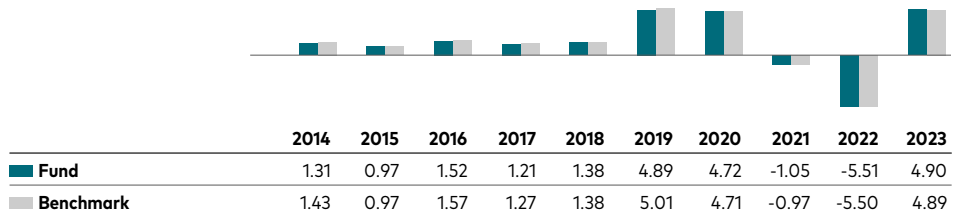
## Benchmark

Spl Bloomberg US1-5YrGov/Cr FIAdjx

## Growth of a \$10,000 investment: January 31, 2014–December 31, 2023



## Annual returns



## Total returns

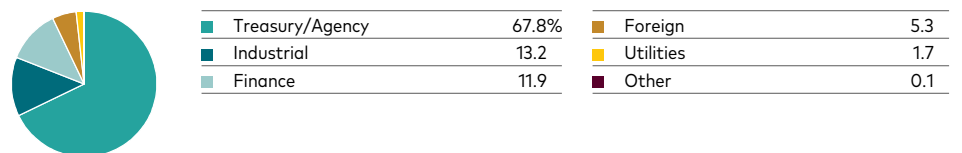
	Quarter	Year to date	One year	Three years	Five years	Ten years
<b>Fund</b>	0.17%	0.17%	3.09%	-0.39%	1.20%	1.36%
<b>Benchmark</b>	0.14%	0.14%	3.16%	-0.38%	1.24%	1.40%

Periods ended March 31, 2024

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at [vanguard.com/performance](https://vanguard.com/performance). The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions. All returns are net of expenses.

## Distribution by issuer—bonds

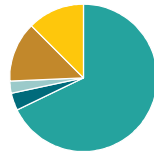




# Vanguard Short-Term Bond Index Fund

Bond fund | Institutional Plus Shares

Distribution by credit quality\*



U.S. Government	67.8%	A	13.2
Aaa	3.8	Baa	12.5
Aa	2.7		

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## Plain talk about risk

The fund is designed for investors with a low tolerance for risk; however, the fund's performance could be hurt by:

**Interest rate risk:** The chance that bond prices will decline because of rising interest rates. Interest rate risk should be low for the fund because it invests primarily in short-term bonds, whose prices are much less sensitive to interest rate changes than are the prices of long-term bonds.

**Income risk:** The chance that the fund's income will decline because of falling interest rates.

**Credit risk:** The chance that a bond issuer will fail to pay interest or principal in a timely manner or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline. Credit risk should be low for the fund because it purchases only bonds that are of investment-grade quality.

**Index sampling risk:** The chance that the securities selected for the fund, in the aggregate, will not provide investment performance matching that of the index. Index sampling risk for the fund should be low.

\*Credit-quality ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest). "NR" is used to classify securities for which a rating is not available. NR securities may include a fund's investment in Vanguard Market Liquidity Fund or Vanguard Municipal Cash Management Fund, each of which invests in high-quality money market instruments and may serve as a cash management vehicle for the Vanguard funds, trusts, and accounts. U.S. Treasury, U.S. Agency, and U.S. Agency mortgage-backed securities appear under "U.S. Government." Credit-quality ratings for each issue are obtained from Bloomberg using ratings derived from Moody's Investors Service (Moody's), Fitch Ratings (Fitch), and Standard & Poor's (S&P). When ratings from all three agencies are available, the median rating is used. When ratings are available from two of the agencies, the lower rating is used. When one rating is available, that rating is used.

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# Vanguard Total Bond Market Index Fund

Bond fund | Institutional Plus Shares

## Fund facts

<b>Risk level</b> Low ← → High	<b>Total net assets</b>	<b>Expense ratio as of 04/28/23</b>	<b>Ticker symbol</b>	<b>Turnover rate</b>	<b>Inception date</b>	<b>Fund number</b>
1 2 3 4 5	\$30,486 MM	0.03%	VBMPX	36.5%	02/05/10	0850

## Investment objective

Vanguard Total Bond Market Index Fund seeks to track the performance of a broad, market-weighted bond index.

## Investment strategy

The fund employs an indexing investment approach designed to track the performance of the Bloomberg U.S. Aggregate Float Adjusted Bond Index. This index measures a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States—including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities, all with maturities of more than 1 year. The fund invests by sampling the index, meaning that it holds a range of securities that, in the aggregate, approximate 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 5 and 10 years.

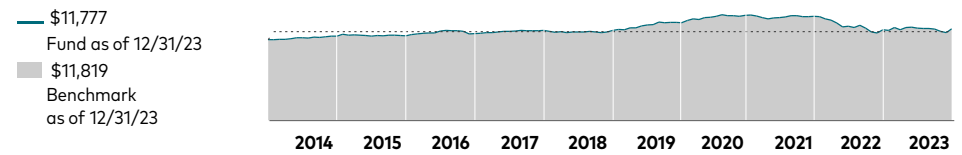
For the most up-to-date fund data, please scan the QR code below.



## Benchmark

Spliced Bloomberg USAgg Flt Adjix

## Growth of a \$10,000 investment: January 31, 2014—December 31, 2023



## Annual returns

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Fund</b>	5.92	0.42	2.62	3.58	-0.01	8.74	7.74	-1.65	-13.14	5.72
<b>Benchmark</b>	5.85	0.44	2.75	3.63	-0.08	8.87	7.75	-1.58	-13.07	5.60

## Total returns

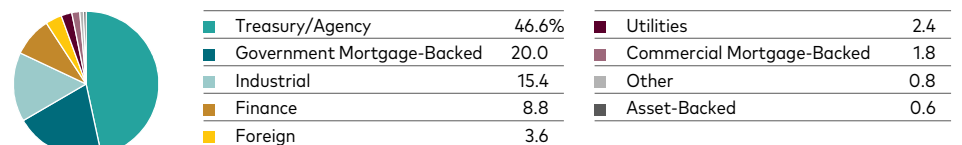
Periods ended March 31, 2024

	Quarter	Year to date	One year	Three years	Five years	Ten years
<b>Fund</b>	-0.79%	-0.79%	1.67%	-2.40%	0.39%	1.53%
<b>Benchmark</b>	-0.72%	-0.72%	1.77%	-2.39%	0.43%	1.57%

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Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions. All returns are net of expenses.

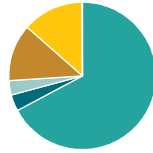
## Distribution by issuer—bonds



# Vanguard Total Bond Market Index Fund

Bond fund | Institutional Plus Shares

Distribution by credit quality\*



U.S. Government	67.2%	A	12.6%
Aaa	3.6%	Baa	13.4%
Aa	3.1%	Not Rated	0.1%

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## Plain talk about risk

An investment in the fund could lose money over short or long periods of time. You should expect the fund's share price and total return to fluctuate within a wide range. The fund is subject to the following risks, which could affect the fund's performance, and the level of risk may vary based on market conditions:

**Interest rate risk**, which is the chance that bond prices overall will decline because of rising interest rates. Interest rate risk should be moderate for the fund because it invests primarily in short- and intermediate-term bonds, whose prices are less sensitive to interest rate changes than are the prices of long-term bonds.

**Income risk**, which is the chance that the fund's income will decline because of falling interest rates. Income risk is generally high for short-term bond funds and moderate for intermediate-term bond funds, so investors should expect the fund's monthly income to fluctuate accordingly.

**Prepayment risk**, which is the chance that during periods of falling interest rates, homeowners will refinance their mortgages before their maturity dates, resulting in prepayment of mortgage-backed securities held by the fund. The fund would then lose any price appreciation above the mortgage's principal and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the fund's income. Such prepayments and subsequent reinvestments would also increase the fund's portfolio turnover rate. Prepayment risk should be moderate for the fund.

**Extension risk**, which is the chance that during periods of rising interest rates, certain debt securities will be paid off substantially more slowly than originally anticipated, and the value of those securities may fall. This will lengthen the duration or average life of those securities and delay a fund's ability to reinvest proceeds at higher interest rates, making a fund more sensitive to changes in interest rates. For funds that invest in mortgage-backed securities, there is a chance that during periods of rising interest rates, homeowners will repay their mortgages at slower rates. Extension risk should be moderate for the fund.

**Call risk**, which is the chance that during periods of falling interest rates, issuers of callable bonds may call (redeem) securities with higher coupon rates or interest rates before their maturity dates. The fund would then lose any price appreciation above the bond's call price and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the fund's income. Such redemptions and subsequent reinvestments would also increase the fund's portfolio turnover rate. Call risk should be low for the fund because it invests only a small portion of its assets in callable bonds.

**Credit risk**, which is the chance that a bond issuer will fail to pay interest or principal in a timely manner or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline. Credit risk should be low for the fund because it purchases only bonds that are of investment-grade quality.

**Index sampling risk**, which is the chance that the securities selected for the fund, in the aggregate, will not provide investment performance matching that of the fund's target index. Index sampling risk for the fund is expected to be low.

**Liquidity risk**, which is the chance that the fund may not be able to sell a security in a timely manner at a desired price.

## Note on frequent trading restrictions

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# Vanguard Emerging Markets Stock Index Fund

International stock fund | Institutional Shares

## Fund facts

<b>Risk level</b> Low ← → High					<b>Total net assets</b>	<b>Expense ratio as of 02/27/24</b>	<b>Ticker symbol</b>	<b>Turnover rate</b>	<b>Inception date</b>	<b>Fund number</b>
1	2	3	4	5	\$7,295 MM	0.10%	VEMIX	4.5%	06/22/00	0239

## Investment objective

Vanguard Emerging Markets Stock Index Fund seeks to track the performance of a benchmark index that measures the investment return of stocks issued by companies located in emerging market countries.

## Investment strategy

The fund employs an indexing investment approach designed to track the performance of the FTSE Emerging Markets All Cap China A Inclusion Index, a market-capitalization-weighted index that is made up of approximately 3,500 common stocks of large-, mid-, and small-cap companies located in emerging markets around the world. The fund invests by sampling the index, meaning that it holds a broadly diversified collection of securities that, in the aggregate, approximates the 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.

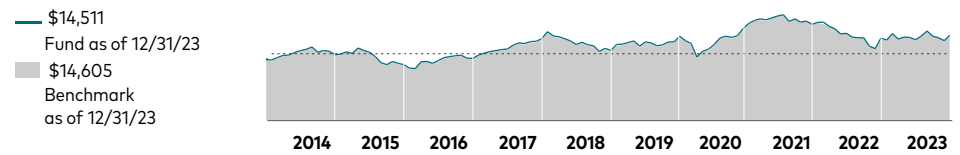
For the most up-to-date fund data, please scan the QR code below.



## Benchmark

Spliced Emerging Markets Index

### Growth of a \$10,000 investment: January 31, 2014–December 31, 2023



## Annual returns

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Fund</b>	0.67	-15.34	11.76	31.43	-14.54	20.37	15.26	0.92	-17.74	9.23
<b>Benchmark</b>	1.24	-15.40	11.77	31.06	-14.77	20.41	15.51	1.48	-17.58	9.55

## Total returns

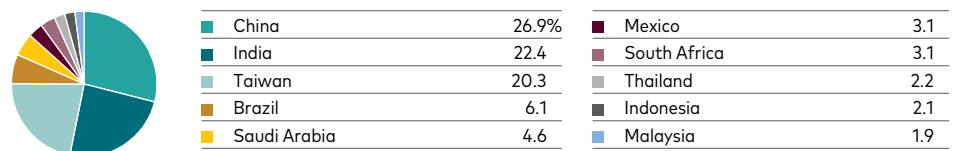
Periods ended March 31, 2024

	Quarter	Year to date	One year	Three years	Five years	Ten years
<b>Fund</b>	1.90%	1.90%	7.43%	-3.73%	2.86%	3.24%
<b>Benchmark</b>	2.04%	2.04%	8.46%	-3.21%	3.17%	3.37%

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Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions. All returns are net of expenses.

## Market allocation—stocks



Spliced Emerging Markets Index: Select Emerging Markets Index through August 23, 2006; MSCI Emerging Markets Index through January 9, 2013; FTSE Emerging Transition Index through June 27, 2013; FTSE Emerging Index through November 1, 2015; FTSE Emerging Markets All Cap China A Transition Index through September 18, 2016; and FTSE Emerging Markets All Cap China A Inclusion Index thereafter. Benchmark returns are adjusted for withholding taxes.

# Vanguard Emerging Markets Stock Index Fund

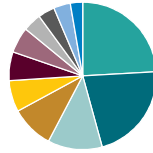
International stock fund | Institutional Shares

## Ten largest holdings\*

1	Taiwan Semiconductor Manufacturing Co. Ltd.	
2	Tencent Holdings Ltd.	
3	Alibaba Group Holding Ltd.	
4	Reliance Industries Ltd.	
5	HDFC Bank Ltd.	
6	PDD Holdings Inc.	
7	Petroleo Brasileiro SA	
8	Meituan	
9	Infosys Ltd.	
10	Hon Hai Precision Industry Co. Ltd.	
Top 10 as % of total net assets		19.8%

\* The holdings listed exclude any temporary cash investments and equity index products.

## Sector Diversification



Technology	24.1%	Consumer Staples	5.6
Financials	21.6	Health Care	4.0
Consumer Discretionary	12.0	Telecommunications	3.7
Industrials	9.4	Utilities	3.7
Basic Materials	6.8	Real Estate	2.7
Energy	6.4	Other	0.0

Sector categories are based on the Industry Classification Benchmark system ("ICB"), except for the "Other" category (if applicable), which includes securities that have not been provided an ICB classification as of the effective reporting period.

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## Plain talk about risk

An investment in the fund could lose money over short or even long periods. You should expect the fund's share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market. The fund's performance could be hurt by:

**Stock market risk:** The chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising stock prices and periods of falling stock prices. The fund's investments in foreign stocks can be riskier than U.S. stock investments. Foreign stocks tend to be more volatile and less liquid than U.S. stocks. The prices of foreign stocks and the prices of U.S. stocks may move in opposite directions. In addition, the fund's target index may, at times, become focused in stocks of a particular market sector, which would subject the fund to proportionately higher exposure to the risks of that sector.

**Country/Regional risk:** The chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value of securities issued by companies in foreign countries or regions. Country/regional risk is especially high in emerging markets. The index's, and therefore the fund's, heavy exposure to China, Brazil, and Taiwan subjects the fund to a higher degree of country risk than that of more geographically diversified international funds.

**Emerging markets risk:** The chance the stocks of companies located in emerging markets will be substantially more volatile, and substantially less liquid, than the stocks of companies located in more developed foreign markets.

**Currency risk:** The chance that the value of a foreign investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates.

**Index sampling risk:** The chance that the securities selected for the fund, in the aggregate, will not provide investment performance matching that of the index.

**China A-shares risk:** The chance that the fund may not be able to access a sufficient amount of China A-shares to track its target index. China A-shares are only available to foreign investors through a quota license or the China Stock Connect program.

## Note on frequent trading restrictions

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# Vanguard Extended Market Index Fund

Domestic stock fund | Institutional Plus Shares

## Fund facts

<b>Risk level</b> Low ← → High					<b>Total net assets</b>	<b>Expense ratio as of 04/28/23</b>	<b>Ticker symbol</b>	<b>Turnover rate</b>	<b>Inception date</b>	<b>Fund number</b>
1	2	3	4	5	\$13,061 MM	0.04%	VEMPX	11.0%	01/14/11	1860

## Investment objective

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.

## Investment strategy

The fund employs an 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 Standard & Poor's Completion Index contains all of 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 stocks of its target index, with nearly 80% of its assets invested 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.

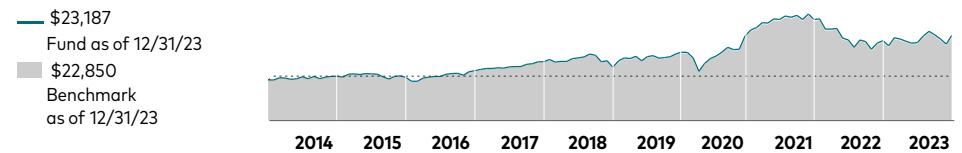
For the most up-to-date fund data, please scan the QR code below.



## Benchmark

S&P Completion Index

## Growth of a \$10,000 investment: January 31, 2014—December 31, 2023



## Annual returns

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Fund</b>	7.60	-3.23	16.18	18.13	-9.35	28.07	32.24	12.48	-26.45	25.41
<b>Benchmark</b>	7.50	-3.35	15.95	18.11	-9.57	27.95	32.17	12.35	-26.54	24.97

## Total returns

Periods ended March 31, 2024

	Quarter	Year to date	One year	Three years	Five years	Ten years
<b>Fund</b>	6.98%	6.98%	26.74%	0.98%	10.14%	9.01%
<b>Benchmark</b>	6.96%	6.96%	26.34%	0.79%	9.97%	8.85%

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# Vanguard Extended Market Index Fund

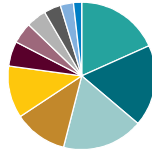
Domestic stock fund | Institutional Plus Shares

## Ten largest holdings\*

1	Crowdstrike Holdings Inc.	
2	KKR & Co. Inc.	
3	Marvell Technology Inc.	
4	Workday Inc.	
5	Snowflake Inc.	
6	Apollo Global Management Inc.	
7	Block Inc.	
8	Coinbase Global Inc.	
9	Ferguson plc	
10	Palantir Technologies Inc.	
Top 10 as % of total net assets		7.8%

\* The holdings listed exclude any temporary cash investments and equity index products.

## Sector Diversification



Information Tech	18.3%	Energy	4.6
Industrials	17.9	Materials	4.4
Financials	17.8	Communication Services	3.7
Health Care	11.7	Consumer Staples	2.9
Consumer Discretionary	11.5	Utilities	1.8
Real Estate	5.4	Other	0.0

Sector categories are based on the Global Industry Classification Standard ("GICS"), except for the "Other" category (if applicable), which includes securities that have not been provided a GICS classification as of the effective reporting period.

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### Plain talk about risk

An investment in the fund could lose money over short or long periods of time. You should expect the fund's share price and total return to fluctuate within a wide range. The fund is subject to the following risks, which could affect the fund's performance:

**Stock market risk**, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. The fund's target index tracks a subset of the U.S. stock market, which could cause the fund to perform differently from the overall stock market. In addition, the fund's target index may, at times, become focused in stocks of a particular market sector, which would subject the fund to proportionately higher exposure to the risks of that sector.

**Investment style risk**, which is the chance that returns from small- and mid-capitalization stocks will trail returns from the overall stock market. Historically, small- and mid-cap stocks have been more volatile in price than the large-cap stocks that dominate the overall market, and they often perform quite differently. The stock prices of small and mid-size companies tend to experience greater volatility because, among other things, these companies tend to be more sensitive to changing economic conditions.

**Index sampling risk**, which is the chance that the securities selected for the fund, in the aggregate, will not provide investment performance matching that of the fund's target index. Index sampling risk for the fund is expected to be low.

### Note on frequent trading restrictions

Frequent trading policies may apply to those funds offered as investment options within your plan. Please log on to [vanguard.com](https://vanguard.com) for your employer plans or contact Participant Services at 800-523-1188 for additional information.

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Visit [vanguard.com](https://vanguard.com) to obtain a prospectus or, if available, a summary prospectus. Investment objectives, risks, charges, expenses, and other important information about a fund are contained in the prospectus; read and consider it carefully before investing.

**Financial advisor clients: For more information about Vanguard funds, contact your financial advisor to obtain a prospectus.**

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# Vanguard Institutional Index Fund

Domestic stock fund | Institutional Plus Shares

## Fund facts

<b>Risk level</b> Low ←————→ High 1 2 3 4 5					<b>Total net assets</b> \$168,843 MM	<b>Expense ratio as of 04/28/23</b> 0.02%	<b>Ticker symbol</b> VIXX	<b>Turnover rate</b> 2.9%	<b>Inception date</b> 07/07/97	<b>Fund number</b> 0854
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## Investment objective

Vanguard Institutional Index Fund seeks to track the performance of a benchmark index that measures the investment return of large-capitalization stocks.

## Investment strategy

The fund employs an indexing investment approach designed to track the performance of the Standard & Poor's 500 Index, which 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.

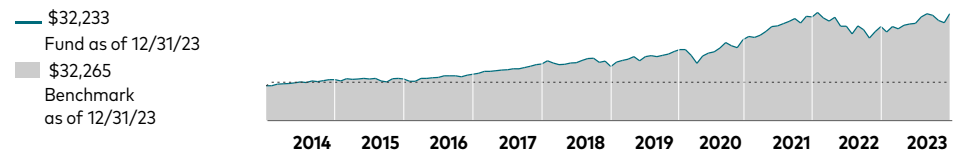
For the most up-to-date fund data, please scan the QR code below.



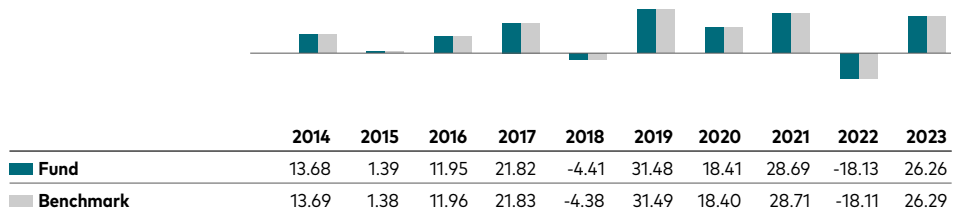
## Benchmark

S&P 500 Index

## Growth of a \$10,000 investment: January 31, 2014—December 31, 2023



## Annual returns



## Total returns

	Periods ended March 31, 2024					
	Quarter	Year to date	One year	Three years	Five years	Ten years
<b>Fund</b>	10.55%	10.55%	29.86%	11.47%	15.03%	12.95%
<b>Benchmark</b>	10.56%	10.56%	29.88%	11.49%	15.05%	12.96%

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# Vanguard Institutional Index Fund

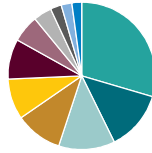
Domestic stock fund | Institutional Plus Shares

## Ten largest holdings\*

1	Microsoft Corp.	
2	Apple Inc.	
3	NVIDIA Corp.	
4	Amazon.com Inc.	
5	Alphabet Inc.	
6	Meta Platforms Inc.	
7	Berkshire Hathaway Inc.	
8	Eli Lilly & Co.	
9	Broadcom Inc.	
10	JPMorgan Chase & Co.	
Top 10 as % of total net assets		33.3%

\* The holdings listed exclude any temporary cash investments and equity index products.

## Sector Diversification



Information Tech	29.6%	Consumer Staples	6.0
Financials	13.1	Energy	4.0
Health Care	12.4	Materials	2.4
Consumer Discretionary	10.3	Real Estate	2.3
Communication Services	8.9	Utilities	2.2
Industrials	8.8	Other	0.0

Sector categories are based on the Global Industry Classification Standard ("GICS"), except for the "Other" category (if applicable), which includes securities that have not been provided a GICS classification as of the effective reporting period.

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### Plain talk about risk

An investment in the fund could lose money over short or even long periods. You should expect the fund's share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market. The fund's performance could be hurt by:

**Stock market risk:** The chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising stock prices and periods of falling stock prices. The fund's target index may, at times, become focused in stocks of a particular sector, category, or group of companies. Because the fund seeks to track its target index, the fund may underperform the overall stock market.

**Investment style risk:** The chance that returns from large-capitalization stocks will trail returns from the overall stock market. Large-cap stocks tend to go through cycles of doing better—or worse—than other segments of the stock market or the stock market in general. These periods have, in the past, lasted for as long as several years.

### Note on frequent trading restrictions

Frequent trading policies may apply to those funds offered as investment options within your plan. Please log on to [vanguard.com](https://www.vanguard.com) for your employer plans or contact Participant Services at 800-523-1188 for additional information.

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# Vanguard Developed Markets Index Fund

International stock fund | Institutional Shares

## Fund facts

<b>Risk level</b> Low ← → High					<b>Total net assets</b>	<b>Expense ratio as of 04/28/23</b>	<b>Ticker symbol</b>	<b>Turnover rate</b>	<b>Inception date</b>	<b>Fund number</b>
1	2	3	4	5	\$14,668 MM	0.05%	VTMNX	2.7%	01/04/01	0137

## Investment objective

Vanguard Developed Markets Index Fund seeks to track the performance of a benchmark index that measures the investment return of stocks issued by companies located in Canada and the major markets of Europe and the Pacific region.

## Investment strategy

The fund employs an indexing investment approach designed to track the performance of the FTSE Developed All Cap ex US Index, a market-capitalization-weighted index that is made up of approximately 3,700 common stocks of large-, mid-, and small-cap companies located in Canada and the major markets of Europe and the Pacific region. 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.

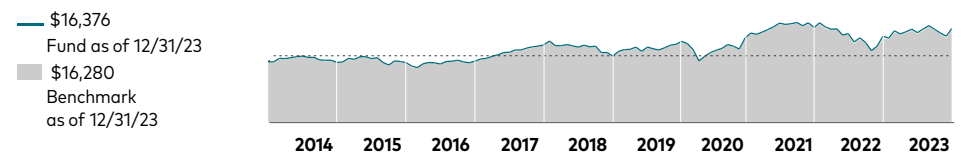
For the most up-to-date fund data, please scan the QR code below.



## Benchmark

Spliced Developed ex US Index

## Growth of a \$10,000 investment: January 31, 2014—December 31, 2023



## Annual returns

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Fund</b>	-5.72	-0.17	2.46	26.46	-14.49	22.14	10.27	11.44	-15.34	17.84
<b>Benchmark</b>	-4.85	-0.28	2.29	26.31	-14.79	22.34	10.00	11.58	-15.58	17.97

## Total returns

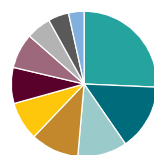
Periods ended March 31, 2024

	Quarter	Year to date	One year	Three years	Five years	Ten years
<b>Fund</b>	5.14%	5.14%	14.94%	3.96%	7.39%	5.04%
<b>Benchmark</b>	5.11%	5.11%	15.22%	3.92%	7.37%	5.03%

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Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions. All returns are net of expenses.

## Market allocation—stocks



Japan	22.0%	Germany	6.9
United Kingdom	12.5	Australia	6.6
Canada	9.5	Korea	4.7
France	9.1	Netherlands	3.9
Switzerland	7.3	Sweden	3.0

Spliced Developed ex US Index: MSCI EAFE Index through May 28, 2013; FTSE Developed ex North America Index through December 20, 2015; FTSE Developed All Cap ex US Transition Index through May 31, 2016; FTSE Developed All Cap ex US Index thereafter. Benchmark returns are adjusted for withholding taxes. Effective April 4, 2014, Vanguard Developed Markets Index Fund merged into Vanguard Tax-Managed International Fund, and the combined fund was renamed Vanguard Developed Markets Index Fund. Performance prior to April 4, 2014, is that of the former Vanguard Tax-Managed International Fund. The fund retains the same historical performance, portfolio manager, and risks as it did prior to its reorganization.

# Vanguard Developed Markets Index Fund

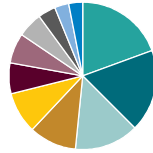
International stock fund | Institutional Shares

## Ten largest holdings\*

1	Novo Nordisk A/S	
2	ASML Holding NV	
3	Samsung Electronics Co. Ltd.	
4	Toyota Motor Corp.	
5	Nestle SA	
6	LVMH Moet Hennessy Louis Vuitton SE	
7	Shell plc	
8	SAP SE	
9	Novartis AG	
10	AstraZeneca plc	
Top 10 as % of total net assets		11.9%

\* The holdings listed exclude any temporary cash investments and equity index products.

## Sector Diversification



Financials	19.4%	Basic Materials	6.6
Industrials	18.1	Energy	5.4
Consumer Discretionary	14.1	Telecommunications	3.9
Health Care	10.4	Real Estate	3.1
Technology	9.1	Utilities	3.1
Consumer Staples	6.8	Other	0.0

Sector categories are based on the Industry Classification Benchmark system ("ICB"), except for the "Other" category (if applicable), which includes securities that have not been provided an ICB classification as of the effective reporting period.

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## Plain talk about risk

An investment in the fund could lose money over short or long periods of time. You should expect the fund's share price and total return to fluctuate within a wide range. The fund is subject to the following risks, which could affect the fund's performance:

**Stock market risk**, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. The fund's investments in foreign stocks can be riskier than U.S. stock investments. Foreign stocks may be more volatile and less liquid than U.S. stocks. The prices of foreign stocks and the prices of U.S. stocks may move in opposite directions. In addition, the fund's target index may, at times, become focused in stocks of a particular market sector, which would subject the fund to proportionately higher exposure to the risks of that sector.

**Country/regional risk**, which is the chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value of securities issued by companies in foreign countries or regions. Because the fund may invest a large portion of its assets in securities of companies located in any one country or region, the fund's performance may be hurt disproportionately by the poor performance of its investments in that area. Significant investments in Japan and the United Kingdom (U.K.) subject the Index and the fund to proportionately higher exposure to Japanese and U.K. country risk.

**Investment style risk**, which is the chance that returns from non-U.S. small and mid-capitalization stocks will trail returns from global stock markets. Historically, non-U.S. small- and mid-cap stocks have been more volatile in price than the large-cap stocks that dominate the global markets, and they often perform quite differently. The stock prices of small and mid-size companies tend to experience greater volatility because, among other things, these companies tend to be more sensitive to changing economic conditions.

**Currency risk**, which is the chance that the value of a foreign investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates.

## Note on frequent trading restrictions

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# Vanguard Short-Term Inflation-Protected Securities Index Fund

Bond fund | Institutional Shares

## Fund facts

<b>Risk level</b> Low ← → High	<b>Total net assets</b>	<b>Expense ratio as of 01/31/24</b>	<b>Ticker symbol</b>	<b>Turnover rate</b>	<b>Inception date</b>	<b>Fund number</b>
1 2 3 4 5	\$20,593 MM	0.04%	VTSPX	28.0%	10/17/12	1867

## Investment objective

Vanguard Short-Term Inflation-Protected Securities Index Fund seeks to track the performance of a benchmark index that measures the investment return of inflation-protected public obligations of the U.S. Treasury with remaining maturities of less than five years.

## Investment strategy

The fund employs an indexing investment approach designed to track the performance of the Bloomberg U.S. Treasury Inflation-Protected Securities (TIPS) 0-5 Year Index. The index is a market-capitalization-weighted index that includes all inflation-protected public obligations issued by the U.S. Treasury with remaining maturities of less than five years. The fund attempts to replicate the target index by investing all, or most, of its assets in the securities that make up the index, holding each security in approximately the same proportion as its weighting in the index.

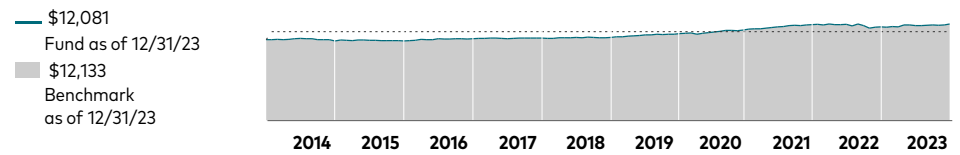
For the most up-to-date fund data, please scan the QR code below.



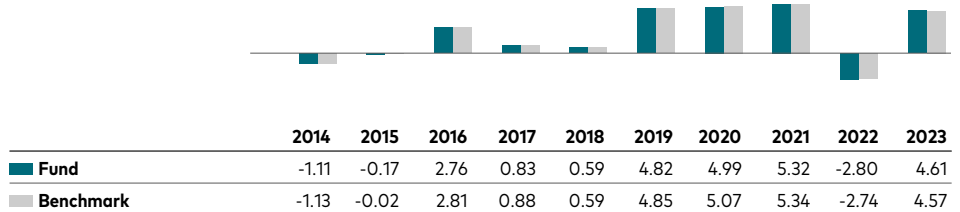
## Benchmark

Bloomberg US 0-5 Year TIPS Index

### Growth of a \$10,000 investment: January 31, 2014—December 31, 2023



## Annual returns



## Total returns

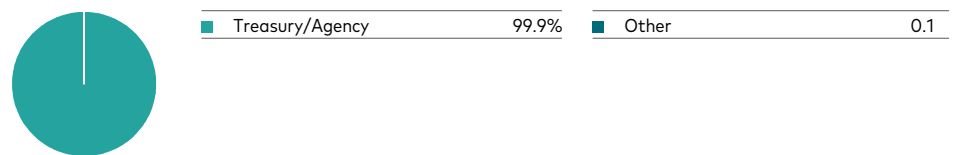
Periods ended March 31, 2024

	Quarter	Year to date	One year	Three years	Five years	Ten years
<b>Fund</b>	0.85%	0.85%	3.16%	2.23%	3.16%	2.01%
<b>Benchmark</b>	0.85%	0.85%	3.20%	2.25%	3.20%	2.05%

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Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions. All returns are net of expenses.

## Distribution by issuer—bonds



# Vanguard Short-Term Inflation-Protected Securities Index Fund

Bond fund | Institutional Shares

Distribution by credit quality\*



■ U.S. Government	99.9%	■ Not Rated	0.1%
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## Plain talk about risk

An investment in the fund could lose money over short or even long periods. You should expect the fund's share price and total return to fluctuate within a wide range, like the fluctuations of the overall bond market. The fund's performance could be hurt by:

**Income fluctuations:** The fund's quarterly income distributions are likely to fluctuate considerably more than the income distributions of a typical bond fund. Income fluctuations associated with changes in interest rates are expected to be low; however, income fluctuations associated with changes in inflation are expected to be high. Overall, investors can expect income fluctuations to be high for the fund.

**Interest rate risk:** The chance that the value of a bond will fluctuate due to a change in the level of interest rates. Although inflation-indexed bonds seek to provide inflation protection, their prices may decline when interest rates rise and vice versa. Because the fund's dollar-weighted average maturity is expected to be 5 years or less, interest rate risk is expected to be low for the fund.

\*Credit-quality ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest). "NR" is used to classify securities for which a rating is not available. NR securities may include a fund's investment in Vanguard Market Liquidity Fund or Vanguard Municipal Cash Management Fund, each of which invests in high-quality money market instruments and may serve as a cash management vehicle for the Vanguard funds, trusts, and accounts. U.S. Treasury, U.S. Agency, and U.S. Agency mortgage-backed securities appear under "U.S. Government." Credit-quality ratings for each issue are obtained from Bloomberg using ratings derived from Moody's Investors Service (Moody's), Fitch Ratings (Fitch), and Standard & Poor's (S&P). When ratings from all three agencies are available, the median rating is used. When ratings are available from two of the agencies, the lower rating is used. When one rating is available, that rating is used.

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