



# Vanguard Target Retirement Funds

Balanced fund (stocks and bonds)

## Investment Objective

Vanguard Target Retirement Funds consist of separate life-cycle funds that offer a simpler way for you to invest for retirement. Each fund is a multi-fund portfolio designed for your retirement time frame. You simply consider the fund that most closely corresponds to the year in which you plan to retire. The funds make all the investment decisions for you—both now and in the future—relying on Vanguard’s time-tested investment strategies and extensive research. Each of the no-load, low-cost mutual funds invests in a diversified combination of underlying Vanguard funds—primarily index funds—chosen from among seven options (See Underlying Funds). Through these underlying funds, you have a well-diversified portfolio that potentially offers exposure to small-, mid-, and large-cap domestic and international stocks, as well as bonds and money market instruments. The asset mix gradually and automatically becomes more conservative, reducing the proportion invested in stocks, as you approach and enter retirement.

These funds seek to provide capital appreciation and current income consistent with their current asset allocations.

**Note:** *The funds listed in this fact sheet may not be available in all plans. Frequent trading policies may apply to those funds offered as investment options within your plan. Please log on to Vanguard.com for your employers’ plans or contact Participant Services at 800-523-1188 for additional information.*

## Plain Talk About Risk

Investments in Target Retirement Funds are subject to the risks of their underlying funds. The year in the fund name refers to the approximate year (the target date) when an investor in the fund would retire and leave the work force. The fund will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date. An investment in the Target Retirement Fund is not guaranteed at any time, including on or after the target date. Diversification does not ensure a profit or protect against a loss in a declining market. An investment in these funds is subject to the price fluctuations inherent in the stock and bond markets, so you could lose money if you sell shares after prices have fallen.

Investments in bond funds are subject to interest rate, credit, and inflation risk. U.S. government backing of Treasury or agency securities applies only to the underlying securities and does not prevent share-price fluctuations. Foreign stock investments involve additional risks, including currency fluctuations and political uncertainty. Stocks of companies in emerging markets are generally more risky than stocks of companies in developed countries. The funds that invest a significant portion of their assets in bonds, which are usually less volatile than stocks, have an overall level of risk that’s moderate compared with the funds that have a larger share of stocks. Conversely, funds that invest a significant portion of their assets in stocks have an overall level of risk that should be higher than funds that have more bonds and smaller shares of stocks.

*See the prospectuses for more information on risk.*

Fund	Ticker Symbol	Acquired Fund Fees and Expenses <sup>1</sup>	Overall Risk Level
Target Retirement Income Fund	VTINX	0.19%	Conservative–Moderate
Target Retirement 2005 Fund	VTOVX	0.18	Moderate
Target Retirement 2015 Fund	VTXVX	0.18	Moderate
Target Retirement 2025 Fund	VTTVX	0.18	Moderate
Target Retirement 2035 Fund	VTTHX	0.18	Moderate–Aggressive
Target Retirement 2045 Fund	VTIVX	0.18	Moderate–Aggressive

## Underlying Funds

- Vanguard Total Stock Market Index Fund seeks to track the performance of the entire U.S. stock market.
- Vanguard Total Bond Market II Index Fund seeks to track the performance of a broad, market-weighted bond index.
- Vanguard Inflation-Protected Securities Fund invests in inflation-indexed securities issued by the U.S. government and corporations.
- Vanguard European Stock Index Fund seeks to track the performance of stocks from European markets.
- Vanguard Pacific Stock Index Fund seeks to track the performance of stocks from Pacific markets.
- Vanguard Emerging Markets Stock Index Fund seeks to track the performance of stocks from emerging markets.
- Vanguard Prime Money Market Fund invests in corporate and U.S. government agency securities having an average maturity of 90 days or less.

<sup>1</sup> This figure represents a weighted average of the expense ratios and any fees charged by the underlying mutual funds in which the Target Retirement Funds invest. The Target Retirement Funds do not charge any expenses or fees of their own. Acquired is a term that the Securities and Exchange Commission applies to any mutual fund whose shares are owned by another fund.

# Vanguard Target Retirement Funds

## Average Annual Total Returns<sup>1</sup>

Fund (Inception date)	Periods Ended June 30, 2009				
	Quarter	Year-to-Date	One Year	Three Years	Since Inception
Vanguard Target Retirement Income Fund (10/27/2003)	6.25%	4.21%	-5.64%	2.32%	3.39%
Target Income Composite Index <sup>2</sup>	6.50%	4.32%	-5.92%	2.16%	3.36%
Vanguard Target Retirement 2005 Fund (10/27/2003)	8.12%	4.44%	-8.90%	0.92%	3.13%
Target 2005 Composite Index <sup>2</sup>	8.30%	4.63%	-9.12%	0.81%	3.12%
Vanguard Target Retirement 2015 Fund (10/27/2003)	12.21%	4.92%	-14.77%	-1.96%	2.43%
Target 2015 Composite Index <sup>2</sup>	12.35%	4.93%	-15.27%	-2.14%	2.36%
Vanguard Target Retirement 2025 Fund (10/27/2003)	14.84%	5.18%	-19.76%	-4.17%	1.70%
Target 2025 Composite Index <sup>2</sup>	14.93%	5.44%	-20.12%	-4.31%	1.65%
Vanguard Target Retirement 2035 Fund (10/27/2003)	17.27%	5.73%	-23.54%	-5.99%	1.52%
Target 2035 Composite Index <sup>2</sup>	17.19%	5.83%	-23.98%	-6.15%	1.50%
Vanguard Target Retirement 2045 Fund (10/27/2003)	17.15%	5.64%	-23.52%	-6.00%	2.04%
Target 2045 Composite Index <sup>2</sup>	17.19%	5.83%	-23.98%	-6.15%	2.01%

<sup>1</sup> 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.

<sup>2</sup> Derived by applying the fund's target asset allocation to the results of the following benchmarks: for international stocks of developed markets, the MSCI EAFE Index; for emerging markets stocks, the Select Emerging Markets Index from inception through August 23, 2006, and the MSCI Emerging Markets Index thereafter; for bonds, the Barclays Capital U.S. Aggregate Bond Index and the Barclays Capital U.S. Treasury Inflation Protected Securities Index; for short-term reserves, the Citigroup 3-Month Treasury Bill Index; and for U.S. stocks, the Dow Jones Wilshire 5000 Index from inception through April 22, 2005, and the MSCI US Broad Market Index thereafter. MSCI EAFE Index returns are adjusted for withholding taxes applicable to Luxembourg holding companies.

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 higher or lower than the performance data cited. For performance data current to the most recent month-end, visit our website at [www.vanguard.com/performance](http://www.vanguard.com/performance).

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

*Notwithstanding the preceding statements, Vanguard Prime Money Market Fund, Vanguard Variable Insurance Money Market Portfolio and all of Vanguard's tax-exempt money market funds are participating in the U.S. Treasury's Temporary Guarantee Program for Money Market Funds. The Program generally does not guarantee any new investments in these funds made after September 19, 2008 and is scheduled to expire on September 18, 2009. For more information, please see each fund's most recent prospectus as supplemented on April 8, 2009.*

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

*For more information about Vanguard funds, visit [www.vanguard.com](http://www.vanguard.com), or call 800-523-1188, to obtain a 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.*