



Diversification among stock funds makes good sense

Stock index returns can change dramatically each year. Diversification can smooth out peaks and valleys, and help you avoid unnecessary risk.

Stock fund categories ranked by performance, December 31, 2002–December 31, 2011

	2003	2004	2005	2006	2007	2008	2009	2010	2011
HIGHEST RETURN	SMALL GROWTH 50.37%	MID VALUE 27.17%	MID GROWTH 15.02%	INTL. 26.34%	MID GROWTH 17.40%	SMALL VALUE -32.10%	MID GROWTH 43.01%	SMALL GROWTH 30.71%	LARGE GROWTH 3.15%
	SMALL VALUE 44.34%	SMALL VALUE 23.72%	INTL. 13.54%	LARGE VALUE 23.36%	LARGE GROWTH 11.73%	LARGE VALUE -35.81%	SMALL GROWTH 41.97%	MID GROWTH 29.24%	LARGE VALUE 1.58%
	MID GROWTH 40.26%	INTL. 20.25%	MID VALUE 12.85%	SMALL VALUE 19.44%	INTL. 11.17%	LARGE GROWTH -36.45%	MID VALUE 37.84%	SMALL VALUE 25.01%	BROAD MARKET 0.52%
	INTL. 38.58%	SMALL GROWTH 16.13%	SMALL GROWTH 8.71%	MID VALUE 17.82%	SMALL GROWTH 9.71%	MID VALUE -36.50%	LARGE GROWTH 35.26%	MID VALUE 21.96%	MID VALUE -0.24%
LOWEST RETURN	MID VALUE 37.91%	MID GROWTH 13.82%	BROAD MARKET 6.32%	BROAD MARKET 15.87%	BROAD MARKET 5.73%	BROAD MARKET -37.34%	INTL. 31.78%	BROAD MARKET 17.70%	SMALL GROWTH -1.53%
	BROAD MARKET 31.64%	LARGE VALUE 13.25%	SMALL VALUE 6.28%	SMALL GROWTH 12.02%	LARGE VALUE 1.17%	SMALL GROWTH -40.11%	SMALL VALUE 30.29%	LARGE GROWTH 14.76%	MID GROWTH -3.61%
	LARGE VALUE 28.38%	BROAD MARKET 12.62%	LARGE VALUE 6.11%	MID GROWTH 9.67%	MID VALUE -4.41%	INTL. -43.38%	BROAD MARKET 29.35%	LARGE VALUE 13.04%	SMALL VALUE -4.04%
	LARGE GROWTH 27.33%	LARGE GROWTH 6.15%	LARGE GROWTH 3.30%	LARGE GROWTH 9.10%	SMALL VALUE -6.94%	MID GROWTH -47.07%	LARGE VALUE 16.38%	INTL. 7.75%	INTL. -12.14%

Source: Vanguard.

- **BROAD MARKET = Dow Jones U.S. Total Stock Market Index:** The broadest measure of the U.S. stock market, tracking some 3,800 stocks.
- **INTL. = MSCI EAFE Index:** Tracks more than 950 stocks from more than 20 developed markets in Europe and the Pacific Rim.
- **LARGE GROWTH = MSCI US Large Cap Growth Index:** Tracks the growth companies of the MSCI US Large Cap 300 Index as identified by factors such as historical sales growth and expected earnings growth.
- **LARGE VALUE = MSCI US Large Cap Value Index:** Tracks the value companies of the MSCI US Large Cap 300 Index as identified by factors such as book value to price ratio, earnings to price ratio, and dividend yield.

- **MID GROWTH = MSCI US Mid Cap Growth Index:** Tracks the growth companies of the MSCI US Mid Cap 450 Index as identified by factors such as historical sales growth and expected earnings growth.
- **MID VALUE = MSCI US Mid Cap Value Index:** Tracks the value companies of the MSCI US Mid Cap 450 Index as identified by factors such as book value to price ratio, earnings to price ratio, and dividend yield.
- **SMALL GROWTH = MSCI US Small Cap Growth Index:** Tracks the growth companies of the MSCI US Small Cap 1750 Index as identified by factors such as historical sales growth and expected earnings growth.

- **SMALL VALUE = MSCI US Small Cap Value Index:** Tracks the value companies of the MSCI US Small Cap 1750 Index as identified by factors such as book value to price ratio, earnings to price ratio, and dividend yield.

Past performance of an index is not a guarantee of future results. In addition, the performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

There are other material differences between funds that must be considered prior to investing. Diversification does not assure a profit or protect against a loss in a declining market.

Vanguard stock funds

Category	Value	Blend	Growth	
LARGE-CAP	Equity Income High Dividend Yield Index ¹ Mega Cap 300 Value Index ² Russell 1000 Value Index ² S&P 500 Value Index ² U.S. Value Value Index ¹ Windsor™ Windsor™ II	500 Index ¹ Diversified Equity Dividend Appreciation Index ¹ Dividend Growth Growth and Income Institutional Index Institutional Total Stock Market Index Large-Cap Index ¹ Mega Cap 300 Index ² PRIMECAP Core ³	Russell 1000 Index ² Russell 3000 Index ² Structured Broad Market Structured Large-Cap Equity Tax-Managed Capital Appreciation Tax-Managed Growth and Income Total Stock Market Index ¹	FTSE Social Index Growth Equity Growth Index ¹ Mega Cap 300 Growth Index ² Morgan™ Growth PRIMECAP ³ Structured Large-Cap Growth Russell 1000 Growth Index ² S&P 500 Growth Index ² U.S. Growth
MID-CAP	Capital Value Mid-Cap Value Index ¹ S&P Mid-Cap 400 Value Index ² Selected Value	Extended Market Index ¹ Mid-Cap Index ¹	S&P Mid-Cap 400 Index ² Strategic Equity	Capital Opportunity ³ Mid-Cap Growth Mid-Cap Growth Index ¹ S&P Mid-Cap 400 Growth Index ²
SMALL-CAP	Russell 2000 Value Index ² S&P Small-Cap 600 Value Index ² Small-Cap Value Index ¹	Small-Cap Index ¹ Russell 2000 Index ² S&P Small-Cap 600 Index ²	Strategic Small-Cap Equity Tax-Managed Small-Cap	Explorer™ Russell 2000 Growth Index ² S&P Small-Cap 600 Growth Index ² Small-Cap Growth Index ¹
INTERNATIONAL	International Value	Developed Markets Index Emerging Markets Stock Index ¹ European Stock Index ¹ FTSE All-World ex-US Index ¹ Global Equity	International Growth Pacific Stock Index ¹ Tax-Managed International ¹ Total International Stock Index ¹ Total World Stock Index ¹	FTSE All-World ex-US Small-Cap Index ¹ International Explorer™
SECTOR/SPECIALIZED	Consumer Discretionary Index ¹ Consumer Staples Index ¹ Convertible Securities Energy Energy Index ¹ Financials Index ¹	Global ex-U.S. Real Estate Index ¹ Health Care Health Care Index ¹ Industrials Index ¹ Information Technology Index ¹ Market Neutral	Materials Index ¹ Precious Metals and Mining REIT Index ¹ Telecommunication Services Index ¹ Utilities Index ¹	

¹ Includes a Vanguard ETF®. ² Available only in ETF and Institutional share classes. ³ Closed to new investors.

For more information on Vanguard funds and Vanguard ETF Shares, contact your financial advisor to obtain a prospectus. Investment objectives, risks, charges, expenses, and other important information are contained in the prospectus; read and consider it carefully before investing.

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