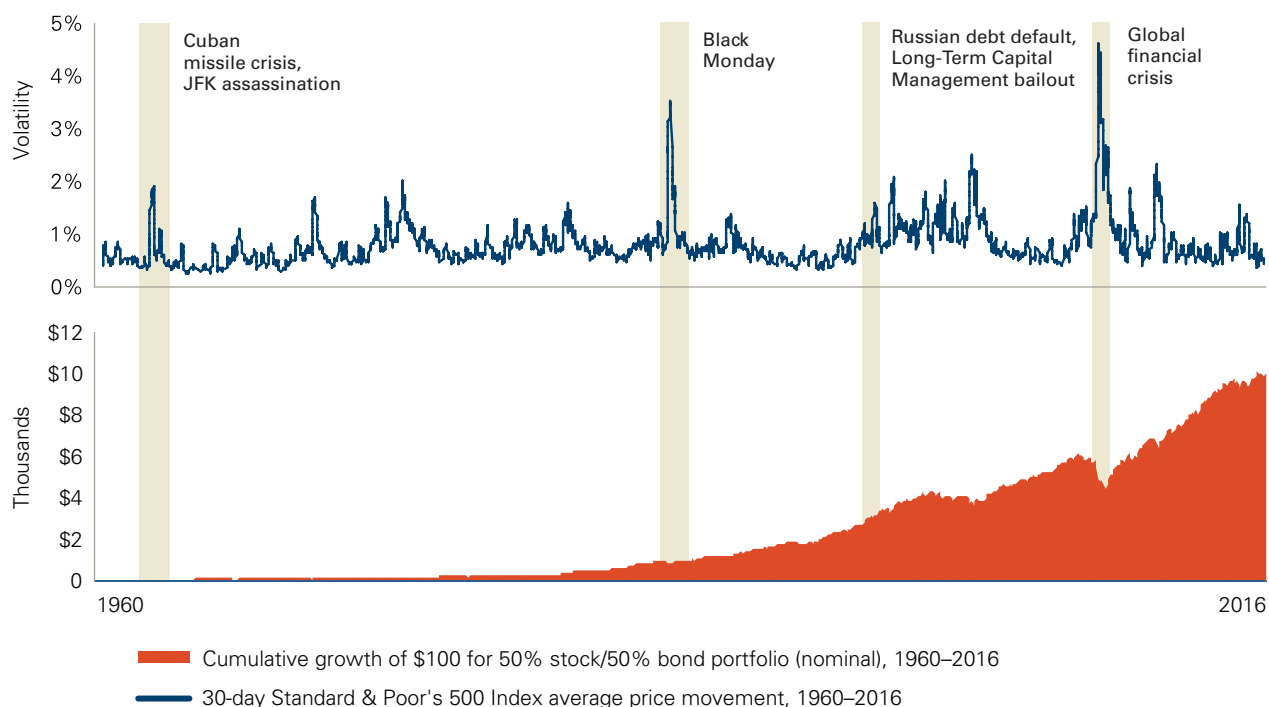


Volatility and periodic corrections are a fact of life in financial markets

You've worked with your advisor to devise an investment approach that meets your needs. So resist the urge to drastically change your investment plans in reaction to market moves. Instead, stay focused on your goals and the value of investing in a diversified portfolio over time.

In times of stress, remember to consider the big picture



Sources: Vanguard calculations, using data from Standard & Poor's, Bloomberg, and Thomson Reuters Datastream.

Notes: Growth of \$100 data begin at January 30, 1960. U.S. stocks are represented by the S&P 500 Index from January 30, 1960, to 1974; the Dow Jones Wilshire 5000 Index from 1975 to April 22, 2005; and the MSCI US Broad Market Index thereafter. U.S. bonds are represented by the S&P High Grade Corporate Index from January 30, 1960 to 1968; the Citigroup High Grade Index from 1969 to 1972; the Lehman Brothers U.S. Long Credit AA Index from 1973 to 1975; and the Bloomberg Barclays U.S. Aggregate Bond Index thereafter. *Past performance is no guarantee of future results. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.*

All investing is subject to risk, including the possible loss of the money you invest.

Bond funds are subject to the risk that an issuer will fail to make payments on time and that bond prices will decline because of rising interest rates or negative perceptions of an issuer's ability to make payments. Diversification does not ensure a profit or protect against a loss.

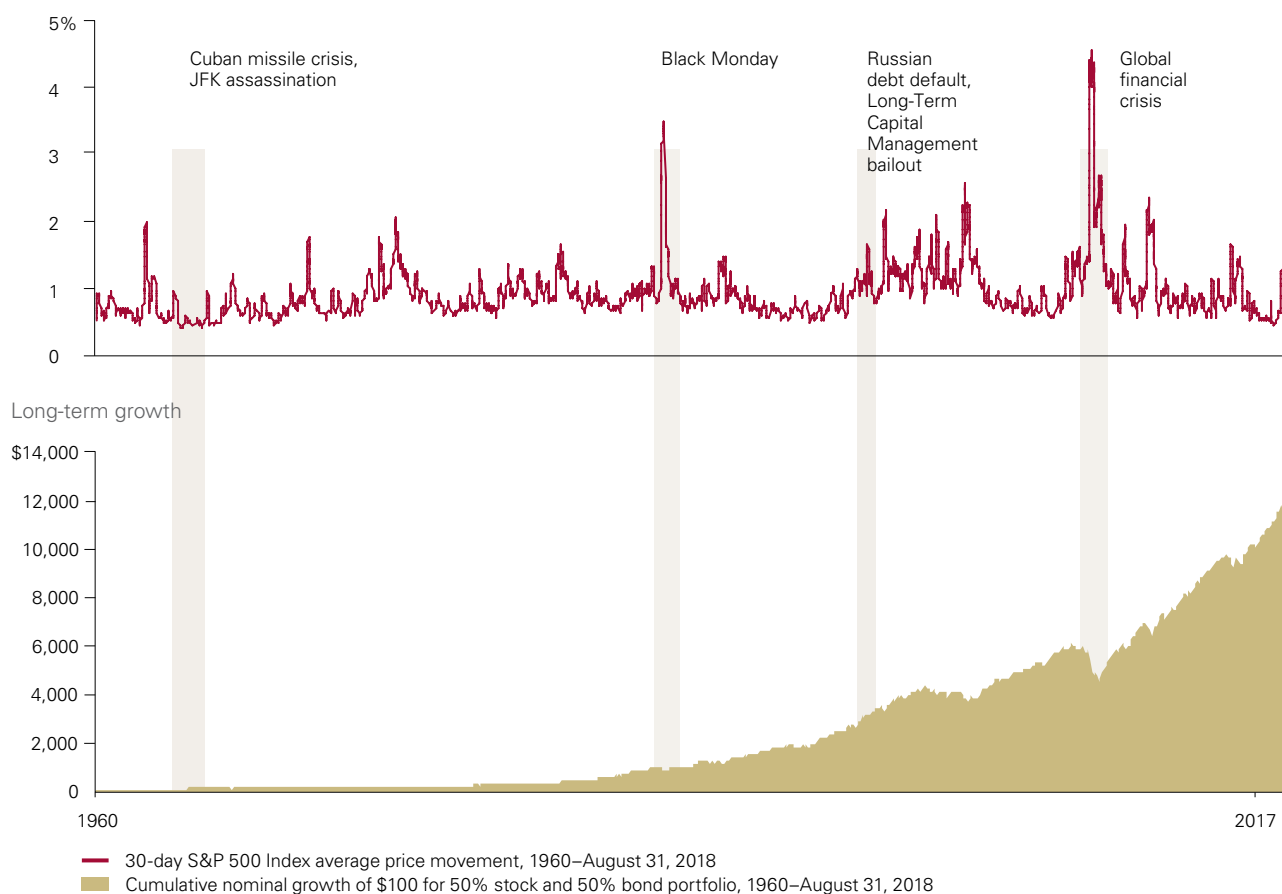
The bottom line:

Making shifts to your portfolio in hopes of avoiding a loss or finding a gain doesn't often work long term.

Short-term stock market volatility can cause us to lose perspective. In times of market volatility, you may see alarming fluctuations in your account balances, making it tempting to adjust your asset allocation in search of

calmer waters. Yet it's important to consider the performance of a balanced portfolio over time (shown below).

Short-term turbulence



Sources: Vanguard calculations, using data from S&P Dow Jones Indices, Bloomberg, and Thomson Reuters Datastream.

Notes: Growth of \$100 begins at January 31, 1960. U.S. stocks are represented by the S&P 90 Index from 1926 to March 3, 1957; the S&P 500 Index from March 4, 1957, to 1974; the Dow Jones Wilshire 5000 Index from 1975 to April 22, 2005; and the MSCI US Broad Market Index thereafter. U.S. bonds are represented by the S&P High Grade Corporate Index from 1926 to 1968, the Citigroup High Grade Index from 1969 to 1972, the Lehman Brothers U.S. Long Credit AA Index from 1973 to 1975, and the Bloomberg Barclays U.S. Aggregate Bond Index thereafter.

Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

Please remember that all investing is subject to risk, including the possible loss of the money you invest. Bonds are subject to the risk that an issuer will fail to make payments on time and that bond prices will decline because of rising interest rates or negative perceptions of an issuer's ability to make payments. Be aware that fluctuations in the financial markets and other factors may cause declines in the value of your account. There is no guarantee that any particular asset allocation or mix of funds will meet your investment objectives or provide you with a given level of income.

Diversification does not ensure a profit or protect against a loss.