

# Vanguard Inflation-Protected Secs

## Overall Morningstar Rating™

★★★

Out of 144 Inflation-Protected Bond funds. An investment's overall Morningstar Rating, based on its risk-adjusted return, is a weighted average of its applicable 3-, 5-, and 10-year Ratings. See disclosure for details.

## Morningstar Return Average

## Morningstar Risk Average

### Investment Strategy from investment's prospectus

The investment seeks to provide inflation protection and income consistent with investment in inflation-indexed securities.

The fund invests at least 80% of assets in inflation-indexed bonds issued by the U.S. government. It may invest in bonds of any maturity, though the fund typically maintains a dollar-weighted average maturity of 7 to 20 years.

### Category Description: Inflation-Protected Bond

Inflation-protected bond portfolios primarily invest in fixed-income securities that increase coupon and/or principal payments at the rate of inflation. These bonds can be issued by any organization, but the U.S. Treasury is currently the largest issuer of these types of securities. Most of these portfolios buy bonds with intermediate- to long-term maturities.

### Broad Asset Class: Investment Grade Bonds

Lower risk IOUs issued by governments or corporations.

### Notes

This material is authorized for client use only when preceded or accompanied by a Disclosure Statement and a fund prospectus and/or informational brochure containing more complete information. These can be obtained from your investment professional or your plan's website and should be read carefully before investing or sending money.

Morningstar ratings reflect the reduction of the fund's expense ratio. However, your plan may charge an administrative fee and/or plan-level fee, which is not reflected in this rating.

To determine a fund's star rating for a given period, the fund's Morningstar risk score is subtracted from its Morningstar return score. If the fund scores in the top 10% of its respective Morningstar category, it receives five stars; if it falls in the next 22.5%, it receives four stars; a place in the middle 35% earns it three stars; those in the next 22.5% receive two stars; and the bottom 10% get one star.

NOT A DEPOSIT – NOT FDIC INSURED – NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY – NOT GUARANTEED BY THE INSTITUTION – MAY GO DOWN IN VALUE

The Broad Asset Class identifies a fund's investment style. The Broad Asset Class was developed by Nationwide in conjunction with Ibbotson Associates for asset allocation. Asset Allocation does not assure a profit or guarantee against loss in a declining market.

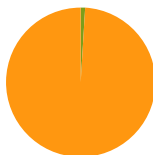
\*Portfolio comparisons to the S&P 500 index are calculated against the iShares S&P 500 Index ETF.

### Morningstar Proprietary Statistics

	YTD	1-Year	3-Year	5-Year	10-Year
Morningstar Rating	—	—	★★★	★★★	—
Fund Rank Percentile	66	68	42	35	—
Out of # of Investments	166	160	144	101	—

### Portfolio Analysis as of 12-31-09

Composition as of 12-31-09	% Assets
U.S. Stocks	0.0
Non-U.S. Stocks	0.0
Bonds	99.0
Cash	1.0
Other	0.0



Top 15 Holdings as of 12-31-09	% Assets
US Treasury Bond 2.375% 01-15-25	7.37
US Treasury Note 2% 01-15-14	7.07
US Treasury Note 1.875% 07-15-13	5.89
US Treasury Note 3% 07-15-12	5.81
US Treasury Bond 2% 01-15-26	5.58
United States Treas Bds 2.375% 01-15-27	5.36
US Treasury Note 1.625% 01-15-15	5.07
US Treasury Note 2.625% 07-15-17	5.03
United States Treas Nts 1.875% 07-15-19	4.27
United States Treas Nts 1.875% 07-15-15	3.96
US Treasury Note 01-15-16	3.84
US Treasury Note 2.375%	3.53
US Treasury Note 2% 07-15-14	3.32
US Treasury Bond 3.625% 04-15-28	3.16
US Treasury Bond 1.75% 01-15-28	3.04
Total Number of Stock Holdings	0
Total Number of Bond Holdings	28
Annual Turnover Ratio %	14
Total Fund Assets (\$mil)	29,661.47

### Operations

Fund Inception Date	06-29-00
Initial Share Class	06-29-00
Inception Date	
Advisor	Vanguard Group, Inc.
Subadvisor	—

### Fees and Expenses as of 04-24-09

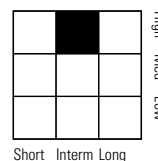
Gross Prosp Exp Ratio	0.25%
Net Prosp Exp Ratio	0.25%

Waiver Data	Type	Exp. Date	%
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### Portfolio Manager(s)

Kenneth Volpert, CFA. M.B.A., University of Chicago. B.S., University of Illinois. Since 2000.  
John Hollyer, CFA. B.S., University of Pennsylvania. Since 2000.

### Morningstar Style Box™ as of 12-31-09



Avg Eff Duration	4.99
Avg Eff Maturity	8.60
Avg Credit Quality	AAA
Avg Wtd Coupon	2.22
Avg Wtd Price	117.77

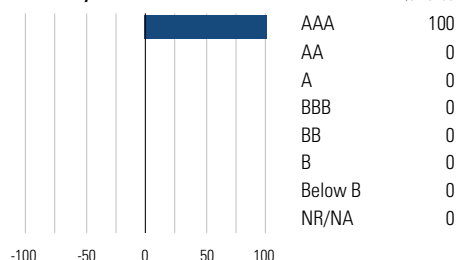
### Risk Measures as of 03-31-10

	Port Avg	Rel BC Aggr	Rel Cat
3 Yr Std Dev	8.94	0.44	0.98
3 Yr Beta	1.53	—	0.98
3 Yr Sharpe Ratio	0.47	-2.47	1.24
3 Yr Alpha	-2.54	—	0.73
3 Yr R-squared	52.86	—	1.00

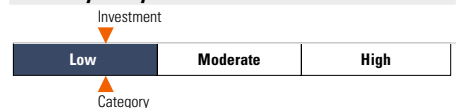
### Morningstar Sectors as of 12-31-09

	% Fund	% Category
U.S. Credit	0.00	8.05
Non-U.S. Credit	0.00	6.38
Mortgage	0.00	1.34
U.S. Government	100.00	84.23

### Credit Analysis as of 12-31-09



### Volatility Analysis



In the past, this investment has shown a relatively small range of price fluctuations relative to other investments. Based on this measure, currently more than two thirds of all investments have shown higher levels of risk. Consequently, this investment may appeal to investors looking for a conservative investment strategy.