

# Vanguard Small Cap Value Index

**Overall Morningstar Rating™**  
★★★

★★★

Out of 331 Small Value 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 more detail.

**Morningstar Return**  
Average

**Morningstar Risk**  
Above Average

## Investment Strategy from investment's prospectus

The investment seeks to track the performance of a benchmark index that measures the investment return of small-capitalization value stocks.

The fund employs a passive management investment approach designed to track the performance of the MSCI US Small Cap Value index, a broadly diversified index of value stocks of smaller U.S. companies. It attempts to replicate the target index by investing all, or substantially all, of assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

## Category Description: Small Value

Small-value funds invest in small-caps with valuations and growth rates below other small-cap peers. They tend to invest in manufacturing, financial, and energy sectors.

## Broad Asset Class: Small Cap Stocks

Shares of ownership in small corporations.

## Notes

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

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

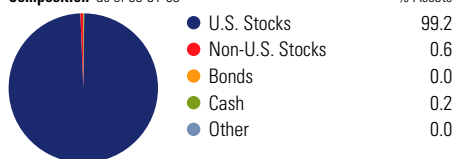
The Broad Asset Class identifies a fund's investment style. The Broad Asset Class was developed by Nationwide in conjunction with Ibbotson Associates for asset allocation. Asset Allocation does not assure a profit or guarantee against a loss in a declining market.

## Morningstar Proprietary Statistics

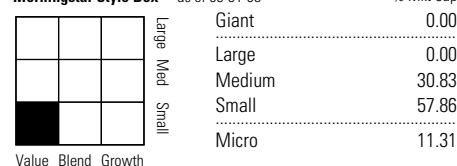
	YTD	1-Year	3-Year	5-Year	10-Year
Morningstar Rating	—	—	★★★	★★★	★★
Fund Rank Percentile	70	52	60	42	64
Out of # of Investments	463	445	331	265	108

## Portfolio Analysis as of 03-31-08

### Composition as of 03-31-08



### Morningstar Style Box™ as of 03-31-08



### Top 15 Holdings as of 03-31-08

Company	% Assets
FMC Corporation	0.51
Reliance Steel and Aluminum	0.51
Forest Oil Corporation	0.49
National Fuel Gas Company	0.48
Health Care REIT, Inc.	0.47
Ryder System, Inc.	0.45
Commercial Metals Company	0.43
Rayonier, Inc.	0.43
Kinder Morgan Management LLC	0.42
Synopsis	0.42
Cabot Oil & Gas Corporation A	0.41
Walter Industries, Inc.	0.41
Helmerich & Payne, Inc.	0.40
Nationwide Health Properties, Inc.	0.40
CMS Energy Corporation	0.39
Total Number of Stock Holdings	984
Total Number of Bond Holdings	2
Annual Turnover Ratio %	34
Total Fund Assets (\$mil)	3,616.8

### Risk Classification as of 06-30-08

An investment's risk classification corresponds with the following ranges of standard deviation.

I	II	III	IV	V	VI
I	Lowest: Money Market and Stable Value Funds				
II	Very Low: 0.00-3.46				
III	Low: 3.47-5.21				
IV	Moderate: 5.22-9.95				
V	High: 9.96-13.50				
VI	Very High: 13.51 and above				

Standard Deviation is a statistical measurement of dispersion about an average, which depicts how widely the returns varied over a certain period of time. When a fund has a high standard deviation, the predicted range of performance is wide, implying greater volatility.

Morningstar provides standard deviation and Nationwide provides the ranges.

### Statistics as of 03-31-08

Statistic	Port Avg	Rel S&P 500	Rel Cat
P/E Ratio	13.12	0.98	1.00
P/B Ratio	1.34	0.64	0.93
P/C Ratio	8.09	0.95	1.04
GeoAvgCap (\$mil)	1,354.22	0.03	1.28

### Risk Measures as of 06-30-08

Metric	Port Avg	Rel S&P 500	Rel Cat
3 Yr Std Dev	13.16	0.84	1.02
3 Yr Beta	1.15	—	1.11
3 Yr Sharpe Ratio	-0.15	0.60	1.25
3 Yr Alpha	-2.80	—	1.18
3 Yr R-squared	78.89	—	1.16

### Morningstar Sectors as of 03-31-08

Sector	Fund%	S&P 500%
Information	9.44	20.44
Software	1.95	4.00
Hardware	5.02	10.16
Media	1.57	2.95
Telecommunication	0.90	3.33
Service	51.22	37.62
Healthcare Service	4.45	11.94
Consumer Service	7.10	6.95
Business Service	7.91	4.66
Financial Service	31.76	14.07
Manufacturing	39.34	41.96
Consumer Goods	7.19	9.08
Industrial Materials	18.85	12.65
Energy	5.16	16.35
Utilities	8.14	3.88

### Operations

Net Annual Rpt Exp Ratio	0.22% of fund assets
Gross Prospectus Exp Ratio	0.22% of fund assets
Fund Inception Date	05-21-98
Initial Share Class	05-21-98
Inception Date	
Advisor	The Vanguard Group
Subadvisor	—

### Portfolio Manager(s)

Michael H. Buek, CFA. B.S., U of Vermont. M.B.A., Villanova U. Since 1999.