

Vanguard Wellesley Income

Overall Morningstar Rating™

★★★★

Out of 452 Conservative Allocation 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

Above Average

Morningstar Risk

Average

Investment Strategy from investment's prospectus

The investment seeks to provide long-term growth of income and a high and sustainable level of current income, along with moderate long-term capital appreciation.

The fund invests approximately 60% to 65% of assets in investment-grade corporate, U.S. Treasury, and government agency bonds, as well as mortgage-backed securities. The remaining 35% to 40% of fund assets are invested in common stocks of companies that have a history of above-average dividends or expectations of increasing dividends.

Category Description: Conservative Allocation

Conservative-allocation funds seek to provide both capital appreciation and income by investing in three major areas: stocks, bonds, and cash. These funds tend to hold smaller positions in stocks than moderate-allocation funds. These funds typically have 20% to 50% of assets in equities and 50% to 80% of assets in fixed income and cash.

Broad Asset Class: Balanced

Combination of stocks, bonds and cash.

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

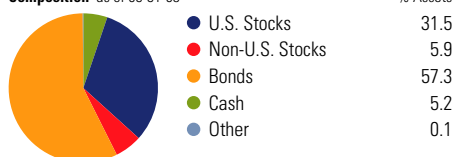
The Broad Asset Class identifies a fund's investment style. The Broad Asset Class was developed by Nationwide in conjunction with Ibbotson Associates for asset allocation. Asset Allocation does not assure a profit or guarantee against a loss in a declining market.

Morningstar Proprietary Statistics

	YTD	1-Year	3-Year	5-Year	10-Year
Morningstar Rating	—	—	★★★★	★★★	★★★★★
Fund Rank Percentile	62	44	34	41	6
Out of # of Investments	716	637	452	278	132

Portfolio Analysis as of 03-31-08

Composition as of 03-31-08



Top 15 Holdings as of 03-31-08

Company	% Assets
General Electric Company	1.92
Chevron Corporation	1.87
FPL Group	1.78
AT&T, Inc.	1.58
Bank of America Corporation	1.52
US Bancorp	1.44
PNC Financial Services Group	1.34
BP PLC ADR	1.24
Kimberly-Clark Corporation	1.13
Kellogg Company	1.06
Total SA ADR	1.06
E.I. du Pont de Nemours & Company	1.04
J.P. Morgan Chase & Co.	1.04
Illinois St Go Bds 5.1% 06-01-33	1.02
Philip Morris International Inc	0.92
Total Number of Stock Holdings	54
Total Number of Bond Holdings	473
Annual Turnover Ratio %	21
Total Fund Assets (\$mil)	12,885.7

Risk Classification as of 06-30-08

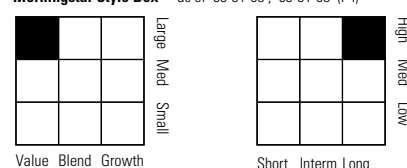
An investment's risk classification corresponds with the following ranges of standard deviation.

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.

Morningstar Style Box™ as of 03-31-08; 03-31-08 (F-I)



Statistics as of 03-31-08

Statistic	Port Avg	Rel S&P 500	Rel Cat
P/E Ratio	12.00	0.89	0.84
P/B Ratio	2.06	0.99	0.96
P/C Ratio	15.58	1.82	1.45
GeoAvgCap (\$mil)	54,337.59	1.14	1.91

Risk Measures as of 06-30-08

Metric	Port Avg	Rel S&P 500	Rel Cat
3 Yr Std Dev	3.96	0.25	0.87
3 Yr Beta	0.42	—	0.74
3 Yr Sharpe Ratio	0.01	-0.04	-0.07
3 Yr Alpha	-1.05	—	0.50
3 Yr R-squared	54.24	—	0.70

Morningstar Sectors as of 03-31-08

Sector	Fund%	S&P 500%
Information	8.24	20.44
Software	0.00	4.00
Hardware	0.00	10.16
Media	0.00	2.95
Telecommunication	8.24	3.33
Service	36.45	37.62
Healthcare Service	8.93	11.94
Consumer Service	2.34	6.95
Business Service	1.69	4.66
Financial Service	23.49	14.07
Manufacturing	55.31	41.96
Consumer Goods	15.82	9.08
Industrial Materials	13.31	12.65
Energy	12.22	16.35
Utilities	13.96	3.88

Operations

Net Annual Rpt Exp Ratio	0.25% of fund assets
Gross Prospectus Exp Ratio	0.25% of fund assets
Fund Inception Date	07-01-70
Initial Share Class	07-01-70
Inception Date	
Advisor	Wellington Management
Subadvisor	—

Portfolio Manager(s)

John C. Keogh, B.A., Tufts U. Since 2008.
Michael W. Reckmeyer III, CFA. Since 2008.