



# Vanguard Asset Allocation Fund

## Admiral™ Shares

Balanced fund (stocks and bonds)

### Investment objective

Vanguard Asset Allocation Fund seeks to maximize long-term total return (share price plus income) while incurring less stock market risk than a fund made up entirely of stocks.

### Investment strategy

The fund allocates its assets among common stocks, bonds, and money market instruments in proportions consistent with the advisor's evaluation of their expected returns and risks. These proportions are changed from time to time as return expectations shift. The fund may invest up to 100% of its assets in any one of the three asset classes.

See reverse side for Fund Profile.

### Who should invest

- Investors seeking long-term growth of capital and income from dividends and interest.
- Investors with a long-term investment horizon (at least five years).

### Who should not invest

- Investors unwilling to accept significant fluctuations in share price.

**Total net assets:** \$1,305 million

**Expense ratio:** 0.28% as of January 28, 2009

**Ticker symbol:** VAARX

**Newspaper listing:** AssetAdml

**Inception date:** August 13, 2001

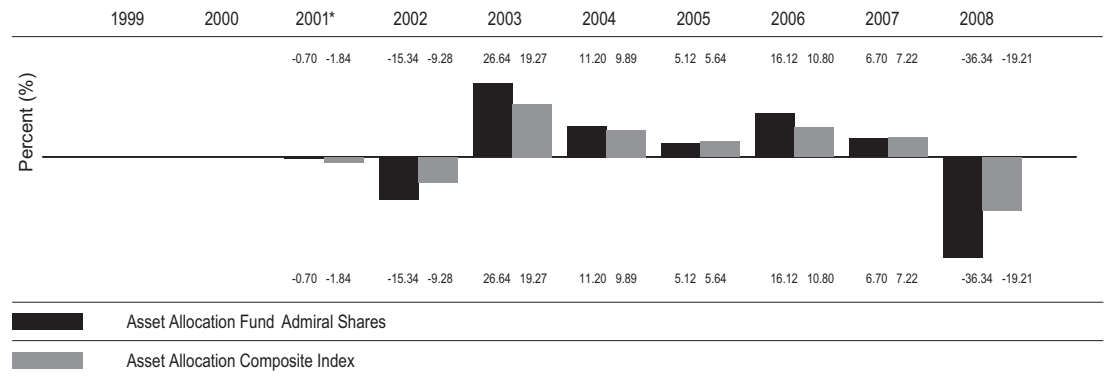
**Fund number:** 0578

**Overall risk level:**



### Performance

#### Annual returns 2001–2008



*Note on frequent trading restrictions: Frequent trading policies may apply to those funds offered as investment options within your plan. Please log on to Vanguard.com for your employer plans or contact Participant Services at 800-523-1188 for additional information.*

### Total returns

	Periods Ended September 30, 2009					
	Quarter	Year to Date	One Year	Three Years	Five Years	Since Inception
Asset Allocation Fund Admiral Shares	13.62%	14.65%	-9.51%	-6.01%	0.61%	1.46%
Asset Allocation Composite Index	11.65%	9.45%	-0.34%	-0.31%	3.40%	3.27%

**The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at [www.vanguard.com/performance](http://www.vanguard.com/performance).**

Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions. All returns are net of expenses.

Asset Allocation Composite Index: Made up of two unmanaged benchmarks, weighted 65% S&P 500 Index and 35% Barclays Capital Long U.S. Treasury Bond Index.

\*Partial return since fund started, August 13, 2001.

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### Plain talk about risk

An investment in the fund could lose money over short or even long periods. You should expect the fund's share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock and bond markets. The fund's performance could be hurt by:

**Stock market risk:** The chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising stock prices and periods of falling stock prices.

**Interest rate risk:** The chance that bond prices overall will decline because of rising interest rates. Interest rate risk will vary for the fund, depending on the amount of fund assets invested in bonds.

**Manager risk:** The chance that the proportions allocated to common stocks, bonds, and money market instruments will cause the fund to underperform relevant benchmarks or other funds with a similar investment objective.

### Investment terms

**Bond:** A debt security (IOU) issued by a corporation, government, or government agency in exchange for the money the bondholder lends it. In most instances, the issuer agrees to pay back the loan by a specific date and make regular interest payments until that date.

**Dividends:** A payment of cash or stock from a company's earnings to each stockholder as declared by the company's board of directors.

**Expenses:** The costs of running a fund, expressed as a percentage of the fund's assets. For example, a fund may have expenses that total 0.30% (less than half of 1%) of its assets.

**Interest:** Payments made by a company, a government, or a government agency to investors who lend them money. For example, an investor buys a bond from a company, which agrees to pay back the loan by a certain date at a set rate.

**Mutual fund:** An investment company that pools the money of many shareholders and invests it in a variety of securities in an effort to achieve a specific objective over time.

**Total return:** The change in the net asset value of an investment, assuming reinvestment of all dividend and capital gain distributions.

### Fund profile

as of September 30, 2009

### Fund allocation

Stocks	80.0%
Bonds	20.0
Short-Term Reserves	0.0

### Distribution by issuer—Bonds

Asset-Backed	0.0%
Commercial Mortgage-Backed	0.0
Finance	0.0
Foreign	0.0
Government Mortgage-Backed	0.0
Industrial	0.0
Treasury/Agency	100.0
Utilities	0.0

### Top sector holdings—Stocks

Consumer Discretionary	9.1%
Consumer Staples	11.5
Energy	11.7
Financials	15.2
Health Care	13.1
Industrials	10.3
Information Technology	18.7
Materials	3.5
Telecommunication Services	3.2
Utilities	3.7

### Ten largest holdings\*

1. Exxon Mobil Corp.	
2. Microsoft Corp.	
3. General Electric Co.	
4. JPMorgan Chase & Co.	
5. Procter & Gamble Co.	
6. Johnson & Johnson	
7. Apple Inc.	
8. AT&T Inc.	
9. International Business Machines Corp.	
10. Bank of America Corp.	
<b>Top 10 as % of Total Net Assets</b>	<b>12.9%</b>

\*The holdings listed exclude any temporary cash investments and equity index products.

For more information about Vanguard funds, visit [www.vanguard.com](http://www.vanguard.com), or call 800-523-1188, to obtain a prospectus. Investment objectives, risks, charges, expenses, and other important information about a fund are contained in the prospectus; read and consider it carefully before investing.