

Investment options and performance

October 1, 2014—December 31, 2014



Vanguard Charitable is one of the largest charities in the United States. We were founded by Vanguard in 1997 as an independent nonprofit organization focused on increasing philanthropy by administering the highest-value donor-advised fund—a tax-effective way to consolidate, accrue, and grant assets to charity.

Although we are separate entities, Vanguard Charitable is strongly aligned with Vanguard's principled investment philosophy and unwavering values, including its commitment to ethics, transparency, and at-cost investing. We firmly believe that minimizing costs can help maximize philanthropic impact. No other donor-advised fund can extend the direct benefits of Vanguard's at-cost investments like we can.

Invest in charity

The primary advantages of giving with our philanthropic accounts include the opportunity to recommend principled investments, watch charitable assets compound and, over time, grant more to charity—all while enjoying a tax deduction, when applicable. In addition, assets invested by Vanguard Charitable grow tax-free, meaning your contributions may be worth more accruing for charity than they would be if you personally invested them in the market.

With our philanthropic accounts, you secure access to a broad range of low-cost investment options across major asset classes, which allows you to tailor your account to match your risk tolerance and giving objectives.

Minimize cost, maximize impact

We are the only donor-advised fund that can extend the direct benefits of Vanguard's at-cost investments to your account. Fees can erode an account's value over time, limiting your potential to achieve your philanthropic goals. Because of our relationship with Vanguard, we are able to offer even lower investment fees than may traditionally be assessed, including Admiral™ share class pricing to Standard accounts and Institutional share class pricing to Select accounts.¹

When we work with Vanguard to maintain low investment costs, we keep more of your charitable dollars working for the causes you care about most.

For more information on how your account benefits from the sophistication, expertise, and more than 35 years of investment know-how of Vanguard, visit vanguardcharitable.org/investments.

Diversify with an exclusive option

For qualifying donors, we also offer access to The Investment Fund for Foundations Multi-Asset Fund, an option traditionally reserved for endowments and foundations. This actively managed fund gives individuals the opportunity to recommend a long-term investment with a broader range of asset classes than our other options. For more information, visit vanguardcharitable.org/tiff.

Investment options

Our investment options include both single and multi-fund options that span the risk spectrum and offer a range of exposures. If you prefer to construct a portfolio or simply focus on one fund, you may recommend investing in our **single fund options** and rebalance your philanthropic account as you see fit based on risk tolerance, asset allocation decisions, and giving time frames. If you prefer a simple yet sophisticated fund of funds, you may recommend investing in our selection of **multi-fund options** and allow Vanguard's seasoned team of investment professionals to set the asset allocation and rebalance the funds daily. Investment options may be combined in any form to craft a portfolio that best suits your charitable needs.

Vanguard Charitable investment options by risk potential ²	
Conservative	Money Market (0706)
	Short-Term Bond (0739)
	Gift Preservation (0205)*
	Conservative Growth (0718)*
	Total Bond (0192)
Moderate	Moderate Growth (0206)*
	Total U.S. Stock (0708)
	TIFF Multi-Asset Pool (75)
	Growth (0207)*
	Total Equity (0208)*
	Total International Stock (0709)
	European Stock (0728)
Pacific Stock (0727)	
Aggressive	Emerging Markets Stock (0730)

*Multi-fund investment option

Market Summary as of December 31, 2014

Investment options composed of underlying Vanguard funds

The U.S. economy continued its strong recovery from the weather-induced weakness of the first quarter. The second quarter grew 4.6% and the third quarter grew 5%. The last quarter is forecasted to have grown approximately 3%. Employment growth was strong, averaging 252,000 per month in 2014. This helped to reduce the unemployment rate to 5.6% at year-end versus 6.7% at year-end 2013.

The Federal Reserve Board (Fed) ended its purchases of U.S. Treasuries and mortgage-backed securities in October, although it has not yet sold any of the securities accumulated over recent years nor begun to raise short-term interest rates from their near zero level.

The U.S. bond market rose for the quarter with the benchmark 10-year Treasury falling to 2.17% from 2.52% at the end of the third quarter and 3.03% at year-end 2013. The U.S. equity market rose during the quarter and the year with the Total Stock Market Index rising 5.24% for the quarter and 12.58% for the year. Money market investors continued to earn minimal yields.

TIFF Multi-Asset Pool

TIFF Multi-Asset Pool performance for the quarter was -0.10%, in line with the CPI+5% benchmark (-0.11%) and ahead of the Constructed Index benchmark. For the year the Pool returned +1%, trailing both the CPI+5% and the Constructed Index benchmarks.

TIFF Multi-Asset Pool returns are based on the total returns of the underlying investments, net of three components:

- The fund's expenses
- Change in share price
- Reinvestment of dividends and capital gains

Performance

All Vanguard Charitable investment performance returns (with the exception of the TIFF Multi-Asset Pool) reflect the following components:

- Market movement
- Reinvestment of dividends/interest and capital gains
- Deduction of the underlying fund's (or funds') expenses

View the most recent period and average annual returns on the following pages. For past investment performance, visit vanguardcharitable.org/investment_performance.

Investment performance for Standard accounts

Period ending December 31, 2014

Multi-fund investment options ³	Underlying mutual funds	Return for period ended 12/31/2014	Average annual returns		
			1-year	5-year	10-year
Gift Preservation (0205) Seeks to preserve principal while earning current income through a target allocation of 50% high-quality money market and 50% short-term bonds .	Total return	0.09%	0.98%	1.51%	2.63%
	Vanguard Short-Term Investment Grade Fund	0.22	1.86	2.97	3.68
	Vanguard Prime Money Market Fund	0.01	0.05	0.11	1.76
	<i>Composite benchmark return⁴</i>	<i>0.17</i>	<i>0.97</i>	<i>1.71</i>	<i>2.71</i>
Expense ratios: 0.10% Standard, 0.09% Select					
Conservative Growth (0718) Seeks to preserve principal and provide some growth of capital through a target allocation of roughly 40% stocks and 60% bonds .	Total return	2.25%	7.03%	—%	—%
	Vanguard Total Bond Market Index Fund	1.72	5.89	4.37	4.68
	Vanguard Total Stock Market Index Fund	5.24	12.56	15.70	8.10
	Vanguard Total International Stock Index Fund	-4.19	-4.17	—	—
<i>Composite benchmark return⁵</i> 2.29 7.06 — —					
Expense ratios: 0.08% Standard, 0.07% Select					
Moderate Growth (0206) Seeks to provide growth of capital and a reasonable level of current income through a target allocation of roughly 55-60% stocks and 40-45% bonds .	Total return	2.75%	8.45%	10.95%	7.32%
	Vanguard Balanced Index Fund	3.92	9.99	11.34	7.07
	Vanguard Wellington™ Fund	3.14	9.82	11.25	7.97
	Vanguard Total International Stock Index Fund	-4.19	-4.17	—	—
<i>Composite benchmark return⁶</i> 3.16 9.30 11.40 7.07					
Expense ratios: 0.17% Standard, 0.13% Select					
Growth (0207) Seeks to provide growth of capital through a target allocation of 80% stocks and 20% bonds .	Total return	2.20%	6.99%	11.96%	6.92%
	Vanguard Total Stock Market Index Fund	5.24	12.56	15.70	8.10
	Vanguard Total Bond Market Index Fund	1.72	5.89	4.37	4.68
	Vanguard Total International Stock Index Fund	-4.19	-4.17	—	—
<i>Composite benchmark return⁷</i> 2.30 7.25 12.07 6.92					
Expense ratios: 0.08% Standard, 0.07% Select					
Total Equity (0208) Seeks to provide growth of capital through a 100% allocation to stocks .	Total return	2.35%	7.14%	12.79%	7.15%
	Vanguard 500 Index Fund	4.92	13.64	15.42	7.66
	Vanguard Extended Market Index Fund	6.43	7.56	16.75	9.24
	Vanguard Total International Stock Index Fund	-4.19	-4.17	—	—
<i>Composite benchmark return⁸</i> 2.51 7.53 12.97 7.30					
Expense ratios: 0.08% Standard, 0.07% Select					

Investment performance for Standard accounts

Period ending December 31, 2014

Single fund investment options ³	Underlying mutual fund	Return for period ended 12/31/2014	Average annual returns					
			1-year		5-year		10-year	
Money Market (0706) Seeks to provide current income while maintaining liquidity and a stable share price of \$1. Invests in high-quality money market instruments.	Total return Vanguard Prime Money Market Fund <i>Benchmark return⁹</i>	0.01% 0.01 <i>0.00</i>	0.06% 0.05 <i>0.00</i>	0.07% 0.11 <i>0.03</i>	—% 1.76 <i>1.53</i>			
Expense ratios: 0.10% Standard, 0.10% Select								
Short-Term Bond (0739) Seeks current income with limited price volatility and provides exposure to short-term, investment-grade fixed income securities.	Total return Vanguard Short-Term Investment Grade Fund <i>Benchmark return¹⁰</i>	0.24% 0.22 <i>0.33</i>	1.90% 1.86 <i>1.95</i>	2.93% 2.97 <i>3.42</i>	—% 3.68 <i>4.10</i>			
Expense ratios: 0.10% Standard, 0.07% Select								
Total Bond (0192) Provides broadly diversified exposure to investment-grade U.S. bond market.	Total return Vanguard Total Bond Market Index Fund <i>Benchmark return¹¹</i>	1.72% 1.72 <i>1.76</i>	5.93% 5.89 <i>5.85</i>	4.33% 4.37 <i>4.48</i>	4.62% 4.68 <i>4.72</i>			
Expense ratios: 0.08% Standard, 0.07% Select								
Total U.S. Stock (0708) Provides exposure to large-, mid-, and small-cap equity diversified across growth and value styles.	Total return Vanguard Total Stock Market Index Fund <i>Benchmark return¹²</i>	5.22% 5.24 <i>5.24</i>	12.52% 12.56 <i>12.58</i>	15.68% 15.70 <i>15.72</i>	—% 8.10 <i>8.11</i>			
Expense ratios: 0.05% Standard, 0.04% Select								
Total International Stock (0709) Provides broad exposure across developed and emerging non-U.S. equity markets.	Total return Vanguard Total International Stock Index Fund <i>Benchmark return¹³</i>	-4.22% -4.19 <i>-3.77</i>	-4.18% -4.17 <i>-3.39</i>	4.35% — <i>4.42</i>	—% — <i>4.92</i>			
Expense ratios: 0.14% Standard, 0.12% Select								
European Stock (0728) Provides exposure to European equity, primarily large- and mid-cap and is diversified across developed markets.	Total return Vanguard European Stock Index Fund <i>Benchmark return¹⁴</i>	-4.53% -4.54 <i>-4.26</i>	-6.58% -6.55 <i>-5.95</i>	—% 5.59 <i>5.40</i>	—% 4.79 <i>4.66</i>			
Expense ratios: 0.12% Standard, 0.09% Select								
Pacific Stock (0727) Provides exposure to Pacific-region common stocks.	Total return Vanguard Pacific Stock Index Fund <i>Benchmark return¹⁵</i>	-3.60% -3.60 <i>-2.78</i>	-4.58% -4.54 <i>-3.36</i>	—% 5.31 <i>5.54</i>	—% 4.06 <i>4.12</i>			
Expense ratios: 0.12% Standard, 0.09% Select								
Emerging Markets Stock (0730) Provides exposure to stock issued by companies located in emerging market countries.	Total return Vanguard Emerging Markets Stock Index Fund <i>Benchmark return¹⁶</i>	-3.71% -3.70 <i>-3.49</i>	0.51% 0.60 <i>1.24</i>	—% 1.91 <i>2.13</i>	—% — <i>8.33</i>			
Expense ratios: 0.15% Standard, 0.12% Select								
TIFF Multi-Asset Pool (75)¹⁷ Seeks to achieve a total return (price appreciation plus dividends) that, over a majority of market cycles, exceeds inflation, as measured by the Consumer Price Index plus 5% per annum.	Total return TIFF Multi-Asset Fund <i>Benchmark return: CPI + 5% per annum</i> <i>Benchmark return: Constructed Index</i> <i>The current quarter's return for CPI+5% per annum is estimated¹⁸</i>	-0.10% -0.10 <i>-0.11</i> <i>-0.49</i>	1.00% 1.00 <i>5.82</i> <i>1.68</i>	0.01% 0.01 <i>—</i> <i>—</i>	7.87% 7.87 <i>6.77</i> <i>6.40</i>	7.66% 7.66 <i>—</i> <i>—</i>	—% 7.48 <i>5.78</i> <i>6.59</i>	—% 7.37 <i>—</i> <i>—</i>
Expense ratio: 1.97% Select								

¹ Select account status is subject to Vanguard Charitable's approval and is based on account balance, activity, and patterns. Most accounts with balances of more than \$1 million for at least three months are approved for Select status. All other accounts are considered Standard. Admiral and Institutional are share classes at Vanguard. Each share class has varying operating expenses and account minimums, which are reflected in their respective fees.

² The potential for risk can be categorized in levels from 1 to 5. Knowing the risk level you are comfortable with and the length of time you expect to invest can help you select an appropriate fund for your investing needs.

Conservative - Risk level 1 funds are classified as conservative if their share prices are expected to remain stable or to fluctuate only slightly. Such funds may be appropriate for the short-term reserves portion of a long-term investment portfolio, or for investors with short-term investment horizons (three years or less).

Conservative to moderate - Risk level 2 funds classified as conservative to moderate are subject to low-to-moderate fluctuations in share prices. In general, such funds may be appropriate for investors with medium-term investment horizons (four to ten years).

Moderate - Risk level 3 funds classified as moderate are subject to a moderate degree of fluctuation in share prices. In general, such funds may be appropriate for investors who have a relatively long investment horizon (more than five years).

Moderate to aggressive - Risk level 4 funds of this type are broadly diversified but are subject to wide fluctuations in share price because they hold virtually all of their assets in common stocks. These funds may be appropriate for investors who have a long-term investment horizon (ten years or longer).

Aggressive - Risk level 5 funds classified as aggressive are subject to extremely wide fluctuations in share price. These funds may be appropriate for investors who have a long-term investment horizon (ten years or longer). The unusually high volatility associated with these funds may stem from a number of strategies.

³ Select account investment returns are generally higher than the standard returns reported above. Select account returns differ for each account and from Standard returns because administrative costs are progressively lower as account balance increases, and investment costs for Select accounts are also less than or equal to their Standard account equivalents. Standard account expense ratios utilize the Admiral share class of the underlying Vanguard mutual fund when possible. Select account expense ratios utilize the Institutional share class of the underlying Vanguard mutual fund when possible.

⁴ The Gift Preservation benchmark: 50% Institutional Money Market Funds Average and 50% Barclays US 1-5 Year Credit Bond Index.

⁵ The Conservative Growth benchmark: 60% Spliced Barclays U.S. Aggregate Float Adjusted Index, 30% Spliced Total Stock Market Index, and 10% Spliced Total International Stock Index. **Spliced Barclays U.S. Aggregate Float Adjusted Index:** Barclays U.S. Aggregate Bond Index through December 31, 2009; Barclays U.S. Aggregate Float Adjusted Index thereafter. **Spliced Total Stock Market Index:** Dow Jones Wilshire 5000 Index through April 22, 2005; MSCI US Broad Market Index through June 2, 2013; and CRSP US Total Market Index thereafter. **Spliced Total International Stock Market Index:** Total International Composite Index through August 31, 2006; MSCI EAFE + Emerging Markets Index through December 15, 2010; MSCI ACWI ex US IMI Index through June 2, 2013; and FTSE Global All Cap ex US Index thereafter.

⁶ The Moderate Growth benchmark: 60% Wilshire 5000 Index and 40% Lehman Aggregate Bond Index through December 31, 2009; 45% Balanced Composite Index, 45% Wellington Composite Index, and 10% Spliced Total International Stock Index thereafter. **Balanced Composite Index:** Made up of two unmanaged benchmarks, weighted 60% Dow Jones Wilshire 5000 Index and 40% Lehman Aggregate Bond Index through May 31, 2005; 60% MSCI US Broad Market Index and 40% Barclays Capital Aggregate Bond Index through January 14, 2013; and 60% CRSP US Total Market Index and 40% Barclays U.S. Aggregate Float Adjusted Index thereafter. **Wellington Composite Index:** 65% S&P 500 Index and 35% Lehman Long Credit AA or Better Index through February 29, 2000; 65% S&P 500 Index and 35% Barclays Capital Credit A or Better Index thereafter. **Spliced Total International Stock Market Index:** Total International Composite Index through August 31, 2006; MSCI EAFE + Emerging Markets Index through December 15, 2010; MSCI ACWI ex US IMI Index through June 2, 2013; and FTSE Global All Cap ex US Index thereafter.

⁷ The Growth benchmark: 80% Wilshire 5000 Index and 20% Lehman Aggregate Bond Index through December 31, 2009; 55% Spliced Total Stock Market Index, 20% Spliced Barclays U.S. Aggregate Float Adjusted Index,

and 25% Spliced Total International Stock Market Index thereafter. **Spliced Barclays U.S. Aggregate Float Adjusted Index:** Barclays U.S. Aggregate Bond Index through December 31, 2009; Barclays U.S. Aggregate Float Adjusted Index thereafter. **Spliced Total Stock Market Index:** Dow Jones Wilshire 5000 Index through April 22, 2005; MSCI US Broad Market Index through June 2, 2013; and CRSP US Total Market Index thereafter. **Spliced Total International Stock Market Index:** Total International Composite Index through August 31, 2006; MSCI EAFE + Emerging Markets Index through December 15, 2010; MSCI ACWI ex US IMI Index through June 2, 2013; and FTSE Global All Cap ex US Index thereafter.

⁸ The Total Equity benchmark: 55% S&P 500 Index, 15% S&P Completion Index, and 30% Spliced Total International Stock Market Index. **Spliced Total International Stock Market Index:** Total International Composite Index through August 31, 2006; MSCI EAFE + Emerging Markets Index through December 15, 2010; MSCI ACWI ex US IMI Index through June 2, 2013; and FTSE Global All Cap ex US Index thereafter.

⁹ The Money Market benchmark: Inst. Money Market Funds Average.

¹⁰ The Short-Term Bond benchmark: Barclays U.S. 1-5 Year Credit Index since inception.

¹¹ The Total Bond benchmark: Spliced Barclays U.S. Aggregate Float Adjusted Index reflects the performance of the Barclays U.S. Aggregate Bond Index through December 31, 2009; Barclays U.S. Aggregate Float Adjusted Index thereafter.

¹² Total U.S. Stock benchmark: Total U.S. Stock benchmark: Spliced Total Stock Market Index reflects the performance of the Dow Jones Wilshire 5000 Index through April 22, 2005; MSCI US Broad Market Index through June 2, 2013; and CRSP US Total Market Index thereafter.

¹³ Total International Stock benchmark: Spliced Total International Stock Market Index reflects the performance of the Total International Composite Index through August 31, 2006; MSCI EAFE + Emerging Markets Index through December 15, 2010; MSCI ACWI ex US IMI Index through June 2, 2013; and FTSE Global All Cap ex US Index thereafter.

¹⁴ The European Stock benchmark: Spliced European Stock Index reflects performance of the MSCI Europe Index through March 26, 2013; and the FTSE Developed Europe Index thereafter.

¹⁵ The Pacific Stock benchmark: Spliced Pacific Stock Index reflects performance of the MSCI Pacific Index through March 26, 2013; and the FTSE Developed Asia Pacific Index thereafter.

¹⁶ The Emerging Markets Stock benchmark: Spliced Emerging Markets Index reflects performance of the Select Emerging Markets Index through August 23, 2006; the MSCI Emerging Markets Index through January 9, 2013; the FTSE Emerging Transition Index through June 27, 2013; and the FTSE Emerging Index thereafter.

¹⁷ The Select Multi-Asset Pool is generally available to accounts with ongoing balances over \$100,000. Refer to our *Policies and guidelines* booklet for more information.

¹⁸ The underlying fund of the Select Multi-Asset Pool is compared with two benchmarks as follows: The Consumer Price Index (CPI) + 5% per annum and the Constructed Index.

¹⁹ Total returns denoted "Before" do not reflect the deduction of entry or exit fees. If these fees were included, performance would be affected. Returns denoted as "After" reflect the deduction of the 0.50% entry and exit fees currently levied by the fund on purchases and redemptions. The deduction in question assumes a single purchase at the start of the reporting period and a single redemption at its end, with no intraperiod transactions. The entry and exit fees in question are paid to the fund itself.

Please note: While they may be invested in mutual funds, the investment options are not mutual funds, nor are they publicly traded. They are not available for investment by any individual or organization apart from Vanguard Charitable. As such, prospectuses for the options themselves do not exist.

The expense ratios are assessed by the underlying funds and vary based on allocation and account status; Vanguard Charitable does not itself charge investment fees.

Passive indexes (such as those comprising the benchmarks against which the funds' net returns are compared above) do not incur expenses. Moreover, one cannot invest directly in an index.



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