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# Investment Pool Performance

VANGUARD  CHARITABLE  
ENDOWMENT PROGRAM

## Investment Pool Performance for Standard Accounts










Period Ending December 31, 2012

Multi-Fund Pools	Approximate asset allocation	Estimated composite pool expense ratio <sup>1</sup>		Underlying Vanguard mutual funds	Return for quarter ended 12/31/2012 <sup>†</sup>	Average annual returns <sup>†</sup>		
		Standard pool	Select pool			1-year <sup>†</sup>	5-year <sup>†</sup>	10-year <sup>†</sup>
<b>Gift Preservation (205)</b> Seeks to preserve principal while earning current income through an approximate allocation of 50% high-quality money market securities and 50% short-term bonds.	 <ul style="list-style-type: none"> <li>■ 50% Short-term bonds</li> <li>■ 50% Money market securities</li> </ul>	0.10%	0.08%	<b>Total Pool Return</b> 50% Short-Term Investment-Grade Fund 50% Prime Money Market Fund <i>Benchmark Return<sup>2</sup></i>	0.34% 0.57 0.03 0.29	2.33% 4.63 0.11 2.72	2.37% 4.12 0.80 2.80	2.90% 4.04 1.99 3.00
<b>Conservative Growth (718)</b> Seeks returns through 60% investment in Vanguard's Total Bond Market Index Fund; 30% investment in Vanguard's Total Stock Market Index Fund, including small-, mid- and large-cap growth and value stocks; and 10% investment in Vanguard Total International Stock Index Fund.	 <ul style="list-style-type: none"> <li>■ 40% Stocks</li> <li>■ 60% Bonds</li> </ul>	0.10%	0.07%	<b>Total Pool Return</b> 60% Total Bond Market Index Fund 30% Total Stock Market Index Fund 10% Total International Stock Index Fund <i>Benchmark Return<sup>3</sup></i>	0.89% 0.13 0.19 6.69 0.77	9.40% 4.15 16.39 18.21 9.43	—% 5.91 2.29 — —	—% — — — —
<b>Moderate Growth (206)</b> Seeks to provide growth of capital and a reasonable level of current income through an allocation of roughly 55% to 60% stocks and 40% to 45% bonds.	 <ul style="list-style-type: none"> <li>■ 55% Stocks</li> <li>■ 45% Bonds</li> </ul>	0.18%	0.13%	<b>Total Pool Return</b> 45% Balanced Index Fund 45% Wellington™ Fund 10% Total International Stock Index Fund <i>Benchmark Return<sup>4</sup></i>	1.18% 0.23 0.96 6.69 0.66	12.19% 11.49 12.57 18.21 12.14	4.24% 4.27 4.25 — 4.34	7.66% — 8.20 — 7.22
<b>Growth (207)</b> Seeks to provide growth of capital through a target allocation of 80% stocks and 20% bonds.	 <ul style="list-style-type: none"> <li>■ 80% Stocks</li> <li>■ 20% Bonds</li> </ul>	0.10%	0.07%	<b>Total Pool Return</b> 55% Total Stock Market Index Fund 20% Total Bond Market Index Fund 25% Total International Stock Index Fund <i>Benchmark Return<sup>5</sup></i>	1.78% 0.19 0.13 6.69 1.58	14.64% 16.39 4.15 18.21 14.60	3.57% 2.29 5.91 — 3.44	7.70% — — — 7.67
<b>Total Equity (208)</b> Seeks to provide growth of capital through a 100% allocation to stocks.	 <ul style="list-style-type: none"> <li>■ 100% Stocks</li> </ul>	0.10%	0.08%	<b>Total Pool Return</b> 55% 500 Index Fund 15% Extended Market Index Fund 30% Total International Stock Index Fund <i>Benchmark Return<sup>6</sup></i>	2.24% -0.38 3.16 6.69 1.97	17.20% 15.97 18.48 18.21 17.08	1.35% 1.68 4.24 — 1.74	8.34% — — — 8.69

Note: Select Pool investment returns are generally higher than the standard returns reported above. Select pool returns differ for each account and from Standard returns because administrative costs are progressively lower as account balance increases, and investment costs for Select pools are also less than their Standard pool equivalents.

## Investment Pool Performance for Standard Accounts

Period Ending December 31, 2012

Single-Fund Pools	Approximate asset allocation	Estimated composite pool expense ratio <sup>1</sup>		Underlying Vanguard mutual funds	Return for quarter ended 12/31/2012 <sup>†</sup>	Average annual returns						
		Standard pool	Select pool			1-year <sup>†</sup>	5-year <sup>†</sup>		10-year <sup>†</sup>			
<b>Money Market (706)</b> Seeks to preserve capital and earn income at current money market rates by investing in short-term, high-quality money market instruments.		100% Money market securities	0.09%	0.09%	<b>Total Pool Return</b> 100% Prime Money Market Fund <i>Benchmark Return<sup>7</sup></i>	0.06% 0.03	0.13% 0.11	0.71% 0.80	—% 1.99		—% 1.42	
<b>Short-Term Bond (739)</b> Seeks to offer potential for more income than the money market pool through investment-grade and government short-term bonds.		100% Bonds	0.11%	0.07%	<b>Total Pool Return</b> 100% Short-Term Investment Grade Fund <i>Benchmark Return<sup>8</sup></i>	0.59% 0.57	4.58% 4.63	—% 4.12	—% 4.04		—% 4.57	
<b>Total Bond (192)</b> Seeks to achieve consistent, competitive returns with moderate risk through a 100% allocation to diversified, high-quality fixed income securities.		100% Bonds	0.10%	0.07%	<b>Total Pool Return</b> 100% Total Bond Market Index Fund <i>Benchmark Return<sup>9</sup></i>	0.15% 0.13	4.18% 4.15	5.83% 5.91	—% —		—% 5.20	
<b>TIFF Multi-Asset Pool (75)<sup>10</sup></b> Please refer to our website for details at <a href="http://vanguardcharitable.org/SMAP">vanguardcharitable.org/SMAP</a>		100% TIFF		1.16%	<b>Total Pool Return</b> 100% 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 estimated<sup>11</sup></i>	2.50% 2.50 0.24 1.67	14.00% 14.00 6.60 11.46	12.89% 12.89 — —	3.86% 3.86 6.84 2.15	3.66% 3.66 — —	—% 9.99 7.50 8.06	—% 9.89 — —
<b>Total U.S. Stock (708)</b> Seeks to track the performance of a benchmark index that measures the investment return of the overall U.S. stock market.		100% Stocks	0.06%	0.05%	<b>Total Pool Return</b> 100% Total Stock Market Index Fund <i>Benchmark Return<sup>12</sup></i>	0.15% 0.19	16.35% 16.39	2.27% 2.29	—% —		—% —	
<b>Total International Stock (709)</b> Seeks to track the performance of a benchmark index that measures the investment return of stocks issued by companies located in Europe, the Pacific region, and emerging markets.		100% Stocks	0.18%	0.13%	<b>Total Pool Return</b> 100% Total International Stock Index Fund <i>Benchmark Return<sup>13</sup></i>	6.72% 6.69	18.23% 18.21	-3.03% —	—% —		—% 9.40	
<b>European Stock (728)</b> Seeks to provide low-cost exposure to the European stock markets by investing in more than 400 stocks across the European region, which makes up roughly half of the non-U.S. equity marketplace.		100% Stocks	0.14%	0.10%	<b>Total Pool Return</b> 100% European Stock Index Fund <i>Benchmark Return<sup>14</sup></i>	8.08% 7.79	—% 20.99	—% -3.85	—% —		—% 8.37	
<b>Pacific Stock (727)</b> Seeks to provide low-cost exposure to companies in developed countries of the Pacific region, particularly Japan, by investing in about 500 stocks throughout the area, which makes up roughly a quarter of the non-U.S. equity.		100% Stock	0.14%	0.10%	<b>Total Pool Return</b> 100% Pacific Stock Index Fund <i>Benchmark Return<sup>15</sup></i>	7.28% 7.28	—% 15.64	—% -1.65	—% —		—% 7.99	
<b>Emerging Markets Stock (730)</b> Emerging markets by including a fund that invests in companies in 21 emerging market countries, including Brazil, Russia, India, and China.		100% Stock	0.20%	0.13%	<b>Total Pool Return</b> 100% Emerging Markets Index Fund <i>Benchmark Return<sup>16</sup></i>	6.83% 6.84	—% 18.83	—% -0.87	—% —		—% 16.52	

<sup>1</sup> Based on the expense ratios of the underlying funds.

<sup>2</sup> The Gift Preservation Pool benchmark contains 50% Lipper Money Market Funds Average and 50% Barclays US 1–5 Year U.S. Credit Bond Index.

<sup>3</sup> The Conservative Growth Pool benchmark contains 60% Barclays U.S. Aggregate Float Adjusted Index, 30% MSCI US Broad Market Index, and 10% MSCI ACWI ex USA IMI Index.

<sup>4</sup> The Moderate Growth Pool benchmark contains 60% Wilshire 5000 Total Market Index and 40% Lehman Aggregate Bond Index through December 31, 2009, 45% Balanced Composite Index, 45% Wellington Composite Index, and 10% MSCI ACWI ex USA IMI Index thereafter.

<sup>5</sup> The Growth Pool benchmark contains 80% Wilshire 5000 Equity Index and 20% Lehman Aggregate Bond Index through December 31, 2009, and 55% MSCI US Broad Market, 20% Barclays U.S. Aggregate Float Adjusted Index, and 25% MSCI ACWI ex USA IMI Index thereafter.

<sup>6</sup> The Total Equity Pool benchmark contains 55% S&P 500 Index, 15% S&P Completion Index, and 30% MSCI ACWI ex USA IMI Index.

<sup>7</sup> The Money Market Pool benchmark is derived from data provided by Lipper Inc.

<sup>8</sup> The Short Term Bond Pool benchmark is derived from the Barclays U.S. 1–5 Year Credit Bond Index since inception.

<sup>9</sup> The Total Bond Pool benchmark contains 70% Lehman 5–10 Year Government/Credit Index and 30% Lehman GNMA Index through September 27, 2006; 100% Lehman Aggregate Bond Index through December 31, 2009; 100% Barclays U.S. Aggregate Float Adjusted Index thereafter.

<sup>10</sup> The Select Multi-Asset Pool is available to accounts with ongoing balances over \$100,000. Refer to the *Policies and Guidelines* for the Select Multi-Asset Pool on our website for more information.

<sup>11</sup> 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.

<sup>12</sup> The Total U.S. Stock Pool benchmark contains Dow Jones Wilshire 5000 Index through April 22, 2005, and the MSCI US Broad Market Index thereafter.

<sup>13</sup> The benchmark for the Total International Stock Pool's underlying fund consists of the Total International Composite Index through August 31, 2006; the MSCI EAFE + Emerging Markets Index through December 15, 2010; and the MSCI ACWI ex USA IMI Index thereafter. Returns for the MSCI indexes are adjusted for withholding taxes.

<sup>14</sup> The Emerging Marketing Stock Pool benchmark contains 100% MSCI Emerging Market Index (Index returns are adjusted for withholding taxes).

<sup>15</sup> The Pacific Stock Pool benchmark contains 100% MSCI Pacific Stock Index (Index returns are adjusted for withholding taxes).

<sup>16</sup> The European Stock Pool benchmark contains 100% MSCI Europe Index (Index returns are adjusted for withholding taxes).

<sup>1</sup> Starting in the third quarter of calendar year 2012, all of Vanguard Charitable's pool performance returns (with the exception of the Multi-Asset Pool) will reflect the following components:

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

<sup>††</sup> Total returns denoted "Before" do not reflect the deduction of entry or exit fees. If these fees were included, performance would be lower. Returns denoted as "After" reflect the deduction of the 0.50% entry and exit fees currently levied by the fund on shareholder 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 shareholder transactions. The entry and exit fees in question are paid to the fund itself.

Please note that 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.

While the pools may invest in mutual funds, the pools themselves 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 pools themselves do not exist.

### Market Summary for Standard Multi-Fund and Single-Fund Pools (composed of Vanguard Funds)

Economic growth continued at a slow pace in the U.S. in the final quarter of the year. In the first three quarters of 2012, growth averaged approximately 2%. The fourth quarter growth was similar. For the quarter, employment growth averaged 151,000 per month, close to the year's average of 153,000 per month. Unemployment finished the year at 7.8%, unchanged from September. In October, the Federal Reserve commenced purchase of \$40 billion per month of mortgage-backed securities. In addition, starting in December the Fed began monthly purchases of \$45 billion of U.S. Treasury securities. Both plans are designed to stimulate domestic economic activity. Eurozone concerns eased somewhat during the fourth quarter, but continue to linger. U.S. stocks were flat for the quarter. As measured by the Total Stock Market Index Fund, the market returned +0.19%. International stocks had a strong quarter, gaining 6.69% (measured by the Total International Stock Index Fund). Fixed income returns, as measured by the Total Bond Market Index Fund (+0.13%) were similar to domestic equity returns. The Prime Money Market Fund returned +0.03% for the quarter. For the second quarter in succession, the European Stock Index Fund had the best performance with a gain of 7.79%.

### Market Summary for TIFF Multi-Asset Pool

TIFF MAP performance for the quarter was 2.26% higher than the CPI+5 index and .83% higher than the tougher Constructed index of its sole holding.

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.



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