

VANGUARD CHARITABLE ENDOWMENT PROGRAM

POOL PERFORMANCE—FOURTH QUARTER 1998

(Period ended December 31, 1998)



The chart below shows, for the quarter and year ended December 31, 1998, the total returns for the three investment pools of the Vanguard Charitable Endowment Program: the Gift Preservation Pool, the Moderate Growth Pool, and the Growth Pool. For the sake of comparison, we also present returns for each pool's benchmark, a composite index weighted to reflect each pool's mix of assets.

Keep in mind that the pool returns are based on the total returns of the Vanguard mutual funds in each pool, minus the assessment that covers the Endowment Program's expenses. The total return of each underlying mutual fund includes change in share price and reinvestment of dividends and capital gains, minus the fund's expenses. These adjustments must be remembered when reading the performance comments that follow.

The investment returns of the Gift Preservation Pool and the Growth Pool met their respective benchmarks during the final quarter of 1998. The return of the Moderate Growth Pool fell shy of its target during the period; performance suffered from the Pool's bias toward value-oriented equities in a market driven by growth stocks. The Pool's longer-duration fixed-income securities also held back performance as interest rates rose during the period.

Pool Name	Approximate Pool Composition	Total Return	
		4th Quarter	Year-to-Date
Gift Preservation Pool		0.76 %	5.40 %
Vanguard Prime Money Market Fund	50%	1.28	5.38
Vanguard Short-Term Corporate Fund	50%	0.42	6.57
Benchmark Return¹		0.88	6.21
Moderate Growth Pool		9.74 %	13.71 %
Vanguard Balanced Index Fund	50%	12.67	17.85
Vanguard Wellington Fund	50%	7.45	12.06
Benchmark Return²		12.69	18.11
Growth Pool		16.83 %	20.56 %
Vanguard Total Stock Market Index Fund	80%	21.51	23.26
Vanguard Total Bond Market Index Fund	20%	0.31	8.58
Benchmark Return³		17.02	20.87

Past performance is not indicative of future performance.

¹ The Gift Preservation Pool benchmark contains 50% Lipper Money Market Funds Average and 50% Lehman 1-5 Year Investment Grade Bond Index. ² The Moderate Growth Pool benchmark contains 60% Wilshire 5000 Equity Index and 40% Lehman Aggregate Bond Index. ³ The Growth Pool benchmark contains 80% Wilshire 5000 Equity Index and 20% Lehman Aggregate Bond Index.

VANGUARD
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