

VANGUARD  CHARITABLE
ENDOWMENT PROGRAM












The Value in
Giving®

Tax-effective. Flexible. Simple.

Investment Pool Performance

Investment Pool Performance for Standard Accounts

Period Ending December 31, 2011

	Approximate asset allocation	Estimated composite pool expense ratio ¹	
		Standard pool	Select pool
Multi-Fund Pools			
Gift Preservation (205) 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"> 50% Short-term bonds 50% Money market securities 	0.10%	0.08%
Conservative Growth (718) Seeks returns through 60% investment in Vanguard's Total Bond Market Index Fund and 40% investment in Vanguard's Total Stock Market Index Fund, including small-, mid- and large-cap growth and value stocks.	 <ul style="list-style-type: none"> 40% Stocks 60% Bonds 	0.09%	0.07%
Moderate Growth (206) Seeks to provide growth of capital and a reasonable level of current income through an allocation of roughly 60% to 65% stocks and 35% to 40% bonds.	 <ul style="list-style-type: none"> 60% Stocks 40% Bonds 	0.21%	0.15%
Growth (207) Seeks to provide growth of capital through a target allocation of 80% stocks and 20% bonds.	 <ul style="list-style-type: none"> 80% Stocks 20% Bonds 	0.08%	0.06%
Total Equity (208) Seeks to provide growth of capital through a 100% allocation to stocks.	 <ul style="list-style-type: none"> 100% Stocks 	0.11%	0.08%
Single-Fund Pools			
Money Market (706) Seeks to preserve capital and earn income at current money market rates by investing in short-term, high-quality money market instruments.	 <ul style="list-style-type: none"> 100% Money market securities 	0.09%	0.09%
Short-Term Bond (739) Seeks to offer potential for more income than the money market pool through investment-grade and government short-term bonds.	 <ul style="list-style-type: none"> 100% Bonds 	0.11%	0.07%
Total Bond (192) Seeks to achieve consistent, competitive returns with moderate risk through a 100% allocation to diversified, high-quality fixed income securities.	 <ul style="list-style-type: none"> 100% Bonds 	0.11%	0.07%
Select Multi-Asset Pool (75)¹⁰ Please refer to our website for details at vanguardcharitable.org/SMAP	 <ul style="list-style-type: none"> 100% TIFF 		1.49%
Total U.S. Stock (708) Seeks to track the performance of a benchmark index that measures the investment return of the overall U.S. stock market.	 <ul style="list-style-type: none"> 100% Stocks 	0.07%	0.06%
Total International Stock (709) 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.	 <ul style="list-style-type: none"> 100% Stocks 	0.20%	0.15%

¹Note: 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 or equal to, in the case of the International Stock Pool, their Standard Pool equivalents.

Underlying Vanguard mutual funds	Return for quarter ended 12/31/11	Year-to-date return	Average annual returns					
			1-year	5-year	Since pool inception			
Gift Preservation (205)	0.13%	0.45%	0.45%	2.41%	3.26%			
50% Short-Term Investment-Grade Fund	0.49	2.02	2.02	4.39	4.73			
50% Prime Money Market Fund	0.03	0.14	0.14	1.83	3.09			
<i>Benchmark Return²</i>	<i>0.23</i>	<i>1.52</i>	<i>1.52</i>	<i>3.31</i>	<i>3.94</i>			
Conservative Growth (718)	5.45%	—	—	—	0.10%			
60% Total Bond Market Index Fund	0.97	7.69	7.69	6.48	4.85			
40% Total Stock Market Index Fund	12.15	1.09	1.09	0.31	-7.47			
<i>Benchmark Return³</i>	<i>5.70</i>	—	—	—	<i>0.36</i>			
Moderate Growth (206)	7.79%	3.42%	3.42%	2.70%	5.49%			
50% Balanced Index Fund	7.72	4.31	4.31	3.28	5.29			
50% Wellington™ Fund	8.22	3.85	3.85	3.46	6.63			
<i>Benchmark Return⁴</i>	<i>7.90</i>	<i>4.63</i>	<i>4.63</i>	<i>3.34</i>	<i>5.52</i>			
Growth (207)	9.88%	2.20%	2.20%	1.37%	4.33%			
80% Total Stock Market Index Fund	12.15	1.09	1.09	0.31	4.16			
20% Total Bond Market Index Fund	0.97	7.69	7.69	6.48	5.88			
<i>Benchmark Return⁵</i>	<i>10.04</i>	<i>2.98</i>	<i>2.98</i>	<i>1.91</i>	<i>4.84</i>			
Total Equity (208)	10.43%	-3.11%	-3.11%	-1.03%	0.77%			
60% 500 Index Fund	11.81	2.08	2.08	-0.23	0.23			
20% Extended Market Index Fund	13.56	-3.58	-3.58	1.65	3.10			
20% Total International Stock Index Fund	4.19	-14.52	-14.52	—	2.27			
<i>Benchmark Return⁶</i>	<i>10.54</i>	<i>-2.10</i>	<i>-2.10</i>	<i>0.07</i>	<i>1.56</i>			
Money Market (706)	-0.12%	-0.50%	-0.50%	—	0.72%			
100% Prime Money Market Fund	0.03	0.14	0.14	1.83	1.44			
<i>Benchmark Return⁷</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>1.55</i>	<i>0.98</i>			
Short-Term Bond (739)	0.36%	1.37%	1.37%	—	4.34%			
100% Short-Term Investment-Grade Fund	0.49	2.02	2.02	4.39	5.06			
<i>Benchmark Return⁸</i>	<i>0.46</i>	<i>3.04</i>	<i>3.04</i>	<i>5.29</i>	<i>5.55</i>			
Total Bond (192)	0.79%	6.93%	6.93%	5.78%	4.80%			
100% Total Bond Market Index Fund	0.97	7.69	7.69	6.48	5.37			
<i>Benchmark Return⁹</i>	<i>1.14</i>	<i>7.92</i>	<i>7.92</i>	<i>6.52</i>	<i>5.47</i>			
Select Multi-Asset Pool (75)	3.94%	-1.70%	-1.70%	-2.69%	Before ¹¹	After ¹¹	Before ¹¹	After ¹¹
100% Multi-Asset	3.94	-1.70	-1.70	-2.69	3.78	3.57	7.90	7.83
<i>Benchmark Return: CPI+5% per annum</i>	<i>0.85</i>	<i>8.27</i>	<i>8.27</i>	—	<i>7.40</i>	—	<i>7.53</i>	—
<i>Benchmark Return: Constructed Index</i>	<i>5.24</i>	<i>-1.29</i>	<i>-1.29</i>	—	<i>2.12</i>	—	<i>7.38</i>	—
<small>The current quarter's return for CPI+5% per annum is estimated.¹¹</small>								
Total U.S. Stock (708)	11.98%	0.44%	0.44%	—	-2.15%			
100% Total Stock Market Index Fund	12.15	1.09	1.09	0.31	-1.58			
<i>Benchmark Return¹²</i>	<i>12.12</i>	<i>1.08</i>	<i>1.08</i>	<i>0.29</i>	<i>-1.60</i>			
Total International Stock (709)	4.05%	-15.11%	-15.11%	—	-7.07%			
100% Total International Stock Index Fund	4.19	-14.52	-14.52	—	-6.52			
<i>Benchmark Return¹³</i>	<i>3.31</i>	<i>-14.31</i>	<i>-14.31</i>	<i>-3.41</i>	<i>-6.52</i>			

- ¹ Based on the expense ratios of the underlying funds.
- ² The Gift Preservation Pool benchmark contains 50% Lipper Money Market Funds Average and 50% Lehman 1-5 Year U.S. Credit Index.
- ³ The Conservative Growth Pool benchmark contains 60% Barclays US Aggregate Float Adj Index and 40% MSCI US Broad Market Index.
- ⁴ The Moderate Growth Pool benchmark contains 60% Wilshire 5000 Total Market Index and 40% Lehman Aggregate Bond index through December 31, 2009. 40% Spliced Barclays U.S. Aggregate Float Adjusted Index thereafter.
- ⁵ The Growth Pool benchmark contains 80% Wilshire 5000 Equity Index and 20% Lehman Aggregate Bond Index through December 31, 2009. 20% Spliced Barclays U.S. Aggregate Float Adjusted Index thereafter.
- ⁶ The Total Equity Pool benchmark contains 60% S&P 500 Index, 20% Wilshire 4500 Completion Index, and 20% Total International Composite Index, which consists of the Select Emerging Markets Free Index and MSCI's EAFE Index.
- ⁷ The Money Market Pool benchmark is derived from data provided by Lipper Inc.
- ⁸ Barclays U.S. 1-5 Year Credit Index since inception.
- ⁹ 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% Spliced Barclays U.S. Aggregate Float Adjusted Index thereafter.
- ¹⁰ 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.
- ¹¹ 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.
- ¹² The Total U.S. Stock Pool benchmark contains Dow Jones Wilshire 5000 Index through April 22, 2005; MSCI US Broad Market Index thereafter.
- ¹³ 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 applicable to Luxembourg holding companies.
- ¹ The inception date of the Total Bond Pool is September 28, 2004. (Through September 27, 2006, the Total Bond Pool contained 70% Vanguard Intermediate-Term Bond Index Fund and 30% GNMA Fund. Since then it has contained 100% Vanguard Total Bond Market Index Fund.) The inception date of the Total Equity Pool is August 21, 2000. The inception date of the Growth Pool, Moderate Growth Pool, and Gift Preservation Pool is December 17, 1997. The inception date of the Money Market Pool, Total U.S. Stock Pool, and Total International Stock Pool is July 2, 2007. The inception date of the Select Multi-Asset Pool is October 23, 2007. The inception date of the Short-Term Bond Pool is July 1, 2009. The inception date of the Conservative Growth Pool is July 1, 2011.
- ^{1,1} 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 intra-period shareholder transactions. The entry and exit fees in question are paid to the fund itself.

Please note that passive indices (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.

The Vanguard Group, Vanguard, and Wellington are trademarks of The Vanguard Group, Inc. All other marks are the exclusive property of their respective owners.



Market Summary for Standard Multi-Fund and Single-Fund Pools (comprised of Vanguard® Funds)

The fourth quarter witnessed an improvement in U.S. economic activity from that of the previous quarter. After growing 2.0% in the third quarter, U.S. growth accelerated to approximately 3.0% in the fourth quarter. Employment indicators improved with 412,000 jobs being added during the quarter and the unemployment rate declining to 8.5% at year end. Sovereign debt worries in Europe persisted with no resolution yet in sight. The improved environment allowed equity markets to recover sharply from their third quarter losses. U.S. equities advanced 12.15%, as measured by the Total Stock Market Index Fund. International equities also improved, but by a lesser amount because of continuing debt concerns. As measured by the Total International Stock Index Fund, gains for the quarter were 4.19%. Fixed income returns were modestly positive, as measured by the return of 0.97% for the Total Bond Market Index Fund. The Fed continued to keep short-term interest rates near zero, as indicated by the Prime Money Market Fund return of 0.03%. The highest return for the quarter was achieved by the Extended Market Index Fund, which narrowly outpaced the Total Stock Market Index Fund. Past performance is not indicative of future performance and account balances are subject to change based on market fluctuation.

Pool returns are based on the total returns of the Vanguard mutual funds in each pool, net of four components:

- Vanguard Charitable's standard administrative expenses
- the fund's expenses
- change in share price
- reinvestment of dividends and capital gains

Market Summary for Select Multi-Asset Pool

SMAP performance for the quarter was 3.09% higher than the CPI+5 index and 1.3% lower than the tougher Constructed Index of its sole holding.

Select Multi-Asset Pool returns are based on the total returns of the underlying non-Vanguard mutual funds in each pool, net of three components:

- the fund's expenses
- change in share price
- reinvestment of dividends and capital gains