

stocks

Growth and Income  
Stock Fund

cash investments

balanced

BONDS

# Vanguard® 500 Index Fund

## Investor Shares

### Who Should Invest

- Investors seeking long-term growth of capital.
- Investors seeking low-cost participation in the stock market through a broadly diversified fund.
- Investors with a long-term investment horizon (more than five years).

### Who Should Not Invest

- Investors unwilling to accept significant fluctuations in share price.

**Assets:** \$79,161,460,991

**Expenses:** 0.18%\*

**Ticker Symbol:** VFINX

**Newspaper Listing:** 500

**Inception:** August 31, 1976

### Overall Risk Level:



### Investment Objective

Vanguard 500 Index Fund seeks to track the performance of a benchmark index that measures the investment return of large-capitalization stocks.

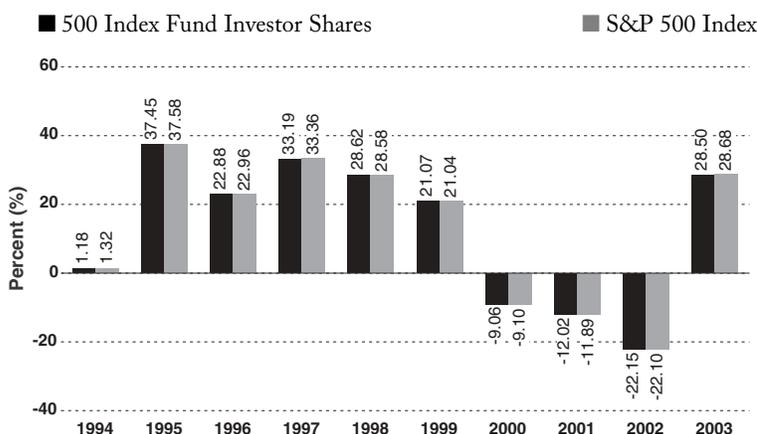
### Investment Strategy

The fund employs a "passive management"—or indexing—investment approach designed to track the performance of the Standard & Poor's 500 Index, a widely recognized benchmark of U.S. stock market performance that is dominated by the stocks of large U.S. companies. The fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting within the index.

See reverse side for Fund Profile.

### Performance

Annual Returns 1994–2003 — 500 Index Fund Investor Shares vs. S&P 500 Index\*\*



### Total Returns for Periods Ended June 30, 2004\*\*\*

	Year to Date	1 Year	3 Years	5 Years	10 Years
500 Index Fund Investor Shares	3.37%	18.91%	-0.81%	-2.26%	11.75%
S&P 500 Index	3.44%	19.11%	-0.69%	-2.20%	11.83%

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. For performance data current to the most recent month-end, which may be higher or lower than that cited, visit our website at [www.vanguard.com](http://www.vanguard.com).

\*For most recent fiscal year.

\*\*Standard & Poor's 500 Index, an unmanaged measure of stock market performance.

\*\*\*Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns.

THE Vanguard GROUP

# Vanguard 500 Index Fund

## Investor Shares

### Fund Profile

As of June 30, 2004

#### Top Sector Holdings—Stocks

1. Auto & Transportation	2.6%
2. Consumer Discretionary	13.7
3. Consumer Staples	7.8
4. Financial Services	21.5
5. Health Care	13.2
6. Integrated Oils	4.6
7. Materials & Processing	3.5
8. Other Energy	1.9
9. Producer Durables	4.2
10. Technology	15.1
11. Utilities	6.7
12. Other	5.2

#### Largest Stock Holdings\*

1. General Electric Co.
2. Microsoft Corp.
3. ExxonMobil Corp.
4. Pfizer Inc.
5. Citigroup, Inc.
6. Wal-Mart Stores, Inc.
7. American International Group, Inc.
8. Intel Corp.
9. Bank of America Corp.
10. Johnson & Johnson

Top Ten as % of Total Net Assets 22.2%

\*Fund holdings are subject to change.

### A Few Words About Risk

When investing in stock funds, short-term losses (or gains) are common, largely as a result of sudden movements in stock prices as views change about the economy and individual companies. However, over extended periods the market's ups have tended to outweigh its downs. There is no guarantee this

### Overall Risk Level:



will continue. Usually, the longer you hold your investments, the lower your chances of losing money.

### Investment Terms

**Dividends:** Payments made by companies to investors in their stock. The payments typically depend on economic conditions and the company's financial health.

**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.

**Index Funds:** Mutual funds that try to track as closely as possible the performance of a target index (e.g., a large group of U.S. stocks, foreign stocks, or bonds). Index funds may invest in all or a representative sample of the stocks included in the target index.

**Market Risk:** The chance that the value of an investment will change because of rising (or falling) stock or bond prices.

**Mutual Fund:** An investment company that combines the money of thousands of people and invests it in a number of securities (stocks, bonds, short-term reserves) to achieve a specific objective over time.

**Total Return:** The change in the value of an investment, plus any income from interest or dividends. The standard measure of a mutual fund's performance.

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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.