

stocks

International Stock Fund

cash investments

balanced

BONDS

# American Funds EuroPacific Growth Fund Class R-5

### Who Should Invest

- Investors seeking to further diversify a portfolio of U.S. securities.
- Investors seeking long-term growth of capital.
- Investors with a long-term investment horizon (at least five years).

### Who Should Not Invest

- Investors unwilling to accept significant fluctuations in share price.
- Investors seeking significant dividend income.

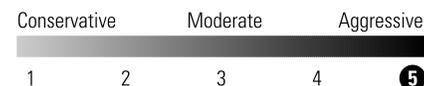
**Share Class Assets:** \$2,695,955,537  
as of 5/31/2004

**Expenses:** 0.61%\*

**Ticker Symbol:** RERFX

**Inception:** May 15, 2002

### Overall Risk Level:



### Investment Objective

American Funds EuroPacific Growth Fund seeks to provide long-term growth of capital.

### Investment Strategy

The fund normally invests at least 80% of its assets in securities of issuers located in Europe and the Pacific Basin. In selecting investments for the fund's portfolio, the investment advisor seeks reasonably priced securities considered to be good long-term investment opportunities. This is accomplished not only through fundamental analysis, but also by meeting with company executives and employees, suppliers, customers, and competitors in order to gain in-depth knowledge of a company's true value.

See reverse side for Fund Profile.

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

	Year to Date	1 Year	Since Inception
American Funds EuroPacific Growth Fund	4.93%	31.08%	8.11%
MSCI EAFE Index***	4.56%	32.37%	—

*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.

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

\*\*\*Morgan Stanley Capital International Europe, Australasia, Far East Index, an unmanaged measure of stock market performance.

# American Funds

## EuroPacific Growth Fund

Class R-5

### Fund Profile

#### Top Sector Holdings

As of 3/31/2004

1. Business Services	3.2%
2. Consumer Goods	20.2
3. Consumer Services	5.6
4. Energy	4.7
5. Financial Services	18.7
6. Hardware	5.8
7. Health Care Services	10.6
8. Industrial Materials	9.7
9. Media	3.3
10. Software	0.3
11. Telecommunications	14.8
12. Utilities	3.1

#### Largest Stock Holdings\*

As of 3/31/2004

1. AstraZeneca
2. Vodafone Grp
3. Kon Kpn Nv
4. Mitsui Sumitomo Insurance
5. Nestle
6. Unilever
7. Novo-Nordisk A S
8. Telefonica
9. HSBC Hldgs
10. Ahold(Kon)Nv

Top Ten as % of Total Net Assets 15.5%

\*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 will continue. Usually, the longer you hold your investment, the lower your chances of losing money.

International investments are also influenced by other factors. For instance, changes in the relative values of currencies—whether the U.S. dollar, the British pound, or the Japanese yen—will either add to or subtract from the returns earned by U.S. investors in international markets.

### 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.

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

### Overall Risk Level:



One simple rule to remember: When the U.S. dollar falls in value, international returns to U.S. investors increase, and when the U.S. dollar rises in value, international returns to U.S. investors decline.

Another thing to keep in mind is that investing internationally increases the chance that an investment may decline because of political or economic changes in foreign countries.

Given these added risks, most investors should limit their international investments to no more than 20% of their overall savings.

**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.

All performance and expense ratio data provided by Lipper Inc. All other data is provided by Morningstar, Inc.

All marks are the exclusive property of their respective owners.

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.