

Vanguard® Capital Opportunity Fund

Investor Shares

stocks

Aggressive Growth
Stock Fund

cash investments

balanced

BONDS

Investment Objective

Vanguard Capital Opportunity Fund seeks to provide long-term capital appreciation.

Investment Strategy

The fund invests in stocks of mid- and small-capitalization companies expected to have above-average growth of earnings. The fund may concentrate its investments in industry sectors expected to benefit most from certain business and economic trends. Stocks chosen for the fund are expected to surpass certain performance hurdles, such as profit or new-order growth, the release of a new product, or a corporate restructuring.

See reverse side for Fund Profile.

Who Should Invest

- Investors seeking maximum long-term total return.
- Investors with a long-term investment horizon (at least five years).

Who Should Not Invest

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

Assets: \$6,457,797,340

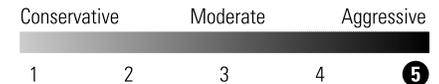
Expenses: 0.59%*

Ticker Symbol: VHCOX

Newspaper Listing: CapOp

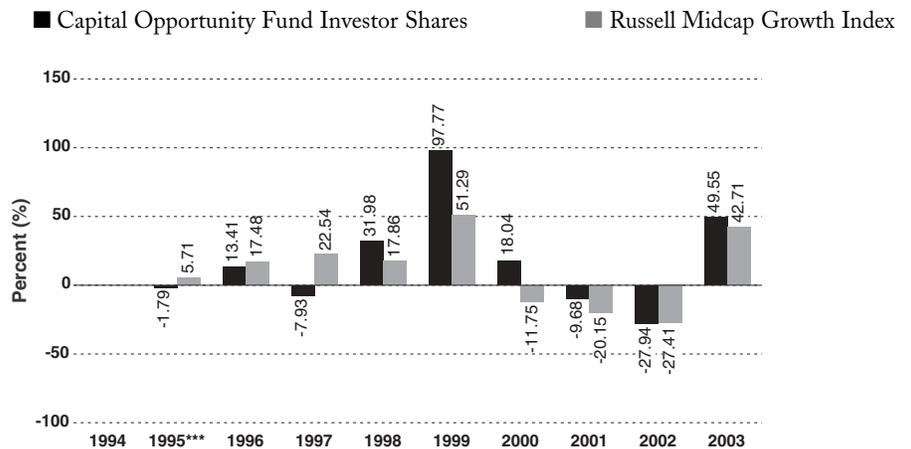
Inception: August 14, 1995

Overall Risk Level:



Performance

Annual Returns 1995–2003 — Capital Opportunity Fund Investor Shares vs. Russell Midcap Growth Index**



Total Returns for Periods Ended June 30, 2004†

	Year to Date	1 Year	3 Years	5 Years	Since Inception
Capital Opportunity Fund Investor Shares	11.41%	38.78%	3.43%	14.30%	14.88%
Russell Midcap Growth Index	5.94%	27.33%	0.23%	0.49%	8.71%

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.

*For most recent fiscal year.

**Russell Midcap Growth Index, an unmanaged measure of stock market performance.

***Partial return since fund started, August 14, 1995.

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

Note: The fund charges a 1% fee on redemptions of shares held less than five years. Fund return data are unadjusted for transaction fees.

THE Vanguard GROUP

Vanguard Capital Opportunity Fund

Investor Shares

Fund Profile

As of June 30, 2004

Top Sector Holdings—Stocks

1. Auto & Transportation	5.8%
2. Consumer Discretionary	17.8
3. Consumer Staples	0.0
4. Financial Services	2.1
5. Health Care	18.7
6. Integrated Oils	4.0
7. Materials & Processing	3.5
8. Other Energy	4.1
9. Producer Durables	7.8
10. Technology	33.8
11. Utilities	2.4
12. Other	0.0

Largest Stock Holdings*

1. Biogen Idec Inc.
2. Research In Motion Ltd.
3. FedEx Corp.
4. Symantec Corp.
5. Micron Technology, Inc.
6. DirecTV Group, Inc.
7. Sprint Corp.
8. Monsanto Co.
9. Applera Corp.-Applied Biosystems Group
10. Corning, Inc.

Top Ten as % of Total Net Assets 28.6%

*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 investments, the lower your chances of losing money.

The Capital Opportunity Fund emphasizes growth stocks with low dividends, which represent only a part of the U.S.

Overall Risk Level:



stock market; thus its performance may differ sharply from the overall stock market. The fund invests primarily in small-company stocks, which historically have been more volatile than large-cap stocks. Also, because the fund holds a relatively small number of stocks, it will be more volatile than a fund with a broadly diversified portfolio.

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.

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, 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.