Vanguard Total International Bond Index Fund
Bond fund | Institutional Shares

Investment objective
Vanguard Total International Bond Index Fund seeks to track the performance of a US dollar hedged benchmark index that measures the investment return of investment-grade bonds issued outside of the United States.

Investment strategy
The fund employs an indexing investment approach designed to track the performance of the Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index (USD Hedged), a broad-based measure of the global, investment-grade, fixed-rate debt markets. The index includes government, government agency, corporate, and securitized non-U.S. investment-grade fixed-income investments, all issued in currencies other than the U.S. dollar and with maturities of more than one year. The index is capped, which means that its exposure to any particular bond issuer is limited to a maximum of 20%. Additionally, issuers that individually constitute 5% or more of the index may not constitute, in the aggregate, more than 48% of the index. If the index, as constituted based on market weights would exceed the 20% or 48% limit, the excess is reallocated to bonds of other issuers represented in the index. To minimize the currency risk associated with investment in bonds denominated in currencies other than the U.S. dollar, the fund will attempt to hedge its currency exposures. The fund invests by sampling the Index, meaning that it holds a range of securities that, in the aggregate, approximates the full index in terms of key risk factors and other characteristics. All of the fund’s investments will be selected through the sampling process, and at least 80% of the fund’s assets will be invested in bonds included in the index.

For the most up-to-date fund data, please scan the QR code below.

Benchmark
BloomBarc GA ex-USD FlAdjRIC Cp Hgd

Growth of a $10,000 investment: May 31, 2013—December 31, 2019

Annual returns

Total returns

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. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at vanguard.com/performance.

For periods of less than one year are cumulative returns. All other figures represent average annual gains distributions. All returns are net of expenses.

Distribution by issuer—bonds

* Partial return since fund started, May 31, 2013.
BloomBarc GA ex-USD FlAdjRIC Cp Hgd: Includes government, government agency, corporate, and securitized non-U.S. investment grade fixed-income investments, all issued in currencies other than the U.S. dollar and with maturities of more than one year.
Plain talk about risk

An investment in the fund could lose money over short or even long periods. You should expect the fund’s share price and total return to fluctuate within a wide range. The fund’s performance could be hurt by:

- **Interest rate risk:** The chance that bond prices will decline because of rising interest rates. Interest rate risk should be moderate for the fund because it invests in a diverse mix of short-, intermediate-, and long-term bonds.

- **Income risk:** The chance that the fund’s income will decline because of falling interest rates. Income risk is generally moderate for intermediate-term bond funds, so investors should expect the fund’s monthly income to fluctuate accordingly.

- **Credit risk:** The chance that a bond issuer will fail to pay interest or principal in a timely manner or that negative perceptions of the issuer’s ability to make such payments will cause the price of that bond to decline. Credit risk should be low for the fund because it purchases only bonds that are of investment-grade quality.

- **Call risk:** The chance that during periods of falling interest rates, issuers of callable bonds may call (redeem) securities with higher coupons or interest rates before their maturity dates. The fund would then lose any price appreciation above the bond’s call price and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the fund’s income. For mortgage-backed securities, this risk is known as prepayment risk. Call/prepayment risk should be low for the fund because it invests only a small portion of its assets in callable bonds and mortgage-backed securities.

- **Country/regional risk:** The chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value of securities issued by foreign companies, governments, or government agencies. Because the fund may invest a large portion of its assets in bonds of issuers located in a particular country or region, the fund’s performance may be hurt disproportionately by the poor performance of its investments in that area. Country/regional risk for the fund is high.

- **Nondiversification risk:** The chance that the fund’s performance may be hurt disproportionately by the poor performance of bonds issued by just a few issuers or even a single issuer. The fund is considered nondiversified, which means that it may invest a significant percentage of its assets in bonds issued by a small number of issuers.

- **Currency hedging risk:** The risk that the currency hedging transactions entered into by the fund may not perfectly offset the fund’s foreign currency exposures. The fund seeks to mimic the performance of foreign bonds without regard to currency exchange rate fluctuations. To accomplish this goal, the fund attempts to offset, or hedge, its foreign currency exposures by entering into currency hedging transactions. However, generally it is not possible to perfectly hedge the fund’s foreign currency exposures. The fund will decline in value if it underhedges a currency that has weakened, or overhedges a currency that has strengthened, relative to the U.S. dollar. In addition, the fund will incur expenses to hedge its foreign currency exposures. Currency hedging risk for the fund is low.

- **Index sampling risk:** The chance that the securities selected for the fund, in the aggregate, will not provide investment performance matching that of the index. Index sampling risk for the fund should be low.

**Note on frequent trading restrictions**

Frequent trading policies may apply to those funds offered as investment options within your plan. Please log on to vanguard.com for your employer plans or contact Participant Services at 800-523-1188 for additional information.

BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. BARCLAYS® is a trademark and service mark of Barclays Bank Plc. used under license. Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL") (collectively, "Bloomberg"), or Bloomberg’s licensors own all proprietary rights in the Bloomberg Barclays Indices. The products are not sponsored, endorsed, issued, sold or promoted by "Bloomberg or Barclays". Bloomberg and Barclays make no representation or warranty, express or implied, to the owners or purchasers of the products or any member of the public regarding the advisability of investing in securities generally or in the products particularly or the ability of the Bloomberg Barclays Indices to track general bond market performance. Neither Bloomberg nor Barclays has passed on the legality or suitability of the products with respect to any person or entity. Bloomberg’s only relationship to Vanguard and the products is the licensing of the Bloomberg Barclays Indices which are determined, composed and calculated by BISL without regard to Vanguard or the products or any owners or purchasers of the products. Bloomberg has no obligation to take the needs of the products or the owners of the products into consideration in determining, composing or calculating the Bloomberg Barclays Indices. Neither Bloomberg nor Barclays is responsible for and has not participated in the determination of the timing of, prices at, or quantities of the products to be issued. Neither Bloomberg nor Barclays has any obligation or liability in connection with the administration, marketing or trading of the products.

**For more information about Vanguard funds or to obtain a prospectus, see below for which situation is right for you.**

If you receive your retirement plan statement from Vanguard or log on to Vanguard’s website to view your plan, visit vanguard.com or call 800-523-1188.

If you receive your retirement plan statement from a service provider other than Vanguard or log on to a recordkeeper’s website that is not Vanguard to view your plan, please call 855-622-2646.

Visit vanguard.com to obtain a prospectus or, if available, a summary 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.

Financial advisor clients: For more information about Vanguard funds, contact your financial advisor to obtain a prospectus.