

Vanguard® Balanced Index Fund

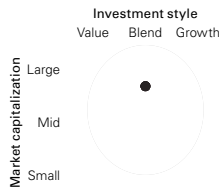
Investment Approach

Balanced allocation: 60% stocks, 40% bonds.
 Seeks capital appreciation, current income, and long-term growth of income.
 Equity portfolio seeks to track the CRSP US Total Market Index; fixed income portfolio seeks to track the Bloomberg U.S. Aggregate Float Adjusted Index.
 Passively managed approach, using index sampling.
 Low expenses minimize net tracking error.

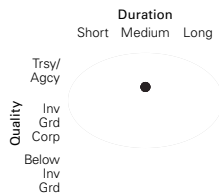
Note: The Investor Shares are closed to new investors.

Vanguard Style View: Moderate Allocation

Index portfolio of large-, mid-, and small-capitalization stocks diversified across investment styles.



Portfolio of U.S. Treasury, investment-grade corporate, and asset-backed securities.



● Central tendency
 ● Expected range of fund holdings

Quarterly Commentary

Global financial markets performed unevenly for the three months ended March 31, 2025. Amid concerns about the outlook for U.S. economic growth and inflation, the Federal Reserve held its target for short-term interest rates steady, in a range of 4.25%–4.50%.

Global stocks returned –1.35% for the quarter, as measured by the FTSE Global All Cap Index in U.S. dollars. While U.S. stocks declined and developed stock markets in the Pacific region were essentially unchanged, emerging stock markets posted modest gains, and developed European stock markets surged.

Bond prices generally rose, as the yield of the bellwether 10-year U.S. Treasury note fell from 4.57% to 4.21%. The broad U.S. investment-grade bond market returned 2.75%, as measured by the Bloomberg U.S. Aggregate Float Adjusted Index.

The Balanced Composite Index, which is weighted 60% U.S. stocks and 40% U.S. bonds and is the benchmark index for Vanguard Balanced Index Fund, returned –1.77% for the quarter.

The benchmark's equity component, the CRSP US Total Market Index, returned –4.82%. Technology detracted most significantly from performance, followed by consumer discretionary, while a few sectors provided mildly positive contributions, led by consumer staples, health care, and energy.

Returns for the benchmark's fixed income component, the Bloomberg U.S. Aggregate Float Adjusted Index, were driven largely by the performance of intermediate- to long-term (5- to 30-year) and middle-rated (Aa) bonds.

For the 12 months ended March 31, 2025, the Balanced Composite Index returned 6.47%; its equity component returned 7.09% and its bond component 4.87%.

Small deviations, whether positive or negative, in the fund's performance versus that of its benchmark index may occur because of the fund's sampling approach to approximate the index and temporary pricing differences between the fund and the index.

People and Process

Vanguard Balanced Index Fund seeks capital appreciation, current income, and long-term growth of income by tracking the investment performance of a balanced benchmark, with 60% of assets invested in the broad U.S. stock market and 40% of assets held in the investment-grade U.S. bond market.

Equity Component: The fund's stock portfolio seeks to track the investment performance of the CRSP US Total Market Index, an unmanaged benchmark representing the overall U.S. equity market. The portfolio replicates approximately 90% of the market capitalization of the CRSP US Total Market Index and invests in a representative sample of the balance using a portfolio optimization technique to avoid the expense and impracticality of full replication. The experience and stability of Vanguard's Equity Index Group have permitted continuous refinement of techniques for reducing tracking error. The group uses proprietary software to implement trading decisions that accommodate cash flow and maintain close correlation with index characteristics. Vanguard's refined indexing process, combined with low management fees and efficient trading, has provided tight tracking net of expenses.

Fixed Income Component: The fund's bond portfolio seeks to track the investment performance of the Bloomberg U.S. Aggregate Float Adjusted Index, an unmanaged benchmark representing the broad, investment-grade, taxable U.S. bond market. The portfolio's passive investment style uses a sampling technique to closely match key benchmark characteristics: sector weight, coupon, maturity, effective duration, convexity, and credit quality. The optimized sampling technique is designed to avoid the expense and impracticality of fully replicating the index.

The Vanguard Group

Launched in 1975, The Vanguard Group, Malvern, Pennsylvania, is among the world's largest equity and fixed income managers. As chief investment officer, Gregory Davis, CFA, oversees Vanguard's Equity Index, Investment Strategy, Quantitative Equity, and Fixed Income Groups. The group has advised Vanguard Balanced Index Fund since 1992.

Vanguard Equity Index Group

Rodney Comegys, Principal and global head of Vanguard's Equity Index Group, is responsible for all equity index funds. The Equity Index Group manages indexed equity portfolios covering U.S. and international markets. It has developed sophisticated portfolio construction methodologies and efficient trading strategies that seek to deliver returns that are highly correlated with target portfolio benchmarks.

Investment Manager Biographies

Gerard C. O'Reilly, Principal. Portfolio manager. Advised the fund since 2016. Worked in investment management since 1992. B.S., Villanova University.

Michael R. Roach, CFA. Portfolio manager. Advised the fund since 2023. Worked in investment management since 2000. B.S., Bloomsburg University of Pennsylvania. M.S., Drexel University.

Aurelie Denis, CFA. Portfolio manager. Advised the fund since 2023. Worked in investment management since 2017. B.S., Pennsylvania State University.

Vanguard Fixed Income Group

Sara Devereux, principal and global head of Fixed Income Group, has direct oversight responsibility for all money market, bond, and stable value portfolios managed by the Fixed Income Group. The Fixed Income Group offers actively managed investments in U.S. Treasury, corporate, and tax-exempt securities, as well as passively managed index portfolios. Since 1981, it has refined techniques in total-return management, credit research, and index sampling to seek to deliver consistent performance with transparency and risk control.

Investment Manager Biographies

Joshua C. Barrickman, CFA, Principal, Co-Head of Fixed Income Indexing Americas. Portfolio manager. Advised the fund since 2013. Worked in investment management since 1999. B.S., Ohio Northern University. M.B.A., Lehigh University.

Tara Talone, CFA. Portfolio manager. Advised the fund since 2022. Worked in investment management since 2008. B.S., Saint Joseph's University. M.B.A., The Wharton School of the University of Pennsylvania.

Investment Advisors

	Fund Assets Managed	
	%	\$ Million
Vanguard Equity Index Group	59	32,800
Vanguard Fixed Income Group	41	22,621
Cash investments	0	123
Total	100	55,544

Total Returns

	Expense Ratio	Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years
Balanced Index Fund							
Investor Shares (11/9/1992)	0.18%	-1.87%	-1.87%	6.26%	5.09%	10.45%	7.66%
Admiral Shares (11/13/2000)	0.07	-1.84	-1.84	6.38	5.20	10.57	7.78
Institutional Shares (12/1/2000)	0.06	-1.84	-1.84	6.40	5.22	10.58	7.79
Balanced Composite Index	—	-1.77	-1.77	6.47	5.40	10.78	7.99

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. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index. Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions. All returns are net of expenses.

Note: Balanced Composite Index: Weighted 60% Dow Jones U.S. Total Stock Market Index (formerly known as the Dow Jones Wilshire 5000 Index) and 40% Lehman Brothers U.S. Aggregate Bond Index through May 31, 2005; 60% MSCI US Broad Market Index and 40% Bloomberg U.S. Aggregate Bond Index through December 31, 2009; 60% MSCI US Broad Market Index and 40% Bloomberg U.S. Aggregate Float Adjusted Index through January 14, 2013; and 60% CRSP US Total Market Index and 40% Bloomberg U.S. Aggregate Float Adjusted Index thereafter. Admiral class shareholders are required to maintain specific minimum balances and meet other special criteria. Institutional class shareholders are required to maintain a minimum balance of \$5 million.

Quarterly Returns: Investor Shares

Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Balanced Index Fund	Year-End	
						CRSP US Total Market Index	Assets (Millions)
2025	-1.87%	—	—	—	—	—	\$168
2024	5.71	2.01%	5.73%	0.40%	14.46%	14.49%	178
2023	5.53	4.60	-3.24	9.95	17.44	17.69	194
2022	-5.62	-12.16	-4.52	4.89	-16.97	-16.41	199
2021	2.34	5.76	-0.06	5.47	14.09	14.28	317
2020	-11.63	14.24	5.71	8.94	16.26	17.34	334
2019	9.54	3.73	1.64	5.36	21.67	21.87	396
2018	-0.91	2.25	4.23	-8.11	-2.97	-2.80	3,014
2017	3.78	2.40	2.99	3.93	13.75	13.93	3,474
2016	1.94	2.53	2.79	1.12	8.63	8.89	3,343
2015	1.71	-0.70	-3.87	3.38	0.37	0.76	3,090

Quarterly Returns: Admiral Shares

Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year-End		
					Balanced Index Fund	CRSP US Total Market Index	Assets (Millions)
2025	-1.84%	—	—	—	—	—	\$44,627
2024	5.74	2.04%	5.76%	0.43%	14.59%	14.49%	46,167
2023	5.59	4.63	-3.21	9.96	17.58	17.69	42,048
2022	-5.60	-12.14	-4.49	4.90	-16.90	-16.41	37,437
2021	2.37	5.79	-0.03	5.50	14.22	14.28	47,564
2020	-11.60	14.27	5.74	8.97	16.40	17.34	39,901
2019	9.57	3.73	1.70	5.36	21.79	21.87	33,585
2018	-0.88	2.28	4.25	-8.09	-2.86	-2.80	23,913
2017	3.82	2.43	3.02	3.96	13.89	13.93	23,556
2016	1.98	2.56	2.82	1.14	8.77	8.89	18,695
2015	1.74	-0.66	-3.83	3.41	0.51	0.76	15,726

Quarterly Returns: Institutional Shares

Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year-End		
					Balanced Index Fund	CRSP US Total Market Index	Assets (Millions)
2025	-1.84%	—	—	—	—	—	\$10,733
2024	5.74	2.04%	5.77%	0.43%	14.60%	14.49%	11,135
2023	5.57	4.63	-3.21	9.98	17.58	17.69	9,989
2022	-5.59	-12.13	-4.46	4.90	-16.87	-16.41	10,268
2021	2.35	5.79	-0.01	5.48	14.20	14.28	13,081
2020	-11.59	14.24	5.75	8.99	16.41	17.34	11,685
2019	9.57	3.74	1.68	5.39	21.79	21.87	11,143
2018	-0.87	2.28	4.26	-8.06	-2.82	-2.80	9,543
2017	3.78	2.43	3.02	3.96	13.86	13.93	10,075
2016	1.98	2.57	2.82	1.18	8.81	8.89	8,495
2015	1.78	-0.70	-3.80	3.38	0.52	0.76	7,452

Volatility Measures

	R-Squared	Beta
Balanced Composite Index	1.00	1.00
Spliced Total Stock Market Index	0.97	0.72

R-squared and beta are calculated from trailing 36-month fund returns relative to the associated benchmark.

Fund Facts

	Investor Shares	Admiral Shares	Institutional Shares
Fund Number	0002	0502	0869
Ticker	VBINX	VBIAX	VBAIX
Newspaper Listing	Balanced	BalAdml	BalInst
CUSIP Number	921931101	921931200	921931309
Assets (millions) (Total \$55,528)	\$168	\$44,627	\$10,733
Inception	11/9/1992	11/13/2000	12/1/2000
Expense Ratio (as of 4/2024)	0.18%	0.07%	0.06%

Fund Asset Allocation

	% of Total Net Assets
Stocks	59.1 %
Bonds	40.5
Short-term reserves	0.3
Total	100.0 %

Equity Characteristics

	Balanced Index Fund	CRSP US Total Market Index
Number of stocks	3,186	3,566
Median market cap	\$187.5 Billion	\$187.5 Billion
Average market cap	\$796.4 Billion	\$797.0 Billion
Price/earnings ratio	24.5x	24.5x
Price/book ratio	4.1x	4.1x
Return on equity	22.9%	22.9%
Earnings growth rate	18.6%	18.6%
Equity yield (dividend)	1.3%	1.3%
Foreign holdings	0.1%	0.0%
Short-term reserves	0.0%	—
Turnover rate (fiscal year end)	21.9%	—

Ten Largest Stocks

	% of Total Net Assets
Apple Inc.	6.2%
Microsoft Corp.	5.2
NVIDIA Corp.	4.7
Amazon.com Inc.	3.4
Alphabet Inc.	3.0
Meta Platforms Inc.	2.3
Berkshire Hathaway Inc.	1.8
Broadcom Inc.	1.5
Tesla Inc.	1.3
Eli Lilly & Co.	1.3
Top Ten as % of Common Stock	30.7%
Top Ten as % of Total Net Assets	18.4%

The holdings listed exclude any temporary cash investments and equity index products.

Distribution by Credit Quality

	% of Portfolio
U.S. Government	68.6%
Aaa	3.3
Aa	3.1
A	12.0
Baa	13.0
Ba	0.0
B	0.0
CCC or Lower	0.0
Not Rated	0.0
Total	100.0%

Credit-quality ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest). "NR" is used to classify securities for which a rating is not available. NR securities may include a fund's investment in Vanguard Market Liquidity Fund or Vanguard Municipal Low Duration Fund, each of which invests in high-quality money market instruments and may serve as a cash management vehicle for the Vanguard funds, trusts, and accounts. U.S. Treasury, U.S. Agency, and U.S. Agency mortgage-backed securities appear under "U.S. Government." Credit-quality ratings for each issue are obtained from Bloomberg using ratings derived from Moody's Investors Service (Moody's), Fitch Ratings (Fitch), and Standard & Poor's (S&P). When ratings from all three agencies are available, the median rating is used. When ratings are available from two of the agencies, the lower rating is used. When one rating is available, that rating is used.

Sector Diversification (% of Stocks)

	Balanced Index Fund	CRSP US Total Market Index	Overweight/ Underweight
Basic Materials	1.6%	1.6%	0.0
Consumer Discretionary	14.2	14.2	0.0
Consumer Staples	4.4	4.4	0.0
Energy	3.8	3.8	0.0
Financials	12.2	12.2	0.0
Health Care	11.0	11.0	0.0
Industrials	12.9	12.9	0.0
Other	0.0	0.0	0.0
Real Estate	2.8	2.8	0.0
Technology	32.1	32.1	0.0
Telecommunications	2.1	2.1	0.0
Utilities	2.9	2.9	0.0
Total	100.0%	100.0%	

Sector categories are based on the Industry Classification Benchmark system ("ICB"), except for the "Other" category (if applicable), which includes securities that have not been provided an ICB classification as of the effective reporting period.

Fixed Income Characteristics

	Balanced Index Fund	Bloomberg U.S. Aggregate Float Adjusted Index
Number of bonds	10,162	13,783
Average effective maturity	8.2 years	8.3 years
Average duration	5.8 years	6.0 years

Distribution by Issuer

	% of Portfolio
Asset-Backed	0.6%
Commercial Mortgage-Backed	1.7
Finance	8.7
Foreign	3.3
Government Mortgage-Backed	19.8
Industrial	14.6
Treasury/Agency	48.2
Utilities	2.5
Other	0.6
Total	100.0%

Distribution by Effective Maturity

	% of Portfolio
Under 1 Year	0.4%
1 to 5 Years	44.0%
5 to 10 Years	35.4%
10 - 15 Years	2.9%
15 - 20 Years	5.9%
20 - 25 Years	4.1%
Over 25 Years	7.3%
Total	100.0%

Important information

For more information about Vanguard funds or Vanguard ETFs, visit [vanguard.com](https://www.vanguard.com) or call 800-523-1036 to obtain a prospectus or, if available, a summary prospectus. Investment objectives, risks, charges, expenses, and other important information are contained in the prospectus; read and consider it carefully before investing.

Vanguard ETF Shares are not redeemable with the issuing Fund other than in very large aggregations worth millions of dollars. Instead, investors must buy or sell Vanguard ETF Shares in the secondary market and hold those shares in a brokerage account. In doing so, the investor may incur brokerage commissions and may pay more than net asset value when buying and receive less than net asset value when selling.

All investing is subject to risk, including the possible loss of the money you invest.

Please remember that all investments involve some risk. Be aware that fluctuations in the financial markets and other factors may cause declines in the value of your account. There is no guarantee that any particular asset allocation or mix of funds will meet your investment objectives or provide you with a given level of income. Diversification does not ensure a profit or protect against a loss. Funds that concentrate on a relatively narrow market sector face the risk of higher share-price volatility.

Investments in bond funds and ETFs are subject to interest rate, credit, and inflation risk. Although the income from a municipal bond fund is exempt from federal tax, you may owe taxes on any capital gains realized through the fund's trading or through your own redemption of shares. For some investors, a portion of the fund's income may be subject to state and local taxes, as well as to the federal Alternative Minimum Tax.

High-yield bonds generally have medium- and lower-range credit quality ratings and are therefore subject to a higher level of credit risk than bonds with higher credit quality ratings.

The Factor Funds are subject to investment style risk, which is the chance that returns from the types of stocks in which a Factor Fund invests will trail returns from U.S. stock markets. The Factor Funds are also subject to manager risk, which is the chance that poor security selection will cause a Factor Fund to underperform its relevant benchmark or other funds with a similar investment objective, and sector risk, which is the chance that significant problems will affect a particular sector in which a Factor Fund invests, or that returns from that sector will trail returns from the overall stock market.

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Investments in Target Retirement Funds are subject to the risks of their underlying funds. The year in the Fund name refers to the approximate year (the target date) when an investor in the Fund would retire and leave the work force. The Fund will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date. The Income Fund has a fixed investment allocation and is designed for investors who are already retired. An investment in the Target Retirement Fund is not guaranteed at any time, including on or after the target date.

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