

Investment options and performance

October 1, 2016—December 31, 2016



Vanguard Charitable is one of the largest charities in the United States. We were founded by Vanguard in 1997 as an independent nonprofit organization focused on increasing philanthropy by administering the highest-value donor-advised fund—a tax-effective way to consolidate, accrue, and grant assets to charity.

Although we are separate entities, Vanguard Charitable is strongly aligned with Vanguard's principled investment philosophy and unwavering values, including its commitment to ethics, transparency, and at-cost investing. We firmly believe that minimizing costs can help maximize philanthropic impact. No other donor-advised fund can extend the direct benefits of Vanguard's at-cost investments like we can.

Invest in charity

The primary advantages of giving with our philanthropic accounts include the opportunity to recommend principled investments, watch charitable assets compound, and, over time, grant more to charity—all while enjoying a tax deduction, when applicable. In addition, assets invested by Vanguard Charitable grow tax-free, meaning your contributions may be worth more accruing for charity than they would be if you personally invested them in the market.

With our philanthropic accounts, you secure access to a broad range of low-cost investment options across major asset classes, which allows you to tailor your account to match your risk tolerance and giving objectives.

Minimize cost, maximize impact

We are the only donor-advised fund that can extend the direct benefits of Vanguard's at-cost investments to your account. Fees can erode an account's value over time, limiting your potential to achieve your philanthropic goals. Because of our relationship with Vanguard, we are able to offer even lower investment fees than may traditionally be assessed, including Admiral™ share class pricing to Standard accounts and Institutional share class pricing to Select accounts.¹

When we work with Vanguard to maintain low investment costs, we keep more of your charitable dollars working for the causes you care about most.

For more information on how your account benefits from the sophistication, expertise, and more than 40 years of investment know-how of Vanguard, visit vanguardcharitable.org/investments.

Diversify with an exclusive option

For qualifying donors, we also offer access to The Investment Fund for Foundations Multi-Asset Fund, an option traditionally reserved for endowments and foundations. This actively managed fund gives individuals the opportunity to recommend a long-term investment with a broader range of asset classes than our other options. For more information, visit vanguardcharitable.org/tiff.

Investment options

Our investment options include both single and multi-fund options that span the risk spectrum and offer a range of exposures. If you prefer to construct a portfolio or simply focus on one fund, you may recommend investing in our **single fund options** and rebalance your philanthropic account as you see fit based on risk tolerance, asset allocation decisions, and giving time frames. If you prefer a simple yet sophisticated fund of funds, you may recommend investing in our selection of **multi-fund options** and allow Vanguard's seasoned team of investment professionals to set the asset allocation and rebalance the funds daily. Investment options may be combined in any form to craft a portfolio that best suits your charitable needs.



*Multi-fund investment option

Market Summary as of December 31, 2016

Investment options composed of underlying Vanguard funds

U.S. stocks surged during the fourth quarter of 2016, while demand for fixed income fell. Economic growth, stronger corporate earnings, and a recovery in oil prices all contributed to the enthusiasm for stocks. November's presidential election further drove the rally as many investors anticipated that the new administration would promote business-friendly policies, such as tax cuts, lighter regulations, and fiscal stimulus.

The CRSP US Total Market Index, the benchmark for Vanguard Total Stock Market Index Fund, returned 4.11% for the quarter and 12.68% for the 12 months ended December 31.

The headlines were not as favorable for fixed income as expectations for inflation, a stronger economy, and higher interest rates helped lower prices for U.S. government bonds. After falling earlier in 2016, the yield of the benchmark U.S. Treasury note ended 2016 at 2.45%, up from 2.30% at the end of 2015. (Bond yields and prices move in opposite directions.)

The Federal Reserve, showing increased optimism about the U.S. economy, raised the federal funds target rate by a quarter percentage point, to 0.5%–0.75%, and signaled that interest rates would rise in 2017 at a faster-than-expected pace. Its rate hike was the first one in a year and only the second in a decade.

TIFF Multi-Asset Pool

TIFF Multi-Asset Pool performance for the quarter was -0.25%, lower than the CPI+5% benchmark (1.04%), higher than 65/35 Mix benchmark (-0.27%), and lower than the Constructed Index benchmark (0.76%).

TIFF Multi-Asset Pool returns are based on the total returns of the underlying investments, net of three components:

- The fund's expenses
- Change in share price
- Reinvestment of dividends and capital gains

Performance

All Vanguard Charitable investment performance returns (with the exception of the TIFF Multi-Asset Pool) reflect the following components:

- Market movement
- Reinvestment of dividends/interest and capital gains
- Deduction of the underlying fund's (or funds') expenses

View the most recent period and average annual returns on the following pages. For past investment performance, visit vanguardcharitable.org/investmentperformance.

Investment performance for Standard accounts

Period ending December 31, 2016

Multi-fund investment options ³	Underlying mutual funds	Return for period ended 12/31/2016	Average annual returns		
			1-year	5-year	10-year
Gift Preservation (0205) Seeks to preserve principal while earning current income through a target allocation of 50% money market and 50% short-term bonds .	Total return	-0.34%	1.61%	1.21%	2.11%
	Vanguard Short-Term Investment Grade Fund	-0.82	2.82	2.30	3.34
	Vanguard Federal Money Market Fund	0.08	0.30	0.08	0.83
	<i>Composite benchmark return⁴</i>	<i>-0.44</i>	<i>1.33</i>	<i>1.24</i>	<i>2.27</i>
Expense ratios: 0.11% Standard, 0.09% Select					
Conservative Growth (0718) Seeks to preserve principal and provide some growth of capital through a target allocation of roughly 40% stocks and 60% bonds .	Total return	-0.82%	6.03%	6.36%	—%
	Vanguard Total Bond Market Index Fund	-3.17	2.60	2.14	4.29
	Vanguard Total Stock Market Index Fund	4.12	12.66	14.62	7.23
	Vanguard Total International Stock Index Fund	-1.93	4.67	5.50	—
<i>Composite benchmark return⁵</i>	<i>-0.74</i>	<i>6.17</i>	<i>6.45</i>	<i>—</i>	
Expense ratios: 0.06% Standard, 0.05% Select					
Moderate Growth (0206) Seeks to provide growth of capital and a reasonable level of current income through a target allocation of roughly 55-60% stocks and 40-45% bonds .	Total return	1.72%	9.39%	9.52%	6.36%
	Vanguard Balanced Index Fund	1.14	8.77	9.62	6.40
	Vanguard Wellington™ Fund	3.18	11.01	10.44	6.89
	Vanguard Total International Stock Index Fund	-1.93	4.67	5.50	—
<i>Composite benchmark return⁶</i>	<i>1.02</i>	<i>8.74</i>	<i>9.70</i>	<i>6.41</i>	
Expense ratios: 0.17% Standard, 0.12% Select					
Growth (0207) Seeks to provide growth of capital through a target allocation of 80% stocks and 20% bonds .	Total return	1.15%	8.84%	9.96%	5.88%
	Vanguard Total Stock Market Index Fund	4.12	12.66	14.62	7.23
	Vanguard Total Bond Market Index Fund	-3.17	2.60	2.14	4.29
	Vanguard Total International Stock Index Fund	-1.93	4.67	5.50	—
<i>Composite benchmark return⁷</i>	<i>1.32</i>	<i>8.97</i>	<i>10.10</i>	<i>5.88</i>	
Expense ratios: 0.07% Standard, 0.06% Select					
Total Equity (0208) Seeks to provide growth of capital through a 100% allocation to stocks .	Total return	2.41%	10.47%	11.92%	5.55%
	Vanguard 500 Index Fund	3.82	11.93	14.62	6.94
	Vanguard Extended Market Index Fund	5.61	16.13	14.65	7.95
	Vanguard Total International Stock Index Fund	-1.93	4.67	5.50	—
<i>Composite benchmark return⁸</i>	<i>2.56</i>	<i>10.57</i>	<i>12.08</i>	<i>5.67</i>	
Expense ratios: 0.08% Standard, 0.06% Select					

Investment performance for Standard accounts

Period ending December 31, 2016

Single fund investment options ³	Underlying mutual fund	Return for period ended 12/31/2016	Average annual returns					
			1-year		5-year		10-year	
Money Market (0706) Seeks to provide current income while maintaining liquidity and a stable share price of \$1. Invests primarily in U.S. government agency obligations. Expense ratios: 0.11% Standard, 0.11% Select	Total return Vanguard Federal Money Market Fund <i>Benchmark return⁹</i>	0.05% 0.08 0.02	0.33% 0.30 0.02		0.13% 0.08 0.00		—% 0.83 0.61	
Short-Term Bond (0739) Seeks current income with limited price volatility and provides exposure to short-term, investment-grade fixed income securities. Expense ratios: 0.10% Standard, 0.07% Select	Total return Vanguard Short-Term Investment Grade Fund <i>Benchmark return¹⁰</i>	-0.83% -0.82 -0.90	2.81% 2.82 2.58		2.28% 2.30 2.46		—% 3.34 3.86	
Total Bond (0192) Provides broadly diversified exposure to investment-grade U.S. bond market. Expense ratios: 0.06% Standard, 0.05% Select	Total return Vanguard Total Bond Market Index Fund <i>Benchmark return¹¹</i>	-3.17% -3.17 -3.05	2.56% 2.60 2.75		2.14% 2.14 2.24		4.25% 4.29 4.36	
Total U.S. Stock (0708) Provides exposure to large-, mid-, and small-cap equity diversified across growth and value styles. Expense ratios: 0.05% Standard, 0.04% Select	Total return Vanguard Total Stock Market Index Fund <i>Benchmark return¹²</i>	4.10% 4.12 4.11	12.64% 12.66 12.68		14.62% 14.62 14.64		—% 7.23 7.23	
Total International Stock (0709) Provides broad exposure across developed and emerging non-U.S. equity markets. Expense ratios: 0.12% Standard, 0.10% Select	Total return Vanguard Total International Stock Index Fund <i>Benchmark return¹³</i>	-2.00% -1.93 -1.27	4.62% 4.67 4.72		5.50% 5.50 5.58		—% — 0.98	
European Stock (0728) Provides exposure to European equity, primarily large- and mid-cap and is diversified across developed markets. Expense ratios: 0.12% Standard, 0.09% Select	Total return Vanguard European Stock Index Fund <i>Benchmark return¹⁴</i>	-1.13% -1.09 -0.69	-0.68% -0.63 -0.48		—% 6.60 6.55		—% 0.63 0.50	
Pacific Stock (0727) Provides exposure to Pacific-region common stocks. Expense ratios: 0.12% Standard, 0.09% Select	Total return Vanguard Pacific Stock Index Fund <i>Benchmark return¹⁵</i>	-2.81% -2.78 -1.78	5.25% 5.29 4.67		—% 6.95 7.03		—% 1.56 1.56	
Emerging Markets Stock (0730) Provides exposure to stock issued by companies located in emerging market countries. Expense ratios: 0.15% Standard, 0.12% Select	Total return Vanguard Emerging Markets Stock Index Fund <i>Benchmark return¹⁶</i>	-3.88% -3.85 -3.01	11.64% 11.73 11.77		—% 1.44 1.61		—% 1.87 2.01	
TIFF Multi-Asset Pool (75)¹⁷ Seeks to achieve a total return (price appreciation plus dividends) that, over a majority of market cycles, exceeds inflation, as measured by the Consumer Price Index plus 5% per annum. Expense ratio: 1.51% Select	Total return TIFF Multi-Asset Fund <i>Benchmark return: 65/35 Mix</i> <i>Benchmark return: CPI + 5% per annum</i> <i>Benchmark return: Constructed Index</i> <i>The current quarter's return for CPI+5% per annum is estimated¹⁸</i>	-0.25% -0.25 -0.27 1.04 0.76	Before ¹⁹ 4.45% 4.45 6.17 6.97 6.00	After ¹⁹ 3.42% 3.42 — — —	Before ¹⁹ 6.15% 6.15 6.97 6.38 5.21	After ¹⁹ 5.94% 5.94 — — —	Before ¹⁹ —% 4.96 4.23 6.87 3.65	After ¹⁹ —% 4.85 — — —

¹ Select account status is subject to Vanguard Charitable's approval and is based on account balance, activity, and patterns. Most accounts with balances of more than \$1 million for at least three months are approved for Select status. All other accounts are considered Standard. Admiral and Institutional are share classes at Vanguard. Each share class has varying operating expenses and account minimums, which are reflected in their respective fees.

² The potential for risk can be categorized in levels from 1 to 5. Knowing the risk level you are comfortable with and the length of time you expect to invest can help you select an appropriate fund for your investing needs.

Conservative - Risk level 1 funds are classified as conservative if their share prices are expected to remain stable or to fluctuate only slightly. Such funds may be appropriate for the short-term reserves portion of a long-term investment portfolio, or for investors with short-term investment horizons (three years or less).

Conservative to moderate - Risk level 2 funds classified as conservative to moderate are subject to low-to-moderate fluctuations in share prices. In general, such funds may be appropriate for investors with medium-term investment horizons (four to ten years).

Moderate - Risk level 3 funds classified as moderate are subject to a moderate degree of fluctuation in share prices. In general, such funds may be appropriate for investors who have a relatively long investment horizon (more than five years).

Moderate to aggressive - Risk level 4 funds of this type are broadly diversified but are subject to wide fluctuations in share price because they hold virtually all of their assets in common stocks. These funds may be appropriate for investors who have a long-term investment horizon (ten years or longer).

Aggressive - Risk level 5 funds classified as aggressive are subject to extremely wide fluctuations in share price. These funds may be appropriate for investors who have a long-term investment horizon (ten years or longer). The unusually high volatility associated with these funds may stem from a number of strategies.

³ Select account investment returns are generally higher than the standard returns reported above. Select account returns differ for each account and from Standard returns because administrative costs are progressively lower as account balance increases, and investment costs for Select accounts are also less than or equal to their Standard account equivalents. Standard account expense ratios utilize the Admiral share class of the underlying Vanguard mutual fund when possible. Select account expense ratios utilize the Institutional share class of the underlying Vanguard mutual fund when possible.

⁴ The Gift Preservation benchmark: 50% U.S. Institutional Money Market Funds Average and 50% Bloomberg Barclays U.S. 1-5 Year Credit Bond Index through April 28, 2016, and 50% U.S. Government Money Market Funds Average and 50% Bloomberg Barclays U.S. 1-5 Year Credit Bond Index thereafter.

⁵ The Conservative Growth benchmark: 60% Spliced Bloomberg Barclays U.S. Aggregate Float Adjusted Index and 40% Spliced Total Stock Market Index until March 31, 2012; 60% Spliced Bloomberg Barclays U.S. Aggregate Float Adjusted Index, 30% Spliced Total Stock Market Index, and 10% Spliced Total International Stock Market Index thereafter. **Spliced Bloomberg Barclays U.S. Aggregate Float Adjusted Index:** Barclays U.S. Aggregate Bond Index through December 31, 2009; Bloomberg Barclays U.S. Aggregate Float Adjusted Index thereafter. **Spliced Total Stock Market Index:** Dow Jones U.S. Stock Market Index through April 22, 2005; MSCI US Broad Market Index through June 2, 2013; and CRSP US Total Market Index thereafter. **Spliced Total International Stock Market Index:** Total International Composite Index through August 31, 2006; MSCI EAFE + Emerging Markets Index through December 15, 2010; MSCI ACWI ex US IMI Index through June 2, 2013; and FTSE Global All Cap ex US Index thereafter.

⁶ The Moderate Growth benchmark: 60% Dow Jones U.S. Stock Market Index and 40% Lehman U.S. Aggregate Bond Index through March 31, 2005; 60% MSCI US Broad Market Index and 40% Bloomberg Barclays U.S. Aggregate Bond Index through December 31, 2009; 60% MSCI US Broad Market Index and 40% Bloomberg Barclays U.S. Aggregate Float Adjusted Index through March 31, 2012; 45% Balanced Composite Index, 45% Wellington Composite Index, and 10% Spliced Total International Stock Market Index thereafter. **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 U.S. Aggregate Bond Index through May 31, 2005; 60% MSCI US Broad Market Index and 40% Barclays U.S. Aggregate Bond Index through December 31, 2009; 60% MSCI US Broad Market Index and 40% Barclays U.S. Aggregate Float Adjusted Index through January 14, 2013; and 60% CRSP US Total Market Index and 40% Barclays U.S. Aggregate Float Adjusted Index thereafter. **Wellington Composite Index:** 65% S&P 500 Index and 35% Lehman U.S. Long Credit AA or Better Index through February 29, 2000; 65% S&P 500 Index and 35% Barclays U.S. Credit A or Better Bond Index thereafter. **Spliced Total International Stock Market Index:** Total International Composite Index through August 31, 2006; MSCI EAFE + Emerging Markets Index through December 15, 2010; MSCI ACWI ex US IMI Index through June 2, 2013; and FTSE Global All Cap ex US Index thereafter.

⁷ The Growth benchmark: 80% Dow Jones U.S. Stock Market Index and 20% Bloomberg Barclays U.S. Aggregate Bond Index through December 31, 2009; 80% MSCI US Broad Market Index and 20% Bloomberg Barclays U.S. Aggregate Float Adjusted Index through March 31, 2012; 55% Spliced Total Stock Market Index, 20% Spliced

Bloomberg Barclays U.S. Aggregate Float Adjusted Index, and 25% Spliced Total International Stock Market Index thereafter. **Spliced Bloomberg Barclays U.S. Aggregate Float Adjusted Index:** Barclays U.S. Aggregate Bond Index through December 31, 2009; Bloomberg Barclays U.S. Aggregate Float Adjusted Index thereafter. **Spliced Total Stock Market Index:** Dow Jones Wilshire 5000 Index through April 22, 2005; MSCI US Broad Market Index through June 2, 2013; and CRSP US Total Market Index thereafter. **Spliced Total International Stock Market Index:** Total International Composite Index through August 31, 2006; MSCI EAFE + Emerging Markets Index through December 15, 2010; MSCI ACWI ex US IMI Index through June 2, 2013; and FTSE Global All Cap ex US Index thereafter.

⁸ The Total Equity benchmark: 60% S&P 500 Index, 20% Dow Jones Wilshire 4500 Index, 20% Total International Composite Index until August 31, 2006; 60% S&P 500 Index, 20% Dow Jones Wilshire 4500 Index, 20% MSCI EAFE + Emerging Markets Index until June 30, 2008; 60% S&P 500 Index, 20% Spliced Dow Jones US Completion Index, 20% MSCI EAFE + Emerging Markets Index until March 31, 2012; 55% S&P 500 Index, 15% S&P Completion Index, 30% Spliced Total International Stock Market Index thereafter. **Spliced Total International Stock Market Index:** Total International Composite Index through August 31, 2006; MSCI EAFE + Emerging Markets Index through December 15, 2010; MSCI ACWI ex US IMI Index through June 2, 2013; and FTSE Global All Cap ex US Index thereafter.

⁹ The Money Market benchmark: Institutional Money Market Funds Average through April 28, 2016, and U.S. Government Money Market Funds Average thereafter.

¹⁰ The Short-Term Bond benchmark: Bloomberg Barclays U.S. 1-5 Year Credit Bond Index since inception.

¹¹ The Total Bond benchmark: Spliced Bloomberg Barclays U.S. Aggregate Float Adjusted Index reflects the performance of the Bloomberg Barclays U.S. Aggregate Bond Index through December 31, 2009, and Bloomberg Barclays U.S. Aggregate Float Adjusted Index thereafter.

¹² Total U.S. Stock benchmark: Spliced Total Stock Market Index reflects the performance of the Dow Jones U.S. Total Stock Market Index through April 22, 2005; MSCI US Broad Market Index through June 2, 2013; and CRSP US Total Market Index thereafter.

¹³ Total International Stock benchmark: Spliced Total International Stock Market Index reflects the performance of the Total International Composite Index through August 31, 2006; MSCI EAFE + Emerging Markets Index through December 15, 2010; MSCI ACWI ex US IMI Index through June 2, 2013; and FTSE Global All Cap ex US Index thereafter.

¹⁴ The European Stock benchmark: Spliced European Stock Index reflects the performance of the MSCI Europe Index through March 26, 2013; FTSE Developed Europe Index through September 30, 2015; and FTSE Developed Europe All Cap Index thereafter.

¹⁵ The Pacific Stock benchmark: Spliced Pacific Stock Index reflects the performance of the MSCI Pacific Index through March 26, 2013; FTSE Developed Asia Pacific Index through September 30, 2015; and FTSE Developed Asia Pacific All Cap Index thereafter.

¹⁶ The Emerging Markets Stock benchmark: Spliced Emerging Markets Index reflects the performance of the Select Emerging Markets Index through August 23, 2006; MSCI Emerging Markets Index through January 9, 2013; FTSE Emerging Transition Index through June 27, 2013; FTSE Emerging Index through November 1, 2015; FTSE Emerging Markets All Cap China A Transition Index through September 18, 2016; and FTSE Emerging Markets All Cap China A Inclusion Index thereafter.

¹⁷ The TIFF Multi-Asset Pool is generally available to accounts with ongoing balances over \$100,000. Refer to our *Policies and guidelines* booklet for more information.

¹⁸ The underlying fund of the TIFF Multi-Asset Pool is compared with three benchmarks as follows: The Consumer Price Index (CPI) + 5% per annum, the Constructed Index and the 65/35 Mix.

¹⁹ Total returns denoted "Before" do not reflect the deduction of entry or exit fees. If these fees were included, performance would be affected. Returns denoted as "After" reflect the deduction of the 0.50% entry and exit fees currently levied by the fund on purchases and redemptions. The deduction in question assumes a single purchase at the start of the reporting period and a single redemption at its end, with no intraperiod transactions. The entry and exit fees in question are paid to the fund itself.

Please note: While they may be invested in mutual funds, the investment options are not mutual funds, nor are they publicly traded. They are not available for investment by any individual or organization apart from Vanguard Charitable. As such, prospectuses for the options themselves do not exist.

The expense ratios are assessed by the underlying funds and vary based on allocation and account status; Vanguard Charitable does not itself charge investment fees.

Passive indexes (such as those used in the benchmarks against which the funds' net returns are compared above) do not incur expenses. Moreover, one cannot invest directly in an index.



p 888-383-4483

f 866-485-9414

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