



National ABLA Alliance

Q2 2020 Quarterly Investment Review
July 29, 2020

Presented by:
Thomas Lowe, CFA
Vice President | Investment Management

For Institutional Investor Use Only –
Prepared at the request of the National
ABLE Alliance



A blue-tinted background image showing a group of business professionals in an office setting. A woman with glasses is in the foreground on the left, looking towards the right. In the center, a man is looking at a laptop. Another person is partially visible on the right. The overall scene suggests a collaborative work environment.

Quarterly Investment Review Plan Review

National ABLA Alliance – Plan Review

As of June 30, 2020

Past Performance is not indicative of future results

Total Market Value: \$ **102,040,330**

<u>Fund Name</u>	<u>Market Value</u>	<u>% of Plan</u>	<u>1 Month</u>	<u>3 Months</u>	<u>YTD</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>	<u>Inception</u>	<u>Inception Date</u>
Aggressive Option	\$ 12,634,550	12.38%	2.76	19.06	(6.42)	0.71	5.53			6.93	12/15/16
ABLE Aggressive Custom Benchmark			2.95	19.64	(6.09)	1.23	5.98			7.52	
Variance			(0.19)	(0.58)	(0.33)	(0.52)	(0.45)			(0.59)	
Moderately Aggressive Option	\$ 11,665,585	11.43%	2.45	16.13	(4.28)	2.04	5.44			6.57	12/15/16
ABLE Moderately Aggressive Custom Benchmark			2.61	16.80	(3.88)	2.66	5.97			7.19	
Variance			(0.16)	(0.67)	(0.40)	(0.62)	(0.53)			(0.62)	
Growth Option	\$ 14,375,170	14.09%	2.07	13.13	(2.53)	2.92	5.24			6.07	12/15/16
ABLE Growth Custom Benchmark			2.25	13.96	(1.89)	3.81	5.82			6.75	
Variance			(0.18)	(0.83)	(0.64)	(0.89)	(0.58)			(0.68)	
Moderate Option	\$ 10,827,462	10.61%	1.76	10.48	(0.66)	3.95	4.97			5.58	12/15/16
ABLE Moderate Custom Benchmark			1.87	11.12	(0.11)	4.70	5.54			6.20	
Variance			(0.11)	(0.64)	(0.55)	(0.75)	(0.57)			(0.62)	
Moderately Conservative Option	\$ 8,544,363	8.37%	1.22	7.28	0.09	3.56	4.03			4.38	12/15/16
ABLE Moderately Conservative Custom Benchmark			1.33	7.64	0.63	4.25	4.56			4.93	
Variance			(0.11)	(0.36)	(0.54)	(0.69)	(0.53)			(0.55)	
Conservative Option	\$ 14,679,334	14.39%	0.55	2.90	1.01	2.90	2.68			2.73	12/15/16
ABLE Conservative Custom Benchmark			0.56	2.95	1.16	3.16	3.04			3.06	
Variance			(0.01)	(0.05)	(0.15)	(0.26)	(0.36)			(0.33)	
Checking Option	\$ 29,313,865	28.73%									03/30/17

A family consisting of a man, a woman, and a young child are walking through a grassy field. In the background, there is a calm lake and some trees. The entire image is overlaid with a semi-transparent blue filter. The text 'Underlying Investment Product Review' is centered over the image in a white, bold, sans-serif font.

Underlying Investment Product Review

Underlying Product Investment Review

As of June 30, 2020

Underlying Fund Name	Underlying Fund Expense	Total Ret 3 Mo	Total Ret YTD	Total Ret 1 Yr	Total Ret Annlzd 3 Yr	Total Ret Annlzd 5 Yr	Total Ret Annlzd 10 Yr
Vanguard Institutional Index Fund - Institutional Plus	0.02%	20.55%	-3.07%	7.51%	10.72%	10.72%	13.98%
S&P 500 TR USD		20.54%	-3.08%	7.51%	10.73%	10.73%	13.99%
Variance		0.01%	0.01%	0.00%	-0.01%	-0.01%	-0.01%
Vanguard Extended Market Index Fund - Instl Plus Shares	0.04%	31.16%	-5.56%	1.20%	6.46%	6.79%	12.38%
S&P Completion TR USD		31.14%	-5.60%	1.08%	6.32%	6.64%	12.26%
Variance		0.02%	0.04%	0.12%	0.14%	0.15%	0.12%
iShares Core MSCI EAFE ETF	0.07%	15.68%	-11.52%	-4.80%	0.95%	2.47%	
MSCI EAFE IMI NR USD		15.57%	-11.60%	-4.90%	0.77%	2.29%	
Variance		0.11%	0.08%	0.10%	0.18%	0.18%	
Schwab Emerging Markets Equity ETF	0.11%	18.35%	-10.31%	-3.68%	2.42%	2.54%	3.15%
FTSE Emerging NR USD		18.35%	-10.32%	-3.60%	2.47%	2.57%	3.29%
Variance		0.00%	0.01%	-0.08%	-0.05%	-0.03%	-0.14%
Schwab U.S. REIT ETF	0.07%	8.20%	-22.59%	-18.36%	-2.26%	2.20%	
Schwab REIT Spliced Index TR USD		8.30%	-22.56%	-18.39%	-2.27%	2.28%	
Variance		-0.10%	-0.03%	0.03%	-0.01%	-0.08%	

Past Performance is not indicative of future results

Underlying Product Investment Review

As of June 30, 2020

Underlying Fund Name	Underlying Fund Expense	Total Ret 3 Mo	Total Ret YTD	Total Ret 1 Yr	Total Ret Annlzd 3 Yr	Total Ret Annlzd 5 Yr	Total Ret Annlzd 10 Yr
Vanguard Total Bond Market Idx InstIPs	0.03%	2.98%	6.36%	8.98%	5.36%	4.33%	3.81%
Vanguard Spliced BBgBarc US Aggregate Index		3.03%	6.30%	8.92%	5.40%	4.37%	3.87%
Variance		-0.05%	0.06%	0.06%	-0.04%	-0.04%	-0.06%
Vanguard Short-Term Bond Idx InstIPs	0.04%	1.79%	4.07%	5.46%	3.47%	2.60%	2.15%
Vanguard Spliced BBgBarc US 1-5 Yr Index		1.77%	3.98%	5.43%	3.49%	2.63%	2.22%
Variance		0.02%	0.09%	0.03%	-0.02%	-0.03%	-0.07%
Vanguard Short-Term Infl-Prot Sec Idx Instl	0.04%	2.61%	1.90%	3.38%	2.63%	1.97%	
BBgBarc U.S. Treasury TIPS 0-5Y TR USD		2.63%	1.92%	3.42%	2.67%	1.99%	
Variance		-0.02%	-0.02%	-0.04%	-0.04%	-0.02%	
iShares Core International Aggregate Bond ETF	0.09%	2.16%	2.63%	4.54%	5.18%		
BBgBarc Gbl Agg xUSD 10% IC TR Hdg USD		2.21%	2.82%	4.82%	5.37%		
Variance		-0.05%	-0.19%	-0.28%	-0.19%		

Past Performance is not indicative of future results

A person is shown from the chest down, wearing a dark shirt, writing on a document with a pen. The scene is dimly lit and has a blue color overlay. The text 'Benchmark and Asset Allocation Analysis' is centered over the image in white.

Benchmark and Asset Allocation Analysis

Benchmark and Asset Allocation Analysis

Analyze at multiple levels:

- Portfolio Allocations
- Underlying Benchmark
- Sector Diversification

Portfolio Allocations:

- Measure each Portfolio Allocation against Asset Allocation Peer Group measured by Equity Allocation
- Rank based on a 3 Month, YTD, 1 Year, and 3 Year option

Underlying Benchmark:

- Measure each Underlying Benchmark against Sector Peer Group determined by underlying fund Morningstar Category
- Rank based on a 3 Month, YTD, 1 Year, and 3 Year option

Sector Diversification:

Analyze the Coverage of each of the Benchmarks used

- Does the Index Provide Broad Coverage?
- Are these sectors that can be efficiently tracked?

Asset Allocation Review – Peer Group Rankings

<u>Allocation</u>	<u>Equity Percentage</u>	<u>Peer Group</u>	<u>3 Month</u>	<u>YTD</u>	<u>1 Year</u>	<u>3 Year</u>
Aggressive	90%	Allocation - 85% + Equity	47	43	40	31
Moderately Aggressive	75%	Allocation - 70% to 85% Equity	43	31	30	28
Growth	60%	Allocation - 50% to 70% Equity	42	40	43	40
Moderate	45%	Allocation - 30% to 50% Equity	34	34	28	17
Moderately Conservative	30%	Allocation - 15% to 30% Equity	59	43	35	13
Conservative	10%	Allocation - 15% to 30% Equity	97	32	48	69

Asset Allocation Review - Underlying Peer Group Rankings

<u>Benchmark</u>	<u>Peer Group</u>	<u>3 Month</u>	<u>YTD</u>	<u>1 Year</u>	<u>3 Year</u>
S&P 500	Large Blend	44	30	21	16
S&P Completion TR USD	Mid Cap	4	5	8	11
MSCI EAFE IMI NR USD	Foreign Large Blend	63	66	55	47
FTSE Emerging NR USD	Diversified Emerging Markets	65	52	47	31
DJ US Select REIT TR USD	Real Estate	90	84	87	81
BBgBarc US Agg Float Adj TR USD	Intermediate Core Bond	68	28	23	17
BBgBarc US 1-5Y GovCredit FIAdj TR USD	Short-Term Bond	87	8	6	9
BBgBarc U.S. Treasury TIPS 1-5Y TR USD	Inflation Protected Bond	89	74	80	79
BBgBarc Gbl Agg xUSD 10% IC TR Hdg USD	World Bond	80	38	47	11
	Average	66	43	42	34
	Average Equity	53	47	44	37
	Average Fixed Income	81	37	39	29

Asset Allocation Review - Underlying Peer Group Rankings

Equity Index Descriptions

The S&P 500, or simply the S&P, is a stock market index that measures the stock performance of **500 large companies** listed on stock exchanges in the United States. It is one of the most commonly followed equity indices, and many consider it to be one of the best representations of the U.S. stock market

S&P Completion Index comprises all members of the S&P TMI Index except for the current constituents of the S&P 500®. The index covers approximately **3000** constituents, offering investors broad exposure to **mid, small, and micro-cap companies**.

The MSCI EAFE Investable Market Index (IMI), is an equity index which captures **large, mid and small cap** representation across **Developed Markets countries*** around the world, excluding the US and Canada. With **3,225** constituents, the index is comprehensive, covering approximately 99% of the free float-adjusted market capitalization in each country.

FTSE Emerging Markets indices are part of the FTSE Global Equity Index Series (GEIS). The series includes **large and mid-cap securities from advanced and secondary emerging markets**, classified in accordance with FTSE's transparent Country Classification Review Process. The FTSE Emerging Index provides investors with a comprehensive means of measuring the performance of the most liquid companies in the emerging markets.

The Dow Jones U.S. Select Real Estate Securities Index is designed to measure the performance of publicly traded real estate securities. The index is designed to serve as a proxy for direct real estate investment, in part by excluding companies whose performance may be driven by factors other than the value of real estate. The Dow Jones U.S. Select Real Estate Securities Index (RESI) seeks to **measure equity real estate investment trusts (REITs) and real estate operating companies (REOCs)** traded in the U.S

Asset Allocation Review - Underlying Peer Group Rankings

Fixed Income Index Descriptions

The Bloomberg Barclays US Aggregate Bond Float Adjusted Index is a **broad-based benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market**. The Float-Adjusted version excludes US agency debentures held in the Federal Reserve SOMA account.

The Bloomberg Barclays US 1-5 year Government/Credit Float-Adjusted Bond Index is a float-adjusted version of the US 1-5 year Government/Credit Index, **which tracks the market for investment grade, US dollar-denominated, fixed-rate treasuries, government-related and corporate securities**.

Bloomberg Barclays US Treasury TIPS 0-5 Index is a market-capitalization-weighted index that includes **all inflation-protected public obligations issued by the U.S. Treasury with remaining maturities of less than 5 years**.

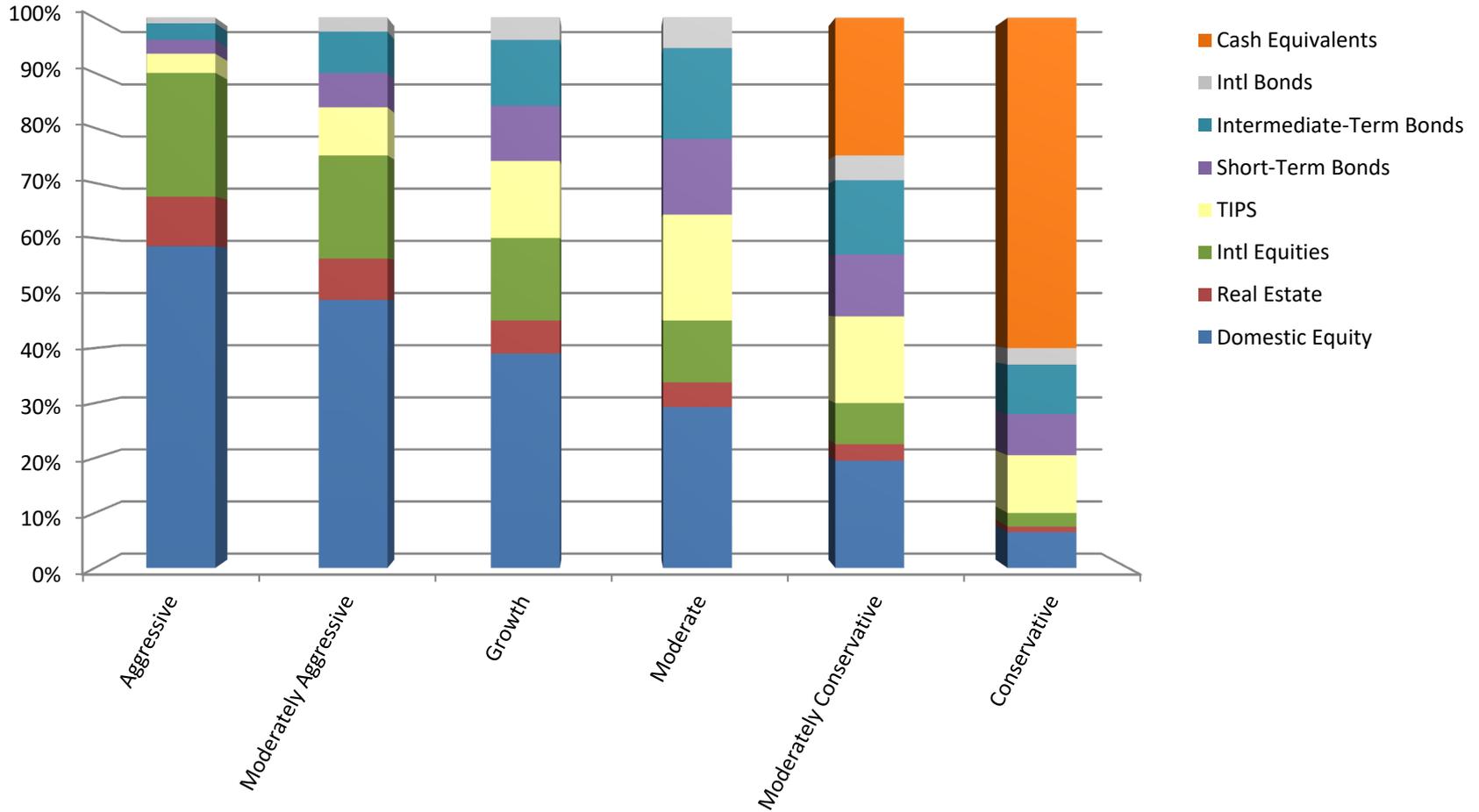
The Fund seeks to track the investment results of the Bloomberg Barclays Global Aggregate ex USD 10% Issuer Capped (Hedged) Index (the “Underlying Index”), which measures the performance of the **global investment grade** (as determined by Bloomberg Index Services Limited (the “Index Provider” or “Bloomberg”)) bond market.

The ICE BofAML 3-Month T-Bill Index is an unmanaged index that measures returns of **three-month Treasury Bills**.

Asset Allocation Review - Current Target Allocations

Asset Class	Underlying Investment	Ticker	Underlying Expense	National ABL Alliance Target Asset Allocation					
				Aggressive	Moderately Aggressive	Growth	Moderate	Moderately Conservative	Conservative
U.S. Large Cap	Vanguard Institutional Index Fund - Institutional Plus	VIIIIX	0.02%	31.50%	26.25%	21.00%	15.75%	10.50%	3.50%
U.S. Small & Mid Cap	Vanguard Extended Market Index Fund - Instl Plus Shares	VEMPX	0.04%	27.00%	22.50%	18.00%	13.50%	9.00%	3.00%
Non - U.S. Multi Cap	iShares Core MSCI EAFE ETF	IEFA	0.07%	16.20%	13.50%	10.80%	8.10%	5.40%	1.80%
Emerging Markets	Schwab Emerging Markets Equity ETF	SCHE	0.11%	6.30%	5.25%	4.20%	3.15%	2.10%	0.70%
REITs	Schwab U.S. REIT ETF	SCHH	0.07%	9.00%	7.50%	6.00%	4.50%	3.00%	1.00%
U.S. Core Bond	Vanguard Total Bond Market Index Fund - Institutional Plus Shares	VBMPX	0.03%	3.00%	7.50%	12.00%	16.50%	13.50%	9.00%
Short - Term Inv Grade	Vanguard Short-Term Bond Index Fund - Institutional Plus Shares	VBIPX	0.04%	2.50%	6.25%	10.00%	13.75%	11.25%	7.50%
Short - Term TIPS	Vanguard Short-Term Inflation-Protected Securities Index Fund - Instl	VTSPX	0.04%	3.50%	8.75%	14.00%	19.25%	15.75%	10.50%
International Bond	iShares® Core International Aggregate Bond ETF	IAGG	0.09%	1.00%	2.50%	4.00%	5.50%	4.50%	3.00%
Cash	Sallie Mae High Yield FDIC		0.00%	0.00%	0.00%	0.00%	0.00%	25.00%	60.00%
Equity Allocation				90.00%	75.00%	60.00%	45.00%	30.00%	10.00%
Fixed Income Allocation				10.00%	25.00%	40.00%	55.00%	45.00%	30.00%
Cash Equivalent Allocation				0.00%	0.00%	0.00%	0.00%	25.00%	60.00%
Total Allocation				100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Underlying Expense				0.05%	0.05%	0.05%	0.05%	0.03%	0.02%

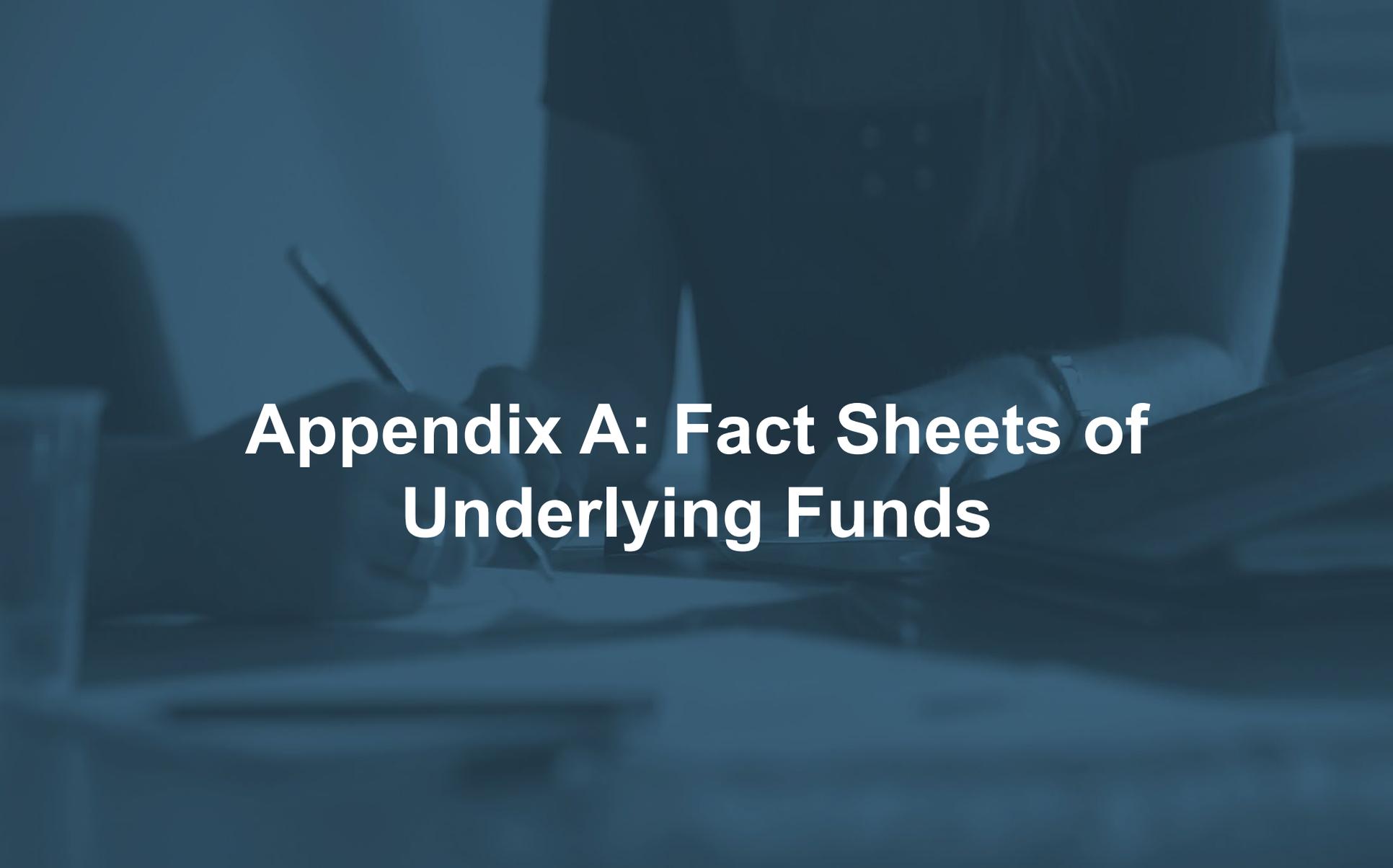
National ABLA Alliance – Asset Allocation of Risk Based Portfolios



Portfolio Benchmark Allocation Review

ABLE Consortium Custom Benchmarks

	Aggressive Custom Benchmark	Moderately Aggressive Custom Benchmark	Growth Custom Benchmark	Moderate Custom Benchmark	Moderately Conservative Custom Benchmark	Conservative Custom Benchmark
S&P 500 TR USD	31.50%	26.25%	21.00%	15.75%	10.50%	3.50%
S&P Completion TR USD	27.00%	22.50%	18.00%	13.50%	9.00%	3.00%
MSCI EAFE IMI NR USD	16.20%	13.50%	10.80%	8.10%	5.40%	1.80%
FTSE Emerging NR USD	6.30%	5.25%	4.20%	3.15%	2.10%	0.70%
DJ US Select REIT TR USD	9.00%	7.50%	6.00%	4.50%	3.00%	1.00%
Vanguard Spliced BBgBarc US Aggregate Index	3.00%	7.50%	12.00%	16.50%	13.50%	9.00%
Vanguard Spliced BBgBarc US 1-5 Yr Index	2.50%	6.25%	10.00%	13.75%	11.25%	7.50%
BBgBarc U.S. Treasury TIPS 0-5Y TR USD	3.50%	8.75%	14.00%	19.25%	15.75%	10.50%
BBgBarc Gbl Agg xUSD 10% IC TR Hdg USD	1.00%	2.50%	4.00%	5.50%	4.50%	3.00%
Citi Treasury Bill 3 Mon USD	0.00%	0.00%	0.00%	0.00%	25.00%	60.00%
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

A person is shown from the chest down, wearing a dark shirt, writing on a document with a pen. The image is overlaid with a blue tint. The text is centered over the image.

Appendix A: Fact Sheets of Underlying Funds



Questions?

National ABLE Alliance

For Institutional Investor Use Only
Prepared at the request of the National ABLE Alliance Oversight Committee

Schwab Emerging Markets Equity ETF

Investment objective

The Fund's goal is to track as closely as possible, before fees and expenses, the total return of the FTSE Emerging Index.

Fund highlights

- A straightforward, low-cost fund offering potential tax-efficiency
- The Fund can serve as part of the core of a diversified portfolio
- Simple access to large- and mid-cap equities from emerging markets
- Invests in over 20 emerging market countries

Fund details

Total net assets	\$6,354,617,193
Inception date	01/14/10
Expense ratio ¹	0.11%
Ticker symbol	SCHE
Number of fund holdings	1,512
Distribution frequency	Semi-annual
CUSIP	808524706
Index Bloomberg ticker	TAWALENU
Index name	FTSE Emerging Index (Net)
Portfolio turnover rate (1-year trailing)	15.19%
Intra-day indicative value	SCHE.IV
Exchange	NYSE Arca

Morningstar Rating™ and Style Box²

Fund Category:
Diversified Emerging Mkts

Rating
Overall ★★★
Three-Year ★★★★★
Five-Year ★★★
Ten-Year ★★★



Source: Morningstar, Inc. As of 06/30/20 the total number of Diversified Emerging Mkts funds for the Overall, three-, five- and ten-year periods were 704, 704, 595, and 246, respectively. The ratings reflect historical risk-adjusted performance and the Overall Rating is derived from a weighted average of the Fund's three-, five- and 10-year Morningstar Rating metrics.

Quartile rankings within Morningstar category³



Performance (%) as of 6/30/20	Cumulative		Annualized				
	Year to Date	3 Months	1 Year	3 Years	5 Years	10 Years	Since Inception
Fund (NAV Returns)	-10.31	18.35	-3.68	2.42	2.54	3.15	2.14
Fund (Market Price Returns)	-10.64	18.20	-4.22	2.26	2.54	3.22	2.12
FTSE Emerging Index (Net) ³	-10.32	18.35	-3.60	2.47	2.57	3.29	2.35
Category Average	-9.77	20.68	-3.66	1.15	2.46	3.27	-

Annual Total Return (%) as of 12/31



Performance data quoted represents past performance and is no guarantee of future results. Investment returns and principal value will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than their original cost. Shares of ETFs are bought and sold at market price, which may be higher or lower than the net asset value (NAV). Brokerage commissions will reduce returns. Current performance may be lower or higher than performance data quoted. To obtain performance information current to the most recent month end, please visit www.schwabfunds.com.

Market Price is the price at which investors buy and sell ETF shares in the stock market. ETF Market Price determines investor returns. An ETF's Market Price may be higher or lower than the NAV at any given point in time. Market returns are based upon the Official Closing Price of the primary listing exchange (generally, 4:00 p.m. Eastern time) and may not represent the returns you would receive if shares were traded at other times.

NAV (Net Asset Value) is a per share valuation of the securities in an ETF officially calculated once per day. NAV price performance is primarily used to evaluate the fund and its managers and may not reflect the actual return for the investor. Index performance returns do not reflect any management fees, transaction costs or expenses, which would lower performance. They assume dividends and distributions were reinvested. Indices are unmanaged and cannot be invested in directly.

Statistical information (3 Yr.) as of 6/30/20

Sharpe ratio	0.04
Standard deviation	18.39%

Data provided by Zephyr StyleADVISOR as of 06/30/20.

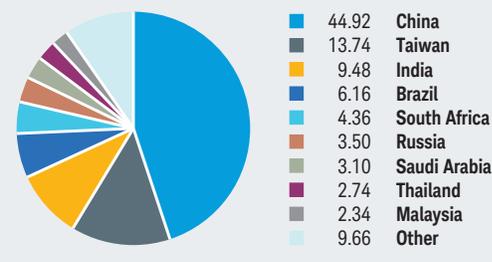
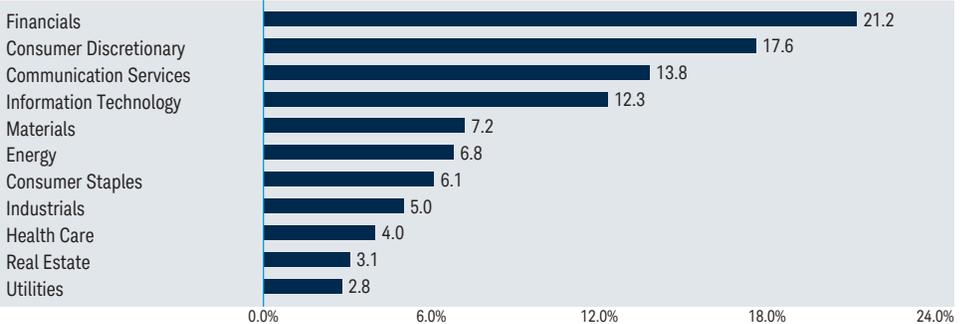
Investors should consider carefully information contained in a fund's prospectus, or if available, the summary prospectus including investment objectives, risks, charges and expenses. You can view and download a prospectus by visiting www.schwabfunds.com/schwabefds_prospectus. Please read the prospectus carefully before investing.

Portfolio Characteristics⁴ as of 6/30/20

Wtd. avg. market capitalization (in millions)	\$136,743
Price-to-earnings ratio	14.54
Price-to-book ratio	2.02
Price-to-cash-flow ratio	8.54
Return on equity	15.95%
5-year earnings growth	15.45%

Top 10 holdings^{4, 5} (% of portfolio) as of 6/30/20

Alibaba Group Holding Ltd. Sponsored ADR	7.32
Tencent Holdings Ltd.	7.10
Taiwan Semiconductor Manufacturing Co., Ltd.	4.91
Meituan Dianping Class B	1.53
Naspers Limited Class N	1.48
China Construction Bank Corporation Class H	1.46
Reliance Industries Limited	1.35
Ping An Insurance (Group) Company of China, Ltd. Class H	1.05
JD.com, Inc. Sponsored ADR Class A	1.00
Industrial and Commercial Bank of China Limited Class H	0.91
TOTAL	28.11

Top 10 countries⁴ (% of portfolio) as of 6/30/20**Sector weightings⁴ (% of portfolio) as of 6/30/20**

Sector and/or industry weightings for the portfolio are determined using the Global Industry Classification Standard (GICS). GICS was developed by and is the exclusive property of MSCI and Standard & Poor's (S&P). GICS is a service mark of MSCI and S&P and has been licensed for use by Charles Schwab & Co., Inc.

Find out more today

For more information, please visit www.schwabfunds.com.

For additional information about the indices and terms shown, please visit www.schwabfunds.com/glossary.

International investments involve additional risks, which include differences in financial accounting standards, currency fluctuations, geopolitical risk, foreign taxes and regulations, and the potential for illiquid markets. Investing in emerging markets may accentuate these risks.

¹ As stated in the prospectus. This figure may differ from that presented in the Fund's shareholder report.

² The Morningstar Rating™ for funds, or "star rating," is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total return, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total return. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Ratings do not take into account the effects of sales charges and loads.

³ Source: Morningstar, Inc. as of 06/30/20.

⁴ Data provided by FactSet as of 06/30/20.

⁵ Portfolio holdings are as of the date shown and may not represent current or future holdings and are not a recommendation of individual securities by the investment adviser.

Unlike mutual funds, shares of ETFs are not individually redeemable with the ETF.

Diversification does not eliminate the risk of market loss.

Securities information includes trades posted to the ETF as of trade date.

FTSE is a trademark of the London Stock Exchange Group companies (LSEG) and is used by the Fund under license. The Schwab Emerging Markets Equity ETF is not sponsored, endorsed, sold or promoted by FTSE or LSEG and neither FTSE nor LSEG make any representation regarding the advisability of investing in shares of the Fund. Fees payable under the license are paid by the investment adviser.

Not FDIC Insured - No Bank Guarantee - May Lose Value

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Investment objective

The Fund's goal is to track as closely as possible, before fees and expenses, the total return of an index composed of U.S. real estate investment trusts classified as equities.

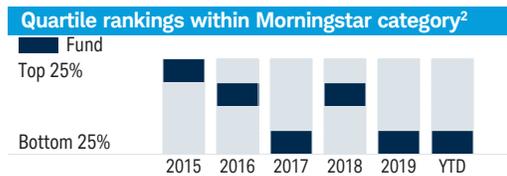
Fund highlights

- A straightforward, low-cost fund offering potential tax-efficiency
- The Fund's focused approach can complement a diversified portfolio
- Simple access to REITs, excluding non-REIT stocks that may be included in other real estate indices

Fund details	
Total net assets	\$4,254,905,927
Inception date	01/13/11
Expense ratio ¹	0.07%
Ticker symbol	SCHH
Number of securities	144
Distribution frequency	Quarterly
CUSIP	808524847
Index Bloomberg ticker	DJERCUT
Index name	Dow Jones Equity All REIT Capped Index
Portfolio turnover rate (1-year trailing)	46.93%
Intra-day indicative value	SCHH.IV
Exchange	NYSE Arca

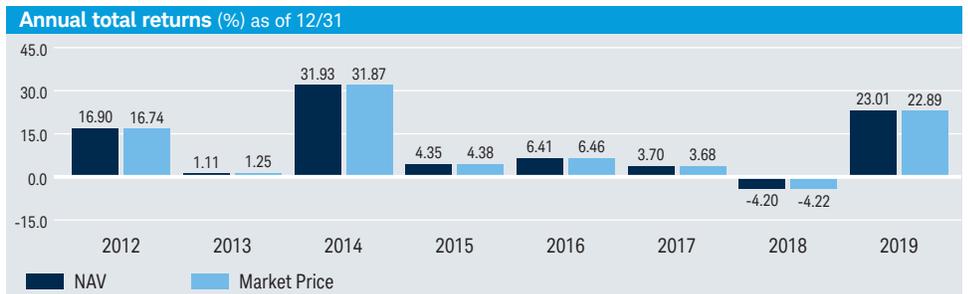
Morningstar Rating™ and Style Box ³	
Fund Category:	Real Estate
Rating	★★
Overall	★★
Three-Year	★★
Five-Year	★★
Investment Style	

Source: Morningstar, Inc. As of 06/30/20 the total number of Real Estate funds for the Overall, three-, five- and ten-year periods were 225, 225, 199, and 140, respectively. The ratings reflect historical risk-adjusted performance and the Overall Rating is derived from a weighted average of the Fund's three-, five- and 10-year Morningstar Rating metrics.



Yields as of 6/30/20	
30-day SEC yield	4.23%
Distribution yield	3.44%

Performance (%) as of 6/30/20	Cumulative		Annualized			
	Year to Date	3 Months	1 Year	3 Years	5 Years	Since Inception
Fund (NAV Returns)	-22.59	8.20	-18.36	-2.26	2.20	6.36
Fund (Market Price Returns)	-22.56	8.30	-18.38	-2.28	2.20	6.36
Dow Jones Equity All REIT Capped Index ^{2,4}	-	-	-	-	-	-
REIT Spliced Index ⁵	-22.66	8.20	-18.39	-2.27	2.28	6.46
Category Average	-16.19	13.66	-9.81	0.60	3.98	-



Performance data quoted represents past performance and is no guarantee of future results. Investment returns and principal value will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than their original cost. Shares of ETFs are bought and sold at market price, which may be higher or lower than the net asset value (NAV). Brokerage commissions will reduce returns. Current performance may be lower or higher than performance data quoted. To obtain performance information current to the most recent month end, please visit www.schwabfunds.com.

Market Price is the price at which investors buy and sell ETF shares in the stock market. ETF Market Price determines investor returns. An ETF's Market Price may be higher or lower than the NAV at any given point in time. Market returns are based upon the Official Closing Price of the primary listing exchange (generally, 4:00 p.m. Eastern time) and may not represent the returns you would receive if shares were traded at other times.

NAV (Net Asset Value) is a per share valuation of the securities in an ETF officially calculated once per day. NAV price performance is primarily used to evaluate the fund and its managers and may not reflect the actual return for the investor. Index performance returns do not reflect any management fees, transaction costs or expenses, which would lower performance. They assume dividends and distributions were reinvested. Indices are unmanaged and cannot be invested in directly.

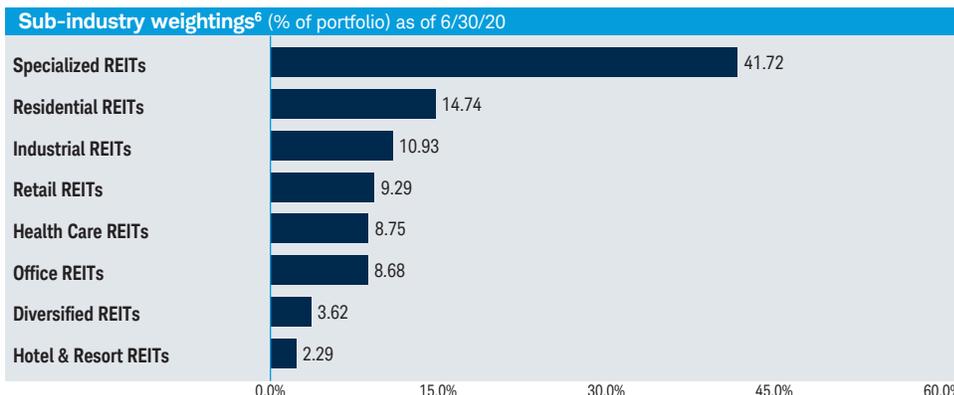
Statistical information (3 Yr.) as of 6/30/20	
Sharpe ratio	-0.21
Standard deviation	18.85%

Data provided by Zephyr StyleADVISOR as of 06/30/20.

Investors should consider carefully information contained in a fund's prospectus, or if available, the summary prospectus including investment objectives, risks, charges and expenses. You can view and download a prospectus by visiting www.schwabfunds.com/schwabefds_prospectus. Please read the prospectus carefully before investing.

Portfolio characteristics ⁵ as of 6/30/20	
Wtd. avg. market capitalization (in millions)	\$33,408
Price-to-earnings ratio	29.63
Price-to-book ratio	2.28
Price-to-cash-flow ratio	14.48
Return on equity	12.35%
5-year earnings growth	11.69%

Top 10 holdings ^{6,7} (% of portfolio) as of 6/30/20	
American Tower Corporation	10.26
Crown Castle International Corp	6.66
Prologis, Inc.	6.03
Equinix, Inc.	4.78
Digital Realty Trust, Inc.	3.73
SBA Communications Corp. Class A	3.25
Public Storage	2.82
AvalonBay Communities, Inc.	2.13
Welltower, Inc.	2.11
Simon Property Group, Inc.	2.04
TOTAL	43.81



Sub-industry weightings for the Fund's portfolio are determined using the Global Industry Classification Standard (GICS). GICS was developed by and is the exclusive property of MSCI and Standard & Poor's (S&P). GICS is a service mark of MSCI and S&P and has been licensed for use by Charles Schwab & Co., Inc.

Find out more today

For more information, please visit www.schwabfunds.com.

For additional information about the indices and terms shown, please visit www.schwabfunds.com/glossary.

Risks of investing in REITs are similar to those associated with direct ownership of real estate, such as changes in real estate values and property taxes, interest rates, cash flow of underlying real estate assets, supply and demand, and the management skill and credit worthiness of the issuer.

¹ As stated in the prospectus. This figure may differ from that presented in the Fund's shareholder report.

² Source: Morningstar, Inc. as of 06/30/20.

³ The Morningstar Rating[™] for funds, or "star rating," is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total return, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total return. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Ratings do not take into account the effects of sales charges and loads.

⁴ Effective June 22, 2020, the fund changed its benchmark from the Dow Jones U.S. Select REIT Index to the Dow Jones Equity All REIT Capped Index. Charles Schwab Investment Management, Inc. believes the benchmark index change provides a more appropriate comparison for evaluating the fund's performance.

⁵ **REIT Spliced Index** An internally calculated index, comprised of the Dow Jones U.S. Select REIT Index from the inception of the Schwab U.S. REIT ETF until the close of business on June 19, 2020, and the Dow Jones Equity All REIT Capped Index thereafter.

⁶ Data provided by FactSet as of 06/30/20.

⁷ Portfolio holdings are as of the date shown and may not represent current or future holdings and are not a recommendation of individual securities by the investment adviser.

Unlike mutual funds, shares of ETFs are not individually redeemable with the ETF.

Diversification does not eliminate the risk of market loss.

Securities information includes trades posted to the ETF as of trade date.

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Vanguard Short-Term Bond Index Fund

Bond fund | Institutional Plus Shares

Fund facts

Risk level Low ← → High	Total net assets	Expense ratio as of 04/28/20	Ticker symbol	Turnover rate as of 12/31/19	Inception date	Fund number
1 2 3 4 5	\$7,225 MM	0.04%	VBIPX	44.0%	09/29/11	0733

Investment objective

Vanguard Short-Term Bond Index Fund seeks to track the performance of a market-weighted bond index with a short-term dollar-weighted average maturity.

Investment strategy

The fund employs an indexing investment approach designed to track the performance of the Bloomberg Barclays 1–5 Year U.S. Government/Credit Float Adjusted Bond Index. This index includes all medium and larger issues of U.S. government, investment-grade corporate, and investment-grade international dollar-denominated bonds that have maturities of between 1 and 5 years and are publicly issued. 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 held in the index. Under normal circumstances, the fund’s dollar-weighted average maturity is not expected to exceed 3 years.

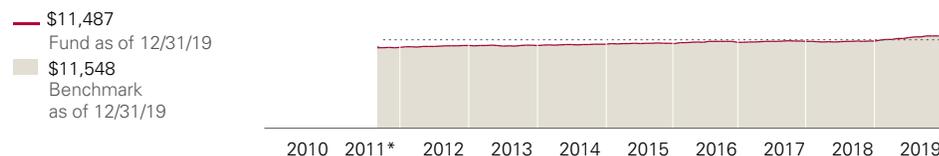
For the most up-to-date fund data, please scan the QR code below.



Benchmark

Spl BloomBarc US1-5YrGov/Cr FIAdjlx

Growth of a \$10,000 investment : September 30, 2011—December 31, 2019



Annual returns



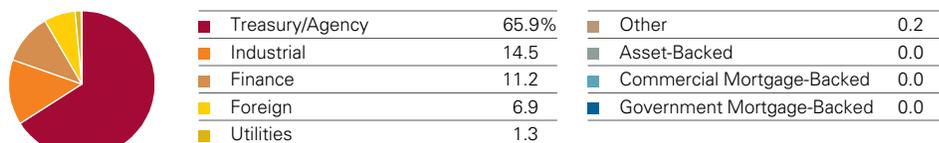
Total returns

	Periods ended June 30, 2020					
	Quarter	Year to date	One year	Three years	Five years	Since inception
Fund	1.79%	4.07%	5.46%	3.47%	2.60%	2.06%
Benchmark	1.77%	3.98%	5.43%	3.49%	2.63%	—

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.

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.

Distribution by issuer—bonds



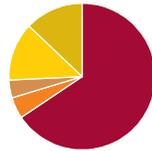
* Partial return since fund started, September 29, 2011.

Spl BloomBarc US1-5YrGov/Cr FIAdjlx: Bloomberg Barclays U.S. 1–5 Year Government/Credit Bond Index through December 31, 2009; Bloomberg Barclays U.S. 1–5 Year Government/Credit Float Adjusted Index thereafter.

Vanguard Short-Term Bond Index Fund

Bond fund | Institutional Plus Shares

Distribution by credit quality†



■ U.S. Government	65.6%	■ A	12.9
■ Aaa	4.7	■ Baa	12.9
■ Aa	3.9		

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Plain talk about risk

The fund is designed for investors with a low tolerance for risk; however, 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 low for the fund because it invests primarily in short-term bonds, whose prices are much less sensitive to interest rate changes than are the prices of long-term bonds.

Income risk: The chance that the fund's income will decline because of falling interest rates.

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.

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.

†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 Cash Management 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 Barclays 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.

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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 **855-402-2646**.

Visit [vanguard.com](https://www.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.

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Investment Products: Not FDIC Insured • No Bank Guarantee • May Lose Value

Vanguard Extended Market Index Fund

Domestic stock fund | Institutional Plus Shares

Fund facts

Risk level Low ← → High					Total net assets	Expense ratio as of 04/28/20	Ticker symbol	Turnover rate as of 12/31/19	Inception date	Fund number
1	2	3	4	5	\$8,605 MM	0.04%	VEMPX	12.7%	01/14/11	1860

Investment objective

Vanguard Extended Market Index Fund seeks to track the performance of a benchmark index that measures the investment return of small- and mid-capitalization stocks.

Investment strategy

The fund employs an indexing investment approach designed to track the performance of the Standard & Poor's Completion Index, a broadly diversified index of stocks of small and medium-size U.S. companies. The Standard & Poor's Completion Index contains all of the U.S. common stocks regularly traded on the New York and American Stock Exchanges, and the Nasdaq over-the-counter market, except those stocks included in the Standard & Poor's 500 Index. The fund invests all, or substantially all, of its assets in stocks of its target index, with nearly 80% of its assets invested in the 1,200 largest stocks in its target index (covering nearly 80% of the index's total market capitalization), and the rest of its assets in a representative sample of the remaining stocks. The fund holds a broadly diversified collection of securities that, in the aggregate, approximates the full index in terms of key characteristics. These key characteristics include industry weightings and market capitalization, as well as certain financial measures such as price/earnings ratio and dividend yield.

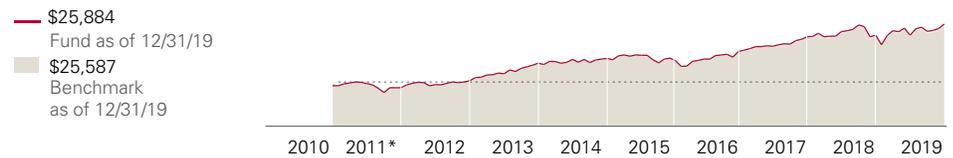
For the most up-to-date fund data, please scan the QR code below.



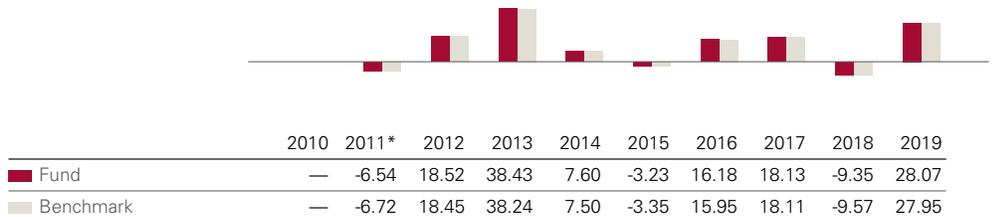
Benchmark

S&P Completion Index

Growth of a \$10,000 investment : January 31, 2011 – December 31, 2019



Annual returns



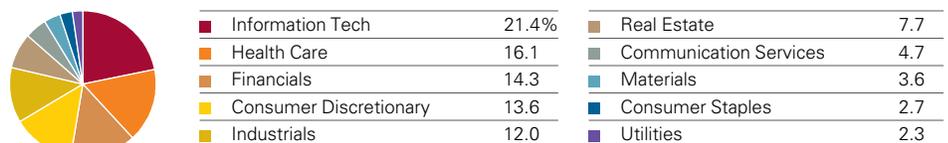
Total returns

	Periods ended June 30, 2020					
	Quarter	Year to date	One year	Three years	Five years	Since inception
Fund	31.16%	-5.56%	1.20%	6.46%	6.79%	9.71%
Benchmark	31.14%	-5.60%	1.08%	6.32%	6.64%	—

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.

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.

Top sector holdings—stocks



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

* Partial return since fund started, January 14, 2011.

S&P Completion Index: Represents mid- and small-capitalization stocks. Complements the large-capitalization S&P 500 Index.

Vanguard Extended Market Index Fund

Domestic stock fund | Institutional Plus Shares

Ten largest holdings*

1	Tesla Inc.	
2	Blackstone Group Inc.	
3	Square Inc.	
4	Lululemon Athletica Inc.	
5	NXP Semiconductors NV	
6	Veeva Systems Inc.	
7	Workday Inc.	
8	Splunk Inc.	
9	CoStar Group Inc.	
10	Twilio Inc.	
Top 10 as % of total net assets		9.0%

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

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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, like the fluctuations of the overall stock market. The fund's performance could be hurt by:

Stock market risk: The chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising stock prices and periods of falling stock prices. The fund's target index may, at times, become focused in stocks of a particular sector, category, or group of companies. Because the fund seeks to track its target index, the fund may underperform the overall stock market.

Investment style risk: The chance that returns from small- and mid-capitalization stocks will trail returns from the overall stock market. Historically, small- and mid-cap stocks have been more volatile in price than the large-cap stocks that dominate the overall market, and they often perform quite differently. Small and mid-size companies tend to have greater stock volatility because, among other things, these companies are more sensitive to changing economic conditions.

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](https://www.vanguard.com) for your employer plans or contact Participant Services at 800-523-1188 for additional information.

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Vanguard Institutional Index Fund

Domestic stock fund | Institutional Plus Shares

Fund facts

Risk level Low ← → High					Total net assets	Expense ratio as of 04/28/20	Ticker symbol	Turnover rate as of 12/31/19	Inception date	Fund number
1	2	3	4	5	\$118,598 MM	0.02%	VIII	4.4%	07/07/97	0854

Investment objective

Vanguard Institutional Index Fund seeks to track the performance of a benchmark index that measures the investment return of large-capitalization stocks.

Investment strategy

The fund employs an indexing investment approach designed to track the performance of the Standard & Poor's 500 Index, which is dominated by the stocks of large U.S. companies. The fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index.

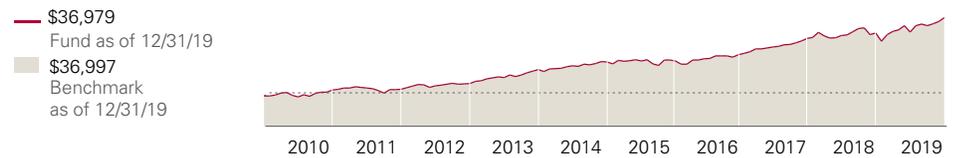
For the most up-to-date fund data, please scan the QR code below.



Benchmark

S&P 500 Index

Growth of a \$10,000 investment : January 31, 2010—December 31, 2019



Annual returns



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fund	15.07	2.12	16.00	32.37	13.68	1.39	11.95	21.82	-4.41	31.48
Benchmark	15.06	2.11	16.00	32.39	13.69	1.38	11.96	21.83	-4.38	31.49

Total returns

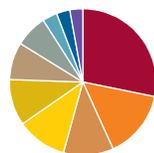
Periods ended June 30, 2020

	Quarter	Year to date	One year	Three years	Five years	Ten years
Fund	20.55%	-3.07%	7.51%	10.72%	10.72%	13.98%
Benchmark	20.54%	-3.08%	7.51%	10.73%	10.73%	13.99%

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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.

Top sector holdings—stocks



Information Tech	27.5%	Industrials	8.0
Health Care	14.6	Consumer Staples	7.0
Communication Services	10.8	Utilities	3.1
Consumer Discretionary	10.8	Real Estate	2.9
Financials	10.0	Energy	2.8

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

Vanguard Institutional Index Fund

Domestic stock fund | Institutional Plus Shares

Ten largest holdings*

1	Microsoft Corp.	
2	Apple Inc.	
3	Amazon.com Inc.	
4	Alphabet Inc.	
5	Facebook Inc.	
6	Johnson & Johnson	
7	Berkshire Hathaway Inc.	
8	Visa Inc.	
9	Procter & Gamble Co.	
10	UnitedHealth Group Inc.	
Top 10 as % of total net assets		27.9%

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

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Stock market risk: The chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising stock prices and periods of falling stock prices. The fund's target index may, at times, become focused in stocks of a particular sector, category, or group of companies. Because the fund seeks to track its target index, the fund may underperform the overall stock market.

Investment style risk: The chance that returns from large-capitalization stocks will trail returns from the overall stock market. Large-cap stocks tend to go through cycles of doing better—or worse—than other segments of the stock market or the stock market in general. These periods have, in the past, lasted for as long as several years.

Note on frequent trading restrictions

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Visit [vanguard.com](https://www.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.

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Vanguard Short-Term Inflation-Protected Securities Index Fund

Bond fund | Institutional Shares

Fund facts

Risk level Low ← → High					Total net assets	Expense ratio as of 01/31/20	Ticker symbol	Turnover rate as of 09/30/19	Inception date	Fund number
1	2	3	4	5	\$10,934 MM	0.04%	VTSPX	25.7%	10/17/12	1867

Investment objective

Vanguard Short-Term Inflation-Protected Securities Index Fund seeks to track the performance of a benchmark index that measures the investment return of inflation-protected public obligations of the U.S. Treasury with remaining maturities of less than five years.

Investment strategy

The fund employs an indexing investment approach designed to track the performance of the Bloomberg Barclays U.S. Treasury Inflation-Protected Securities (TIPS) 0–5 Year Index. The index is a market-capitalization-weighted index that includes all inflation-protected public obligations issued by the U.S. Treasury with remaining maturities of less than five years. The fund attempts to replicate the target index by investing all, or most, of its assets in the securities that make up the index, holding each security in approximately the same proportion as its weighting in the index.

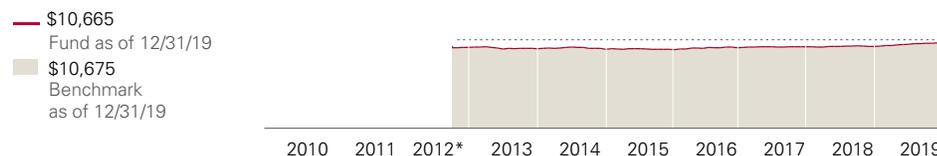
For the most up-to-date fund data, please scan the QR code below.



Benchmark

BloomBarc US 0-5 Year TIPS Index

Growth of a \$10,000 investment : October 31, 2012 – December 31, 2019



Annual returns



	2010	2011	2012*	2013	2014	2015	2016	2017	2018	2019
Fund	—	—	0.54	-1.53	-1.11	-0.17	2.76	0.83	0.59	4.82
Benchmark	—	—	0.28	-1.59	-1.13	-0.02	2.81	0.88	0.59	4.85

Total returns

	Periods ended June 30, 2020					
	Quarter	Year to date	One year	Three years	Five years	Since inception
Fund	2.61%	1.90%	3.38%	2.63%	1.97%	1.10%
Benchmark	2.63%	1.92%	3.42%	2.67%	1.99%	—

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.

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.

Distribution by issuer—bonds



Treasury/Agency	100.0%	Foreign	0.0
Asset-Backed	0.0	Government Mortgage-Backed	0.0
Commercial Mortgage-Backed	0.0	Industrial	0.0
Finance	0.0	Utilities	0.0

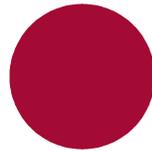
* Partial return since fund started, October 17, 2012.

BloomBarc US 0-5 Year TIPS Index: Includes inflation-protected public obligations issued by the U.S. Treasury with remaining maturities of less than five years.

Vanguard Short-Term Inflation-Protected Securities Index Fund

Bond fund | Institutional Shares

Distribution by credit quality†



■ U.S. Government	100.0
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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, like the fluctuations of the overall bond market. The fund’s performance could be hurt by:

Income fluctuations: The fund’s quarterly income distributions are likely to fluctuate considerably more than the income distributions of a typical bond fund. Income fluctuations associated with changes in interest rates are expected to be low; however, income fluctuations associated with changes in inflation are expected to be high. Overall, investors can expect income fluctuations to be high for the fund.

Interest rate risk: The chance that the value of a bond will fluctuate due to a change in the level of interest rates. Although inflation-indexed bonds seek to provide inflation protection, their prices may decline when interest rates rise and vice versa. Because the fund’s dollar-weighted average maturity is expected to be 5 years or less, interest rate risk is expected to be low for the fund.

†**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 Cash Management 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 Barclays 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.**

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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.

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Vanguard Total Bond Market Index Fund

Bond fund | Institutional Plus Shares

Fund facts

Risk level Low ← → High					Total net assets	Expense ratio as of 04/28/20	Ticker symbol	Turnover rate as of 12/31/19	Inception date	Fund number
1	2	3	4	5	\$28,324 MM	0.03%	VBMPX	30.8%	09/18/95	0850

Investment objective

Vanguard Total Bond Market Index Fund seeks to track the performance of a broad, market-weighted bond index.

Investment strategy

The fund employs an indexing investment approach designed to track the performance of the Bloomberg Barclays U.S. Aggregate Float Adjusted Bond Index. This index measures a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States—including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities, all with maturities of more than 1 year. The fund invests by sampling the index, meaning that it holds a range of securities that, in the aggregate, approximate 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 held in the index. The fund maintains a dollar-weighted average maturity consistent with that of the index, which currently ranges between 5 and 10 years.

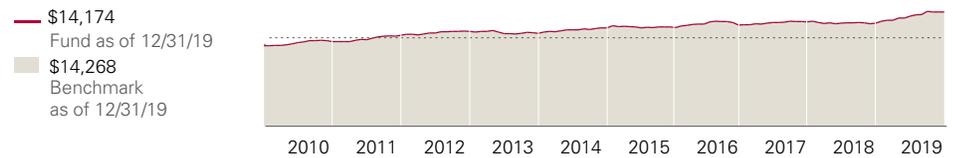
For the most up-to-date fund data, please scan the QR code below.



Benchmark

Spliced BloomBarc USAgg Flt Adjlx

Growth of a \$10,000 investment : January 31, 2010—December 31, 2019



Annual returns



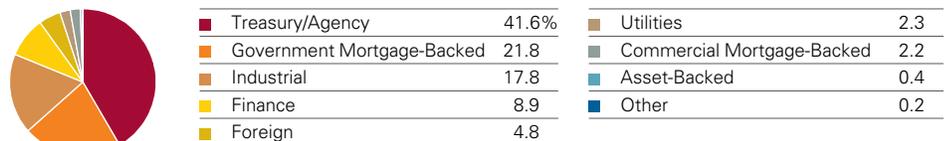
Total returns

	Periods ended June 30, 2020					
	Quarter	Year to date	One year	Three years	Five years	Ten years
Fund	2.98%	6.36%	8.98%	5.36%	4.33%	3.81%
Benchmark	3.03%	6.30%	8.92%	5.40%	4.37%	3.87%

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.

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.

Distribution by issuer—bonds



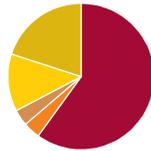
Spliced BloomBarc USAgg Flt Adjlx: Bloomberg Barclays U.S. Aggregate Bond Index through December 31, 2009; Bloomberg Barclays U.S. Aggregate Float Adjusted Index thereafter.

The Institutional Plus Shares' inception date is February 5, 2010; investment returns since that date are historical returns. All other average annual and cumulative total returns shown are blended returns of the historical performance of Institutional Plus Shares and the fund's Institutional Shares. The 2010 first-quarter and calendar-year annual returns are also blended returns of the historical performance of Institutional Plus Shares and Institutional Shares. All other quarterly and calendar-year annual returns reflect Institutional Shares' historical performance. Since-inception performance is from the fund's Institutional Shares inception on September 18, 1995.

Vanguard Total Bond Market Index Fund

Bond fund | Institutional Plus Shares

Distribution by credit quality†



■ U.S. Government	60.0%	■ A	12.7
■ Aaa	3.7	■ Baa	20.0
■ Aa	3.6		

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Plain talk about risk

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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 primarily in short- and intermediate-term bonds, whose prices are less sensitive to interest rate changes than are the prices of long-term bonds.

Income risk: The chance that the fund's income will decline because of falling interest rates.

Prepayment risk: The chance that during periods of falling interest rates, homeowners will refinance their mortgages before their maturity dates, resulting in prepayment of mortgage-backed securities held by the fund. The fund would then lose any price appreciation above the mortgage's principal and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the fund's income.

Extension risk: The chance that during periods of rising interest rates, certain debt obligations will be paid off substantially more slowly than originally anticipated, and the value of those securities may fall. For funds that invest in mortgage-backed securities, extension risk is the chance that during periods of rising interest rates, homeowners will prepay their mortgages at slower rates.

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 coupon rates 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.

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](https://www.vanguard.com) for your employer plans or contact Participant Services at 800-523-1188 for additional information.

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