

stocks

Growth and Income  
Stock Fund

cash investments

balanced

BONDS

# Vanguard® Total Stock Market Index Fund

## Investor Shares

### Who Should Invest

- Investors seeking long-term growth of capital.
- Investors seeking the broadest exposure to the U.S. stock market.
- Investors with a long-term investment horizon (at least five years).

### Who Should Not Invest

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

**Assets:** \$18,764,284,524

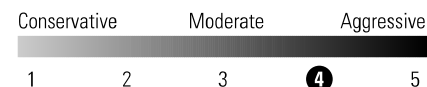
**Expenses:** 0.20%\*

**Ticker Symbol:** VTSMX

**Newspaper Listing:** TotSt

**Inception:** April 27, 1992

### Overall Risk Level:



### Investment Objective

Vanguard Total Stock Market Index Fund seeks to track the performance of a benchmark index that measures the investment return of the overall stock market.

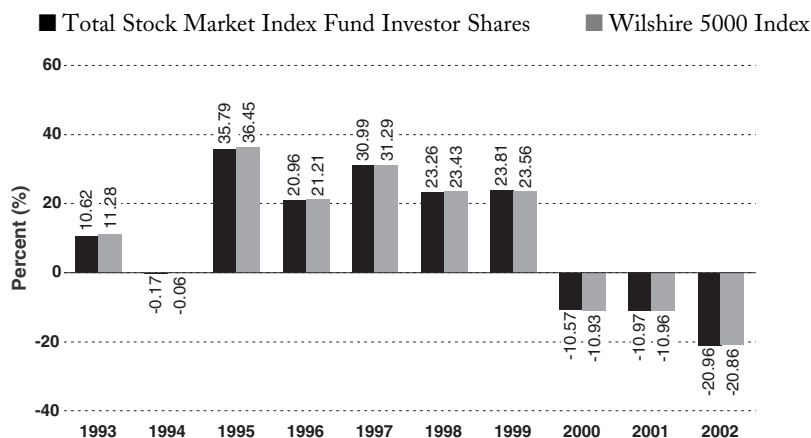
### Investment Strategy

The fund employs a "passive management"—or indexing—investment approach designed to track the performance of the Wilshire 5000 Total Market Index, which consists of all the U.S. common stocks regularly traded on the New York and American Stock Exchanges and the Nasdaq over-the-counter market. The fund typically invests all, or substantially all, of its assets in the 1300 largest capitalization stocks in its target index (covering nearly 95% of the index's total market capitalization), and a representative sample of the remainder. The fund holds a range of securities that, in the aggregate, approximate 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.

See reverse side for Fund Profile.

### Performance

Annual Returns 1993–2002 — Total Stock Market Index Fund Investor Shares vs. Wilshire 5000 Index\*\*



### Total Returns for Periods Ended June 30, 2003\*\*\*

	Year to Date	1 Year	3 Years	5 Years	10 Years
Total Stock Market Index Fund Investor Shares	12.80%	1.14%	-10.58%	-1.25%	9.41%
Wilshire 5000 Index	12.92%	1.29%	-10.59%	-1.31%	9.53%

\*For most recent fiscal year.

\*\*Wilshire 5000 Total Market Index, an unmanaged measure of stock market performance.

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

# Vanguard

## Total Stock Market Index Fund

### Investor Shares

#### Fund Profile

As of June 30, 2003

#### Top Sector Holdings—Stocks

1. Auto & Transportation	2.6%
2. Consumer Discretionary	15.4
3. Consumer Staples	6.9
4. Financial Services	22.5
5. Health Care	14.3
6. Integrated Oils	3.5
7. Materials & Processing	3.6
8. Other Energy	2.2
9. Producer Durables	4.0
10. Technology	13.6
11. Utilities	7.1
12. Other	4.3

#### Largest Stock Holdings\*

1. General Electric Co.
2. Microsoft Corp.
3. Pfizer Inc.
4. ExxonMobil Corp.
5. Wal-Mart Stores, Inc.
6. Citigroup, Inc.
7. Johnson & Johnson
8. American International Group, Inc.
9. International Business Machines Corp.
10. Intel Corp.

Top Ten as % of Total Net Assets 18.5%

\*Fund holdings are subject to change.

#### A Few Words About Risk

When investing in stock funds, short-term losses (or gains) are common, largely as a result of sudden movements in stock prices as views change about the economy and individual companies. However, over extended periods the market's ups have tended to outweigh its downs. There is no guarantee this

#### Overall Risk Level:



will continue. Usually, the longer you hold your investments, the lower your chances of losing money.

#### Investment Terms

**Dividends:** Payments made by companies to investors in their stock. The payments typically depend on economic conditions and the company's financial health.

**Expenses:** The costs of running a fund, expressed as a percentage of the fund's assets. For example, a fund may have expenses that total 0.30% (less than half of 1%) of its assets.

**Index Funds:** Mutual funds that try to track as closely as possible the performance of a target index (e.g., a large group of U.S. stocks, foreign stocks, or bonds). Index funds may invest in all or a representative sampling of the stocks included in the target index.

**Market Risk:** The chance that the value of an investment will change because of rising (or falling) stock or bond prices.

**Mutual Fund:** An investment company that combines the money of thousands of people and invests it in a number of securities (stocks, bonds, cash) to achieve a specific objective over time.

**Total Return:** The change in the value of an investment, plus any income from interest or dividends. The standard measure of a mutual fund's performance.

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Performance figures include the reinvestment of all dividends and any capital gains distribution. All returns are net of expenses. Return figures reflect past performance, which is no guarantee of future results. The investment return and principal value will fluctuate. An investor's shares, when redeemed, may be worth more or less than the original cost.

Vanguard funds are offered by prospectus only. Prospectuses contain more complete information on risks, advisory fees, distribution charges, and other expenses and should be read carefully before you invest or send money. Prospectuses can be obtained directly by writing to The Vanguard Group, P.O. Box 2900, Valley Forge, PA 19482-2900; calling 1-800-523-1188; or visiting [www.vanguard.com](http://www.vanguard.com).

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