



# Vanguard U.S. Stock Index Small-Capitalization Funds Prospectus

April 27, 2016

## Institutional Shares & Institutional Plus Shares

Vanguard Small-Cap Index Fund Institutional Shares (VSCIX)

Vanguard Small-Cap Index Fund Institutional Plus Shares (VSCPX)

Vanguard Small-Cap Value Index Fund Institutional Shares (VSIIX)

Vanguard Small-Cap Growth Index Fund Institutional Shares (VSGIX)

This prospectus contains financial data for the Funds through the fiscal year ended December 31, 2015.

The Securities and Exchange Commission (SEC) has not approved or disapproved these securities or passed upon the adequacy of this prospectus. Any representation to the contrary is a criminal offense.

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# Vanguard Small-Cap Index Fund

## Investment Objective

The Fund seeks to track the performance of a benchmark index that measures the investment return of small-capitalization stocks.

## Fees and Expenses

The following table describes the fees and expenses you may pay if you buy and hold Institutional Shares or Institutional Plus Shares of the Fund.

### Shareholder Fees

(Fees paid directly from your investment)

	Institutional Shares	Institutional Plus Shares
Sales Charge (Load) Imposed on Purchases	None	None
Purchase Fee	None	None
Sales Charge (Load) Imposed on Reinvested Dividends	None	None
Redemption Fee	None	None

### Annual Fund Operating Expenses

(Expenses that you pay each year as a percentage of the value of your investment)

	Institutional Shares	Institutional Plus Shares
Management Fees	0.06%	0.04%
12b-1 Distribution Fee	None	None
Other Expenses	0.01%	0.01%
Total Annual Fund Operating Expenses	0.07%	0.05%

## Examples

The following examples are intended to help you compare the cost of investing in the Fund's Institutional Shares or Institutional Plus Shares with the cost of investing in other mutual funds. They illustrate the hypothetical expenses that you would incur over various periods if you invested \$10,000 in the Fund's shares. These examples assume that the Shares provide a return of 5% each year and that total annual fund operating expenses remain as stated in the preceding table. You would incur these hypothetical expenses whether or not you redeem your investment at the end of the given period. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	1 Year	3 Years	5 Years	10 Years
Institutional Shares	\$7	\$23	\$40	\$90
Institutional Plus Shares	\$5	\$16	\$28	\$64

## Portfolio Turnover

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in more taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the previous expense examples, reduce the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 11% of the average value of its portfolio.

## Principal Investment Strategies

The Fund employs an indexing investment approach designed to track the performance of the CRSP US Small Cap Index, a broadly diversified index of stocks of small 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, holding each stock in approximately the same proportion as its weighting in the Index.

## Principal Risks

An investment in the Fund could lose money over short or even long periods. You should expect the Fund's share price and total return to fluctuate within a wide range. The Fund is subject to the following risks, which could affect the Fund's performance:

- **Stock market risk**, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. The Fund's target index tracks a subset of the U.S. stock market, which could cause the Fund to perform differently from the overall stock market. In addition, the

Fund’s target index may, at times, become focused in stocks of a particular market sector, which would subject the Fund to proportionately higher exposure to the risks of that sector.

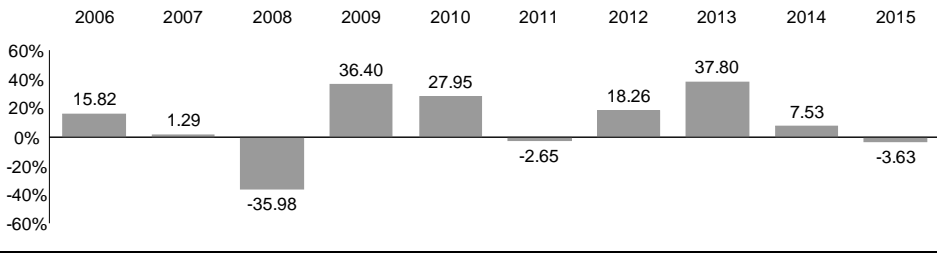
- **Investment style risk**, which is the chance that returns from small-capitalization stocks will trail returns from the overall stock market. Historically, small-cap stocks have been more volatile in price than the large-cap stocks that dominate the overall market, and they often perform quite differently.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

**An investment in the Fund is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.**

**Annual Total Returns**

The following bar chart and table are intended to help you understand the risks of investing in the Fund. The bar chart shows how the performance of the Fund’s Institutional Shares has varied from one calendar year to another over the periods shown. The table shows how the average annual total returns of the Institutional Shares compare with those of the Fund’s target index and other comparative indexes, which have investment characteristics similar to those of the Fund. Keep in mind that the Fund’s past performance (before and after taxes) does not indicate how the Fund will perform in the future. Updated performance information is available on our website at [vanguard.com/performance](http://vanguard.com/performance) or by calling Vanguard toll-free at 800-662-7447.

**Annual Total Returns — Vanguard Small-Cap Index Fund Institutional Shares**



During the periods shown in the bar chart, the highest return for a calendar quarter was 24.21% (quarter ended June 30, 2009), and the lowest return for a quarter was -26.64% (quarter ended December 31, 2008).

**Average Annual Total Returns for Periods Ended December 31, 2015**

	1 Year	5 Years	10 Years
<b>Vanguard Small-Cap Index Fund Institutional Shares</b>			
Return Before Taxes	-3.63%	10.45%	7.98%
Return After Taxes on Distributions	-4.05	10.03	7.61
Return After Taxes on Distributions and Sale of Fund Shares	-1.86	8.22	6.41
<b>Comparative Indexes</b> (reflect no deduction for fees, expenses, or taxes)			
MSCI US Small Cap 1750 Index	-4.06%	10.23%	7.79%
Spliced Small Cap Index	-3.68	10.40	7.87
CRSP US Small Cap Index	-3.68	—	—

	1 Year	5 Years	Since Inception (Dec. 17, 2010)
<b>Vanguard Small-Cap Index Fund Institutional Plus Shares</b>			
Return Before Taxes	-3.62%	10.47%	10.57%
<b>Comparative Indexes</b> (reflect no deduction for fees, expenses, or taxes)			
MSCI US Small Cap 1750 Index	-4.06%	10.23%	10.33%
Spliced Small Cap Index	-3.68	10.40	10.50
CRSP US Small Cap Index	-3.68	—	—

Actual after-tax returns depend on your tax situation and may differ from those shown in the preceding table. When after-tax returns are calculated, it is assumed that the shareholder was in the highest individual federal marginal income tax bracket at the time of each distribution of income or capital gains or upon redemption. State and local income taxes are not reflected in the calculations. Please note that after-tax returns are shown only for the Institutional Shares and may differ for each share class. After-tax returns are not relevant for a shareholder who holds fund shares in a tax-deferred account, such as an individual retirement account or a 401(k) plan. Also, figures captioned **Return After Taxes on Distributions and Sale of Fund Shares** may be higher than other figures for the same period if a capital loss occurs upon redemption and results in an assumed tax deduction for the shareholder.

**Investment Advisor**

The Vanguard Group, Inc. (Vanguard)

**Portfolio Managers**

William Coleman, Portfolio Manager at Vanguard. He has co-managed the Fund since 2016.

Gerard C. O'Reilly, Principal of Vanguard. He has co-managed the Fund since 2016.

**Purchase and Sale of Fund Shares**

You may purchase or redeem shares online through our website ([vanguard.com](http://vanguard.com)), by mail (The Vanguard Group, P.O. Box 1110, Valley Forge, PA 19482-1110), or by telephone (800-662-2739). The minimum investment amount required to open and maintain a Fund account for Institutional Shares or Institutional Plus Shares is \$5 million or \$100 million, respectively. The minimum investment amount required to add to an existing Fund account is generally \$1.

**Tax Information**

The Fund's distributions may be taxable as ordinary income or capital gain. If you are investing through a tax-deferred retirement account, such as an IRA, special tax rules apply.

**Payments to Financial Intermediaries**

The Fund and its investment advisor do not pay financial intermediaries for sales of Fund shares.

# Vanguard Small-Cap Value Index Fund

## Investment Objective

The Fund seeks to track the performance of a benchmark index that measures the investment return of small-capitalization value stocks.

## Fees and Expenses

The following table describes the fees and expenses you may pay if you buy and hold Institutional Shares of the Fund.

### Shareholder Fees

(Fees paid directly from your investment)

Sales Charge (Load) Imposed on Purchases	None
Purchase Fee	None
Sales Charge (Load) Imposed on Reinvested Dividends	None
Redemption Fee	None

### Annual Fund Operating Expenses

(Expenses that you pay each year as a percentage of the value of your investment)

Management Fees	0.06%
12b-1 Distribution Fee	None
Other Expenses	0.01%
Total Annual Fund Operating Expenses	0.07%

### Example

The following example is intended to help you compare the cost of investing in the Fund's Institutional Shares with the cost of investing in other mutual funds. It illustrates the hypothetical expenses that you would incur over various periods if you invested \$10,000 in the Fund's shares. This example assumes that the Shares provide a return of 5% each year and that total annual fund operating expenses remain as stated in the preceding table. You would incur these hypothetical expenses whether or not you redeem your investment at the end of the given period. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

1 Year	3 Years	5 Years	10 Years
\$7	\$23	\$40	\$90



## Portfolio Turnover

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in more taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the previous expense example, reduce the Fund’s performance. During the most recent fiscal year, the Fund’s portfolio turnover rate was 16% of the average value of its portfolio.

## Principal Investment Strategies

The Fund employs an indexing investment approach designed to track the performance of the CRSP US Small Cap Value Index, a broadly diversified index of value stocks of small 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, holding each stock in approximately the same proportion as its weighting in the Index.

## Principal Risks

An investment in the Fund could lose money over short or even long periods. You should expect the Fund’s share price and total return to fluctuate within a wide range. The Fund is subject to the following risks, which could affect the Fund’s performance:

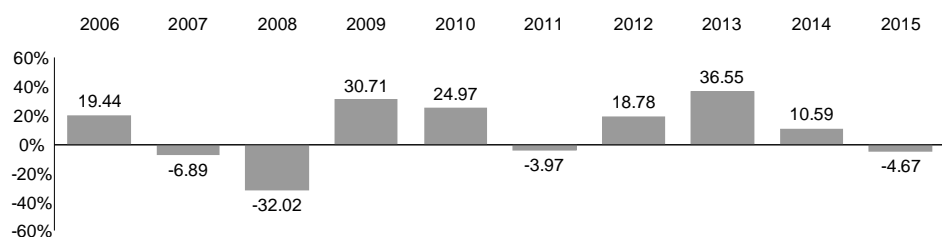
- **Stock market risk**, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. The Fund’s target index tracks a subset of the U.S. stock market, which could cause the Fund to perform differently from the overall stock market. In addition, the Fund’s target index may, at times, become focused in stocks of a particular market sector, which would subject the Fund to proportionately higher exposure to the risks of that sector.
- **Investment style risk**, which is the chance that returns from small-capitalization value stocks will trail returns from the overall stock market. Historically, small-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 companies tend to have greater stock volatility because, among other things, these companies are more sensitive to changing economic conditions.

**An investment in the Fund is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.**

## Annual Total Returns

The following bar chart and table are intended to help you understand the risks of investing in the Fund. The bar chart shows how the performance of the Fund's Institutional Shares has varied from one calendar year to another over the periods shown. The table shows how the average annual total returns of the Institutional Shares compare with those of the Fund's target index and other comparative indexes, which have investment characteristics similar to those of the Fund. Keep in mind that the Fund's past performance (before and after taxes) does not indicate how the Fund will perform in the future. Updated performance information is available on our website at [vanguard.com/performance](http://vanguard.com/performance) or by calling Vanguard toll-free at 800-662-7447.

### Annual Total Returns — Vanguard Small-Cap Value Index Fund Institutional Shares



During the periods shown in the bar chart, the highest return for a calendar quarter was 24.03% (quarter ended September 30, 2009), and the lowest return for a quarter was -25.55% (quarter ended December 31, 2008).

### Average Annual Total Returns for Periods Ended December 31, 2015

	1 Year	5 Years	10 Years
<b>Vanguard Small-Cap Value Index Fund Institutional Shares</b>			
Return Before Taxes	-4.67%	10.43%	7.33%
Return After Taxes on Distributions	-5.20	9.85	6.79
Return After Taxes on Distributions and Sale of Fund Shares	-2.36	8.18	5.81
<b>Comparative Indexes</b> (reflect no deduction for fees, expenses, or taxes)			
MSCI US Small Cap Value Index	-5.14%	9.21%	6.68%
Spliced Small Cap Value Index	-4.64	10.45	7.28
CRSP US Small Cap Value Index	-4.64	—	—

Actual after-tax returns depend on your tax situation and may differ from those shown in the preceding table. When after-tax returns are calculated, it is assumed that the shareholder was in the highest individual federal marginal income tax bracket at the time of each distribution of income or capital gains or upon redemption. State and local income taxes are not reflected in the calculations. Please note that after-tax returns are not relevant for a shareholder who holds fund shares in a tax-deferred account, such as an individual retirement account or a 401(k) plan. Also, figures captioned **Return After Taxes on Distributions and Sale of Fund Shares** may be higher than other figures for the same period if a capital loss occurs upon redemption and results in an assumed tax deduction for the shareholder.

### **Investment Advisor**

The Vanguard Group, Inc. (Vanguard)

### **Portfolio Managers**

William Coleman, Portfolio Manager at Vanguard. He has co-managed the Fund since 2016.

Gerard C. O'Reilly, Principal of Vanguard. He has co-managed the Fund since 2016.

### **Purchase and Sale of Fund Shares**

You may purchase or redeem shares online through our website ([vanguard.com](http://vanguard.com)), by mail (The Vanguard Group, P.O. Box 1110, Valley Forge, PA 19482-1110), or by telephone (800-662-2739). The minimum investment amount required to open and maintain a Fund account for Institutional Shares is \$5 million. The minimum investment amount required to add to an existing Fund account is generally \$1.

### **Tax Information**

The Fund's distributions may be taxable as ordinary income or capital gain. If you are investing through a tax-deferred retirement account, such as an IRA, special tax rules apply.

### **Payments to Financial Intermediaries**

The Fund and its investment advisor do not pay financial intermediaries for sales of Fund shares.

# Vanguard Small-Cap Growth Index Fund

## Investment Objective

The Fund seeks to track the performance of a benchmark index that measures the investment return of small-capitalization growth stocks.

## Fees and Expenses

The following table describes the fees and expenses you may pay if you buy and hold Institutional Shares of the Fund.

### Shareholder Fees

(Fees paid directly from your investment)

Sales Charge (Load) Imposed on Purchases	None
Purchase Fee	None
Sales Charge (Load) Imposed on Reinvested Dividends	None
Redemption Fee	None

### Annual Fund Operating Expenses

(Expenses that you pay each year as a percentage of the value of your investment)

Management Fees	0.06%
12b-1 Distribution Fee	None
Other Expenses	0.01%
Total Annual Fund Operating Expenses	0.07%

### Example

The following example is intended to help you compare the cost of investing in the Fund's Institutional Shares with the cost of investing in other mutual funds. It illustrates the hypothetical expenses that you would incur over various periods if you invested \$10,000 in the Fund's shares. This example assumes that the Shares provide a return of 5% each year and that total annual fund operating expenses remain as stated in the preceding table. You would incur these hypothetical expenses whether or not you redeem your investment at the end of the given period. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

1 Year	3 Years	5 Years	10 Years
\$7	\$23	\$40	\$90

## Portfolio Turnover

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in more taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the previous expense example, reduce the Fund’s performance. During the most recent fiscal year, the Fund’s portfolio turnover rate was 23% of the average value of its portfolio.

## Principal Investment Strategies

The Fund employs an indexing investment approach designed to track the performance of the CRSP US Small Cap Growth Index, a broadly diversified index of growth stocks of small 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, holding each stock in approximately the same proportion as its weighting in the Index.

## Principal Risks

An investment in the Fund could lose money over short or even long periods. You should expect the Fund’s share price and total return to fluctuate within a wide range. The Fund is subject to the following risks, which could affect the Fund’s performance:

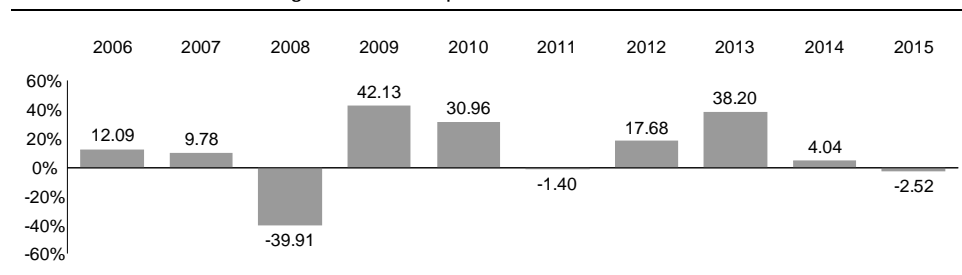
- **Stock market risk**, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. The Fund’s target index tracks a subset of the U.S. stock market, which could cause the Fund to perform differently from the overall stock market. In addition, the Fund’s target index may, at times, become focused in stocks of a particular market sector, which would subject the Fund to proportionately higher exposure to the risks of that sector.
- **Investment style risk**, which is the chance that returns from small-capitalization growth stocks will trail returns from the overall stock market. Historically, small-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 companies tend to have greater stock volatility because, among other things, these companies are more sensitive to changing economic conditions.

**An investment in the Fund is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.**

## Annual Total Returns

The following bar chart and table are intended to help you understand the risks of investing in the Fund. The bar chart shows how the performance of the Fund's Institutional Shares has varied from one calendar year to another over the periods shown. The table shows how the average annual total returns of the Institutional Shares compare with those of the Fund's target index and other comparative indexes, which have investment characteristics similar to those of the Fund. Keep in mind that the Fund's past performance (before and after taxes) does not indicate how the Fund will perform in the future. Updated performance information is available on our website at [vanguard.com/performance](http://vanguard.com/performance) or by calling Vanguard toll-free at 800-662-7447.

### Annual Total Returns — Vanguard Small-Cap Growth Index Fund Institutional Shares



During the periods shown in the bar chart, the highest return for a calendar quarter was 24.59% (quarter ended June 30, 2009), and the lowest return for a quarter was -27.91% (quarter ended December 31, 2008).

### Average Annual Total Returns for Periods Ended December 31, 2015

	1 Year	5 Years	10 Years
<b>Vanguard Small-Cap Growth Index Fund Institutional Shares</b>			
Return Before Taxes	-2.52%	10.21%	8.39%
Return After Taxes on Distributions	-2.83	9.96	8.20
Return After Taxes on Distributions and Sale of Fund Shares	-1.32	8.06	6.82
<b>Comparative Indexes</b> (reflect no deduction for fees, expenses, or taxes)			
MSCI US Small Cap Growth Index	-3.05%	11.17%	8.78%
Spliced Small Cap Growth Index	-2.60	10.09	8.25
CRSP US Small Cap Growth Index	-2.60	—	—

Actual after-tax returns depend on your tax situation and may differ from those shown in the preceding table. When after-tax returns are calculated, it is assumed that the shareholder was in the highest individual federal marginal income tax bracket at the time of each distribution of income or capital gains or upon redemption. State and local income taxes are not reflected in the calculations. Please note that after-tax returns are not relevant for a shareholder who holds fund shares in a tax-deferred account, such as an individual retirement account or a 401(k) plan. Also, figures captioned **Return After Taxes on Distributions and Sale of Fund Shares** may be higher than other figures for the same period if a capital loss occurs upon redemption and results in an assumed tax deduction for the shareholder.

### **Investment Advisor**

The Vanguard Group, Inc. (Vanguard)

#### Portfolio Managers

Gerard C. O'Reilly, Principal of Vanguard. He has managed the Fund since 2004 (co-managed since 2016).

William Coleman, Portfolio Manager at Vanguard. He has co-managed the Fund since 2016.

### **Purchase and Sale of Fund Shares**

You may purchase or redeem shares online through our website ([vanguard.com](http://vanguard.com)), by mail (The Vanguard Group, P.O. Box 1110, Valley Forge, PA 19482-1110), or by telephone (800-662-2739). The minimum investment amount required to open and maintain a Fund account for Institutional Shares is \$5 million. The minimum investment amount required to add to an existing Fund account is generally \$1.

### **Tax Information**

The Fund's distributions may be taxable as ordinary income or capital gain. If you are investing through a tax-deferred retirement account, such as an IRA, special tax rules apply.

### **Payments to Financial Intermediaries**

The Fund and its investment advisor do not pay financial intermediaries for sales of Fund shares.

## Investing in Index Funds

### What Is Indexing?

Indexing is an investment strategy for tracking the performance of a specified market benchmark, or “index.” An index is a group of securities whose overall performance is used as a standard to measure the investment performance of a particular market. There are many types of indexes. Some represent entire markets—such as the U.S. stock market or the U.S. bond market. Other indexes cover market segments—such as small-capitalization stocks or short-term bonds. The index sponsor determines the securities to include in the index, the weighting of each security in the index, and the appropriate time to make changes to the composition of the index. One cannot invest directly in an index.


An index fund holds all, or a representative sample, of the securities that make up its target index. Index funds attempt to mirror the performance of the target index, for better or worse. However, an index fund generally does not perform **exactly** like its target index. For example, like all mutual funds, index funds have operating expenses and transaction costs. Market indexes do not, and therefore they will usually have a slight performance advantage over funds that track them.

Index funds typically have the following characteristics:

- **Variety of investments.** Most Vanguard index funds generally invest in the securities of a variety of companies and industries.
- **Relative performance consistency.** Because they seek to track market benchmarks, index funds usually do not perform dramatically better or worse than their benchmarks.
- **Low cost.** Index funds are inexpensive to run compared with actively managed funds. They have low or no research costs and typically keep trading activity—and thus brokerage commissions and other transaction costs—to a minimum compared with actively managed funds.



## More on the Funds

This prospectus describes the principal risks you would face as a Fund shareholder. It is important to keep in mind one of the main axioms of investing: generally, the higher the risk of losing money, the higher the potential reward. The reverse, also, is generally true: the lower the risk, the lower the potential reward. As you consider an investment in any mutual fund, you should take into account your personal tolerance for fluctuations in the securities markets. Look for this  symbol throughout the prospectus. It is used to mark detailed information about the more significant risks that you would confront as a Fund shareholder. To highlight terms and concepts important to mutual fund investors, we have provided Plain Talk<sup>®</sup> explanations along the way. Reading the prospectus will help you decide whether a Fund is the right investment for you. We suggest that you keep this prospectus for future reference.

### Share Class Overview

This prospectus offers the Funds' Institutional Shares, and the Small-Cap Index Fund's Institutional Plus Shares, which are generally for investors who invest a minimum of \$5 million or \$100 million, respectively. A separate prospectus offers the Funds' Investor Shares, which have an investment minimum of \$3,000, and Admiral<sup>™</sup> Shares, which have an investment minimum of \$10,000. In addition, each Fund issues an exchange-traded class of shares (ETF Shares), which are also offered through a separate prospectus.

All share classes offered by a Fund have the same investment objective, strategies, and policies. However, different share classes have different expenses; as a result, their investment performances will differ.

#### Plain Talk About Costs of Investing

Costs are an important consideration in choosing a mutual fund. That is because you, as a shareholder, pay a proportionate share of the costs of operating a fund, plus any transaction costs incurred when the fund buys or sells securities. These costs can erode a substantial portion of the gross income or the capital appreciation a fund achieves. Even seemingly small differences in expenses can, over time, have a dramatic effect on a fund's performance.

The following sections explain the principal investment strategies and policies that each Fund uses in pursuit of its objective. The Funds' board of trustees, which oversees each Fund's management, may change investment strategies or policies in the interest of shareholders without a shareholder vote, unless those strategies or policies are designated as fundamental. Under normal circumstances, each Fund will invest at least 80% of its assets in the stocks that make up its target index. A Fund may change its 80% policy only upon 60 days' notice to shareholders.

## Market Exposure



Each Fund is subject to stock market risk, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. Each Fund's target index tracks a subset of the U.S. stock market, which could cause the Fund to perform differently from the overall stock market. In addition, each Fund's target index may, at times, become focused in stocks of a particular market sector, which would subject the Fund to proportionately higher exposure to the risks of that sector.

To illustrate the volatility of stock prices, the following table shows the best, worst, and average annual total returns for the U.S. stock market over various periods as measured by the S&P 500 Index, a widely used barometer of U.S. stock market activity. Total returns consist of dividend income plus change in market price. Note that the returns shown do not include the costs of buying and selling stocks or other expenses that a real-world investment portfolio would incur.

### U.S. Stock Market Returns (1926–2015)

	1 Year	5 Years	10 Years	20 Years
Best	54.2%	28.6%	19.9%	17.8%
Worst	-43.1	-12.4	-1.4	3.1
Average	11.9	10.0	10.4	11.1

The table covers all of the rolling 1-, 5-, 10-, and 20-year periods from 1926 through 2015. You can see, for example, that although the average annual return on common stocks for **all** of the 5-year periods was 10%, average annual returns for **individual** 5-year periods ranged from -12.4% (from 1928 through 1932) to 28.6% (from 1995 through 1999). These average annual returns reflect **past** performance of common stocks; you should not regard them as an indication of **future** performance of either the stock market as a whole or the Funds in particular.

Keep in mind that the S&P 500 Index tracks mainly large-cap stocks. Historically, small-cap stocks (such as those held by the Funds) have been more volatile than—and at times have performed quite differently from—the large-cap stocks of the S&P 500 Index.

Similarly, indexes that focus on growth stocks or value stocks will not necessarily perform in the same way as the broader S&P 500 Index. Both growth and value stocks have the potential at times to be more volatile than the broader markets.

Stocks of publicly traded companies and funds that invest in stocks are often classified according to market value, or market capitalization. These classifications

typically include small-cap, mid-cap, and large-cap. It is important to understand that, for both companies and stock funds, market-capitalization ranges change over time. Also, interpretations of size vary, and there are no “official” definitions of small-, mid-, and large-cap, even among Vanguard fund advisors.

The asset-weighted median market capitalization of each Fund’s stock holdings as of December 31, 2015, was:

Vanguard Fund	Asset-Weighted Median Market Capitalization
Small-Cap Index	\$3.0 billion
Small-Cap Value Index	3.0
Small-Cap Growth Index	3.2



Each Fund is subject to investment style risk, which is the chance that returns from the types of stocks in which the Fund invests will trail returns from the overall stock market. Historically, small-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 companies tend to have greater stock volatility because, among other things, these companies are more sensitive to changing economic conditions.

#### Plain Talk About Growth Funds and Value Funds

Growth investing and value investing are two styles employed by stock-fund managers. Growth funds generally focus on stocks of companies believed to have above-average potential for growth in revenue, earnings, cash flow, or other similar criteria. These stocks typically have low dividend yields and above-average prices in relation to measures such as earnings and book value. Value funds typically emphasize stocks whose prices are below average in relation to those measures; these stocks often have above-average dividend yields. Value stocks also may remain undervalued by the market for long periods of time. Growth and value stocks have historically produced similar long-term returns, though each style has periods when it outperforms the other.

#### Security Selection

Each Fund attempts to track the investment performance of a benchmark index that measures the return of a particular market segment. The Funds use the **replication method** of indexing, meaning that each Fund generally holds the same stocks as its target index and in approximately the same proportions.

### **Other Investment Policies and Risks**

Each Fund reserves the right to substitute a different index for the index it currently tracks if the current index is discontinued, if the Fund's agreement with the sponsor of its target index is terminated, or for any other reason determined in good faith by the Fund's board of trustees. In any such instance, the substitute index would represent the same market segment as the current index.

Each Fund may invest in foreign securities to the extent necessary to carry out its investment strategy of holding all, or substantially all, of the stocks that make up the index it tracks. It is not expected that any Fund will invest more than 5% of its assets in foreign securities.

To track their target indexes as closely as possible, the Funds attempt to remain fully invested in stocks. To help stay fully invested and to reduce transaction costs, the Funds may invest, to a limited extent, in derivatives, including stock futures. The Funds may also use derivatives such as total return swaps to obtain exposure to a stock, a basket of stocks, or an index. Generally speaking, a derivative is a financial contract whose value is based on the value of a financial asset (such as a stock, a bond, or a currency), a physical asset (such as gold, oil, or wheat), a market index (such as the S&P 500 Index), or a reference rate (such as LIBOR). Investments in derivatives may subject the Funds to risks different from, and possibly greater than, those of investments directly in the underlying securities or assets. The Funds will not use derivatives for speculation or for the purpose of leveraging (magnifying) investment returns.

### **Cash Management**

Each Fund's daily cash balance may be invested in one or more Vanguard CMT Funds, which are very low-cost money market funds. When investing in a Vanguard CMT Fund, each Fund bears its proportionate share of the at-cost expenses of the CMT Fund in which it invests. Vanguard receives no additional revenue from Fund assets invested in a Vanguard CMT Fund.

### **Temporary Investment Measures**

Each Fund may temporarily depart from its normal investment policies and strategies when the advisor believes that doing so is in the Fund's best interest, so long as the alternative is consistent with the Fund's investment objective. For instance, the Fund may invest beyond its normal limits in derivatives or exchange-traded funds that are consistent with the Fund's objective when those instruments are more favorably priced or provide needed liquidity, as might be the case when the Fund receives large cash flows that it cannot prudently invest immediately.

## Frequent Trading or Market-Timing

**Background.** Some investors try to profit from strategies involving frequent trading of mutual fund shares, such as market-timing. For funds holding foreign securities, investors may try to take advantage of an anticipated difference between the price of the fund's shares and price movements in overseas markets, a practice also known as time-zone arbitrage. Investors also may try to engage in frequent trading of funds holding investments such as small-cap stocks and high-yield bonds. As money is shifted into and out of a fund by a shareholder engaging in frequent trading, the fund incurs costs for buying and selling securities, resulting in increased brokerage and administrative costs. These costs are borne by all fund shareholders, including the long-term investors who do not generate the costs. In addition, frequent trading may interfere with an advisor's ability to efficiently manage the fund.

**Policies to address frequent trading.** The Vanguard funds (other than money market funds and short-term bond funds, but including Vanguard Short-Term Inflation-Protected Securities Index Fund) do not knowingly accommodate frequent trading. The board of trustees of each Vanguard fund (other than money market funds and short-term bond funds, but including Vanguard Short-Term Inflation-Protected Securities Index Fund) has adopted policies and procedures reasonably designed to detect and discourage frequent trading and, in some cases, to compensate the fund for the costs associated with it. These policies and procedures do not apply to Vanguard ETF<sup>®</sup> Shares because frequent trading in ETF Shares generally does not disrupt portfolio management or otherwise harm fund shareholders. Although there is no assurance that Vanguard will be able to detect or prevent frequent trading or market-timing in all circumstances, the following policies have been adopted to address these issues:

- Each Vanguard fund reserves the right to reject any purchase request—including exchanges from other Vanguard funds—without notice and regardless of size. For example, a purchase request could be rejected because the investor has a history of frequent trading or if Vanguard determines that such purchase may negatively affect a fund's operation or performance.
- Each Vanguard fund (other than money market funds and short-term bond funds, but including Vanguard Short-Term Inflation-Protected Securities Index Fund) generally prohibits, except as otherwise noted in the **Investing With Vanguard** section, an investor's purchases or exchanges into a fund account for 30 calendar days (60 calendar days for participants in employer-sponsored defined contribution plans recordkept directly by Vanguard) after the investor has redeemed or exchanged out of that fund account.
- Certain Vanguard funds charge shareholders purchase and/or redemption fees on transactions.

See the **Investing With Vanguard** section of this prospectus for further details on Vanguard's transaction policies.

Each Vanguard fund (other than money market funds), in determining its net asset value, will use fair-value pricing when appropriate, as described in the **Share Price** section. Fair-value pricing may reduce or eliminate the profitability of certain frequent-trading strategies.

**Do not invest with Vanguard if you are a market-timer.**

### **Turnover Rate**

Although the Funds generally seek to invest for the long term, each Fund may sell securities regardless of how long they have been held. Generally, an index fund sells securities in response to redemption requests from shareholders of conventional (not exchange-traded) shares or to changes in the composition of its target index. Turnover rates for mid-cap and small-cap stock index funds tend to be higher than for large-cap stock index funds (although still relatively low, compared with actively managed stock funds) because the indexes they track are more likely to change as a result of companies merging, growing, or failing. The **Financial Highlights** section of this prospectus shows historical turnover rates for each Fund. A turnover rate of 100%, for example, would mean that a Fund had sold and replaced securities valued at 100% of its net assets within a one-year period. The average turnover rate for domestic stock funds was approximately 65%, as reported by Morningstar, Inc., on December 31, 2015.

#### Plain Talk About Turnover Rate

Before investing in a mutual fund, you should review its turnover rate. This gives an indication of how transaction costs, which are not included in the fund's expense ratio, could affect the fund's future returns. In general, the greater the volume of buying and selling by the fund, the greater the impact that brokerage commissions and other transaction costs will have on its return. Also, funds with high turnover rates may be more likely to generate capital gains, including short-term capital gains, that must be distributed to shareholders as taxable income.

### **The Funds and Vanguard**

Each Fund is a member of The Vanguard Group, a family of more than 190 mutual funds holding assets of approximately \$3 trillion. All of the funds that are members of The Vanguard Group (other than funds of funds) share in the expenses associated with administrative services and business operations, such as personnel, office space, and equipment.

Vanguard Marketing Corporation provides marketing services to the funds. Although shareholders do not pay sales commissions or 12b-1 distribution fees, each fund (other

than a fund of funds) or each share class of a fund (in the case of a fund with multiple share classes) pays its allocated share of the Vanguard funds' marketing costs.

### Plain Talk About Vanguard's Unique Corporate Structure

The Vanguard Group is truly a **mutual** mutual fund company. It is owned jointly by the funds it oversees and thus indirectly by the shareholders in those funds. Most other mutual funds are operated by management companies that may be owned by one person, by a private group of individuals, or by public investors who own the management company's stock. The management fees charged by these companies include a profit component over and above the companies' cost of providing services. By contrast, Vanguard provides services to its member funds on an at-cost basis, with no profit component, which helps to keep the funds' expenses low.

### Investment Advisor

The Vanguard Group, Inc. (Vanguard), P.O. Box 2600, Valley Forge, PA 19482, which began operations in 1975, serves as advisor to the Funds through its Equity Index Group. As of December 31, 2015, Vanguard served as advisor for approximately \$2.6 trillion in assets. Vanguard provides investment advisory services to the Funds on an at-cost basis, subject to the supervision and oversight of the trustees and officers of the Funds.

For the fiscal year ended December 31, 2015, the advisory expenses represented an effective annual rate of 0.01% of each Fund's average net assets.

For a discussion of why the board of trustees approved each Fund's investment advisory arrangement, see the most recent semiannual report to shareholders covering the fiscal period ended June 30.

The managers primarily responsible for the day-to-day management of the Funds are:

**William Coleman**, Portfolio Manager at Vanguard. He has worked in investment management since joining Vanguard in 2006 and has co-managed the Small-Cap Index, Small-Cap Value Index, and Small-Cap Growth Index Funds since 2016. Education: B.S., King's College; M.S., Saint Joseph's University.

**Gerard C. O'Reilly**, Principal of Vanguard. He has been with Vanguard since 1992, has managed investment portfolios since 1994, has managed the Small-Cap Growth Index Fund since 2004 (co-managed since 2016), and has co-managed the Small-Cap Index and Small-Cap Value Index Funds since 2016. Education: B.S., Villanova University.

The **Statement of Additional Information** provides information about each portfolio manager's compensation, other accounts under management, and ownership of shares of the Funds.

## **Dividends, Capital Gains, and Taxes**

### **Fund Distributions**

Each Fund distributes to shareholders virtually all of its net income (interest and dividends, less expenses) as well as any net short-term or long-term capital gains realized from the sale of its holdings. Income dividends generally are distributed quarterly in March, June, September, and December; capital gains distributions, if any, generally occur annually in December. In addition, the Funds may occasionally make a supplemental distribution at some other time during the year. You can receive distributions of income or capital gains in cash, or you can have them automatically reinvested in more shares of the Fund.

#### Plain Talk About Distributions

As a shareholder, you are entitled to your portion of a fund's income from interest and dividends as well as capital gains from the fund's sale of investments. Income consists of both the dividends that the fund earns from any stock holdings and the interest it receives from any money market and bond investments. Capital gains are realized whenever the fund sells securities for higher prices than it paid for them. These capital gains are either short-term or long-term, depending on whether the fund held the securities for one year or less or for more than one year.



## Basic Tax Points

Vanguard will send you a statement each year showing the tax status of all of your distributions. In addition, investors in taxable accounts should be aware of the following basic federal income tax points:

- Distributions are taxable to you whether or not you reinvest these amounts in additional Fund shares.
- Distributions declared in December—if paid to you by the end of January—are taxable as if received in December.
- Any dividend distribution or short-term capital gains distribution that you receive is taxable to you as ordinary income. If you are an individual and meet certain holding-period requirements with respect to your Fund shares, you may be eligible for reduced tax rates on “qualified dividend income,” if any, distributed by the Fund.
- Any distribution of net long-term capital gains is taxable to you as long-term capital gains, no matter how long you have owned shares in the Fund.
- Capital gains distributions may vary considerably from year to year as a result of the Funds’ normal investment activities and cash flows.
- A sale or exchange of Fund shares is a taxable event. This means that you may have a capital gain to report as income, or a capital loss to report as a deduction, when you complete your tax return.
- Any conversion between classes of shares of the **same** fund is a **nontaxable** event. By contrast, an exchange between classes of shares of **different** funds is a **taxable** event.

Individuals, trusts, and estates whose income exceeds certain threshold amounts are subject to a 3.8% Medicare contribution tax on “net investment income.” Net investment income takes into account distributions paid by the Fund and capital gains from any sale or exchange of Fund shares.

Dividend distributions and capital gains distributions that you receive, as well as your gains or losses from any sale or exchange of Fund shares, may be subject to state and local income taxes.

This prospectus provides general tax information only. If you are investing through a tax-deferred retirement account, such as an IRA, special tax rules apply. Please consult your tax advisor for detailed information about any tax consequences for you.

## Plain Talk About Buying a Dividend

Unless you are investing through a tax-deferred retirement account (such as an IRA), you should consider avoiding a purchase of fund shares shortly before the fund makes a distribution, because doing so can cost you money in taxes. This is known as “buying a dividend.” For example: On December 15, you invest \$5,000, buying 250 shares for \$20 each. If the fund pays a distribution of \$1 per share on December 16, its share price will drop to \$19 (not counting market change). You still have only \$5,000 (250 shares x \$19 = \$4,750 in share value, plus 250 shares x \$1 = \$250 in distributions), but you **owe tax** on the \$250 distribution you received—even if you reinvest it in more shares. To avoid buying a dividend, check a fund’s distribution schedule before you invest.

### General Information

**Backup withholding.** By law, Vanguard must withhold 28% of any taxable distributions or redemptions from your account if you do not:

- Provide us with your correct taxpayer identification number.
- Certify that the taxpayer identification number is correct.
- Confirm that you are not subject to backup withholding.

Similarly, Vanguard must withhold taxes from your account if the IRS instructs us to do so.

**Foreign investors.** Vanguard funds offered for sale in the United States (Vanguard U.S. funds), including the Funds offered in this prospectus, are not widely available outside the United States. Non-U.S. investors should be aware that U.S. withholding and estate taxes and certain U.S. tax reporting requirements may apply to any investments in Vanguard U.S. funds. Foreign investors should visit the Non-U.S. Investors page on our website at [vanguard.com](http://vanguard.com) for information on Vanguard’s non-U.S. products.

**Invalid addresses.** If a dividend distribution or capital gains distribution check mailed to your address of record is returned as undeliverable, Vanguard will automatically reinvest the distribution and all future distributions until you provide us with a valid mailing address. Reinvestments will receive the net asset value calculated on the date of the reinvestment.

### Share Price

Share price, also known as **net asset value (NAV)**, is calculated each business day as of the close of regular trading on the New York Stock Exchange (NYSE), generally 4 p.m., Eastern time. Each share class has its own NAV, which is computed by dividing the total assets, minus liabilities, allocated to the share class by the number of Fund

shares outstanding for that class. On U.S. holidays or other days when the NYSE is closed, the NAV is not calculated, and the Funds do not sell or redeem shares. However, on those days the value of a Fund's assets may be affected to the extent that the Fund holds securities that change in value on those days (such as foreign securities that trade on foreign markets that are open).

Stocks held by a Vanguard fund are valued at their **market value** when reliable market quotations are readily available from the principal exchange or market on which they are traded. Such securities are generally valued at their official closing price, the last reported sales price, or if there were no sales that day, the mean between the closing bid and asking prices. Certain short-term debt instruments used to manage a fund's cash may be valued at amortized cost when it approximates fair value. The values of any foreign securities held by a fund are converted into U.S. dollars using an exchange rate obtained from an independent third party as of the close of regular trading on the NYSE. The values of any mutual fund shares held by a fund are based on the NAVs of the shares. The values of any ETF or closed-end fund shares held by a fund are based on the market value of the shares.

When a fund determines that market quotations either are not readily available or do not accurately reflect the value of a security, the security is priced at its **fair value** (the amount that the owner might reasonably expect to receive upon the current sale of the security). A fund also will use fair-value pricing if the value of a security it holds has been materially affected by events occurring before the fund's pricing time but after the close of the principal exchange or market on which the security is traded. This most commonly occurs with foreign securities, which may trade on foreign exchanges that close many hours before the fund's pricing time. Intervening events might be company-specific (e.g., earnings report, merger announcement) or country-specific or regional/global (e.g., natural disaster, economic or political news, act of terrorism, interest rate change). Intervening events include price movements in U.S. markets that exceed a specified threshold or that are otherwise deemed to affect the value of foreign securities. Fair-value pricing may be used for domestic securities—for example, if (1) trading in a security is halted and does not resume before the fund's pricing time or a security does not trade in the course of a day and (2) the fund holds enough of the security that its price could affect the NAV.

Fair-value prices are determined by Vanguard according to procedures adopted by the board of trustees. When fair-value pricing is employed, the prices of securities used by a fund to calculate the NAV may differ from quoted or published prices for the same securities.

Vanguard fund share prices are published daily on our website at [vanguard.com/prices](https://www.vanguard.com/prices).

## Financial Highlights

The following financial highlights tables are intended to help you understand each Fund's financial performance for the periods shown, and certain information reflects financial results for a single Fund share. The total returns in each table represent the rate that an investor would have earned or lost each period on an investment in the Fund (assuming reinvestment of all distributions). This information has been obtained from the financial statements audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, whose report—along with each Fund's financial statements—is included in the Funds' most recent annual report to shareholders. You may obtain a free copy of the latest annual or semiannual report by visiting [vanguard.com](http://vanguard.com) or by contacting Vanguard by telephone or mail.

### Plain Talk About How to Read the Financial Highlights Tables

This explanation uses the Small-Cap Index Fund's Institutional Shares as an example. The Institutional Shares began fiscal year 2015 with a net asset value (share price) of \$55.87 per share. During the year, each Institutional Share earned \$0.803 from investment income (interest and dividends). There was a decline of \$2.834 per share in the value of investments held or sold by the Fund, resulting in a net decline of \$2.031 per share from investment operations.

Shareholders received \$0.789 per share in the form of dividend distributions. A portion of each year's distributions may come from the prior year's income or capital gains.

The share price at the end of the year was \$53.05, reflecting losses of \$2.031 per share and distributions of \$0.789 per share. This was a decrease of \$2.82 per share (from \$55.87 at the beginning of the year to \$53.05 at the end of the year). For a shareholder who reinvested the distributions in the purchase of more shares, the total return was -3.63% for the year.

As of December 31, 2015, the Institutional Shares had approximately \$10 billion in net assets. For the year, the expense ratio was 0.07% (\$0.70 per \$1,000 of net assets), and the net investment income amounted to 1.46% of average net assets. The Fund sold and replaced securities valued at 11% of its net assets.

## Small-Cap Index Fund Institutional Shares

For a Share Outstanding Throughout Each Period	Year Ended December 31,				
	2015	2014	2013	2012	2011
<b>Net Asset Value, Beginning of Period</b>	<b>\$55.87</b>	<b>\$52.71</b>	<b>\$38.76</b>	<b>\$33.39</b>	<b>\$34.77</b>
<b>Investment Operations</b>					
Net Investment Income	.803	.821	.686	.724	.467
Net Realized and Unrealized Gain (Loss) on Investments	(2.834)	3.144	13.957	5.372	(1.385)
Total from Investment Operations	(2.031)	3.965	14.643	6.096	(.918)
<b>Distributions</b>					
Dividends from Net Investment Income	(.789)	(.805)	(.693)	(.726)	(.462)
Distributions from Realized Capital Gains	—	—	—	—	—
Total Distributions	(.789)	(.805)	(.693)	(.726)	(.462)
<b>Net Asset Value, End of Period</b>	<b>\$53.05</b>	<b>\$55.87</b>	<b>\$52.71</b>	<b>\$38.76</b>	<b>\$33.39</b>
<b>Total Return</b>	<b>-3.63%</b>	<b>7.53%</b>	<b>37.80%</b>	<b>18.26%</b>	<b>-2.65%</b>
<b>Ratios/Supplemental Data</b>					
Net Assets, End of Period (Millions)	\$10,036	\$9,975	\$9,185	\$5,955	\$4,894
Ratio of Total Expenses to Average Net Assets	0.07%	0.08%	0.08%	0.08%	0.08%
Ratio of Net Investment Income to Average Net Assets	1.46%	1.55%	1.55%	1.98%	1.31%
Portfolio Turnover Rate <sup>1</sup>	11%	10%	29%	14%	17%

<sup>1</sup> Excludes the value of portfolio securities received or delivered as a result of in-kind purchases or redemptions of the Fund's capital shares, including ETF Creation Units.

## Small-Cap Index Fund Institutional Plus Shares

For a Share Outstanding Throughout Each Period	Year Ended December 31,				
	2015	2014	2013	2012	2011
<b>Net Asset Value, Beginning of Period</b>	<b>\$161.27</b>	<b>\$152.16</b>	<b>\$111.87</b>	<b>\$96.37</b>	<b>\$100.38</b>
<b>Investment Operations</b>					
Net Investment Income	2.353	2.405	2.007	2.114	1.373
Net Realized and Unrealized Gain (Loss) on Investments	(8.203)	9.062	40.311	15.506	(4.023)
Total from Investment Operations	(5.850)	11.467	42.318	17.620	(2.650)
<b>Distributions</b>					
Dividends from Net Investment Income	(2.310)	(2.357)	(2.028)	(2.120)	(1.360)
Distributions from Realized Capital Gains	—	—	—	—	—
Total Distributions	(2.310)	(2.357)	(2.028)	(2.120)	(1.360)
<b>Net Asset Value, End of Period</b>	<b>\$153.11</b>	<b>\$161.27</b>	<b>\$152.16</b>	<b>\$111.87</b>	<b>\$96.37</b>
<b>Total Return</b>	<b>-3.62%</b>	<b>7.55%</b>	<b>37.85%</b>	<b>18.29%</b>	<b>-2.65%</b>
<b>Ratios/Supplemental Data</b>					
Net Assets, End of Period (Millions)	\$6,925	\$6,024	\$4,323	\$2,435	\$1,840
Ratio of Total Expenses to Average Net Assets	0.05%	0.06%	0.06%	0.06%	0.06%
Ratio of Net Investment Income to Average Net Assets	1.48%	1.57%	1.57%	2.00%	1.33%
Portfolio Turnover Rate <sup>1</sup>	11%	10%	29%	14%	17%

<sup>1</sup>Excludes the value of portfolio securities received or delivered as a result of in-kind purchases or redemptions of the Fund's capital shares, including EIF Creation Units.

### Small-Cap Value Index Fund Institutional Shares

For a Share Outstanding Throughout Each Period	Year Ended December 31,				
	2015	2014	2013	2012	2011
<b>Net Asset Value, Beginning of Period</b>	<b>\$25.39</b>	<b>\$23.37</b>	<b>\$17.44</b>	<b>\$15.07</b>	<b>\$16.04</b>
<b>Investment Operations</b>					
Net Investment Income	.465	.467	.434	.459	.338
Net Realized and Unrealized Gain (Loss) on Investments	(1.652)	2.004	5.935	2.371	(.973)
Total from Investment Operations	(1.187)	2.471	6.369	2.830	(.635)
<b>Distributions</b>					
Dividends from Net Investment Income	(.473)	(.451)	(.439)	(.460)	(.335)
Distributions from Realized Capital Gains	—	—	—	—	—
Total Distributions	(.473)	(.451)	(.439)	(.460)	(.335)
<b>Net Asset Value, End of Period</b>	<b>\$23.73</b>	<b>\$25.39</b>	<b>\$23.37</b>	<b>\$17.44</b>	<b>\$15.07</b>
<b>Total Return</b>	<b>-4.67%</b>	<b>10.59%</b>	<b>36.55%</b>	<b>18.78%</b>	<b>-3.97%</b>
<b>Ratios/Supplemental Data</b>					
Net Assets, End of Period (Millions)	\$2,334	\$1,927	\$1,699	\$979	\$722
Ratio of Total Expenses to Average Net Assets	0.07%	0.08%	0.08%	0.08%	0.08%
Ratio of Net Investment Income to Average Net Assets	1.91%	1.99%	2.19%	2.82%	2.06%
Portfolio Turnover Rate <sup>1</sup>	16%	12%	47%	25%	30%

<sup>1</sup> Excludes the value of portfolio securities received or delivered as a result of in-kind purchases or redemptions of the Fund's capital shares, including ETF Creation Units.

## Small-Cap Growth Index Fund Institutional Shares

For a Share Outstanding Throughout Each Period	Year Ended December 31,				
	2015	2014	2013	2012	2011
<b>Net Asset Value, Beginning of Period</b>	<b>\$35.45</b>	<b>\$34.42</b>	<b>\$25.07</b>	<b>\$21.53</b>	<b>\$21.96</b>
<b>Investment Operations</b>					
Net Investment Income	.341	.362	.229	.265	.125
Net Realized and Unrealized Gain (Loss) on Investments	(1.234)	1.028	9.346	3.540	(.432)
Total from Investment Operations	(.893)	1.390	9.575	3.805	(.307)
<b>Distributions</b>					
Dividends from Net Investment Income	(.337)	(.360)	(.225)	(.265)	(.123)
Distributions from Realized Capital Gains	—	—	—	—	—
Total Distributions	(.337)	(.360)	(.225)	(.265)	(.123)
<b>Net Asset Value, End of Period</b>	<b>\$34.22</b>	<b>\$35.45</b>	<b>\$34.42</b>	<b>\$25.07</b>	<b>\$21.53</b>
<b>Total Return</b>	<b>-2.52%</b>	<b>4.04%</b>	<b>38.20%</b>	<b>17.68%</b>	<b>-1.40%</b>
<b>Ratios/Supplemental Data</b>					
Net Assets, End of Period (Millions)	\$2,793	\$3,685	\$3,823	\$2,302	\$1,622
Ratio of Total Expenses to Average Net Assets	0.07%	0.08%	0.08%	0.08%	0.08%
Ratio of Net Investment Income to Average Net Assets	0.95%	1.02%	0.79%	1.13%	0.53%
Portfolio Turnover Rate <sup>1</sup>	23%	26%	50%	37%	40%

<sup>1</sup> Excludes the value of portfolio securities received or delivered as a result of in-kind purchases or redemptions of the Fund's capital shares, including ETF Creation Units.



## Investing With Vanguard

This section of the prospectus explains the basics of doing business with Vanguard. Vanguard fund shares can be held directly with Vanguard or indirectly through an intermediary, such as a bank, a broker, or an investment advisor. If you hold Vanguard fund shares directly with Vanguard, you should carefully read each topic within this section that pertains to your relationship with Vanguard. If you hold Vanguard fund shares indirectly through an intermediary (including shares held through a Vanguard brokerage account), please see **Investing With Vanguard Through Other Firms**, and also refer to your account agreement with the intermediary for information about transacting in that account. Vanguard reserves the right to change the following policies without notice. Please call or check online for current information. See **Contacting Vanguard**.

For Vanguard fund shares held directly with Vanguard, each fund you hold in an account is a separate “fund account.” For example, if you hold three funds in a nonretirement account titled in your own name, two funds in a nonretirement account titled jointly with your spouse, and one fund in an individual retirement account, you have six fund accounts—and this is true even if you hold the same fund in multiple accounts. Note that each reference to “you” in this prospectus applies to any one or more registered account owners or persons authorized to transact on your account.

### Purchasing Shares

Vanguard reserves the right, without notice, to increase or decrease the minimum amount required to open, convert shares to, or maintain a fund account or to add to an existing fund account.

Investment minimums may differ for certain categories of investors.

**Account Minimums for Institutional Shares and Institutional Plus Shares To open and maintain an account.** Institutional Shares—\$5 million; Institutional Plus Shares—\$100 million.

Certain Vanguard institutional clients may meet the minimum investment amount by aggregating separate accounts within the same Fund. This aggregation policy does not apply to financial intermediaries.

Vanguard may charge additional recordkeeping fees for institutional clients whose accounts are recordkept by Vanguard. Please contact your Vanguard representative to determine whether additional recordkeeping fees apply to your account.

**To add to an existing account.** Generally \$1.

### **How to Initiate a Purchase Request**

Be sure to check **Exchanging Shares, Frequent-Trading Limitations, and Other Rules You Should Know** before placing your purchase request.

**Online.** You may open certain types of accounts, request a purchase of shares, and request an exchange through our website or our mobile application if you are registered for online access.

**By telephone.** You may call Vanguard to begin the account registration process or request that the account-opening forms be sent to you. You may also call Vanguard to request a purchase of shares in your account or to request an exchange. See **Contacting Vanguard**.

**By mail.** You may send Vanguard your account registration form and check to open a new fund account. To add to an existing fund account, you may send your check with an Invest-by-Mail form (from a transaction confirmation or your account statement), with a deposit slip (available online), or with a written request. You may also send a written request to Vanguard to make an exchange. For a list of Vanguard addresses, see **Contacting Vanguard**.

### **How to Pay for a Purchase**

**By electronic bank transfer.** You may purchase shares of a Vanguard fund through an electronic transfer of money from a bank account. To establish the electronic bank transfer service on an account, you must designate the bank account online, complete a special form, or fill out the appropriate section of your account registration form. After the service is set up on your account, you can purchase shares by electronic bank transfer on a regular schedule (Automatic Investment Plan) or upon request. Your purchase request can be initiated online (if you are registered for online access), by telephone, or by mail.

**By wire.** Wiring instructions vary for different types of purchases. Please call Vanguard for instructions and policies on purchasing shares by wire. See **Contacting Vanguard**.

**By check.** You may make initial or additional purchases to your fund account by sending a check or by utilizing our mobile application if you are registered for online access. Also see **How to Initiate a Purchase Request**. Make your check payable to Vanguard and include the appropriate fund number (e.g., Vanguard—xx). For a list of Fund numbers (for Funds and share classes in this prospectus), see **Additional Information**.

**By exchange.** You may purchase shares of a Vanguard fund using the proceeds from the simultaneous redemption of shares of another Vanguard fund. You may initiate an exchange online (if you are registered for online access), by telephone, or by mail. See **Exchanging Shares**.

## Trade Date

The trade date for any purchase request received in good order will depend on the day and time Vanguard receives your request, the manner in which you are paying, and the type of fund you are purchasing. Your purchase will be executed using the net asset value (NAV) as calculated on the trade date. NAVs are calculated only on days that the New York Stock Exchange (NYSE) is open for trading (a business day).

For purchases by **check** into all funds other than money market funds and for purchases by **exchange, wire, or electronic bank transfer** (not using an Automatic Investment Plan) into all funds: If the purchase request is received by Vanguard on a business day before the close of regular trading on the NYSE (generally 4 p.m., Eastern time), the trade date for the purchase will be the same day. If the purchase request is received on a business day after the close of regular trading on the NYSE, or on a nonbusiness day, the trade date for the purchase will be the next business day.

For purchases by **check** into money market funds: If the purchase request is received by Vanguard on a business day before the close of regular trading on the NYSE (generally 4 p.m., Eastern time), the trade date for the purchase will be the next business day. If the purchase request is received on a business day after the close of regular trading on the NYSE, or on a nonbusiness day, the trade date for the purchase will be the second business day following the day Vanguard receives the purchase request. Because money market instruments must be purchased with federal funds and it takes a money market mutual fund one business day to convert check proceeds into federal funds, the trade date for the purchase will be one business day later than for other funds.

For purchases by electronic bank transfer using an **Automatic Investment Plan**: Your trade date generally will be the date you selected for withdrawal of funds from your designated bank account. Your bank account generally will be debited on the business day after your trade date. If the date you selected for withdrawal of funds from your bank account falls on a weekend, holiday, or other nonbusiness day, your trade date generally will be the previous business day. For retirement accounts, if the date you selected for withdrawal of funds from your designated bank account falls on the last business day of the year, your trade date will be the first business day of the following year. Please note that if you select the first of the month for automated withdrawals from your designated bank account, trades designated for January 1 will receive the next business day's trade date.

If your purchase request is not accurate and complete, it may be rejected. See **Other Rules You Should Know—Good Order**.

For further information about purchase transactions, consult our website at [vanguard.com](http://vanguard.com) or see **Contacting Vanguard**.

## Other Purchase Rules You Should Know

**Check purchases.** All purchase checks must be written in U.S. dollars and must be drawn on a U.S. bank. Vanguard does not accept cash, traveler's checks, or money orders. In addition, Vanguard may refuse "starter checks" and checks that are not made payable to Vanguard.

**New accounts.** We are required by law to obtain from you certain personal information that we will use to verify your identity. If you do not provide the information, we may not be able to open your account. If we are unable to verify your identity, Vanguard reserves the right, without notice, to close your account or take such other steps as we deem reasonable. Certain types of accounts may require additional documentation.

**Refused or rejected purchase requests.** Vanguard reserves the right to stop selling fund shares or to reject any purchase request at any time and without notice, including, but not limited to, purchases requested by exchange from another Vanguard fund. This also includes the right to reject any purchase request because the investor has a history of frequent trading or because the purchase may negatively affect a fund's operation or performance.

**Large purchases.** Call Vanguard before attempting to invest a large dollar amount.

**No cancellations.** Vanguard will not accept your request to cancel any purchase request once processing has begun. Please be careful when placing a purchase request.

## Converting Shares

When a conversion occurs, you receive shares of one class in place of shares of another class of the same fund. At the time of conversion, the dollar value of the "new" shares you receive equals the dollar value of the "old" shares that were converted. In other words, the conversion has no effect on the value of your investment in the fund at the time of the conversion. However, the number of shares you own after the conversion may be greater than or less than the number of shares you owned before the conversion, depending on the NAVs of the two share classes.

Vanguard will not accept your request to cancel any self-directed conversion request once processing has begun. Please be careful when placing a conversion request.

A conversion between share classes of the same fund is a **nontaxable** event.

## Trade Date

The trade date for any conversion request received in good order will depend on the day and time Vanguard receives your request. Your conversion will be executed using the NAVs of the different share classes on the trade date. NAVs are calculated only on days that the NYSE is open for trading (a business day).

For a conversion request (other than a request to convert to ETF Shares) received by Vanguard on a business day before the close of regular trading on the NYSE (generally 4 p.m., Eastern time), the trade date will be the same day. For a conversion request received on a business day after the close of regular trading on the NYSE, or on a nonbusiness day, the trade date will be the next business day. See **Other Rules You Should Know**.

### **Conversions to Institutional Shares or Institutional Plus Shares**

You are eligible for a self-directed conversion from another share class to Institutional Shares or Institutional Plus Shares of the same Fund (if available), provided that your account meets all eligibility requirements. You may request a conversion through our website (if you are registered for online access), or you may contact Vanguard by telephone or by mail to request this transaction. Accounts that qualify for Institutional Shares or Institutional Plus Shares will not be automatically converted.

### **Conversions to ETF Shares**

Owners of conventional shares (i.e., not exchange-traded shares) issued by a Fund may convert those shares to ETF Shares of equivalent value of the same fund. Please note that investors who own conventional shares through a 401(k) plan or other employer-sponsored retirement or benefit plan generally may not convert those shares to ETF Shares and should check with their plan sponsor or recordkeeper. ETF Shares, whether acquired through a conversion or purchased on the secondary market, cannot be converted to conventional shares. Also, ETF Shares of one fund cannot be exchanged for ETF Shares of another fund.

ETF Shares must be held in a brokerage account. Thus, before converting conventional shares to ETF Shares, you must have an existing, or open a new, brokerage account. This account may be with Vanguard Brokerage Services® (Vanguard Brokerage) or with any other brokerage firm.

Vanguard Brokerage does not impose a fee on conversions from conventional shares to Vanguard ETF Shares. However, other brokerage firms may charge a fee to process a conversion. Vanguard reserves the right, in the future, to impose a transaction fee on conversions or to limit or terminate the conversion privilege. For additional information on converting conventional shares to ETF Shares, please contact Vanguard to obtain a prospectus for ETF Shares. See **Contacting Vanguard**.

### **Mandatory Conversions to Another Share Class**

If an account no longer meets the balance requirements for a share class, Vanguard may automatically convert the shares in the account to another share class, as appropriate. A decline in the account balance because of market movement may result in such a conversion. Vanguard will notify the investor in writing before any

mandatory conversion occurs. Please note that mandatory conversions do not apply to ETF Shares.

## Redeeming Shares

### How to Initiate a Redemption Request

Be sure to check **Exchanging Shares**, **Frequent-Trading Limitations**, and **Other Rules You Should Know** before placing your redemption request.

**Online.** You may request a redemption of shares or request an exchange through our website or our mobile application if you are registered for online access.

**By telephone.** You may call Vanguard to request a redemption of shares or an exchange. See **Contacting Vanguard**.

**By mail.** You may send a written request to Vanguard to redeem from a fund account or to make an exchange. See **Contacting Vanguard**.

### How to Receive Redemption Proceeds

**By electronic bank transfer.** You may have the proceeds of a fund redemption sent directly to a designated bank account. To establish the electronic bank transfer service on an account, you must designate a bank account online, complete a special form, or fill out the appropriate section of your account registration form. After the service is set up on your account, you can redeem shares by electronic bank transfer on a regular schedule (Automatic Withdrawal Plan) or upon request. Your redemption request can be initiated online (if you are registered for online access), by telephone, or by mail.

**By wire.** To receive your proceeds by wire, you may instruct Vanguard to wire your redemption proceeds (\$100 minimum) to a previously designated bank account. To establish the wire redemption service, you generally must designate a bank account online, complete a special form, or fill out the appropriate section of your account registration form.

**By exchange.** You may have the proceeds of a Vanguard fund redemption invested directly in shares of another Vanguard fund. You may initiate an exchange online (if you are registered for online access), by telephone, or by mail. See **Exchanging Shares**.

**By check.** If you have not chosen another redemption method, Vanguard will mail you a redemption check, generally payable to all registered account owners, normally within two business days of your trade date, and generally to the address of record.

### Trade Date

The trade date for any redemption request received in good order will depend on the day and time Vanguard receives your request and the manner in which you are

redeeming. Your redemption will be executed using the NAV as calculated on the trade date. NAVs are calculated only on days that the NYSE is open for trading (a business day).

For redemptions by **check**, **exchange**, or **wire**: If the redemption request is received by Vanguard on a business day before the close of regular trading on the NYSE (generally 4 p.m., Eastern time), the trade date will be the same day. If the redemption request is received on a business day after the close of regular trading on the NYSE, or on a nonbusiness day, the trade date will be the next business day.

- Note on timing of wire redemptions from money market funds: For telephone requests received by Vanguard on a business day before 10:45 a.m., Eastern time (2 p.m., Eastern time, for Vanguard Prime Money Market Fund), the redemption proceeds generally will leave Vanguard by the close of business the same day. For telephone requests received by Vanguard on a business day after those cut-off times, or on a nonbusiness day, and for all requests other than by telephone, the redemption proceeds generally will leave Vanguard by the close of business on the next business day.
- Note on timing of wire redemptions from all other funds: For requests received by Vanguard on a business day before the close of regular trading on the NYSE (generally 4 p.m., Eastern time), the redemption proceeds generally will leave Vanguard by the close of business on the next business day. For requests received by Vanguard on a business day after the close of regular trading on the NYSE, or on a nonbusiness day, the redemption proceeds generally will leave Vanguard by the close of business on the second business day after Vanguard receives the request.

For redemptions by electronic bank transfer using an **Automatic Withdrawal Plan**: Your trade date generally will be the date you selected for withdrawal of funds (redemption of shares) from your Vanguard account. Proceeds of redeemed shares generally will be credited to your designated bank account two business days after your trade date. If the date you selected for withdrawal of funds from your Vanguard account falls on a weekend, holiday, or other nonbusiness day, your trade date generally will be the previous business day. For retirement accounts, if the date you selected for withdrawal of funds from your Vanguard account falls on the last day of the year and if that date is a holiday, your trade date will be the first business day of the following year. Please note that if you designate the first of the month for automated withdrawals, trades designated for January 1 will receive the next business day's trade date.

For redemptions by **electronic bank transfer** not using an Automatic Withdrawal Plan: If the redemption request is received by Vanguard on a business day before the close of regular trading on the NYSE (generally 4 p.m., Eastern time), the trade date will be the same day. If the redemption request is received on a business day after the

close of regular trading on the NYSE, or on a nonbusiness day, the trade date will be the next business day.

If your redemption request is not accurate and complete, it may be rejected. If we are unable to send your redemption proceeds by wire or electronic bank transfer because the receiving institution rejects the transfer, Vanguard will make additional efforts to complete your transaction. If Vanguard is still unable to complete the transaction, we may send the proceeds of the redemption to you by check, generally payable to all registered account owners, or use your proceeds to purchase new shares of the fund from which you sold shares for the purpose of the wire or electronic bank transfer transaction. See **Other Rules You Should Know—Good Order**.

For further information about redemption transactions, consult our website at [vanguard.com](http://vanguard.com) or see **Contacting Vanguard**.

### **Other Redemption Rules You Should Know**

**Documentation for certain accounts.** Special documentation may be required to redeem from certain types of accounts, such as trust, corporate, nonprofit, or retirement accounts. Please call us **before** attempting to redeem from these types of accounts.

**Potentially disruptive redemptions.** Vanguard reserves the right to pay all or part of a redemption in kind—that is, in the form of securities—if we reasonably believe that a cash redemption would negatively affect the fund’s operation or performance or that the shareholder may be engaged in market-timing or frequent trading. Under these circumstances, Vanguard also reserves the right to delay payment of the redemption proceeds for up to seven calendar days. By calling us **before** you attempt to redeem a large dollar amount, you may avoid in-kind or delayed payment of your redemption. Please see **Frequent-Trading Limitations** for information about Vanguard’s policies to limit frequent trading.

**Recently purchased shares.** Although you can redeem shares at any time, proceeds may not be made available to you until the fund collects payment for your purchase. This may take up to seven calendar days for shares purchased by check or by electronic bank transfer. If you have written a check on a fund with checkwriting privileges, that check may be rejected if your fund account does not have a sufficient available balance.

**Share certificates.** Share certificates are no longer issued for Vanguard funds. Shares currently held in certificates cannot be redeemed, exchanged, converted, or transferred (reregistered) until you return the certificates (unsigned) to Vanguard by registered mail. For the correct address, see **Contacting Vanguard**.

**Address change.** If you change your address online or by telephone, there may be up to a 14-day restriction on your ability to request check redemptions online and by



telephone. You can request a redemption in writing at any time. Confirmations of address changes are sent to both the old and new addresses.

**Payment to a different person or address.** At your request, we can make your redemption check payable, or wire your redemption proceeds, to a different person or send it to a different address. However, this generally requires the written consent of all registered account owners and may require additional documentation, such as a signature guarantee or a notarized signature. You may obtain a signature guarantee from some commercial or savings banks, credit unions, trust companies, or member firms of a U.S. stock exchange.

**No cancellations.** Vanguard will not accept your request to cancel any redemption request once processing has begun. Please be careful when placing a redemption request.

**Emergency circumstances.** Vanguard funds can postpone payment of redemption proceeds for up to seven calendar days. In addition, Vanguard funds can suspend redemptions and/or postpone payments of redemption proceeds beyond seven calendar days at times when the NYSE is closed or during emergency circumstances, as determined by the SEC.

## Exchanging Shares

An exchange occurs when you use the proceeds from the redemption of shares of one Vanguard fund to simultaneously purchase shares of a different Vanguard fund. You can make exchange requests online (if you are registered for online access), by telephone, or by mail. See **Purchasing Shares** and **Redeeming Shares**.

If the NYSE is open for regular trading (generally until 4 p.m., Eastern time, on a business day) at the time an exchange request is received in good order, the trade date generally will be the same day. See **Other Rules You Should Know—Good Order** for additional information on all transaction requests.

Vanguard will not accept your request to cancel any exchange request once processing has begun. Please be careful when placing an exchange request.

Please note that Vanguard reserves the right, without notice, to revise or terminate the exchange privilege, limit the amount of any exchange, or reject an exchange, at any time, for any reason. See **Frequent-Trading Limitations** for additional restrictions on exchanges.

## Frequent-Trading Limitations

Because excessive transactions can disrupt management of a fund and increase the fund's costs for all shareholders, the board of trustees of each Vanguard fund places certain limits on frequent trading in the funds. Each Vanguard fund (other than money

market funds and short-term bond funds, but including Vanguard Short-Term Inflation-Protected Securities Index Fund) limits an investor's purchases or exchanges into a fund account for 30 calendar days (60 calendar days for participants in employer-sponsored defined contribution plans recordkept directly by Vanguard) after the investor has redeemed or exchanged out of that fund account. ETF Shares are not subject to these frequent-trading limits.

For Vanguard Retirement Investment Program pooled plans, the limitations apply to exchanges made online or by telephone.

These frequent-trading limitations **do not** apply to the following:

- Purchases of shares with reinvested dividend or capital gains distributions.
- Transactions through Vanguard's Automatic Investment Plan, Automatic Exchange Service, Direct Deposit Service, Automatic Withdrawal Plan, Required Minimum Distribution Service, and Vanguard Small Business Online®.
- Discretionary transactions through Vanguard Asset Management Services™, Vanguard Personal Advisor Services®, and Vanguard Institutional Advisory Services®.
- Redemptions of shares to pay fund or account fees.
- Redemptions of shares to remove excess shareholder contributions to certain types of retirement accounts (including, but not limited to, IRAs, certain Individual 403(b)(7) Custodial Accounts, and Vanguard Individual 401(k) Plans).
- Transaction requests submitted by mail to Vanguard from shareholders who hold their accounts directly with Vanguard or through a Vanguard brokerage account. (Transaction requests submitted by fax, if otherwise permitted, **are** subject to the limitations.)
- Transfers and reregistrations of shares within the same fund.
- Purchases of shares by asset transfer or direct rollover.
- Conversions of shares from one share class to another in the same fund.
- Checkwriting redemptions.
- Section 529 college savings plans.
- Certain approved institutional portfolios and asset allocation programs, as well as trades made by funds or trusts managed by Vanguard or its affiliates that invest in other Vanguard funds. (Please note that **shareholders** of Vanguard's funds of funds **are** subject to the limitations.)

For participants in employer-sponsored defined contribution plans,\* the frequent-trading limitations **do not** apply to:

- Purchases of shares with participant payroll or employer contributions or loan repayments.
- Purchases of shares with reinvested dividend or capital gains distributions.

- Distributions, loans, and in-service withdrawals from a plan.
- Redemptions of shares as part of a plan termination or at the direction of the plan.
- Transactions executed through the Vanguard Managed Account Program.
- Redemptions of shares to pay fund or account fees.
- Share or asset transfers or rollovers.
- Reregistrations of shares.
- Conversions of shares from one share class to another in the same fund.
- Exchange requests submitted by written request to Vanguard. (Exchange requests submitted by fax, if otherwise permitted, **are** subject to the limitations.)

\* The following Vanguard fund accounts are subject to the frequent-trading limitations: SEP-IRAs, SIMPLE IRAs, certain Individual 403(b)(7) Custodial Accounts, and Vanguard Individual 401(k) Plans.

#### **Accounts Held by Institutions (Other Than Defined Contribution Plans)**

Vanguard will systematically monitor for frequent trading in institutional clients' accounts. If we detect suspicious trading activity, we will investigate and take appropriate action, which may include applying to a client's accounts the 30-day policy previously described, prohibiting a client's purchases of fund shares, and/or revoking the client's exchange privilege.

#### **Accounts Held by Intermediaries**

When intermediaries establish accounts in Vanguard funds for the benefit of their clients, we cannot always monitor the trading activity of the individual clients. However, we review trading activity at the intermediary (omnibus) level, and if we detect suspicious activity, we will investigate and take appropriate action. If necessary, Vanguard may prohibit additional purchases of fund shares by an intermediary, including for the benefit of certain of the intermediary's clients. Intermediaries also may monitor their clients' trading activities with respect to Vanguard funds.

For those Vanguard funds that charge purchase and/or redemption fees, intermediaries will be asked to assess these fees on client accounts and remit these fees to the funds. The application of purchase and redemption fees and frequent-trading limitations may vary among intermediaries. There are no assurances that Vanguard will successfully identify all intermediaries or that intermediaries will properly assess purchase and redemption fees or administer frequent-trading limitations. If you invest with Vanguard through an intermediary, please read that firm's materials carefully to learn of any other rules or fees that may apply.

## Other Rules You Should Know

### Prospectus and Shareholder Report Mailings

When two or more shareholders have the same last name and address, just one summary prospectus (or prospectus) and/or shareholder report may be sent in an attempt to eliminate the unnecessary expense of duplicate mailings. You may request individual prospectuses and reports by contacting our Client Services Department in writing, by telephone, or online. See **Contacting Vanguard**.

### Vanguard.com

**Registration.** If you are a registered user of **vanguard.com**, you can review your account holdings; buy, sell, or exchange shares of most Vanguard funds; and perform most other transactions through our website. You must register for this service online.

**Electronic delivery.** Vanguard can deliver your account statements, transaction confirmations, prospectuses, tax forms, and shareholder reports electronically. If you are a registered user of **vanguard.com**, you can consent to the electronic delivery of these documents by logging on and changing your mailing preferences under "Account Maintenance." You can revoke your electronic consent at any time through our website, and we will begin to send paper copies of these documents within 30 days of receiving your revocation.

### Telephone Transactions

**Automatic.** When we set up your account, we will automatically enable you to do business with us by telephone, **unless you instruct us otherwise in writing**.

**Tele-Account®.** To obtain fund and account information through Vanguard's automated telephone service, you must first establish a Personal Identification Number (PIN) by calling Tele-Account at 800-662-6273.

**Proof of a caller's authority.** We reserve the right to refuse a telephone request if the caller is unable to provide the requested information or if we reasonably believe that the caller is not an individual authorized to act on the account. Before we allow a caller to act on an account, we may request the following information:

- Authorization to act on the account (as the account owner or by legal documentation or other means).
- Account registration and address.
- Fund name and account number, if applicable.
- Other information relating to the caller, the account owner, or the account.

### **Good Order**

We reserve the right to reject any transaction instructions that are not in “good order.”

Good order generally means that your instructions:

- Are provided by the person(s) authorized in accordance with Vanguard’s policies and procedures to access the account and request transactions.
- Include the fund name and account number.
- Include the amount of the transaction (stated in dollars, shares, or percentage).

Written instructions also must generally include:

- An original signature and date from the authorized person(s).
- Signature guarantees or notarized signatures, if required for the type of transaction. (Call Vanguard for specific requirements.)
- Any supporting documentation that may be required.

Written instructions are acceptable when a Vanguard form is not applicable. The requirements vary among types of accounts and transactions. For more information, consult our website at [vanguard.com](http://vanguard.com) or see **Contacting Vanguard**.

Vanguard reserves the right, without notice, to revise the requirements for good order.

### **Future Trade-Date Requests**

Vanguard does not accept requests to hold a purchase, conversion, redemption, or exchange transaction for a future date. All such requests will receive trade dates as previously described in **Purchasing Shares, Converting Shares, Redeeming Shares, and Exchanging Shares**. Vanguard reserves the right to return future-dated purchase checks.

### **Accounts With More Than One Owner**

If an account has more than one owner or authorized person, Vanguard generally will accept instructions from any one owner or authorized person.

### **Responsibility for Fraud**

Vanguard will not be responsible for any account losses because of fraud if we reasonably believe that the person transacting business on an account is authorized to do so. Please take precautions to protect yourself from fraud. Keep your account information private, and immediately review any account statements or other information that we provide to you. It is important that you contact Vanguard immediately about any transactions or changes to your account that you believe to be unauthorized.

**Uncashed Checks**

Please cash your distribution or redemption checks promptly. Vanguard will not pay interest on uncashed checks. Vanguard may be required to transfer assets related to uncashed checks to a state under the state's abandoned property law.

**Dormant Accounts**

If your account has no activity in it for a period of time, Vanguard may be required to transfer it to a state under the state's abandoned property law.

**Unusual Circumstances**

If you experience difficulty contacting Vanguard online or by telephone, you can send us your transaction request by regular or express mail. See **Contacting Vanguard** for addresses.

**Investing With Vanguard Through Other Firms**

You may purchase or sell shares of most Vanguard funds through a financial intermediary, such as a bank, a broker, or an investment advisor. Please consult your financial intermediary to determine which, if any, shares are available through that firm and to learn about other rules that may apply. Your financial intermediary can provide you with account information and any required tax forms.

Please see **Frequent-Trading Limitations—Accounts Held by Intermediaries** for information about the assessment of any purchase or redemption fees and the monitoring of frequent trading for accounts held by intermediaries.

**Low-Balance Accounts**

Each Fund reserves the right to convert an investor's Institutional Shares or Institutional Plus Shares to another share class, as appropriate, if the investor's fund account balance falls below the account minimum for any reason, including market fluctuation. Any such conversion will be preceded by written notice to the investor.

**Right to Change Policies**

In addition to the rights expressly stated elsewhere in this prospectus, Vanguard reserves the right, without notice, to (1) alter, add, or discontinue any conditions of purchase (including eligibility requirements), redemption, exchange, conversion, service, or privilege at any time; (2) accept initial purchases by telephone; (3) freeze any account and/or suspend account services if Vanguard has received reasonable notice of a dispute regarding the assets in an account, including notice of a dispute between the registered or beneficial account owners, or if Vanguard reasonably believes a fraudulent transaction may occur or has occurred; (4) temporarily freeze any account and/or suspend account services upon initial notification to Vanguard of the death of the shareholder until Vanguard receives required documentation in good order; (5) alter,

impose, discontinue, or waive any purchase fee, redemption fee, account service fee, or other fees charged to a group of shareholders; and (6) redeem an account or suspend account privileges, without the owner's permission to do so, in cases of threatening conduct or activity Vanguard believes to be suspicious, fraudulent, or illegal. Changes may affect any or all investors. These actions will be taken when, at the sole discretion of Vanguard management, Vanguard reasonably believes they are deemed to be in the best interest of a fund.

### **Share Classes**

Vanguard reserves the right, without notice, to change the eligibility requirements of its share classes, including the types of clients who are eligible to purchase each share class.

### **Fund and Account Updates**

#### **Confirmation Statements**

We will send (or provide through our website, whichever you prefer) a confirmation of your trade date and the amount of your transaction when you buy, sell, exchange, or convert shares. However, we will not send confirmations reflecting only checkwriting redemptions or the reinvestment of dividend or capital gains distributions. For any month in which you had a checkwriting redemption, a Checkwriting Activity Statement will be sent to you itemizing the checkwriting redemptions for that month. Promptly review each confirmation statement that we provide to you. It is important that you contact Vanguard immediately with any questions you may have about any transaction reflected on a confirmation statement, or Vanguard will consider the transaction properly processed.

#### **Portfolio Summaries**

We will send (or provide through our website, whichever you prefer) quarterly portfolio summaries to help you keep track of your accounts throughout the year. If you prefer, you may request to receive monthly portfolio summaries. Each summary shows the market value of your account at the close of the statement period, as well as all distributions, purchases, redemptions, exchanges, transfers, and conversions for the current calendar quarter (or month). Promptly review each summary that we provide to you. It is important that you contact Vanguard immediately with any questions you may have about any transaction reflected on the summary, or Vanguard will consider the transaction properly processed.

### **Tax Information Statements**

For most accounts, we are required to provide annual tax forms to assist you in preparing your income tax returns. We will send (or provide through our website, whichever you prefer) tax forms for each calendar year early in the following year. Registered users of [vanguard.com](http://vanguard.com) can also view these forms through our website. Vanguard may also provide you with additional tax-related documentation. For more information, consult our website at [vanguard.com](http://vanguard.com) or see **Contacting Vanguard**.

### **Annual and Semiannual Reports**

We will send (or provide through our website, whichever you prefer) reports about Vanguard U.S. Stock Index Small-Capitalization Funds twice a year, in February and August. These reports include overviews of the financial markets and provide the following specific Fund information:

- Performance assessments and comparisons with industry benchmarks.
- Financial statements with listings of Fund holdings.

### **Portfolio Holdings**

Please consult the Funds' **Statement of Additional Information** or our website for a description of the policies and procedures that govern disclosure of a Fund's portfolio holdings.



## Contacting Vanguard

### Web

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Vanguard.com	For the most complete source of Vanguard news For fund, account, and service information For most account transactions For literature requests 24 hours a day, 7 days a week
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### Phone

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Vanguard Tele-Account® 800-662-6273	For automated fund and account information Toll-free, 24 hours a day, 7 days a week
Investor Information 800-662-7447 (Text telephone for people with hearing impairment at 800-749-7273)	For fund and service information For literature requests
Client Services 800-662-2739 (Text telephone for people with hearing impairment at 800-749-7273)	For account information For most account transactions
Institutional Division 888-809-8102	For information and services for large institutional investors
Financial Advisor and Intermediary Sales Support 800-997-2798	For information and services for financial intermediaries including financial advisors, broker-dealers, trust institutions, and insurance companies
Financial Advisory and Intermediary Trading Support 800-669-0498	For account information and trading support for financial intermediaries including financial advisors, broker-dealers, trust institutions, and insurance companies

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### Vanguard Addresses

Please be sure to use the correct address. Use of an incorrect address could delay the processing of your transaction.

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Regular Mail (Individuals)	The Vanguard Group P.O. Box 1110 Valley Forge, PA 19482-1110
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Registered, Express, or Overnight Mail	The Vanguard Group 455 Devon Park Drive Wayne, PA 19087-1815

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## Additional Information

	Inception Date	Newspaper Abbreviation	Vanguard Fund Number	CUSIP Number
<b>Small-Cap Index Fund</b>				
Institutional Shares	7/7/1997 (Investor Shares 10/3/1960)	SmCapInst	857	922908876
Institutional Plus Shares	12/17/2010	SmCapIstPI	1861	922908397
<b>Small-Cap Value Index Fund</b>				
Institutional Shares	12/7/1999 (Investor Shares 5/21/1998)	SmVallnst	865	922908785
<b>Small-Cap Growth Index Fund</b>				
Institutional Shares	5/24/2000 (Investor Shares 5/21/1998)	SmGthInst	866	922908819

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## Glossary of Investment Terms

**Active Management.** An investment approach that seeks to exceed the average returns of a particular financial market or market segment. In selecting securities to buy and sell, active managers may rely on, among other things, research, market forecasts, quantitative models, and their own judgment and experience.

**Capital Gains Distribution.** Payment to mutual fund shareholders of gains realized on securities that a fund has sold at a profit, minus any realized losses.

**Common Stock.** A security representing ownership rights in a corporation.

**Dividend Distribution.** Payment to mutual fund shareholders of income from interest or dividends generated by a fund's investments.

**Expense Ratio.** A fund's total annual operating expenses expressed as a percentage of the fund's average net assets. The expense ratio includes management and administrative expenses, but it does not include the transaction costs of buying and selling portfolio securities.

**Inception Date.** The date on which the assets of a fund (or one of its share classes) are first invested in accordance with the fund's investment objective. For funds with a subscription period, the inception date is the day after that period ends. Investment performance is generally measured from the inception date.

**Indexing.** A low-cost investment strategy in which a mutual fund attempts to track—rather than outperform—a specified market benchmark, or “index.”

**Median Market Capitalization.** An indicator of the size of companies in which a fund invests; the midpoint of market capitalization (market price x shares outstanding) of a fund's stocks, weighted by the proportion of the fund's assets invested in each stock. Stocks representing half of the fund's assets have market capitalizations above the median, and the rest are below it.

**MSCI US Small Cap 1750 Index.** An index that tracks the stocks of approximately 1,750 small-capitalization companies in the U.S. market.

**MSCI US Small Cap Growth Index.** An index that tracks the growth companies of the MSCI US Small Cap 1750 Index as identified by factors such as historical sales growth and expected earnings growth.

**MSCI US Small Cap Value Index.** An index that tracks the value companies of the MSCI US Small Cap 1750 Index as identified by factors such as book value to price ratio, earnings to price ratio, and dividend yield.

**Mutual Fund.** An investment company that pools the money of many people and invests it in a variety of securities in an effort to achieve a specific objective over time.

**Securities.** Stocks, bonds, money market instruments, and other investments.

**Spliced Small Cap Index.** An index that reflects performance of the MSCI US Small Cap 1750 Index through January 30, 2013, and the CRSP US Small Cap Index thereafter.

**Spliced Small Cap Growth Index.** An index that reflects performance of the MSCI US Small Cap Growth Index through April 16, 2013, and the CRSP US Small Cap Growth Index thereafter.

**Spliced Small Cap Value Index.** An index that reflects performance of the MSCI US Small Cap Value Index through April 16, 2013, and the CRSP US Small Cap Value Index thereafter.

**Total Return.** A percentage change, over a specified time period, in a mutual fund's net asset value, assuming the reinvestment of all distributions of dividends and capital gains.

**Volatility.** The fluctuations in value of a mutual fund or other security. The greater a fund's volatility, the wider the fluctuations in its returns.

**Yield.** Income (interest or dividends) earned by an investment, expressed as a percentage of the investment's price.

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#### For More Information

If you would like more information about Vanguard U.S. Stock Index Small-Capitalization Funds, the following documents are available free upon request:

Annual/Semiannual Reports to Shareholders  
Additional information about the Funds' investments is available in the Funds' annual and semiannual reports to shareholders. In the annual report, you will find a discussion of the market conditions and investment strategies that significantly affected the Funds' performance during their last fiscal year.

Statement of Additional Information (SAI)  
The SAI provides more detailed information about the Funds and is incorporated by reference into (and thus legally a part of) this prospectus.

To receive a free copy of the latest annual or semiannual report or the SAI, or to request additional information about the Funds or other Vanguard funds, please visit [vanguard.com](http://vanguard.com) or contact us as follows:

If you are an individual investor:  
The Vanguard Group  
Investor Information Department  
P.O. Box 2900  
Valley Forge, PA 19482-2900  
Telephone: 800-662-7447; Text telephone for people with hearing impairment: 800-749-7273

#### If you are a client of Vanguard's Institutional Division:

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If you are a current Vanguard shareholder and would like information about your account, account transactions, and/or account statements, please call:

Client Services Department  
Telephone: 800-662-2739; Text telephone for people with hearing impairment: 800-749-7273

Information Provided by the Securities and Exchange Commission (SEC)  
You can review and copy information about the Funds (including the SAI) at the SEC's Public Reference Room in Washington, DC. To find out more about this public service, call the SEC at 202-551-8090. Reports and other information about the Funds are also available in the EDGAR database on the SEC's website at [www.sec.gov](http://www.sec.gov), or you can receive copies of this information, for a fee, by electronic request at the following email address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov), or by writing the Public Reference Section, Securities and Exchange Commission, Washington, DC 20549-1520.

Funds' Investment Company Act file number: 811-02652

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