Vanguard®

Diversification among sector funds **makes good sense**

Stock sector index performance can vary greatly from one year to the next. Diversification can help you avoid unnecessary risk.

MSCI U.S. equity sector indexes ranked by performance, December 31, 2002–December 31, 2012

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
HIGHEST RETURN	INFORMATION TECHNOLOGY 50.71%	ENERGY 33.20%	ENERGY 35.27%	TELECOMM. SERVICES 37.26%	ENERGY 34.42%	CONSUMER STAPLES –16.38%	INFORMATION TECHNOLOGY 62.18%	CONSUMER DISCRETIONARY 30.87%	UTILITIES 19.12%	FINANCIALS 26.38%
	CONSUMER DISCRETIONARY 38.95%	UTILITIES 23.34%	UTILITIES 15.02%	UTILITIES 21.71%	MATERIALS 26.47%	HEALTH CARE –23.36%	MATERIALS 51.80%	INDUSTRIALS 27.40%	CONSUMER STAPLES 13.82%	CONSUMER DISCRETIONARY 24.87%
	MATERIALS 36.43%	INDUSTRIALS 19.28%	HEALTH CARE 8.47%	ENERGY 21.03%	UTILITIES 17.50%	UTILITIES –27.99%	CONSUMER DISCRETIONARY 46.75%	MATERIALS 24.59%	HEALTH CARE 10.72%	HEALTH CARE 19.24%
	INDUSTRIALS 33.71%	TELECOMM. SERVICES 18.79%	FINANCIALS 6.28%	MATERIALS 19.80%	INFORMATION TECHNOLOGY 15.13%	TELECOMM. SERVICES –33.16%	INDUSTRIALS 22.54%	ENERGY 21.24%	CONSUMER DISCRETIONARY 3.83%	MATERIALS 17.45%
	FINANCIALS 32.43%	MATERIALS 16.93%	INDUSTRIALS 4.88%	FINANCIALS 19.50%	CONSUMER STAPLES 13.92%	ENERGY –36.93%	HEALTH CARE 22.24%	TELECOMM. SERVICES 17.65%	ENERGY 2.99%	INDUSTRIALS 17.17%
	UTILITIES 26.49%	CONSUMER DISCRETIONARY 14.14%	CONSUMER STAPLES 4.53%	CONSUMER DISCRETIONARY 16.79%	INDUSTRIALS 13.40%	CONSUMER DISCRETIONARY –38.05%	ENERGY 19.44%	FINANCIALS 14.87%	INFORMATION TECHNOLOGY 0.66%	TELECOMM. SERVICES 16.59%
	ENERGY 25.21%	FINANCIALS 13.93%	MATERIALS 3.94%	CONSUMER STAPLES 15.03%	TELECOMM. SERVICES 10.48%	INDUSTRIALS –39.90%	CONSUMER STAPLES 15.56%	CONSUMER STAPLES 14.56%	INDUSTRIALS –2.02%	INFORMATION TECHNOLOGY 14.24%
	HEALTH CARE 20.01%	CONSUMER STAPLES 9.29%	INFORMATION TECHNOLOGY 3.09%	INDUSTRIALS 14.73%	HEALTH CARE 7.99%	INFORMATION TECHNOLOGY –42.76%	FINANCIALS 14.38%	INFORMATION TECHNOLOGY 12.99%	TELECOMM. SERVICES –2.09%	CONSUMER STAPLES 11.21%
	CONSUMER STAPLES 14.18%	HEALTH CARE 4.39%	TELECOMM. SERVICES –2.07%	INFORMATION TECHNOLOGY 9.21%	CONSUMER DISCRETIONARY –11.43%	MATERIALS –46.66%	TELECOMM. SERVICES 12.56%	UTILITIES 7.20%	MATERIALS –9.30%	ENERGY 3.48%
LOWEST RETURN	TELECOMM. SERVICES 8.40%	INFORMATION TECHNOLOGY 1.72%	CONSUMER DISCRETIONARY –4.11%	HEALTH CARE 6.85%	FINANCIALS –17.34%	FINANCIALS –49.11%	UTILITIES 11.70%	HEALTH CARE 5.97%	FINANCIALS –14.24%	UTILITIES 2.07%

Source: Vanguard.

Diversification does not ensure a profit or protect against a loss in a declining market.

Past performance is no guarantee of future results. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

Vanguard stock sector ETFs

Vanguard ETF®	Ticker	Benchmark
Consumer Discretionary ETF	VCR	MSCI US Investable Market Index/Consumer Discretionary 25/50 Index
Consumer Staples ETF	VDC	MSCI US Investable Market Index/Consumer Staples 25/50 Index
Energy ETF	VDE	MSCI US Investable Market Index/Energy 25/50 Index
Financials ETF	VFH	MSCI US Investable Market Index/Financials 25/50 Index
Global ex-U.S. Real Estate ETF	VNQI	S&P Global ex-U.S. Property Index
Health Care ETF	VHT	MSCI US Investable Market Index/Health Care 25/50 Index
Industrials ETF	VIS	MSCI US Investable Market Index/Industrials 25/50 Index
Information Technology ETF	VGT	MSCI US Investable Market Index/Information Technology 25/50 Index
Materials ETF	VAW	MSCI US Investable Market Index/Materials 25/50 Index
REIT ETF	VNQ	MSCI US REIT Index
Telecommunication Services ETF	VOX	MSCI US Investable Market Index/Telecommunication Services 25/50 Index
Utilities ETF	VPU	MSCI US Investable Market Index/Utilities 25/50 Index

For more information about Vanguard ETF Shares, contact your financial advisor to obtain a prospectus. Investment objectives, risks, charges, expenses, and other important information are contained in the prospectus; read and consider it carefully before investing.

Vanguard ETF Shares are not redeemable with the issuing Fund other than in Creation Unit aggregations. Instead, investors must buy or sell Vanguard ETF Shares in the secondary market with the assistance of a stockbroker. In doing so, the investor may incur brokerage commissions and may pay more than net asset value when buying and receive less than net asset value when selling.

All ETFs are subject to risks, which may result in the loss of principal. Sector ETFs are subject to sector risks and nondiversification risks, which may result in performance fluctuations that are more extreme than fluctuations in the overall stock market. In addition, sector ETF products that sample their target indexes to comply with tax diversification rules may experience a greater degree of tracking error than other ETF products. Investments in stocks issued by non-U.S. companies are subject to risks including country/regional risk and currency risk.

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Talk with your advisor to learn more about the **benefits of diversification.**

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