



# Interim Short Report

Vanguard Investments Funds ICVC

For Period Ended 30 April 2013

(An open-ended investment company incorporated with limited liability and registered in England and Wales under registered number IC000758)

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## Chairman's Letter



Dear Shareholder,

Global stocks delivered a vigorous performance in the fiscal half year, recording positive returns in five of the six months ended 30 April 2013. In the UK, economic contraction in the final months of 2012 reversed modestly in the first few months of 2013, but private spending and investment restraint will most likely act as a brake on more rapid growth. UK stocks, while not returning as much as those in some other large markets, still managed decent gains.

US equities finished the six-month period with a strong return of about 19% (in pounds) for the half year amid solid corporate earnings and encouraging economic data. The US housing market showed signs of a comeback, but uncertainty among policymakers seemed to be standing in the way of more vigorous expansion.

The news from Europe remained downbeat for the most part. The euro-area economy continued to shrink, while unemployment hit a record high. And new points of concern surfaced, including unsettling election results in Italy and a banking crisis in Cyprus. Still, investors seemed to take comfort from the European Central Bank's firm commitment to backstop the sovereign debt of governments within the euro area. Stock gains were fairly broad-based: All of the larger markets except Italy's saw gains of about 10% or more.

In the Pacific region, Japanese stocks were star performers, soaring about 35%. A new government with a mandate to end Japan's decades-long economic stagnation and the Bank of Japan's announcement of an unprecedented stimulus program injected investor optimism into the region's stock markets. The Australian stock market, another heavyweight in the region, also enjoyed robust gains. Meanwhile, emerging markets had much tamer returns. Sluggish growth and inflationary concerns weighed on the results of larger economies, including the so-called BRIC countries, Brazil, Russia, India and China.

Despite the impressive performance of stocks around the globe and relatively low volatility, the markets had their share of potential pitfalls. Investors continued to worry about economic growth in China and the United States. And of course, concerns endured about the painful debt levels and recessionary forces in Europe. Peter Westaway, Vanguard's chief European economist, has noted that markets have been tending to price in bad news. 'As always,' he said, 'we think investors should assess their portfolios carefully and avoid making impulsive moves.'

Peter's insight reminds us that the link between the attention-grabbing headlines and the performance of our portfolios is, at best, unclear. During the past year, an impulse to act on bad news by retreating to low-risk assets such as cash and short-term government bonds would have robbed investors of the powerful returns in global stock markets. Our research and experience convince us that a key to investment success is to develop a long-term asset allocation consistent with your goals. When emotion runs high, and the impulse 'to do something' is strong, try to maintain perspective and discipline.

For further information on our investment approach, please visit our website, [vanguard.co.uk](http://vanguard.co.uk).

Thank you for your confidence in Vanguard Investments UK, Ltd.

Yours faithfully,



F. William McNabb III  
Chairman  
The Vanguard Group, Inc.  
28 June 2013

# FTSE Developed Europe ex-U.K. Equity Index Fund

## Fund Profile

As at 30 April 2013

<b>Investment Objective</b>	Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund (the 'Fund') seeks to track the performance of the FTSE Developed Europe ex-U.K. Index (the 'Index').
<b>Investment Strategy</b>	The Fund employs an indexing investment strategy designed to achieve a result consistent with the replication of the Index by investing in all, or a representative sample of, the securities that make up the Index, holding each stock in approximate proportion to its weighting in the Index.
<b>Risk Profile</b>	The value of investments, and the income from them, may fall or rise and investors may get back less than they invested. This Fund invests in overseas markets and the value of this investment may fall or rise as a result of changes in exchange rates.

### Portfolio Characteristics

	Fund	FTSE Developed Europe ex-U.K. Index
Number of Stocks	390	374
	30 April 2013	31 October 2012
Ongoing Charge Figure <sup>1</sup>		
Income Shares	0.25%	0.25%
Accumulation Shares	0.25%	0.25%
Synthetic Risk and Reward Indicator <sup>2</sup>	7	7
Ex-Dividend Date	1 November 2013	1 November 2012
Distribution Date	31 December 2013	31 December 2012

### Market Diversification (% of total net assets)

	Fund	FTSE Developed Europe ex-U.K. Index
Switzerland	21.7%	21.8%
France	21.5	21.2
Germany	19.5	19.6
Sweden	7.5	7.5
Spain	6.9	6.9
Netherlands	6.1	6.6
Italy	5.1	4.9
Denmark	2.9	2.9
Belgium	2.6	2.7
Norway	2.0	2.0
Finland	1.8	1.8
Other European Markets	1.6	2.1

### Sector Diversification (% of total net assets)

	Fund	FTSE Developed Europe ex-U.K. Index
Consumer Discretionary	10.5%	10.5%
Consumer Staples	13.6	13.8
Energy	6.0	6.0
Financials	20.8	20.8
Health Care	15.0	14.9
Industrials	13.7	13.6
Information Technology	4.2	4.1
Materials	7.7	7.8
Telecommunication Services	4.6	4.6
Utilities	3.9	3.9

### Ten Largest Holdings<sup>3</sup> (% of total net assets)

Nestle SA	Packaged Foods & Meats	4.5%
Roche Holding AG	Pharmaceuticals	3.5
Novartis AG	Pharmaceuticals	3.4
Sanofi	Pharmaceuticals	2.4
Total SA	Integrated Oil & Gas	2.0
Bayer AG	Pharmaceuticals	1.7
BASF SE	Diversified Chemicals	1.7
Siemens AG	Industrial Conglomerates	1.7
Anheuser-Busch InBev NV	Brewers	1.5
Banco Santander SA	Diversified Banks	1.5
Top Ten		23.9%

<sup>1</sup> The Ongoing Charge Figure (OCF) is the ratio of the Fund's total discloseable costs (excluding overdraft interest) to the average net assets of the Fund.

<sup>2</sup> The Synthetic Risk and Reward Indicator (SRRI) measures the volatility of the Fund. The risk and reward category (which may range from 1 to 7) is calculated using historical data and may not be a reliable indicator of the Fund's future risk profile. The risk and reward category may shift over time and is not a target or guarantee. The lowest category (i.e. category 1) does not mean 'risk free'. The Fund appears in the higher risk category on the risk and reward indicator. This is because the Fund invests primarily in shares whose values tend to have higher price fluctuations.

<sup>3</sup> The holdings listed exclude any temporary cash investments and equity index products.

## Commentary

### On behalf of Vanguard Asset Management, Limited<sup>1</sup>

- For the six months ended 30 April 2013, Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund returned 19.19%, compared with the 19.37% return of its target index. The difference was consistent with the fund's costs and charges. The tracking error at the end of the period for Accumulation and Income Shares was 0.73%.<sup>2</sup>
- Despite recessionary conditions, rising unemployment and a banking crisis in Cyprus, European markets turned positive. Stocks were helped by the determination of euro zone authorities to find at least short-term solutions to sovereign-debt crises that continued to flare up. Rising optimism in other developed markets around the world also helped.
- All 15 markets represented in the fund saw healthy gains. Top performers included Switzerland, Sweden and Finland. Even the two nations coping with some of the starkest conditions—Portugal and Spain—experienced strong market returns.
- Across the continent, all ten sectors posted gains, and eight rose more than 10%. Traditionally defensive sectors such as health care and consumer staples did the best. Information technology firms also performed well. The laggards were the utilities sector, which returned 5%, and energy, which returned 6%.

## Total Returns

		Total Returns Periods Ended 30 April 2013	
		Six Months	One Year
Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund			Annualised Since Inception (23 June 2009)
Accumulation Shares	19.19%	27.19%	11.98%
Income Shares	19.19	27.17	11.97
FTSE Developed Europe ex-U.K. Index	19.37	27.50	12.25

Past performance is not a reliable indicator of future results.

Sources: The Vanguard Group, Inc., and FTSE.

Basis of performance: NAV to NAV with net income reinvested. The Fund launched on 23 June 2009; therefore, five-year performance data are not available.

## Price History

Vanguard FTSE Developed Europe ex-U.K. Equity Index Fund	1 January 2013 to 30 April 2013	1 January 2012 to 31 December 2012	1 January 2011 to 31 December 2011	1 January 2010 to 31 December 2010	23 June 2009 to 31 December 2009
<b>Accumulation Shares</b>					
Starting Share Price	£140.18	£121.03	£139.89	£135.32	£100.00
Ending Share Price	£154.62	£137.06	£117.74	£138.42	£131.89
Highest Share Price	(12 Mar. 2013) £158.49	(27 Dec. 2012) £139.36	(3 May 2011) £153.98	(25 Oct. 2010) £141.21	(14 Oct. 2009) £137.72
Lowest Share Price	(2 Jan. 2013) £140.18	(1 June 2012) £110.12	(12 Sept. 2011) £108.19	(29 June 2010) £114.69	(10 July 2009) £98.17
Income Dividends Pence Per Share	0.0000	384.2657	395.1920	361.8720	0.0000
<b>Income Shares</b>					
Starting Share Price	£127.97	£113.85	£136.16	£135.32	£100.00
Ending Share Price	£141.15	£125.12	£110.77	£134.73	£131.89
Highest Share Price	(12 Mar. 2013) £144.69	(27 Dec. 2012) £127.22	(3 May 2011) £149.87	(25 Oct. 2010) £141.21	(14 Oct. 2009) £137.73
Lowest Share Price	(2 Jan. 2013) £127.97	(1 June 2012) £103.60	(24 Nov. 2011) £102.63	(29 June 2010) £114.69	(10 July 2009) £98.17
Income Dividends Pence Per Share	0.0000	361.6793	384.7392	361.8720	0.0000

<sup>1</sup> The Vanguard Group, Inc., as investment manager for Vanguard Investment Funds ICVC, sub-delegates the management of this sub-fund to Vanguard Asset Management, Limited.

<sup>2</sup> Tracking error is calculated as the standard deviation of active returns gross of fees for the trailing 36-month period.

## NAV History

	30 April 2013	31 October 2012	31 October 2011	31 October 2010
<b>Accumulation Shares</b>				
Total Net Asset Value	£253,569,593	£194,611,629	£49,776,872	£28,476,591
Net Asset Value Per Share	£154.45	£129.70	£123.25	£136.41
Number of Shares in Issue	1,641,757	1,500,434	403,869	208,758
<b>Income Shares</b>				
Total Net Asset Value	£21,666,216	£14,390,687	£5,921,047	£3,653,032
Net Asset Value Per Share	£141.00	£118.38	£116.11	£132.79
Number of Shares in Issue	153,664	121,563	50,995	27,510

## Summary of Significant Changes (unaudited)

For the period ended 30 April 2013

	Cost (£)		Proceeds (£)
<b>Largest Purchases</b>		<b>Largest Sales</b>	
Nestle SA	2,257,883	LVMH Moet Hennessy Louis Vuitton SA	1,008,497
Roche Holding AG	1,560,991	Sanofi	600,002
Novartis AG	1,064,864	Novartis AG	544,783
Banco Santander SA	1,046,034	AXA SA	495,765
Hennes & Mauritz AB	948,137	L'Oreal SA	443,760
<b>Total</b>	<b>6,877,909</b>	<b>Total</b>	<b>3,092,807</b>
<b>Total Purchases for the Period</b>	<b>47,829,844</b>	<b>Total Sales for the Period</b>	<b>21,165,245</b>

# FTSE Developed World ex-U.K. Equity Index Fund

## Fund Profile

As at 30 April 2012

<b>Investment Objective</b>	Vanguard FTSE Developed World ex-U.K. Equity Index Fund (the 'Fund') seeks to track the performance of the FTSE Developed ex-U.K. Index (the 'Index').
<b>Investment Strategy</b>	The Fund employs an indexing investment strategy designed to achieve a result consistent with the replication of the Index by investing in all, or a representative sample of, the securities that make up the Index, holding each stock in approximate proportion to its weighting in the Index.
<b>Risk Profile</b>	The value of investments, and the income from them, may fall or rise and investors may get back less than they invested. This Fund invests in overseas markets and the value of this investment may fall or rise as a result of changes in exchange rates.

### Portfolio Characteristics

	Fund	FTSE Developed ex-U.K. Index
Number of Stocks	1,937	1,911
	30 April 2013	31 October 2012
Ongoing Charge Figure <sup>1</sup>		
Income Shares	0.30%	0.30%
Accumulation Shares	0.30%	0.30%
Synthetic Risk and Reward Indicator <sup>2</sup>	6	6
Ex-Dividend Date	1 November 2013	1 November 2012
Distribution Date	31 December 2013	31 December 2012

### Sector Diversification (% of total net assets)

	Fund	FTSE Developed ex-U.K. Index
Consumer Discretionary	12.1%	12.1%
Consumer Staples	10.3	10.3
Energy	8.5	8.5
Financials	21.1	21.1
Health Care	11.0	11.0
Industrials	11.5	11.5
Information Technology	13.1	13.0
Materials	5.7	5.7
Telecommunication Services	3.3	3.4
Utilities	3.4	3.4

### Market Diversification (% of total net assets)

	Fund	FTSE Developed ex-U.K. Index
<b>Europe</b>		
Switzerland	4.6%	4.1%
France	3.9	4.0
Germany	3.7	3.7
Sweden	1.4	1.4
Spain	1.3	1.3
Netherlands	1.4	1.3
Other European Markets	3.0	3.0
Subtotal	19.3%	18.8%
<b>Pacific</b>		
Japan	10.8%	10.9%
Australia	4.3	4.3
South Korea	2.0	2.1
Hong Kong	1.8	1.8
Other Pacific Markets	0.9	0.9
Subtotal	19.8%	20.0%
<b>North America</b>		
United States	55.6%	56.6%
Canada	4.2	4.3
Subtotal	59.8%	60.9%
<b>Middle East</b>	0.3%	0.3%

### Ten Largest Holdings<sup>3</sup> (% of total net assets)

Apple Inc.	Computer Hardware	1.5%
Exxon Mobil Corp.	Integrated Oil & Gas	1.5
Microsoft Corp.	Systems Software	0.9
Chevron Corp.	Integrated Oil & Gas	0.9
Johnson & Johnson	Pharmaceuticals	0.9
General Electric Co.	Industrial Conglomerates	0.9
Nestle SA	Packaged Foods & Meats	0.9
International Business Machines Corp.	IT Consulting & Other Services	0.8
Google Inc. Class A	Internet Software & Services	0.8
Procter & Gamble Co.	Household Products	0.8
Top Ten		9.9%

<sup>1</sup> The Ongoing Charge Figure (OCF) is the ratio of the Fund's total discloseable costs (excluding overdraft interest) to the average net assets of the Fund.

<sup>2</sup> The Synthetic Risk and Reward Indicator (SRRI) measures the volatility of the Fund. The risk and reward category (which may range from 1 to 7) is calculated using historical data and may not be a reliable indicator of the Fund's future risk profile. The risk and reward category may shift over time and is not a target or guarantee. The lowest category (i.e. category 1) does not mean 'risk free'. The Fund appears in the higher risk category on the risk and reward indicator. This is because the Fund invests primarily in shares whose values tend to have higher price fluctuations.

<sup>3</sup> The holdings listed exclude any temporary cash investments and equity index products.

## Commentary

### On behalf of Vanguard Asset Management, Limited<sup>1</sup>

- For the six months ended 30 April 2013, Vanguard FTSE Developed World ex-U.K. Equity Index Fund returned 18.98%. The fund's target index returned 19.14%, a difference consistent with the fund's costs and charges. The tracking error at the end of the period for Accumulation and Income Shares was 0.47%.<sup>2</sup>
- During the six months, developed stock markets turned in nearly uniformly positive results. Performance ranged from single-digit percentage gains in Canada and Israel to a soaring return of about 35% from Japan. The largest contribution to the fund's return came from the largest market, as US stocks posted a sizeable advance of about 19%.
- Japan's market was boosted by a renewed government effort to tackle the country's decades-long economic stagnation. US stocks rose smartly as improvements in the labour and housing markets helped boost consumer confidence and spending.
- Across the developed markets outside the United Kingdom, financials, consumer discretionary and health care stocks were the best performers. Only two sectors—energy and materials—failed to return 13% or more.

## Total Returns

	Total Returns Periods Ended 30 April 2013		
	Six Months	One Year	Annualised Since Inception (23 June 2009)
Vanguard FTSE Developed World ex-U.K. Equity Index Fund			
Accumulation Shares	18.98%	22.10%	16.20%
Income Shares	18.98	22.10	16.20
FTSE Developed ex-U.K. Index	19.14	22.43	16.60

Past performance is not a reliable indicator of future results.

Sources: The Vanguard Group, Inc., and FTSE.

Basis of performance: NAV to NAV with net income reinvested. The Fund launched on 23 June 2009; therefore, five-year performance data are not available.

## Price History

Vanguard FTSE Developed World ex-U.K. Equity Index Fund	1 January 2013 to 30 April 2013	1 January 2012 to 31 December 2012	1 January 2011 to 31 December 2011	1 January 2010 to 31 December 2010	23 June 2009 to 31 December 2009
<b>Accumulation Shares</b>					
Starting Share Price	£156.67	£139.74	£147.65	£128.96	£100.00
Ending Share Price	£178.34	£153.58	£137.88	£146.07	£126.44
Highest Share Price	(11 Mar. 2013) £180.65	(20 Dec. 2012) £154.90	(7 July 2011) £153.42	(30 Dec. 2010) £148.23	(29 Dec. 2009) £129.02
Lowest Share Price	(2 Jan. 2013) £156.67	(18 May 2012) £137.12	(19 Aug. 2011) £123.15	(2 July 2010) £121.26	(10 July 2009) £99.07
Income Dividends Pence Per Share	0.0000	300.2432	275.6703	296.5838	0.0000
<b>Income Shares</b>					
Starting Share Price	£147.09	£133.86	£144.41	£128.96	£100.00
Ending Share Price	£167.43	£144.19	£132.08	£142.87	£126.44
Highest Share Price	(11 Mar. 2013) £169.61	(18 Oct. 2012) £147.52	(7 July 2011) £150.06	(30 Dec. 2010) £144.99	(29 Dec. 2009) £129.02
Lowest Share Price	(2 Jan. 2013) £147.09	(18 May 2012) £131.35	(19 Aug. 2011) £120.45	(2 July 2010) £121.26	(10 July 2009) £99.07
Income Dividends Pence Per Share	0.0000	287.4159	269.7352	296.5838	0.0000

<sup>1</sup> The Vanguard Group, Inc., as investment manager for Vanguard Investment Funds ICVC, sub-delegates the management of this sub-fund to Vanguard Asset Management, Limited.

<sup>2</sup> Tracking error is calculated as the standard deviation of active returns gross of fees for the trailing 36-month period.



## NAV History

	30 April 2013	31 October 2012	31 October 2011	31 October 2010
<b>Accumulation Shares</b>				
Total Net Asset Value	£565,986,183	£393,661,419	£268,143,801	£209,244,475
Net Asset Value Per Share	£178.22	£149.84	£136.55	£135.82
Number of Shares in Issue	3,175,812	2,627,258	1,963,666	1,540,591
<b>Income Shares</b>				
Total Net Asset Value	£183,237,352	£122,031,832	£68,353,861	£31,236,405
Net Asset Value Per Share	£167.32	£140.66	£130.87	£132.85
Number of Shares in Issue	1,095,132	867,583	522,317	235,118

## Summary of Significant Changes (unaudited)

For the period ended 30 April 2013

	Cost (£)
<b>Largest Purchases</b>	
Apple Inc.	2,788,092
Exxon Mobil Corp.	2,093,162
Nestle SA	1,294,148
General Electric Co.	1,278,097
Google Inc.	1,250,626
<b>Total</b>	<b>8,704,125</b>
<b>Total Purchases for the Period</b>	<b>160,354,004</b>

	Proceeds (£)
<b>Largest Sales</b>	
Wal-Mart Stores Inc.	1,485,874
Samsung Electronics Co. Ltd.	1,332,086
Oracle Corp.	1,037,741
Tencent Holdings Ltd.	843,484
Berkshire Hathaway Inc. B Shares	634,805
<b>Total</b>	<b>5,333,990</b>
<b>Total Sales for the Period</b>	<b>27,902,804</b>

# FTSE U.K. Equity Income Index Fund

## Fund Profile

As at 30 April 2013

<b>Investment Objective</b>	Vanguard FTSE U.K. Equity Income Index Fund (the 'Fund') seeks to track the performance of the FTSE U.K. Equity Income Index (the 'Index').
<b>Investment Strategy</b>	The Fund employs an indexing investment strategy designed to achieve a result consistent with the replication of the Index by investing in all, or a representative sample of, the securities that make up the Index, holding each stock in approximate proportion to its weighting in the Index.
<b>Risk Profile</b>	The value of investments, and the income from them, may fall or rise and investors may get back less than they invested. Charges are deducted from capital (not income). Whilst this may increase the level of income paid, it will result in capital erosion and will constrain growth.

### Portfolio Characteristics

	Fund	FTSE U.K. Equity Income Index
Number of Stocks	135	134
	30 April 2013	31 October 2012
Ongoing Charge Figure <sup>1</sup>		
Income Shares	0.25%	0.25%
Accumulation Shares	0.25%	0.25%
Synthetic Risk and Reward Indicator <sup>2</sup>	6	6
Ex-Dividend Date	1 May 2013	1 May 2012
	1 November 2013	1 November 2012
Distribution Date	30 June 2013	30 June 2012
	31 December 2013	31 December 2012

### Sector Diversification (% of total net assets)

	Fund	FTSE U.K. Equity Income Index
Consumer Discretionary	8.1%	8.1%
Consumer Staples	20.2	20.2
Energy	9.9	9.9
Financials	21.6	21.5
Health Care	10.0	10.0
Industrials	5.0	5.0
Information Technology	1.1	1.1
Materials	7.1	7.1
Telecommunication Services	8.2	8.3
Utilities	8.8	8.8

### Ten Largest Holdings<sup>3</sup> (% of total net assets)

GlaxoSmithKline PLC	Pharmaceuticals	5.2%
Vodafone Group PLC	Wireless Telecommunication Services	5.0
BP PLC	Integrated Oil & Gas	4.8
British American Tobacco PLC	Tobacco	4.8
AstraZeneca PLC	Pharmaceuticals	4.7
HSBC Holdings PLC	Diversified Banks	4.5
BHP Billiton PLC	Diversified Metals & Mining	4.0
Unilever PLC	Packaged Foods & Meats	3.8
Standard Chartered PLC	Diversified Banks	3.6
Reckitt Benckiser Group PLC	Household Products	3.4
Top Ten		43.8%

<sup>1</sup> The Ongoing Charge Figure (OCF) is the ratio of the Fund's total discloseable costs (excluding overdraft interest) to the average net assets of the Fund.

<sup>2</sup> The Synthetic Risk and Reward Indicator (SRRI) measures the volatility of the Fund. The risk and reward category (which may range from 1 to 7) is calculated using historical data and may not be a reliable indicator of the Fund's future risk profile. The risk and reward category may shift over time and is not a target or guarantee. The lowest category (i.e. category 1) does not mean 'risk free'. The Fund appears in the higher risk category on the risk and reward indicator. This is because the Fund invests primarily in shares whose values tend to have higher price fluctuations.

<sup>3</sup> The holdings listed exclude any temporary cash investments and equity index products.

## Commentary

### On behalf of Vanguard Asset Management, Limited<sup>1</sup>

- For the six months ended 30 April 2013, Vanguard FTSE U.K. Equity Income Index Fund returned 15.74%. The fund's target index returned 15.91%, a difference consistent with fund costs and charges. The fund's—and index's—income-oriented stocks finished the period ahead of the 14.03% return of the broader FTSE All-Share Index. The tracking error at the end of the period was 0.13% for Accumulation Shares and 0.14% for Income Shares.<sup>2</sup>
- UK stocks didn't rise as sharply as those in some other markets, but they nonetheless generated strong gains. Rising optimism in the United States, Japan and a few other markets, along with investors' growing appetite for riskier assets in the face of stubbornly low fixed income yields, helped fuel the rally.
- Eight of the ten sectors represented in the fund returned 14% or more. Information technology led the way with a gain of 25%. Financial, health care and telecommunications firms also posted gains of 20% or more. The consumer staples sector, the second-largest after financials, also registered a solid six-month return of about 18%.
- The materials sector was the only one to lose ground during the period, and energy stocks advanced modestly.

## Total Returns

	Total Returns Periods Ended 30 April 2013		
	Six Months	One Year	Annualised Since Inception (23 June 2009)
Vanguard FTSE U.K. Equity Income Index Fund			
Accumulation Shares	15.74%	23.07%	19.19%
Income Shares	15.74	23.07	19.19
FTSE U.K. Equity Income Index	15.91	23.44	19.74

Past performance is not a reliable indicator of future results.

Sources: The Vanguard Group, Inc., and FTSE.

Basis of performance: NAV to NAV with net income reinvested. The Fund launched on 23 June 2009; therefore, five-year performance data are not available. These figures do not reflect the 0.5% Stamp Duty Reserve Tax (SDRT) that investors pay up front when investing in this Fund.

## Price History

Vanguard FTSE U.K. Equity Income Index Fund	1 January 2013 to 30 April 2013	1 January 2012 to 31 December 2012	1 January 2011 to 31 December 2011	1 January 2010 to 31 December 2010	23 June 2009 to 31 December 2009
<b>Accumulation Shares</b>					
Starting Share Price	£177.83	£154.24	£149.68	£130.59	£100.00
Ending Share Price	£196.63	£174.59	£151.10	£146.88	£129.38
Highest Share Price	(29 Apr. 2013) £197.67	(20 Dec. 2012) £176.62	(7 July 2011) £159.44	(23 Dec. 2010) £149.05	(29 Dec. 2009) £129.71
Lowest Share Price	(2 Jan. 2013) £177.83	(23 May 2012) £150.44	(10 Aug. 2011) £137.43	(25 May 2010) £119.37	(10 July 2009) £98.58
Income Dividends Pence Per Share	415.6753	790.3995	721.0622	798.3812	0.0000
<b>Income Shares</b>					
Starting Share Price	£152.17	£138.48	£140.98	£130.59	£100.00
Ending Share Price	£168.26	£149.40	£135.66	£138.34	£129.40
Highest Share Price	(29 Apr. 2013) £169.15	(19 Dec. 2012) £151.14	(28 Apr. 2011) £146.95	(23 Dec. 2010) £140.39	(29 Dec. 2009) £129.71
Lowest Share Price	(2 Jan. 2013) £152.17	(23 May 2012) £131.65	(10 Aug. 2011) £126.57	(25 May 2010) £115.04	(10 July 2009) £98.58
Income Dividends Pence Per Share	355.6181	700.9029	671.5996	786.5918	0.0000

<sup>1</sup> The Vanguard Group, Inc., as investment manager for Vanguard Investment Funds ICVC, sub-delegates the management of this sub-fund to Vanguard Asset Management, Limited.

<sup>2</sup> Tracking error is calculated as the standard deviation of active returns gross of fees for the trailing 36-month period.

## NAV History

	30 April 2013	31 October 2012	31 October 2011	31 October 2010
<b>Accumulation Shares</b>				
Total Net Asset Value	£139,071,984	£91,446,986	£50,017,292	£25,724,771
Net Asset Value Per Share	£196.57	£169.87	£151.79	£143.25
Number of Shares in Issue	707,506	538,338	329,518	179,575
<b>Income Shares</b>				
Total Net Asset Value	£172,167,515	£87,635,563	£34,169,239	£11,108,885
Net Asset Value Per Share	£164.65	£145.31	£136.36	£134.92
Number of Shares in Issue	1,045,689	603,082	250,580	82,336

## Summary of Significant Changes (unaudited)

For the period ended 30 April 2013

	Cost (£)		Proceeds (£)
<b>Largest Purchases</b>		<b>Largest Sales</b>	
BP PLC	6,119,271	HSBC Holdings PLC	1,727,452
GlaxoSmithKline PLC	6,109,714	Drax Group PLC	739,728
Vodafone Group PLC	5,717,141	Standard Chartered PLC	599,327
BHP Billiton PLC	5,466,597	Unilever PLC	564,485
British American Tobacco PLC	5,450,587	Tesco PLC	530,701
<b>Total</b>	<b>28,863,310</b>	<b>Total</b>	<b>4,161,693</b>
<b>Total Purchases for the Period</b>	<b>118,406,947</b>	<b>Total Sales for the Period</b>	<b>13,493,607</b>

# FTSE U.K. Equity Index Fund

## Fund Profile

As at 30 April 2013

<b>Investment Objective</b>	Vanguard FTSE U.K. Equity Index Fund (the 'Fund') seeks to track the performance of the FTSE All-Share Index (the 'Index').
<b>Investment Strategy</b>	The Fund employs an indexing investment strategy designed to achieve a result consistent with the replication of the Index by investing in a representative sample of the securities that make up the Index, holding each stock in approximate proportion to its weighting in the Index.
<b>Risk Profile</b>	The value of investments, and the income from them, may fall or rise and investors may get back less than they invested.

### Portfolio Characteristics

	Fund	FTSE All-Share Index
Number of Stocks	538	601
	30 April 2013	31 October 2012
Ongoing Charge Figure <sup>1</sup>		
Income Shares	0.15%	0.15%
Accumulation Shares	0.15%	0.15%
Synthetic Risk and Reward Indicator <sup>2</sup>	6	6
Ex-Dividend Date	1 November 2013	1 November 2012
Distribution Date	31 December 2013	31 December 2012

### Sector Diversification (% of total net assets)

	Fund	FTSE All-Share Index
Consumer Discretionary	8.4%	8.5%
Consumer Staples	15.2	15.3
Energy	15.1	15.3
Financials	23.1	23.2
Health Care	7.5	7.6
Industrials	8.4	8.5
Information Technology	2.1	2.1
Materials	9.0	9.1
Telecommunication Services	6.4	6.4
Utilities	4.0	4.0

### Ten Largest Holdings<sup>3</sup> (% of total net assets)

HSBC Holdings PLC	Diversified Banks	6.6%
Vodafone Group PLC	Wireless Telecommunication Services	4.9
BP PLC	Integrated Oil & Gas	4.5
Royal Dutch Shell PLC Class A	Integrated Oil & Gas	4.2
GlaxoSmithKline PLC	Pharmaceuticals	4.2
British American Tobacco PLC	Tobacco	3.5
Royal Dutch Shell PLC Class B	Integrated Oil & Gas	3.0
Diageo PLC	Distillers & Vintners	2.5
AstraZeneca PLC	Pharmaceuticals	2.1
BHP Billiton PLC	Diversified Metals & Mining	1.9
Top Ten		37.4%

<sup>1</sup> The Ongoing Charge Figure (OCF) is the ratio of the Fund's total discloseable costs (excluding overdraft interest) to the average net assets of the Fund.

<sup>2</sup> The Synthetic Risk and Reward Indicator (SRRI) measures the volatility of the Fund. The risk and reward category (which may range from 1 to 7) is calculated using historical data and may not be a reliable indicator of the Fund's future risk profile. The risk and reward category may shift over time and is not a target or guarantee. The lowest category (i.e. category 1) does not mean 'risk free'. The Fund appears in the higher risk category on the risk and reward indicator. This is because the Fund invests primarily in shares whose values tend to have higher price fluctuations.

<sup>3</sup> The holdings listed exclude any temporary cash investments and equity index products.

## Commentary

### On behalf of Vanguard Asset Management, Limited<sup>1</sup>

- For the six months ended 30 April 2013, Vanguard FTSE U.K. Equity Index Fund returned 13.99%, closely tracking the 14.03% return of its target index. The tracking error at the end of the period for Accumulation and Income Shares was 0.04%.<sup>2</sup>
- UK stocks didn't rise as sharply as those in the United States and Japan, but they nonetheless generated strong gains. Rising optimism in the United States, Japan and a few other markets, along with investors' growing appetite for riskier assets in the face of stubbornly low fixed income yields, helped fuel the rally.
- Eight of the ten sectors represented in the fund returned 15% or more. Information technology led the way with a gain of 24%. Health care, industrial and telecommunications firms posted gains of 20% or more. So did the financial sector, the largest in the fund, with notable strength in the insurance industry.
- The materials sector was the only one to lose ground during the period, and energy stocks barely advanced.

## Total Returns

Vanguard FTSE U.K. Equity Index Fund	Total Returns Periods Ended 30 April 2013		
	Six Months	One Year	Annualised Since Inception (23 June 2009)
Accumulation Shares	13.99%	17.74%	16.23%
Income Shares	13.99	17.74	16.23
FTSE All-Share Index	14.03	17.83	16.36

Past performance is not a reliable indicator of future results.

Sources: The Vanguard Group, Inc., and FTSE.

Basis of performance: NAV to NAV with net income reinvested. The Fund launched on 23 June 2009; therefore, five-year performance data are not available. These figures do not reflect the 0.5% Stamp Duty Reserve Tax (SDRT) that investors pay up front when investing in this Fund.

## Price History

Vanguard FTSE U.K. Equity Index Fund	1 January 2013 to 30 April 2013	1 January 2012 to 31 December 2012	1 January 2011 to 31 December 2011	1 January 2010 to 31 December 2010	23 June 2009 to 31 December 2009
<b>Accumulation Shares</b>					
Starting Share Price	£164.39	£146.69	£151.33	£132.06	£100.00
Ending Share Price	£178.51	£160.91	£143.39	£148.61	£129.90
Highest Share Price	(14 Mar. 2013) £180.21	(19 Dec. 2012) £162.39	(7 July 2011) £155.82	(29 Dec. 2010) £150.77	(29 Dec. 2009) £130.41
Lowest Share Price	(2 Jan. 2013) £164.39	(1 June 2012) £139.51	(4 Oct. 2011) £127.43	(1 July 2010) £119.06	(10 July 2009) £97.90
Income Dividends Pence Per Share	0.0000	568.3601	439.4452	533.5287	0.0000
<b>Income Shares</b>					
Starting Share Price	£147.56	£136.57	£145.66	£132.06	£100.00
Ending Share Price	£160.24	£144.44	£133.50	£143.04	£129.90
Highest Share Price	(14 Mar. 2013) £161.77	(18 Oct. 2012) £148.78	(7 July 2011) £149.98	(29 Dec. 2010) £145.12	(29 Dec. 2009) £130.41
Lowest Share Price	(2 Jan. 2013) £147.56	(1 June 2012) £129.89	(4 Oct. 2011) £122.65	(1 July 2010) £119.06	(10 July 2009) £97.90
Income Dividends Pence Per Share	0.0000	529.1386	439.4946	533.5287	0.0000

<sup>1</sup> The Vanguard Group, Inc., as investment manager for Vanguard Investment Funds ICVC, sub-delegates the management of this sub-fund to Vanguard Asset Management, Limited.

<sup>2</sup> Tracking error is calculated as the standard deviation of active returns gross of fees for the trailing 36-month period.

## NAV History

	30 April 2013	31 October 2012	31 October 2011	31 October 2010
<b>Accumulation Shares</b>				
Total Net Asset Value	£584,666,274	£366,203,720	£178,299,419	£80,986,184
Net Asset Value Per Share	£178.40	£156.55	£142.62	£141.82
Number of Shares in Issue	3,277,265	2,339,213	1,250,141	571,057
<b>Income Shares</b>				
Total Net Asset Value	£262,123,774	£184,353,181	£92,574,423	£32,520,844
Net Asset Value Per Share	£160.14	£140.46	£132.88	£136.48
Number of Shares in Issue	1,636,810	1,312,532	696,663	238,279

## Summary of Significant Changes (unaudited)

For the period ended 30 April 2013

	Cost (£)		Proceeds (£)
<b>Largest Purchases</b>		<b>Largest Sales</b>	
HSBC Holdings PLC	14,654,029	Royal Dutch Shell PLC - A Shares	1,032,821
Royal Dutch Shell PLC - A Shares	10,190,542	Aegis Group PLC	841,260
Vodafone Group PLC	9,801,703	HSBC Holdings PLC	553,249
BP PLC	9,721,247	GlaxoSmithKline PLC	537,057
GlaxoSmithKline PLC	8,248,953	Lonmin PLC	289,943
<b>Total</b>	<b>52,616,474</b>	<b>Total</b>	<b>3,254,330</b>
<b>Total Purchases for the Period</b>	<b>219,611,585</b>	<b>Total Sales for the Period</b>	<b>7,382,064</b>

# U.S. Equity Index Fund

## Fund Profile

As at 30 April 2013

<b>Investment Objective</b>	Vanguard U.S. Equity Index Fund (the 'Fund') seeks to track the performance of the S&P Total Market Index (the 'Index').
<b>Investment Strategy</b>	The Fund employs an indexing investment strategy designed to achieve a result consistent with the replication of the Index by investing in a representative sample of the securities that make up the Index, holding each stock in approximate proportion to its weighting in the Index.
<b>Risk Profile</b>	The value of investments, and the income from them, may fall or rise and investors may get back less than they invested. This Fund invests in overseas markets and the value of this investment may fall or rise as a result of changes in exchange rates.

### Portfolio Characteristics

	Fund	S&P Total Market Index
Number of Stocks	3,102	3,733
	30 April 2013	31 October 2012
Ongoing Charge Figure <sup>1</sup>		
Income Shares	0.20%	0.20%
Accumulation Shares	0.20%	0.20%
Synthetic Risk and Reward Indicator <sup>2</sup>	6	6
Ex-Dividend Date	1 November 2013	1 November 2012
Distribution Date	31 December 2013	31 December 2012

### Sector Diversification (% of total net assets)

	Fund	S&P Total Market Index
Consumer Discretionary	12.5%	12.4%
Consumer Staples	9.6	9.6
Energy	9.8	9.8
Financials	17.5	17.6
Health Care	12.3	12.3
Industrials	10.9	10.9
Information Technology	17.2	17.2
Materials	3.8	3.8
Telecommunication Services	2.7	2.7
Utilities	3.7	3.7

### Ten Largest Holdings<sup>3</sup> (% of total net assets)

Apple Inc.	Computer Hardware	2.4%
Exxon Mobil Corp.	Integrated Oil & Gas	2.3
Microsoft Corp.	Systems Software	1.4
Johnson & Johnson	Pharmaceuticals	1.4
Chevron Corp.	Integrated Oil & Gas	1.3
General Electric Co.	Industrial Conglomerates	1.3
Google Inc.	Internet Software & Services	1.3
International Business Machines Corp.	IT Consulting & Other Services	1.2
Procter & Gamble Co.	Household Products	1.2
Pfizer Inc.	Pharmaceuticals	1.2
Top Ten		15.0%

<sup>1</sup> The Ongoing Charge Figure (OCF) is the ratio of the Fund's total discloseable costs (excluding overdraft interest) to the average net assets of the Fund.

<sup>2</sup> The Synthetic Risk and Reward Indicator (SRRI) measures the volatility of the Fund. The risk and reward category (which may range from 1 to 7) is calculated using historical data and may not be a reliable indicator of the Fund's future risk profile. The risk and reward category may shift over time and is not a target or guarantee. The lowest category (i.e. category 1) does not mean 'risk free'. The Fund appears in the higher risk category on the risk and reward indicator. This is because the Fund invests primarily in shares whose values tend to have higher price fluctuations.

<sup>3</sup> The holdings listed exclude any temporary cash investments and equity index products.



## Commentary

### The Vanguard Group, Inc.

- For the six months ended 30 April 2013, Vanguard U.S. Equity Index Fund returned 18.94%. The fund's target index returned 19.06%, a difference consistent with the fund's costs and charges. The tracking error at the end of the period for Accumulation and Income Shares was 0.09%.<sup>1</sup>
- US stocks rose smartly as improvements in the labour and housing markets helped boost consumer confidence and spending on discretionary products and services. Major indices set new highs nearly every month during the period.
- All ten sectors posted double-digit returns. Financial firms (23%), which make up the largest sector in the fund, had the biggest impact as the largest US banks benefited from higher capital levels, improved lending conditions and the recovering US housing market. In the health care sector (24%), companies in the growing arena of biotechnology performed particularly well.
- Information technology, the second-largest sector represented, generated the lowest return (11%) as intense competition cut into the profitability of some of the leading companies in the industry.

### Total Returns

	Total Returns Periods Ended 30 April 2013		
	Six Months	One Year	Annualised Since Inception (23 June 2009)
Vanguard U.S. Equity Index Fund			
Accumulation Shares	18.94%	21.59%	20.26%
Income Shares	18.94	21.59	20.26
S&P Total Market Index	19.06	21.85	20.44

Past performance is not a reliable indicator of future results.

Sources: The Vanguard Group, Inc., and Standard & Poor's.

Basis of performance: NAV to NAV with net income reinvested. The Fund launched on 23 June 2009; therefore, five-year performance data are not available.

### Price History

Vanguard U.S. Equity Index Fund	1 January 2013 to 30 April 2013	1 January 2012 to 31 December 2012	1 January 2011 to 31 December 2011	1 January 2010 to 31 December 2010	23 June 2009 to 31 December 2009
<b>Accumulation Shares</b>					
Starting Share Price	£176.94	£157.51	£156.12	£130.37	£100.00
Ending Share Price	£203.52	£172.83	£156.12	£154.27	£127.99
	(11 Mar. 2013)	(8 Oct. 2012)	(7 July 2011)	(30 Dec. 2010)	(24 Dec. 2009)
Highest Share Price	£207.09	£176.92	£164.57	£157.09	£131.18
	(2 Jan. 2013)	(3 Jan. 2012)	(19 Aug. 2011)	(29 Jan. 2010)	(10 July 2009)
Lowest Share Price	£176.94	£157.51	£130.11	£124.35	£99.01
Income Dividends Pence Per Share	0.0000	257.1382	211.3729	245.5048	0.0000
<b>Income Shares</b>					
Starting Share Price	£168.79	£152.53	£153.39	£130.37	£100.00
Ending Share Price	£194.15	£164.87	£151.18	£151.57	£127.99
	(11 Mar. 2013)	(8 Oct. 2012)	(7 July 2011)	(30 Dec. 2010)	(24 Dec. 2009)
Highest Share Price	£197.55	£171.33	£161.69	£154.33	£131.18
	(2 Jan. 2013)	(3 Jan. 2012)	(19 Aug. 2011)	(29 Jan. 2010)	(10 July 2009)
Lowest Share Price	£168.79	£152.53	£127.83	£124.35	£99.01
Income Dividends Pence Per Share	0.0000	249.0197	207.7161	245.5048	0.0000

<sup>1</sup> Tracking error is calculated as the standard deviation of active returns gross of fees for the trailing 36-month period.

## NAV History

	30 April 2013	31 October 2012	31 October 2011	31 October 2010
<b>Accumulation Shares</b>				
Total Net Asset Value	£661,425,309	£423,504,925	£233,978,340	£73,872,604
Net Asset Value Per Share	£203.41	£171.06	£149.69	£140.64
Number of Shares in Issue	3,251,639	2,475,699	1,563,050	525,257
<b>Income Shares</b>				
Total Net Asset Value	£91,034,105	£52,065,721	£40,416,617	£18,453,522
Net Asset Value Per Share	£194.05	£163.16	£144.99	£138.18
Number of Shares in Issue	469,135	319,105	278,749	133,543

## Summary of Significant Changes (unaudited)

For the period ended 30 April 2013

	Cost (£)		Proceeds (£)
<b>Largest Purchases</b>		<b>Largest Sales</b>	
Apple Inc.	5,033,895	Exxon Mobil Corp.	494,244
Exxon Mobil Corp.	4,464,017	AT&T Inc.	422,755
General Electric Co.	2,614,931	Pfizer Inc.	323,324
Chevron Corp.	2,501,806	International Business Machines Corp.	250,268
Johnson & Johnson	2,473,767	General Electric Co.	187,236
<b>Total</b>	<b>17,088,416</b>	<b>Total</b>	<b>1,677,827</b>
<b>Total Purchases for the Period</b>	<b>194,393,112</b>	<b>Total Sales for the Period</b>	<b>12,530,147</b>

# U.K. Inflation-Linked Gilt Index Fund

## Fund Profile

As at 30 April 2013

<b>Investment Objective</b>	Vanguard U.K. Inflation-Linked Gilt Index Fund (the 'Fund') seeks to track the performance of the Barclays U.K. Government Inflation-Linked Float Adjusted Bond Index (the 'Index').
<b>Investment Strategy</b>	The Fund employs an indexing investment strategy designed to track the performance of the Index. The Fund invests by either replicating the Index or by sampling the Index, meaning that it holds a range of securities that, in aggregate, approximate the full Index in terms of key risk factors and other characteristics.
<b>Risk Profile</b>	The value of investments, and the income from them, may fall or rise and investors may get back less than they invested. The value of this investment may fall or rise as a result of changes in exchange rates. Corporate bonds may provide higher yields but as such may carry greater credit risk, increasing the risk of default on repayment and erosion of the capital value of your investment, and the level of income may fluctuate. Movements in interest rates are likely to affect the capital value of fixed income securities.

### Sector Diversification (% of portfolio)

Government Bonds	100.0%
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### Distribution by Credit Quality<sup>3</sup> (% of portfolio)

Aa	100.0%
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### Distribution by Maturity (% of portfolio)

Under 5 Years	12.0%
5–10 Years	13.3
Over 10 Years	74.7

### Financial Attributes

	Fund	Barclays <sup>1</sup>
Number of Issues	22	21
Yield to Maturity	2.5% <sup>2</sup>	2.5% <sup>2</sup>
Average Coupon	1.1%	1.1%
Average Effective Maturity	21.0 years	21.0 years
Average Quality <sup>3</sup>	Aa	Aa
Average Duration	18.7 years	18.7 years

	30 April 2013	31 October 2012
Ongoing Charge Figure <sup>4</sup>		—
Income Shares	0.15%	0.15%
Accumulation Shares	0.15%	0.15%
Synthetic Risk and Reward Indicator <sup>5</sup>	4	4
Ex-Dividend Dates	1 February 2013	1 February 2012
	1 May 2013	1 May 2012
	1 August 2013	1 August 2012
	1 November 2013	1 November 2012
Distribution Dates	28 March 2013	31 March 2012
	28 June 2013	30 June 2012
	30 September 2013	30 September 2012
	31 December 2013	31 December 2012

1 Barclays U.K. Government Inflation-Linked Float Adjusted Bond Index.

2 Before expenses.

3 Moody's Investors Service.

4 The Ongoing Charge Figure (OCF) is the ratio of the Fund's total discloseable costs (excluding overdraft interest) to the average net assets of the Fund.

5 The Synthetic Risk and Reward Indicator (SRRI) measures the volatility of the Fund. The risk and reward category (which may range from 1 to 7) is calculated using historical data and may not be a reliable indicator of the Fund's future risk profile. The risk and reward category may shift over time and is not a target or guarantee. The lowest category (i.e. category 1) does not mean 'risk free'. The Fund appears in the middle risk category on the risk and reward indicator. This is because the Fund invests primarily in shares whose values tend to have moderate price fluctuations.

## Commentary

### On behalf of Vanguard Asset Management, Limited<sup>1</sup>

- For the six months ended 30 April 2013, Vanguard U.K. Inflation-Linked Gilt Index Fund returned 13.86%. The fund's target index returned 13.84%. The tracking error at the end of the period for Accumulation and Income Shares was 0.46%.<sup>2</sup>
- Small deviations between a bond fund's performance and that of its index are to be expected. These differences can reflect the fund's expenses, the sampling approach used to capture the index's performance and temporary pricing differences between the fund and the index.
- Demand for inflation-linked securities remained strong, continuing to drive prices higher and yields lower. On a real basis—that is, before any adjustment for inflation—the yields of short- and intermediate-term inflation-linked gilts remained negative. Even the yields of their long-term brethren inched into negative territory. The expectation among investors was that future inflation would be high enough to more than offset the negative real yields available today.
- Inflation-linked gilts continued to outperform nominal gilts as investors remained wary of the euro zone's troubles and potential future inflation.

## Total Returns

		Total Returns Periods Ended 30 April 2013	
		Six Months	One Year
Vanguard U.K. Inflation-Linked Gilt Index Fund			Annualised Since Inception (3 February 2011)
Accumulation Shares	13.86%	12.39%	15.20%
Income Shares	13.86	12.39	15.16
Barclays U.K. Government Inflation-Linked Float Adjusted Bond Index	13.84	12.30	14.68

Past performance is not a reliable indicator of future results.

Sources: The Vanguard Group, Inc., and Barclays.

Basis of performance: NAV to NAV with net income reinvested. The Fund launched on 3 February 2011; therefore, five-year performance data are not available.

## Price History

Vanguard U.K. Inflation-Linked Gilt Index Fund	1 January 2013 to 30 April 2013	1 January 2012 to 31 December 2012	3 February 2011 to 31 December 2011
<b>Accumulation Shares</b>			
Starting Share Price	£123.52	£123.45	£100.00
Ending Share Price	£137.20	£125.43	£124.30
Highest Share Price	(8 Apr. 2013) £139.61	(31 May 2012) £126.47	(29 Dec. 2011) £124.89
Lowest Share Price	(7 Jan. 2013) £121.59	(16 Mar. 2012) £118.89	(9 Feb. 2011) £99.19
Income Dividends Pence Per Share	11.8588	9.4159	31.0399
<b>Income Shares</b>			
Starting Share Price	£123.08	£123.09	£100.00
Ending Share Price	£136.59	£124.98	£123.93
Highest Share Price	(8 Apr. 2013) £138.99	(31 May 2012) £126.04	(29 Dec. 2011) £124.52
Lowest Share Price	(7 Jan. 2013) £121.15	(16 Mar. 2012) £118.50	(9 Feb. 2011) £99.19
Income Dividends Pence Per Share	11.7079	8.2984	29.8770

<sup>1</sup> The Vanguard Group, Inc., as investment manager for Vanguard Investment Funds ICVC, sub-delegates the management of this sub-fund to Vanguard Asset Management, Limited.

<sup>2</sup> Tracking error is calculated as the standard deviation of active returns gross of fees for the trailing 12-month period.

## NAV History

	30 April 2013	31 October 2012	31 October 2011
<b>Accumulation Shares</b>			
Total Net Asset Value	£177,800,949	£94,022,553	£22,001,701
Net Asset Value Per Share	£136.95	£120.22	£114.67
Number of Shares in Issue	1,298,327	782,089	191,868
<b>Income Shares</b>			
Total Net Asset Value	£29,332,967	£9,818,500	£2,345,618
Net Asset Value Per Share	£136.37	£119.79	£114.35
Number of Shares in Issue	215,093	81,966	20,513

## Summary of Significant Changes (unaudited)

For the period ended 30 April 2013

	Cost (£)
<b>Largest Purchases</b>	
Treasury 2.50% 2016	6,455,943
Treasury 2.50% 2020	5,828,392
Treasury 1.875% 2022	5,588,932
Treasury 2.50% 2024	5,388,575
Treasury 1.25% 2027	5,048,201
<b>Total</b>	<b>28,310,043</b>
<b>Total Purchases for the Period</b>	<b>88,356,522</b>

	Proceeds (£)
<b>Largest Sales</b>	
Treasury 1.25% 2027	586,670
Treasury 1.25% 2032	515,368
Treasury 2.00% 2035	351,895
Treasury 1.125% 2037	313,770
Treasury 4.125% 2030	285,258
<b>Total</b>	<b>2,052,961</b>
<b>Total Sales for the Period</b>	<b>3,051,696</b>

# U.K. Long Duration Gilt Index Fund

## Fund Profile

As at 30 April 2013

<b>Investment Objective</b>	Vanguard U.K. Long Duration Gilt Index Fund (the 'Fund') seeks to track the performance of the Barclays U.K. Government 15+ Years Float Adjusted Bond Index (the 'Index').
<b>Investment Strategy</b>	The Fund employs an indexing investment strategy designed to track the performance of the Index. The Fund invests by either replicating the Index or by sampling the Index, meaning that it holds a range of securities that, in aggregate, approximate the full Index in terms of key risk factors and other characteristics.
<b>Risk Profile</b>	The value of investments, and the income from them, may fall or rise and investors may get back less than they invested. The value of this investment may fall or rise as a result of changes in exchange rates. Corporate bonds may provide higher yields but as such may carry greater credit risk, increasing the risk of default on repayment and erosion of the capital value of your investment, and the level of income may fluctuate. Movements in interest rates are likely to affect the capital value of fixed income securities.

### Sector Diversification (% of portfolio)

Government Bonds	100.0%
------------------	--------

### Distribution by Credit Quality<sup>3</sup> (% of portfolio)

Aa	100.0%
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### Distribution by Maturity (% of portfolio)

Under 5 Years	0.0%
5–10 Years	0.0
Over 10 Years	100.0

### Financial Attributes

	Fund	Barclays <sup>1</sup>
Number of Issues	15	15
Yield to Maturity	2.9% <sup>2</sup>	2.9%
Average Coupon	4.4%	4.4%
Average Effective Maturity	28.3 years	28.3 years
Average Quality <sup>3</sup>	Aa	Aa
Average Duration	16.3 years	16.3 years

	30 April 2013	31 October 2012
Ongoing Charge Figure <sup>4</sup>	—	—
Income Shares	0.15%	0.15%
Accumulation Shares	0.15%	0.15%
Synthetic Risk Reward Indicator <sup>5</sup>	5	5
Ex-Dividend Dates	1 February 2013	1 February 2012
	1 May 2013	1 May 2012
	1 August 2013	1 August 2012
	1 November 2013	1 November 2012
Distribution Dates	28 March 2013	31 March 2012
	28 June 2013	30 June 2012
	30 September 2013	30 September 2012
	31 December 2013	31 December 2012

<sup>1</sup> Barclays U.K. Government 15+ Years Float Adjusted Bond Index.

<sup>2</sup> Before expenses.

<sup>3</sup> Moody's Investors Service.

<sup>4</sup> The Ongoing Charge Figure (OCF) is the ratio of the Fund's total discloseable costs (excluding overdraft interest) to the average net assets of the Fund.

<sup>5</sup> The Synthetic Risk and Reward Indicator (SRRI) measures the volatility of the Fund. The risk and reward category (which may range from 1 to 7) is calculated using historical data and may not be a reliable indicator of the Fund's future risk profile. The risk and reward category may shift over time and is not a target or guarantee. The lowest category (i.e. category 1) does not mean 'risk free'. The Fund appears in the higher risk category on the risk and reward indicator. This is because the Fund invests primarily in shares whose values tend to have higher price fluctuations.

## Commentary

On behalf of Vanguard Asset Management, Limited<sup>1</sup>

- For the six months ended 30 April 2013, Vanguard U.K. Long Duration Gilt Index Fund returned 2.99%. The fund's target index returned 3.37%, a difference in line with fund costs and charges. The tracking error at the end of the period for Accumulation and Income Shares was 0.11%.<sup>2</sup>
- Long-term bond prices edged higher, and their yields inched lower, helping six-month total returns. At the end of the period, the yield of a 30-year gilt stood at 3.01%, slightly lower than at the start of the period, when it yielded 3.09%.
- Inflation in the UK ticked up from 2.6% to 2.8% as the period unfolded, but dropped in the last month to 2.4%. This caused UK bond yields to rise initially before falling back to near their starting point.

## Total Returns

		Total Returns Periods Ended 30 April 2013	
		Six Months	One Year
Vanguard U.K. Long Duration Gilt Index Fund			Annualised Since Inception (3 February 2011)
Accumulation Shares	2.99%	9.12%	15.52%
Income Shares	2.99	9.11	15.52
Barclays U.K. Government 15+ Years Float Adjusted Bond Index	3.37	9.81	16.24

Past performance is not a reliable indicator of future results.

Sources: The Vanguard Group, Inc., and Barclays.

Basis of performance: NAV to NAV with net income reinvested. The Fund launched on 3 February 2011; therefore, five-year performance data are not available.

## Price History

Vanguard U.K. Long Duration Gilt Index Fund	1 January 2013 to 30 April 2013	1 January 2012 to 31 December 2012	3 February 2011 to 31 December 2011
<b>Accumulation Shares</b>			
Starting Share Price	£131.06	£131.15	£100.00
Ending Share Price	£138.06	£134.54	£131.93
Highest Share Price	(5 Apr. 2013) £139.37	(18 July 2012) £138.44	(29 Dec. 2011) £132.53
Lowest Share Price	(20 Feb. 2013) £126.48	(16 Mar. 2012) £123.04	(9 Feb. 2011) £98.91
Income Dividends Pence Per Share	159.7687	243.3415	247.7250
<b>Income Shares</b>			
Starting Share Price	£125.15	£128.35	£100.00
Ending Share Price	£131.01	£128.47	£129.11
Highest Share Price	(5 Apr. 2013) £132.25	(18 July 2012) £133.77	(29 Dec. 2011) £129.70
Lowest Share Price	(20 Feb. 2013) £120.02	(16 Mar. 2012) £119.65	(9 Feb. 2011) £98.91
Income Dividends Pence Per Share	152.4326	236.7770	245.4335

<sup>1</sup> The Vanguard Group, Inc., as investment manager for Vanguard Investment Funds ICVC, sub-delegates the management of this sub-fund to Vanguard Asset Management, Limited.

<sup>2</sup> Tracking error is calculated as the standard deviation of active returns gross of fees for the trailing 12-month period.

## NAV History

	30 April 2013	31 October 2012	31 October 2011
<b>Accumulation Shares</b>			
Total Net Asset Value	£16,730,224	£17,963,353	£10,120,195
Net Asset Value Per Share	£137.99	£133.99	£123.74
Number of Shares in Issue	121,239	134,069	81,783
<b>Income Shares</b>			
Total Net Asset Value	£1,619,289	£2,577,007	£140,762
Net Asset Value Per Share	£130.27	£127.95	£121.10
Number of Shares in Issue	12,437	20,141	1,162

## Summary of Significant Changes (unaudited)

For the period ended 30 April 2013

	Cost (£)
<b>Largest Purchases</b>	
Treasury 4.50% 2042	415,050
Treasury 4.50% 2034	396,383
Treasury 3.75% 2052	383,118
Treasury 3.25% 2044	378,845
Treasury 4.75% 2038	340,484
<b>Total</b>	<b>1,913,880</b>
<b>Total Purchases for the Period</b>	<b>3,931,230</b>

	Proceeds (£)
<b>Largest Sales</b>	
Treasury 4.25% 2027	1,207,651
Treasury 4.50% 2042	586,802
Treasury 4.50% 2034	530,732
Treasury 4.75% 2038	490,474
Treasury 4.25% 2040	453,796
<b>Total</b>	<b>3,269,455</b>
<b>Total Sales for the Period</b>	<b>6,353,844</b>



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#### Client Services

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Monday to Friday  
09.00–17.00

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