

Vanguard Wellesley Income

Overall Morningstar Rating™

★★★★★

Out of 555 Conservative Allocation funds. An investment's overall Morningstar Rating, based on its risk-adjusted return, is a weighted average of its applicable 3-, 5-, and 10-year Ratings. See disclosure for details.

Morningstar Return

High

Morningstar Risk

Average

Investment Strategy from investment's prospectus

The investment seeks to provide long-term growth of income and a high and sustainable level of current income, along with moderate long-term capital appreciation.

The fund invests approximately 60% to 65% of assets in investment-grade corporate, U.S. Treasury, and government agency bonds, as well as mortgage-backed securities. The remaining 35% to 40% of fund assets are invested in common stocks of companies that have a history of above-average dividends or expectations of increasing dividends.

Category Description: Conservative Allocation

Conservative-allocation funds seek to provide both capital appreciation and income by investing in three major areas: stocks, bonds, and cash. These funds tend to hold smaller positions in stocks than moderate-allocation funds. These funds typically have 20% to 50% of assets in equities and 50% to 80% of assets in fixed income and cash.

Broad Asset Class: Balanced

Combination of stocks, bonds and cash.

Notes

This material is authorized for client use only when preceded or accompanied by a Disclosure Statement and a fund prospectus and/or informational brochure containing more complete information. These can be obtained from your investment professional or your plan's website and should be read carefully before investing or sending money.

Morningstar ratings reflect the reduction of the fund's expense ratio. However, your plan may charge an administrative fee and/or plan-level fee, which is not reflected in this rating.

To determine a fund's star rating for a given period, the fund's Morningstar risk score is subtracted from its Morningstar return score. If the fund scores in the top 10% of its respective Morningstar category, it receives five stars; if it falls in the next 22.5%, it receives four stars; a place in the middle 35% earns it three stars; those in the next 22.5% receive two stars; and the bottom 10% get one star.

NOT A DEPOSIT – NOT FDIC INSURED – NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY – NOT GUARANTEED BY THE INSTITUTION – MAY GO DOWN IN VALUE

The Broad Asset Class identifies a fund's investment style. The Broad Asset Class was developed by Nationwide in conjunction with Ibbotson Associates for asset allocation. Asset Allocation does not assure a profit or guarantee against loss in a declining market.

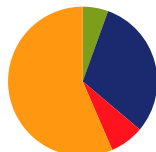
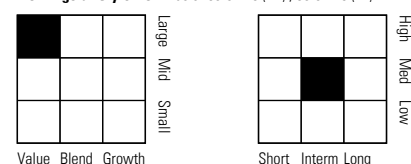
*Portfolio comparisons to the S&P 500 index are calculated against the iShares S&P 500 Index ETF.

Morningstar Proprietary Statistics

	YTD	1-Year	3-Year	5-Year	10-Year
Morningstar Rating	—	—	★★★★★	★★★★★	★★★★★
Fund Rank Percentile	11	23	7	3	4
Out of # of Investments	670	649	555	400	162

Portfolio Analysis as of 03-31-10

Composition	% Assets
U.S. Stocks	30.6
Non-U.S. Stocks	7.4
Bonds	56.5
Cash	5.5
Other	0.0


Morningstar Style Box™ as of 03-31-10 (EQ); 03-31-10 (F-I)


Top 15 Holdings	% Assets
United States Treas Nts 1% 07-31-11	2.53
United States Treas Nts 1% 09-30-11	1.85
BP Plc ADR	1.67
Merck & Co Inc	1.59
Chevron Corporation	1.50

United States Treas Nts 1.375% 05-15-12	1.49
Home Depot, Inc.	1.45
Pfizer Inc.	1.36
Johnson & Johnson	1.35
Kimberly-Clark Corporation	1.16
Toronto-Dominion Bank	1.15
McDonald's Corporation	0.98
3M Company	0.94
General Electric Company	0.94
AT&T, Inc.	0.93

Total Number of Stock Holdings	54
Total Number of Bond Holdings	782
Annual Turnover Ratio %	53
Total Fund Assets (\$mil)	16,044.74

Operations

Fund Inception Date	07-01-70
Initial Share Class	07-01-70
Inception Date	
Advisor	Wellington Management Company, LLP
Subadvisor	Wellington Management Company, LLP

Fees and Expenses as of 01-27-10

Gross Prosp Exp Ratio	0.31%
Net Prosp Exp Ratio	0.31%

Waiver Data	Type	Exp. Date	%
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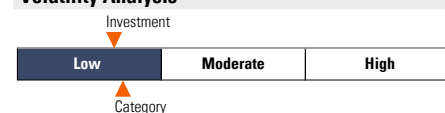
Portfolio Manager(s)

John C. Keogh, B.A., Tufts University. Since 2008.
Michael W. Reckmeyer III, CFA. Since 2008.

Statistics	Stk Port Avg	Rel S&P 500*	Rel Cat
P/E Ratio	13.11	1.02	0.88
P/B Ratio	2.08	1.13	1.15
P/C Ratio	6.96	1.42	1.37
GeoAvgCap (\$mil)	43,412.81	1.07	2.11

Risk Measures	Port Avg	Rel S&P 500	Rel Cat
3 Yr Std Dev	9.35	0.45	0.86
3 Yr Beta	0.64	—	0.86
3 Yr Sharpe Ratio	0.22	-0.49	-2.44
3 Yr Alpha	3.55	—	5.73
3 Yr R-squared	87.84	—	1.00

Morningstar Sectors	% Fund	S&P 500 %*
Information	9.59	23.50
Software	0.00	4.19
Hardware	6.35	11.23
Media	0.00	2.80
Telecommunication	3.24	5.28
Service	37.37	39.83
Healthcare Service	12.58	11.27
Consumer Service	9.91	8.79
Business Service	0.00	3.46
Financial Service	14.88	16.31
Manufacturing	53.03	36.65
Consumer Goods	16.62	11.37
Industrial Materials	17.87	10.84
Energy	12.16	10.77
Utilities	6.38	3.67

Volatility Analysis


In the past, this investment has shown a relatively small range of price fluctuations relative to other investments. Based on this measure, currently more than two thirds of all investments have shown higher levels of risk. Consequently, this investment may appeal to investors looking for a conservative investment strategy.