

Vanguard® STAR® Fund

Investment Approach

Balanced allocation: 60%–70% stocks, 20%–30% bonds, and 10%–20% short-term investments.

Seeks to maximize long-term total return.

Highly diversified, fund of funds structure.

Simple to use and continually rebalanced.

Quarterly Commentary

Major stock markets continued to advance in the first quarter of 2024, with a number of indexes reaching record highs. In the U.S., inflation readings came in higher than expected, but the labor market stayed on a solid footing, consumer spending remained strong, and the economy showed continued vigor. Given this backdrop, the Federal Reserve left interest rates unchanged.

Global stocks returned just shy of 8% for the quarter, as measured by the FTSE Global All Cap Index. U.S. equities led the way, while those in emerging markets lagged but still finished in positive territory.

For the quarter ended March 31, Vanguard STAR Fund (+4.62%) underperformed its composite index (+5.05%). Of Vanguard STAR's 10 underlying Vanguard funds, eight posted positive returns and three outperformed their benchmarks. Of the seven underlying equity funds, Vanguard PRIMECAP Fund (+9.14%) performed best and Vanguard International Explorer Fund (+2.17%) performed worst. Of the three underlying fixed income funds, Vanguard Short-Term Investment-Grade Fund (+0.64%) performed best while Vanguard Long-Term Investment-Grade Fund (+1.66%) was the weakest performer.

For the 12 months ended March 31, 2024, the fund (+14.87%) underperformed its composite index (+15.92%). All seven underlying equity funds posted positive returns, and two beat their benchmarks. Among the equity funds, Vanguard PRIMECAP Fund (+30.72%) performed best while Vanguard International Growth Fund (+7.32%) performed worst. All three underlying fixed income funds had positive returns. Vanguard Short-Term Investment-Grade Fund (+4.80%) posted the highest positive return. Vanguard GNMA Fund (+1.33%) was the weakest performer.

Note: Returns cited for the underlying funds are for Investor Shares.

People and Process

Vanguard STAR Fund seeks to maximize long-term total return by investing in a balanced allocation of stocks, bonds, and short-term investments, using a diversified, fund of funds structure. The fund invests in ten Vanguard mutual funds, rather than in individual securities. Using a balanced approach, the fund invests 60%–70% of its assets in common stocks through seven stock funds; 20%–30% in bonds through two bond funds; and 10%–20% in short-term investments through a short-term bond fund. The fund's stock holdings are broadly diversified U.S. stocks, with a small allocation to diversified international stocks. The fund's bond holdings are predominately short- and long-term, investment-grade corporate bonds and GNMA mortgage-backed securities.

Vanguard Equity Index Group

Launched in 1975, The Vanguard Group, Malvern, Pennsylvania, is among the world's largest equity and fixed income managers. As chief investment officer, Gregory Davis, CFA, oversees Vanguard's Equity Index, Investment Strategy, Quantitative Equity, and Fixed Income Groups. Rodney Comegys, Principal and global head of Vanguard's Equity Index Group, is responsible for all equity index funds. The Equity Index Group manages indexed equity portfolios covering U.S. and international markets. It has developed sophisticated portfolio construction methodologies and efficient trading strategies that seek to deliver returns that are highly correlated with target portfolio benchmarks. The group has advised Vanguard STAR Fund since 1985.

Investment Manager Biographies

Michael R. Roach, CFA. Portfolio manager. Advised the fund since 2023. Worked in investment management since 2000. B.S., Bloomsburg University of Pennsylvania. M.S., Drexel University.

Walter Nejman. Portfolio manager. Advised the fund since 2013. Worked in investment management since 2008. B.A., Arcadia University. M.B.A., Villanova University.

Aurelie Denis, CFA. Portfolio manager. Advised the fund since 2023. Worked in investment management since 2017. B.S., Pennsylvania State University.

Total Returns

	Expense Ratio	Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years
STAR Fund (3/29/1985)	0.31%	4.62%	4.62%	14.87%	2.48%	8.33%	7.43%
STAR Composite Index	—	5.05	5.05	15.92	4.43	8.25	7.23
STAR Composite Average	—	5.15	5.15	10.70	-0.95	4.46	4.62

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at vanguard.com/performance. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index. Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions. All returns are net of expenses.

Note: STAR Composite Index: 62.5% Dow Jones U.S. Total Stock Market Index, 25% Bloomberg U.S. Aggregate Bond Index, and 12.5% Citigroup 3 Month U.S. Treasury Bill Index through December 31, 2002; 50% Dow Jones U.S. Total Stock Market Index, 25% Bloomberg U.S. Aggregate Bond Index, 12.5% Bloomberg U.S. 1-5 Year Credit Bond Index, and 12.5% MSCI EAFE Index through April 22, 2005; 50% MSCI US Broad Market Index, 25% Bloomberg U.S. Aggregate Bond Index, 12.5% Bloomberg U.S. 1-5 Year Credit Bond Index, and 12.5% MSCI EAFE Index through September 30, 2010; and 43.75% MSCI US Broad Market Index, 25% Bloomberg U.S. Aggregate Bond Index, 12.5% Bloomberg U.S. 1-5 Year Credit Bond Index, and 18.75% MSCI All Country World Index ex USA thereafter. MSCI international benchmark returns are adjusted for withholding taxes. STAR Composite Average: 62.5% general equity funds average, 25% fixed income funds average, and 12.5% money market funds average through December 31, 2002; 50% general equity funds average, 25% fixed income funds average, 12.5% 1-5 year investment-grade funds average, and 12.5% international funds average through September 30, 2010; and 43.75% general equity funds average, 25% fixed income funds average, 12.5% 1-5 year investment-grade funds average, and 18.75% international funds average thereafter. Derived from data provided by Lipper, a Thomson Reuters Company. The Investor Shares minimum initial investment is \$1,000.

Quarterly Returns

Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	STAR Fund	Year-End	
						STAR Composite Index	Assets (Millions)
2024	4.62%	—	—	—	—	—	\$23,624
2023	6.66	3.64%	-4.04%	10.40%	17.11%	16.49%	23,079
2022	-6.89	-12.62	-5.77	6.96	-17.99	-14.81	21,174
2021	2.38	5.63	-1.20	2.62	9.65	12.07	28,370
2020	-13.02	16.69	6.24	12.61	21.43	15.24	26,782
2019	9.60	3.61	0.86	6.69	22.21	20.46	23,045
2018	-0.19	1.06	3.13	-9.00	-5.34	-4.58	19,746
2017	5.15	4.16	3.96	3.92	18.33	15.24	21,650
2016	0.56	1.84	4.60	-0.53	6.55	7.64	18,741
2015	2.60	-0.52	-5.45	3.47	-0.15	-0.20	18,563
2014	2.18	3.63	-0.92	2.32	7.35	6.59	18,749

Fund Facts

Fund Number	0056
Ticker	VGSTX
Newspaper Listing	STAR
CUSIP Number	921909107
Assets (millions)	\$23,624
Inception	3/29/1985
Acquired Fund Fees and Expenses (as of 2/2024)	0.31%

Volatility Measures

	R-Squared	Beta
STAR Composite Index	0.99	1.13
DJ US Total Stock Mkt Float Adj Idx	0.92	0.75

R-squared and beta are calculated from trailing 36-month fund returns relative to the associated benchmark.

Fund Asset Allocation

	% of Total Net Assets
Stocks	64.0%
Bonds	36.0
Total	100.0%

Allocation to Underlying Vanguard Funds

	% of Total Net Assets
Windsor II Fund	14.5%
Long-Term Investment-Grade Fund	12.2
US Growth Fund	12.1
GNMA Fund	11.9
Short-Term Investment Grade Fund	11.9
International Value Fund	9.6
International Growth Fund	9.6
Windsor Fund	8.0
PRIMECAP Fund	6.3
Explorer Fund	3.9
Total	100.0%

Important information

For more information about Vanguard funds or Vanguard ETFs, visit [vanguard.com](https://www.vanguard.com) or call 800-523-1036 to obtain a prospectus or, if available, a summary 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 very large aggregations worth millions of dollars. Instead, investors must buy or sell Vanguard ETF Shares in the secondary market and hold those shares in a brokerage account. 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 investing is subject to risk, including the possible loss of the money you invest.

Please remember that all investments involve some risk. Be aware that fluctuations in the financial markets and other factors may cause declines in the value of your account. There is no guarantee that any particular asset allocation or mix of funds will meet your investment objectives or provide you with a given level of income. Diversification does not ensure a profit or protect against a loss. Funds that concentrate on a relatively narrow market sector face the risk of higher share-price volatility.

Investments in bond funds and ETFs are subject to interest rate, credit, and inflation risk. Although the income from a municipal bond fund is exempt from federal tax, you may owe taxes on any capital gains realized through the fund's trading or through your own redemption of shares. For some investors, a portion of the fund's income may be subject to state and local taxes, as well as to the federal Alternative Minimum Tax.

High-yield bonds generally have medium- and lower-range credit quality ratings and are therefore subject to a higher level of credit risk than bonds with higher credit quality ratings.

The Factor Funds are subject to investment style risk, which is the chance that returns from the types of stocks in which a Factor Fund invests will trail returns from U.S. stock markets. The Factor Funds are also subject to manager risk, which is the chance that poor security selection will cause a Factor Fund to underperform its relevant benchmark or other funds with a similar investment objective, and sector risk, which is the chance that significant problems will affect a particular sector in which a Factor Fund invests, or that returns from that sector will trail returns from the overall stock market.

Investments in derivatives may involve risks different from, and possibly greater than, those of investments in the underlying securities or assets.

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