



U.S. government obligations information

Important tax information for 2017

This tax update contains information to help your clients properly report state and local tax liability on income distributions they received from their mutual fund investments in 2017.

On the next page, you'll find a list of Vanguard funds that earned a portion of their investment income from obligations of the U.S. government. Direct U.S. government obligations and obligations of certain U.S. government agencies are generally exempt from taxation in most states.¹ To the right of each fund name, you'll find columns:

- **Column 1. Percentage of the fund's total *income* derived from U.S. government obligations in 2017.**

Clients should check with their state or local tax offices or with a tax advisor to determine whether their state allows them to exclude some or all of the income they earn from mutual funds that invest in U.S. government obligations. If their state allows an exclusion, refer to this column for the percentage of income that may be excluded for each fund in which they are invested.²

- **Column 2. Percentage of the fund's *assets* invested in U.S. government obligations as of December 31, 2017.**

Certain states and municipalities require residents to pay intangible or personal property tax. If your clients are required to pay either of these taxes, they should refer to this column for the percentage that may be excluded from these taxes for each fund in which they are invested.

For more information, please contact Vanguard Financial Advisor Services™ at **800-997-2798** Monday through Friday from 8:30 a.m. to 7 p.m., Eastern time. Although our representatives are qualified to provide information about Vanguard investment products and services, they cannot provide tax advice. Advisors should consult an independent tax advisor regarding more complex tax situations. Advisors also can find a broad array of general tax-preparation data and tools in the Tax Center area of our website at advisors.vanguard.com.

¹ Investments in U.S. government obligations may include the following: Banks for Cooperatives, the Commodity Credit Corporation, the Federal Deposit Insurance Corporation, Federal Farm Credit Banks, the Federal Financing Bank, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks and the Federal Land Bank Association, the Federal Savings and Loan Insurance Corporation, the General Insurance Fund, Government Services Administration (GSA Public Building Trust Participation Certificates), the Production Credit Association, the Student Loan Marketing Association, the Tennessee Valley Authority, the U.S. Postal Service, and the U.S. Treasury Department (bonds, notes, bills, certificates, and savings bonds). GNMA securities are not U.S. government obligations.

² The percentages provided apply only to income distributions (dividends); they don't apply to capital gains distributions (whether long-term or short-term).

Vanguard fund*	Percentage of income from U.S. government obligations	Percentage of assets invested in U.S. government obligations as of December 31, 2017
Alternative Strategies Fund	0.50%	1.28%
Balanced Index Fund	14.48	16.20
Core Bond Fund	22.92	28.12
Dividend Growth Fund	0.11	0.00
Emerging Markets Bond Fund	0.93	4.64
Emerging Markets Select Stock Fund	0.10	0.65
Energy Fund	0.18	0.88
Explorer™ Fund	0.12	0.19
Explorer Value™ Fund	0.19	0.30
Extended Duration Treasury Index Fund**, †	99.97	99.94
Federal Money Market Fund**	69.86	66.30
Global Wellesley Income Fund	4.47	5.37
Global Wellington Fund	3.06	2.87
GNMA Fund	0.12	0.00
Health Care Fund	0.16	0.68
High-Yield Corporate Fund	1.71	5.12
Inflation-Protected Securities Fund**, †	99.58	99.04
Institutional Intermediate-Term Bond Fund	21.88	29.22
Institutional Short-Term Bond Fund	8.66	8.76
Institutional Target Retirement 2010 Fund	24.54	31.04
Institutional Target Retirement 2015 Fund	18.94	24.19
Institutional Target Retirement 2020 Fund	12.30	15.86
Institutional Target Retirement 2025 Fund	8.07	10.50
Institutional Target Retirement 2030 Fund	6.37	8.34
Institutional Target Retirement 2035 Fund	4.70	6.20
Institutional Target Retirement 2040 Fund	3.01	4.09
Institutional Target Retirement 2045 Fund	2.28	2.92
Institutional Target Retirement 2050 Fund	2.24	2.91
Institutional Target Retirement 2055 Fund	2.22	2.91
Institutional Target Retirement 2060 Fund	2.18	2.94
Institutional Target Retirement 2065 Fund	1.50	0.05
Institutional Target Retirement Income Fund	26.95	31.91
Intermediate-Term Bond Index Fund**	38.86	51.47
Intermediate-Term Investment-Grade Fund	5.02	6.30
Intermediate-Term Treasury Fund**, †	99.17	98.34
Intermediate-Term Treasury Index Fund**, †	97.88	99.93
LifeStrategy® Conservative Growth Fund	13.77	17.15
LifeStrategy Growth Fund	4.74	5.80
LifeStrategy Income Fund	18.13	22.84
LifeStrategy Moderate Growth Fund	9.31	11.47
Long-Term Bond Index Fund	29.47	40.05
Long-Term Investment-Grade Fund	3.21	5.08
Long-Term Treasury Fund**, †	97.68	97.45
Long-Term Treasury Index Fund**, †	97.17	100.00
Managed Payout Fund	4.97	5.91
Mid-Cap Growth Fund	0.14	0.18
Prime Money Market Fund	20.40	26.61
S&P Small-Cap 600 Growth Index Fund	0.17	0.35
Short-Term Bond Index Fund**	50.23	60.76
Short-Term Corporate Bond Index Fund	0.14	0.59
Short-Term Federal Fund	46.13	44.02
Short-Term Inflation-Protected Securities Index Fund**, †	99.56	99.66
Short-Term Investment-Grade Fund	11.07	14.37
Short-Term Treasury Fund**, †	95.32	96.91
Short-Term Treasury Index Fund**, †	94.24	97.33
STAR® Fund	2.29	2.50
Structured Broad Market Fund	0.62	0.00
Structured Large-Cap Equity Fund	0.10	0.00
Target Retirement 2010 Fund	27.76	31.09
Target Retirement 2015 Fund	20.38	24.46
Target Retirement 2020 Fund	13.50	15.95
Target Retirement 2025 Fund	9.08	10.52
Target Retirement 2030 Fund	7.15	8.37
Target Retirement 2035 Fund	5.31	6.20
Target Retirement 2040 Fund	3.39	4.11
Target Retirement 2045 Fund	2.57	2.91
Target Retirement 2050 Fund	2.52	2.93
Target Retirement 2055 Fund	2.33	2.94
Target Retirement 2060 Fund	2.31	2.92
Target Retirement 2065 Fund	1.55	0.14
Target Retirement Income Fund	26.01	31.84
Total Bond Market II Index Fund	31.20	40.68
Total Bond Market Index Fund	30.54	40.20
Treasury Money Market Fund**, †	100.00	100.00
U.S. Growth Fund	0.14	0.11
Ultra-Short-Term Bond Fund	13.51	3.38
Wellesley® Income Fund	4.65	9.21
Wellington™ Fund	3.32	5.35
Windsor™ Fund	0.16	0.44

* This information applies to all share classes of a fund.

** This fund meets the threshold requirements for California, Connecticut, and New York, which require that 50% of the fund's assets at each quarter-end within the tax year consist of U.S. government obligations.

† This fund meets the requirements for a New Jersey "qualified investment fund."