

Vanguard Short-Term Investment-Grade Portfolio

Bond fund

Fund facts

Risk level Low ← → High	Total net assets	Expense ratio as of 04/29/21	Turnover rate	Inception date	Fund number
1 2 3 4 5	\$2,308 MM	0.14%	89.0%	02/08/99	0274

Investment objective

Vanguard Short-Term Investment-Grade Portfolio seeks to provide current income with limited price volatility.

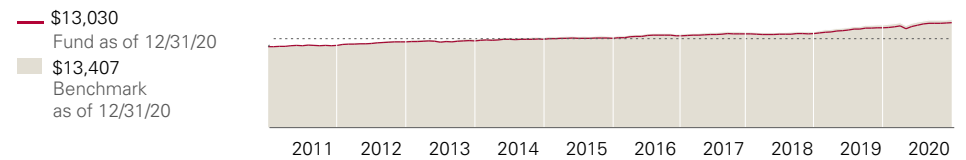
Investment strategy

The portfolio invests in a variety of high-quality and medium-quality fixed income securities, at least 80% of which will be short- and intermediate-term investment-grade securities. High-quality fixed income securities are those rated the equivalent of A3 or better by Moody's Investors Service, Inc., or by another independent rating agency; medium-quality fixed income securities are those rated the equivalent of Baa1, Baa2 or Baa3 by Moody's or another independent rating agency. (Investment-grade fixed income securities are those rated the equivalent of Baa3 and above by Moody's.) The portfolio is expected to maintain a dollar-weighted average maturity of 1 to 4 years.

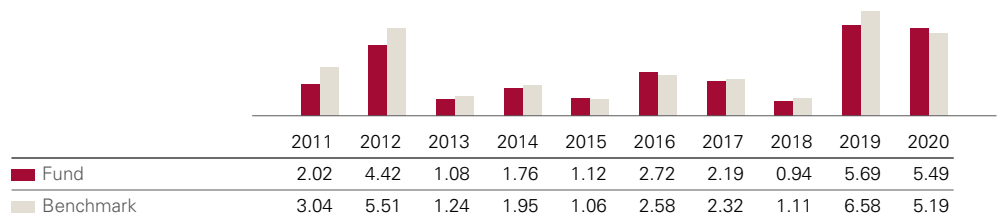
Benchmark

BloomBarc US 1-5 Year Credit Index

Growth of a \$10,000 investment : January 31, 2011 – December 31, 2020



Annual returns



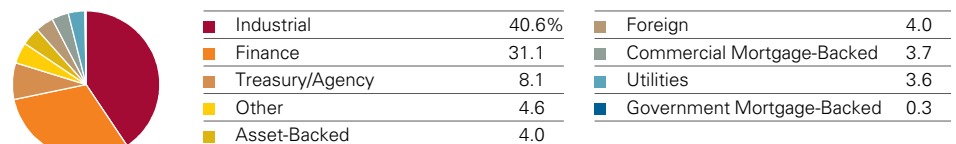
Total returns

	Periods ended June 30, 2021					
	Quarter	Year to date	One year	Three years	Five years	Ten years
Fund	0.74%	0.19%	2.12%	4.23%	2.80%	2.58%
Benchmark	0.61%	0.04%	1.81%	4.43%	2.92%	2.79%

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.

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.

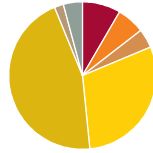
Distribution by issuer—bonds



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Distribution by credit quality†



■ U.S. Government	8.4%	■ Baa	45.4
■ Aaa	6.1	■ Less than BBB	2.0
■ Aa	4.2	■ Not Rated	4.2
■ A	29.7		

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Plain talk about risk

The fund is designed for investors with a low tolerance for risk; however, the fund's performance could be hurt by:

Income risk: The chance that the fund's income will decline because of falling interest rates.

Interest rate risk: The chance that bond prices will decline because of rising interest rates. Interest rate risk should be low for the fund because it invests primarily in short-term bonds, whose prices are much less sensitive to interest rate changes than are the prices of longer term bonds.

Credit risk: The chance that a bond issuer will fail to pay interest or principal in a timely manner or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline. Credit risk should be low to moderate for the fund because it invests primarily in bonds that are considered high- and medium-quality.

Call risk: The chance that during periods of falling interest rates, issuers of callable bonds may call (redeem) securities with higher coupon rates or interest rates before their maturity dates. The fund would then lose any price appreciation above the bond's call price and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the fund's income.

Extension risk: The chance that during periods of rising interest rates, certain debt obligations will be paid off substantially more slowly than originally anticipated, and the value of those securities may fall. Extension risk is generally low for short-term bond funds.

Liquidity risk: The chance that the fund may not be able to sell a security in a timely manner at a desired price. Liquidity risk is generally low for short-term bond funds.

Manager risk: The chance that poor security selection will cause the fund to underperform relevant benchmarks or other funds with a similar investment objective.

†Credit-quality ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest). "NR" is used to classify securities for which a rating is not available. NR securities may include a fund's investment in Vanguard Market Liquidity Fund or Vanguard Municipal Cash Management Fund, each of which invests in high-quality money market instruments and may serve as a cash management vehicle for the Vanguard funds, trusts, and accounts. U.S. Treasury, U.S. Agency, and U.S. Agency mortgage-backed securities appear under "U.S. Government." Credit-quality ratings for each issue are obtained from Barclays using ratings derived from Moody's Investors Service (Moody's), Fitch Ratings (Fitch), and Standard & Poor's (S&P). When ratings from all three agencies are available, the median rating is used. When ratings are available from two of the agencies, the lower rating is used. When one rating is available, that rating is used.

For more information about all Vanguard annuity products visit [vanguard.com](https://www.vanguard.com) or call 800-522-5555, to obtain fund and annuity contract prospectuses. Investment objectives, risks, charges, expenses, and other important information about the product are contained in the prospectuses; read and consider them carefully before investing.

Financial advisor clients: For more information about Vanguard funds, contact your financial advisor to obtain a prospectus.

Investment Products: Not FDIC Insured • No Bank Guarantee • May Lose Value