

Vanguard® LifeStrategy® Conservative Growth Fund

Product Summary

Balanced and static allocation: 40% stocks, 60% bonds.

Seeks to provide current income and low to moderate capital appreciation.

Highly diversified, fund of funds structure.

100% indexed.

Quarterly Commentary

During the quarter ended September 30, global markets performed solidly, posting the largest gain for a quarter this year. Global equity markets, as measured by the FTSE Global All Cap Index, returned 5.53%, whereas the CRSP US Total Market Index returned 4.41%. In fixed income markets, both the Bloomberg Barclays U.S. Aggregate Float Adjusted Bond Index (+0.45%) and its international counterpart, the Bloomberg Barclays Global Aggregate ex USD Float Adjusted RIC-Capped USD Hedged Index (+0.81%), rose slightly.

Returns for all four Vanguard LifeStrategy Funds were positive for the quarter, with the equity-oriented funds performing better. LifeStrategy Growth gained 4.35%; Moderate Growth, 3.42%; Conservative Growth, 2.49%; and Income, 1.53%.

Each LifeStrategy Fund invests in Vanguard Total Stock Market Index Fund (+4.38%), whose returns closely tracked that of its benchmark, the CRSP US Total Market Index (+4.41%). Vanguard Total International Stock Index Fund (6.62%), also a component of each LifeStrategy Fund, tracked its benchmark, the FTSE Global All Cap ex US Index (6.93%).

The LifeStrategy Funds' bond components also finished the quarter in line with their indexes. Vanguard Total Bond Market II Index Fund (+0.47%) tracked its benchmark, the Bloomberg Barclays U.S. Aggregate Float Adjusted Bond Index (+0.45%). Vanguard Total International Bond Index Fund (+0.83%) closely tracked its benchmark, the Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index (USD Hedged) (+0.81%).

For the 12 months ended September 30, the four LifeStrategy Funds produced positive returns. Equity-heavy funds outperformed fixed income-oriented funds, as LifeStrategy Growth returned 11.57%; Moderate Growth Fund, 10.26%; Conservative Growth Fund, 8.84%; and Income Fund, 7.33%.

People and Process

Vanguard LifeStrategy Conservative Growth Fund is one of four Vanguard life-cycle funds that use target allocation as a simplified approach to meeting investors' different objectives and risk tolerances. Rooted in asset allocation theory, Vanguard LifeStrategy Conservative Growth Fund seeks to provide current income and low to moderate capital appreciation by investing in four other Vanguard funds: 42% Total Bond Market II Index Fund; 24% Total Stock Market Index Fund; 18% Total International Bond Index Fund; and 16% Total International Stock Index Fund. The combination of four Vanguard funds produces a portfolio that is highly diversified by asset class and holdings.

Vanguard LifeStrategy Funds were established and are monitored by the officers of Vanguard STAR® Fund under the direction of STAR Fund trustees. Vanguard Equity Index Group and Vanguard Fixed Income Group manage the underlying funds.

Total Returns

| | Quarter | Year to Date | 1 Year | 3 Years | 5 Years | 10 Years |
|--|---------|-----------------|--------|---------|---------|----------|
| LifeStrategy Conservative Growth Fund (9/30/1994) | 2.49% | 7.05% | 8.84% | 5.67% | 7.35% | 4.92% |
| Conservative Growth Composite Index | 2.51 | 7.04 | 9.14 | 5.86 | 7.49 | 5.46 |

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.

Note: Conservative Growth Composite Index: Weighted 42% Bloomberg Barclays U.S. Aggregate Float Adjusted Index, 24% CRSP US Total Market Index, 18% Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index, and 16% FTSE Global All Cap ex US Index as of July 1, 2015. In prior periods, the composite was 48% Bloomberg Barclays U.S. Aggregate Float Adjusted Index, 28% CRSP US Total Market Index, 12% Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index, and 12% FTSE Global All Cap ex US Index through June 30, 2015; 60% Bloomberg Barclays U.S. Aggregate Float Adjusted Index, 28% MSCI US Broad Market Index, and 12% MSCI ACWI ex USA IMI Index through June 2, 2013; 40% Bloomberg Barclays U.S. Aggregate Float Adjusted Index, 28% MSCI US Broad Market Index, 20% Bloomberg Barclays U.S. 1–3 Year Credit Bond Index, and 12% MSCI ACWI ex USA IMI Index through November 30, 2011; 40% Bloomberg Barclays U.S. Aggregate Bond Index (with the Bloomberg Barclays U.S. Aggregate Float Adjusted Index used after December 31, 2009), 35% MSCI US Broad Market Index, 20% Bloomberg Barclays U.S. 1–3 Year Credit Bond Index, and 5% MSCI EAFE Index through December 15, 2010; 40% Bloomberg Barclays U.S. Aggregate Bond Index, 35% Dow Jones U.S. Total Stock Market Index, 20% Bloomberg Barclays U.S. 1–3 Year Credit Bond Index, and 5% MSCI EAFE Index through April 22, 2005; and 40% Bloomberg Barclays U.S. Aggregate Bond Index, 35% Dow Jones U.S. Total Stock Market Index, 20% Citigroup 3-Month Treasury Bill Index, and 5% MSCI EAFE Index through August 31, 2003. International stock benchmark returns are adjusted for withholding taxes.

Quarterly Returns

| Year | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter | Year-End | | |
|------|-------------|-------------|-------------|-------------|---|--|----------------------|
| | | | | | LifeStrategy Conservative Growth Fund | Conservative Growth Composite Index | Assets (Millions) |
| 2016 | 2.26% | 2.13% | 2.49% | — | — | — | \$8,229 |
| 2015 | 2.07 | -1.07 | -2.77 | 1.67% | -0.17% | 0.08% | 7,527 |
| 2014 | 1.90 | 3.12 | -0.36 | 2.16 | 6.95 | 7.12 | 7,420 |
| 2013 | 3.37 | -1.06 | 3.32 | 3.23 | 9.08 | 9.40 | 8,873 |
| 2012 | 5.05 | -0.51 | 3.53 | 0.92 | 9.19 | 9.33 | 7,504 |
| 2011 | 2.63 | 1.11 | -6.35 | 4.71 | 1.76 | 2.45 | 6,558 |
| 2010 | 3.33 | -3.09 | 6.87 | 3.85 | 11.14 | 10.34 | 6,435 |
| 2009 | -4.72 | 9.44 | 9.58 | 2.44 | 17.06 | 16.51 | 5,698 |
| 2008 | -3.85 | -1.39 | -5.71 | -9.98 | -19.52 | -14.86 | 4,806 |
| 2007 | 1.44 | 2.93 | 2.29 | 0.17 | 6.99 | 6.63 | 6,921 |
| 2006 | 2.45 | -0.49 | 4.12 | 4.22 | 10.62 | 9.37 | 5,567 |

Fund Facts

| | |
|---|-----------|
| Fund Number | 0724 |
| Ticker | VSCGX |
| Newspaper Listing | LifeCon |
| CUSIP Number | 921909305 |
| Assets (millions) | \$8,229 |
| Inception | 9/30/1994 |
| Acquired Fund Fees and Expenses (as of 2/2016) | 0.13% |

Volatility Measures

| | R-Squared | Beta |
|-------------------------------------|-----------|------|
| Conservative Growth Composite Index | 1.00 | 0.98 |
| DJ US Total Stock Mkt Float Adj Idx | 0.84 | 0.38 |

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 | 40.2% |
| Bonds | 59.8 |
| Total | 100.0% |

Allocation to Underlying Vanguard Funds

| | % of Total Net Assets |
|--------------------------------------|--------------------------|
| Total Bond Market II Index Fund | 41.9% |
| Total Stock Market Index Fund | 24.1 |
| Total International Bond Index Fund | 17.9 |
| Total International Stock Index Fund | 16.1 |
| Total | 100.0% |

Important information

Visit our website, call 866-499-8473, or contact your broker to obtain a product description and prospectus or if available, a summary prospectus for Vanguard ETF[™] Shares. Investment objectives, risks, charges, expenses, and other important information are contained in these documents; read and consider them carefully before investing. For more information about Vanguard funds, visit www.vanguard.com, or call 800-523-1036, to obtain a prospectus, or if available, a summary prospectus.

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.

Investments in bond funds and ETFs are subject to interest rate, credit, and inflation risk. The Fund is subject to interest rate risk, which is the chance that bond prices overall will decline because of rising interest rates. Interest rate risk is expected to be extremely high for the Fund because it invests mainly in zero coupon long-term bonds, which have prices that are very sensitive to interest rate changes. Because the Fund invests mainly in Treasury strips with maturities ranging from 20 to 30 years, rising interest rates may cause the value of the Fund's investments to decline significantly.

All investing is subject to risk, including the possible loss of the money you invest.

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