SUPPLEMENT NO. 1 DATED JUNE 5, 2024
TO THE LOUISIANA START PROGRAM
DISCLOSURE BOOKLET AND PARTICIPATION AGREEMENT
DATED JUNE 5, 2024

This Supplement No. 1 (this "Supplement") amends, updates, and supersedes anything to the contrary contained in the April 15, 2020, Disclosure Booklet and Participation Agreement (the "Disclosure Booklet"). This Supplement does not update any information contained in the Disclosure Booklet except as specifically described herein. It should be read in conjunction with the Disclosure Booklet complete information about the START program. Capitalized terms used in this Supplement and not otherwise defined will have the same meaning as used in the Disclosure Booklet.

I. *Replace the Section entitled* **Investments** *of the Disclosure Booklet in its entirety with the following:*

70. This section of the Disclosure Booklet describes the thirteen (13) funds that are currently available to Account Owners establishing ESAs. The State Treasurer routinely monitors these funds. Based on its evaluation of the funds, the State Treasurer may change the current funds offered in the future. The funds include the Louisiana Principal Protection Fund (totally invested in Fixed Earnings), three (3) age-based tracks that include a mix of Variable Earnings and Fixed Earning investments, six (6) Variable Earnings investment funds each consisting of an individual Vanguard fund, and three (3) stock market index funds.

71. All investments in the Louisiana Principal Protection Fund are managed for the START Saving Program by the Louisiana State Treasurer. Each of the Age-Based Investment Tracks and Variable Earnings funds invests its assets in one (1) or more mutual funds managed by The Vanguard Group (the Underlying Vanguard Funds). The particular Vanguard fund or funds are selected by the Louisiana State Treasurer and may change over time. As an Account Owner, you will own an interest in the START Saving Program, but you will not own shares of the Underlying Vanguard Fund(s).

72. Investments in Variable Earnings funds are not guaranteed, and the Account Owner may lose some or all the money invested. Neither the State of Louisiana, LATTA, LOSFA, the START Saving Program, nor the Louisiana State Treasurer are responsible for any losses resulting from investments in Variable Earnings. Read the entirety of this document for additional disclaimers.

73. The START Saving Program offers three Age-Based Investment Tracks that are designed to take into account a Beneficiary's age and the number of years before the Beneficiary is expected to attend an Eligible Educational Institution. Each Age-Based Investment Track invests over time in a series of Vanguard mutual funds whose underlying investments maintain distinctly different risk profiles based on Moderate, Growth, or Aggressive asset allocations, and finally, the funds are transferred into the Louisiana Principal Protection Fund on the Beneficiary's sixteenth birthday. For each of the Age-

Based Investment Tracks, the assets in the ESA are automatically exchanged from one fund to another as the Beneficiary ages. This exchange occurs on the Beneficiary's birth date or on the following Business Day if the Beneficiary's birth date is not a Business Day.

74. **Louisiana Principal Protection Fund (Fixed Earnings).** This fund is the most conservative START Saving Program investment plan and is managed by the Louisiana State Treasurer. This fund invests 100% of Deposits and interest earned thereon in Fixed Earnings investments such as government and corporate bonds, notes, and certificates of deposit. The State guarantees the return of your principal so you cannot lose money but does not guarantee any particular investment return. Every other fund involves some risk of loss of principal. (See *the Louisiana Education Tuition and Saving Fund (Fund)* section, below, for more information regarding this investment fund.)

75. **Age-Based Moderate Track Fund (Variable Earnings and Fixed Earnings).** This Track invests its assets in one (1) or more Underlying Vanguard Funds. **As an Account Owner, you will own an interest in the START Saving Program, but you will not own shares of the Underlying Vanguard Funds.** The Moderate Track represents the least aggressive track of the three Age-Based Investment Tracks and may be appropriate for Account Owners who are comfortable sacrificing the potential for greater returns in exchange for the potential for less risk. This track initially invests in the Vanguard LifeStrategy Moderate Growth Fund (VSMGX), which seeks to provide capital appreciation and a low to moderate level of current income. The LifeStrategy Moderate Growth Fund seeks to provide capital appreciation and a low to moderate level of current income. When the Beneficiary reaches six (6) years of age, the Moderate Track transitions to the Vanguard LifeStrategy Conservative Growth Fund (VSCGX). When the Beneficiary reaches eleven (11) years of age, the Moderate Track transitions to the Vanguard LifeStrategy Income Fund (VASIX). When the Beneficiary reaches sixteen (16) years of age, all monies invested in the Moderate Track move to the Louisiana Principal Protection Fund (See description, above). IT IS POSSIBLE THAT MONEYS INVESTED IN THIS FUND WILL LOSE VALUE.

76. **Age-Based Growth Track Fund (Variable Earnings and Fixed Earnings).** This Track invests its assets in one (1) or more Underlying Vanguard Funds. **As an Account Owner, you will own an interest in the START Saving Program, but you will not own shares of the Underlying Vanguard Funds.** Somewhat more aggressive than the Moderate Track, the Growth Track initially invests in the Vanguard LifeStrategy Growth Fund (VASGX), which seeks to provide capital appreciation and some current income. When the Beneficiary reaches six (6) years of age, the Growth Track transitions to the Vanguard LifeStrategy Moderate Growth Fund (VSMGX)' When the Beneficiary reaches eleven (11) years of age, the Growth Track transitions to the Vanguard LifeStrategy Conservative Growth Fund (VSCGX), which seeks to provide current income and low to moderate capital appreciation. When the Beneficiary reaches sixteen (16) years of age, all monies invested in the Growth Track move to the Louisiana Principal Protection Fund (See description, above). IT IS POSSIBLE THAT MONEYS INVESTED IN THIS FUND WILL LOSE VALUE.

77. **Age-Based Aggressive Track Fund (Variable Earnings and Fixed Earnings).** This Track invests its assets in one (1) or more Underlying Vanguard Funds. **As an Account**

Owner, you will own an interest in the START Saving Program, but you will not own shares of the Underlying Vanguard Funds. The Aggressive Track, the most aggressive of the three Age-Based Investment Tracks, is designed for Account Owners who are willing to accept greater risk in exchange for the possibility of a higher rate of return. The Aggressive Track Fund uses the same funds used by the Growth Track Fund, but allows the principal to remain in the riskier funds longer. The Aggressive Track initially invests in the Vanguard LifeStrategy Growth Fund (VASGX), which seeks to provide capital appreciation and some current income. When the Beneficiary reaches nine (9) years of age, the Aggressive Track transitions to the Vanguard LifeStrategy Moderate Growth Fund (VSMGX). When the Beneficiary reaches thirteen (13) years of age, the Aggressive Track transitions to the Vanguard LifeStrategy Conservative Growth Fund (VSCGX), which seeks to provide current income and low to moderate capital appreciation. When the Beneficiary reaches sixteen (16) years of age, all monies invested in the Aggressive Track move to the Louisiana Principal Protection Fund (See description, above). IT IS POSSIBLE THAT MONEYS INVESTED IN THIS FUND WILL LOSE VALUE.

78. **Vanguard Total World Stock Index Fund, Admiral Shares (VTWAX) (Variable Earnings).** This Fund invests its assets in one (1) or more Underlying Vanguard Funds. **As an Account Owner, you will own an interest in the START Saving Program, but you will not own shares of the Underlying Vanguard Funds.**

- **Investment Objective.** The Fund seeks to track the performance of a benchmark index that measures the investment return of stocks of companies located in developed and emerging markets around the world.
- **Primary Investment Strategies.** The Fund employs an indexing investment approach designed to track the performance of the FTSE Global All Cap Index, a float-adjusted, market-capitalization-weighted index designed to measure the market performance of large-, mid-, and small-capitalization stocks of companies located around the world. As of October 31, 2023, the Index included 10,094 stocks of companies located in 49 markets, including both developed and emerging markets. As of October 31, 2023, the largest markets covered in the Index were the United States, Japan, and the United Kingdom (which made up approximately 61%, 6.2%, and 3.8%, respectively, of the Index's market capitalization). The Fund attempts to sample the target index by investing all, or substantially all, of its assets in common stocks in the Index and by holding a representative sample of securities that resembles the full Index in terms of key risk factors and other characteristics. These factors include industry weightings, country weightings, market capitalization, and other financial characteristics of stocks.
- **Primary Risks.** See *Investment Risks* section, below.

79. **Vanguard Total Stock Market Index Fund, Institutional Shares (VITSX) (Variable Earnings).** This Fund invests its assets in one (1) or more Underlying Vanguard Funds. **As an Account Owner, you will own an interest in the START Saving Program, but you will not own shares of the Underlying Vanguard Funds.**

- **Investment Objective.** The Fund seeks to track the performance of a benchmark index that measures the investment return of the overall stock market.

- **Primary Investment Strategies.** The Fund employs an indexing investment approach designed to track the performance of the CRSP US Total Market Index, which represents approximately 100% of the investable U.S. stock market and includes large-, mid-, small-, and micro-cap stocks regularly traded on the New York Stock Exchange and Nasdaq. The Fund invests by sampling the Index, meaning that it holds a broadly diversified collection of securities that, in the aggregate, approximates the full Index in terms of key characteristics. These key characteristics include industry weightings and market capitalization, as well as certain financial measures, such as price/earnings ratio and dividend yield.
- **Primary Risks.** See *Investment Risks* section, below.

80. **Vanguard Total International Stock Index Fund, Investor Shares (VGTSX) (Variable Earnings).** This Fund invests its assets in one (1) or more Underlying Vanguard Funds. **As an Account Owner, you will own an interest in the START Saving Program, but you will not own shares of the Underlying Vanguard Funds.**

- **Investment Objective.** The Fund seeks to track the performance of a benchmark index that measures the investment return of stocks issued by companies located in developed and emerging markets, excluding the United States.
- **Primary Investment Strategies.** The Fund employs an indexing investment approach designed to track the performance of the FTSE Global All Cap ex US Index, a float-adjusted market-capitalization-weighted index designed to measure equity markets, excluding the United States. The FTSE Global All Cap ex US Index includes approximately 8,327 stocks of companies located in 48 markets. As of October 31, 2023, the largest markets covered in the Index were Japan, the United Kingdom, China, Canada, France, and Switzerland (which made up approximately 16%, 10%, 8%, 7%, 7%, and 6%, respectively, of the Index's market capitalization). The Fund invests all, or substantially all, of its assets in the common stocks included in its target index.
- **Primary Risks.** See *Investment Risks* section, below.

81. **Vanguard Small-Cap Index Fund, Investor Shares (NAESX) (Variable Earnings).** This Fund invests its assets in one (1) or more Underlying Vanguard Funds. **As an Account Owner, you will own an interest in the START Saving Program, but you will not own shares of the Underlying Vanguard Funds.**

- **Investment Objective.** The Fund seeks to track the performance of a benchmark index that measures the investment return of small-capitalization stocks.
- **Primary Investment Strategies.** The Fund employs a "passive management"—or indexing—investment approach designed to track the performance of the CRSP US Small Cap Index, a broadly diversified index of stocks of smaller U.S. companies. The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the Index, holding each stock in approximately the same proportion as its weighting in the Index.
- **Primary Risks.** See *Investment Risks* section, below.

82. **Vanguard Mid-Cap Index Fund, Investor Shares (VIMSX) (Variable Earnings).** This Fund invests its assets in one (1) or more Underlying Vanguard Funds. **As an**

Account Owner, you will own an interest in the START Saving Program, but you will not own shares of the Underlying Vanguard Funds.

- **Investment Objective.** The Fund seeks to track the performance of a benchmark index that measures the investment return of mid-capitalization stocks.
- **Primary Investment Strategies.** The Fund employs a "passive management"—or indexing—investment approach designed to track the performance of the CRSP US Mid Cap Index, a broadly diversified index of stocks of medium-size U.S. companies. The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the Index, holding each stock in approximately the same proportion as its weighting in the Index.
- **Primary Risks.** See *Investment Risks* section, below.

83. **Vanguard Large-Cap Index Fund, Investor Shares (VLACX) (Variable Earnings).** This Fund invests its assets in one (1) or more Underlying Vanguard Funds. **As an Account Owner, you will own an interest in the START Saving Program, but you will not own shares of the Underlying Vanguard Funds.**

- **Investment Objective**. The Fund seeks to track the performance of a benchmark index that measures the investment return of large-capitalization stocks.
- **Primary Investment Strategies**. The Fund employs a "passive management"—or indexing—investment approach designed to track the performance of the CRSP US Large Cap Index, a broadly diversified index predominantly made up of stocks of large U.S. companies. The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the Index, holding each stock in approximately the same proportion as its weighting in the Index.
- **Primary Risks.** See *Investment Risks* section, below.

84. **Vanguard 500 Index Fund - Institutional Shares (VFFSX).**

- **Investment Objective.** The Fund seeks to track the performance of a benchmark index that measures the investment return of large capitalization stocks.
- **Primary Investment Strategies.** The Fund employs an indexing investment approach designed to track the performance of the Standard & Poor's 500 Index, a widely recognized benchmark of U.S. stock market performance that is dominated by the stocks of large U.S. companies. The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.
  NOTE: It is possible that monies invested in this fund will lose value.
- **Primary Risks.** See *Investment Risks* section, below.

85. **Vanguard Value Index Fund Institutional Shares (VIVIX).**

- **Investment Objective.** The Fund seeks to track the performance of a benchmark index that measures the investment return of large-capitalization value stocks.
- **Primary Investment Strategies.** The Fund employs an indexing investment approach designed to track the performance of the CRSP US Large Cap Value Index, a broadly

diversified index predominantly made up of value stocks of large U.S. companies. The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.
NOTE: It is possible that monies invested in this fund will lose value.

- **Primary Risks.** See *Investment Risks* section, below.

86. **Vanguard Growth Index Fund, Investor Shares (VIGIX).**

- **Investment Objective.** The Fund seeks to track the performance of a benchmark index that measures the investment return of large-capitalization growth stocks.
- **Primary Investment Strategies.** The Fund employs an indexing investment approach designed to track the performance of the CRSP US Large Cap Growth Index, a broadly diversified index predominantly made up of growth stocks of large U.S. companies. The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the sticks that make up the index, holding each stock in approximately the same proportion as its weighting in the index. The Fund may become nondiversified, as defined under the Investment Company Act of 1940, solely as a result of a change in relative market capitalization or index weighting of one or more constituents of the index.
NOTE: It is possible that monies invested in this fund will lose value.
- **Primary Risks.** See *Investment Risks* section, below.

II. Replace the Section entitled **Investment Risks** *of the Disclosure Booklet in its entirety with the following:*

88. Neither The Vanguard Group nor any government agency, including the FDIC, Federal Reserve, the State of Louisiana, the START Saving Program, the State Treasurer, LOSFA nor LATTA insures moneys invested in Mutual Funds.

89. **Funds May Not Meet Objectives.** There is no guarantee that the underlying Mutual Funds for Variable Earnings funds (See 76-83 above.) will meet their objectives. Mutual Fund shares are not deposits or obligations of, or guaranteed by, any depository institution.

90. Primary risks associated with the Vanguard mutual funds that underlie the Age-Based Tracks (See Sections 75-77, above.) are described in Sections 88-91.

91. **Vanguard LifeStrategy Moderate Growth Fund, VSMGX (All Age-Based Tracks).** The Fund is subject to the risks associated with the stock and bond markets, any of which could cause an investor to lose money. However, because bonds usually are less volatile than stocks, and because the Fund invests a significant portion of its assets in bonds, the Fund's overall level of risk should be moderate.

- With a target allocation of approximately 60% of its assets in stocks, the Fund is proportionately subject to **stock market risk**, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. The Fund is also subject to the following risks associated with investments in foreign stocks: **currency risk**, which is the chance that the value of a foreign investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates; and **country risk**, which is the chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value of securities issued by companies in foreign countries.

- With a target allocation of approximately 40% of its assets in bonds, the Fund is proportionately subject to bond risks, including: **interest rate risk**, which is the chance that bond prices overall will decline because of rising interest rates; **credit risk**, which is the chance that the issuer of a security will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that security to decline, thus reducing the underlying fund's return; and **income risk**, which is the chance that an underlying fund's income will decline because of falling interest rates. If an underlying fund holds securities that are callable, the underlying fund's income may decline because of call risk, which is the chance that during periods of falling interest rates, issuers of callable bonds may call (repay) securities with higher coupons or interest rates before their maturity dates. An underlying fund would then lose potential price appreciation and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the underlying fund's income. For mortgage-backed securities, this risk is known as **prepayment risk**.
- The Fund is also subject to **manager risk**, which is the chance that poor security selection or focus on securities in a particular sector, category, or group of companies will cause the Fund's actively managed underlying funds—and, thus, the Fund itself—to underperform relevant benchmarks or other funds with a similar investment objective.

An investment in the Fund is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

92. **Vanguard LifeStrategy Conservative Growth Fund, VSCGX (All Age-Based Tracks).** The Fund is subject to the risks associated with the stock and bond markets, any of which could cause an investor to lose money. However, because bonds usually are less volatile than stocks, and because the Fund invests more than half of its assets in fixed income securities, the Fund's overall level of risk should be low to moderate.

- With a target allocation of approximately 60% of its assets in bonds and short-term fixed income investments, the Fund is proportionately subject to bond risks, including: **interest rate risk,** which is the chance that bond prices overall will decline because of rising interest rates; **credit risk**, which is the chance that the issuer of a security will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that security to decline, thus reducing the underlying fund's return; and **income risk**, which is the chance that an underlying fund's income will decline because of falling interest rates. If an underlying fund holds securities that are callable, the underlying fund's income may decline because of **call risk**, which is the chance that during periods of falling interest rates, issuers of callable bonds may call (repay) securities with higher coupons or interest rates before their maturity dates. An underlying fund would then lose potential price appreciation and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the underlying fund's income. For mortgage-backed securities, this risk is known as **prepayment risk**.

- With a target allocation of approximately 40% of its assets in stocks, the Fund is proportionately subject to **stock market risk**, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.
- The Fund is also subject to **manager risk**, which is the chance that poor security selection or focus on securities in a particular sector, category, or group of companies will cause one or more of the Fund's actively managed underlying funds—and, thus, the Fund itself—to underperform relevant benchmarks or other funds with a similar investment objective.

An investment in the Fund is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

93. **Vanguard LifeStrategy Income Fund, VASIX (Moderate Track).** The Fund is subject to the risks associated with the stock and bond markets, any of which could cause an investor to lose money. However, because bonds usually are less volatile than stocks, and because the Fund invests most of its assets in fixed income securities, the Fund's overall level of risk should be relatively low.

- With a target allocation of approximately 80% of its assets in bonds and short-term fixed income investments, the Fund is proportionately subject to bond risks, including: **interest rate risk**, which is the chance that bond prices overall will decline because of rising interest rates; **credit risk**, which is the chance that the issuer of a security will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that security to decline, thus reducing the underlying fund's return; and **income risk**, which is the chance that an underlying fund's income will decline because of falling interest rates. If an underlying fund holds securities that are callable, the underlying fund's income may decline because of **call risk**, which is the chance that during periods of falling interest rates, issuers of callable bonds may call (repay) securities with higher coupons or interest rates before their maturity dates. An underlying fund would then lose potential price appreciation and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the underlying fund's income. For mortgage-backed securities, this risk is known as **prepayment risk.**
- With a target allocation of approximately 20% of its assets in stocks, the Fund is proportionately subject to **stock market risk**, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.
- The Fund is also subject to **manager risk**, which is the chance that poor security selection or focus on securities in a particular sector, category, or group of companies will cause one or more of the Fund's actively managed underlying funds—and, thus, the Fund itself—to underperform relevant benchmarks or other funds with a similar investment objective.

An investment in the Fund is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

94. **Vanguard LifeStrategy Growth Fund, VASGX (Growth Track and Aggressive Track).** The Fund is subject to the risks associated with the stock and bond markets, any of which could cause an investor to lose money. However, because stocks usually are more volatile than bonds, and because the Fund invests most of its assets in stocks, the Fund's overall level of risk should be moderate to high.

- With a target allocation of approximately 80% of its assets in stocks, the Fund is proportionately subject to **stock market risk**, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. The Fund is also subject to the following risks associated with investments in foreign stocks: **currency risk**, which is the chance that the value of a foreign investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates; and **country risk**, which is the chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value of securities issued by companies in foreign countries.
- With a target allocation of approximately 20% of its assets in bonds, the Fund is proportionately subject to bond risks, including: **interest rate risk**, which is the chance that bond prices overall will decline because of rising interest rates; **credit risk**, which is the chance that the issuer of a security will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that security to decline, thus reducing the underlying fund's return; and **income risk**, which is the chance that an underlying fund's income will decline because of falling interest rates. If an underlying fund holds securities that are callable, the underlying fund's income may decline because of **call risk**, which is the chance that during periods of falling interest rates, issuers of callable bonds may call (repay) securities with higher coupons or interest rates before their maturity dates. An underlying fund would then lose potential price appreciation and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the underlying fund's income. For mortgage-backed securities, this risk is known as **prepayment risk**.
- The Fund is also subject to **manager risk**, which is the chance that poor security selection or focus on securities in a particular sector, category, or group of companies will cause the Fund's actively managed underlying funds—and, thus, the Fund itself—to underperform relevant benchmarks or other funds with a similar investment objective.

An investment in the Fund is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

95. Primary risks associated with the Vanguard mutual funds that underlie Variable Earnings funds (See Sections 78-83 above.) are described in Sections 93-98:

96. **Total World Stock Index Fund, Admiral Shares, VTWAX.** An investment in the Fund could lose money over short or even long periods. You should expect the Fund's share price and total return to fluctuate within a wide range, like the fluctuations of the global stock market. The Fund's performance could be hurt by:

- **Stock market risk** is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. The

Fund's investments in foreign stock markets can be riskier than U.S. stock investments. Foreign stocks may be more volatile and less liquid than U.S. stocks. The prices of foreign stocks and the prices of U.S. stocks have, at times, moved in opposite directions. In addition, the Fund's target index may, at times, become focused in stocks of a particular sector, category, or group of companies.

- **Country/regional risk**, which is the chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value of securities issued by companies in foreign countries or regions. Because the Fund may invest a large portion of its assets in securities of companies located in any one country or region, the Fund's performance may be hurt disproportionately by the poor performance of its investments in that area. Country/regional risk is especially high in emerging markets.
- **Emerging markets risk,** which is the chance that the stocks of companies located in emerging markets will be substantially more volatile, and substantially less liquid, than the stocks of companies located in more developed foreign markets.
- **Currency risk**, which is the chance that the value of a foreign investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates. Currency risk is especially high in emerging markets.
- **Index sampling risk**, which is the chance that the securities selected for the Fund, in the aggregate, will not provide investment performance matching that of the Index. Index sampling risk for the Fund should be low.

An investment in the Fund is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

97. **Vanguard Total Stock Market Index Fund, Institutional Shares, VITSX.** An investment in the Fund could lose money over short or even long periods. You should expect the Fund's share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market. The Fund's performance could be hurt by:

- **Stock market risk** is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. The Fund's target index may, at times, become focused in stocks of a particular market sector, which would subject the Fund to proportionately higher exposure to the risks of that sector.
- **Index sampling risk**, which is the chance that the securities selected for the Fund, in the aggregate, will not provide investment performance matching that of the Fund's target index.

An investment in the Fund is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

98. **Vanguard Total International Stock Index Fund, VGTSX.** An investment in the Fund could lose money over short or even long periods. You should expect the Fund's share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market. The Fund's performance could be hurt by:

- **Stock market risk**, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. The Fund's investments in foreign stock markets can be riskier than U.S. stock investments. Foreign stocks may be more volatile and less liquid than U.S. stocks. The prices of foreign stocks and the prices of U.S. stocks have, at times, moved in opposite directions. In addition, the Fund's target index may, at times, become focused in stocks of a particular sector, which would subject the Fund to proportionately higher exposure to the risks of that sector.
- **Investment style risk,** which is the chance that returns from non-U.S. small- and mid-capitalization stocks will trail returns from global stock markets. Historically, non-U.S. small- and mid-cap stocks have been more volatile in price than the large-cap stocks that dominate the global markets, and they often perform quite differently.
- **Country/regional risk**, which is the chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value of securities issued by companies in foreign countries or regions. Because the Fund may invest a large portion of its assets in securities of companies located in any one country or region, its performance may be hurt disproportionately by the poor performance of its investments in that area. Country/regional risk is especially high in emerging markets. In particular, the Fund's investments in Chinese issuers may subject the Fund to risks associated with that region, including considerable degrees of social, legal, regulatory, political, and economic uncertainty.
- **Currency risk**, which is the chance that the value of a foreign investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates. Currency risk is especially high in emerging markets.
- **Emerging markets risk,** which is the chance that the stocks of companies located in emerging markets will be substantially more volatile, and substantially less liquid, than the stocks of companies located in more developed foreign markets because, among other factors, emerging markets can have greater custodial and operational risks; less developed legal, tax, regulatory, and accounting systems; and greater political, social, and economic instability than developed markets.
- **Index replicating risk,** which is the chance that the Fund may be prevented from holding one or more securities in the same proportion as in its target index.

An investment in the Fund is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

99. **Vanguard Small-Cap Index Fund Investor Shares, NAESX.** An investment in the Fund could lose money over short or even long periods. You should expect the Fund's share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market. The Fund's performance could be hurt by:

- **Stock market risk** is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. The Fund's target index tracks a subset of the U.S. stock market, which could cause the Fund to preform differently from the overall stock market. In addition, the Fund's target index may, at times, become focused in stocks of a particular market sector, which would subject the Fund to proportionately higher exposure to the risks of that sector.

- **Investment style risk**, which is the chance that returns from small-capitalization stocks will trail returns from the overall stock market. Historically, small-cap stocks have been more volatile in price than the large-cap stocks that dominate the overall market, and they often perform quite differently. The stock prices of small companies tend to experience greater volatility because, among other things, these companies tend to be more sensitive to changing economic conditions.
- **Index replicating risk,** which is the chance that the Fund may be prevented from holding one or more securities in the same proportion as in its target index.

An investment in the Fund is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

100. **Vanguard Mid-Cap Index Fund Investor Shares, VIMSX.** An investment in the Fund could lose money over short or even long periods. You should expect the Fund's share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market. The Fund's performance could be hurt by:

- **Stock market risk** is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. The Fund's target index tracks a subset of the U.S. stock market, which could cause the Fund to perform differently from the overall stock market. The Fund's target index may, at times, become focused in stocks of a particular market sector, which would subject the Fund to proportionately higher exposure to the risks of that sector.
- **Investment style risk**, which is the chance that returns from mid–capitalization stocks will trail returns from the overall stock market. Historically, mid–cap stocks have been more volatile in price than the large-cap stocks that dominate the overall market, and they often perform quite differently. Mid-cap stocks tend to have greater volatility than large-cap stocks because, among other things, medium-size companies are more sensitive to changing economic conditions.
- **Index replicating risk,** which is the chance that the Fund may be prevented from holding one or more securities in the same proportion as in its target index.

An investment in the Fund is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

101. **Vanguard Large-Cap Index Fund Investor Shares, VLACX.** An investment in the Fund could lose money over short or even long periods. You should expect the Fund's share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market. The Fund's performance could be hurt by:

- **Stock market risk** is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. The Fund's target index tracks a subset of the U.S. stock market, which could cause the Fund to perform differently from the overall stock market. The Fund's target index may, at times, become focused in stocks of a particular market sector, which would subject the Fund to proportionately higher exposure to the risks of that sector.
- **Investment style risk**, which is the chance that returns from large-capitalization stocks will trail returns from the overall stock market. Large-cap stocks tend to go through

cycles of doing better—or worse—than the stock market in general. These periods have, in the past, lasted for as long as several years.
- **Index replicating risk,** which is the chance that the Fund may be prevented from holding one or more securities in the same proportion as in its target index.

An investment in the Fund is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

102. **Vanguard 500 Index Fund - Institutional Shares, VINIX.** An investment in the Fund could lose money over short or even long periods. You should expect the Fund's share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market. The Fund's performance could be hurt by:

- **Stock market risk:** The chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising stock prices and periods of falling stock prices. In addition, the Fund's target index may, at times, become focused in stocks of a particular market sector, which would subject the Fund to proportionately higher exposure to the risks of that sector.

- **Investment style risk:** The chance that returns from the types of stocks in which an Underlying Fund invests will trail returns from the overall stock market. Specific types of stocks (e.g., small-capitalization stocks) tend to go through cycles of doing better – or worse – than the stock market in general. These periods have, in the past, lasted for as long as several years.

- **Index replicating risk:** the chance that the Fund may be prevented from holding one or more securities in the same proportion as in its target index.

An investment in the Fund is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

103. **Vanguard Value Index Fund Institutional Shares, VIVIX.** An investment in the Fund could lose money over short or even long periods. You should expect the Fund's share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market. The Fund's performance could be hurt by:

- **Stock market risk:** The chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising stock prices and periods of falling stock prices. The Fund's target index tracks a subset of the U.S. stock market, which could cause the Fund to perform differently from the overall stock market. In addition, the Fund's target index may, at times, become focused in stocks of a particular market sector, which would subject the Fund to proportionately higher exposure to the risks of that sector.

- **Investment style risk:** The chance that returns from the types of stocks in which an Underlying Fund invests will trail returns from the overall stock market. Specific types of stocks (e.g., small-capitalization stocks) tend to go through cycles of doing better – or worse – than the stock market in general. These periods have, in the past, lasted for as long as several years.

- **Index replicating risk:** the chance that the Fund may be prevented from holding one or more securities in the same proportion as in its target index.

An investment in the Fund is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

104. **Vanguard Value Index Fund Institutional Shares, VIGIX.** An investment in the Fund could lose money over short or even long periods. You should expect the Fund's share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market. The Fund's performance could be hurt by:

- **Stock market risk:** The chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising stock prices and periods of falling stock prices. The Fund's target index tracks a subset of the U.S. stock market, which could cause the Fund to perform differently from the overall stock market. In addition, the Fund's target index may, at times, become focused in stocks of a particular market sector, which would subject the Fund to proportionately higher exposure to the risks of that sector.

- **Investment style risk:** The chance that returns from the types of stocks in which an Underlying Fund invests will trail returns from the overall stock market. Specific types of stocks (e.g., small-capitalization stocks) tend to go through cycles of doing better – or worse – than the stock market in general. These periods have, in the past, lasted for as long as several years.

- **Nondiversification risk:** To closely track the composition of the Fund's target index, more than 25% of the Fund's total assets may be invested in issuers representing more than 5% of the Fund's total assets. In that case, the Fund would be nondiversified under the Investment Company Act of 1940, although it would continue to hold approximately 300 stocks across a number of sectors. When the Fund is operating as nondiversified, the Fund's performance may be hurt disproportionately by the poor performance of relatively few stocks, or even a single stock, and the Fund's shares may experience more significant fluctuations in value than if the fund was diversified.

- **Sector risk:** the chance that significant problems will affect a particular sector, or that returns from that sector will trail returns from the overall stock market. Daily fluctuations in specific market sectors are often more extreme or volatile than fluctuations in the overall market. Because a significant portion of the Fund's assets are invested in the information technology sector, the Fund's performance is impacted by the general condition of that sector. Companies in the information technology sector could be affected by, among other things, overall economic conditions, short product cycles, rapid obsolescence of products, competition, and government regulation.

An investment in the Fund is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

105. **Other Risks to Consider.** Since the Vanguard Funds include various stocks, bonds and other investments, there are other factors that may impose additional risks. An investment in a particular mutual fund could lose money over short or even long periods. It is possible that certain funds' share price and total return will fluctuate over time. Some general risks to consider are described in Sections 100-107.

106. **Small and Mid-Cap Stock Risks.** Funds are often grouped by the size of the companies they invest in - big, medium, small or tiny. Size refers to a company's value on the stock market as determined by the number of shares it has outstanding multiplied by the share price. This is also known as market capitalization, or cap size. Big companies tend to have less risk than small ones. But smaller companies can often offer more growth potential. The stocks of small- and mid-cap companies entail greater risk and are usually more volatile than those of larger companies. Stocks of smaller companies are subject to more abrupt or erratic price movements than the stocks of large companies. Small companies often have limited product lines, markets, or financial resources, and their management teams may lack depth and experience. Such companies seldom pay significant dividends that could cushion returns in a falling market.

107. **International Risks**. Funds that invest overseas generally carry more risk than funds that invest strictly in U.S. assets. The specific risk profile of an international fund varies with its investment style, geographic focus, and whether it invests in developed markets, emerging markets, or both. Funds investing in a single country or limited geographic region tend to be riskier than more diversified funds. Risks can result from varying stages of economic and political development, differing regulatory environments, trading days, accounting standards, and higher transaction costs of non-U.S. markets. Investments outside the United States could be subject to governmental actions such as capital or currency controls, nationalization of a company or industry, expropriation of assets, or imposition of high taxes. International funds are also subject to currency risk. This refers to a decline in the value of a foreign currency versus the U.S. dollar, which reduces the dollar value of securities denominated in that currency. The overall impact on a fund's holdings can be significant and long-lasting depending on the currencies represented in the portfolio, how each one appreciates or depreciates in relation to the U.S. dollar, and whether currency positions are hedged. Further, exchange rate movements are unpredictable, and it is not possible to effectively hedge the currency risks of many developing countries.

108. **Growth Investing.** Growth stocks can be volatile for several reasons. Since these companies usually invest a high portion of earnings in their businesses, they may lack the dividends of value stocks that can cushion stock prices in a falling market. Also, earnings disappointments often lead to sharply falling prices because investors buy growth stocks in anticipation of superior earnings growth.

109. **Value Investing.** Investors seek to invest in companies whose stock prices are low in relation to their real worth or future prospects. By identifying companies whose stocks are currently out of favor or misunderstood, value investors hope to realize significant appreciation as other investors recognize the stock's intrinsic value and the price rises accordingly. The value approach carries the risk that the market will not recognize a

security's intrinsic value for a long time or that a stock judged to be undervalued may actually be priced appropriately.

110. **Money Market Fund Risk.** An investment in a money market fund is not insured or guaranteed by the FDIC or any other government agency. Although a money market fund seeks to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in the fund.

111. **Interest Rate and Credit Risk.** Bond prices may decline in response to a rise in interest rates. Longer-maturity bonds typically decline more than those with shorter maturities, resulting in a lesser rate of return. In the event that a bond's credit rating is downgraded or a bond issuer defaults (fails to make timely payments of interest or principal), the fund's income level and share price could decline dramatically.

112. **High-Yield Investing Risks.** Investing in high-yield corporate bonds, often called "junk bonds," could have greater price declines than funds that invest primarily in high-quality bonds. Companies issuing high-yield bonds are not as strong financially as those with higher credit ratings, so the bonds are usually considered speculative investments. These companies are more vulnerable to financial setbacks and recession than more creditworthy companies, which may impair their ability to make interest and principal payments. In addition, the entire junk bond market can experience sudden and sharp price swings due to a variety of factors, including changes in economic forecasts, stock market activity, large sustained sales by major investors, a high-profile default, or a change in the market's psychology.

113. **Extension Risk.** In the event that a rise in interest rates accompanied by a drop in mortgage prepayments causes a fund's average maturity to lengthen unexpectedly, that fund's sensitivity to rising rates and its potential for price declines could be dramatically increased.