HOW TO INVEST

Vanguard portfolio allocation models

How do you choose how much you want to invest in stocks or bonds? These allocation models can help you understand different goals-based investment strategies. There's no right or wrong model, so it's important to tune in to what you feel best fits your goals and risk tolerance.

Income

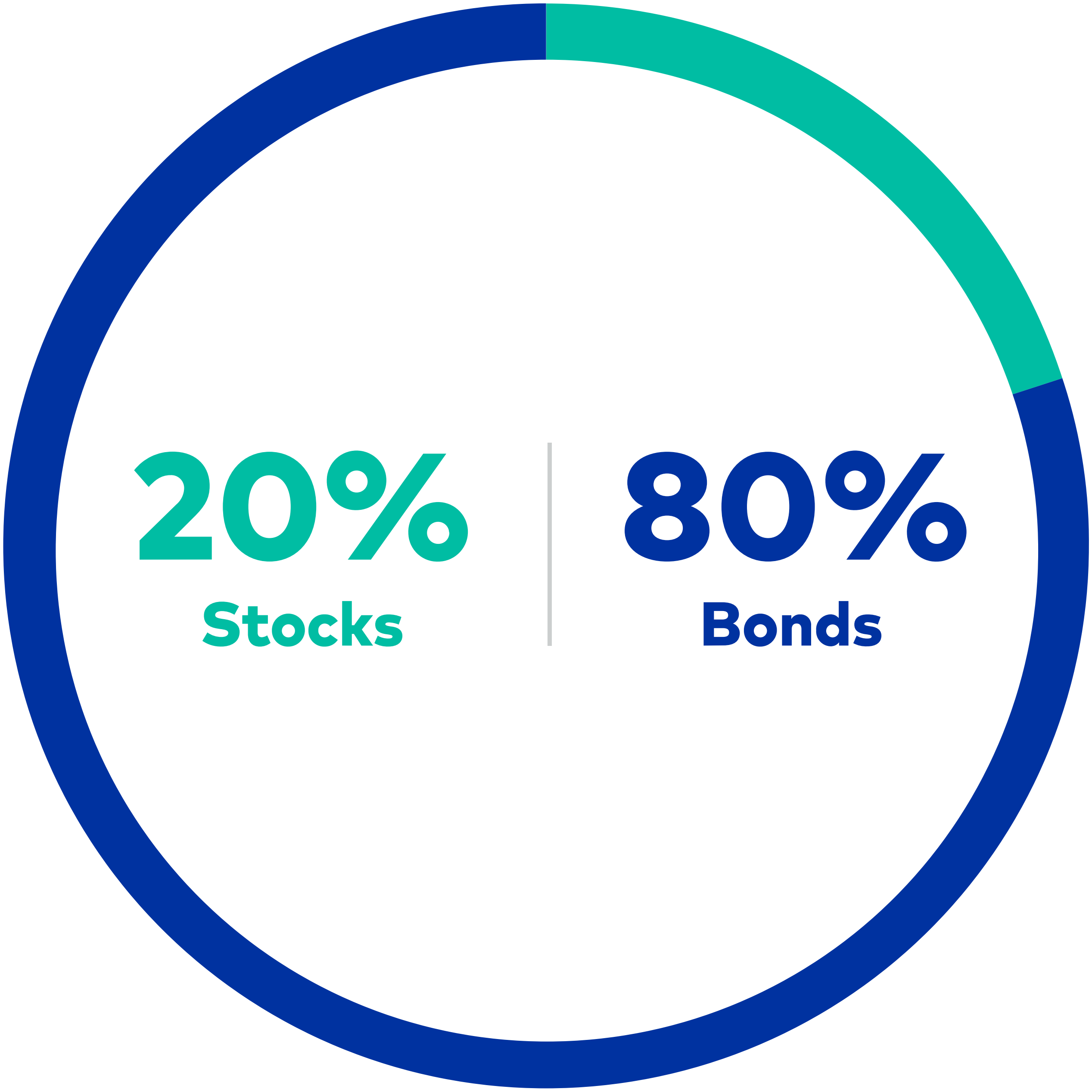
An income portfolio consists primarily of dividend-paying stocks and coupon-yielding bonds. If you're comfortable with minimal risk and have a short- to midrange investment time horizon, this approach may suit your needs. Keep in mind, depending on the account, dividends and returns can be taxable.

100% bonds

Historical Risk/Return (1926-2021)

Average annual return: **6.3%**
Best year (1982): **45.5%**
Worst year (1969): **-8.1%**
Years with a loss: **20 of 96**

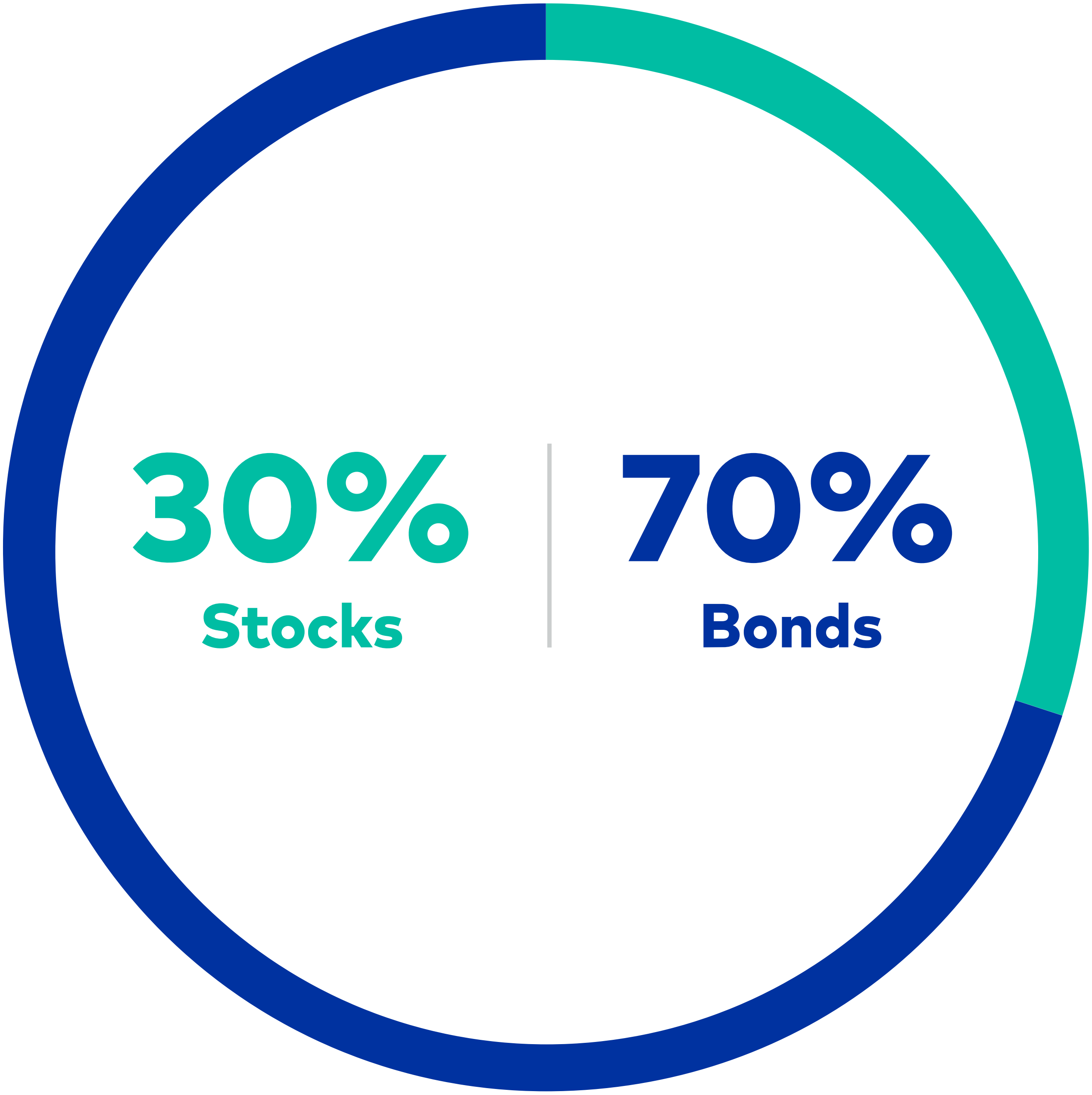
20% stocks / 80% bonds



Historical Risk/Return (1926-2021)

Average annual return: **7.5%**
Best year (1982): **40.7%**
Worst year (1931): **–10.1%**
Years with a loss: **16 of 96**

30% stocks / 70% bonds



Historical Risk/Return

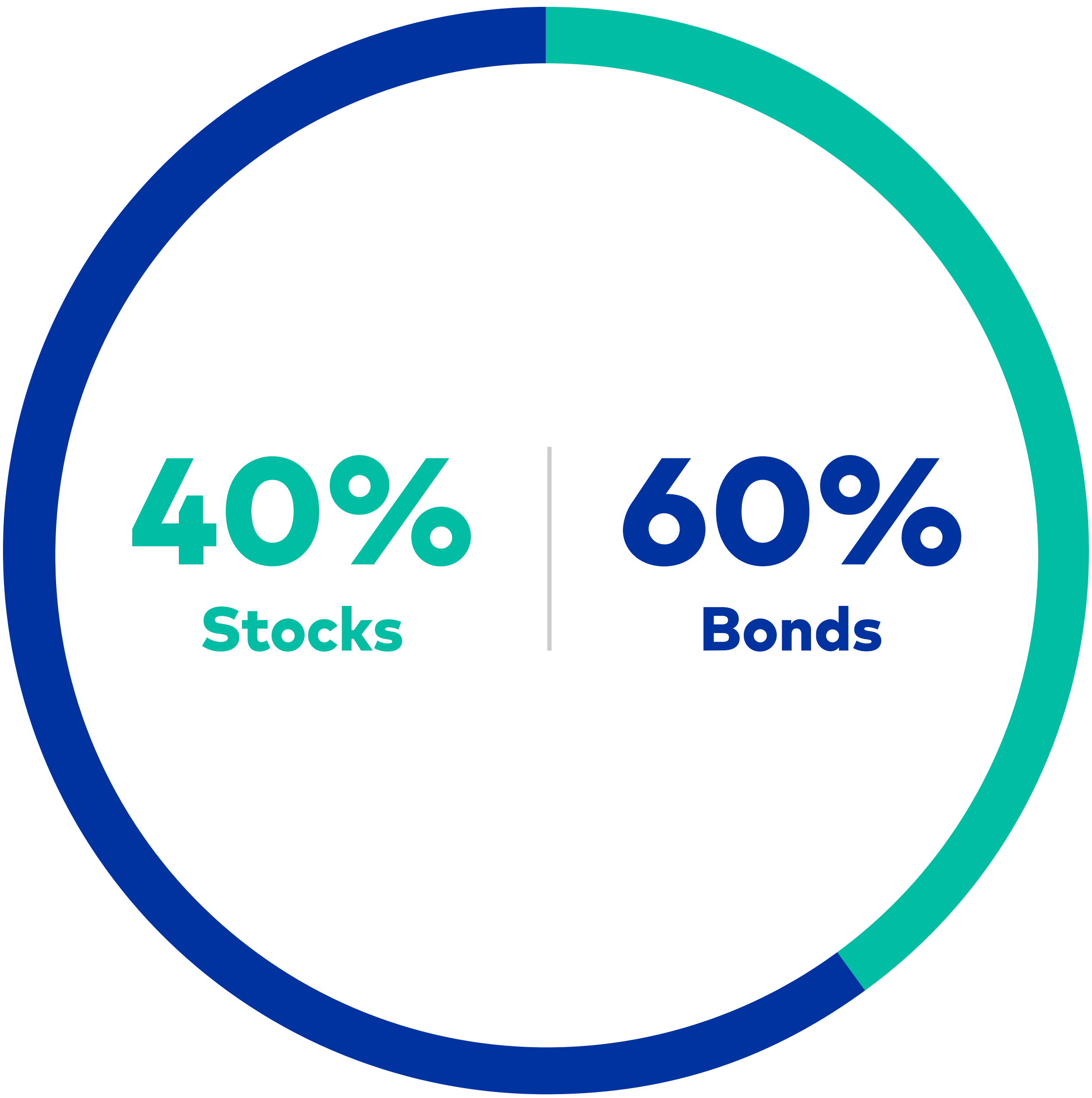
(1926-2021)

Average annual return: **8.1%**
Best year (1982): **38.3%**
Worst year (1931): **–14.2%**
Years with a loss: **18 of 96**

Balanced

A balanced portfolio invests in both stocks and bonds to reduce potential volatility. An investor seeking a balanced portfolio is comfortable tolerating short-term price fluctuations, is willing to tolerate moderate growth, and has a mid- to long-range investment time horizon.

40% stocks / 60% bonds



Historical Risk/Return (1926-2021)

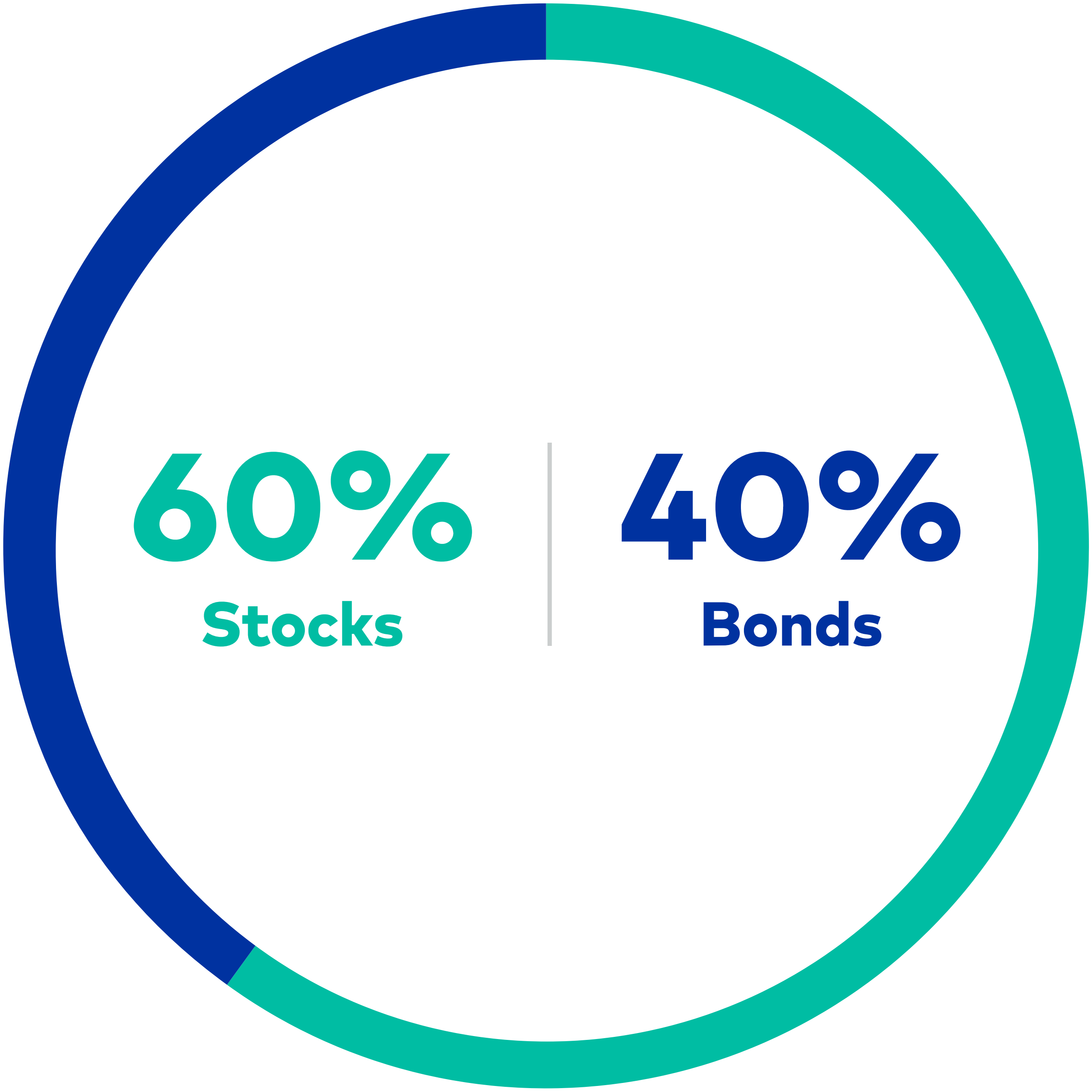
Average annual return: **8.7%**
Best year (1982): **35.9%**
Worst year (1931): **–18.4%**
Years with a loss: **19 of 96**

50% stocks / 50% bonds

Historical Risk/Return (1926-2021)

Average annual return: **9.3%**
Best year (1982): **33.5%**
Worst year (1931): **–22.5%**
Years with a loss: **20 of 96**

60% stocks / 40% bonds



Historical Risk/Return (1926-2021)

Average annual return: **9.9%**
Best year (1933): **36.7%**
Worst year (1931): **–26.6%**
Years with a loss: **22 of 96**

Growth

A growth portfolio consists of mostly stocks expected to appreciate, taking into account long-term potential and potentially large short-term price fluctuations. An investor seeking this portfolio has a high risk tolerance and a long-term investment time horizon. Generating current income isn't a primary goal.

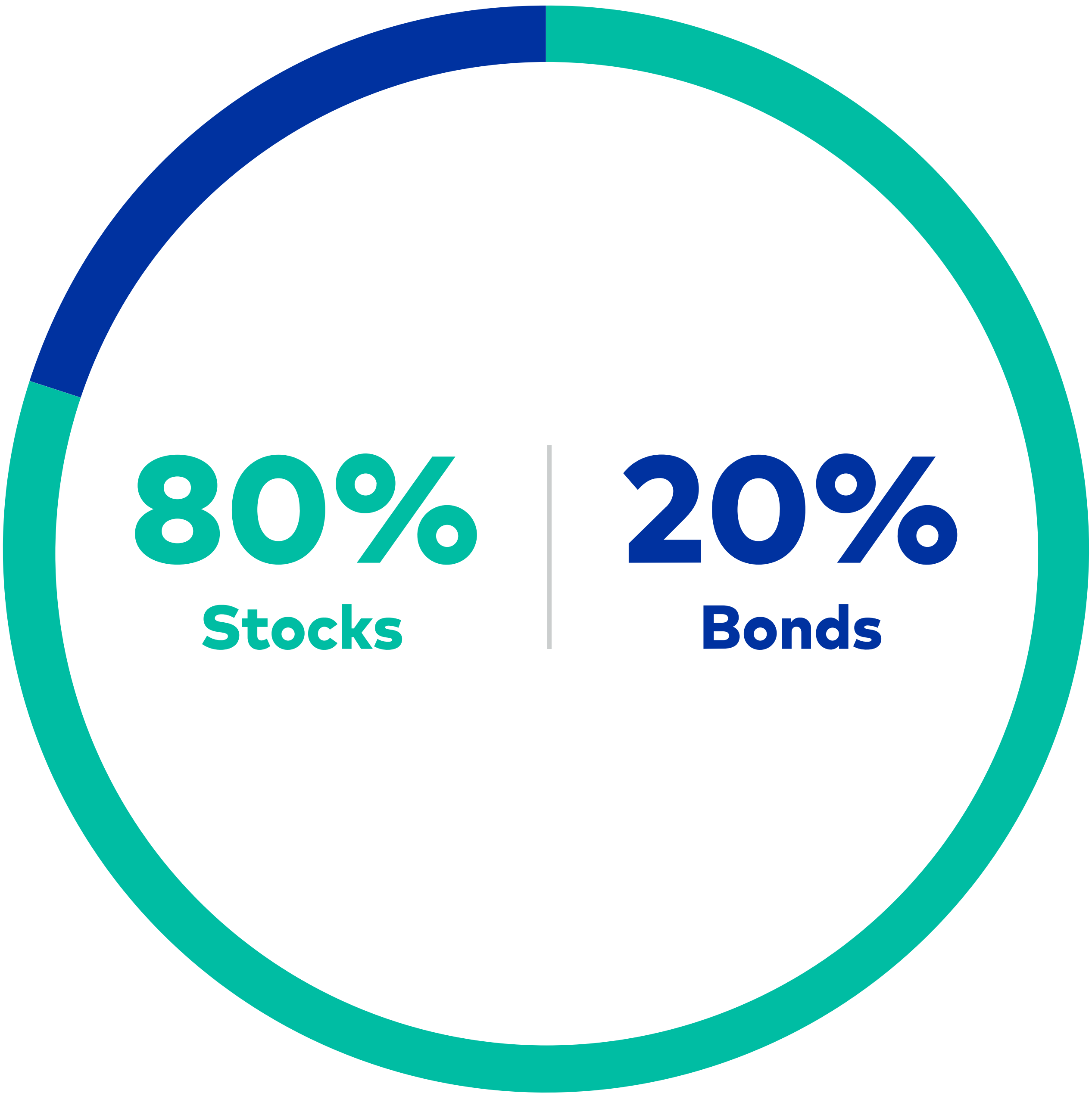
70% stocks / 30% bonds

Historical Risk/Return

(1926-2021)

Average annual return: **10.5%**
Best year (1933): **41.1%**
Worst year (1931): **–30.7%**
Years with a loss: **23 of 96**

80% stocks / 20% bonds



Historical Risk/Return
(1926-2021)

Average annual return: **11.1%**
Best year (1933): **45.4%**
Worst year (1931): **–34.9%**
Years with a loss: **24 of 96**

100% stocks

Historical Risk/Return (1926-2021)

Average annual return: **12.3%**
Best year (1933): **54.2%**
Worst year (1931): **–43.1%**
Years with a loss: **25 of 96**

When determining which index to use and for what period, we selected the index we deemed a fair representation of the characteristics of the referenced market, given the information currently available.

For U.S. stock market returns, we use the Standard & Poor's 90 Index from 1926 to March 3, 1957, and the Standard & Poor's 500 Index thereafter.

For U.S. bond market returns, we use the Standard & Poor's High Grade Corporate Index from 1926 to 1968, the Salomon High Grade Index from 1969 to 1972, and the Barclays U.S. Long Credit Aa Index thereafter.

For U.S. short-term reserves, we use the Ibbotson U.S. 30-Day Treasury Bill Index from 1926 to 1977 and the FTSE 3-Month U.S. Treasury Bill Index thereafter.

Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

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