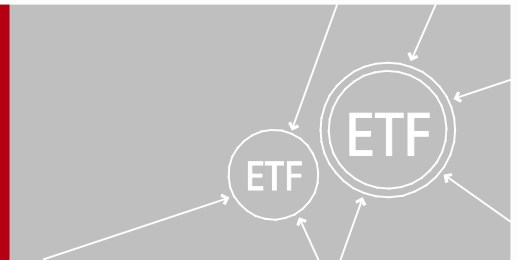


US SEC Filing Announcement for the Vanguard® Exchange Traded Funds

2 January 2018



Vanguard Investments Australia Ltd announces the following:

ETF	ASX CODE	ANNOUNCEMENT
Vanguard® All-World ex-US Shares Index ETF	VEU	US SEC Filing of Form N-CSR

The Vanguard Group, Inc. in the US has completed and filed Form N-CSR (certified annual shareholder report filed on Form N-CSR) for Registered Investment Companies with the Securities and Exchange Commission (SEC) in the US as part of the regulatory requirements of the SEC.

Further details of the SEC requirements for this filing are available at:

- www.sec.gov/about/forms/formn-csr.pdf

Further Information

If you have any queries on Vanguard ETFs, please visit vanguard.com.au/etf

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Vanguard Investments Australia Ltd, Level 34, Freshwater Place, 2 Southbank Boulevard, Southbank VIC 3006 vanguard.com.au 1300 655 888

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM N-CSR

**CERTIFIED SHAREHOLDER REPORT
OF
REGISTERED MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number: **811-05972**

Name of Registrant: **Vanguard International Equity Index Funds**

Address of Registrant: **P.O. Box 2600
Valley Forge, PA 19482**

Name and address of agent for service: **Anne E. Robinson, Esquire
P.O. Box 876
Valley Forge, PA 19482**

Registrant's telephone number, including area code: **(610) 669-1000**

Date of fiscal year end: **October 31**

Date of reporting period: **November 1, 2016 – October 31, 2017**

Item 1: Reports to Shareholders



Annual Report | October 31, 2017

Vanguard FTSE International Index Funds

Vanguard FTSE All-World ex-US Index Fund

Vanguard FTSE All-World ex-US Small-Cap Index Fund

Vanguard’s Principles for Investing Success

We want to give you the best chance of investment success. These principles, grounded in Vanguard’s research and experience, can put you on the right path.

Goals. Create clear, appropriate investment goals.

Balance. Develop a suitable asset allocation using broadly diversified funds.

Cost. Minimize cost.

Discipline. Maintain perspective and long-term discipline.

A single theme unites these principles: Focus on the things you can control. We believe there is no wiser course for any investor.

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Please note: The opinions expressed in this report are just that—informed opinions. They should not be considered promises or advice. Also, please keep in mind that the information and opinions cover the period through the date on the front of this report. Of course, the risks of investing in your fund are spelled out in the prospectus.

See the Glossary for definitions of investment terms used in this report.

About the cover: Nautical images have been part of Vanguard’s rich heritage since its start in 1975. For an incoming ship, a lighthouse offers a beacon and safe path to shore. You can similarly depend on Vanguard to put you first—and light the way—as you strive to meet your financial goals. Our client focus and low costs, stemming from our unique ownership structure, assure that your interests are paramount.

Your Fund’s Performance at a Glance

- Global stocks rallied during the 12 months ended October 31, 2017, amid a broad-based expansion featuring economic growth, supportive monetary policy, and benign inflation.
- For the fiscal year, Vanguard FTSE All-World ex-US Index Fund returned a little less than 24% and Vanguard FTSE All-World ex-US Small-Cap Index Fund returned about 24%.
- Both funds tracked their benchmark indexes. The FTSE All-World ex-US Index Fund’s results slightly exceeded the average return of peer funds, while the FTSE All-World ex-US Small-Cap Index Fund lagged its peers.
- Returns for European stocks, which represent a sizable portion of both funds’ assets, were especially robust. In general, the region’s economies continued to show strength in employment and industrial production.
- For both funds, strong returns from the financial and the industrial sectors helped power overall performance.

Total Returns: Fiscal Year Ended October 31, 2017

	Total Returns
Vanguard FTSE All-World ex-US Index Fund	
Investor Shares	23.62%
ETF Shares	
Market Price	23.77
Net Asset Value	23.73
Admiral™ Shares	23.75
Institutional Shares	23.74
Institutional Plus Shares	23.79
FTSE All-World ex US Index	23.48
International Funds Average	23.19

International Funds Average: Derived from data provided by Lipper, a Thomson Reuters Company.

	Total Returns
Vanguard FTSE All-World ex-US Small-Cap Index Fund	
Investor Shares	24.02%
ETF Shares	
Market Price	24.15
Net Asset Value	24.16
Institutional Shares	24.18
FTSE Global Small Cap ex US Index	23.82
International Small-Cap Funds Average	26.72

International Small-Cap Funds Average: Derived from data provided by Lipper, a Thomson Reuters Company.

Admiral Shares carry lower expenses and are available to investors who meet certain account-balance requirements. Institutional Shares and Institutional Plus Shares are available to certain institutional investors who meet specific administrative, service, and account-size criteria. The Vanguard ETF® Shares shown are traded on the NYSE Arca exchange and are available only through brokers. The table provides ETF returns based on both the NYSE Arca market price and the net asset value for a share. U.S. Pat. Nos. 6,879,964; 7,337,138; 7,720,749; 7,925,573; 8,090,646; and 8,417,623.

For the ETF Shares, the market price is determined by the midpoint of the bid-offer spread as of the closing time of the New York Stock Exchange (generally 4 p.m., Eastern time). The net asset value is also determined as of the NYSE closing time. For more information about how the ETF Shares' market prices have compared with their net asset value, visit vanguard.com, select your ETF, and then select the Price and Performance tab. The ETF premium/discount analysis there shows the percentages of days on which the ETF Shares' market price was above or below the NAV.

Total Returns: Ten Years Ended October 31, 2017

	Average Annual Return
FTSE All-World ex-US Index Fund Investor Shares	1.00%
FTSE All-World ex US Index	1.36
International Funds Average	0.84
International Funds Average: Derived from data provided by Lipper, a Thomson Reuters Company.	
FTSE All-World ex-US Small-Cap Index Fund Investor Shares (Returns since inception: 4/2/2009)	12.55%
FTSE Global Small Cap ex US Index	13.04
International Small-Cap Funds Average	14.67
International Small-Cap Funds Average: Derived from data provided by Lipper, a Thomson Reuters Company.	

The figures shown represent past performance, which is not a guarantee of future results. (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.) Note, too, that both investment returns and principal value can fluctuate widely, so an investor's shares, when sold, could be worth more or less than their original cost.

Expense Ratios

Your Fund Compared With Its Peer Group

	Investor Shares	ETF Shares	Admiral Shares	Institutional Shares	Institutional Plus Shares	Peer Group Average
FTSE All-World ex-US Index Fund	0.23%	0.11%	0.11%	0.10%	0.07%	1.34%
FTSE All-World ex-US Small-Cap Index Fund	0.27	0.13	—	0.12	—	1.56

The fund expense ratios shown are from the prospectus dated February 24, 2017, and represent estimated costs for the current fiscal year. For the fiscal year ended October 31, 2017, the funds' expense ratios were: for the FTSE All-World ex-US Index Fund, 0.23% for Investor Shares, 0.11% for ETF Shares, 0.11% for Admiral Shares, 0.10% for Institutional Shares, and 0.07% for Institutional Plus Shares; and for the FTSE All-World ex-US Small-Cap Index Fund, 0.25% for Investor Shares, 0.13% for ETF Shares, and 0.12% for Institutional Shares. The peer-group expense ratios are derived from data provided by Lipper, a Thomson Reuters Company, and capture information through year-end 2016.

Peer groups: For the FTSE All-World ex-US Index Fund, International Funds; and for the FTSE All-World ex-US Small-Cap Index Fund, International Small-Cap Funds.

Chairman's Perspective



Bill McNabb

Chairman and Chief Executive Officer

Dear Shareholder,

When I find outstanding products or services, I'm likely to be loyal to them. And my loyalty usually gets rewarded as I experience consistently high quality—whether it's from a favorite restaurant or a favorite author. What's past, in most cases, is prologue.

As tempting as it is to apply this rationale to investing—for example, if technology stocks have done well this year, they're bound to do well the next—it's not all that helpful and can actually be counter-productive. You've heard it many times: Past performance cannot be used to predict future returns.

Taking a new approach

The caution about past performance is so familiar that investors are apt to treat it as mere background noise. That's why past-performance bias merited a fresh look from Vanguard's Investment Strategy Group, which tackled the issue last year in a research paper. (I encourage you to read the full paper, *Reframing Investor Choices: Right Mindset, Wrong Market*, at vanguard.com/research.)

Our strategists were hardly the first to delve into the topic, but they approached it in a new way. They started with the premise that it's perfectly understandable for investors to lean heavily on past performance, because that works well in many areas of life. After all, as the paper describes, in lots of other industries and realms, performance from one time period

to another is extremely consistent. The researchers looked at everything from cars to fine restaurants to heart surgeons, and in all these examples, past performance was a good predictor of later outcomes.

It’s different with investing

In a nutshell, our brains typically are rewarded and our satisfaction is boosted when we use past performance as a guide for navigating decisions, big and small. But when applied to investing, this method breaks down.

Why? Among other reasons, top-performing asset classes one year tend not to repeat as leaders the next. Strong past performance leads to higher

valuations, making an investment, all else being equal, less attractive in the future. The data are quite overwhelming in this regard.

By allowing past performance to inform their decisions, individual and institutional investors inadvertently end up as momentum investors, putting them on a treadmill of buying high and selling low.

A path to better decision-making

Of course, many investors are already aware of the pitfalls of projecting past performance into the future. The real question is, what can we all do about it? What does it take to go from having a general awareness to actually changing our behavior?

Market Barometer

	Average Annual Total Returns Periods Ended October 31, 2017		
	One Year	Three Years	Five Years
Stocks			
Russell 1000 Index (Large-caps)	23.67%	10.58%	15.18%
Russell 2000 Index (Small-caps)	27.85	10.12	14.49
Russell 3000 Index (Broad U.S. market)	23.98	10.53	15.12
FTSE All-World ex US Index (International)	23.48	6.12	7.67
Bonds			
Bloomberg Barclays U.S. Aggregate Bond Index (Broad taxable market)	0.90%	2.40%	2.04%
Bloomberg Barclays Municipal Bond Index (Broad tax-exempt market)	2.19	3.04	3.00
Citigroup Three-Month U.S. Treasury Bill Index	0.71	0.31	0.20
CPI			
Consumer Price Index	2.04%	1.28%	1.29%

Acknowledging that such change isn't easy, our strategists offered a few ideas for reframing how investors approach their decisions. These recommendations were targeted at advisors working with clients, but they apply equally to individuals and institutions:

- **Educate yourself.** The more investors understand why a method that works so well in other areas of life—relying on past performance to drive decisions—doesn't carry over to investing, the better off they'll be.
- **Be disciplined.** The bias toward past performance is ingrained in everybody, professionals included, and shifting away from it can be difficult. But the long-term benefits make the effort worthwhile.

- **Focus on what you can control.** It's always most constructive for investors to concentrate on what's actually within their control, such as setting goals, following long-term portfolio construction principles, selecting low-cost investments, and rebalancing periodically.

Here's to keeping the past in the rearview mirror. And, as always, thank you for investing with Vanguard.

Sincerely,

A handwritten signature in black ink that reads "F. William McNabb III". The signature is stylized, with a large, sweeping initial "F" and a cursive "William".

F. William McNabb III
Chairman and Chief Executive Officer
November 14, 2017

FTSE All-World ex-US Index Fund

Fund Profile

As of October 31, 2017

Share-Class Characteristics

	Investor Shares	ETF Shares	Admiral Shares	Institutional Shares	Institutional Plus Shares
Ticker Symbol	VFWIX	VEU	VFWAX	VFWSX	VFWPX
Expense Ratio ¹	0.23%	0.11%	0.11%	0.10%	0.07%

Portfolio Characteristics

	Fund	FTSE All-World ex US Index
Number of Stocks	2,669	2,539
Median Market Cap	\$33.3B	\$33.6B
Price/Earnings Ratio	16.1x	16.1x
Price/Book Ratio	1.7x	1.7x
Return on Equity	12.0%	12.0%
Earnings Growth Rate	6.6%	6.9%
Dividend Yield	2.7%	2.8%
Turnover Rate	4%	—
Short-Term Reserves	-0.4%	—

Sector Diversification (% of equity exposure)

	Fund	FTSE All-World ex US Index
Basic Materials	7.7%	7.7%
Consumer Goods	16.8	16.8
Consumer Services	7.7	7.7
Financials	26.2	26.2
Health Care	7.2	7.2
Industrials	14.2	14.2
Oil & Gas	6.5	6.5
Technology	6.3	6.3
Telecommunications	4.1	4.1
Utilities	3.3	3.3

Sector categories are based on the Industry Classification Benchmark ("ICB"), except for the "Other" category (if applicable), which includes securities that have not been provided an ICB classification as of the effective reporting period.

Volatility Measures

	FTSE All-World ex US Index
R-Squared	0.98
Beta	0.94

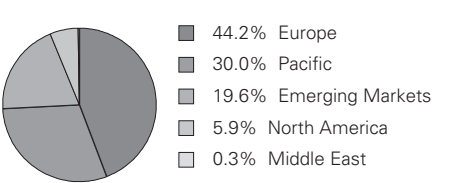
These measures show the degree and timing of the fund's fluctuations compared with the index over 36 months.

Ten Largest Holdings (% of total net assets)

Samsung Electronics Co. Ltd.	Consumer Electronics	1.2%
Royal Dutch Shell plc	Integrated Oil & Gas	1.2
Nestle SA	Food Products	1.2
Tencent Holdings Ltd.	Internet	1.1
Taiwan Semiconductor Manufacturing Co. Ltd.	Semiconductors	0.9
HSBC Holdings plc	Banks	0.9
Novartis AG	Pharmaceuticals	0.9
Roche Holding AG	Pharmaceuticals	0.8
Toyota Motor Corp.	Automobiles	0.7
Unilever	Personal Products	0.7
Top Ten		9.6%

The holdings listed exclude any temporary cash investments and equity index products.

Allocation by Region (% of equity exposure)



¹ The expense ratios shown are from the prospectus dated February 24, 2017, and represent estimated costs for the current fiscal year. For the fiscal year ended October 31, 2017, the expense ratios were 0.23% for Investor Shares, 0.11% for ETF Shares, 0.11% for Admiral Shares, 0.10% for Institutional Shares, and 0.07% for Institutional Plus Shares.

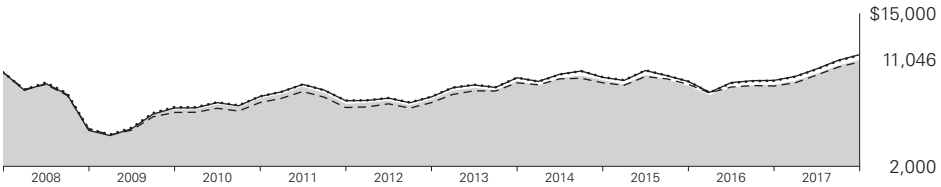
Market Diversification (% of equity exposure)

	Fund	FTSE All-World ex US Index
Europe		
United Kingdom	12.5%	12.5%
France	7.1	7.1
Germany	6.8	6.7
Switzerland	5.6	5.6
Netherlands	2.4	2.4
Spain	2.3	2.4
Sweden	2.0	2.0
Italy	1.8	1.8
Denmark	1.2	1.2
Other	2.5	2.6
Subtotal	44.2%	44.3%
Pacific		
Japan	17.7%	17.5%
Australia	4.9	4.9
South Korea	3.7	3.7
Hong Kong	2.6	2.6
Other	1.1	1.2
Subtotal	30.0%	29.9%
Emerging Markets		
China	5.8%	5.8%
Taiwan	2.8	2.8
India	2.5	2.4
Brazil	1.8	1.8
South Africa	1.6	1.6
Other	5.1	5.2
Subtotal	19.6%	19.6%
North America		
Canada	5.9%	5.9%
Middle East		
	0.3%	0.3%

Performance Summary

All of the returns in this report represent past performance, which is not a guarantee of future results that may be achieved by the fund. (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.) Note, too, that both investment returns and principal value can fluctuate widely, so an investor's shares, when sold, could be worth more or less than their original cost. The returns shown do not reflect taxes that a shareholder would pay on fund distributions or on the sale of fund shares.

Cumulative Performance: October 31, 2007, Through October 31, 2017
Initial Investment of \$10,000



	Average Annual Total Returns Periods Ended October 31, 2017			Final Value of a \$10,000 Investment
	One Year	Five Years	Ten Years	
FTSE All-World ex-US Index Fund Investor Shares	23.62%	7.49%	1.00%	\$11,046
FTSE All-World ex US Index	23.48	7.67	1.36	11,450
International Funds Average	23.19	7.97	0.84	10,870
FTSE Global All Cap ex US Index	23.52	7.79	1.40	11,490

International Funds Average: Derived from data provided by Lipper, a Thomson Reuters Company.

	One Year	Five Years	Ten Years	Final Value of a \$10,000 Investment
FTSE All-World ex-US Index Fund ETF Shares Net Asset Value	23.73%	7.64%	1.15%	\$11,207
FTSE All-World ex US Index	23.48	7.67	1.36	11,450
FTSE Global All Cap ex US Index	23.52	7.79	1.40	11,490

FTSE All-World ex-US Index Fund

	Average Annual Total Returns Periods Ended October 31, 2017			Final Value of a \$10,000 Investment
	One Year	Five Years	Since Inception (9/27/2011)	
FTSE All-World ex-US Index Fund Admiral Shares	23.75%	7.64%	8.43%	\$16,372
FTSE All-World ex US Index	23.48	7.67	8.39	16,339
FTSE Global All Cap ex US Index	23.52	7.79	8.48	16,423

"Since Inception" performance is calculated from the Admiral Shares' inception date for both the fund and its comparative standards.

	One Year	Five Years	Ten Years	Final Value of a \$5,000,000 Investment
FTSE All-World ex-US Index Fund Institutional Shares	23.74%	7.65%	1.19%	\$5,626,187
FTSE All-World ex US Index	23.48	7.67	1.36	5,725,221
FTSE Global All Cap ex US Index	23.52	7.79	1.40	5,744,800

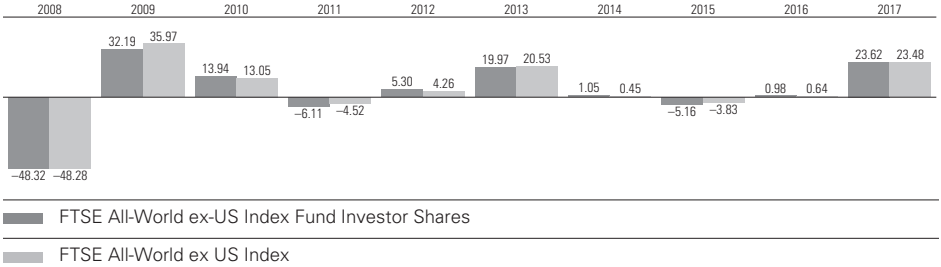
	One Year	Five Years	Since Inception (12/16/2010)	Final Value of a \$100,000,000 Investment
FTSE All-World ex-US Index Fund Institutional Plus Shares	23.79%	7.68%	5.19%	\$141,552,050
FTSE All-World ex US Index	23.48	7.67	5.25	142,194,690
FTSE Global All Cap ex US Index	23.52	7.79	5.30	142,651,256

"Since Inception" performance is calculated from the Institutional Plus Shares' inception date for both the fund and its comparative standards.

Cumulative Returns of ETF Shares: October 31, 2007, Through October 31, 2017

	One Year	Five Years	Ten Years
FTSE All-World ex-US Index Fund ETF Shares Market Price	23.77%	44.42%	11.88%
FTSE All-World ex-US Index Fund ETF Shares Net Asset Value	23.73	44.50	12.07
FTSE All-World ex US Index	23.48	44.68	14.50

Fiscal-Year Total Returns (%): October 31, 2007, Through October 31, 2017



Index returns are adjusted for withholding taxes applicable to U.S.-based mutual funds organized as Delaware statutory trusts.

Average Annual Total Returns: Periods Ended September 30, 2017

This table presents returns through the latest calendar quarter—rather than through the end of the fiscal period. Securities and Exchange Commission rules require that we provide this information.

	Inception Date	One Year	Five Years	Ten Years
Investor Shares	3/8/2007	19.26%	7.21%	1.43%
ETF Shares	3/2/2007			
Market Price		19.34	7.38	1.56
Net Asset Value		19.40	7.37	1.58
Admiral Shares	9/27/2011	19.39	7.37	8.20 ¹
Institutional Shares	4/30/2007	19.40	7.38	1.62
Institutional Plus Shares	12/16/2010	19.44	7.41	4.95 ¹

¹ Return since inception.

Financial Statements

Statement of Net Assets—Investments Summary

As of October 31, 2017

This Statement summarizes the fund's holdings by asset type. Details are reported for each of the fund's 50 largest individual holdings and for investments that, in total for any issuer, represent more than 1% of the fund's net assets. The total value of smaller holdings is reported as a single amount within each category.

The fund reports a complete list of its holdings in regulatory filings four times in each fiscal year, at the quarter-ends. For the second and fourth fiscal quarters, the complete listing of the fund's holdings is available electronically on vanguard.com and on the Securities and Exchange Commission's website (sec.gov), or you can have it mailed to you without charge by calling 800-662-7447. For the first and third fiscal quarters, the fund files the lists with the SEC on Form N-Q. Shareholders can look up the fund's Forms N-Q on the SEC's website. Forms N-Q may also be reviewed and copied at the SEC's Public Reference Room (see the back cover of this report for further information).

	Shares	Market Value* (\$000)	Percentage of Net Assets
Common Stocks			
Australia			
Commonwealth Bank of Australia	2,834,768	168,627	0.5%
Westpac Banking Corp.	5,558,914	140,804	0.4%
Australia & New Zealand Banking Group Ltd.	4,809,165	110,364	0.3%
National Australia Bank Ltd.	4,376,506	109,659	0.3%
BHP Billiton Ltd.	5,264,123	108,382	0.3%
Australia—Other †		1,080,434	3.0%
		1,718,270	4.8%
Austria †			
		62,137	0.2%
Belgium			
Anheuser-Busch InBev SA/NV	1,242,698	152,383	0.4%
Belgium—Other †		144,365	0.4%
		296,748	0.8%
Brazil			
CPFL Energia SA	661,392	5,560	0.0%
Brazil—Other †		620,223	1.7%
		625,783	1.7%
Canada			
Royal Bank of Canada	2,383,587	186,367	0.5%
Toronto-Dominion Bank	3,039,113	172,768	0.5%
Bank of Nova Scotia	1,974,245	127,444	0.4%
Enbridge Inc.	2,674,644	102,790	0.3%
Canadian National Railway Co.	1,228,269	98,835	0.3%
¹ Canada—Other †		1,414,392	3.9%
		2,102,596	5.9%

	Shares	Market Value* (\$000)	Percentage of Net Assets
Chile †		107,506	0.3%
China			
Tencent Holdings Ltd.	8,741,107	392,870	1.1%
China Construction Bank Corp.	146,462,544	130,896	0.4%
Industrial & Commercial Bank of China Ltd.	128,030,640	101,870	0.3%
China Mobile Ltd.	8,664,567	87,151	0.3%
Bank of China Ltd.	124,806,788	62,374	0.2%
China Life Insurance Co. Ltd.	12,214,341	40,494	0.1%
CNOOC Ltd.	26,187,400	35,756	0.1%
China Petroleum & Chemical Corp.	42,031,284	30,864	0.1%
PetroChina Co. Ltd.	34,147,234	22,322	0.1%
China Overseas Land & Investment Ltd.	6,347,820	20,611	0.1%
Agricultural Bank of China Ltd.	41,894,233	19,732	0.1%
PICC Property & Casualty Co. Ltd.	7,462,396	14,809	0.1%
China Shenhua Energy Co. Ltd.	5,596,388	13,388	0.1%
China Resources Land Ltd.	4,442,214	13,258	0.1%
* China Unicom Hong Kong Ltd.	8,958,713	12,711	0.1%
CITIC Ltd.	8,197,275	12,008	0.0%
China Telecom Corp. Ltd.	23,215,541	11,643	0.0%
China CITIC Bank Corp. Ltd.	13,800,362	8,892	0.0%
China Communications Construction Co. Ltd.	7,297,026	8,863	0.0%
China Taiping Insurance Holdings Co. Ltd.	2,433,564	8,025	0.0%
Sinopharm Group Co. Ltd.	1,752,503	7,847	0.0%
China Resources Beer Holdings Co. Ltd.	2,635,860	7,607	0.0%
¹ People's Insurance Co. Group of China Ltd.	14,501,161	6,902	0.0%
Dongfeng Motor Group Co. Ltd.	4,784,627	6,568	0.0%
CRRC Corp. Ltd.	6,499,053	6,413	0.0%
China Everbright International Ltd.	4,520,967	6,378	0.0%
China Merchants Port Holdings Co. Ltd.	2,020,031	6,319	0.0%
China Resources Power Holdings Co. Ltd.	3,230,409	6,212	0.0%
China Cinda Asset Management Co. Ltd.	15,862,693	6,164	0.0%
¹ Postal Savings Bank of China Co. Ltd.	9,481,000	5,726	0.0%
¹ CGN Power Co. Ltd.	19,354,267	5,686	0.0%
¹ China Galaxy Securities Co. Ltd.	6,147,777	5,364	0.0%
China Railway Group Ltd.	6,085,352	4,891	0.0%
* Zhuzhou CRRC Times Electric Co. Ltd.	818,209	4,789	0.0%
China State Construction International Holdings Ltd.	3,382,567	4,753	0.0%
China Resources Gas Group Ltd.	1,296,547	4,749	0.0%
¹ China Huarong Asset Management Co. Ltd.	9,509,874	4,473	0.0%
China Longyuan Power Group Corp. Ltd.	5,448,785	4,041	0.0%
Kunlun Energy Co. Ltd.	4,309,523	3,997	0.0%
Beijing Capital International Airport Co. Ltd.	2,400,557	3,942	0.0%
China Railway Construction Corp. Ltd.	3,060,245	3,843	0.0%
China Jinmao Holdings Group Ltd.	7,954,005	3,575	0.0%
Sinopec Shanghai Petrochemical Co. Ltd.	5,642,331	3,366	0.0%
Air China Ltd.	2,938,115	2,801	0.0%
Huaneng Renewables Corp. Ltd.	7,951,075	2,734	0.0%
China Oilfield Services Ltd.	2,946,300	2,616	0.0%
China Everbright Bank Co. Ltd.	4,932,872	2,329	0.0%
China Southern Airlines Co. Ltd.	3,075,017	2,273	0.0%
China Reinsurance Group Corp.	10,063,576	2,234	0.0%
AviChina Industry & Technology Co. Ltd.	3,816,954	2,217	0.0%
Chongqing Changan Automobile Co. Ltd. Class B	1,473,451	1,929	0.0%

FTSE All-World ex-US Index Fund

	Shares	Market Value* (\$000)	Percentage of Net Assets
¹ Sinopec Engineering Group Co. Ltd.	2,244,381	1,925	0.0%
China Resources Cement Holdings Ltd.	2,821,334	1,907	0.0%
¹ China Railway Signal & Communication Corp. Ltd.	2,399,068	1,889	0.0%
China Agri-Industries Holdings Ltd.	3,527,447	1,724	0.0%
[^] China Coal Energy Co. Ltd.	3,451,638	1,581	0.0%
China Power International Development Ltd.	4,905,787	1,560	0.0%
Angang Steel Co. Ltd.	1,769,537	1,551	0.0%
Metallurgical Corp. of China Ltd.	4,379,562	1,450	0.0%
China National Materials Co. Ltd.	1,960,369	1,356	0.0%
Sinotrans Ltd.	2,648,860	1,273	0.0%
China Eastern Airlines Corp. Ltd.	2,309,145	1,173	0.0%
Huadian Fuxin Energy Corp. Ltd.	4,004,005	1,043	0.0%
China BlueChemical Ltd.	3,067,895	917	0.0%
China Machinery Engineering Corp.	1,415,516	868	0.0%
China Foods Ltd.	1,206,843	763	0.0%
[^] CSSC Offshore and Marine Engineering Group Co. Ltd.	410,873	701	0.0%
Shanghai Baosight Software Co. Ltd. Class B	387,642	595	0.0%
^{*,^} Sinopec Oilfield Service Corp.	3,300,643	568	0.0%
[^] CITIC Resources Holdings Ltd.	4,332,222	473	0.0%
^{*,^} Sinofer Holdings Ltd.	2,319,208	411	0.0%
China National Accord Medicines Corp. Ltd. Class B	74,430	391	0.0%
^{1,2} China—Other †		843,016	2.4%
		2,058,410	5.7%
Colombia †		35,251	0.1%
¹Czech Republic †		14,960	0.0%
Denmark			
Novo Nordisk A/S Class B	2,881,455	143,464	0.4%
¹ Denmark—Other †		295,036	0.8%
		438,500	1.2%
Egypt †		12,254	0.0%
Finland †		248,970	0.7%
France			
TOTAL SA	3,612,883	201,378	0.6%
Sanofi	1,787,270	169,233	0.5%
BNP Paribas SA	1,768,879	138,062	0.4%
LVMH Moet Hennessy Louis Vuitton SE	407,293	121,482	0.3%
¹ France—Other †		1,874,405	5.2%
		2,504,560	7.0%
Germany			
Siemens AG	1,244,646	178,774	0.5%
Bayer AG	1,356,155	176,409	0.5%
Allianz SE	729,399	170,287	0.5%
SAP SE	1,483,441	169,504	0.5%
BASF SE	1,497,220	163,728	0.4%
Daimler AG	1,577,528	131,703	0.4%
¹ Germany—Other †		1,402,106	3.9%
		2,392,511	6.7%

FTSE All-World ex-US Index Fund

	Shares	Market Value* (\$000)	Percentage of Net Assets
Greece †		28,493	0.1%
Hong Kong			
Alia Group Ltd.	19,780,852	149,058	0.4%
BOC Hong Kong Holdings Ltd.	5,877,196	28,006	0.1%
*,1 China Resources Pharmaceutical Group Ltd.	2,579,000	3,142	0.0%
Nexteer Automotive Group Ltd.	1,317,000	2,579	0.0%
1 BOC Aviation Ltd.	304,000	1,635	0.0%
China Travel International Investment Hong Kong Ltd.	3,855,542	1,430	0.0%
1,2 Hong Kong—Other †		750,704	2.1%
		936,554	2.6%
Hungary †		31,741	0.1%
India			
Nestle India Ltd.	36,645	4,094	0.0%
1 India—Other †		860,125	2.4%
		864,219	2.4%
Indonesia †		171,825	0.5%
2Ireland †		62,227	0.2%
Israel †		109,652	0.3%
Italy			
*,1 Pirelli & C SPA	569,259	4,476	0.0%
1 Italy—Other †		641,547	1.8%
		646,023	1.8%
Japan			
Toyota Motor Corp.	4,280,991	265,533	0.7%
Mitsubishi UFJ Financial Group Inc.	21,051,359	142,794	0.4%
SoftBank Group Corp.	1,393,568	123,501	0.4%
Japan—Other †		5,734,556	16.0%
		6,266,384	17.5%
1,2Malaysia †		221,860	0.6%
2Malta †		—	0.0%
1Mexico †		278,242	0.8%
Netherlands			
^ Unilever NV	2,502,065	145,346	0.4%
ING Groep NV	6,362,970	117,586	0.4%
1 Netherlands—Other †		582,346	1.6%
		845,278	2.4%
New Zealand †		54,848	0.2%
Norway †		161,039	0.4%

FTSE All-World ex-US Index Fund

	Shares	Market Value* (\$000)	Percentage of Net Assets
Other³			
⁴ Vanguard FTSE Emerging Markets ETF	2,014,441	89,905	0.3%
Other—Other †		1,228	0.0%
		91,133	0.3%
Pakistan †		5,652	0.0%
Peru †		27,539	0.1%
Philippines †		113,349	0.3%
¹Poland †		118,330	0.3%
Portugal †		38,252	0.1%
Qatar †		47,608	0.1%
¹Russia †		296,326	0.8%
Singapore †		325,257	0.9%
South Africa			
Naspers Ltd.	697,355	169,898	0.5%
^{1,2} South Africa—Other †		391,932	1.1%
		561,830	1.6%
South Korea			
Samsung Electronics Co. Ltd. GDR	246,005	303,308	0.9%
Samsung Electronics Co. Ltd.	35,317	87,060	0.2%
Samsung Electronics Co. Ltd. Preference Shares	28,493	57,067	0.2%
^{1,2} South Korea—Other †		867,820	2.4%
		1,315,255	3.7%
Spain			
Banco Santander SA	25,861,481	175,325	0.5%
¹ Spain—Other †		653,712	1.8%
		829,037	2.3%
Sweden †		715,163	2.0%
Switzerland			
Nestle SA	5,078,398	427,289	1.2%
Novartis AG	3,851,057	317,632	0.9%
Roche Holding AG	1,142,253	264,010	0.7%
Switzerland—Other †		981,801	2.8%
		1,990,732	5.6%
Taiwan			
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	5,995,410	253,786	0.7%
Taiwan—Other †		748,954	2.1%
		1,002,740	2.8%
Thailand †		255,168	0.7%

FTSE All-World ex-US Index Fund

	Shares	Market Value* (\$000)	Percentage of Net Assets		
Turkey †		91,813	0.3%		
United Arab Emirates †		72,031	0.2%		
United Kingdom					
HSBC Holdings plc	32,873,861	321,020	0.9%		
British American Tobacco plc	3,625,841	234,267	0.7%		
Royal Dutch Shell plc Class A	7,406,705	233,164	0.6%		
BP plc	31,567,035	214,110	0.6%		
Royal Dutch Shell plc Class B	6,074,600	195,588	0.5%		
GlaxoSmithKline plc	7,914,985	142,054	0.4%		
AstraZeneca plc	2,075,465	140,429	0.4%		
Diageo plc	4,046,199	138,174	0.4%		
Vodafone Group plc	43,648,405	124,850	0.3%		
Unilever plc	1,926,761	109,198	0.3%		
Lloyds Banking Group plc	116,888,660	105,953	0.3%		
Prudential plc	4,233,063	103,903	0.3%		
¹ United Kingdom—Other †		2,364,560	6.6%		
		4,427,270	12.3%		
Total Common Stocks (Cost \$29,778,120)		35,621,326	99.4% ⁵		
Coupon					
Preferred Stocks (Cost \$ 415) †		428	0.0%		
Temporary Cash Investments					
^{6,7} Vanguard Market Liquidity Fund	1.246%	5,193,756	519,427	1.5%	
^{8,9} U.S. Government and Agency Obligations †				15,473	0.0%
Total Temporary Cash Investments (Cost \$534,893)				534,900	1.5% ⁵
Total Investments (Cost \$30,313,428)				36,156,654	100.9%

	Amount (\$000)	Percentage of Net Assets
Other Assets and Liabilities		
Other Assets		
Investment in Vanguard	2,124	
Receivables for Investment Securities Sold	167	
Receivables for Accrued Income	108,245	
Receivables for Capital Shares Issued	8,478	
Variation Margin Receivable—Futures Contracts	732	
Unrealized Appreciation—Forward Currency Contracts	1,033	
Other Assets ⁹	23,491	
Total Other Assets	144,270	0.4%
Liabilities		
Payables for Investment Securities Purchased	(1,130)	
Collateral for Securities on Loan	(431,519)	
Payables for Capital Shares Redeemed	(7,779)	
Payables to Vanguard	(13,188)	
Variation Margin Payable—Futures Contracts	(353)	
Unrealized Depreciation—Forward Currency Contracts	(6,028)	
Other Liabilities	(59)	
Total Liabilities	(460,056)	(1.3%)
Net Assets	35,840,868	100.0%

At October 31, 2017, net assets consisted of:

	Amount (\$000)
Paid-in Capital	31,266,442
Undistributed Net Investment Income	67,906
Accumulated Net Realized Losses	(1,340,472)
Unrealized Appreciation (Depreciation)	
Investment Securities	5,843,226
Futures Contracts	10,307
Forward Currency Contracts	(4,995)
Foreign Currencies	(1,546)
Net Assets	35,840,868

Investor Shares—Net Assets

Applicable to 29,963,651 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	634,277
Net Asset Value Per Share—Investor Shares	\$21.17

ETF Shares—Net Assets

Applicable to 403,331,765 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	21,639,662
Net Asset Value Per Share—ETF Shares	\$53.65

	Amount (\$000)
Admiral Shares—Net Assets	
Applicable to 159,028,494 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	5,303,545
Net Asset Value Per Share—Admiral Shares	\$33.35
Institutional Shares—Net Assets	
Applicable to 52,326,490 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	5,532,029
Net Asset Value Per Share—Institutional Shares	\$105.72
Institutional Plus Shares—Net Assets	
Applicable to 24,396,360 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	2,731,355
Net Asset Value Per Share—Institutional Plus Shares	\$111.96

• See Note A in Notes to Financial Statements.

* Non-income-producing security.

^ Includes partial security positions on loan to broker-dealers. The total value of securities on loan is \$336,037,000.

† Represents the aggregate value, by category, of securities that are not among the 50 largest holdings and, in total for any issuer, represent 1% or less of net assets.

1 Certain of the fund's securities are exempt from registration under Rule 144A of the Securities Act of 1933. Such securities may be sold in transactions exempt from registration, normally to qualified institutional buyers. At October 31, 2017, the aggregate value of these securities was \$340,183,000, representing 0.9% of net assets.

2 Certain of the fund's securities are valued using significant unobservable inputs.

3 "Other" represents securities that are not classified by the fund's benchmark index.

4 Considered an affiliated company of the fund as the issuer is another member of The Vanguard Group.

5 The fund invests a portion of its cash reserves in equity markets through the use of index futures contracts. After giving effect to futures investments, the fund's effective common stock and temporary cash investment positions represent 100.0% and 0.9%, respectively, of net assets.

6 Affiliated money market fund available only to Vanguard funds and certain trusts and accounts managed by Vanguard. Rate shown is the 7-day yield.

7 Includes \$431,519,000 of collateral received for securities on loan.

8 Securities with a value of \$11,600,000 have been segregated as initial margin for open futures contracts.

9 Securities with a value of \$500,000 and cash of \$4,900,000 have been segregated as collateral for open forward currency contracts.

ADR—American Depositary Receipt.

GDR—Global Depositary Receipt.

Derivative Financial Instruments Outstanding as of Period End

Futures Contracts

				(\$000)
	Expiration	Number of Long (Short) Contracts	Notional Amount	Value and Unrealized Appreciation (Depreciation)
Long Futures Contracts				
Dow Jones EURO STOXX 50	December 2017	2,132	91,350	3,752
Topix Index	December 2017	435	67,491	5,719
FTSE 100 Index	December 2017	519	51,466	280
S&P ASX 200 Index	December 2017	196	22,122	556
				10,307

Unrealized appreciation (depreciation) on open Dow Jones EURO STOXX 50 and FTSE 100 Index futures contracts is required to be treated as realized gain (loss) for tax purposes.

Forward Currency Contracts

Counterparty	Contract Settlement Date	Contract Amount (000)				Unrealized Appreciation (Depreciation) (\$000)
		Receive		Deliver		
Barclays Bank plc	12/20/17	EUR	60,200	USD	72,326	(1,993)
BNP Paribas	12/12/17	JPY	5,497,504	USD	50,946	(2,496)
Toronto-Dominion Bank	12/20/17	GBP	27,100	USD	36,083	(31)
Toronto-Dominion Bank	12/28/17	AUD	22,800	USD	18,235	(794)
BNP Paribas	12/20/17	EUR	13,626	USD	16,050	(130)
Toronto-Dominion Bank	12/20/17	EUR	10,764	USD	12,801	(225)
UBS AG	12/12/17	JPY	1,052,450	USD	9,406	(131)
Credit Suisse International	12/20/17	GBP	6,389	USD	8,370	129
Toronto-Dominion Bank	12/20/17	GBP	5,399	USD	7,141	40
JPMorgan Chase Bank, N.A.	12/12/17	JPY	772,860	USD	6,799	13
Citibank, N.A.	12/12/17	JPY	707,070	USD	6,286	(55)
JPMorgan Chase Bank, N.A.	12/20/17	GBP	4,497	USD	5,911	71
Barclays Bank plc	12/28/17	AUD	4,022	USD	3,128	(52)
Goldman Sachs International	12/28/17	AUD	3,236	USD	2,497	(22)
BNP Paribas	12/28/17	AUD	2,394	USD	1,862	(31)
Credit Suisse International	12/12/17	JPY	29,726	USD	275	(14)
BNP Paribas	12/12/17	USD	40,872	JPY	4,578,000	526
Toronto-Dominion Bank	12/20/17	USD	11,362	EUR	9,643	96
Toronto-Dominion Bank	12/12/17	USD	9,806	JPY	1,103,680	79

Forward Currency Contracts (continued)

Counterparty	Contract Settlement Date	Contract Amount (000)				Unrealized Appreciation (Depreciation) (\$000)
			Receive		Deliver	
Toronto-Dominion Bank	12/20/17	USD	6,633	GBP	5,027	(54)
Toronto-Dominion Bank	12/28/17	USD	2,620	AUD	3,350	58
UBS AG	12/28/17	USD	939	AUD	1,200	21
						(4,995)

AUD—Australian dollar.

EUR—Euro.

GBP—British Pound.

JPY—Japanese yen.

USD—U.S. dollar.

Unrealized appreciation (depreciation) on open forward currency contracts is treated as realized gain (loss) for tax purposes.

Statement of Operations

Year Ended
October 31 2017
(\$000)

Investment Income	
Income	
Dividends ^{1,2}	858,205
Interest ²	896
Securities Lending—Net	15,140
Total Income	874,241
Expenses	
The Vanguard Group—Note B	
Investment Advisory Services	3,122
Management and Administrative—Investor Shares	993
Management and Administrative—ETF Shares	12,595
Management and Administrative—Admiral Shares	3,060
Management and Administrative—Institutional Shares	3,365
Management and Administrative—Institutional Plus Shares	913
Marketing and Distribution—Investor Shares	116
Marketing and Distribution—ETF Shares	815
Marketing and Distribution—Admiral Shares	392
Marketing and Distribution—Institutional Shares	103
Marketing and Distribution—Institutional Plus Shares	29
Custodian Fees	5,421
Auditing Fees	42
Shareholders' Reports and Proxy—Investor Shares	55
Shareholders' Reports and Proxy—ETF Shares	930
Shareholders' Reports and Proxy—Admiral Shares	120
Shareholders' Reports and Proxy—Institutional Shares	42
Shareholders' Reports and Proxy—Institutional Plus Shares	22
Trustees' Fees and Expenses	21
Total Expenses	32,156
Net Investment Income	842,085
Realized Net Gain (Loss)	
Investment Securities Sold ²	(227,585)
Futures Contracts	30,608
Foreign Currencies and Forward Currency Contracts	(3,401)
Realized Net Gain (Loss)	(200,378)
Change in Unrealized Appreciation (Depreciation)	
Investment Securities ²	5,767,921
Futures Contracts	4,155
Foreign Currencies and Forward Currency Contracts	4,174
Change in Unrealized Appreciation (Depreciation)	5,776,250
Net Increase (Decrease) in Net Assets Resulting from Operations	6,417,957

1 Dividends are net of foreign withholding taxes of \$67,168,000.

2 Dividend income, interest income, realized net gain (loss), and change in unrealized appreciation (depreciation) from affiliated companies of the fund were \$1,455,000, \$746,000, \$721,000, and \$6,786,000, respectively.

See accompanying Notes, which are an integral part of the Financial Statements.

Statement of Changes in Net Assets

	Year Ended October 31,	
	2017 (\$000)	2016 (\$000)
Increase (Decrease) in Net Assets		
Operations		
Net Investment Income	842,085	714,705
Realized Net Gain (Loss)	(200,378)	37,290
Change in Unrealized Appreciation (Depreciation)	5,776,250	(527,012)
Net Increase (Decrease) in Net Assets Resulting from Operations	6,417,957	224,983
Distributions		
Net Investment Income		
Investor Shares	(15,595)	(15,116)
ETF Shares	(498,013)	(386,248)
Admiral Shares	(122,709)	(95,215)
Institutional Shares	(139,459)	(126,359)
Institutional Plus Shares	(67,584)	(70,228)
Realized Capital Gain		
Investor Shares	—	—
ETF Shares	—	—
Admiral Shares	—	—
Institutional Shares	—	—
Institutional Plus Shares	—	—
Total Distributions	(843,360)	(693,166)
Capital Share Transactions		
Investor Shares	(3,346)	(24,599)
ETF Shares	4,378,081	768,493
Admiral Shares	846,320	512,292
Institutional Shares	182,946	7,308
Institutional Plus Shares	67,822	(383,469)
Net Increase (Decrease) from Capital Share Transactions	5,471,823	880,025
Total Increase (Decrease)	11,046,420	411,842
Net Assets		
Beginning of Period	24,794,448	24,382,606
End of Period¹	35,840,868	24,794,448

1 Net Assets—End of Period includes undistributed (overdistributed) net investment income of \$67,906,000 and \$71,432,000.

Financial Highlights

Investor Shares

For a Share Outstanding Throughout Each Period	Year Ended October 31,				
	2017	2016	2015	2014	2013
Net Asset Value, Beginning of Period	\$17.59	\$17.92	\$19.40	\$19.81	\$17.03
Investment Operations					
Net Investment Income	.520 ¹	.494	.502	.627 ²	.482
Net Realized and Unrealized Gain (Loss) on Investments	3.573	(.341)	(1.484)	(.413)	2.850
Total from Investment Operations	4.093	.153	(.982)	.214	3.332
Distributions					
Dividends from Net Investment Income	(.513)	(.483)	(.498)	(.624)	(.552)
Distributions from Realized Capital Gains	—	—	—	—	—
Total Distributions	(.513)	(.483)	(.498)	(.624)	(.552)
Net Asset Value, End of Period	\$21.17	\$17.59	\$17.92	\$19.40	\$19.81
Total Return³	23.62%	0.98%	-5.16%	1.05%	19.97%

Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$634	\$530	\$565	\$552	\$637
Ratio of Total Expenses to Average Net Assets	0.23%	0.23%	0.26%	0.29%	0.30%
Ratio of Net Investment Income to Average Net Assets	2.70%	2.89%	2.70%	3.18% ²	2.69%
Portfolio Turnover Rate ⁴	4%	5%	3%	4%	8%

1 Calculated based on average shares outstanding.

2 Net investment income per share and the ratio of net investment income to average net assets include \$.088 and 0.44%, respectively, resulting from income received from Vodafone Group plc in the form of cash and shares in Verizon Communications Inc. in February 2014.

3 Total returns do not include account service fees that may have applied in the periods shown. Fund prospectuses provide information about any applicable account service fees.

4 Excludes the value of portfolio securities received or delivered as a result of in-kind purchases or redemptions of the fund's capital shares, including ETF Creation Units.

Financial Highlights

ETF Shares

For a Share Outstanding Throughout Each Period	Year Ended October 31,				
	2017	2016	2015	2014	2013
Net Asset Value, Beginning of Period	\$44.60	\$45.41	\$49.17	\$50.20	\$43.21
Investment Operations					
Net Investment Income	1.379 ¹	1.304	1.335	1.665 ²	1.295
Net Realized and Unrealized Gain (Loss) on Investments	9.038	(.846)	(3.769)	(1.036)	7.204
Total from Investment Operations	10.417	.458	(2.434)	.629	8.499
Distributions					
Dividends from Net Investment Income	(1.367)	(1.268)	(1.326)	(1.659)	(1.509)
Distributions from Realized Capital Gains	—	—	—	—	—
Total Distributions	(1.367)	(1.268)	(1.326)	(1.659)	(1.509)
Net Asset Value, End of Period	\$53.65	\$44.60	\$45.41	\$49.17	\$50.20
Total Return	23.73%	1.17%	-5.05%	1.21%	20.12%

Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$21,640	\$13,983	\$13,525	\$12,453	\$11,102
Ratio of Total Expenses to Average Net Assets	0.11%	0.11%	0.13%	0.14%	0.15%
Ratio of Net Investment Income to Average Net Assets	2.82%	3.01%	2.83%	3.33% ²	2.84%
Portfolio Turnover Rate ³	4%	5%	3%	4%	8%

1 Calculated based on average shares outstanding.

2 Net investment income per share and the ratio of net investment income to average net assets include \$.224 and 0.44%, respectively, resulting from income received from Vodafone Group plc in the form of cash and shares in Verizon Communications Inc. in February 2014.

3 Excludes the value of portfolio securities received or delivered as a result of in-kind purchases or redemptions of the fund's capital shares, including ETF Creation Units.

Financial Highlights

Admiral Shares

For a Share Outstanding Throughout Each Period	Year Ended October 31,				
	2017	2016	2015	2014	2013
Net Asset Value, Beginning of Period	\$27.72	\$28.23	\$30.57	\$31.21	\$26.86
Investment Operations					
Net Investment Income	.855 ¹	.811	.832	1.037 ²	.805
Net Realized and Unrealized Gain (Loss) on Investments	5.625	(.532)	(2.346)	(.644)	4.487
Total from Investment Operations	6.480	.279	(1.514)	.393	5.292
Distributions					
Dividends from Net Investment Income	(.850)	(.789)	(.826)	(1.033)	(.942)
Distributions from Realized Capital Gains	—	—	—	—	—
Total Distributions	(.850)	(.789)	(.826)	(1.033)	(.942)
Net Asset Value, End of Period	\$33.35	\$27.72	\$28.23	\$30.57	\$31.21
Total Return³	23.75%	1.13%	-5.05%	1.23%	20.14%

Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$5,304	\$3,635	\$3,163	\$2,551	\$1,909
Ratio of Total Expenses to Average Net Assets	0.11%	0.11%	0.13%	0.14%	0.15%
Ratio of Net Investment Income to Average Net Assets	2.82%	3.01%	2.83%	3.33% ²	2.84%
Portfolio Turnover Rate ⁴	4%	5%	3%	4%	8%

1 Calculated based on average shares outstanding.

2 Net investment income per share and the ratio of net investment income to average net assets include \$.139 and 0.44%, respectively, resulting from income received from Vodafone Group plc in the form of cash and shares in Verizon Communications Inc. in February 2014.

3 Total returns do not include account service fees that may have applied in the periods shown. Fund prospectuses provide information about any applicable account service fees.

4 Excludes the value of portfolio securities received or delivered as a result of in-kind purchases or redemptions of the fund's capital shares, including ETF Creation Units.

Financial Highlights

Institutional Shares

For a Share Outstanding Throughout Each Period	Year Ended October 31,				
	2017	2016	2015	2014	2013
Net Asset Value, Beginning of Period	\$87.88	\$89.48	\$96.89	\$98.93	\$85.14
Investment Operations					
Net Investment Income	2.703 ¹	2.577	2.651	3.299 ²	2.577
Net Realized and Unrealized Gain (Loss) on Investments	17.838	(1.669)	(7.429)	(2.049)	14.215
Total from Investment Operations	20.541	.908	(4.778)	1.250	16.792
Distributions					
Dividends from Net Investment Income	(2.701)	(2.508)	(2.632)	(3.290)	(3.002)
Distributions from Realized Capital Gains	—	—	—	—	—
Total Distributions	(2.701)	(2.508)	(2.632)	(3.290)	(3.002)
Net Asset Value, End of Period	\$105.72	\$87.88	\$89.48	\$96.89	\$98.93
Total Return³	23.74%	1.15%	-5.03%	1.23%	20.16%

Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$5,532	\$4,424	\$4,501	\$4,713	\$4,687
Ratio of Total Expenses to Average Net Assets	0.10%	0.10%	0.11%	0.12%	0.12%
Ratio of Net Investment Income to Average Net Assets	2.83%	3.02%	2.85%	3.35% ²	2.87%
Portfolio Turnover Rate ⁴	4%	5%	3%	4%	8%

1 Calculated based on average shares outstanding.

2 Net investment income per share and the ratio of net investment income to average net assets include \$.441 and 0.44%, respectively, resulting from income received from Vodafone Group plc in the form of cash and shares in Verizon Communications Inc. in February 2014.

3 Total returns do not include transaction fees that may have applied in the periods shown. Fund prospectuses provide information about any applicable transaction fees.

4 Excludes the value of portfolio securities received or delivered as a result of in-kind purchases or redemptions of the fund's capital shares, including ETF Creation Units.

Financial Highlights

Institutional Plus Shares

For a Share Outstanding Throughout Each Period	Year Ended October 31,				
	2017	2016	2015	2014	2013
Net Asset Value, Beginning of Period	\$93.06	\$94.75	\$102.60	\$104.76	\$90.17
Investment Operations					
Net Investment Income	2.863 ¹	2.754	2.829	3.517 ²	2.749
Net Realized and Unrealized Gain (Loss) on Investments	18.928	(1.767)	(7.869)	(2.169)	15.050
Total from Investment Operations	21.791	.987	(5.040)	1.348	17.799
Distributions					
Dividends from Net Investment Income	(2.891)	(2.677)	(2.810)	(3.508)	(3.209)
Distributions from Realized Capital Gains	—	—	—	—	—
Total Distributions	(2.891)	(2.677)	(2.810)	(3.508)	(3.209)
Net Asset Value, End of Period	\$111.96	\$93.06	\$94.75	\$102.60	\$104.76
Total Return³	23.79%	1.18%	-5.01%	1.25%	20.18%
Ratios/Supplemental Data					
Net Assets, End of Period (Millions)	\$2,731	\$2,222	\$2,628	\$2,122	\$1,671
Ratio of Total Expenses to Average Net Assets	0.07%	0.07%	0.09%	0.10%	0.10%
Ratio of Net Investment Income to Average Net Assets	2.86%	3.05%	2.87%	3.37% ²	2.89%
Portfolio Turnover Rate ⁴	4%	5%	3%	4%	8%

1 Calculated based on average shares outstanding.

2 Net investment income per share and the ratio of net investment income to average net assets include \$.467 and 0.44%, respectively, resulting from income received from Vodafone Group plc in the form of cash and shares in Verizon Communications Inc. in February 2014.

3 Total returns do not include transaction fees that may have applied in the periods shown. Fund prospectuses provide information about any applicable transaction fees.

4 Excludes the value of portfolio securities received or delivered as a result of in-kind purchases or redemptions of the fund's capital shares, including ETF Creation Units.

Notes to Financial Statements

Vanguard FTSE All-World ex-US Index Fund is registered under the Investment Company Act of 1940 as an open-end investment company, or mutual fund. The fund invests in securities of foreign issuers, which may subject it to investment risks not normally associated with investing in securities of U.S. corporations. The fund offers five classes of shares: Investor Shares, ETF Shares, Admiral Shares, Institutional Shares, and Institutional Plus Shares. Investor Shares are available to any investor who meets the fund's minimum purchase requirements. ETF Shares are listed for trading on NYSE Arca; they can be purchased and sold through a broker. Admiral Shares, Institutional Shares, and Institutional Plus Shares are designed for investors who meet certain administrative, service, and account-size criteria.

A. The following significant accounting policies conform to generally accepted accounting principles for U.S. investment companies. The fund consistently follows such policies in preparing its financial statements.

1. **Security Valuation:** Securities are valued as of the close of trading on the New York Stock Exchange (generally 4 p.m., Eastern time) on the valuation date. Equity securities are valued at the latest quoted sales prices or official closing prices taken from the primary market in which each security trades; such securities not traded on the valuation date are valued at the mean of the latest quoted bid and asked prices. Securities for which market quotations are not readily available, or whose values have been materially affected by events occurring before the fund's pricing time but after the close of the securities' primary markets, are valued by methods deemed by the board of trustees to represent fair value. These procedures include obtaining quotations from an independent pricing service, monitoring news to identify significant market- or security-specific events, and evaluating changes in the values of foreign market proxies (for example, ADRs, futures contracts, or exchange-traded funds), between the time the foreign markets close and the fund's pricing time. When fair-value pricing is employed, the prices of securities used by a fund to calculate its net asset value may differ from quoted or published prices for the same securities. Investments in Vanguard Market Liquidity Fund are valued at that fund's net asset value. Temporary cash investments are valued using the latest bid prices or using valuations based on a matrix system (which considers such factors as security prices, yields, maturities, and ratings), both as furnished by independent pricing services.

2. **Foreign Currency:** Securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars using exchange rates obtained from an independent third party as of the fund's pricing time on the valuation date. Realized gains (losses) and unrealized appreciation (depreciation) on investment securities include the effects of changes in exchange rates since the securities were purchased, combined with the effects of changes in security prices. Fluctuations in the value of other assets and liabilities resulting from changes in exchange rates are recorded as unrealized foreign currency gains (losses) until the assets or liabilities are settled in cash, at which time they are recorded as realized foreign currency gains (losses).

3. **Futures and Forward Currency Contracts:** The fund uses index futures contracts to a limited extent, with the objectives of maintaining full exposure to the stock market, enhancing returns, maintaining liquidity, and minimizing transaction costs. The fund may purchase futures contracts to immediately invest incoming cash in the market, or sell futures in response to cash outflows, thereby simulating a fully invested position in the underlying index while maintaining a cash balance for liquidity. The fund may seek to enhance returns by using futures contracts instead of the

underlying securities when futures are believed to be priced more attractively than the underlying securities. The primary risks associated with the use of futures contracts are imperfect correlation between changes in market values of stocks held by the fund and the prices of futures contracts, and the possibility of an illiquid market. Counterparty risk involving futures is mitigated because a regulated clearinghouse is the counterparty instead of the clearing broker. To further mitigate counterparty risk, the fund trades futures contracts on an exchange, monitors the financial strength of its clearing brokers and clearinghouse, and has entered into clearing agreements with its clearing brokers. The clearinghouse imposes initial margin requirements to secure the fund's performance and requires daily settlement of variation margin representing changes in the market value of each contract.

The fund also enters into forward currency contracts to provide the appropriate currency exposure related to any open futures contracts. The fund's risks in using these contracts include movement in the values of the foreign currencies relative to the U.S. dollar and the ability of the counterparties to fulfill their obligations under the contracts. The fund mitigates its counterparty risk by entering into forward currency contracts only with a diverse group of prequalified counterparties, monitoring their financial strength, entering into master netting arrangements with its counterparties, and requiring its counterparties to transfer collateral as security for their performance. In the absence of a default, the collateral pledged or received by the fund cannot be repledged, resold, or rehypothecated. The master netting arrangements provide that, in the event of a counterparty's default (including bankruptcy), the fund may terminate the forward currency contracts, determine the net amount owed by either party in accordance with its master netting arrangements, and sell or retain any collateral held up to the net amount owed to the fund under the master netting arrangements. The forward currency contracts contain provisions whereby a counterparty may terminate open contracts if the fund's net assets decline below a certain level, triggering a payment by the fund if the fund is in a net liability position at the time of the termination. The payment amount would be reduced by any collateral the fund has pledged. Any assets pledged as collateral for open contracts are noted in the Statement of Net Assets. The value of collateral received or pledged is compared daily to the value of the forward currency contracts exposure with each counterparty, and any difference, if in excess of a specified minimum transfer amount, is adjusted and settled within two business days.

Futures contracts are valued at their quoted daily settlement prices. Forward currency contracts are valued at their quoted daily prices obtained from an independent third party, adjusted for currency risk based on the expiration date of each contract. The notional amounts of the contracts are not recorded in the Statement of Net Assets. Fluctuations in the value of the contracts are recorded in the Statement of Net Assets as an asset (liability) and in the Statement of Operations as unrealized appreciation (depreciation) until the contracts are closed, when they are recorded as realized gains (losses) on futures or forward currency contracts.

During the year ended October 31, 2017, the fund's average investments in long and short futures contracts each represented less than 1% of net assets, based on the average of the notional amounts at each quarter-end during the period. The fund's average investment in forward currency contracts represented 2% of net assets, based on the average of the notional amounts at each quarter-end during the period.

4. **Federal Income Taxes:** The fund intends to continue to qualify as a regulated investment company and distribute all of its taxable income. Management has analyzed the fund's tax positions taken for all open federal income tax years (October 31, 2014–2017), and has concluded that no provision for federal income tax is required in the fund's financial statements.
5. **Distributions:** Distributions to shareholders are recorded on the ex-dividend date.
6. **Securities Lending:** To earn additional income, the fund lends its securities to qualified institutional borrowers. Security loans are subject to termination by the fund at any time, and are required to be secured at all times by collateral in an amount at least equal to the market value of securities loaned. Daily market fluctuations could cause the value of loaned securities to be more or less than the value of the collateral received. When this occurs, the collateral is adjusted and settled on the next business day. The fund further mitigates its counterparty risk by entering into securities lending transactions only with a diverse group of prequalified counterparties, monitoring their financial strength, and entering into master securities lending agreements with its counterparties. The master securities lending agreements provide that, in the event of a counterparty's default (including bankruptcy), the fund may terminate any loans with that borrower, determine the net amount owed, and sell or retain the collateral up to the net amount owed to the fund; however, such actions may be subject to legal proceedings. While collateral mitigates counterparty risk, in the event of a default, the fund may experience delays and costs in recovering the securities loaned. The fund invests cash collateral received in Vanguard Market Liquidity Fund, and records a liability in the Statement of Net Assets for the return of the collateral, during the period the securities are on loan. Securities lending income represents fees charged to borrowers plus income earned on invested cash collateral, less expenses associated with the loan. During the term of the loan, the fund is entitled to all distributions made on or in respect of the loaned securities.
7. **Credit Facility:** The fund and certain other funds managed by The Vanguard Group ("Vanguard") participate in a \$3.1 billion committed credit facility provided by a syndicate of lenders pursuant to a credit agreement that may be renewed annually; each fund is individually liable for its borrowings, if any, under the credit facility. Borrowings may be utilized for temporary and emergency purposes, and are subject to the fund's regulatory and contractual borrowing restrictions. The participating funds are charged administrative fees and an annual commitment fee of 0.10% of the undrawn amount of the facility; these fees are allocated to the funds based on a method approved by the fund's board of trustees and included in Management and Administrative expenses on the fund's Statement of Operations. Any borrowings under this facility bear interest at a rate based upon the higher of the one-month London Interbank Offered Rate, federal funds effective rate, or overnight bank funding rate plus an agreed-upon spread.

The fund had no borrowings outstanding at October 31, 2017, or at any time during the period then ended.
8. **Other:** Dividend income is recorded on the ex-dividend date. Interest income includes income distributions received from Vanguard Market Liquidity Fund and is accrued daily. Premiums and discounts on debt securities purchased are amortized and accreted, respectively, to interest income

over the lives of the respective securities. Security transactions are accounted for on the date securities are bought or sold. Costs used to determine realized gains (losses) on the sale of investment securities are those of the specific securities sold.

Withholding taxes on foreign dividends and capital gains have been provided for in accordance with the fund's understanding of the applicable countries' tax rules and rates. The fund has filed tax reclaims for previously withheld taxes on dividends earned in certain European Union countries. These filings are subject to various administrative and judicial proceedings within these countries. Such tax reclaims received during the year, if any, are included in dividend income. No other amounts for additional tax reclaims are reflected in the financial statements due to the uncertainty as to the ultimate resolution of proceedings, the likelihood of receipt of these reclaims, and the potential timing of payment.

Each class of shares has equal rights as to assets and earnings, except that each class separately bears certain class-specific expenses related to maintenance of shareholder accounts (included in Management and Administrative expenses), shareholder reporting, and the proxy. Marketing and distribution expenses are allocated to each class of shares based on a method approved by the board of trustees. Income, other non-class-specific expenses, and gains and losses on investments are allocated to each class of shares based on its relative net assets.

B. In accordance with the terms of a Funds' Service Agreement (the "FSA") between Vanguard and the fund, Vanguard furnishes to the fund investment advisory, corporate management, administrative, marketing, and distribution services at Vanguard's cost of operations (as defined by the FSA). These costs of operations are allocated to the fund based on methods and guidelines approved by the board of trustees. Vanguard does not require reimbursement in the current period for certain costs of operations (such as deferred compensation/benefits and risk/insurance costs); the fund's liability for these costs of operations is included in Payables to Vanguard on the Statement of Net Assets.

Upon the request of Vanguard, the fund may invest up to 0.40% of its net assets as capital in Vanguard. At October 31, 2017, the fund had contributed to Vanguard capital in the amount of \$2,124,000, representing 0.01% of the fund's net assets and 0.85% of Vanguard's capitalization. The fund's trustees and officers are also directors and employees, respectively, of Vanguard.

C. Various inputs may be used to determine the value of the fund's investments. These inputs are summarized in three broad levels for financial statement purposes. The inputs or methodologies used to value securities are not necessarily an indication of the risk associated with investing in those securities.

Level 1—Quoted prices in active markets for identical securities.

Level 2—Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

Level 3—Significant unobservable inputs (including the fund's own assumptions used to determine the fair value of investments). Any investments valued with significant unobservable inputs are noted on the Statement of Net Assets.

The following table summarizes the market value of the fund's investments as of October 31, 2017, based on the inputs used to value them:

Investments	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)
Common Stocks—North and South America	3,176,917	—	—
Common Stocks—Other	739,607	31,700,676	4,126
Preferred Stocks—Other	—	428	—
Temporary Cash Investments	519,427	15,473	—
Futures Contracts—Assets ¹	732	—	—
Futures Contracts—Liabilities ¹	(353)	—	—
Forward Currency Contracts—Assets	—	1,033	—
Forward Currency Contracts—Liabilities	—	(6,028)	—
Total	4,436,330	31,711,582	4,126

1 Represents variation margin on the last day of the reporting period.

D. At October 31, 2017, the fair values of derivatives were reflected in the Statement of Net Assets as follows:

Statement of Net Assets Caption	Equity Contracts (\$000)	Foreign Exchange Contracts (\$000)	Total (\$000)
Variation Margin Receivable—Futures Contracts	732	—	732
Unrealized Appreciation—Forward Currency Contracts	—	1,033	1,033
Variation Margin Payable—Futures Contracts	(353)	—	(353)
Unrealized Depreciation—Forward Currency Contracts	—	(6,028)	(6,028)

Realized net gain (loss) and the change in unrealized appreciation (depreciation) on derivatives for the year ended October 31, 2017, were:

	Equity Contracts (\$000)	Exchange Contracts (\$000)	Total (\$000)
Realized Net Gain (Loss) on Derivatives			
Futures Contracts	30,608	—	30,608
Forward Currency Contracts	—	(1,119)	(1,119)
Realized Net Gain (Loss) on Derivatives	30,608	(1,119)	29,489
Change in Unrealized Appreciation (Depreciation) on Derivatives			
Futures Contracts	4,155	—	4,155
Forward Currency Contracts	—	2,282	2,282
Change in Unrealized Appreciation (Depreciation) on Derivatives	4,155	2,282	6,437

E. Distributions are determined on a tax basis and may differ from net investment income and realized capital gains for financial reporting purposes. Differences may be permanent or temporary. Permanent differences are reclassified among capital accounts in the financial statements to reflect their tax character. Temporary differences arise when certain items of income, expense, gain, or loss are recognized in different periods for financial statement and tax purposes. These differences will reverse at some time in the future. Differences in classification may also result from the treatment of short-term gains as ordinary income for tax purposes.

For tax purposes, at October 31, 2017, the fund had \$199,396,000 of ordinary income available for distribution. At October 31, 2017, the fund had available capital losses totaling \$1,341,435,000 to offset future net capital gains. Of this amount, \$111,790,000 is subject to expiration dates; \$32,560,000 may be used to offset future net capital gains through October 31, 2018 and \$79,230,000 through October 31, 2019. Capital losses of \$1,229,645,000 realized beginning in fiscal 2012 may be carried forward indefinitely under the Regulated Investment Company Modernization Act of 2010, but must be used before any expiring loss carryforwards. Capital loss carryforwards of \$138,066,000 expired on October 31, 2017; accordingly, such losses have been reclassified from accumulated net realized losses to paid-in capital.

At October 31, 2017, the cost of investment securities for tax purposes was \$30,433,664,000. Net unrealized appreciation of investment securities for tax purposes was \$5,722,990,000, consisting of unrealized gains of \$8,035,682,000 on securities that had risen in value since their purchase and \$2,312,692,000 in unrealized losses on securities that had fallen in value since their purchase.

F. During the year ended October 31, 2017, the fund purchased \$6,786,911,000 of investment securities and sold \$1,305,836,000 of investment securities, other than temporary cash investments. Purchases and sales include \$3,736,798,000 and \$0, respectively, in connection with in-kind purchases and redemptions of the fund's capital shares.

G. Capital share transactions for each class of shares were:

	Year Ended October 31,			
	2017		2016	
	Amount (\$000)	Shares (000)	Amount (\$000)	Shares (000)
Investor Shares				
Issued	185,838	9,692	150,674	8,858
Issued in Lieu of Cash Distributions	15,098	790	14,669	866
Redeemed	(204,282)	(10,635)	(189,942)	(11,169)
Net Increase (Decrease)—Investor Shares	(3,346)	(153)	(24,599)	(1,445)
ETF Shares				
Issued	4,378,082	89,802	1,251,872	27,991
Issued in Lieu of Cash Distributions	—	—	—	—
Redeemed	(1)	—	(483,379)	(12,300)
Net Increase (Decrease)—ETF Shares	4,378,081	89,802	768,493	15,691
Admiral Shares				
Issued	1,555,409	51,640	1,345,709	50,503
Issued in Lieu of Cash Distributions	103,093	3,416	79,969	2,993
Redeemed	(812,182)	(27,172)	(913,386)	(34,390)
Net Increase (Decrease)—Admiral Shares	846,320	27,884	512,292	19,106
Institutional Shares				
Issued	1,033,029	10,732	920,593	10,694
Issued in Lieu of Cash Distributions	125,647	1,318	114,255	1,350
Redeemed	(975,730)	(10,071)	(1,027,540)	(11,995)
Net Increase (Decrease)—Institutional Shares	182,946	1,979	7,308	49
Institutional Plus Shares				
Issued	443,419	4,349	586,317	6,493
Issued in Lieu of Cash Distributions	57,531	572	64,624	721
Redeemed	(433,128)	(4,405)	(1,034,410)	(11,072)
Net Increase (Decrease)—Institutional Plus Shares	67,822	516	(383,469)	(3,858)

H. Management has determined that no material events or transactions occurred subsequent to October 31, 2017, that would require recognition or disclosure in these financial statements.

FTSE All-World ex-US Small-Cap Index Fund

Fund Profile

As of October 31, 2017

Share-Class Characteristics

	Investor Shares	ETF Shares	Institutional Shares
Ticker Symbol	VFSVX	VSS	VFSNX
Expense Ratio ¹	0.27%	0.13%	0.12%

Portfolio Characteristics

	Fund	FTSE Global Small Cap ex US Index
Number of Stocks	3,569	3,363
Median Market Cap	\$1.7B	\$1.7B
Price/Earnings Ratio	16.0x	16.1x
Price/Book Ratio	1.6x	1.6x
Return on Equity	10.2%	10.2%
Earnings Growth Rate	11.1%	11.1%
Dividend Yield	2.2%	2.2%
Turnover Rate	14%	—
Short-Term Reserves	-0.1%	—

Sector Diversification (% of equity exposure)

	Fund	FTSE Global Small Cap ex US Index
Basic Materials	9.5%	9.6%
Consumer Goods	11.3	11.3
Consumer Services	11.4	11.4
Financials	20.4	20.3
Health Care	6.4	6.4
Industrials	25.0	25.1
Oil & Gas	4.2	4.2
Technology	8.4	8.3
Telecommunications	1.1	1.1
Utilities	2.3	2.3

Sector categories are based on the Industry Classification Benchmark ("ICB"), except for the "Other" category (if applicable), which includes securities that have not been provided an ICB classification as of the effective reporting period.

Volatility Measures

	FTSE Global Small Cap ex US Index
R-Squared	0.99
Beta	0.96

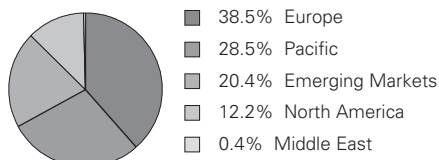
These measures show the degree and timing of the fund's fluctuations compared with the index over 36 months.

Ten Largest Holdings (% of total net assets)

Open Text Corp.	Software	0.3%
Onex Corp.	Diversified Industrials	0.3
First Quantum Minerals Ltd.	Nonferrous Metals	0.3
Gildan Activewear Inc.	Clothing & Accessories	0.3
CCL Industries Inc.	Containers & Packaging	0.3
PrairieSky Royalty Ltd.	Exploration and Production	0.2
Keyera Corp.	Exploration & Production	0.2
Hiscox Ltd.	Property & Casualty Insurance	0.2
Georg Fischer AG	Industrial Machinery	0.2
Rheinmetall AG	Auto Parts	0.2
Top Ten		2.5%

The holdings listed exclude any temporary cash investments and equity index products.

Allocation by Region (% of equity exposure)



¹ The expense ratios shown are from the prospectus dated February 24, 2017, and represent estimated costs for the current fiscal year. For the fiscal year ended October 31, 2017, the expense ratios were 0.25% for Investor Shares, 0.13% for ETF Shares, and 0.12% for Institutional Shares.

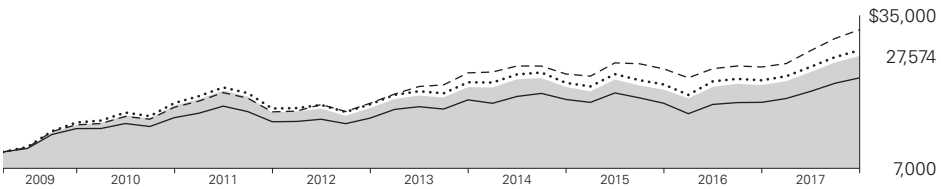
Market Diversification (% of equity exposure)

	Fund	FTSE Global Small Cap ex US Index
Europe		
United Kingdom	12.0%	12.3%
Germany	4.5	4.5
Sweden	3.8	3.8
Switzerland	3.0	3.0
Italy	2.5	2.5
France	2.5	2.5
Netherlands	1.9	1.9
Denmark	1.5	1.5
Norway	1.4	1.4
Spain	1.4	1.4
Belgium	1.2	1.2
Finland	1.1	1.1
Other	1.7	1.6
Subtotal	38.5%	38.7%
Pacific		
Japan	16.3%	16.2%
Australia	4.4	4.4
South Korea	4.2	4.2
Hong Kong	1.7	1.6
Singapore	1.2	1.2
Other	0.7	0.7
Subtotal	28.5%	28.3%
Emerging Markets		
Taiwan	6.8%	6.8%
India	3.2	3.2
China	3.1	3.0
Thailand	1.7	1.6
Brazil	1.2	1.2
Malaysia	1.0	1.0
Other	3.4	3.4
Subtotal	20.4%	20.2%
North America		
Canada	12.2%	12.4%
Middle East		
Other	0.4%	0.4%

Performance Summary

All of the returns in this report represent past performance, which is not a guarantee of future results that may be achieved by the fund. (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.) Note, too, that both investment returns and principal value can fluctuate widely, so an investor's shares, when sold, could be worth more or less than their original cost. The returns shown do not reflect taxes that a shareholder would pay on fund distributions or on the sale of fund shares.

Cumulative Performance: April 2, 2009, Through October 31, 2017
Initial Investment of \$10,000



	Average Annual Total Returns Periods Ended October 31, 2017			Final Value of a \$10,000 Investment
	One Year	Five Years	Since Inception (4/2/2009)	
FTSE All-World ex-US Small-Cap Index Fund Investor Shares	24.02%	8.86%	12.55%	\$27,574
FTSE Global Small Cap ex US Index	23.82	8.87	13.04	28,617
International Small-Cap Funds Average	26.72	11.36	14.67	32,379
FTSE Global All Cap ex US Index	23.52	7.79	10.51	23,565

International Small-Cap Funds Average: Derived from data provided by Lipper, a Thomson Reuters Company.

"Since Inception" performance is calculated from the Investor Shares' inception date for both the fund and its comparative standards.

	One Year	Five Years	Since Inception (4/2/2009)	Final Value of a \$10,000 Investment
FTSE All-World ex-US Small-Cap Index Fund ETF Shares Net Asset Value	24.16%	9.04%	12.75%	\$28,013
FTSE Global Small Cap ex US Index	23.82	8.87	13.04	28,617
FTSE Global All Cap ex US Index	23.52	7.79	10.51	23,565

"Since Inception" performance is calculated from the ETF Shares' inception date for both the fund and its comparative standards.

See Financial Highlights for dividend and capital gains information.

FTSE All-World ex-US Small-Cap Index Fund

	Average Annual Total Returns Periods Ended October 31, 2017			Final Value of a \$5,000,000 Investment
	One Year	Five Years	Since Inception (4/2/2009)	
FTSE All-World ex-US Small-Cap Index Fund Institutional Shares	24.18%	9.05%	12.77%	\$14,027,569
FTSE Global Small Cap ex US Index	23.82	8.87	13.04	14,308,414
FTSE Global All Cap ex US Index	23.52	7.79	10.51	11,782,322

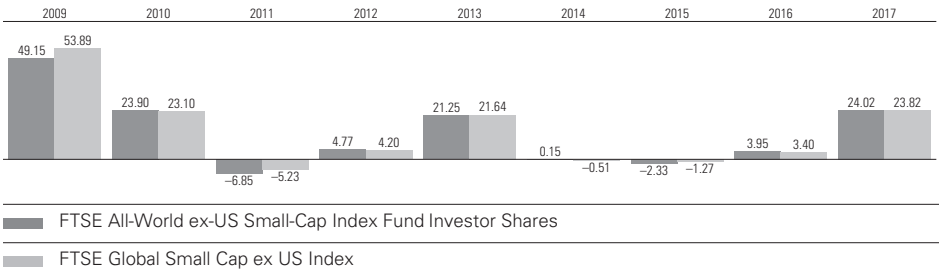
"Since Inception" performance is calculated from the Institutional Shares' inception date for both the fund and its comparative standards.

Cumulative Returns of ETF Shares: April 2, 2009, Through October 31, 2017

	One Year	Five Years	Since Inception (4/2/2009)
FTSE All-World ex-US Small-Cap Index Fund ETF Shares Market Price	24.15%	53.97%	180.68%
FTSE All-World ex-US Small-Cap Index Fund ETF Shares Net Asset Value	24.16	54.14	180.13
FTSE Global Small Cap ex US Index	23.82	52.97	186.17

"Since Inception" performance is calculated from the ETF Shares' inception date for both the fund and its comparative standards.

Fiscal-Year Total Returns (%): April 2, 2009, Through October 31, 2017



Index returns are adjusted for withholding taxes applicable to U.S.-based mutual funds organized as Delaware statutory trusts.

Average Annual Total Returns: Periods Ended September 30, 2017

This table presents returns through the latest calendar quarter—rather than through the end of the fiscal period. Securities and Exchange Commission rules require that we provide this information.

	Inception Date	One Year	Five Years	Since Inception
Investor Shares	4/2/2009	18.49%	8.52%	12.47%
ETF Shares	4/2/2009			
Market Price		18.62	8.65	12.70
Net Asset Value		18.62	8.69	12.68
Institutional Shares	4/2/2009	18.62	8.70	12.70

Financial Statements

Statement of Net Assets—Investments Summary

As of October 31, 2017

This Statement summarizes the fund's holdings by asset type. Details are reported for each of the fund's 50 largest individual holdings and for investments that, in total for any issuer, represent more than 1% of the fund's net assets. The total value of smaller holdings is reported as a single amount within each category.

The fund reports a complete list of its holdings in regulatory filings four times in each fiscal year, at the quarter-ends. For the second and fourth fiscal quarters, the complete listing of the fund's holdings is available electronically on vanguard.com and on the Securities and Exchange Commission's website (sec.gov), or you can have it mailed to you without charge by calling 800-662-7447. For the first and third fiscal quarters, the fund files the lists with the SEC on Form N-Q. Shareholders can look up the fund's Forms N-Q on the SEC's website. Forms N-Q may also be reviewed and copied at the SEC's Public Reference Room (see the back cover of this report for further information).

	Shares	Market Value* (\$000)	Percentage of Net Assets
Common Stocks			
^{1,2} Australia †		242,416	4.3%
Austria †		51,379	0.9%
Belgium †		65,230	1.2%
² Brazil †		65,645	1.2%
Canada			
Open Text Corp.	550,584	19,252	0.3%
Onex Corp.	220,236	16,738	0.3%
First Quantum Minerals Ltd.	1,491,565	16,683	0.3%
Gildan Activewear Inc.	485,122	14,846	0.3%
CCL Industries Inc. Class B	303,681	14,637	0.3%
[^] PrairieSky Royalty Ltd.	463,026	12,325	0.2%
[^] Keyera Corp.	402,043	11,836	0.2%
[*] Kinross Gold Corp.	2,718,434	10,746	0.2%
Industrial Alliance Insurance & Financial Services Inc.	232,238	10,524	0.2%
Lundin Mining Corp.	1,372,143	10,466	0.2%
CAE Inc.	583,262	10,335	0.2%
H&R REIT	620,395	10,301	0.2%
[*] Seven Generations Energy Ltd. Class A	657,027	9,921	0.2%
WSP Global Inc.	220,816	9,897	0.2%
West Fraser Timber Co. Ltd.	162,685	9,895	0.2%
Methanex Corp.	188,764	9,199	0.2%
Finning International Inc.	364,273	8,883	0.2%
[*] Bombardier Inc. Class B	4,179,003	8,843	0.1%
Algonquin Power & Utilities Corp.	812,431	8,697	0.1%

FTSE All-World ex-US Small-Cap Index Fund

	Shares	Market Value* (\$000)	Percentage of Net Assets
^ Vermilion Energy Inc.	236,917	8,086	0.1%
AltaGas Ltd.	353,432	8,057	0.1%
¹ Canada—Other †		445,244	7.9%
		685,411	12.2%
Chile †		12,909	0.2%
^{1,2} China †		167,558	3.0%
Colombia †		2,770	0.0%
Czech Republic †		762	0.0%
Denmark			
GN Store Nord A/S	307,430	10,174	0.2%
^{1,2} Denmark—Other †		71,658	1.3%
		81,832	1.5%
¹ Egypt †		5,030	0.1%
Finland †		62,832	1.1%
France			
Euronext NV	155,122	9,213	0.2%
² France—Other †		124,382	2.2%
		133,595	2.4%
Germany			
Rheinmetall AG	92,461	10,982	0.2%
Freenet AG	273,673	9,165	0.2%
* Dialog Semiconductor plc	166,840	8,336	0.1%
² Germany—Other †		218,730	3.9%
		247,213	4.4%
¹ Greece †		7,835	0.1%
^{1,2} Hong Kong †		93,439	1.7%
^{1,2} India †		176,581	3.2%
¹ Indonesia †		34,490	0.6%
Ireland †		15,964	0.3%
Israel †		24,162	0.4%
² Italy †		138,248	2.5%
Japan †		902,413	16.1%
¹ Malaysia †		56,705	1.0%

FTSE All-World ex-US Small-Cap Index Fund

	Shares	Market Value* (\$000)	Percentage of Net Assets
² Mexico †		26,394	0.5%
Netherlands			
Aalberts Industries NV	207,119	10,213	0.2%
* Galapagos NV	88,873	8,643	0.2%
^{1,2} Netherlands—Other †		85,960	1.5%
		104,816	1.9%
New Zealand			
* a2 Milk Co. Ltd.	1,578,376	9,371	0.2%
New Zealand—Other †		31,506	0.5%
		40,877	0.7%
Norway			
Subsea 7 SA	557,822	9,403	0.2%
Storebrand ASA	976,513	8,364	0.1%
² Norway—Other †		61,490	1.1%
		79,257	1.4%
³ Other †		7	0.0%
Pakistan †		17,217	0.3%
Peru †		2,657	0.0%
Philippines †		23,370	0.4%
Poland †		6,404	0.1%
Portugal †		22,538	0.4%
Qatar †		1,571	0.0%
² Russia †		3,237	0.1%
¹ Singapore †		67,553	1.2%
South Africa †		32,003	0.6%
^{1,2} South Korea †		234,354	4.2%
^{1,2} Spain †		76,272	1.4%
Sweden			
Castellum AB	585,308	9,392	0.2%
^ Nibe Industrier AB Class B	810,002	8,100	0.1%
² Sweden—Other †		192,252	3.4%
		209,744	3.7%
Switzerland			
Georg Fischer AG	8,932	11,005	0.2%
^{1,2} Switzerland—Other †		155,641	2.8%
		166,646	3.0%

FTSE All-World ex-US Small-Cap Index Fund

	Shares	Market Value* (\$000)	Percentage of Net Assets
¹ Taiwan †		377,677	6.7%
^{1,2} Thailand †		91,843	1.6%
¹ Turkey †		15,686	0.3%
United Arab Emirates †		2,877	0.1%
United Kingdom			
Hiscox Ltd.	602,742	11,430	0.2%
BBA Aviation plc	2,229,428	9,419	0.2%
B&M European Value Retail SA	1,748,214	9,225	0.2%
Man Group plc	3,523,674	9,061	0.2%
Electrocomponents plc	964,076	8,892	0.2%
Spectris plc	260,208	8,847	0.2%
TP ICAP plc	1,207,407	8,730	0.2%
Phoenix Group Holdings	858,865	8,633	0.2%
* BTG plc	838,686	8,396	0.2%
^,* Metro Bank plc	177,772	8,394	0.1%
Playtech plc	639,223	8,353	0.1%
* Paysafe Group plc	1,044,116	8,127	0.1%
UBM plc	860,399	8,038	0.1%
GVC Holdings plc	641,503	7,988	0.1%
SSP Group plc	1,020,930	7,929	0.1%
Intermediate Capital Group plc	603,901	7,798	0.1%
^{1,2} United Kingdom—Other †		533,157	9.5%
		672,417	12.0%
Total Common Stocks (Cost \$4,885,273)		5,549,836	99.0%⁴
Coupon			
Temporary Cash Investments			
Money Market Fund			
^{5,6} Vanguard Market Liquidity Fund	1.246%	3,400,019	340,036 6.1%
⁷ U.S. Government and Agency Obligations †		5,486	0.1%
Total Temporary Cash Investments (Cost \$345,505)		345,522	6.2%⁴
Total Investments (Cost \$5,230,778)		5,895,358	105.2%
Other Assets and Liabilities			
Other Assets		22,017	0.4%
Liabilities ⁵		(311,479)	(5.6%)
		(289,462)	(5.2%)
Net Assets		5,605,896	100.0%

	Amount (\$000)
Statement of Assets and Liabilities	
Assets	
Investments in Securities, at Value	
Unaffiliated Issuers (excluding Segregated Securities)	5,552,082
Collateral for Futures Contracts	3,240
Total Unaffiliated Issuers	5,555,322
Affiliated Vanguard Funds	340,036
Total Investments in Securities	5,895,358
Investment in Vanguard	334
Receivables for Investment Securities Sold	4,207
Receivables for Accrued Income	10,822
Receivables for Capital Shares Issued	697
Variation Margin Receivable—Futures Contracts	278
Unrealized Appreciation—Forward Currency Contracts	103
Other Assets	5,576
Total Assets	5,917,375
Liabilities	
Payables for Investment Securities Purchased	3,744
Collateral for Securities on Loan	303,820
Payables for Capital Shares Redeemed	193
Payables to Vanguard	1,845
Variation Margin Payable—Futures Contracts	52
Unrealized Depreciation—Forward Currency Contracts	1,023
Other Liabilities	802
Total Liabilities	311,479
Net Assets	5,605,896

At October 31, 2017, net assets consisted of:

	Amount (\$000)
Paid-in Capital	5,060,943
Undistributed Net Investment Income	19,100
Accumulated Net Realized Losses	(139,933)
Unrealized Appreciation (Depreciation)	
Investment Securities	664,580
Futures Contracts	2,189
Forward Currency Contracts	(920)
Foreign Currencies	(63)
Net Assets	5,605,896

Investor Shares—Net Assets

Applicable to 18,299,087 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	811,788
Net Asset Value Per Share—Investor Shares	\$44.36

	Amount (\$000)
ETF Shares—Net Assets	
Applicable to 39,276,720 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	4,568,035
Net Asset Value Per Share—ETF Shares	\$116.30
Institutional Shares—Net Assets	
Applicable to 1,017,239 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	226,073
Net Asset Value Per Share—Institutional Shares	\$222.24

- See Note A in Notes to Financial Statements.
 - [^] Includes partial security positions on loan to broker-dealers. The total value of securities on loan is \$272,807,000.
 - * Non-income-producing security.
 - [†] Represents the aggregate value, by category, of securities that are not among the 50 largest holdings and, in total for any issuer, represent 1% or less of net assets.
 - 1 Certain of the fund's securities are valued using significant unobservable inputs.
 - 2 Certain of the fund's securities are exempt from registration under Rule 144A of the Securities Act of 1933. Such securities may be sold in transactions exempt from registration, normally to qualified institutional buyers. At October 31, 2017, the aggregate value of these securities was \$181,146,000, representing 3.2% of net assets.
 - 3 "Other" represents securities that are not classified by the fund's benchmark index.
 - 4 The fund invests a portion of its cash reserves in equity markets through the use of index futures contracts. After giving effect to futures investments, the fund's effective common stock and temporary cash investment positions represent 99.9% and 5.3%, respectively, of net assets.
 - 5 Includes \$303,820,000 of collateral received for securities on loan.
 - 6 Affiliated money market fund available only to Vanguard funds and certain trusts and accounts managed by Vanguard. Rate shown is the 7-day yield.
 - 7 Securities with a value of \$3,240,000 have been segregated as initial margin for open futures contracts.
- REIT—Real Estate Investment Trust.

Derivative Financial Instruments Outstanding as of Period End

Futures Contracts

			(\$000)	
	Expiration	Number of Long (Short) Contracts	Notional Amount	Value and Unrealized Appreciation (Depreciation)
Long Futures Contracts				
MSCI Emerging Markets Index	December 2017	241	13,547	204
Dow Jones EURO STOXX 50	December 2017	295	12,640	526
E-mini Russell 2000 Index	December 2017	155	11,646	533
Topix Index	December 2017	73	11,326	926
				2,189

Unrealized appreciation (depreciation) on open MSCI Emerging Markets Index, Dow Jones EURO STOXX 50, and E-mini Russell 2000 Index futures contracts is required to be treated as realized gain (loss) for tax purposes.

Forward Currency Contracts

Counterparty	Contract Settlement Date	Contract Amount (000)				Unrealized Appreciation (Depreciation) (\$000)
		Receive		Deliver		
Barclays Bank plc	12/20/17	EUR	6,731	USD	8,087	(223)
Goldman Sachs International	12/20/17	EUR	4,038	USD	4,815	(97)
BNP Paribas	12/12/17	JPY	441,343	USD	4,090	(200)
JPMorgan Chase Bank, N.A.	12/12/17	JPY	437,470	USD	3,908	(52)
Credit Suisse International	12/20/17	EUR	2,818	USD	3,385	(92)
Credit Suisse International	12/12/17	JPY	314,188	USD	2,912	(143)
Citibank, N.A.	12/20/17	EUR	1,741	USD	2,093	(59)
Goldman Sachs International	12/12/17	JPY	178,390	USD	1,630	(59)
JPMorgan Chase Bank, N.A.	12/20/17	EUR	1,026	USD	1,241	(42)
Barclays Bank plc	12/12/17	JPY	95,190	USD	881	(42)
JPMorgan Chase Bank, N.A.	12/20/17	USD	3,736	EUR	3,164	38
JPMorgan Chase Bank, N.A.	12/20/17	USD	2,026	EUR	1,744	(11)
Morgan Stanley Capital Services LLC	12/12/17	USD	1,716	JPY	195,030	(3)
Barclays Bank plc	12/20/17	USD	1,480	EUR	1,230	43
Morgan Stanley Capital Services LLC	12/12/17	USD	1,041	JPY	115,710	22
						(920)

EUR—Euro.

JPY—Japanese yen.

USD—U.S. dollar.

Unrealized appreciation (depreciation) on open forward currency contracts is treated as realized gain (loss) for tax purposes.

See accompanying Notes, which are an integral part of the Financial Statements.

Statement of Operations

	Year Ended October 31 2017 (\$000)
Investment Income	
Income	
Dividends ¹	101,161
Interest ²	307
Securities Lending—Net	11,882
Total Income	113,350
Expenses	
The Vanguard Group—Note B	
Investment Advisory Services	967
Management and Administrative—Investor Shares	1,121
Management and Administrative—ETF Shares	1,748
Management and Administrative—Institutional Shares	103
Marketing and Distribution—Investor Shares	112
Marketing and Distribution—ETF Shares	174
Marketing and Distribution—Institutional Shares	5
Custodian Fees	1,413
Auditing Fees	45
Shareholders' Reports and Proxy—Investor Shares	46
Shareholders' Reports and Proxy—ETF Shares	602
Shareholders' Reports and Proxy—Institutional Shares	1
Trustees' Fees and Expenses	3
Total Expenses	6,340
Net Investment Income	107,010
Realized Net Gain (Loss)	
Investment Securities Sold ²	50,552
Futures Contracts	6,764
Foreign Currencies and Forward Currency Contracts	190
Realized Net Gain (Loss)	57,506
Change in Unrealized Appreciation (Depreciation)	
Investment Securities ²	776,564
Futures Contracts	1,987
Foreign Currencies and Forward Currency Contracts	(412)
Change in Unrealized Appreciation (Depreciation)	778,139
Net Increase (Decrease) in Net Assets Resulting from Operations	942,655

1 Dividends are net of foreign withholding taxes of \$8,919,000.

2 Interest income, realized net gain (loss), and change in unrealized appreciation (depreciation) from an affiliated company of the fund were \$275,000, \$2,000, and (\$8,000), respectively.

See accompanying Notes, which are an integral part of the Financial Statements.

Statement of Changes in Net Assets

	Year Ended October 31,	
	2017 (\$000)	2016 (\$000)
Increase (Decrease) in Net Assets		
Operations		
Net Investment Income	107,010	85,788
Realized Net Gain (Loss)	57,506	3,810
Change in Unrealized Appreciation (Depreciation)	778,139	37,355
Net Increase (Decrease) in Net Assets Resulting from Operations	942,655	126,953
Distributions		
Net Investment Income		
Investor Shares	(16,555)	(12,013)
ETF Shares	(89,996)	(67,444)
Institutional Shares	(4,326)	(4,391)
Realized Capital Gain		
Investor Shares	—	—
ETF Shares	—	—
Institutional Shares	—	—
Total Distributions	(110,877)	(83,848)
Capital Share Transactions		
Investor Shares	162,348	66,018
ETF Shares	1,246,669	211,232
Institutional Shares	18,432	9,188
Net Increase (Decrease) from Capital Share Transactions	1,427,449	286,438
Total Increase (Decrease)	2,259,227	329,543
Net Assets		
Beginning of Period	3,346,669	3,017,126
End of Period ¹	5,605,896	3,346,669

¹ Net Assets—End of Period includes undistributed (overdistributed) net investment income of \$19,100,000 and \$16,204,000.

Financial Highlights

Investor Shares

For a Share Outstanding Throughout Each Period	Year Ended October 31,				
	2017	2016	2015	2014	2013
Net Asset Value, Beginning of Period	\$36.74	\$36.27	\$38.10	\$38.99	\$33.21
Investment Operations					
Net Investment Income	.965 ¹	.933	.887	.909	.946
Net Realized and Unrealized Gain (Loss) on Investments ²	7.684	.461	(1.769)	(.834)	5.947
Total from Investment Operations	8.649	1.394	(.882)	.075	6.893
Distributions					
Dividends from Net Investment Income	(1.029)	(.924)	(.948)	(.965)	(1.113)
Distributions from Realized Capital Gains	—	—	—	—	—
Total Distributions	(1.029)	(.924)	(.948)	(.965)	(1.113)
Net Asset Value, End of Period	\$44.36	\$36.74	\$36.27	\$38.10	\$38.99
Total Return³	24.02%	3.95%	-2.33%	0.15%	21.25%

Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$812	\$520	\$446	\$382	\$318
Ratio of Total Expenses to Average Net Assets	0.25%	0.27%	0.31%	0.37%	0.40%
Ratio of Net Investment Income to Average Net Assets	2.40%	2.63%	2.41%	2.25%	2.58%
Portfolio Turnover Rate ⁴	14%	14%	9%	13%	19%

1 Calculated based on average shares outstanding.

2 Includes increases from purchase and redemption fees of \$.00, \$.00, \$.00, \$.01, and \$.01. Effective July 25, 2014, fees were eliminated.

3 Total returns do not include transaction or account service fees that may have applied in the periods shown. Fund prospectuses provide information about any applicable transaction and account service fees.

4 Excludes the value of portfolio securities received or delivered as a result of in-kind purchases or redemptions of the fund's capital shares, including ETF Creation Units.

Financial Highlights

ETF Shares

For a Share Outstanding Throughout Each Period	Year Ended October 31,				
	2017	2016	2015	2014	2013
Net Asset Value, Beginning of Period	\$96.34	\$95.09	\$99.89	\$102.21	\$87.11
Investment Operations					
Net Investment Income	2.650 ¹	2.574	2.461	2.570	2.664
Net Realized and Unrealized Gain (Loss) on Investments ²	20.140	1.216	(4.634)	(2.169)	15.595
Total from Investment Operations	22.790	3.790	(2.173)	.401	18.259
Distributions					
Dividends from Net Investment Income	(2.830)	(2.540)	(2.627)	(2.721)	(3.159)
Distributions from Realized Capital Gains	—	—	—	—	—
Total Distributions	(2.830)	(2.540)	(2.627)	(2.721)	(3.159)
Net Asset Value, End of Period	\$116.30	\$96.34	\$95.09	\$99.89	\$102.21
Total Return	24.16%	4.11%	-2.19%	0.34%	21.50%
Ratios/Supplemental Data					
Net Assets, End of Period (Millions)	\$4,568	\$2,652	\$2,407	\$1,947	\$1,723
Ratio of Total Expenses to Average Net Assets	0.13%	0.13%	0.17%	0.19%	0.20%
Ratio of Net Investment Income to Average Net Assets	2.52%	2.77%	2.55%	2.43%	2.78%
Portfolio Turnover Rate ³	14%	14%	9%	13%	19%

1 Calculated based on average shares outstanding.

2 Includes increases from purchase and redemption fees of \$.00, \$.00, \$.00, \$.04, and \$.03. Effective July 25, 2014, fees were eliminated.

3 Excludes the value of portfolio securities received or delivered as a result of in-kind purchases or redemptions of the fund's capital shares, including ETF Creation Units.

Financial Highlights

Institutional Shares

For a Share Outstanding Throughout Each Period	Year Ended October 31,				
	2017	2016	2015	2014	2013
Net Asset Value, Beginning of Period	\$184.07	\$181.69	\$190.87	\$195.32	\$166.39
Investment Operations					
Net Investment Income	5.044 ¹	4.937	4.756	4.933	5.100
Net Realized and Unrealized Gain (Loss) on Investments ²	38.536	2.326	(8.864)	(4.161)	29.812
Total from Investment Operations	43.580	7.263	(4.108)	.772	34.912
Distributions					
Dividends from Net Investment Income	(5.410)	(4.883)	(5.072)	(5.222)	(5.982)
Distributions from Realized Capital Gains	—	—	—	—	—
Total Distributions	(5.410)	(4.883)	(5.072)	(5.222)	(5.982)
Net Asset Value, End of Period	\$222.24	\$184.07	\$181.69	\$190.87	\$195.32
Total Return³	24.18%	4.11%	-2.17%	0.34%	21.51%

Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$226	\$175	\$164	\$57	\$18
Ratio of Total Expenses to Average Net Assets	0.12%	0.12%	0.15%	0.18%	0.19%
Ratio of Net Investment Income to Average Net Assets	2.53%	2.78%	2.57%	2.44%	2.79%
Portfolio Turnover Rate ⁴	14%	14%	9%	13%	19%

1 Calculated based on average shares outstanding.

2 Includes increases from purchase and redemption fees of \$.00, \$.00, \$.00, \$.06, and \$.07. Effective July 25, 2014, fees were eliminated.

3 Total returns do not include transaction fees that may have applied in the periods shown. Fund prospectuses provide information about any applicable transaction fees.

4 Excludes the value of portfolio securities received or delivered as a result of in-kind purchases or redemptions of the fund's capital shares, including ETF Creation Units.

Notes to Financial Statements

Vanguard FTSE All-World ex-US Small-Cap Index Fund is registered under the Investment Company Act of 1940 as an open-end investment company, or mutual fund. The fund invests in securities of foreign issuers, which may subject it to investment risks not normally associated with investing in securities of U.S. corporations. The fund offers three classes of shares: Investor Shares, ETF Shares, and Institutional Shares. Investor Shares are available to any investor who meets the fund's minimum purchase requirements. ETF Shares are listed for trading on NYSE Arca; they can be purchased and sold through a broker. Institutional Shares are designed for investors who meet certain administrative, service, and account-size criteria.

A. The following significant accounting policies conform to generally accepted accounting principles for U.S. investment companies. The fund consistently follows such policies in preparing its financial statements.

1. Security Valuation: Securities are valued as of the close of trading on the New York Stock Exchange (generally 4 p.m., Eastern time) on the valuation date. Equity securities are valued at the latest quoted sales prices or official closing prices taken from the primary market in which each security trades; such securities not traded on the valuation date are valued at the mean of the latest quoted bid and asked prices. Securities for which market quotations are not readily available, or whose values have been affected by events occurring before the fund's pricing time but after the close of the securities' primary markets, are valued at their fair values calculated according to procedures adopted by the board of trustees. These procedures include obtaining quotations from an independent pricing service, monitoring news to identify significant market- or security-specific events, and evaluating changes in the values of foreign market proxies (for example, ADRs, futures contracts, or exchange-traded funds), between the time the foreign markets close and the fund's pricing time. When fair-value pricing is employed, the prices of securities used by a fund to calculate its net asset value may differ from quoted or published prices for the same securities. Investments in Vanguard Market Liquidity Fund are valued at that fund's net asset value. Temporary cash investments are valued using the latest bid prices or using valuations based on a matrix system (which considers such factors as security prices, yields, maturities, and ratings), both as furnished by independent pricing services.

2. Foreign Currency: Securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars using exchange rates obtained from an independent third party as of the fund's pricing time on the valuation date. Realized gains (losses) and unrealized appreciation (depreciation) on investment securities include the effects of changes in exchange rates since the securities were purchased, combined with the effects of changes in security prices. Fluctuations in the value of other assets and liabilities resulting from changes in exchange rates are recorded as unrealized foreign currency gains (losses) until the assets or liabilities are settled in cash, at which time they are recorded as realized foreign currency gains (losses).

3. Futures and Forward Currency Contracts: The fund uses index futures contracts to a limited extent, with the objectives of maintaining full exposure to the stock market, enhancing returns, maintaining liquidity, and minimizing transaction costs. The fund may purchase futures contracts to immediately invest incoming cash in the market, or sell futures in response to cash outflows, thereby simulating a fully invested position in the underlying index while maintaining a cash balance for liquidity. The fund may seek to enhance returns by using futures contracts instead of the underlying securities when futures are believed to be priced more attractively than the underlying securities. The primary risks associated with the use of futures contracts are imperfect correlation between changes in market values of stocks held by the fund and the prices of futures contracts,

and the possibility of an illiquid market. Counterparty risk involving futures is mitigated because a regulated clearinghouse is the counterparty instead of the clearing broker. To further mitigate counterparty risk, the fund trades futures contracts on an exchange, monitors the financial strength of its clearing brokers and clearinghouse, and has entered into clearing agreements with its clearing brokers. The clearinghouse imposes initial margin requirements to secure the fund's performance and requires daily settlement of variation margin representing changes in the market value of each contract.

The fund also enters into forward currency contracts to provide the appropriate currency exposure related to any open futures contracts. The fund's risks in using these contracts include movement in the values of the foreign currencies relative to the U.S. dollar and the ability of the counterparties to fulfill their obligations under the contracts. The fund mitigates its counterparty risk by entering into forward currency contracts only with a diverse group of prequalified counterparties, monitoring their financial strength, entering into master netting arrangements with its counterparties, and requiring its counterparties to transfer collateral as security for their performance. In the absence of a default, the collateral pledged or received by the fund cannot be repledged, resold, or rehypothecated. The master netting arrangements provide that, in the event of a counterparty's default (including bankruptcy), the fund may terminate the forward currency contracts, determine the net amount owed by either party in accordance with its master netting arrangements, and sell or retain any collateral held up to the net amount owed to the fund under the master netting arrangements. The forward currency contracts contain provisions whereby a counterparty may terminate open contracts if the fund's net assets decline below a certain level, triggering a payment by the fund if the fund is in a net liability position at the time of the termination. The payment amount would be reduced by any collateral the fund has pledged. Any assets pledged as collateral for open contracts are noted in the Statement of Net Assets. The value of collateral received or pledged is compared daily to the value of the forward currency contracts exposure with each counterparty, and any difference, if in excess of a specified minimum transfer amount, is adjusted and settled within two business days.

Futures contracts are valued at their quoted daily settlement prices. Forward currency contracts are valued at their quoted daily prices obtained from an independent third party, adjusted for currency risk based on the expiration date of each contract. The notional amounts of the contracts are not recorded in the Statement of Net Assets. Fluctuations in the value of the contracts are recorded in the Statement of Assets and Liabilities as an asset (liability) and in the Statement of Operations as unrealized appreciation (depreciation) until the contracts are closed, when they are recorded as realized gains (losses) on futures or forward currency contracts.

During the year ended October 31, 2017, the fund's average investments in long and short futures contracts represented less than 1% and 0% of net assets, respectively, based on the average of the notional amounts at each quarter-end during the period. The fund's average investment in forward currency contracts represented less than 1% of net assets, based on the average of the notional amounts at each quarter-end during the period.

4. **Federal Income Taxes:** The fund intends to continue to qualify as a regulated investment company and distribute all of its taxable income. Management has analyzed the fund's tax positions taken for all open federal income tax years (October 31, 2014–2017), and has concluded that no provision for federal income tax is required in the fund's financial statements.

5. **Distributions:** Distributions to shareholders are recorded on the ex-dividend date.

6. **Securities Lending:** To earn additional income, the fund lends its securities to qualified institutional borrowers. Security loans are subject to termination by the fund at any time, and are required to be secured at all times by collateral in an amount at least equal to the market value of securities loaned. Daily market fluctuations could cause the value of loaned securities to be more or less than the value of the collateral received. When this occurs, the collateral is adjusted and settled on the next business day. The fund further mitigates its counterparty risk by entering into securities lending transactions only with a diverse group of prequalified counterparties, monitoring their financial strength, and entering into master securities lending agreements with its counterparties. The master securities lending agreements provide that, in the event of a counterparty's default (including bankruptcy), the fund may terminate any loans with that borrower, determine the net amount owed, and sell or retain the collateral up to the net amount owed to the fund; however, such actions may be subject to legal proceedings. While collateral mitigates counterparty risk, in the event of a default, the fund may experience delays and costs in recovering the securities loaned. The fund invests cash collateral received in Vanguard Market Liquidity Fund, and records a liability in the Statement of Assets and Liabilities for the return of the collateral, during the period the securities are on loan. Securities lending income represents fees charged to borrowers plus income earned on invested cash collateral, less expenses associated with the loan. During the term of the loan, the fund is entitled to all distributions made on or in respect of the loaned securities.

7. **Credit Facility:** The fund and certain other funds managed by The Vanguard Group ("Vanguard") participate in a \$3.1 billion committed credit facility provided by a syndicate of lenders pursuant to a credit agreement that may be renewed annually; each fund is individually liable for its borrowings, if any, under the credit facility. Borrowings may be utilized for temporary and emergency purposes, and are subject to the fund's regulatory and contractual borrowing restrictions. The participating funds are charged administrative fees and an annual commitment fee of 0.10% of the undrawn amount of the facility; these fees are allocated to the funds based on a method approved by the fund's board of trustees and included in Management and Administrative expenses on the fund's Statement of Operations. Any borrowings under this facility bear interest at a rate based upon the higher of the one-month London Interbank Offered Rate, federal funds effective rate, or overnight bank funding rate plus an agreed-upon spread.

The fund had no borrowings outstanding at October 31, 2017, or at any time during the period then ended.

8. **Other:** Dividend income is recorded on the ex-dividend date. Interest income includes income distributions received from Vanguard Market Liquidity Fund and is accrued daily. Premiums and discounts on debt securities purchased are amortized and accreted, respectively, to interest income over the lives of the respective securities. Security transactions are accounted for on the date securities are bought or sold. Costs used to determine realized gains (losses) on the sale of investment securities are those of the specific securities sold.

Withholding taxes on foreign dividends and capital gains have been provided for in accordance with the fund's understanding of the applicable countries' tax rules and rates. The fund has filed tax reclaims for previously withheld taxes on dividends earned in certain European Union countries. These filings are subject to various administrative and judicial proceedings within these countries. Such tax reclaims received during the year, if any, are included in dividend income. No other amounts for additional tax reclaims are reflected in the financial statements due to the uncertainty as to the ultimate resolution of proceedings, the likelihood of receipt of these reclaims, and the potential timing of payment.

Each class of shares has equal rights as to assets and earnings, except that each class separately bears certain class-specific expenses related to maintenance of shareholder accounts (included in Management and Administrative expenses), shareholder reporting, and the proxy. Marketing and distribution expenses are allocated to each class of shares based on a method approved by the board of trustees. Income, other non-class-specific expenses, and gains and losses on investments are allocated to each class of shares based on its relative net assets.

B. In accordance with the terms of a Funds' Service Agreement (the "FSA") between Vanguard and the fund, Vanguard furnishes to the fund investment advisory, corporate management, administrative, marketing, and distribution services at Vanguard's cost of operations (as defined by the FSA). These costs of operations are allocated to the fund based on methods and guidelines approved by the board of trustees. Vanguard does not require reimbursement in the current period for certain costs of operations (such as deferred compensation/benefits and risk/insurance costs); the fund's liability for these costs of operations is included in Payables to Vanguard on the Statement of Assets and Liabilities.

Upon the request of Vanguard, the fund may invest up to 0.40% of its net assets as capital in Vanguard. At October 31, 2017, the fund had contributed to Vanguard capital in the amount of \$334,000, representing 0.01% of the fund's net assets and 0.13% of Vanguard's capitalization. The fund's trustees and officers are also directors and employees, respectively, of Vanguard.

C. Various inputs may be used to determine the value of the fund's investments. These inputs are summarized in three broad levels for financial statement purposes. The inputs or methodologies used to value securities are not necessarily an indication of the risk associated with investing in those securities.

Level 1—Quoted prices in active markets for identical securities.

Level 2—Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

Level 3—Significant unobservable inputs (including the fund's own assumptions used to determine the fair value of investments). Any investments valued with significant unobservable inputs are noted on the Statement of Net Assets.

The following table summarizes the market value of the fund's investments as of October 31, 2017, based on the inputs used to value them:

Investments	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)
Common Stocks—North and South America	790,731	5,061	1
Common Stocks—Other	15,979	4,729,247	8,817
Temporary Cash Investments	340,036	5,486	—
Futures Contracts—Assets ¹	278	—	—
Futures Contracts—Liabilities ¹	(52)	—	—
Forward Currency Contracts—Assets	—	103	—
Forward Currency Contracts—Liabilities	—	(1,023)	—
Total	1,146,972	4,738,874	8,818

¹ Represents variation margin on the last day of the reporting period.

D. At October 31, 2017, the fair values of derivatives were reflected in the Statement of Assets and Liabilities as follows:

Statement of Assets and Liabilities Caption	Equity Contracts (\$000)	Foreign Exchange Contracts (\$000)	Total (\$000)
Variation Margin Receivable—Futures Contracts	278	—	278
Unrealized Appreciation—Forward Currency Contracts	—	103	103
Variation Margin Payable—Futures Contracts	(52)	—	(52)
Unrealized Depreciation—Forward Currency Contracts	—	(1,023)	(1,023)

Realized net gain (loss) and the change in unrealized appreciation (depreciation) on derivatives for the year ended October 31, 2017, were:

	Equity Contracts (\$000)	Foreign Exchange Contracts (\$000)	Total (\$000)
Realized Net Gain (Loss) on Derivatives			
Futures Contracts	6,764	—	6,764
Forward Currency Contracts	—	350	350
Realized Net Gain (Loss) on Derivatives	6,764	350	7,114

Change in Unrealized Appreciation (Depreciation) on Derivatives

Futures Contracts	1,987	—	1,987
Forward Currency Contracts	—	(664)	(664)
Change in Unrealized Appreciation (Depreciation) on Derivatives	1,987	(664)	1,323

E. Distributions are determined on a tax basis and may differ from net investment income and realized capital gains for financial reporting purposes. Differences may be permanent or temporary. Permanent differences are reclassified among capital accounts in the financial statements to reflect their tax character. Temporary differences arise when certain items of income, expense, gain, or loss are recognized in different periods for financial statement and tax purposes. These differences will reverse at some time in the future. Differences in classification may also result from the treatment of short-term gains as ordinary income for tax purposes.

Certain of the fund's investments are in securities considered to be passive foreign investment companies, for which any unrealized appreciation and/or realized gains are required to be included in distributable net income for tax purposes. During the year ended October 31, 2017, the fund realized gains on the sale of passive foreign investment companies of \$7,010,000, which have been included in current and prior periods' taxable income; accordingly, such gains have been reclassified from accumulated net realized losses to undistributed net investment income. Passive foreign investment companies held at October 31, 2017, had unrealized appreciation of \$62,581,000.

During the year ended October 31, 2017, the fund realized \$32,169,000 of net capital gains resulting from in-kind redemptions—in which shareholders exchanged fund shares for securities held by the fund rather than for cash. Because such gains are not taxable to the fund, and are not distributed to shareholders, they have been reclassified from accumulated net realized losses to paid-in capital.

For tax purposes, at October 31, 2017, the fund had \$83,026,000 of ordinary income available for distribution. The fund used capital loss carryforwards of \$19,200,000 to offset taxable capital gains realized during the year ended October 31, 2017. At October 31, 2017, the fund had available capital losses totaling \$139,472,000 to offset future net capital gains. Of this amount, \$8,715,000 is subject to expiration on October 31, 2019. Capital losses of \$130,757,000 realized beginning in fiscal 2012 may be carried forward indefinitely under the Regulated Investment Company Modernization Act of 2010, but must be used before any expiring loss carryforwards.

At October 31, 2017, the cost of investment securities for tax purposes was \$5,293,359,000. Net unrealized appreciation of investment securities for tax purposes was \$601,999,000, consisting of unrealized gains of \$1,012,350,000 on securities that had risen in value since their purchase and \$410,351,000 in unrealized losses on securities that had fallen in value since their purchase.

F. During the year ended October 31, 2017, the fund purchased \$2,048,894,000 of investment securities and sold \$642,934,000 of investment securities, other than temporary cash investments. Purchases and sales include \$967,456,000 and \$52,771,000, respectively, in connection with in-kind purchases and redemptions of the fund's capital shares.

G. Capital share transactions for each class of shares were:

	Year Ended October 31,			
	2017		2016	
	Amount (\$000)	Shares (000)	Amount (\$000)	Shares (000)
Investor Shares				
Issued	268,136	6,796	147,789	4,161
Issued in Lieu of Cash Distributions	14,233	370	10,280	289
Redeemed	(120,021)	(3,006)	(92,051)	(2,604)
Net Increase (Decrease)—Investor Shares	162,348	4,160	66,018	1,846
ETF Shares				
Issued	1,304,242	12,247	507,205	5,416
Issued in Lieu of Cash Distributions	—	—	—	—
Redeemed	(57,573)	(500)	(295,973)	(3,200)
Net Increase (Decrease)—ETF Shares	1,246,669	11,747	211,232	2,216
Institutional Shares				
Issued	66,784	330	28,799	155
Issued in Lieu of Cash Distributions	4,326	22	3,148	18
Redeemed	(52,678)	(285)	(22,759)	(126)
Net Increase (Decrease)—Institutional Shares	18,432	67	9,188	47

H. Management has determined that no material events or transactions occurred subsequent to October 31, 2017, that would require recognition or disclosure in these financial statements.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Vanguard International Equity Index Funds and the Shareholders of Vanguard FTSE All-World ex-US Index Fund and Vanguard FTSE All-World ex-US Small-Cap Index Fund

In our opinion, the accompanying statement of assets and liabilities of Vanguard FTSE All-World ex-US Small-Cap Index Fund and statements of net assets—investments summary of Vanguard FTSE All-World ex-US Index Fund and Vanguard FTSE All-World ex-US Small-Cap Index Fund (constituting separate portfolios of Vanguard International Equity Index Funds, hereafter referred to as the “Funds”), and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of the Funds as of October 31, 2017, the results of each of their operations for the year then ended, the changes in each of their net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as “financial statements”) are the responsibility of the Funds’ management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities as of October 31, 2017 by correspondence with the custodian and brokers and by agreement to the underlying ownership records of the transfer agent, provide a reasonable basis for our opinion.

/s/PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
December 19, 2017

Special 2017 tax information (unaudited) for Vanguard FTSE All-World ex-US Index Fund

This information for the fiscal year ended October 31, 2017, is included pursuant to provisions of the Internal Revenue Code.

The fund distributed \$639,308,000 of qualified dividend income to shareholders during the fiscal year.

The fund designates to shareholders foreign source income of \$831,556,000 and foreign taxes paid of \$65,836,000. Shareholders will receive more detailed information with their Form 1099-DIV in January 2018 to determine the calendar-year amounts to be included on their 2017 tax returns.

Special 2017 tax information (unaudited) for Vanguard FTSE All-World ex-US Small-Cap Index Fund

This information for the fiscal year ended October 31, 2017, is included pursuant to provisions of the Internal Revenue Code.

The fund distributed \$59,833,000 of qualified dividend income to shareholders during the fiscal year.

The fund designates to shareholders foreign source income of \$98,307,000 and foreign taxes paid of \$8,775,000. Shareholders will receive more detailed information with their Form 1099-DIV in January 2018 to determine the calendar-year amounts to be included on their 2017 tax returns.

Your Fund’s After-Tax Returns

This table presents returns for your fund both before and after taxes. The after-tax returns are shown in two ways: (1) assuming that an investor owned the fund during the entire period and paid taxes on the fund’s distributions, and (2) assuming that an investor paid taxes on the fund’s distributions *and* sold all shares at the end of each period.

Calculations are based on the highest individual federal income tax and capital gains tax rates in effect at the times of the distributions and the hypothetical sales. State and local taxes were not considered. After-tax returns reflect any qualified dividend income, using actual prior-year figures and estimates for 2017. (In the example, returns after the sale of fund shares may be higher than those assuming no sale. This occurs when the sale would have produced a capital loss. The calculation assumes that the investor received a tax deduction for the loss.)

The table shows returns for Investor Shares only; returns for other share classes will differ. Please note that your actual after-tax returns will depend on your tax situation and may differ from those shown. Also note that if you own the fund in a tax-deferred account, such as an individual retirement account or a 401(k) plan, this information does not apply to you. Such accounts are not subject to current taxes.

Finally, keep in mind that a fund’s performance—whether before or after taxes—does not guarantee future results.

Average Annual Total Returns: FTSE International Index Funds

Periods Ended October 31, 2017

	One Year	Five Years	Ten Years
FTSE All-World ex-US Index Fund Investor Shares			
Returns Before Taxes	23.62%	7.49%	1.00%
Returns After Taxes on Distributions	22.70	6.72	0.45
Returns After Taxes on Distributions and Sale of Fund Shares	13.78	5.73	0.71

	One Year	Five Years	Since Inception (4/2/2009)
FTSE All-World ex-US Small-Cap Index Fund Investor Shares			
Returns Before Taxes	24.02%	8.86%	12.55%
Returns After Taxes on Distributions	22.96	8.03	11.81
Returns After Taxes on Distributions and Sale of Fund Shares	13.82	6.73	10.17

About Your Fund’s Expenses

As a shareholder of the fund, you incur ongoing costs, which include costs for portfolio management, administrative services, and shareholder reports (like this one), among others. Operating expenses, which are deducted from a fund’s gross income, directly reduce the investment return of the fund.

A fund’s expenses are expressed as a percentage of its average net assets. This figure is known as the expense ratio. The following examples are intended to help you understand the ongoing costs (in dollars) of investing in your fund and to compare these costs with those of other mutual funds. The examples are based on an investment of \$1,000 made at the beginning of the period shown and held for the entire period.

The accompanying table illustrates your fund’s costs in two ways:

- **Based on actual fund return.** This section helps you to estimate the actual expenses that you paid over the period. The “Ending Account Value” shown is derived from the fund’s actual return, and the third column shows the dollar amount that would have been paid by an investor who started with \$1,000 in the fund. You may use the information here, together with the amount you invested, to estimate the expenses that you paid over the period.

To do so, simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number given for your fund under the heading “Expenses Paid During Period.”

- **Based on hypothetical 5% yearly return.** This section is intended to help you compare your fund’s costs with those of other mutual funds. It assumes that the fund had a yearly return of 5% before expenses, but that the expense ratio is unchanged. In this case—because the return used is not the fund’s actual return—the results do not apply to your investment. The example is useful in making comparisons because the Securities and Exchange Commission requires all mutual funds to calculate expenses based on a 5% return. You can assess your fund’s costs by comparing this hypothetical example with the hypothetical examples that appear in shareholder reports of other funds.

Note that the expenses shown in the table are meant to highlight and help you compare *ongoing* costs only and do not reflect transaction costs incurred by the fund for buying and selling securities. Further, the expenses do not include any purchase, redemption, or account service fees described in the fund prospectus. If such fees were applied to your account, your costs would be higher. Your fund does not carry a “sales load.”

The calculations assume no shares were bought or sold during the period. Your actual costs may have been higher or lower, depending on the amount of your investment and the timing of any purchases or redemptions.

You can find more information about the fund’s expenses, including annual expense ratios, in the Financial Statements section of this report. For additional information on operating expenses and other shareholder costs, please refer to your fund’s current prospectus.

Six Months Ended October 31, 2017

	Beginning Account Value 4/30/2017	Ending Account Value 10/31/2017	Expenses Paid During Period
Based on Actual Fund Return			
FTSE All-World ex-US Index Fund			
Investor Shares	\$1,000.00	\$1,117.80	\$1.23
ETF Shares	1,000.00	1,118.30	0.59
Admiral Shares	1,000.00	1,118.60	0.59
Institutional Shares	1,000.00	1,118.50	0.53
Institutional Plus Shares	1,000.00	1,118.80	0.37
FTSE All-World ex-US Small-Cap Index Fund			
Investor Shares	\$1,000.00	\$1,119.31	\$1.23
ETF Shares	1,000.00	1,119.92	0.69
Institutional Shares	1,000.00	1,120.00	0.64
Based on Hypothetical 5% Yearly Return			
FTSE All-World ex-US Index Fund			
Investor Shares	\$1,000.00	\$1,024.05	\$1.17
ETF Shares	1,000.00	1,024.65	0.56
Admiral Shares	1,000.00	1,024.65	0.56
Institutional Shares	1,000.00	1,024.70	0.51
Institutional Plus Shares	1,000.00	1,024.85	0.36
FTSE All-World ex-US Small-Cap Index Fund			
Investor Shares	\$1,000.00	\$1,024.05	\$1.17
ETF Shares	1,000.00	1,024.55	0.66
Institutional Shares	1,000.00	1,024.60	0.61

The calculations are based on expenses incurred in the most recent six-month period. The funds' annualized six-month expense ratios for that period are: for the FTSE All-World ex-US Index Fund, 0.23% for Investor Shares, 0.11% for ETF Shares, 0.11% for Admiral Shares, 0.10% for Institutional Shares, and 0.07% for Institutional Plus Shares; and for the FTSE All-World ex-US Small-Cap Index Fund, 0.23% for Investor Shares, 0.13% for ETF Shares, and 0.12% for Institutional Shares. The dollar amounts shown as "Expenses Paid" are equal to the annualized expense ratio multiplied by the average account value over the period, multiplied by the number of days in the most recent six-month period, then divided by the number of days in the most recent 12-month period (184/365).

Glossary

Beta. A measure of the magnitude of a fund's past share-price fluctuations in relation to the ups and downs of a given market index. The index is assigned a beta of 1.00. Compared with a given index, a fund with a beta of 1.20 typically would have seen its share price rise or fall by 12% when the index rose or fell by 10%. For this report, beta is based on returns over the past 36 months for both the fund and the index. Note that a fund's beta should be reviewed in conjunction with its R-squared (see definition). The lower the R-squared, the less correlation there is between the fund and the index, and the less reliable beta is as an indicator of volatility.

Dividend Yield. Dividend income earned by stocks, expressed as a percentage of the aggregate market value (or of net asset value, for a fund). The yield is determined by dividing the amount of the annual dividends by the aggregate value (or net asset value) at the end of the period. For a fund, the dividend yield is based solely on stock holdings and does not include any income produced by other investments.

Earnings Growth Rate. The average annual rate of growth in earnings over the past five years for the stocks now in a fund.

Equity Exposure. A measure that reflects a fund's investments in stocks and stock futures. Any holdings in short-term reserves are excluded.

Expense Ratio. A fund's total annual operating expenses expressed as a percentage of the fund's average net assets. The expense ratio includes management and administrative expenses, but does not include the transaction costs of buying and selling portfolio securities.

Fair-Value Pricing. Fair-value adjustments, which are required by the Securities and Exchange Commission, address pricing discrepancies that may arise because of time-zone differences among global stock markets. Foreign stocks may trade on exchanges that close many hours before a fund's closing share price is calculated in the United States, generally at 4 p.m., Eastern time. In the hours between the foreign close and the U.S. close, the value of these foreign securities may change—because of company-specific announcements or market-wide developments, for example. Such price changes are not immediately reflected in international index values. Fair-value pricing takes such changes into account in calculating the fund's daily net asset value, thus ensuring that the NAV doesn't include "stale" prices. The result can be a temporary divergence between the return of the fund and that of its benchmark index—a difference that usually corrects itself when the foreign markets reopen.

Inception Date. The date on which the assets of a fund (or one of its share classes) are first invested in accordance with the fund's investment objective. For funds with a subscription period, the inception date is the day after that period ends. Investment performance is measured from the inception date.

Median Market Cap. An indicator of the size of companies in which a fund invests; the midpoint of market capitalization (market price x shares outstanding) of a fund's stocks, weighted by the proportion of the fund's assets invested in each stock. Stocks representing half of the fund's assets have market capitalizations above the median, and the rest are below it.

Price/Book Ratio. The share price of a stock divided by its net worth, or book value, per share. For a fund, the weighted average price/book ratio of the stocks it holds.

Price/Earnings Ratio. The ratio of a stock's current price to its per-share earnings over the past year. For a fund, the weighted average P/E of the stocks it holds. P/E is an indicator of market expectations about corporate prospects; the higher the P/E, the greater the expectations for a company's future growth.

R-Squared. A measure of how much of a fund's past returns can be explained by the returns from the market in general, as measured by a given index. If a fund's total returns were precisely synchronized with an index's returns, its R-squared would be 1.00. If the fund's returns bore no relationship to the index's returns, its R-squared would be 0. For this report, R-squared is based on returns over the past 36 months for both the fund and the index.

Return on Equity. The annual average rate of return generated by a company during the past five years for each dollar of shareholder's equity (net income divided by shareholder's equity). For a fund, the weighted average return on equity for the companies whose stocks it holds.

Short-Term Reserves. The percentage of a fund invested in highly liquid, short-term securities that can be readily converted to cash.

Turnover Rate. An indication of the fund's trading activity. Funds with high turnover rates incur higher transaction costs and may be more likely to distribute capital gains (which may be taxable to investors). The turnover rate excludes in-kind transactions, which have minimal impact on costs.

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The People Who Govern Your Fund

The trustees of your mutual fund are there to see that the fund is operated and managed in your best interests since, as a shareholder, you are a part owner of the fund. Your fund's trustees also serve on the board of directors of The Vanguard Group, Inc., which is owned by the Vanguard funds and provides services to them on an at-cost basis.

A majority of Vanguard's board members are independent, meaning that they have no affiliation with Vanguard or the funds they oversee, apart from the sizable personal investments they have made as private individuals. The independent board members have distinguished backgrounds in business, academia, and public service. Each of the trustees and executive officers oversees 200 Vanguard funds.

Information for each trustee and executive officer of the fund appears below. The mailing address of the trustees and officers is P.O. Box 876, Valley Forge, PA 19482. More information about the trustees is in the *Statement of Additional Information*, which can be obtained, without charge, by contacting Vanguard at 800-662-7447, or online at vanguard.com.

Interested Trustee¹

F. William McNabb III

Born 1957. Trustee Since July 2009. Chairman of the Board. Principal Occupation(s) During the Past Five Years and Other Experience: Chairman of the Board of The Vanguard Group, Inc., and of each of the investment companies served by The Vanguard Group, since January 2010; Chief Executive Officer and Director of The Vanguard Group and President and Chief Executive Officer of each of the investment companies served by The Vanguard Group, since 2008; Director of Vanguard Marketing Corporation; President of The Vanguard Group (2008–2017); Managing Director of The Vanguard Group (1995–2008).

Executive in Residence and 2009–2010

Distinguished Minett Professor at the Rochester Institute of Technology; Lead Director of SPX FLOW, Inc. (multi-industry manufacturing); Director of the United Way of Rochester, the University of Rochester Medical Center, Monroe Community College Foundation, North Carolina A&T University, and Roberts Wesleyan College; Trustee of the University of Rochester.

Rajiv L. Gupta

Born 1945. Trustee Since December 2001.² Principal Occupation(s) During the Past Five Years and Other Experience: Chairman and Chief Executive Officer (retired 2009) and President (2006–2008) of Rohm and Haas Co. (chemicals); Director of Arconic Inc. (diversified manufacturer), HP Inc. (printer and personal computer manufacturing), and Delphi Automotive plc (automotive components); Senior Advisor at New Mountain Capital.

Independent Trustees

Emerson U. Fullwood

Born 1948. Trustee Since January 2008. Principal Occupation(s) During the Past Five Years and Other Experience: Executive Chief Staff and Marketing Officer for North America and Corporate Vice President (retired 2008) of Xerox Corporation (document management products and services);

Amy Gutmann

Born 1949. Trustee Since June 2006. Principal Occupation(s) During the Past Five Years and Other Experience: President of the University of Pennsylvania; Christopher H. Browne

¹ Mr. McNabb is considered an "interested person," as defined in the Investment Company Act of 1940, because he is an officer of the Vanguard funds.

² December 2002 for Vanguard Equity Income Fund, the Vanguard Municipal Bond Funds, and the Vanguard State Tax-Exempt Funds.

Distinguished Professor of Political Science, School of Arts and Sciences, and Professor of Communication, Annenberg School for Communication, with secondary faculty appointments in the Department of Philosophy, School of Arts and Sciences, and at the Graduate School of Education, University of Pennsylvania; Trustee of the National Constitution Center.

JoAnn Heffernan Heisen

Born 1950. Trustee Since July 1998. Principal Occupation(s) During the Past Five Years and Other Experience: Corporate Vice President and Member of the Executive Committee (1997–2008), Chief Global Diversity Officer (retired 2008), Vice President and Chief Information Officer (1997–2006), Controller (1995–1997), Treasurer (1991–1995), and Assistant Treasurer (1989–1991) of Johnson & Johnson (pharmaceuticals/medical devices/consumer products); Director of Skytop Lodge Corporation (hotels) and the Robert Wood Johnson Foundation; Member of the Advisory Board of the Institute for Women's Leadership at Rutgers University.

F. Joseph Loughrey

Born 1949. Trustee Since October 2009. Principal Occupation(s) During the Past Five Years and Other Experience: President and Chief Operating Officer (retired 2009) of Cummins Inc. (industrial machinery); Chairman of the Board of Hillenbrand, Inc. (specialized consumer services), Oxfam America, and the Lumina Foundation for Education; Director of the V Foundation for Cancer Research; Member of the Advisory Council for the College of Arts and Letters and Chair of the Advisory Board to the Kellogg Institute for International Studies, both at the University of Notre Dame.

Mark Loughridge

Born 1953. Trustee Since March 2012. Principal Occupation(s) During the Past Five Years and Other Experience: Senior Vice President and Chief Financial Officer (retired 2013) at IBM (information technology services); Fiduciary Member of IBM's Retirement Plan Committee (2004–2013); Member of the Council on Chicago Booth.

Scott C. Malpass

Born 1962. Trustee Since March 2012. Principal Occupation(s) During the Past Five Years and Other Experience: Chief Investment Officer and Vice President at the University of Notre Dame; Assistant Professor of Finance at the Mendoza College of Business at Notre Dame; Member of the Notre Dame 403(b) Investment Committee, the Board of Advisors for Spruceview Capital Partners, the Board of Catholic Investment Services, Inc. (investment advisor), and the Board of Superintendence of the Institute for the Works of Religion; Chairman of the Board of TIFF Advisory Services, Inc. (investment advisor).

André F. Perold

Born 1952. Trustee Since December 2004. Principal Occupation(s) During the Past Five Years and Other Experience: George Gund Professor of Finance and Banking, Emeritus at the Harvard Business School (retired 2011); Chief Investment Officer and Co-Managing Partner of HighVista Strategies LLC (private investment firm); Overseer of the Museum of Fine Arts Boston.

Peter F. Volanakis

Born 1955. Trustee Since July 2009. Principal Occupation(s) During the Past Five Years and Other Experience: President and Chief Operating Officer (retired 2010) of Corning Incorporated (communications equipment); Chairman of the Board of Trustees of Colby-Sawyer College; Member of the Board of Hypertherm, Inc. (industrial cutting systems, software, and consumables).

Executive Officers

Glenn Booraem

Born 1967. Investment Stewardship Officer Since February 2017. Principal Occupation(s) During the Past Five Years and Other Experience: Principal of The Vanguard Group, Inc.; Treasurer (2015–2017), Controller (2010–2015), and Assistant Controller (2001–2010) of each of the investment companies served by The Vanguard Group.

Thomas J. Higgins

Born 1957. Chief Financial Officer Since September 2008. Principal Occupation(s) During the Past Five Years and Other Experience: Principal of The Vanguard Group, Inc.; Chief Financial Officer of each of the investment companies served by The Vanguard Group; Treasurer of each of the investment companies served by The Vanguard Group (1998–2008).

Peter Mahoney

Born 1974. Controller Since May 2015. Principal Occupation(s) During the Past Five Years and Other Experience: Principal of The Vanguard Group, Inc.; Controller of each of the investment companies served by The Vanguard Group; Head of International Fund Services at The Vanguard Group (2008–2014).

Anne E. Robinson

Born 1970. Secretary Since September 2016. Principal Occupation(s) During the Past Five Years and Other Experience: Managing Director of The Vanguard Group, Inc.; General Counsel of The Vanguard Group; Secretary of The Vanguard Group and of each of the investment companies served by The Vanguard Group; Director and Senior Vice President of Vanguard Marketing Corporation; Managing Director and General Counsel of Global Cards and Consumer Services at Citigroup (2014–2016); Counsel at American Express (2003–2014).

Michael Rollings

Born 1963. Treasurer Since February 2017. Principal Occupation(s) During the Past Five Years and Other Experience: Managing Director of The Vanguard Group, Inc.; Treasurer of each of the investment companies served by The Vanguard Group; Director of Vanguard Marketing Corporation; Executive Vice President and Chief Financial Officer of MassMutual Financial Group (2006–2016).

Vanguard Senior Management Team

Mortimer J. Buckley	Chris D. McIsaac
Gregory Davis	James M. Norris
John James	Thomas M. Rampulla
Martha G. King	Karin A. Risi
John T. Marcante	

Chairman Emeritus and Senior Advisor

John J. Brennan

Chairman, 1996–2009
Chief Executive Officer and President, 1996–2008

Founder

John C. Bogle

Chairman and Chief Executive Officer, 1974–1996



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You can obtain a free copy of Vanguard's proxy voting guidelines by visiting vanguard.com/proxyreporting or by calling Vanguard at 800-662-2739. The guidelines are also available from the SEC's website, sec.gov. In addition, you may obtain a free report on how your fund voted the proxies for securities it owned during the 12 months ended June 30. To get the report, visit either vanguard.com/proxyreporting or sec.gov.

You can review and copy information about your fund at the SEC's Public Reference Room in Washington, D.C. To find out more about this public service, call the SEC at 202-551-8090. Information about your fund is also available on the SEC's website, and you can receive copies of this information, for a fee, by sending a request in either of two ways: via email addressed to publicinfo@sec.gov or via regular mail addressed to the Public Reference Section, Securities and Exchange Commission, Washington, DC 20549-1520.

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