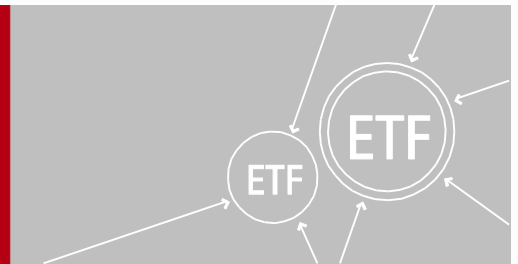


US SEC Filing Announcement for the Vanguard® Exchange Traded Funds

31 December 2015



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) for Registered Investment Companies with the Securities and Exchange Commission (SEC) in the US as part of the regulatory requirements of the SEC.

The completed form is attached and can be viewed online at the SEC website pages at:

<http://www.sec.gov/Archives/edgar/data/857489/000093247115009595/0000932471-15-009595-index.htm>

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

- 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



Annual Report | October 31, 2015

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: Pictured is a sailing block on the *Brilliant*, a 1932 schooner docked in Mystic, Connecticut. A type of pulley, the sailing block helps coordinate the setting of the sails. At Vanguard, the intricate coordination of technology and people allows us to help millions of clients around the world reach their financial goals.

Your Fund's Total Returns

Fiscal Year Ended October 31, 2015

	Total Returns
Vanguard FTSE All-World ex-US Index Fund	
Investor Shares	-5.16%
ETF Shares	
Market Price	-5.20
Net Asset Value	-5.05
Admiral™ Shares	-5.05
Institutional Shares	-5.03
Institutional Plus Shares	-5.01
FTSE All-World ex US Index	-3.83
International Funds Average	-1.46

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

Vanguard FTSE All-World ex-US Small-Cap Index Fund	
Investor Shares	-2.33%
ETF Shares	
Market Price	-2.87
Net Asset Value	-2.19
Institutional Shares	-2.17
FTSE Global Small Cap ex US Index	-1.27
International Small-Cap Funds Average	3.87

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.



Chairman's Letter

Dear Shareholder,

The fiscal year ended October 31, 2015, was a volatile one for the world's equity markets. Both domestic and international markets struggled late in the period. The strength of the U.S. dollar further hindered results of international stocks, which lost ground as a whole.

Although results varied dramatically from country to country, stocks of developed economies held up better than those of emerging markets. Returns for small-capitalization international stocks were negative but generally better than those of their larger counterparts.

In this investment environment, Vanguard FTSE All-World ex-US Index Fund, which holds international large- and mid-cap stocks, returned -5.16%. Vanguard FTSE All-World ex-US Small-Cap Index Fund, which invests in smaller international companies, returned -2.33%. (All returns mentioned in this letter are for the funds' Investor Shares.) Because of temporary price differences arising from fair-value pricing policies (see the box on page 6), the funds' returns diverged from those of their respective target indexes.

If you hold your shares in a taxable account, you may wish to review information on the funds' after-tax returns later in this report.

Global stock markets struggled, and some failed to advance

The broad U.S. stock market returned more than 4% for the fiscal year. The market traveled a bumpy road to that result. Fears

surfaced in late summer that slower economic growth in China would spread across the globe. A sharp drop in August erased the market’s earlier gains, and stocks slid further in September.

In October, however, U.S. stocks staged a robust rally as the Federal Reserve kept interest rates at historical lows. Corporate earnings, although lower than in recent years, mostly exceeded expectations. In Europe and Asia, central banks signaled or implemented additional stimulus measures to counter sluggish growth and low inflation.

The broad international stock market returned about –4% for U.S. investors as the dollar’s strength weighed on

local-market returns. Solid gains in the developed markets of the Pacific region and Europe were essentially flat when translated into dollars. Stocks tumbled in emerging markets, where the concerns about China seemed to weigh most heavily.

The search for a safe haven gave bonds a bit of a boost

The broad U.S. taxable bond market, which returned 1.96%, benefited from investors’ desire for safe-haven assets during periods of stock market volatility. The yield of the 10-year Treasury note ended October at 2.17%, down from 2.31% a year earlier. (Bond prices and yields move in opposite directions.)

Market Barometer

	Average Annual Total Returns Periods Ended October 31, 2015		
	One Year	Three Years	Five Years
Stocks			
Russell 1000 Index (Large-caps)	4.86%	16.28%	14.32%
Russell 2000 Index (Small-caps)	0.34	13.90	12.06
Russell 3000 Index (Broad U.S. market)	4.49	16.09	14.14
FTSE All-World ex US Index (International)	-3.83	5.20	2.99
Bonds			
Barclays U.S. Aggregate Bond Index (Broad taxable market)	1.96%	1.65%	3.03%
Barclays Municipal Bond Index (Broad tax-exempt market)	2.87	2.91	4.28
Citigroup Three-Month U.S. Treasury Bill Index	0.02	0.02	0.04
CPI			
Consumer Price Index	0.17%	0.93%	1.69%

International bond markets (as measured by the Barclays Global Aggregate Index ex USD) returned about -7%, also held back by the strong dollar. Without this currency effect, international bond returns were positive.

The Fed’s 0%–0.25% target for short-term interest rates continued to constrain returns for money market funds and savings accounts.

Falling commodity prices and a strong U.S. dollar hurt returns

The FTSE All-World ex-US Index Fund and the FTSE All-World ex-US Small-Cap Index Fund provide investors with broad exposure to different segments of developed and emerging markets outside the United States. Three major

market categories—Europe, the Pacific region’s developed markets, and emerging markets—account for the bulk of the funds’ holdings. The funds also have some exposure to Canada.

Both funds posted negative results in emerging markets and Canada; Europe performed best. Holdings in the Pacific region showed slight gains in the FTSE All-World ex-US Index Fund but lost ground in the FTSE All-World ex-US Small-Cap Index.

Declining commodity prices, triggered by weakened demand from China and the strong dollar, weighed heavily on emerging markets countries. Several major exporters, including Brazil, Malaysia, and South Africa, posted negative returns

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	0.29%	0.14%	0.14%	0.12 %	0.10%	1.39%
FTSE All-World ex-US Small-Cap Index Fund	0.37	0.19	—	0.18	—	1.61

The fund expense ratios shown are from the prospectus dated February 26, 2015, and represent estimated costs for the current fiscal year. For the fiscal year ended October 31, 2015, the funds’ expense ratios were: for the FTSE All-World ex-US Index Fund, 0.26% for Investor Shares, 0.13% for ETF Shares, 0.13% for Admiral Shares, 0.11% for Institutional Shares, and 0.09% for Institutional Plus Shares; and for the FTSE All-World ex-US Small-Cap Index Fund, 0.31% for Investor Shares, 0.17% for ETF Shares, and 0.15% 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 2014.

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.

in both funds. Brazil, which relies heavily on commodity exports to China, was hit particularly hard.

Likewise, tumbling oil prices were a major blow for Canada, an economy that is heavily dependent on oil exports and exploration.

Returns were mixed for countries in the developed markets of the Pacific, with Japan the best performer in each fund. Although economic growth continues to be slow and inflation remains low, a weaker yen boosted Japanese exports to the United States and Europe. The country’s stock market— which accounts for well over half of both funds’ holdings in the region—rose 10% for the period.

In the small-cap fund, Japan’s gains weren’t enough to offset losses in the rest of the Pacific region. Australia, a big exporter of commodities, declined 20% amid falling prices triggered by the slowdown in China. Singapore also lost ground.

Europe was a bright spot for the funds. Although the region as a whole ended the period in positive territory, results among its countries were wide-ranging and varied between the two funds.

In the mid- and large-cap fund, gains in several of the euro zone’s other large economies, including France, Germany, the Netherlands, Denmark, and Switzerland, boosted returns. These countries benefited

Total Returns
Inception Through October 31, 2015

	Average Annual Return
FTSE All-World ex-US Index Fund Investor Shares (Returns since inception: 3/8/2007)	1.13%
FTSE All-World ex US Index	1.62
International Funds Average	0.83

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)	12.25%
FTSE Global Small Cap ex US Index	13.00
International Small-Cap Funds Average	15.08

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.

from the European Central Bank's launch of a massive bond-buying program in March, a continuing slide in the euro, and cheaper oil. The United Kingdom—the region's biggest economy—was down for the period, as were Spain, Norway, and Sweden.

In the small-cap fund, the United Kingdom contributed most to performance both in Europe and overall. Germany, Italy, Sweden, Switzerland, and France also added to returns. Norway, Spain, Greece, and the Netherlands were the only economies to post negative results.

The funds have been successful in tightly tracking their indexes

Vanguard FTSE All-World ex-US Index Fund has returned 1.13% annually since its inception in March 2007. Vanguard

FTSE All-World ex-US Small-Cap Index Fund, which launched in April 2009, has returned 12.25% annually since inception.

The FTSE All-World ex-US Index Fund's average annual return for the eight years outpaced the average annual return of its peer group. The FTSE All-World ex-US Small-Cap Index Fund's average annual return for the six years lagged that of its peers.

For any index fund, success is defined as closely tracking the performance of its target index, which of course incurs no expenses. Both funds continued to meet this objective since their inception dates—no easy feat during a period that included the worst global recession since the Great Depression. This is a tribute to the experience, talent, and sophisticated

A note on fair-value pricing

The reported return of a fund that tracks an index sometimes diverges from the index's return a bit more than would be expected. This may be the result of a fair-value pricing adjustment.

These 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.

systems of the fund's advisor, Vanguard Equity Index Group. The advisor's efforts have been helped by the funds' low expenses, which allow you to keep more of the return on your investment.

A dose of discipline is crucial when markets become volatile

The developments over the past few months remind us that nobody can control the direction of the markets or reliably

predict where they'll go in the short term. However, investors can control how they *react* to unstable and turbulent markets.

During periods of market adversity, it's more important than ever to keep sight of one of Vanguard's key principles: Maintain perspective and long-term discipline. Whether you're investing for yourself or on behalf of clients, your success is affected greatly by how you

Staying the course can help you stay closer to your fund's return

When stock markets are highly volatile, as in recent months, it's tempting to run for cover. But the price of panic can be high.

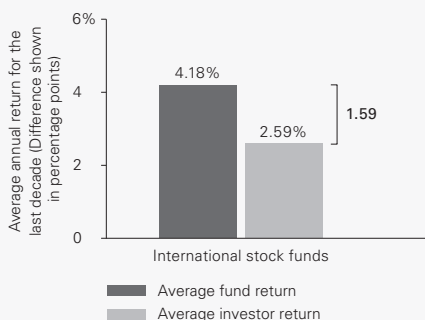
A rough measure of what can be lost from attempts to time the market is the difference between the returns produced by a fund and the returns earned by the fund's investors.

The results shown in your fund's Performance Summary later in this report are its *time-weighted* returns—the average annual returns investors would have earned if they had invested a lump sum in the fund at the start of the period and reinvested any distributions they received. Their actual returns, however, depend on whether they subsequently bought or sold any shares. There's often a gap between this *dollar-weighted* return for investors and the fund's time-weighted return, as shown in the figure to the right.

Many sensible investment behaviors can contribute to the difference in returns, but industry cash flow data suggest that one important factor is the generally counter-

productive effort to buy and sell at the "right" time. Keeping your emotions in check can help narrow the gap.

Fund returns vs. investor returns



Notes: Data are for the decade ended September 30, 2015. The average fund return and average investor return are from Morningstar, based on U.S.-domiciled international equity funds that have reported ten-year returns. The average fund return is the average of the international stock funds' time-weighted returns. The average investor return assumes that the growth of a fund's total net assets for a given period is driven by market returns and investor cash flow. To calculate investor return, a fund's change in assets for the period is discounted by the return of the fund to isolate how much of the asset growth was driven by cash flow. A model similar to an internal rate-of-return calculation is then used to calculate a constant growth rate that links the beginning total net assets and periodic cash flows to the ending total net assets.

Sources: Vanguard and Morningstar, Inc.

respond—or don't respond—during turbulent markets. (You can read *Vanguard's Principles for Investing Success* at vanguard.com/research.)

As I've written in the past, the best course for long-term investors is generally to ignore daily market moves and not make decisions based on emotion. This is also a good time to evaluate your portfolio and make sure your asset allocation is aligned with your time horizon, goals, and risk tolerance.

The markets are unpredictable and often confounding. Keeping your long-term plans clearly in focus can help you weather these periodic storms.

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". The "III" is written in a small, blocky font at the end of the signature.

F. William McNabb III
Chairman and Chief Executive Officer
November 17, 2015

Your Fund’s Performance at a Glance
October 31, 2014, Through October 31, 2015

	Starting Share Price	Ending Share Price	Distributions Per Share	
			Income Dividends	Capital Gains
Vanguard FTSE All-World ex-US Index Fund				
Investor Shares	\$19.40	\$17.92	\$0.498	\$0.000
ETF Shares	49.17	45.41	1.326	0.000
Admiral Shares	30.57	28.23	0.826	0.000
Institutional Shares	96.89	89.48	2.632	0.000
Institutional Plus Shares	102.60	94.75	2.810	0.000
Vanguard FTSE All-World ex-US Small-Cap Index Fund				
Investor Shares	\$38.10	\$36.27	\$0.948	\$0.000
ETF Shares	99.89	95.09	2.627	0.000
Institutional Shares	190.87	181.69	5.072	0.000

FTSE All-World ex-US Index Fund

Fund Profile

As of October 31, 2015

Share-Class Characteristics

	Investor Shares	ETF Shares	Admiral Shares	Institutional Shares	Institutional Plus Shares
Ticker Symbol	VFWIX	VEU	VFWAX	VFWSX	VFWPX
Expense Ratio ¹	0.29%	0.14%	0.14%	0.12%	0.10%

Portfolio Characteristics

	Fund	FTSE All-World ex US Index
Number of Stocks	2,508	2,394
Median Market Cap	\$28.5B	\$28.5B
Price/Earnings Ratio	17.4x	17.4x
Price/Book Ratio	1.7x	1.7x
Return on Equity	15.0%	15.0%
Earnings Growth Rate	11.0%	11.1%
Dividend Yield	2.9%	2.9%
Turnover Rate	3%	—
Short-Term Reserves	0.0%	—

Sector Diversification (% of equity exposure)

	Fund	FTSE All-World ex US Index
Basic Materials	6.8%	6.8%
Consumer Goods	17.2	17.1
Consumer Services	8.3	8.3
Financials	26.7	26.7
Health Care	8.5	8.6
Industrials	12.8	12.9
Oil & Gas	6.2	6.1
Technology	4.9	4.9
Telecommunications	5.0	5.0
Utilities	3.6	3.6

Volatility Measures

	FTSE All-World ex US Index
R-Squared	0.98
Beta	0.99

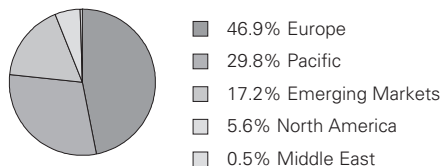
These measures show the degree and timing of the fund's fluctuations compared with the index over 36 months.

Ten Largest Holdings (% of total net assets)

Nestle SA	Food Products	1.3%
Roche Holding AG	Pharmaceuticals	1.1
Novartis AG	Pharmaceuticals	1.1
Royal Dutch Shell plc	Integrated Oil & Gas	0.9
Toyota Motor Corp.	Automobiles	0.9
HSBC Holdings plc	Banks	0.9
Samsung Electronics Co. Ltd.	Consumer Electronics	0.8
Unilever	Personal Products	0.7
Sanofi	Pharmaceuticals	0.6
British American Tobacco plc	Tobacco	0.6
Top Ten		8.9%

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 26, 2015, and represent estimated costs for the current fiscal year. For the fiscal year ended October 31, 2015, the expense ratios were 0.26% for Investor Shares, 0.13% for ETF Shares, 0.13% for Admiral Shares, 0.11% for Institutional Shares, and 0.09% for Institutional Plus Shares.

Market Diversification (% of equity exposure)

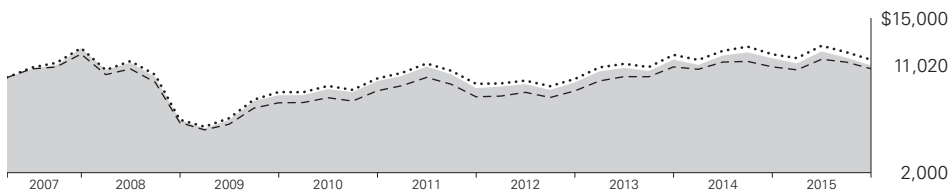
	Fund	FTSE All-World ex US Index
Europe		
United Kingdom	14.9%	14.9%
France	6.8	6.8
Switzerland	6.6	6.7
Germany	6.5	6.5
Spain	2.4	2.4
Netherlands	2.1	2.1
Sweden	2.0	2.1
Italy	1.8	1.8
Denmark	1.3	1.3
Belgium	1.0	1.0
Other	1.5	1.5
Subtotal	46.9%	47.1%
Pacific		
Japan	18.2%	17.8%
Australia	4.8	4.7
South Korea	3.2	3.2
Hong Kong	2.7	2.7
Other	0.9	1.1
Subtotal	29.8%	29.5%
Emerging Markets		
China	4.8%	4.8%
Taiwan	2.5	2.5
India	2.2	2.2
South Africa	1.6	1.7
Brazil	1.2	1.2
Mexico	1.0	1.0
Other	3.9	4.0
Subtotal	17.2%	17.4%
North America		
Canada	5.6%	5.5%
Middle East	0.5%	0.5%

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: March 8, 2007, Through October 31, 2015

Initial Investment of \$10,000



	Average Annual Total Returns Periods Ended October 31, 2015			Final Value of a \$10,000 Investment
	One Year	Five Years	Since Inception (3/8/2007)	
— FTSE All-World ex-US Index Fund Investor Shares	-5.16%	2.59%	1.13%	\$11,020
..... FTSE All-World ex US Index	-3.83	2.99	1.62	11,494
---- International Funds Average	-1.46	3.86	0.83	10,737

International 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 (3/2/2007)	Final Value of a \$10,000 Investment
FTSE All-World ex-US Index Fund ETF Shares Net Asset Value	-5.05%	2.74%	1.51%	\$11,383
FTSE All-World ex US Index	-3.83	2.99	1.72	11,595

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

FTSE All-World ex-US Index Fund

	Average Annual Total Returns Periods Ended October 31, 2015		Final Value of a \$10,000 Investment
	One Year	Since Inception (9/27/2011)	
FTSE All-World ex-US Index Fund Admiral Shares	-5.05%	6.79%	\$13,083
FTSE All-World ex US Index	-3.83	6.92	13,148

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

	One Year	Five Years	Since Inception (4/30/2007)	Final Value of a \$5,000,000 Investment
FTSE All-World ex-US Index Fund Institutional Shares	-5.03%	2.77%	0.52%	\$5,224,739
FTSE All-World ex US Index	-3.83	2.99	0.70	5,303,374

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

	One Year	Since Inception (12/16/2010)	Final Value of a \$100,000,000 Investment
FTSE All-World ex-US Index Fund Institutional Plus Shares	-5.01%	2.54%	\$113,012,319
FTSE All-World ex US Index	-3.83	2.80	114,423,950

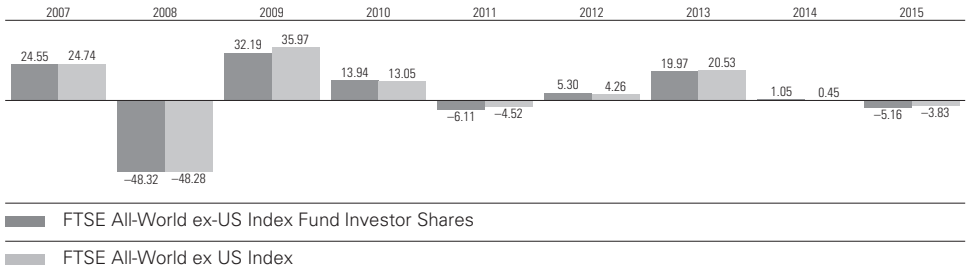
"Since Inception" performance is calculated from the Institutional Plus Shares' inception date for both the fund and its comparative standard.

Cumulative Returns of ETF Shares: March 2, 2007, Through October 31, 2015

	One Year	Five Years	Since Inception (3/2/2007)
FTSE All-World ex-US Index Fund ETF Shares Market Price	-5.20%	14.34%	13.87%
FTSE All-World ex-US Index Fund ETF Shares Net Asset Value	-5.05	14.49	13.83
FTSE All-World ex US Index	-3.83	15.90	15.95

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

Fiscal-Year Total Returns (%): March 8, 2007, Through October 31, 2015



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, 2015

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	3/8/2007	-10.97%	2.02%	0.41%
ETF Shares	3/2/2007			
Market Price		-11.01	2.12	0.77
Net Asset Value		-10.87	2.17	0.79
Admiral Shares	9/27/2011	-10.89	—	5.28
Institutional Shares	4/30/2007	-10.85	2.20	-0.22
Institutional Plus Shares	12/16/2010	-10.83	—	1.26

Financial Statements

Statement of Net Assets—Investments Summary

As of October 31, 2015

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	2,320,008	127,016	0.5%
Westpac Banking Corp.	4,350,596	97,267	0.4%
Australia—Other †		925,246	3.8%
		1,149,529	4.7%
Austria †			
		32,198	0.1%
Belgium			
Anheuser-Busch InBev SA/NV	1,089,588	129,949	0.6%
Belgium—Other †		104,622	0.4%
		234,571	1.0%
Brazil †			
		291,856	1.2%
Canada			
^ Royal Bank of Canada	1,964,658	112,341	0.5%
^ Toronto-Dominion Bank	2,519,957	103,450	0.4%
Bank of Nova Scotia	1,652,548	77,711	0.3%
Canada—Other †		1,061,592	4.4%
		1,355,094	5.6%
Chile †			
		57,406	0.2%
China			
Tencent Holdings Ltd.	7,298,360	136,970	0.6%
China Construction Bank Corp.	124,798,277	89,983	0.4%
China Mobile Ltd.	7,272,204	86,511	0.4%
Industrial & Commercial Bank of China Ltd.	98,407,500	62,445	0.3%
Bank of China Ltd.	102,807,541	48,423	0.2%
China Life Insurance Co. Ltd.	10,165,000	36,452	0.2%

	Shares	Market Value* (\$000)	Percentage of Net Assets
China Petroleum & Chemical Corp.	34,851,400	25,136	0.1%
CNOOC Ltd.	21,966,536	24,984	0.1%
PetroChina Co. Ltd.	28,822,000	22,688	0.1%
China Overseas Land & Investment Ltd.	5,253,760	16,922	0.1%
CITIC Ltd.	8,742,000	16,261	0.1%
Agricultural Bank of China Ltd.	35,271,715	14,392	0.1%
China Telecom Corp. Ltd.	22,152,000	11,580	0.1%
PICC Property & Casualty Co. Ltd.	4,448,540	10,079	0.1%
China Unicom Hong Kong Ltd.	7,914,123	9,699	0.1%
China Resources Land Ltd.	3,697,369	9,574	0.1%
China Communications Construction Co. Ltd.	6,048,000	8,283	0.0%
China Shenhua Energy Co. Ltd.	4,642,500	7,843	0.0%
* CRRC Corp. Ltd.	5,552,600	7,055	0.0%
* China Taiping Insurance Holdings Co. Ltd.	2,012,826	6,306	0.0%
China Resources Power Holdings Co. Ltd.	2,598,400	5,867	0.0%
Sinopharm Group Co. Ltd.	1,423,600	5,863	0.0%
Dongfeng Motor Group Co. Ltd.	3,958,000	5,677	0.0%
1 CGN Power Co. Ltd.	13,712,000	5,646	0.0%
China Merchants Holdings International Co. Ltd.	1,604,893	5,313	0.0%
China Railway Group Ltd.	5,243,000	4,943	0.0%
China Cinda Asset Management Co. Ltd.	12,465,000	4,835	0.0%
People's Insurance Co. Group of China Ltd.	8,693,000	4,635	0.0%
Zhuzhou CSR Times Electric Co. Ltd.	693,000	4,490	0.0%
China Galaxy Securities Co. Ltd.	5,110,000	4,414	0.0%
China Longyuan Power Group Corp. Ltd.	4,637,000	4,241	0.0%
China Railway Construction Corp. Ltd.	2,581,074	3,848	0.0%
China State Construction International Holdings Ltd.	2,150,000	3,263	0.0%
China Resources Beer Holdings Company Ltd.	1,712,000	3,229	0.0%
Kunlun Energy Co. Ltd.	3,838,000	3,142	0.0%
China Everbright Ltd.	1,156,000	2,711	0.0%
China Oilfield Services Ltd.	2,426,000	2,691	0.0%
China Resources Gas Group Ltd.	894,000	2,448	0.0%
AviChina Industry & Technology Co. Ltd.	3,004,000	2,438	0.0%
Air China Ltd.	2,494,000	2,387	0.0%
China Power International Development Ltd.	3,729,130	2,343	0.0%
Beijing Capital International Airport Co. Ltd.	2,048,000	2,194	0.0%
*^ China COSCO Holdings Co. Ltd.	3,378,800	2,154	0.0%
China Southern Airlines Co. Ltd.	2,321,000	1,963	0.0%
* Sinopec Shanghai Petrochemical Co. Ltd.	4,681,000	1,954	0.0%
Huaneng Renewables Corp. Ltd.	5,406,000	1,682	0.0%
^ China Coal Energy Co. Ltd.	3,862,000	1,657	0.0%
Huadian Power International Corp. Ltd.	2,182,000	1,594	0.0%
Metallurgical Corp. of China Ltd.	3,845,000	1,419	0.0%
* China Eastern Airlines Corp. Ltd.	2,134,000	1,368	0.0%
Sinotrans Ltd.	2,493,000	1,348	0.0%
Sinopec Engineering Group Co. Ltd.	1,509,593	1,299	0.0%
China Jinmao Holdings Group Ltd.	4,724,000	1,295	0.0%
* China Reinsurance Group Corp.	3,290,859	1,151	0.0%
Huadian Fuxin Energy Corp. Ltd.	3,630,134	1,113	0.0%
China Merchants Property Development Co. Ltd. Class B	292,025	1,093	0.0%
China Resources Cement Holdings Ltd.	2,620,000	1,053	0.0%
* China Agri-Industries Holdings Ltd.	2,812,200	1,033	0.0%
*.1 China Railway Signal & Communication Corp. Ltd.	1,077,700	852	0.0%
* CSSC Offshore and Marine Engineering Group Co. Ltd.	338,000	829	0.0%
China BlueChemical Ltd.	2,310,000	689	0.0%

FTSE All-World ex-US Index Fund

	Shares	Market Value* (\$000)	Percentage of Net Assets
Shanghai Baosight Software Co. Ltd. Class B	155,200	608	0.0%
Angang Steel Co. Ltd.	1,396,000	579	0.0%
China Machinery Engineering Corp.	629,361	545	0.0%
*^ China Foods Ltd.	934,000	425	0.0%
Sinofert Holdings Ltd.	2,341,153	410	0.0%
China National Accord Medicines Corp. Ltd. Class B	74,430	382	0.0%
China National Materials Co. Ltd.	1,555,000	372	0.0%
* China Overseas Property Holdings Ltd.	1,729,920	297	0.0%
¹ China—Other †		412,232	1.7%
		1,179,600	4.8%
Colombia †		27,420	0.1%
Czech Republic †		8,772	0.0%
Denmark			
Novo Nordisk A/S Class B	2,489,791	131,893	0.6%
Denmark—Other †		172,804	0.7%
		304,697	1.3%
Egypt †		12,841	0.1%
Finland †		162,171	0.7%
France			
Sanofi	1,542,960	155,561	0.6%
TOTAL SA	2,811,071	136,223	0.6%
BNP Paribas SA	1,334,072	80,917	0.3%
France—Other †		1,280,416	5.3%
		1,653,117	6.8%
Germany			
Bayer AG	1,129,636	150,784	0.6%
Daimler AG	1,304,886	113,232	0.5%
Allianz SE	621,954	108,904	0.5%
Siemens AG	1,081,798	108,798	0.4%
BASF SE	1,261,022	103,366	0.4%
SAP SE	1,220,960	96,526	0.4%
* Deutsche Telekom AG	4,324,596	80,862	0.3%
¹ Germany—Other †		806,803	3.3%
		1,569,275	6.4%
Greece †		7,805	0.0%
Hong Kong			
AIA Group Ltd.	16,452,481	96,071	0.4%
BOC Hong Kong Holdings Ltd.	4,893,882	15,615	0.1%
China Travel International Investment Hong Kong Ltd.	3,558,000	1,604	0.0%
¹ Hong Kong—Other †		534,183	2.2%
		647,473	2.7%
Hungary †		11,922	0.1%

FTSE All-World ex-US Index Fund

	Shares	Market Value* (\$000)	Percentage of Net Assets
India			
Nestle India Ltd.	32,014	3,021	0.0%
¹ India—Other †		544,593	2.2%
		547,614	2.2%
Indonesia †		99,761	0.4%
Ireland †		54,462	0.2%
Israel			
Teva Pharmaceutical Industries Ltd.	1,297,171	77,054	0.3%
Osem Investments Ltd.	48,527	938	0.0%
Israel—Other †		48,071	0.2%
		126,063	0.5%
Italy †		435,847	1.8%
Japan			
Toyota Motor Corp.	3,618,517	221,564	0.9%
Mitsubishi UFJ Financial Group Inc.	18,998,107	122,847	0.5%
Honda Motor Co. Ltd.	2,449,746	81,331	0.3%
Chugai Pharmaceutical Co. Ltd.	306,100	9,815	0.1%
Japan—Other †		3,858,114	15.8%
		4,293,671	17.6%
¹ Malaysia †		169,500	0.7%
Mexico †		237,477	1.0%
Netherlands			
Unilever NV	2,126,058	95,832	0.4%
ING Groep NV	5,275,406	76,506	0.3%
¹ Netherlands—Other †		344,754	1.4%
		517,092	2.1%
New Zealand †		36,131	0.2%
Norway †		106,343	0.4%
Other²			
³ Vanguard FTSE Emerging Markets ETF	958,425	33,391	0.1%
Peru †		9,781	0.0%
Philippines †		78,938	0.3%
Poland †		69,488	0.3%
Portugal †		25,092	0.1%
¹ Russia †		187,568	0.8%

	Shares	Market Value* (\$000)	Percentage of Net Assets
Singapore			
[^] COSCO Corp. Singapore Ltd.	998,000	267	0.0%
Singapore—Other †		230,380	0.9%
		230,647	0.9%
South Africa			
Naspers Ltd.	556,288	81,261	0.3%
South Africa—Other †		319,764	1.3%
		401,025	1.6%
South Korea			
Samsung Electronics Co. Ltd. GDR	230,386	137,639	0.6%
South Korea—Other †		644,417	2.6%
		782,056	3.2%
Spain			
Banco Santander SA	18,670,876	104,555	0.4%
¹ Spain—Other †		475,551	2.0%
		580,106	2.4%
Sweden †			
		495,750	2.0%
Switzerland			
Nestle SA	4,278,439	326,629	1.3%
Novartis AG	2,913,037	264,113	1.1%
Roche Holding AG	973,964	263,810	1.1%
UBS Group AG	4,798,081	95,760	0.4%
Roche Holding AG (Bearer)	18,908	5,165	0.0%
Switzerland—Other †		654,292	2.7%
		1,609,769	6.6%
Taiwan			
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	5,375,181	118,039	0.5%
Taiwan—Other †		484,818	2.0%
		602,857	2.5%
Thailand †			
		113,203	0.5%
Turkey †			
		71,792	0.3%
United Arab Emirates †			
		42,026	0.2%
United Kingdom			
HSBC Holdings plc	26,659,334	208,232	0.9%
British American Tobacco plc	2,546,295	151,138	0.6%
BP plc	24,912,768	147,876	0.6%
GlaxoSmithKline plc	6,641,285	143,040	0.6%
Royal Dutch Shell plc Class A	5,320,975	138,178	0.6%
Vodafone Group plc	36,290,463	119,637	0.5%
AstraZeneca plc	1,723,860	110,034	0.5%
Diageo plc	3,440,642	99,430	0.4%
Lloyds Banking Group plc	83,548,735	94,801	0.4%
Royal Dutch Shell plc Class B	3,316,279	86,622	0.4%
Reckitt Benckiser Group plc	868,423	84,731	0.3%
BT Group plc	11,432,605	81,735	0.3%
Barclays plc	22,876,758	81,419	0.3%

FTSE All-World ex-US Index Fund

	Shares	Market Value* (\$000)	Percentage of Net Assets
Prudential plc	3,485,669	81,360	0.3%
SABMiller plc	1,291,393	79,439	0.3%
¹ United Kingdom—Other †		1,897,061	7.8%
		3,604,733	14.8%
Total Common Stocks (Cost \$23,669,840)		24,267,930	99.5%⁴

Coupon				
Temporary Cash Investments				
Money Market Fund				
^{5,6} Vanguard Market Liquidity Fund	0.207%	714,268,337	714,268	3.0%
^{7,8} U.S. Government and Agency Obligations †			24,594	0.1%
Total Temporary Cash Investments (Cost \$738,858)			738,862	3.1%⁴
Total Investments (Cost \$24,408,698)			25,006,792	102.6%

	Amount (\$000)	
Other Assets and Liabilities		
Other Assets		
Investment in Vanguard	2,115	
Receivables for Investment Securities Sold	52,182	
Receivables for Accrued Income	71,622	
Receivables for Capital Shares Issued	11,870	
Other Assets	18,079	
Total Other Assets	155,868	0.6%
Liabilities		
Payables for Investment Securities Purchased	(268,986)	
Collateral for Securities on Loan	(491,464)	
Payables for Capital Shares Redeemed	(2,777)	
Payables to Vanguard	(12,958)	
Other Liabilities	(3,869)	
Total Liabilities	(780,054)	(3.2%)
Net Assets	24,382,606	100.0%

At October 31, 2015, net assets consisted of:

	Amount (\$000)
Paid-in Capital	24,822,649
Undistributed Net Investment Income	45,885
Accumulated Net Realized Losses	(1,083,682)
Unrealized Appreciation (Depreciation)	
Investment Securities	598,094
Futures Contracts	4,197
Forward Currency Contracts	(2,564)
Foreign Currencies	(1,973)
Net Assets	24,382,606

	Amount (\$000)
Investor Shares—Net Assets	
Applicable to 31,561,864 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	565,470
Net Asset Value Per Share—Investor Shares	\$17.92
ETF Shares—Net Assets	
Applicable to 297,839,182 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	13,525,407
Net Asset Value Per Share—ETF Shares	\$45.41
Admiral Shares—Net Assets	
Applicable to 112,038,469 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	3,162,698
Net Asset Value Per Share—Admiral Shares	\$28.23
Institutional Shares—Net Assets	
Applicable to 50,297,986 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	4,500,757
Net Asset Value Per Share—Institutional Shares	\$89.48
Institutional Plus Shares—Net Assets	
Applicable to 27,738,101 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	2,628,274
Net Asset Value Per Share—Institutional Plus Shares	\$94.75

• 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 \$391,306,000.

† 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, 2015, the aggregate value of these securities was \$94,318,000, representing 0.4% of net assets.

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

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

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 100.0% and 2.6%, respectively, of net assets.

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

6 Includes \$491,464,000 of collateral received for securities on loan.

7 Securities with a value of \$16,197,000 have been segregated as initial margin for open futures contracts.

8 Securities with a value of \$2,964,000 and cash of \$420,000 have been segregated as collateral for open forward currency contracts.

ADR—American Depositary Receipt.

GDR—Global Depositary Receipt.

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

Statement of Operations

	Year Ended October 31, 2015
	(\$000)
Investment Income	
Income	
Dividends ^{1,2}	690,657
Interest ²	165
Securities Lending	19,217
Total Income	710,039
Expenses	
The Vanguard Group—Note B	
Investment Advisory Services	2,312
Management and Administrative—Investor Shares	1,162
Management and Administrative—ETF Shares	11,720
Management and Administrative—Admiral Shares	2,492
Management and Administrative—Institutional Shares	3,189
Management and Administrative—Institutional Plus Shares	1,230
Marketing and Distribution—Investor Shares	133
Marketing and Distribution—ETF Shares	1,640
Marketing and Distribution—Admiral Shares	401
Marketing and Distribution—Institutional Shares	545
Marketing and Distribution—Institutional Plus Shares	244
Custodian Fees	4,431
Auditing Fees	39
Shareholders' Reports—Investor Shares	13
Shareholders' Reports—ETF Shares	255
Shareholders' Reports—Admiral Shares	15
Shareholders' Reports—Institutional Shares	16
Shareholders' Reports—Institutional Plus Shares	7
Trustees' Fees and Expenses	16
Total Expenses	29,860
Net Investment Income	680,179
Realized Net Gain (Loss)	
Investment Securities Sold ²	(23,797)
Futures Contracts	9,644
Foreign Currencies and Forward Currency Contracts	(17,295)
Realized Net Gain (Loss)	(31,448)
Change in Unrealized Appreciation (Depreciation)	
Investment Securities	(2,008,881)
Futures Contracts	5,069
Foreign Currencies and Forward Currency Contracts	(630)
Change in Unrealized Appreciation (Depreciation)	(2,004,442)
Net Increase (Decrease) in Net Assets Resulting from Operations	(1,355,711)

¹ Dividends are net of foreign withholding taxes of \$45,429,000.

² Dividend income, interest income, and realized net gain (loss) from affiliated companies of the fund were \$1,489,000, \$154,000, and (\$4,730,000), respectively.

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

Statement of Changes in Net Assets

	Year Ended October 31,	
	2015 (\$000)	2014 (\$000)
Increase (Decrease) in Net Assets		
Operations		
Net Investment Income	680,179	718,808
Realized Net Gain (Loss)	(31,448)	(28,844)
Change in Unrealized Appreciation (Depreciation)	(2,004,442)	(461,318)
Net Increase (Decrease) in Net Assets Resulting from Operations	(1,355,711)	228,646
Distributions		
Net Investment Income		
Investor Shares	(14,940)	(19,217)
ETF Shares	(373,817)	(399,093)
Admiral Shares	(81,360)	(71,461)
Institutional Shares	(129,879)	(154,344)
Institutional Plus Shares	(67,629)	(67,065)
Realized Capital Gain		
Investor Shares	—	—
ETF Shares	—	—
Admiral Shares	—	—
Institutional Shares	—	—
Institutional Plus Shares	—	—
Total Distributions	(667,625)	(711,180)
Capital Share Transactions		
Investor Shares	59,412	(77,758)
ETF Shares	2,248,885	1,629,962
Admiral Shares	846,073	699,465
Institutional Shares	148,032	117,739
Institutional Plus Shares	711,587	498,478
Net Increase (Decrease) from Capital Share Transactions	4,013,989	2,867,886
Total Increase (Decrease)	1,990,653	2,385,352
Net Assets		
Beginning of Period	22,391,953	20,006,601
End of Period ¹	24,382,606	22,391,953

¹ Net Assets—End of Period includes undistributed (overdistributed) net investment income of \$45,885,000 and \$42,396,000.

Financial Highlights

Investor Shares

For a Share Outstanding Throughout Each Period	Year Ended October 31,				
	2015	2014	2013	2012	2011
Net Asset Value, Beginning of Period	\$19.40	\$19.81	\$17.03	\$16.95	\$18.43
Investment Operations					
Net Investment Income	.502	.627 ¹	.482	.448	.512
Net Realized and Unrealized Gain (Loss) on Investments	(1.484)	(.413)	2.850	.397	(1.608)
Total from Investment Operations	(.982)	.214	3.332	.845	(1.096)
Distributions					
Dividends from Net Investment Income	(.498)	(.624)	(.552)	(.765)	(.384)
Distributions from Realized Capital Gains	—	—	—	—	—
Total Distributions	(.498)	(.624)	(.552)	(.765)	(.384)
Net Asset Value, End of Period	\$17.92	\$19.40	\$19.81	\$17.03	\$16.95
Total Return²	-5.16%	1.05%	19.97%	5.30%	-6.11%

Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$565	\$552	\$637	\$543	\$1,330
Ratio of Total Expenses to Average Net Assets	0.26%	0.29%	0.30%	0.30%	0.35%
Ratio of Net Investment Income to Average Net Assets	2.70%	3.18% ¹	2.69%	3.13%	2.87%
Portfolio Turnover Rate ³	3%	4%	8%	6%	6%

¹ 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.

² 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.

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

ETF Shares

For a Share Outstanding Throughout Each Period	Year Ended October 31,				
	2015	2014	2013	2012	2011
Net Asset Value, Beginning of Period	\$49.17	\$50.20	\$43.21	\$43.17	\$46.92
Investment Operations					
Net Investment Income	1.335	1.665 ¹	1.295	1.324	1.390
Net Realized and Unrealized Gain (Loss) on Investments	(3.769)	(1.036)	7.204	.884	(4.121)
Total from Investment Operations	(2.434)	.629	8.499	2.208	(2.731)
Distributions					
Dividends from Net Investment Income	(1.326)	(1.659)	(1.509)	(2.168)	(1.019)
Distributions from Realized Capital Gains	—	—	—	—	—
Total Distributions	(1.326)	(1.659)	(1.509)	(2.168)	(1.019)
Net Asset Value, End of Period	\$45.41	\$49.17	\$50.20	\$43.21	\$43.17
Total Return	-5.05%	1.21%	20.12%	5.51%	-5.99%

Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$13,525	\$12,453	\$11,102	\$7,400	\$6,301
Ratio of Total Expenses to Average Net Assets	0.13%	0.14%	0.15%	0.15%	0.18%
Ratio of Net Investment Income to Average Net Assets	2.83%	3.33% ¹	2.84%	3.28%	3.04%
Portfolio Turnover Rate ²	3%	4%	8%	6%	6%

¹ 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.

² 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,				Sept. 27, 2011 ¹ to Oct. 31, 2011
	2015	2014	2013	2012	2011
Net Asset Value, Beginning of Period	\$30.57	\$31.21	\$26.86	\$26.86	\$25.00
Investment Operations					
Net Investment Income	.832	1.037 ²	.805	.818	.082
Net Realized and Unrealized Gain (Loss) on Investments	(2.346)	(.644)	4.487	.543	1.778
Total from Investment Operations	(1.514)	.393	5.292	1.361	1.860
Distributions					
Dividends from Net Investment Income	(.826)	(1.033)	(.942)	(1.361)	—
Distributions from Realized Capital Gains	—	—	—	—	—
Total Distributions	(.826)	(1.033)	(.942)	(1.361)	—
Net Asset Value, End of Period	\$28.23	\$30.57	\$31.21	\$26.86	\$26.86
Total Return³	-5.05%	1.23%	20.14%	5.46%	7.44%

Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$3,163	\$2,551	\$1,909	\$1,235	\$152
Ratio of Total Expenses to Average Net Assets	0.13%	0.14%	0.15%	0.15%	0.18% ⁴
Ratio of Net Investment Income to Average Net Assets	2.83%	3.33% ²	2.84%	3.28%	3.04% ⁴
Portfolio Turnover Rate ⁵	3%	4%	8%	6%	6%

1 Inception.

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 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 Annualized.

5 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.

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

Financial Highlights

Institutional Shares

For a Share Outstanding Throughout Each Period	Year Ended October 31,				
	2015	2014	2013	2012	2011
Net Asset Value, Beginning of Period	\$96.89	\$98.93	\$85.14	\$85.10	\$92.50
Investment Operations					
Net Investment Income	2.651	3.299 ¹	2.577	2.628	2.785
Net Realized and Unrealized Gain (Loss) on Investments	(7.429)	(2.049)	14.215	1.735	(8.113)
Total from Investment Operations	(4.778)	1.250	16.792	4.363	(5.328)
Distributions					
Dividends from Net Investment Income	(2.632)	(3.290)	(3.002)	(4.323)	(2.072)
Distributions from Realized Capital Gains	—	—	—	—	—
Total Distributions	(2.632)	(3.290)	(3.002)	(4.323)	(2.072)
Net Asset Value, End of Period	\$89.48	\$96.89	\$98.93	\$85.14	\$85.10
Total Return²	-5.03%	1.23%	20.16%	5.51%	-5.94%

Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$4,501	\$4,713	\$4,687	\$3,684	\$3,975
Ratio of Total Expenses to Average Net Assets	0.11%	0.12%	0.12%	0.12%	0.13%
Ratio of Net Investment Income to Average Net Assets	2.85%	3.35% ¹	2.87%	3.31%	3.09%
Portfolio Turnover Rate ³	3%	4%	8%	6%	6%

¹ 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.

² Total returns do not include transaction fees that may have applied in the periods shown. Fund prospectuses provide information about any applicable transaction fees.

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 Plus Shares

For a Share Outstanding Throughout Each Period	Year Ended October 31,				Dec. 16, 2010 ¹ to Oct. 31, 2011
	2015	2014	2013	2012	2011
Net Asset Value, Beginning of Period	\$102.60	\$104.76	\$90.17	\$90.15	\$99.48
Investment Operations					
Net Investment Income	2.829	3.517 ²	2.749	2.809	2.794
Net Realized and Unrealized Gain (Loss) on Investments	(7.869)	(2.169)	15.050	1.829	(9.947)
Total from Investment Operations	(5.040)	1.348	17.799	4.638	(7.153)
Distributions					
Dividends from Net Investment Income	(2.810)	(3.508)	(3.209)	(4.618)	(2.177)
Distributions from Realized Capital Gains	—	—	—	—	—
Total Distributions	(2.810)	(3.508)	(3.209)	(4.618)	(2.177)
Net Asset Value, End of Period	\$94.75	\$102.60	\$104.76	\$90.17	\$90.15
Total Return³	-5.01%	1.25%	20.18%	5.54%	-7.36%

Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$2,628	\$2,122	\$1,671	\$1,274	\$566
Ratio of Total Expenses to Average Net Assets	0.09%	0.10%	0.10%	0.10%	0.10% ⁴
Ratio of Net Investment Income to Average Net Assets	2.87%	3.37% ²	2.89%	3.33%	3.12% ⁴
Portfolio Turnover Rate ⁵	3%	4%	8%	6%	6%

¹ Inception.

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 Annualized.

⁵ 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.

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

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 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 acquired over 60 days to maturity 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. Other temporary cash investments are valued at amortized cost, which approximates market value.

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. 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 aggregate settlement values and 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, 2015, 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 aggregate settlement values 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 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, 2012–2015), 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 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 absence 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.

7. Credit Facility: The fund and certain other funds managed by The Vanguard Group ("Vanguard") participate in a \$3 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 0.06% 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 equal to the higher of the federal funds rate or LIBOR reference rate plus an agreed-upon spread.

The fund had no borrowings outstanding at October 31, 2015, 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. In consideration of recent decisions rendered by European courts, the fund has filed additional 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 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) and shareholder reporting. 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, 2015, the fund had contributed to Vanguard capital in the amount of \$2,115,000, 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).

The following table summarizes the market value of the fund's investments as of October 31, 2015, based on the inputs used to value them:

Investments	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)
Common Stocks—North and South America	403,086	220,855	—
Common Stocks—Other	1,748,633	21,872,857	22,499
Temporary Cash Investments	714,268	24,594	—
Futures Contracts—Assets ¹	550	—	—
Futures Contracts—Liabilities ¹	(300)	—	—
Forward Currency Contracts—Assets	—	841	—
Forward Currency Contracts—Liabilities	—	(3,405)	—
Total	2,866,237	22,115,742	22,499

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

D. At October 31, 2015, 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)
Other Assets	550	841	1,391
Other Liabilities	(300)	(3,405)	(3,705)

Realized net gain (loss) and the change in unrealized appreciation (depreciation) on derivatives for the year ended October 31, 2015, were:

	Equity Contracts (\$000)	Foreign Exchange Contracts (\$000)	Total (\$000)
Realized Net Gain (Loss) on Derivatives			
Futures Contracts	9,644	—	9,644
Forward Currency Contracts	—	(5,911)	(5,911)
Realized Net Gain (Loss) on Derivatives	9,644	(5,911)	(3,733)

Change in Unrealized Appreciation (Depreciation) on Derivatives

Futures Contracts	5,069	—	5,069
Forward Currency Contracts	—	(674)	(674)
Change in Unrealized Appreciation (Depreciation) on Derivatives	5,069	(674)	(4,395)

At October 31, 2015, the aggregate settlement value of open futures contracts and the related unrealized appreciation (depreciation) were:

		(\$000)		
		Number of Long (Short) Contracts	Aggregate Settlement Value Long (Short)	Unrealized Appreciation (Depreciation)
Futures Contracts	Expiration			
Dow Jones EURO STOXX 50	December 2015	1,010	37,967	2,103
Topix Index	December 2015	233	30,092	1,500
FTSE 100 Index	December 2015	299	29,184	380
S&P ASX 200 Index	December 2015	143	13,355	214
				4,197

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

At October 31, 2015, the fund had open forward currency contracts to receive and deliver currencies as follows. Unrealized appreciation (depreciation) on open forward currency contracts is treated as realized gain (loss) for tax purposes.

Counterparty	Contract Settlement Date	Contract Amount (000)				Unrealized Appreciation (Depreciation) (\$000)
			Receive		Deliver	
BNP Paribas	12/23/2015	EUR	62,213	USD	70,184	(1,706)
Bank of America N.A.	12/15/2015	JPY	6,054,032	USD	50,693	(484)
BNP Paribas	12/23/2015	GBP	32,341	USD	49,624	223
BNP Paribas	12/22/2015	AUD	26,927	USD	19,077	73
Morgan Stanley Capital Services LLC	12/23/2015	GBP	8,622	USD	13,137	152
Citibank, N.A.	12/23/2015	EUR	11,790	USD	13,074	(96)
UBS AG	12/23/2015	EUR	10,982	USD	12,425	(337)
Citibank, N.A.	12/23/2015	GBP	7,199	USD	11,075	21
Citibank, N.A.	12/15/2015	JPY	1,138,875	USD	9,428	18
BNP Paribas	12/15/2015	JPY	1,112,022	USD	9,215	7
UBS AG	12/22/2015	AUD	10,570	USD	7,383	134
BNP Paribas	12/22/2015	AUD	8,862	USD	6,381	(79)
Barclays Capital	12/15/2015	JPY	562,020	USD	4,684	(23)
Barclays Capital	12/23/2015	USD	62,650	EUR	57,046	(140)
Citibank, N.A.	12/15/2015	USD	48,769	JPY	5,895,975	(129)
Goldman Sachs International	12/23/2015	USD	48,330	GBP	31,532	(271)
BNP Paribas	12/15/2015	USD	33,387	JPY	4,000,000	213
Barclays Capital	12/22/2015	USD	20,729	AUD	29,344	(140)
						(2,564)

AUD—Australian dollar.

EUR—Euro.

GBP—British pound.

JPY—Japanese yen.

USD—U.S. dollar.

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.

During the year ended October 31, 2015, the fund realized net foreign currency losses of \$11,384,000, which decreased distributable net income for tax purposes; accordingly, such losses have been reclassified from accumulated net realized losses to undistributed net investment income. 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, 2015, the fund realized gains on the sale of passive foreign investment companies of \$2,346,000, 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, 2015, had unrealized appreciation of \$59,964,000.

The fund realized gains on the sale of securities that were subject to capital gains tax in certain foreign countries. Capital gains taxes reduce realized gains for financial statement purposes but are treated as an expense for tax purposes. Accordingly, \$27,000 of capital gains tax has been reclassified from accumulated net realized losses to undistributed net investment income.

During the year ended October 31, 2015, the fund realized \$169,157,000 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, 2015, the fund had \$116,924,000 of ordinary income available for distribution. At October 31, 2015, the fund had available capital losses totaling \$1,083,764,000 to offset future net capital gains. Of this amount, \$279,774,000 is subject to expiration dates; \$29,919,000 may be used to offset future net capital gains through October 31, 2016, \$138,065,000 through October 31, 2017, \$32,560,000 through October 31, 2018, and \$79,230,000 through October 31, 2019. Capital losses of \$803,990,000 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 \$1,431,000 expired on October 31, 2015; accordingly, such losses have been reclassified from accumulated net realized losses to paid-in capital.

At October 31, 2015, the cost of investment securities for tax purposes was \$24,468,662,000. Net unrealized appreciation of investment securities for tax purposes was \$538,130,000, consisting of unrealized gains of \$3,882,455,000 on securities that had risen in value since their purchase and \$3,344,325,000 in unrealized losses on securities that had fallen in value since their purchase.

F. During the year ended October 31, 2015, the fund purchased \$5,208,244,000 of investment securities and sold \$1,214,344,000 of investment securities, other than temporary cash investments. Purchases and sales include \$2,252,257,000 and \$406,046,000, 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,			
	2015		2014	
	Amount (\$000)	Shares (000)	Amount (\$000)	Shares (000)
Investor Shares				
Issued	202,214	10,640	234,361	11,821
Issued in Lieu of Cash Distributions	14,509	772	18,693	943
Redeemed	(157,311)	(8,322)	(330,812)	(16,475)
Net Increase (Decrease)—Investor Shares	59,412	3,090	(77,758)	(3,711)
ETF Shares				
Issued	2,660,025	53,578	1,717,407	33,926
Issued in Lieu of Cash Distributions	—	—	—	—
Redeemed	(411,140)	(9,000)	(87,445)	(1,800)
Net Increase (Decrease)—ETF Shares	2,248,885	44,578	1,629,962	32,126
Admiral Shares				
Issued	1,381,231	47,037	1,011,547	32,236
Issued in Lieu of Cash Distributions	67,575	2,285	58,193	1,862
Redeemed	(602,733)	(20,743)	(370,275)	(11,817)
Net Increase (Decrease)—Admiral Shares	846,073	28,579	699,465	22,281
Institutional Shares				
Issued	1,019,443	10,800	1,108,144	11,167
Issued in Lieu of Cash Distributions	118,859	1,266	140,367	1,417
Redeemed	(990,270)	(10,410)	(1,130,772)	(11,322)
Net Increase (Decrease)—Institutional Shares	148,032	1,656	117,739	1,262
Institutional Plus Shares				
Issued	865,085	8,576	692,692	6,583
Issued in Lieu of Cash Distributions	64,893	655	65,258	622
Redeemed	(218,391)	(2,179)	(259,472)	(2,467)
Net Increase (Decrease)—Institutional Plus Shares	711,587	7,052	498,478	4,738

H. Management has determined that no material events or transactions occurred subsequent to October 31, 2015, 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, 2015

Share-Class Characteristics

	Investor Shares	ETF Shares	Institutional Shares
Ticker Symbol	VFSVX	VSS	VFSNX
Expense Ratio ¹	0.37%	0.19%	0.18%

Portfolio Characteristics

	Fund	FTSE Global Small Cap ex US Index
Number of Stocks	3,445	3,321
Median Market Cap	\$1.4B	\$1.4B
Price/Earnings Ratio	20.6x	20.7x
Price/Book Ratio	1.5x	1.5x
Return on Equity	11.6%	11.6%
Earnings Growth Rate	13.0%	13.1%
Dividend Yield	2.4%	2.4%
Turnover Rate	9%	—
Short-Term Reserves	0.2%	—

Sector Diversification (% of equity exposure)

	Fund	FTSE Global Small Cap ex US Index
Basic Materials	7.3%	7.3%
Consumer Goods	11.3	11.4
Consumer Services	13.4	13.3
Financials	22.0	22.0
Health Care	6.5	6.3
Industrials	23.8	23.8
Oil & Gas	4.7	4.7
Technology	7.5	7.6
Telecommunications	1.1	1.1
Utilities	2.4	2.5

Volatility Measures

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

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

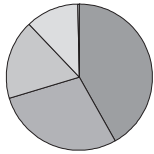
Ten Largest Holdings (% of total net assets)

Dollarama Inc.	Specialty Retailers	0.4%
Gildan Activewear Inc.	Clothing & Accessories	0.3
Constellation Software Inc.	Software	0.3
Open Text Corp.	Software	0.3
Onex Corp.	Diversified Industrials	0.3
Keyera Corp.	Exploration & Production	0.2
Amlin plc	Property & Casualty Insurance	0.2
Element Financial Corp.	Specialty Finance	0.2
Bellway plc	Home Construction	0.2
Great Portland Estates plc	Industrial & Office REITs	0.2
Top Ten		2.6%

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

¹ The expense ratios shown are from the prospectus dated February 26, 2015, and represent estimated costs for the current fiscal year. For the fiscal year ended October 31, 2015, the expense ratios were 0.31% for Investor Shares, 0.17% for ETF Shares, and 0.15% for Institutional Shares.

Allocation by Region (% of equity exposure)



- 41.8% Europe
- 28.5% Pacific
- 17.6% Emerging Markets
- 11.7% North America
- 0.4% Middle East

Market Diversification (% of equity exposure)

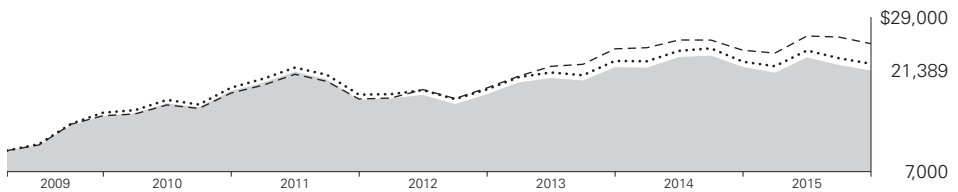
	Fund	FTSE Global Small Cap ex US Index
Europe		
United Kingdom	15.5%	15.5%
Germany	4.0	4.0
Sweden	3.4	3.4
Italy	3.2	3.2
Switzerland	2.9	2.9
France	2.9	2.9
Spain	1.8	1.8
Netherlands	1.6	1.7
Belgium	1.3	1.3
Finland	1.2	1.2
Denmark	1.0	1.0
Norway	1.0	1.0
Other	2.0	2.0
Subtotal	41.8%	41.9%
Pacific		
Japan	16.0%	15.5%
South Korea	4.5	4.5
Australia	3.8	3.9
Hong Kong	2.2	2.0
Singapore	1.5	1.5
Other	0.5	0.5
Subtotal	28.5%	27.9%
Emerging Markets		
Taiwan	5.8%	5.9%
China	3.1	3.2
India	2.5	2.5
Thailand	1.1	1.1
Malaysia	1.0	1.0
Other	4.1	4.3
Subtotal	17.6%	18.0%
North America		
Canada	11.7%	11.8%
Middle East		
	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, 2015

Initial Investment of \$10,000



Average Annual Total Returns Periods Ended October 31, 2015

	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 Investor Shares	-2.33%	2.97%	12.25%	\$21,389
FTSE Global Small Cap ex US Index	-1.27	3.36	13.00	22,351
International Small-Cap Funds Average	3.87	6.75	15.08	25,203

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	-2.19%	3.16%	12.47%	\$21,670
FTSE Global Small Cap ex US Index	-1.27	3.36	13.00	22,351

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

	Average Annual Total Returns Periods Ended October 31, 2015			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	-2.17%	3.18%	12.49%	\$10,850,362
FTSE Global Small Cap ex US Index	-1.27	3.36	13.00	11,175,723

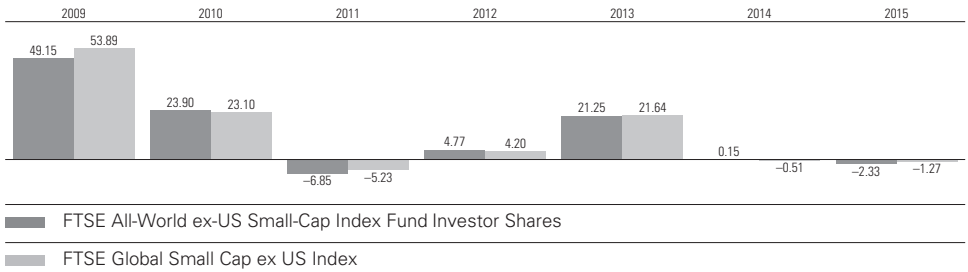
"Since Inception" performance is calculated from the Institutional Shares' inception date for both the fund and its comparative standard.

Cumulative Returns of ETF Shares: April 2, 2009, Through October 31, 2015

	One Year	Five Years	Since Inception (4/2/2009)
FTSE All-World ex-US Small-Cap Index Fund ETF Shares Market Price	-2.87%	16.07%	116.55%
FTSE All-World ex-US Small-Cap Index Fund ETF Shares Net Asset Value	-2.19	16.84	116.70
FTSE Global Small Cap ex US Index	-1.27	17.99	123.51

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

Fiscal-Year Total Returns (%): April 2, 2009, Through October 31, 2015



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, 2015

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	-8.63%	2.87%	11.60%
ETF Shares	4/2/2009			
Market Price		-8.81	3.00	11.82
Net Asset Value		-8.50	3.07	11.82
Institutional Shares	4/2/2009	-8.48	3.09	11.84

Financial Statements

Statement of Net Assets—Investments Summary

As of October 31, 2015

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			
DUET Group	3,382,785	5,694	0.2%
Australia—Other †		109,732	3.6%
		115,426	3.8%
Austria †			
		25,016	0.8%
Belgium			
Ackermans & van Haaren NV	35,290	5,369	0.2%
Belgium—Other †		35,160	1.1%
		40,529	1.3%
Brazil †			
		21,511	0.7%
Canada			
Dollarama Inc.	159,263	10,758	0.3%
Gildan Activewear Inc.	353,127	10,151	0.3%
Constellation Software Inc.	23,242	10,043	0.3%
Open Text Corp.	178,537	8,276	0.3%
Onex Corp.	127,685	7,742	0.3%
Keyera Corp.	243,800	7,523	0.2%
* Element Financial Corp.	554,192	7,167	0.2%
CCL Industries Inc. Class B	47,441	6,721	0.2%
^ H&R REIT	399,564	6,411	0.2%
Methanex Corp.	133,278	5,317	0.2%
^ AltaGas Ltd.	197,617	5,102	0.2%
^ Vermilion Energy Inc.	140,625	4,948	0.2%
Industrial Alliance Insurance & Financial Services Inc.	144,929	4,755	0.2%
Empire Co. Ltd.	226,884	4,752	0.2%
Canada—Other †		252,208	8.4%
		351,874	11.7%

	Shares	Market Value* (\$000)	Percentage of Net Assets
Chile †		8,629	0.3%
¹ China †		93,233	3.1%
Colombia †		1,990	0.1%
Czech Republic †		332	0.0%
Denmark †		30,561	1.0%
Egypt †		4,875	0.2%
Finland			
Huhtamaki Oyj	151,396	5,331	0.2%
Amer Sports Oyj	171,137	4,789	0.2%
Finland—Other †		25,815	0.8%
		35,935	1.2%
France			
Teleperformance	83,376	6,547	0.2%
Orpea	60,719	4,867	0.2%
¹ France—Other †		75,081	2.5%
		86,495	2.9%
Germany			
LEG Immobilien AG	81,766	6,528	0.2%
Freenet AG	154,168	5,201	0.2%
Germany—Other †		107,150	3.5%
		118,879	3.9%
Greece †		9,886	0.3%
¹ Hong Kong †		67,625	2.2%
India			
Indiabulls Housing Finance Ltd.	473,167	5,200	0.2%
India—Other †		70,868	2.3%
		76,068	2.5%
Indonesia †		19,736	0.7%
Ireland			
Kingspan Group plc	258,178	6,248	0.2%
Paddy Power plc	48,657	5,625	0.2%
Ireland—Other †		3,945	0.1%
		15,818	0.5%
Israel †		11,536	0.4%
Italy			
Banca Popolare di Milano Scarl	6,304,589	5,931	0.2%
Banca Popolare dell'Emilia Romagna SC	687,060	5,537	0.2%
¹ Italy—Other †		84,250	2.8%
		95,718	3.2%

	Shares	Market Value* (\$000)	Percentage of Net Assets
Japan †		466,588	15.5%
Malaysia †		29,240	1.0%
Mexico †		16,472	0.5%
¹ Netherlands †		48,473	1.6%
New Zealand †		16,309	0.5%
¹ Norway †		29,652	1.0%
Philippines †		13,653	0.4%
Poland †		6,873	0.2%
Portugal †		11,580	0.4%
Russia †		1,895	0.1%
¹ Singapore †		44,153	1.5%
South Africa †		15,809	0.5%
South Korea †		136,454	4.5%
Spain			
Merlin Properties Socimi SA	476,122	6,100	0.2%
Gamesa Corp. Tecnologica SA	323,189	5,104	0.2%
Spain—Other †		41,746	1.4%
		52,950	1.8%
¹ Sweden †		102,159	3.4%
Switzerland			
BB Biotech AG	16,418	4,639	0.2%
¹ Switzerland—Other †		82,342	2.7%
		86,981	2.9%
Taiwan †		175,884	5.8%
Thailand †		34,478	1.1%
Turkey †		7,634	0.3%
United Arab Emirates †		1,420	0.0%
United Kingdom			
Amlin plc	733,501	7,445	0.2%
Bellway plc	178,559	7,132	0.2%
Great Portland Estates plc	508,073	6,959	0.2%
Henderson Group plc	1,533,714	6,771	0.2%
Booker Group plc	2,356,747	6,754	0.2%
Halma plc	552,430	6,494	0.2%

	Shares	Market Value* (\$000)	Percentage of Net Assets
Hiscox Ltd.	418,443	6,230	0.2%
IG Group Holdings plc	532,584	6,195	0.2%
Betfair Group plc	124,302	6,177	0.2%
Man Group plc	2,322,779	5,959	0.2%
Shaftesbury plc	402,969	5,836	0.2%
Greene King plc	447,634	5,537	0.2%
Telecity Group plc	293,879	5,317	0.2%
UBM plc	636,288	5,010	0.2%
Spirax-Sarco Engineering plc	106,197	4,973	0.2%
Essentra plc	382,970	4,964	0.2%
Close Brothers Group plc	218,823	4,930	0.2%
Regus plc	946,427	4,875	0.2%
* BTG plc	559,200	4,751	0.2%
Cable & Wireless Communications plc	4,117,220	4,659	0.1%
¹ United Kingdom—Other †		349,299	11.6%
		466,267	15.5%
Total Common Stocks (Cost \$3,146,727)		2,996,596	99.3%²

Coupon				
Temporary Cash Investments				
Money Market Fund				
^{3,4} Vanguard Market Liquidity Fund	0.207%	334,353,058	334,353	11.1%
⁵ U.S. Government and Agency Obligations †			3,400	0.1%
Total Temporary Cash Investments (Cost \$337,753)			337,753	11.2%²
Total Investments (Cost \$3,484,480)			3,334,349	110.5%

	Amount (\$000)	
Other Assets and Liabilities		
Other Assets		
Investment in Vanguard	265	
Receivables for Investment Securities Sold	3,951	
Receivables for Accrued Income	5,840	
Receivables for Capital Shares Issued	413	
Other Assets	89	
Total Other Assets	10,558	0.3%
Liabilities		
Payables for Investment Securities Purchased	(1,063)	
Collateral for Securities on Loan	(318,967)	
Payables for Capital Shares Redeemed	(236)	
Payables to Vanguard	(1,599)	
Other Liabilities	(5,916)	
Total Liabilities	(327,781)	(10.8%)
Net Assets	3,017,126	100.0%

At October 31, 2015, net assets consisted of:

	Amount (\$000)
Paid-in Capital	3,227,427
Undistributed Net Investment Income	8,731
Accumulated Net Realized Losses	(69,324)
Unrealized Appreciation (Depreciation)	
Investment Securities	(150,131)
Futures Contracts	683
Forward Currency Contracts	(136)
Foreign Currencies	(124)
Net Assets	3,017,126
Investor Shares—Net Assets	
Applicable to 12,293,182 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	445,921
Net Asset Value Per Share—Investor Shares	\$36.27
ETF Shares—Net Assets	
Applicable to 25,313,934 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	2,407,115
Net Asset Value Per Share—ETF Shares	\$95.09
Institutional Shares—Net Assets	
Applicable to 903,116 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	164,090
Net Asset Value Per Share—Institutional Shares	\$181.69

• 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 \$298,463,000.

* 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 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, 2015, the aggregate value of these securities was \$29,555,000, representing 1.0% of net assets.

2 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 10.5%, respectively, of net assets.

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

4 Includes \$318,967,000 of collateral received for securities on loan.

5 Securities with a value of \$1,900,000 have been segregated as initial margin for open futures contracts.

REIT—Real Estate Investment Trust.

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

Statement of Operations

	Year Ended October 31, 2015 (\$000)
Investment Income	
Income	
Dividends ¹	71,933
Interest ²	35
Securities Lending	5,890
Total Income	77,858
Expenses	
The Vanguard Group—Note B	
Investment Advisory Services	556
Management and Administrative—Investor Shares	1,051
Management and Administrative—ETF Shares	2,455
Management and Administrative—Institutional Shares	104
Marketing and Distribution—Investor Shares	71
Marketing and Distribution—ETF Shares	307
Marketing and Distribution—Institutional Shares	8
Custodian Fees	721
Auditing Fees	43
Shareholders' Reports—Investor Shares	6
Shareholders' Reports—ETF Shares	122
Shareholders' Reports—Institutional Shares	—
Trustees' Fees and Expenses	2
Total Expenses	5,446
Net Investment Income	72,412
Realized Net Gain (Loss)	
Investment Securities Sold	56,022
Futures Contracts	(2,540)
Foreign Currencies and Forward Currency Contracts	(2,162)
Realized Net Gain (Loss)	51,320
Change in Unrealized Appreciation (Depreciation)	
Investment Securities	(228,554)
Futures Contracts	683
Foreign Currencies and Forward Currency Contracts	(93)
Change in Unrealized Appreciation (Depreciation)	(227,964)
Net Increase (Decrease) in Net Assets Resulting from Operations	(104,232)

¹ Dividends are net of foreign withholding taxes of \$5,560,000.

² Interest income from an affiliated company of the fund was \$33,000.

Statement of Changes in Net Assets

	Year Ended October 31,	
	2015 (\$000)	2014 (\$000)
Increase (Decrease) in Net Assets		
Operations		
Net Investment Income	72,412	55,436
Realized Net Gain (Loss)	51,320	142,226
Change in Unrealized Appreciation (Depreciation)	(227,964)	(219,553)
Net Increase (Decrease) in Net Assets Resulting from Operations	(104,232)	(21,891)
Distributions		
Net Investment Income		
Investor Shares	(10,561)	(8,501)
ETF Shares	(61,064)	(48,170)
Institutional Shares	(2,759)	(985)
Realized Capital Gain		
Investor Shares	—	—
ETF Shares	—	—
Institutional Shares	—	—
Total Distributions	(74,384)	(57,656)
Capital Share Transactions		
Investor Shares	86,821	74,677
ETF Shares	604,382	291,883
Institutional Shares	118,310	40,284
Net Increase (Decrease) from Capital Share Transactions	809,513	406,844
Total Increase (Decrease)	630,897	327,297
Net Assets		
Beginning of Period	2,386,229	2,058,932
End of Period ¹	3,017,126	2,386,229

¹ Net Assets—End of Period includes undistributed (overdistributed) net investment income of \$8,731,000 and \$9,924,000.

Financial Highlights

Investor Shares

For a Share Outstanding Throughout Each Period	Year Ended October 31,				
	2015	2014	2013	2012	2011
Net Asset Value, Beginning of Period	\$38.10	\$38.99	\$33.21	\$32.89	\$36.34
Investment Operations					
Net Investment Income	.887	.909	.946	.798	.854
Net Realized and Unrealized Gain (Loss) on Investments ¹	(1.769)	(.834)	5.947	.649	(3.231)
Total from Investment Operations	(.882)	.075	6.893	1.447	(2.377)
Distributions					
Dividends from Net Investment Income	(.948)	(.965)	(1.113)	(1.127)	(.782)
Distributions from Realized Capital Gains	—	—	—	—	(.291)
Total Distributions	(.948)	(.965)	(1.113)	(1.127)	(1.073)
Net Asset Value, End of Period	\$36.27	\$38.10	\$38.99	\$33.21	\$32.89
Total Return²	-2.33%	0.15%	21.25%	4.77%	-6.85%

Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$446	\$382	\$318	\$232	\$204
Ratio of Total Expenses to Average Net Assets	0.31%	0.37%	0.40%	0.45%	0.50%
Ratio of Net Investment Income to Average Net Assets	2.41%	2.25%	2.58%	2.54%	2.35%
Portfolio Turnover Rate ³	9%	13%	19%	18%	37%

1 Includes increases from purchase and redemption fees of \$.00, \$.01, \$.01, \$.03, and \$.06. Effective July 25, 2014, fees were eliminated.

2 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.

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

ETF Shares

For a Share Outstanding Throughout Each Period	Year Ended October 31,				
	2015	2014	2013	2012	2011
Net Asset Value, Beginning of Period	\$99.89	\$102.21	\$87.11	\$86.38	\$95.38
Investment Operations					
Net Investment Income	2.461	2.570	2.664	2.252	2.450
Net Realized and Unrealized Gain (Loss) on Investments ¹	(4.634)	(2.169)	15.595	1.707	(8.505)
Total from Investment Operations	(2.173)	.401	18.259	3.959	(6.055)
Distributions					
Dividends from Net Investment Income	(2.627)	(2.721)	(3.159)	(3.229)	(2.182)
Distributions from Realized Capital Gains	—	—	—	—	(.763)
Total Distributions	(2.627)	(2.721)	(3.159)	(3.229)	(2.945)
Net Asset Value, End of Period	\$95.09	\$99.89	\$102.21	\$87.11	\$86.38
Total Return	-2.19%	0.34%	21.50%	4.99%	-6.67%

Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$2,407	\$1,947	\$1,723	\$1,040	\$906
Ratio of Total Expenses to Average Net Assets	0.17%	0.19%	0.20%	0.25%	0.28%
Ratio of Net Investment Income to Average Net Assets	2.55%	2.43%	2.78%	2.74%	2.57%
Portfolio Turnover Rate ²	9%	13%	19%	18%	37%

¹ Includes increases from purchase and redemption fees of \$.00, \$.04, \$.03, \$.07, and \$.13. Effective July 25, 2014, fees were eliminated.

² 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,				
	2015	2014	2013	2012	2011
Net Asset Value, Beginning of Period	\$190.87	\$195.32	\$166.39	\$165.23	\$182.36
Investment Operations					
Net Investment Income	4.756	4.933	5.100	4.244	4.892
Net Realized and Unrealized Gain (Loss) on Investments ¹	(8.864)	(4.161)	29.812	3.315	(16.420)
Total from Investment Operations	(4.108)	.772	34.912	7.559	(11.528)
Distributions					
Dividends from Net Investment Income	(5.072)	(5.222)	(5.982)	(6.399)	(4.143)
Distributions from Realized Capital Gains	—	—	—	—	(1.459)
Total Distributions	(5.072)	(5.222)	(5.982)	(6.399)	(5.602)
Net Asset Value, End of Period	\$181.69	\$190.87	\$195.32	\$166.39	\$165.23
Total Return²	-2.17%	0.34%	21.51%	5.00%	-6.64%

Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$164	\$57	\$18	\$15	\$35
Ratio of Total Expenses to Average Net Assets	0.15%	0.18%	0.19%	0.24%	0.25%
Ratio of Net Investment Income to Average Net Assets	2.57%	2.44%	2.79%	2.75%	2.60%
Portfolio Turnover Rate ³	9%	13%	19%	18%	37%

¹ Includes increases from purchase and redemption fees of \$.00, \$.06, \$.07, \$.20, and \$.18. Effective July 25, 2014, fees were eliminated.

² Total returns do not include transaction fees that may have applied in the periods shown. Fund prospectuses provide information about any applicable transaction fees.

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.

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 acquired over 60 days to maturity 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. Other temporary cash investments are valued at amortized cost, which approximates market value.

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. 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 aggregate settlement values and 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, 2015, 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 aggregate settlement values 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 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, 2012–2015), 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 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 absence 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.

7. **Credit Facility:** The fund and certain other funds managed by The Vanguard Group ("Vanguard") participate in a \$3 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 0.06% 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 equal to the higher of the federal funds rate or LIBOR reference rate plus an agreed-upon spread.

The fund had no borrowings outstanding at October 31, 2015, 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. In consideration of recent decisions rendered by European courts, the fund has filed additional 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 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) and shareholder reporting. 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, 2015, the fund had contributed to Vanguard capital in the amount of \$265,000, representing 0.01% of the fund's net assets and 0.11% 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).

The following table summarizes the market value of the fund's investments as of October 31, 2015, based on the inputs used to value them:

Investments	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)
Common Stocks—North and South America	369,464	30,941	72
Common Stocks—Other	895	2,584,432	10,792
Temporary Cash Investments	334,353	3,400	—
Futures Contracts—Assets ¹	46	—	—
Futures Contracts—Liabilities ¹	(15)	—	—
Forward Currency Contracts—Assets	—	44	—
Forward Currency Contracts—Liabilities	—	(180)	—
Total	704,743	2,618,637	10,864

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

D. At October 31, 2015, 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)
Other Assets	46	44	90
Other Liabilities	(15)	(180)	(195)

Realized net gain (loss) and the change in unrealized appreciation (depreciation) on derivatives for the year ended October 31, 2015, were:

	Equity Contracts (\$000)	Foreign Exchange Contracts (\$000)	Total (\$000)
Realized Net Gain (Loss) on Derivatives			
Futures Contracts	(2,540)	—	(2,540)
Forward Currency Contracts	—	56	56
Realized Net Gain (Loss) on Derivatives	(2,540)	56	(2,484)

Change in Unrealized Appreciation (Depreciation) on Derivatives

Futures Contracts	683	—	683
Forward Currency Contracts	—	(136)	(136)
Change in Unrealized Appreciation (Depreciation) on Derivatives	683	(136)	547

At October 31, 2015, the aggregate settlement value of open futures contracts and the related unrealized appreciation (depreciation) were:

		(\$000)		
		Number of Long (Short) Contracts	Aggregate Settlement Value Long (Short)	Unrealized Appreciation (Depreciation)
Futures Contracts	Expiration			
MSCI Emerging Markets Index	December 2015	156	6,581	156
E-mini Russell 2000 Index	December 2015	56	6,486	14
Topix Index	December 2015	28	3,616	304
Dow Jones EURO STOXX 50	December 2015	85	3,195	209
				683

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

At October 31, 2015, the fund had open forward currency contracts to receive and deliver currencies as follows. Unrealized appreciation (depreciation) on open forward currency contracts is treated as realized gain (loss) for tax purposes.

Counterparty	Contract Settlement Date	Contract Amount (000)				Unrealized Appreciation (Depreciation) (\$000)
			Receive		Deliver	
Bank of America NA	12/15/15	JPY	642,379	USD	5,372	(44)
BNP Paribas	12/23/15	EUR	4,612	USD	5,212	(136)
Citibank, N.A.	12/23/15	USD	2,030	EUR	1,816	31
Barclays Bank PLC	12/15/15	USD	2,003	JPY	239,955	13
						(136)

EUR—Euro.

JPY—Japanese yen.

USD—U.S. dollar.

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; such differences are primarily attributed to the tax treatment of unrealized appreciation on passive foreign investment companies. 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.

During the year ended October 31, 2015, the fund realized net foreign currency losses of \$2,218,000, which decreased distributable net income for tax purposes; accordingly, such losses have been reclassified from accumulated net realized losses to undistributed net investment income. 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, 2015, the fund realized gains on the sale of passive foreign investment companies of \$2,997,000, 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, 2015, had unrealized appreciation of \$21,545,000.

During the year ended October 31, 2015, the fund realized \$91,575,000 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, 2015, the fund had \$31,472,000 of ordinary income available for distribution. At October 31, 2015, the fund had available capital losses totaling \$68,964,000 to offset future net capital gains. Of this amount, \$8,716,000 is subject to expiration on October 31, 2019. Capital losses of \$60,248,000 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, 2015, the cost of investment securities for tax purposes was \$3,506,025,000. Net unrealized depreciation of investment securities for tax purposes was \$171,676,000, consisting of unrealized gains of \$384,991,000 on securities that had risen in value since their purchase and \$556,667,000 in unrealized losses on securities that had fallen in value since their purchase.

F. During the year ended October 31, 2015, the fund purchased \$1,284,752,000 of investment securities and sold \$493,881,000 of investment securities, other than temporary cash investments. Purchases and sales include \$554,421,000 and \$250,813,000, 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,			
	2015		2014	
	Amount (\$000)	Shares (000)	Amount (\$000)	Shares (000)
Investor Shares				
Issued ¹	165,488	4,391	124,654	3,118
Issued in Lieu of Cash Distributions	9,158	249	7,547	193
Redeemed ²	(87,825)	(2,368)	(57,524)	(1,445)
Net Increase (Decrease)—Investor Shares	86,821	2,272	74,677	1,866
ETF Shares				
Issued ¹	880,544	8,719	664,533	6,238
Issued in Lieu of Cash Distributions	—	—	—	—
Redeemed ²	(276,162)	(2,900)	(372,650)	(3,600)
Net Increase (Decrease)—ETF Shares	604,382	5,819	291,883	2,638
Institutional Shares				
Issued ¹	129,128	663	39,711	204
Issued in Lieu of Cash Distributions	2,545	14	985	5
Redeemed ²	(13,363)	(73)	(412)	(2)
Net Increase (Decrease)—Institutional Shares	118,310	604	40,284	207

¹ Includes purchase fees for fiscal 2014 of \$751,000, (fund totals). Effective July 25, 2014, the purchase fee was eliminated.

² Net of redemption fees for fiscal 2014 of \$114,000, (fund totals). Effective July 25, 2014, the redemption fee was eliminated.

H. Management has determined that no material events or transactions occurred subsequent to October 31, 2015, 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 statements of net assets—investments summary 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 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”) at October 31, 2015, 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 periods indicated, 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 at October 31, 2015 by correspondence with the custodian and brokers, by agreement to the underlying ownership records of the transfer agent and the application of alternative auditing procedures where securities purchased had not been received, provide a reasonable basis for our opinion.

/s/PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
December 15, 2015

Special 2015 tax information (unaudited) for Vanguard FTSE All-World ex-US Index Fund

This information for the fiscal year ended October 31, 2015, is included pursuant to provisions of the Internal Revenue Code.

The fund distributed \$481,692,000 of qualified dividend income to shareholders during the fiscal year.

The fund designates to shareholders foreign source income of \$627,680,000 and foreign taxes paid of \$45,046,000. Shareholders will receive more detailed information with their Form 1099-DIV in January 2016 to determine the calendar-year amounts to be included on their 2015 tax returns.

Special 2015 tax information (unaudited) for Vanguard FTSE All-World ex-US Small-Cap Index Fund

This information for the fiscal year ended October 31, 2015, is included pursuant to provisions of the Internal Revenue Code.

The fund distributed \$41,407,000 of qualified dividend income to shareholders during the fiscal year.

The fund designates to shareholders foreign source income of \$67,091,000 and foreign taxes paid of \$5,515,000. Shareholders will receive more detailed information with their Form 1099-DIV in January 2016 to determine the calendar-year amounts to be included on their 2015 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 2015. (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, 2015

	One Year	Five Years	Since Inception (3/8/2007)
FTSE All-World ex-US Index Fund Investor Shares			
Returns Before Taxes	-5.16%	2.59%	1.13%
Returns After Taxes on Distributions	-5.87	1.91	0.65
Returns After Taxes on Distributions and Sale of Fund Shares	-2.52	2.03	0.91

	One Year	Five Years	Since Inception (4/2/2009)
FTSE All-World ex-US Small-Cap Index Fund Investor Shares			
Returns Before Taxes	-2.33%	2.97%	12.25%
Returns After Taxes on Distributions	-3.10	2.23	11.56
Returns After Taxes on Distributions and Sale of Fund Shares	-1.00	2.22	9.87

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, 2015

	Beginning Account Value 4/30/2015	Ending Account Value 10/31/2015	Expenses Paid During Period
Based on Actual Fund Return			
FTSE All-World ex-US Index Fund			
Investor Shares	\$1,000.00	\$903.91	\$1.20
ETF Shares	1,000.00	904.26	0.62
Admiral Shares	1,000.00	904.46	0.62
Institutional Shares	1,000.00	904.41	0.53
Institutional Plus Shares	1,000.00	904.49	0.43
FTSE All-World ex-US Small-Cap Index Fund			
Investor Shares	\$1,000.00	\$919.86	\$1.40
ETF Shares	1,000.00	920.58	0.82
Institutional Shares	1,000.00	920.60	0.73
Based on Hypothetical 5% Yearly Return			
FTSE All-World ex-US Index Fund			
Investor Shares	\$1,000.00	\$1,023.95	\$1.28
ETF Shares	1,000.00	1,024.55	0.66
Admiral Shares	1,000.00	1,024.55	0.66
Institutional Shares	1,000.00	1,024.65	0.56
Institutional Plus Shares	1,000.00	1,024.75	0.46
FTSE All-World ex-US Small-Cap Index Fund			
Investor Shares	\$1,000.00	\$1,023.74	\$1.48
ETF Shares	1,000.00	1,024.35	0.87
Institutional Shares	1,000.00	1,024.45	0.77

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, 0.25% for Investor Shares, 0.13% for ETF Shares, 0.13% for Admiral Shares, 0.11% for Institutional Shares, and 0.09% for Institutional Plus Shares; and for the FTSE All-World ex-US Small-Cap Index Fund, 0.29% for Investor Shares, 0.17% for ETF Shares, and 0.15% 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.

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 194 Vanguard funds.

The following table provides information for each trustee and executive officer of the fund. 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; Director of The Vanguard Group since 2008; Chief Executive Officer and President of The Vanguard Group, and of each of the investment companies served by The Vanguard Group, since 2008; Director of Vanguard Marketing Corporation; Managing Director of The Vanguard Group (1995–2008).

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); Executive in Residence and 2009–2010 Distinguished Minett Professor at the Rochester Institute of Technology; Director of SPX Corporation (multi-industry manufacturing), the United Way of Rochester, the University of Rochester Medical Center, Monroe Community College Foundation, and North Carolina A&T University.

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 Tyco International PLC (diversified manufacturing and services), Hewlett-Packard Co. (electronic computer manufacturing), and Delphi Automotive PLC (automotive components); Senior Advisor at New Mountain Capital.

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 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; Chair of the Presidential Commission for the Study of Bioethical Issues.

JoAnn Heffernan Heisen

Born 1950. Trustee Since July 1998. Principal Occupation(s) During the Past Five Years and Other Experience: Corporate Vice President and Chief Global Diversity Officer (retired 2008) and Member of the Executive Committee (1997–2008) 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), and of Oxfam America; Director of SKF AB (industrial machinery), Hyster-Yale Materials Handling, Inc. (forklift trucks), the Lumina Foundation for Education, and the V Foundation for Cancer Research; Member of the Advisory Council for the College of Arts and Letters and 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); Director of the Dow Chemical Company; 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; Board Member of TIFF Advisory Services, Inc., and Catholic Investment Services, Inc. (investment advisors); Member of the Investment Advisory Committee of Major League Baseball.

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 Managing Partner of HighVista Strategies LLC (private investment firm); Director of Rand Merchant Bank; 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); Trustee of Colby-Sawyer College; Member of the Advisory Board of the Norris Cotton Cancer Center and of the Advisory Board of the Parthenon Group (strategy consulting).

Executive Officers

Glenn Booraem

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

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: Head of Global Fund Accounting at 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).

Heidi Stam

Born 1956. Secretary Since July 2005. 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.

Vanguard Senior Management Team

Mortimer J. Buckley	Chris D. McIsaac
Kathleen C. Gubanich	James M. Norris
Paul A. Heller	Thomas M. Rampulla
Martha G. King	Glenn W. Reed
John T. Marcante	Karin A. Risi

Chairman Emeritus and Senior Advisor

John J. Brennan

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

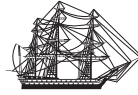
Founder

John C. Bogle

Chairman and Chief Executive Officer, 1974–1996

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.



Vanguard®

P.O. Box 2600
Valley Forge, PA 19482-2600

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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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