

SUPPLEMENT NO. 2 DATED MARCH 31, 2023
TO THE LOUISIANA ABLE PROGRAM
DISCLOSURE BOOKLET AND PARTICIPATION AGREEMENT
DATED MARCH 31, 2023

This Supplement No. 2 (this “Supplement”) amends, updates, and supersedes anything to the contrary contained in the May 1, 2021, Disclosure Booklet and Participation Agreement (the “Disclosure Booklet”). This Supplement does not update any information contained in the Disclosure Booklet except as specifically described herein. It should be read in conjunction with the Disclosure Booklet complete information about the ABLE program. Capitalized terms used in this Supplement and not otherwise defined will have the same meaning as used in the Disclosure Booklet.

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

45. This section of the Disclosure Booklet describes the nine (9) funds that are currently available for the LA ABLE Account Program. The State Treasurer routinely monitors these funds. Based on its evaluation of the funds, the State Treasurer may change the current funds offered in the future.

46. The Vanguard funds available for the LA ABLE Account Program are selected by the Louisiana State Treasurer and may change over time. The LA ABLE Account Owner will own an interest in the LA ABLE Account Program, but he will not own shares of the Underlying Vanguard Fund(s).

47. Investments in these funds are not guaranteed, and some or all the money invested in a LA ABLE Account may be lost. Neither the State of Louisiana, LATTA, LOSFA, the LA ABLE Account Program, nor the Louisiana State Treasurer is responsible for any losses resulting from investments in Variable Earnings. Read the entirety of this document for additional disclaimers.

48. Vanguard Federal Money Market Fund (VMFXX)

- **Investment Objective:** The Fund seeks to provide current income while maintaining liquidity and a stable share price of \$1.
- **Investment Strategy:** The Fund invests primarily in high-quality, short-term money market instruments. Under normal circumstances, at least 80% of the Fund’s assets are invested in securities issued by the U.S. government and its agencies and instrumentalities. Although these securities are high-quality, most of the securities held by the Fund are neither guaranteed by the U.S. Treasury nor supported by the full faith and credit of the U.S. government. To be considered high quality, a security must be determined by Vanguard to present minimal credit risk based in part on a consideration of maturity, portfolio diversification, portfolio liquidity, and credit quality. The Fund maintains a dollar-weighted average maturity of 60 days or less and a dollar-weighted average life of 120 days or less. Under the new money market reforms, government

money market funds are required to invest at least 99.5% of their total assets in cash, government securities, and/or repurchase agreements that are collateralized solely by government securities or cash (collectively, government securities). The Fund generally invests 100% of its assets in government securities and therefore will satisfy the 99.5% requirement for designation as a government money market fund.

49. Vanguard Short-Term Bond Index Fund Admiral Shares (VBIRX)

- **Investment Objective:** The Fund seeks to track the performance of a market-weighted bond index with a short-term dollar-weighted average maturity.
- **Investment Strategy:** The Fund employs an indexing investment approach designed to track the performance of the Bloomberg Barclays U.S. 1-5 Year Government/Credit Float Adjusted Index. This Index includes all medium and larger issues of U.S. government, investment-grade corporate, and investment-grade international dollar-denominated bonds that have maturities between 1 and 5 years and are publicly issued. The Fund invests by sampling the Index, meaning that it holds a range of securities that, in the aggregate, approximates the full Index in terms of key risk factors and other characteristics. All of the Fund's investments will be selected through the sampling process, and at least 80% of the Fund's assets will be invested in bonds held in the Index. The Fund maintains a dollar-weighted average maturity consistent with that of the Index, which generally does not exceed 3 years.

50. Vanguard Intermediate-Term Bond Index Fund Admiral Shares (VBILX)

- **Investment Objective:** The Fund seeks to track the performance of a market-weighted bond index with an intermediate-term dollar-weighted average maturity.
- **Investment Strategy:** The Fund employs an indexing investment approach designed to track the performance of the Bloomberg Barclays U.S. 5-10 Year Government/Credit Float Adjusted Bond Index. This Index includes all medium and larger issues of U.S. government, investment-grade corporate, and investment-grade international dollar-denominated bonds that have maturities between 5 and 10 years and are publicly issued. The Fund invests by sampling the Index, meaning that it holds a range of securities that, in the aggregate, approximate the full index in terms of key risk factors and other characteristics. All of the Fund's investments will be selected through the sampling process, and at least 80% of the Fund's assets will be invested in bonds held in the Index. The Fund maintains a dollar-weighted average maturity consistent with that of the Index, which generally ranges between 5 and 10 years.

51. Vanguard LifeStrategy® Growth Fund (VASGX)

- **Investment Objective:** The Fund seeks to provide capital appreciation and some current income.
- **Investment Strategy:** The Fund invests in other Vanguard mutual funds according to a fixed formula that reflects an allocation of approximately 80% of the Fund's assets to common stocks and 20% to bonds. The targeted percentage of the Fund's assets allocated to each of the underlying funds is: Vanguard Total Stock Market Index Fund 48%, Vanguard Total International Stock Index Fund 32%, Vanguard Total Bond Market II Index Fund 14%, and Vanguard Total International Bond Index Fund 6%. The Fund's

indirect stock holdings are a diversified mix of U.S. and foreign large-, mid-, and small-capitalization stocks. The Fund's indirect bond holdings are a diversified mix of short-, intermediate-, and long-term U.S. government, U.S. agency, and investment-grade U.S. corporate bonds; mortgage-backed and asset-backed securities; and government, agency, corporate, and securitized investment-grade foreign bonds issued in currencies other than the U.S. dollar (but hedged by Vanguard to minimize foreign currency exposure).

52. Vanguard LifeStrategy® Moderate Growth Fund (VSMGX)

- **Investment Objective:** The Fund seeks to provide capital appreciation and a low to moderate level of current income.
- **Investment Strategy:** The Fund invests in other Vanguard mutual funds according to a fixed formula that reflects an allocation of approximately 60% of the Fund's assets to common stocks and 40% to bonds. The target percentage of the Fund's assets allocated to each of the underlying funds is: Vanguard Total Stock Market Index Fund 36%, Vanguard Total Bond Market II Index Fund 28%, Vanguard Total International Stock Index Fund 24%, and Vanguard Total International Bond Index Fund 12%. The Fund's indirect stock holdings are a diversified mix of U.S. and foreign large-, mid-, and small-capitalization stocks. The Fund's indirect bond holdings are a diversified mix of short-, intermediate-, and long-term U.S. government, U.S. agency, and investment-grade U.S. corporate bonds; mortgage-backed and asset-backed securities; and government, agency, corporate, and securitized investment-grade foreign bonds issued in currencies other than the U.S. dollar (but hedged by Vanguard to minimize foreign currency exposure).

53. Vanguard LifeStrategy® Conservative Growth Fund (VSCGX)

- **Investment Objective:** The Fund seeks to provide current income and low to moderate capital appreciation.
- **Investment Strategy:** The Fund invests in other Vanguard mutual funds according to a fixed formula that reflects an allocation of approximately 60% of the Fund's assets to bonds and 40% to common stocks. The targeted percentage of the Fund's assets allocated to each of the underlying funds is: Vanguard Total Bond Market II Index Fund 42%, Vanguard Total Stock Market Index Fund 24%, Vanguard Total International Bond Index Fund 18%, and Vanguard Total International Stock Index Fund 16%. The Fund's indirect bond holdings are a diversified mix of short-, intermediate- and long-term U.S. government, U.S. agency, and investment-grade U.S. corporate bonds; mortgage-backed and asset-backed securities; and government, agency, corporate, and securitized investment-grade foreign bonds issued in currencies other than the U.S. dollar (but hedged by Vanguard to minimize foreign currency exposure). The Fund's indirect stock holdings are a diversified mix of U.S. and foreign large-, mid-, and small-capitalization stocks.

54. Vanguard LifeStrategy® Income Fund (VASIX)

- **Investment Objective:** The Fund seeks to provide current income and some capital appreciation.
- **Investment Strategy:** The Fund invests in other Vanguard mutual funds according to a fixed formula that reflects an allocation of approximately 80% of the Fund's assets to

bonds and 20% to common stocks. The targeted percentage of the Fund's assets allocated to each of the underlying funds is: Vanguard Total Bond Market II Index Fund 56%, Vanguard Total International Bond Index Fund 24%, Vanguard Total Stock Market Index Fund 12%, and Vanguard Total International Stock Index Fund 8%. The Fund's indirect bond holdings are a diversified mix of short-, intermediate-, and long-term U.S. government, U.S. agency, and investment-grade U.S. corporate bonds; mortgage-backed and asset-backed securities; and government, agency, corporate, and securitized investment-grade foreign bonds issued in currencies other than the U.S. dollar (but hedged by Vanguard to minimize foreign currency exposure). The Fund's indirect stock holdings are a diversified mix of U.S. and foreign large-, mid-, and small-capitalization stocks.

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

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

NOTE: It is possible that monies invested in this fund will lose value.

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

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

- **Investment Objective.** The Fund seeks to track the performance of a benchmark index that measures the investment return of stocks issued by companies located in developed and emerging markets, excluding the United States.
- **Primary Investment Strategies.** The Fund employs an indexing investment approach designed to track the performance of the FTSE Global All Cap ex US Index, a float-adjusted market –capitalization-weighted index designed to measure equity market performance of companies located in developed and emerging markets, excluding the United States. The Index includes approximately 7,718 stocks of companies located in 48 markets. As of October 31, 2022, the largest markets covered in the Index were Japan, the United Kingdom, Canada, China, France, and Switzerland (which made up

approximately 15.4%, 10.1%, 8.1%, 7.1%, 6.5% and 6%, respectively, of the Index's market capitalization). The Fund invests all, or substantially all, of its assets in the common stocks included in its target index.

NOTE: It is possible that monies invested in this fund will lose value.

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

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

58. Neither The Vanguard Group, Inc. nor any government agency, including the FDIC, Federal Reserve, the State of Louisiana, the LA ABLE Account Program, the State Treasurer, LOSFA nor LATTA insures moneys invested in the LA ABLE Account Program.

59. **Funds May Not Meet Objectives.** There is no guarantee that moneys invested will meet their objectives. Funds invested are not deposits or obligations of, or guaranteed by, any depository institution.

60. Primary risks associated with the Vanguard money market and mutual funds are described below.

61. Vanguard Federal Money Market Fund (VMFXX)

The Fund is designed for investors with a low tolerance for risk; however, the Fund is subject to the following risks, which could affect the Fund's performance:

- **Income risk:** The chance that the Fund's income will decline because of falling interest rates. Because the Fund's income is based on short-term interest rates—which can fluctuate significantly over short periods—income risk is expected to be high.
- **Manager risk:** The chance that poor security selection will cause the Fund to underperform relevant benchmarks or other funds with a similar investment objective.
- **Credit risk:** The chance that the issuer of a security will fail to pay interest or principal in a timely manner or that negative perceptions of the issuer's ability to make such payments will cause the price of that security to decline. Credit risk should be very low for the Fund because it invests primarily in securities that are considered to be of high quality.

You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

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

62. Vanguard Short-Term Bond Index Fund Admiral Shares (VBIRX)

The Fund is designed for investors with a low tolerance for risk, but you could still lose money by investing in it. The Fund is subject to the following risks, which could affect the Fund's performance:

- **Interest rate risk:** The chance that bond prices will decline because of rising interest rates. Interest rate risk should be low for the Fund because it invests primarily in short-term bonds, whose prices are much less sensitive to interest rate changes than are the prices of long-term bonds.
- **Income risk:** The chance that the Fund's income will decline because of falling interest rates. Income risk is generally high for short-term bond funds, so investors should expect the Fund's monthly income to fluctuate.
- **Credit risk:** The chance that a bond issuer will fail to pay interest or principal in a timely manner or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline. Credit risk should be low for the Fund because it purchases only bonds that are of investment-grade quality.
- **Index sampling risk:** The chance that the securities selected for the Fund, in the aggregate, will not provide investment performance matching that of the Fund's target index. Index sampling risk for the Fund should be low.
- **Liquidity risk:** The chance that the Fund may not be able to sell a security in a timely manner at a desired price.

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

63. Vanguard Intermediate-Term Bond Index Fund Admiral Shares (VBILX)

An investment in the Fund could lose money over short or even long periods. You should expect the Fund's share price and total return to fluctuate within a wide range. The Fund is subject to the following risk, which could affect the Fund's performance:

- **Interest rate risk:** The chance that bond prices will decline because of rising interest rates. Interest rate risk should be moderate for the Fund because it invests primarily in intermediate-term bonds, whose prices are less sensitive to interest rate changes than are the prices of long-term bonds.
- **Income risk:** The chance that the Fund's income will decline because of falling interest rates. Income risk is generally moderate for intermediate-term bond funds, so investors should expect the Fund's monthly income to fluctuate accordingly.
- **Credit risk:** The chance that a bond issuer will fail to pay interest or principal in a timely manner or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline. Credit risk should be low for the Fund because it purchases only bonds that are of investment-grade quality.
- **Index sampling risk:** The chance that the securities selected for the Fund, in the aggregate, will not provide investment performance matching that of the Fund's target index. Index sampling risk for the Fund should be low.

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

64. Vanguard LifeStrategy® Growth Fund (VASGX)

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

- With a target allocation of approximately 80% of its assets in stocks, the Fund is proportionately subject to **stock market risk**, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. The Fund is also subject to the following risks associated with investments in foreign stocks: **country/regional risk**, which is the chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value of securities issued by companies in foreign countries or regions; and **currency risk**, which is the chance that the value of a foreign investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates. Country/regional risk and currency risk are especially high in emerging markets.
- With a target allocation of approximately 20% of its assets in bonds, the Fund is proportionately subject to bond risks, including the following: **interest rate risk**, which is the chance that bond prices will decline because of rising interest rates; **credit risk**, which is the chance that the issuer of a security will fail to pay interest or principal in a timely manner or that negative perceptions of the issuer's ability to make such payments will cause the price of that security to decline, thus reducing the underlying fund's return; and **income risk**, which is the chance that an underlying fund's income will decline because of falling interest rates. If an underlying fund holds securities that are callable, the underlying fund's income may decline because of **call risk**, which is the chance that during periods of falling interest rates, issuers of callable bonds may call (redeem) securities with higher coupon rates or interest rates before their maturity dates. An underlying fund would then lose any price appreciation above the bond's call price and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the underlying fund's income. The Fund is also subject to the following risks associated with investments in currency-hedged foreign bonds: **country/regional risk**, which is the chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value and/or liquidity of securities issued by foreign governments, government agencies, or companies; and **currency hedging risk**, which is the chance that the currency hedging transactions entered into by the underlying international bond fund may not perfectly offset the fund's foreign currency exposure.

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

65. Vanguard LifeStrategy® Moderate Growth Fund (VSMGX)

The Fund is subject to the risks associated with the stock and bond markets, any of which could cause an investor to lose money. However, because fixed income securities such as bonds usually are less volatile than stocks and because the Fund invests a significant portion of its assets in fixed income securities, the Fund's overall level of risk should be moderate.

- With a target allocation of approximately 60% of its assets in stocks, the Fund is proportionately subject to **stock market risk**, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. The Fund is also subject to the following risks associated with investments in foreign stocks: **country/regional risk**, which is the chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value of securities issued by companies in foreign countries or regions; and **currency risk**, which is the chance that the value of a foreign investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates. Country/regional risk and currency risk are especially high in emerging markets.
- With a target allocation of approximately 40% of its assets in bonds, the Fund is proportionately subject to bond risks, including the following: **interest rate risk**, which is the chance that bond prices will decline because of rising interest rates; **credit risk**, which is the chance that the issuer of a security will fail to pay interest or principal in a timely manner or that negative perceptions of the issuer’s ability to make such payments will cause the price of that security to decline, thus reducing the underlying fund’s return; and **income risk**, which is the chance that an underlying fund’s income will decline because of falling interest rates. If an underlying fund holds securities that are callable, the underlying fund’s income may decline because of **call risk**, which is the chance that during periods of falling interest rates, issuers of callable bonds may call (redeem) securities with higher coupon rates or interest rates before their maturity dates. An underlying fund would then lose any price appreciation above the bond’s call price and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the underlying fund’s income. The Fund is also subject to the following risks associated with investments in currency-hedged foreign bonds: **country/regional risk**, which is the chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value and/or liquidity of securities issued by foreign governments, government agencies, or companies; and **currency hedging risk**, which is the chance that the currency hedging transactions entered into by the underlying international bond fund may not perfectly offset the fund’s foreign currency exposure.

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

66. Vanguard LifeStrategy® Conservative Growth Fund (VSCGX)

The Fund is subject to the risks associated with the stock and bond markets, any of which could cause an investor to lose money. However, because fixed income securities such as bonds usually are less volatile than stocks and because the Fund invests more than half of its assets in fixed income securities, the Fund’s overall level of risk should be low to moderate.

- With a target allocation of approximately 60% of its assets in bonds, the Fund is proportionately subject to bond risks, including the following: **interest rate risk**, which is the chance that bond prices will decline because of rising interest rates; **credit risk**, which is the chance that the issuer of a security will fail to pay interest or principal in a

timely manner or that negative perceptions of the issuer's ability to make such payments will cause the price of that security to decline, thus reducing the underlying fund's return; and **income risk**, which is the chance that an underlying fund's income will decline because of falling interest rates. If an underlying fund holds securities that are callable, the underlying fund's income may decline because of **call risk**, which is the chance that during periods of falling interest rates, issuers of callable bonds may call (redeem) securities with higher coupon rates or interest rates before their maturity dates. An underlying fund would then lose any price appreciation above the bond's call price and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the underlying fund's income. The Fund is also subject to the following risks associated with investments in currency-hedged foreign bonds: **country/regional risk**, which is the chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value and/or liquidity of securities issued by foreign governments, government agencies, or companies; and **currency hedging risk**, which is the chance that the currency hedging transactions entered into by the underlying international bond fund may not perfectly offset the fund's foreign currency exposure.

- With a target allocation of approximately 40% of its assets in stocks, the Fund is proportionately subject to **stock market risk**, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. The Fund is also subject to the following risks associated with investments in foreign stocks: **country/regional risk**, which is the chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value of securities issued by companies in foreign countries or regions; and **currency risk**, which is the chance that the value of a foreign investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates. Country/regional risk and currency risk are especially high in emerging markets.

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

67. Vanguard LifeStrategy® Income Fund (VASIX)

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

- With a target allocation of approximately 80% of its assets in bonds, the Fund is proportionately subject to bond risks, including the following: **interest rate risk**, which is the chance that bond prices will decline because of rising interest rates; **credit risk**, which is the chance that the issuer of a security will fail to pay interest or principal in a timely manner or that negative perceptions of the issuer's ability to make such payments will cause the price of that security to decline, thus reducing the underlying fund's return; and **income risk**, which is the chance that an underlying fund's income will decline because of falling interest rates. If an underlying fund holds securities that are callable, the underlying fund's income may decline because of **call risk**, which is the chance that during periods of falling interest rates, issuers of callable bonds may call (redeem)

securities with higher coupon rates or interest rates before their maturity dates. An underlying fund would then lose any price appreciation above the bond's call price and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the underlying fund's income. The Fund is also subject to the following risks associated with investments in currency-hedged foreign bonds: **country/regional risk**, which is the chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value and/or liquidity of securities issued by foreign governments, government agencies, or companies; and **currency hedging risk**, which is the chance that the currency hedging transactions entered into by the underlying international bond fund may not perfectly offset the fund's foreign currency exposure.

- With a target allocation of approximately 20% of its assets in stocks, the Fund is proportionately subject to **stock market risk**, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.

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

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

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

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

69. Vanguard Total International Stock Index Fund, Institutional Shares (VTSNX). An investment in the Fund could lose money over short or even long periods. You should expect the Fund's share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market. The Fund is subject to the following risks, which could affect the Fund's performance:

- **Stock market risk:** The chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising stock prices and periods of falling stock prices. The Fund's investments in foreign stocks can be riskier than U.S. stock investments. Foreign stocks tend to be more volatile and less liquid than U.S. stocks. The prices of foreign stocks and the prices of U.S. stocks may move in opposite directions. In addition,

the Fund's target index may, at times, become focused in stocks of a particular sector, which would subject the Fund to proportionately higher exposure to the risks of that sector.

- **Country/regional risk:** The chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value of securities issued by companies in foreign countries or regions. Because the Fund may invest a large portion of its assets in securities of companies located in any one country or region, its performance may be hurt disproportionately by the poor performance of its investments in that area. Country/regional risk is especially high in emerging markets.
- **Currency risk,** which is the chance that the value of a foreign investment, measured in U.S. dollars, will *decrease* because of unfavorable changes in currency exchange rates. Currency risk is especially high in emerging markets.
- **Investment style risk:** The chance that returns from non-U.S. small- and mid-capitalization stocks will trail returns from global stock markets. Historically, these stocks have been more volatile in price than the large-cap stocks that dominate the global markets, and they often perform quite differently.
- **Emerging markets risk:** The chance that stocks of companies located in emerging markets will be substantially more volatile, and substantially less liquid, than the stocks of companies located in more developed foreign markets because, among other factors, emerging markets can have greater custodial and operational risks; less developed legal, tax, regulatory, and accounting systems; and greater political, social, and economic instability than developed markets.

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