

# Vanguard Real Estate Index Admiral

**Ticker** VGSIX **Yield** 4.8% **Total Assets** \$26,641 mil **Mstar Category** Real Estate

**Benchmark 1:** S&P United States REIT TR USD  
**Benchmark 2:** MSCI ACWI NR USD

**Morningstar Analyst Rating** 02-09-18

**Silver**

### Morningstar Pillars

- Process + Positive
- Performance + Positive
- People + Positive
- Parent + Positive
- Price + Positive

### Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

### Analyst Rating Spectrum

Gold Silver **Silver** Bronze Neutral Negative

### Pillar Spectrum

Positive Negative **Neutral**

### Performance 03-31-18

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2014	9.98	7.02	-3.13	14.30	30.32
2015	4.72	-10.46	2.01	7.04	2.39
2016	6.27	6.80	-1.47	-2.97	8.50
2017	0.96	1.61	0.89	1.39	4.94
2018	-8.11	—	—	—	—

### Trailing

	Total Return%	+/- Bmark	+/- Bmark	%Rank	Growth of \$10,000
3 Mo	-8.11	0.04	-7.15	84	9,189
6 Mo	-6.84	0.06	-11.55	87	9,316
1 Yr	-4.50	0.23	-19.34	82	9,550
3 Yr Avg	0.76	0.17	-7.36	55	10,229
5 Yr Avg	5.76	0.12	-3.45	46	13,229
10 Yr Avg	6.51	0.35	0.94	30	18,797
15 Yr Avg	10.17	0.12	0.86	33	42,725

### Tax Analysis

	Tax Adj Rtn%	%Rank	Tax-Cost Rat	%Rank
3 Yr (estimated)	-0.81	43	1.55	29
5 Yr (estimated)	4.21	29	1.46	27
10 Yr (estimated)	5.10	23	1.33	38

Potential Capital Gain Exposure: 5% of assets

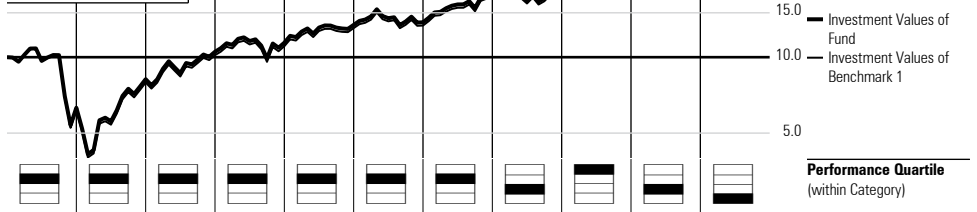
### Morningstar's Take by Ben Johnson, CFA 02-09-18

Vanguard Real Estate Index is by far the largest real estate fund, with more than \$60 billion in assets, including \$30 billion-plus in its exchange-traded fund share class, Vanguard Real Estate ETF VNO. It's also one of the cheapest real estate funds, with an expense ratio of 0.12% for the Admiral shares and 0.26% for the Investor shares. It features experienced management and an excellent record of tracking its index. It is a fine option in its niche, earning a Morningstar Analyst Rating of Silver.

Until recently, the fund had tracked the market-cap-weighted MSCI US REIT Index, which holds domestic-equity REITs, or firms that manage properties and collect rent. That index doesn't include mortgage REITs, which invest in mortgages and mortgage-backed securities rather than actual properties, nor does it include non-real-estate specialty REITs such as timber or cell-tower REITs. Beginning in February 2018 the fund began to migrate from its prior bogy, the MSCI US REIT Index, to its new benchmark, the MSCI US Investable Market Real Estate 25/50 Index. The new index is a broader representation of the real estate sector and thus, the opportunity set available to category peers. Most notably, it includes the

### Historical Profile

**Return** Above Avg  
**Risk** Above Avg  
**Rating** ★★★  
Neutral



2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	03-18	History
51.75	63.33	78.44	82.15	93.24	91.58	114.83	112.98	116.87	117.55	106.97	NAV
-36.98	29.76	28.49	8.62	17.69	2.42	30.32	2.39	8.50	4.94	-8.11	Total Return %
1.35	1.16	0.01	0.14	-0.30	0.02	0.05	-0.15	0.01	0.61	0.04	+/- Bmark 1
5.21	-4.87	15.82	15.96	1.56	-20.39	26.16	4.75	0.64	-19.04	-7.15	+/- Bmark 2
-3.18	4.15	4.28	2.52	2.82	3.02	4.00	2.72	3.00	4.33	0.85	Income Return %
-40.17	25.60	24.21	6.10	14.87	-0.60	26.32	-0.33	5.50	0.61	-8.97	Capital Return %
30	46	30	40	29	27	32	64	18	57	84	Total Rtn % Rank Cat
2.73	2.09	2.67	1.95	2.28	2.77	3.61	3.08	3.33	4.98	1.00	Income \$
1.53	0.69	0.00	0.96	1.03	1.18	0.52	1.35	2.30	0.00	0.00	Capital Gains \$
0.10	0.11	0.13	0.12	0.10	0.10	0.10	0.12	0.12	0.12	—	Expense Ratio %
2.62	3.46	4.07	2.36	2.44	2.53	2.65	2.70	2.80	2.74	—	Income Ratio %
13	10	16	12	10	9	11	8	11	7	—	Turnover Rate %
1,058	1,371	4,479	5,221	6,917	7,571	14,374	15,469	18,228	18,709	16,789	Net Assets \$mil

### Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-4.50			
3 Yr	0.76	Avg	+Avg	★★★
5 Yr	5.76	Avg	+Avg	★★★
10 Yr	6.51	+Avg	+Avg	★★★
Incept	9.98			

### Other Measures

	Standard Index	Best Fit Index
Alpha	-3.6	0.2
Beta	0.60	0.99
R-Squared	22	100
Standard Deviation	13.92	
Mean	0.76	
Sharpe Ratio	0.08	

### Portfolio Analysis 02-28-18

#### Total Stocks: 185

Share change since 01-31-18	Sector	YTD Ret %	% Assets
Vanguard Real Estate II	—	—	10.35
⊖ Simon Property Group Inc	Real Est	-8.99	5.39
⊖ Prologis Inc	Real Est	-1.61	3.64
⊖ Equinix Inc	Real Est	-7.24	3.45
⊖ Public Storage	Real Est	-3.16	3.44
⊖ AvalonBay Communities Inc	Real Est	-7.00	2.43
⊖ Digital Realty Trust Inc	Real Est	-6.59	2.33
⊖ Equity Residential	Real Est	-2.52	2.33
⊖ Welltower Inc	Real Est	-13.28	2.19
⊖ Boston Properties Inc	Real Est	-4.62	2.07
⊖ Ventas Inc	Real Est	-16.15	1.94
⊖ Essex Property Trust Inc	Real Est	0.48	1.67
⊖ Host Hotels & Resorts Inc	Real Est	-5.09	1.55
⊖ Realty Income Corp	Real Est	-8.12	1.53
⊖ GGP Inc	Real Est	-12.53	1.46
⊖ Alexandria Real Estate Eq	Real Est	-3.68	1.29
⊖ Vornado Realty Trust	Real Est	-13.11	1.28
⊖ Extra Space Storage Inc	Real Est	0.79	1.21
⊕ American Tower Corp	Comm Svcs	1.87	1.15
⊖ HCP Inc	Real Est	-9.51	1.15

### Current Investment Style

Value Blend Growth	Market Cap %	Sector Weightings	% of Stocks	Rel Bmark 1
	Giant 0.0	Cyclical	97.25	-0.03
	Large 37.6	BasicMat	0.65	—
	Mid 47.4	CnsmrCyc	0.00	—
	Small 14.0	FinanSvcs	0.00	—
	Micro 1.0	Real Est	96.60	0.98
	Avg \$mil: 9,769	Sensitive	2.74	0.00
		CommSvcs	1.68	—
		Energy	0.00	—
		Industrl	1.06	0.86
		Technlgy	0.00	—
		Defensive	0.00	—
		CnsmrDef	0.00	—
		Hlthcare	0.00	—
		Utilities	0.00	—

Value Measures	Rel Category
Price/Earnings	34.92 0.91
Price/Book	1.88 0.87
Price/Sales	5.48 0.91
Price/Cash Flow	13.20 0.90
Dividend Yield %	4.74 1.19
Growth Measures	% Rel Category
Long-Term Erngs	6.50 0.97
Book Value	3.16 0.80
Sales	1.15 0.49
Cash Flow	0.23 0.03
Historical Erngs	2.04 0.15

### Composition - Net

	%
Cash	0.3
Stocks	99.7
Bonds	0.0
Other	0.0
Foreign	0.0
( % of Stock )	

### Profitability

	%
Return on Equity	11.07
Return on Assets	3.67
Net Margin	23.46

Address:	Vanguard Specialized Funds Valley Forge PA 19482 800-662-7447	Minimum Purchase:	\$10000	Add: \$1	IRA: —
Web Address:	www.vanguard.com	Min Auto Inv Plan:	—	Add: —	
Inception:	11-12-01	Sales Fees:	No-load		
Advisor:	Vanguard Group Inc	Management Fee:	0.11%		
Subadvisor:	None	Actual Fees:	Mgt:0.11%	Dist:—	
		Expense Projections:	3Yr:\$39	5Yr:\$68	10Yr:\$154
		Income Distribution:	Quarterly		