

Equity mutual fund expense ratio quartiles:  
Average returns, 1996 through 2005

		Average expense ratio (%)	Average return (%)
<b>U.S. Stock Funds</b>			
<b>Large-caps</b>			
	Quartile 1	0.60	9.09
	Quartile 2	1.04	8.25
	Quartile 3	1.57	7.64
	Quartile 4	2.05	6.37
<b>Mid-caps</b>			
	Quartile 1	0.90	11.19
	Quartile 2	1.20	10.64
	Quartile 3	1.58	8.96
	Quartile 4	2.10	8.03
<b>Small-caps</b>			
	Quartile 1	0.90	11.21
	Quartile 2	1.24	11.02
	Quartile 3	1.59	9.96
	Quartile 4	2.21	6.06
<b>International Stock Funds</b>			
	Quartile 1	0.82	8.70
	Quartile 2	1.24	8.22
	Quartile 3	1.65	7.41
	Quartile 4	2.40	5.67

Fixed income mutual fund expense ratio quartiles:  
Average returns, 1996 through 2005

		Average expense ratio (%)	Average return (%)
<b>U.S. Bond Funds</b>			
<b>Short bond</b>			
	Quartile 1	0.54	4.78
	Quartile 2	0.75	4.58
	Quartile 3	0.99	4.57
	Quartile 4	1.51	3.90
<b>Intermediate bond</b>			
	Quartile 1	0.50	5.87
	Quartile 2	0.80	5.43
	Quartile 3	1.10	5.15
	Quartile 4	1.71	4.49
<b>Long bond</b>			
	Quartile 1	0.57	7.40
	Quartile 2	0.85	6.36
	Quartile 3	1.06	5.81
	Quartile 4	1.78	4.72
<b>High-yield</b>			
	Quartile 1	0.77	6.29
	Quartile 2	1.02	5.38
	Quartile 3	1.40	4.77
	Quartile 4	1.81	4.76

Sources: Data from Morningstar Direct; calculations from Vanguard Investment Counseling & Research.  
Past performance is no guarantee of future returns.