

# Federal Money Market Fund (VMFXX)

## Overview

### Investment approach

- Invests primarily in U.S. government agency obligations.
- Seeks current income.
- Seeks to maintain a constant \$1 net asset value (NAV).
- Maintains an average maturity of 60 days or less.

### Options as of 12/14/2015

Share class	Expense ratio	Minimum
Investor	0.11%	N/A

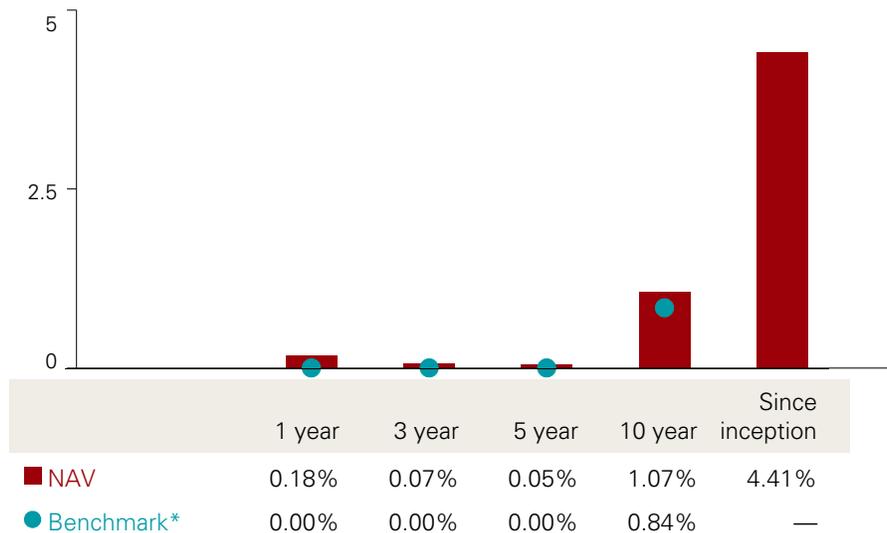
### Fees

- Purchase fee: None
- Redemption fee: None

### Key facts

- Product type: Taxable Money Market
- Product type: Government
- VMFXX inception on 07/13/1981
- \$27.5 billion net assets for VMFXX as of 07/31/2016
- 166 holdings as of 07/31/2016
- Benchmarked to the US Gov't Money Market Funds Average
- Turnover rate (Fiscal year-end 08/31/2015) 0.00%
- SEC yield: 0.29% \*\*

### Total returns – Quarter-end as of 06/30/2016



The performance data shown represents past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so that investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited.

Note: Fee adjusted for mutual funds where applicable.

\*Derived from data provided by Lipper, a Thomson Reuters Company.

\*\*AVERAGE ANNUALIZED INCOME DIVIDEND OVER THE PAST 7 DAYS. The yield quotation more closely reflects the current earnings of the fund than the total return quotation.

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## Total returns – Month-end as of 07/31/2016

	1 year	3 year	5 year	10 year	Since inception
NAV	0.20%	0.08%	0.05%	1.03%	4.40%
Benchmark*	0.00%	0.00%	0.00%	0.80%	—

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## People and process

### Firms

Vanguard Fixed Income Group

### Product management

Vanguard Federal Money Market Fund seeks to provide current income while maintaining a stable \$1 NAV and a very short average maturity. The fund invests 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). As government agency securities, the fund's holdings have very high credit quality, although most are not backed by the full faith and credit of the U.S. government. The portfolio managers seek to add value primarily by emphasizing specific issues that appear attractively priced based on historical yield-spread relationships. The average maturity typically ranges from 30–60 days, and the fund maintains a dollar-weighted average maturity of 60 days or less, and a dollar-weighted average life of 120 days or less.

## Fundamentals

Money market – as of 07/31/2016	VMFXX <sup>1</sup>	Benchmark <sup>2</sup>
Number of holdings	166	N/A
Average maturity	46.0 (days)	N/A
Weighted average life	118.0 (days)	N/A

## Risk and volatility as of 07/31/2016

The fund is designed for investors with a low tolerance for risk; however, the fund's performance could be hurt by:

**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 only in securities that are considered to be of high quality.



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***An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although a money market fund seeks to preserve the value of your investment at \$1 per share, it is possible to lose money by investing in such a fund.***