



Vanguard®



Annual Report | October 31, 2011

Vanguard LifeStrategy® Funds

Vanguard LifeStrategy Income Fund

Vanguard LifeStrategy Conservative Growth Fund

Vanguard LifeStrategy Moderate Growth Fund

Vanguard LifeStrategy Growth Fund

- > For the fiscal year ended October 31, 2011, returns for all four Vanguard LifeStrategy Funds were within one-half percentage point of 4%.
- > The funds finished a step behind their benchmark indexes, a function of both subpar performance and a difference in the end-of-period prices used for Vanguard Total International Stock Index Fund and its benchmark.
- > On September 30, we announced that the LifeStrategy Funds would adopt an all-index approach. The funds' objectives remain unchanged.

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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: Vanguard was named for the HMS Vanguard, flagship of British Admiral Horatio Nelson. A ship—whose performance and safety depend on the work of all hands—has served as a fitting metaphor for the Vanguard crew as we strive to help clients reach their financial goals.

Your Fund's Total Returns

Fiscal Year Ended October 31, 2011

	Total Returns
Vanguard LifeStrategy Income Fund	3.77%
Income Composite Index	4.68
Income Composite Average	3.26
Vanguard LifeStrategy Conservative Growth Fund	3.74%
Conservative Growth Composite Index	4.60
Conservative Growth Composite Average	3.20
Vanguard LifeStrategy Moderate Growth Fund	4.14%
Moderate Growth Composite Index	5.45
Moderate Growth Composite Average	3.73
Vanguard LifeStrategy Growth Fund	3.63%
Growth Composite Index	5.07
Growth Composite Average	3.39

Total returns for the composite indexes are derived by applying the funds' target allocations to the results of the following benchmarks: for U.S. stocks, the MSCI US Broad Market Index; for international stocks, the MSCI EAFE Index through December 15, 2010 and the MSCI ACWI ex USA IMI Index thereafter; for bonds, the Barclays Capital U.S. Aggregate Float Adjusted Index; and for short-term investments, the Barclays Capital U.S. 1-3 Year Credit Index.

Each average is a blended composite that weights the return of the comparable mutual funds average for each asset class in proportion to the target weighting of the appropriate LifeStrategy Fund. All average returns for funds are derived from data provided by Lipper Inc. The Income Composite Average is weighted 60% fixed income funds average, 20% money market funds average, 14% general equity funds average, and 6% international funds average. The Conservative Growth Composite Average is weighted 40% fixed income funds average, 28% general equity funds average, 20% money market funds average, and 12% international funds average. The Moderate Growth Composite Average is weighted 42% general equity funds average, 40% fixed income funds average, and 18% international funds average. The Growth Composite Average is weighted 56% general equity funds average, 24% international funds average, and 20% fixed income funds average.



Chairman's Letter

Dear Shareholder,

It was a bumpy ride, but U.S. stocks and bonds managed to finish the fund's fiscal year with solid returns. International stocks, on the other hand, lost ground amid the sovereign-debt crisis in Europe and worries about slowing growth in emerging markets, including China and India.

All four Vanguard LifeStrategy funds posted positive returns, ranging from 3.63% for Vanguard LifeStrategy Growth Fund to 4.14% for Vanguard LifeStrategy Moderate Growth Fund. The funds lagged their benchmarks slightly, a reflection of the weak performance of one of the funds' underlying holdings and a temporary pricing difference between Vanguard Total International Stock Index Fund and its benchmark. The funds outpaced the returns of their peer-group composites. These composites have the same target asset allocations as the LifeStrategy Funds. The returns for each asset class are represented by the average return of mutual funds in that category.

Before we take a closer look at the market environment and the LifeStrategy Funds' positioning and performance for the period, I'd like to outline recently announced changes to the funds' investment strategy. The LifeStrategy Funds are "funds of funds," holding different allocations of index and actively managed stock and

bond funds. The funds are shifting to an all-index approach. The benefits include a simplified portfolio design appropriate to these all-in-one investment vehicles, lower costs, and more consistent risk profiles.

The LifeStrategy Funds will soon consist of just three underlying index funds: Vanguard Total Stock Market Index Fund, Vanguard Total International Stock Index Fund, and Vanguard Total Bond Market II Index Fund. As of October 31, the funds had eliminated their holdings of Vanguard Short-Term Investment-Grade Fund. The funds expect to eliminate their holdings of Vanguard Asset Allocation Fund by the end of November.

[Editor's note: The expense figures shown on page 4 and on each Fund Profile page in this report are from the funds' most recent prospectus, which was published shortly after the end of the fiscal year. The prospectus is dated November 29, 2011.]

A positive finish to an anxious 12 months

U.S. stock indexes ended the 12 months with solid returns, though the gains were shadowed by anxiety in a volatile period. This turbulence was so pronounced, in fact, that a one-month change in the start date would have yielded a very different perspective on performance. For the 12 months through October 31, the broad U.S. stock market returned 7.67%. For the 12 months ended September 30, however, the return was a mere 0.31%.

Market Barometer

	Average Annual Total Returns Periods Ended October 31, 2011		
	One Year	Three Years	Five Years
Stocks			
Russell 1000 Index (Large-caps)	8.01%	12.22%	0.54%
Russell 2000 Index (Small-caps)	6.71	12.87	0.68
Dow Jones U.S. Total Stock Market Index	7.67	12.58	0.90
MSCI All Country World Index ex USA (International)	-4.66	12.92	-0.37
Bonds			
Barclays Capital U.S. Aggregate Bond Index (Broad taxable market)	5.00%	8.87%	6.41%
Barclays Capital Municipal Bond Index (Broad tax-exempt market)	3.78	8.31	4.80
Citigroup Three-Month U.S. Treasury Bill Index	0.10	0.15	1.53
CPI			
Consumer Price Index	3.53%	1.49%	2.33%

The sources of volatility are, by now, familiar: sovereign-debt dramas in Europe, policymaking strife in the United States, and an economic expansion that has failed to gather enough momentum to bring down high levels of unemployment.

Volatility has been a theme in international markets, too. International stock markets returned a combined -4.66% as stock prices retreated in Europe. Prices also fell in the Pacific region's developed economies and emerging markets, where growth has moderated.

Unsteady yields reflected fast-changing sentiment

Taxable bonds produced strong returns and municipal bonds solid but unspectacular results, though as in the stock market,

investor sentiment was volatile. The yield of the 10-year U.S. Treasury note, a benchmark for longer-term interest rates, began the 12 months at 2.61% , drifted higher as the economic expansion seemed to gather steam, then fluttered lower to close the period at 2.17% . The decline in Treasury yields (and rise in prices) was driven by Europe's sovereign-debt dramas, underwhelming economic reports, and a flight to safety that was prompted, paradoxically, by a rating agency's decision to downgrade the U.S. government debt. Vanguard's confidence in the full faith and credit of the U.S. Treasury remains unshaken.

Taxable investment-grade bonds returned 5.00% for the full 12 months. It's important to note, of course, that as yields

Expense Ratios

Your Fund Compared With Its Peer Group

	Acquired Fund Fees and Expenses	Peer Group Average
LifeStrategy Income Fund	0.13%	0.93%
LifeStrategy Conservative Growth Fund	0.15	1.01
LifeStrategy Moderate Growth Fund	0.16	1.20
LifeStrategy Growth Fund	0.17	1.28

The fund expense figures shown—drawn from the prospectus dated November 29, 2011—represent an estimate of the weighted average of the expense ratios and any transaction fees charged by the underlying mutual funds (the "acquired" funds) in which the LifeStrategy Funds invest. The LifeStrategy Funds do not charge any expenses or fees of their own. For the fiscal year ended October 31, 2011, the annualized acquired fund fees and expenses were 0.18% for the LifeStrategy Income Fund, 0.19% for the LifeStrategy Conservative Growth Fund, 0.19% for the LifeStrategy Moderate Growth Fund, and 0.20% for the LifeStrategy Growth Fund.

Peer groups are the composites listed on page 1. Their expense figures are derived by applying the appropriate allocations to average expense ratios of these mutual fund peer groups: fixed income funds, general equity funds, international funds, and money market funds. Average expense ratios for these groups are derived from data provided by Lipper Inc. and capture information through year-end 2010.

decline, the opportunity for similarly strong returns diminishes. The broad municipal market returned 3.78%. The returns on money market instruments hovered near 0%, consistent with the Federal Reserve Board's target for short-term interest rates.

A tilt toward equities penalized returns

The Vanguard LifeStrategy Funds offer investors a choice of four complete, balanced, and diversified portfolios. Each of the funds of funds maintains a different allocation to either four or five underlying stock and bond funds, giving each fund a unique risk profile. During the past 12 months, the underlying funds consisted of three index funds (Vanguard Total Stock Market Index Fund, Vanguard Total Bond Market II Index Fund, and

Vanguard Total International Stock Index Fund) and two actively managed funds (Vanguard Asset Allocation Fund and Vanguard Short-Term Investment-Grade Fund).

Although the funds produced solid 12-month returns, they earned less than they could have. The shortfall compared with their benchmark indexes reflected both subpar performance in Vanguard Asset Allocation Fund and a pricing difference that isn't expected to have a lasting impact on performance. Through most of the period, Vanguard Asset Allocation Fund relied on its proprietary quantitative models to assess the relative attractiveness of stocks and bonds. Until September, when Vanguard changed the fund's strategy and its advisor, the fund

Total Returns

Ten Years Ended October 31, 2011

	Average Annual Return
LifeStrategy Income Fund	4.76%
Income Composite Index	5.15
Income Composite Average	4.14
LifeStrategy Conservative Growth Fund	4.87%
Conservative Growth Composite Index	5.18
Conservative Growth Composite Average	4.21
LifeStrategy Moderate Growth Fund	5.09%
Moderate Growth Composite Index	5.51
Moderate Growth Composite Average	4.77
LifeStrategy Growth Fund	4.87%
Growth Composite Index	5.29
Growth Composite Average	4.61

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.

held a stock-heavy allocation. This positioning kept the fund behind its benchmark, a mix of 65% stocks and 35% long-term U.S. Treasury bonds, as long-term bonds delivered superior returns. For the 12 months, this fund returned 2.95% while its benchmark returned 12.41%.

The rest of the LifeStrategy Funds' underlying funds produced returns more consistent with expectations. Vanguard Total Stock Market Index Fund and Vanguard Total Bond Market II Index Fund closely tracked their benchmark indexes. Vanguard Short-Term Investment-Grade Fund, a holding in the LifeStrategy Income and LifeStrategy Conservative Growth Funds, produced a modest positive return, consistent with the low level of short-term interest rates. Vanguard Total International Stock Index Fund trailed its benchmark by nearly 2 percentage points, but the gap was mostly a function of fair-value pricing.

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.

A case study in the benefits of balance and diversification

The past ten-year period has been unusual in recent history as U.S. bonds have managed to outperform the broad U.S. stock market. The decade wound up providing a vivid illustration of the benefits of balance and diversification.

Bonds offered some stability during the market's long stretches of upheaval and in fact enhanced the returns of a balanced portfolio over the full decade. And an allocation to international stocks bolstered the case for broad diversification; the Investor Shares of the Total International Stock Index Fund, for example, had an average annualized return of 6.98% as international stock markets responded to developments such as the rapid growth in emerging economies.

For the decade, all four funds trailed their benchmarks but outpaced their peers, both by modest amounts.

(For information on the target percentages and actual asset allocations of the LifeStrategy Funds, see the last table on page 8.)

**The new LifeStrategy approach—
A focus on index funds**

While there can be a place for both indexed and actively managed funds in almost any portfolio, we believe an all-index approach for the LifeStrategy Funds is preferable given the broad diversification, transparency, and relative predictability offered by passive management.

The LifeStrategy Funds were first offered to investors in 1994. They embody a number of our beliefs about investing—the importance of achieving broad diversification, having a mix of assets that will allow investors to achieve their investment goals, and of course minimizing the costs of investing.

Rest assured that the investment objectives of these funds remain unchanged. The risk/reward profiles of the funds range from conservative to more aggressive, but all the LifeStrategy Funds will continue to provide exposure to U.S. stocks and bonds as well as international stocks in a single, complete, and diversified fund at very low cost.

We appreciate your continued confidence in Vanguard.

Sincerely,

A handwritten signature in black ink that reads "F. William McNabb III". The signature is written in a cursive style with a large, sweeping initial "F" and a distinct "III" at the end.

F. William McNabb III
Chairman and Chief Executive Officer
November 16, 2011

Your Fund's Performance at a Glance

October 31, 2010, Through October 31, 2011

	Starting Share Price	Ending Share Price	Distributions Per Share	
			Income Dividends	Capital Gains
Vanguard LifeStrategy Income Fund	\$14.15	\$14.28	\$0.361	\$0.034
Vanguard LifeStrategy Conservative Growth Fund	\$16.20	\$16.40	\$0.378	\$0.024
Vanguard LifeStrategy Moderate Growth Fund	\$19.22	\$19.54	\$0.448	\$0.030
Vanguard LifeStrategy Growth Fund	\$21.28	\$21.61	\$0.444	\$0.009

Target and Actual Asset Allocations

Percentages as of October 31, 2011

	Stocks		Bonds		Short-Term Investments	
	Target	Actual	Target	Actual	Target	Actual
LifeStrategy Income Fund	22.5%	19.8%	57.5%	80.2%	20.0%	0.0%
LifeStrategy Conservative Growth Fund	42.5%	39.6%	37.5%	60.4%	20.0%	0.0%
LifeStrategy Moderate Growth Fund	62.5%	60.0%	37.5%	40.0%	0.0%	0.0%
LifeStrategy Growth Fund	82.5%	80.3%	17.5%	19.7%	0.0%	0.0%

Actual international stock positions for the Income, Conservative Growth, Moderate Growth, and Growth Funds equaled 6.3%, 12.4%, 18.4%, and 24.8% of assets, respectively.

LifeStrategy Income Fund

Fund Profile

As of October 31, 2011

Total Fund Characteristics

Ticker Symbol	VASIX
30-Day SEC Yield	2.43%
Acquired Fund Fees and Expenses ¹	0.13%

Allocation to Underlying Vanguard Funds

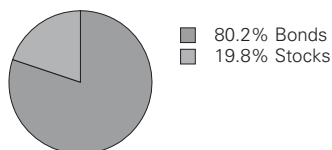
Vanguard Total Bond Market II Index Fund Investor Shares	71.9%
Vanguard Asset Allocation Fund Investor Shares	21.4
Vanguard Total International Stock Index Fund Investor Shares	6.3
Vanguard Total Stock Market Index Fund Investor Shares	0.4

Total Fund Volatility Measures

	Income Composite Index	Barclays Aggregate Bond Index
R-Squared	0.97	0.11
Beta	1.13	0.49

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

Fund Asset Allocation



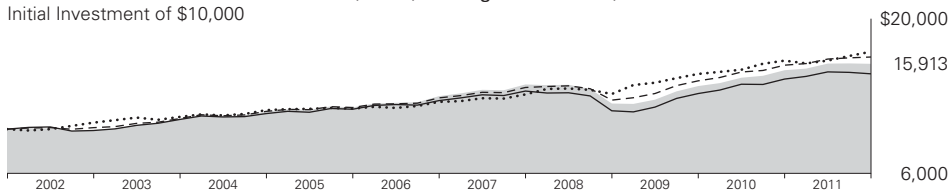
¹ This figure—drawn from the prospectus dated November 29, 2011—represents an estimate of the weighted average of the expense ratios and any transaction fees charged by the underlying mutual funds (the “acquired” funds) in which the LifeStrategy Income Fund invests. The LifeStrategy Income Fund does not charge any expenses or fees of its own. For the fiscal year ended October 31, 2011, the annualized acquired fund fees and expenses were 0.18%.

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: October 31, 2001, Through October 31, 2011

Initial Investment of \$10,000



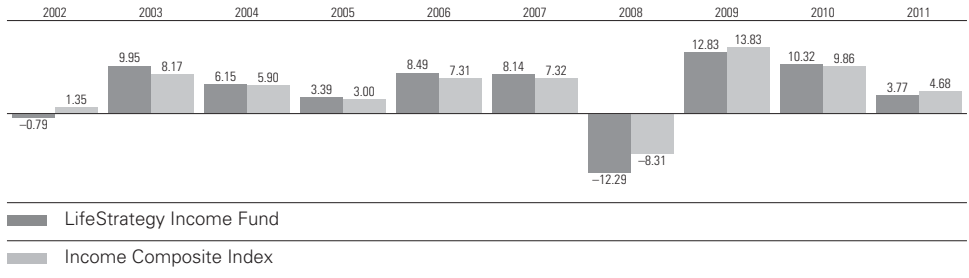
	Average Annual Total Returns Periods Ended October 31, 2011			Final Value of a \$10,000 Investment
	One Year	Five Years	Ten Years	
LifeStrategy Income Fund	3.77%	4.15%	4.76%	\$15,913
Barclays Capital U.S. Aggregate Bond Index	5.00	6.41	5.46	17,012
Income Composite Index	4.68	5.19	5.15	16,530
Income Composite Average	3.26	3.59	4.14	15,008

Income Composite Index: Weighted 60% Barclays Capital U.S. Aggregate Bond Index, 20% Dow Jones U.S. Total Stock Market Index, and 20% Citigroup Three-Month Treasury Bill Index through August 31, 2003; 60% Barclays Capital U.S. Aggregate Bond Index, 20% Dow Jones U.S. Total Stock Market Index, and 20% Barclays Capital U.S. 1–3 Year Credit Bond Index through April 22, 2005; 60% Barclays Capital U.S. Aggregate Bond Index through December 31, 2009, and Barclays Capital U.S. Aggregate Float Adjusted Index thereafter, 20% MSCI US Broad Market Index, and 20% Barclays Capital U.S. 1–3 Year Credit Bond Index through December 15, 2010; and 60% Barclays Capital U.S. Aggregate Float Adjusted Index, 20% Barclays Capital U.S. 1–3 Year Credit Bond Index, 14% MSCI US Broad Market Index, and 6% MSCI ACWI ex USA IMI Index thereafter. MSCI international benchmark returns are adjusted for withholding taxes applicable to Luxembourg holding companies.

Income Composite Average: Weighted 60% fixed income funds average, 20% money market funds average, 14% general equity funds average, and 6% international funds average. Derived from data provided by Lipper Inc.

See Financial Highlights for dividend and capital gains information.

Fiscal-Year Total Returns (%): October 31, 2001, Through October 31, 2011



Average Annual Total Returns: Periods Ended September 30, 2011

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	Ten Years		
				Income	Capital	Total
LifeStrategy Income Fund	9/30/1994	2.39%	3.95%	3.70%	1.01%	4.71%

Financial Statements

Statement of Net Assets

As of October 31, 2011

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 lists appear in the fund's semiannual and annual reports to shareholders. For the first and third fiscal quarters, the fund files the lists with the Securities and Exchange Commission on Form N-Q. Shareholders can look up the fund's Forms N-Q on the SEC's website at sec.gov. 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)
Investment Companies (99.9%)		
U.S. Stock Fund (0.4%)		
Vanguard Total Stock Market Index Fund Investor Shares	292,564	9,157
International Stock Fund (6.3%)		
Vanguard Total International Stock Index Fund Investor Shares	10,689,676	152,221
Balanced Fund (21.4%)		
Vanguard Asset Allocation Fund Investor Shares	21,384,139	514,075
Bond Fund (71.8%)		
¹ Vanguard Total Bond Market II Index Fund Investor Shares	157,742,122	1,724,121
Total Investment Companies (Cost \$2,211,307)		2,399,574
Temporary Cash Investment (0.2%)		
Money Market Fund (0.2%)		
¹ Vanguard Market Liquidity Fund, 0.128% (Cost \$3,350)	3,349,785	3,350
Total Investments (100.1%) (Cost \$2,214,657)		2,402,924
Other Assets and Liabilities (-0.1%)		
Other Assets		65,613
Liabilities		(66,941)
		(1,328)
Net Assets (100%)		
Applicable to 168,162,971 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)		2,401,596
Net Asset Value Per Share		\$14.28

LifeStrategy Income Fund

At October 31, 2011, net assets consisted of:

	Amount (\$000)
Paid-in Capital	2,204,310
Undistributed Net Investment Income	4,373
Accumulated Net Realized Gains	4,646
Unrealized Appreciation (Depreciation)	188,267
Net Assets	2,401,596

• See Note A in Notes to Financial Statements.

1 Affiliated fund available only to Vanguard funds and certain trusts and accounts managed by Vanguard. Rate shown for Vanguard Market Liquidity Fund is the 7-day yield.

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

Statement of Operations

	Year Ended October 31, 2011
	(\$000)
Investment Income	
Income	
Income Distributions Received	59,431
Interest	230
Net Investment Income—Note B	59,661
Realized Net Gain (Loss)	
Capital Gain Distributions Received	9,482
Investment Securities Sold	32,971
Realized Net Gain (Loss)	42,453
Change in Unrealized Appreciation (Depreciation) of Investment Securities	(15,410)
Net Increase (Decrease) in Net Assets Resulting from Operations	86,704

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

Statement of Changes in Net Assets

	Year Ended October 31,	
	2011 (\$000)	2010 (\$000)
Increase (Decrease) in Net Assets		
Operations		
Net Investment Income	59,661	57,632
Realized Net Gain (Loss)	42,453	502
Change in Unrealized Appreciation (Depreciation)	(15,410)	138,741
Net Increase (Decrease) in Net Assets Resulting from Operations	86,704	196,875
Distributions		
Net Investment Income	(60,135)	(57,384)
Realized Capital Gain ¹	(5,458)	—
Total Distributions	(65,593)	(57,384)
Capital Share Transactions		
Issued	670,648	634,215
Issued in Lieu of Cash Distributions	61,679	53,652
Redeemed	(602,848)	(360,822)
Net Increase (Decrease) from Capital Share Transactions	129,479	327,045
Total Increase (Decrease)	150,590	466,536
Net Assets		
Beginning of Period	2,251,006	1,784,470
End of Period ²	2,401,596	2,251,006

¹ Includes fiscal 2011 short-term gain distributions totaling \$5,458,000. Short-term gain distributions are treated as ordinary income dividends for tax purposes.

² Net Assets—End of Period includes undistributed net investment income of \$4,373,000 and \$4,847,000.

Financial Highlights

For a Share Outstanding Throughout Each Period	Year Ended October 31,				
	2011	2010	2009	2008	2007
Net Asset Value, Beginning of Period	\$14.15	\$13.20	\$12.13	\$14.44	\$13.97
Investment Operations					
Net Investment Income	.357	.388	.440	.555	.570
Capital Gain Distributions Received	.059	—	—	—	—
Net Realized and Unrealized Gain (Loss) on Investments	.109	.954	1.081	(2.266)	.538
Total from Investment Operations	.525	1.342	1.521	(1.711)	1.108
Distributions					
Dividends from Net Investment Income	(.361)	(.392)	(.451)	(.570)	(.570)
Distributions from Realized Capital Gains	(.034)	—	—	(.029)	(.068)
Total Distributions	(.395)	(.392)	(.451)	(.599)	(.638)
Net Asset Value, End of Period	\$14.28	\$14.15	\$13.20	\$12.13	\$14.44
Total Return¹	3.77%	10.32%	12.83%	-12.29%	8.14%

Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$2,402	\$2,251	\$1,784	\$1,642	\$1,885
Ratio of Total Expenses to Average Net Assets	—	—	—	—	—
Acquired Fund Fees and Expenses	0.18%	0.18%	0.23%	0.22%	0.24%
Ratio of Net Investment Income to Average Net Assets	2.52%	2.89%	3.55%	4.00%	4.07%
Portfolio Turnover Rate	43% ²	9%	27% ³	22%	8%

¹ Total returns do not include account service fees that may have applied in the periods shown. Fund prospectuses provide information about any applicable account service fees.

² Excludes the value of mutual fund shares delivered and bonds received in connection with a change in the fund's bond investments from Vanguard Short-Term Investment-Grade Fund to individual bonds because those transactions were effected in kind and did not cause the fund to incur transaction costs.

³ Excludes the value of mutual fund shares delivered and received in connection with a change in the fund's bond investments from Vanguard Total Bond Market Index Fund to Vanguard Total Bond Market II Index Fund because those transactions were effected in kind and did not cause the fund to incur transaction costs.

Notes to Financial Statements

Vanguard LifeStrategy Income Fund is registered under the Investment Company Act of 1940 as an open-end investment company, or mutual fund. The fund follows a balanced investment strategy by investing in selected Vanguard funds to achieve its targeted allocation of assets to U.S. stocks, international stocks, bonds, and short-term reserves.

A. The following significant accounting policies conform to generally accepted accounting principles for U.S. mutual funds. The fund consistently follows such policies in preparing its financial statements.

1. **Security Valuation:** Investments are valued at the net asset value of each underlying Vanguard fund determined as of the close of the New York Stock Exchange (generally 4 p.m., Eastern time) on the valuation date.

2. **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, 2008–2011), and has concluded that no provision for federal income tax is required in the fund's financial statements.

3. **Distributions:** Distributions to shareholders are recorded on the ex-dividend date.

4. **Other:** Income and capital gain distributions received are recorded on the ex-dividend date. 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.

B. Under a service agreement, The Vanguard Group furnishes corporate management, administrative, marketing, and distribution services to the fund. The service agreement provides that the fund's expenses may be reduced or eliminated to the extent of savings realized by the Vanguard funds by the operation of the fund. Accordingly, all incremental expenses for services provided by Vanguard and all other expenses incurred by the fund during the year ended October 31, 2011, were borne by the funds in which the fund invests. The fund's trustees and officers are also directors and officers of Vanguard and the funds in which the fund invests.

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).

At October 31, 2011, 100% of the market value of the fund's investments was based on Level 1 inputs.

D. 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.

The fund used a tax accounting practice to treat a portion of the price of capital shares redeemed during the year as distributions from realized capital gains. Accordingly, the fund has reclassified \$1,095,000 from accumulated net realized gains to paid-in capital.

The fund used a capital loss carryforward of \$30,136,000 to offset taxable capital gains realized during the year ended October 31, 2011, reducing the amount of capital gains that would otherwise be available to distribute to shareholders. For tax purposes, at October 31, 2011, the fund had \$4,782,000 of ordinary income and \$7,930,000 of long-term capital gains available for distribution. Tax-basis amounts required to be distributed in December 2010 included short-term gain distributions received from Vanguard Total Bond Market II Index Fund in December 2010. Short-term capital gain distributions received are treated as ordinary income for tax purposes, and cannot be offset by capital losses.

At October 31, 2011, the cost of investment securities for tax purposes was \$2,218,350,000. Net unrealized appreciation of investment securities for tax purposes was \$184,574,000, consisting of unrealized gains of \$200,167,000 on securities that had risen in value since their purchase and \$15,593,000 in unrealized losses on securities that had fallen in value since their purchase.

E. During the year ended October 31, 2011, the fund purchased \$1,663,032,000 of investment securities and sold \$1,516,334,000 of investment securities, other than temporary cash investments.

F. Capital shares issued and redeemed were:

	Year Ended October 31,	
	2011 Shares (000)	2010 Shares (000)
Issued	47,191	46,489
Issued in Lieu of Cash Distributions	4,371	3,943
Redeemed	(42,509)	(26,475)
Net Increase (Decrease) in Shares Outstanding	9,053	23,957

G. In preparing the financial statements as of October 31, 2011, management considered the impact of subsequent events for potential recognition or disclosure in these financial statements. In October 2011, as part of a strategy change for the fund, the fund redeemed its position in Vanguard Short-Term Investment-Grade Fund in exchange for individual bonds. The fund subsequently sold those bonds and used the proceeds to purchase shares of Vanguard Total Stock Market Index Fund and Vanguard Total Bond Market II Index Fund. In November 2011, the fund redeemed its position in Vanguard Asset Allocation Fund and used the proceeds to purchase shares of Vanguard Total Stock Market Index Fund and Vanguard Total Bond Market II Index Fund.

LifeStrategy Conservative Growth Fund

Fund Profile

As of October 31, 2011

Total Fund Characteristics

Ticker Symbol	VSCGX
30-Day SEC Yield	2.21%
Acquired Fund Fees and Expenses ¹	0.15%

Allocation to Underlying Vanguard Funds

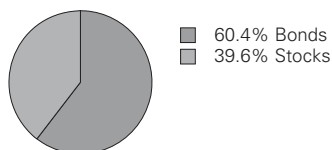
Vanguard Total Bond Market II Index Fund Investor Shares	52.3%
Vanguard Asset Allocation Fund Investor Shares	20.7
Vanguard Total Stock Market Index Fund Investor Shares	14.6
Vanguard Total International Stock Index Fund Investor Shares	12.4

Total Fund Volatility Measures

	Conservative Growth Composite Index	DJ U.S. Total Market Index
R-Squared	0.99	0.94
Beta	1.10	0.44

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

Fund Asset Allocation



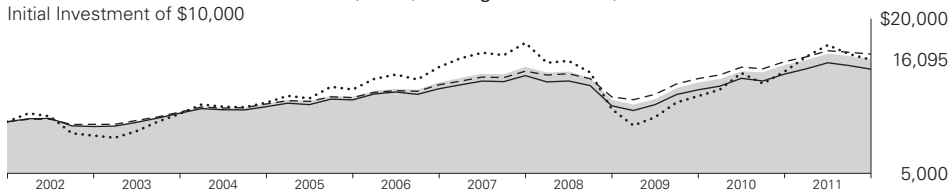
¹ This figure—drawn from the prospectus dated November 29, 2011—represents an estimate of the weighted average of the expense ratios and any transaction fees charged by the underlying mutual funds (the “acquired” funds) in which the LifeStrategy Conservative Growth Fund invests. The LifeStrategy Conservative Growth Fund does not charge any expenses or fees of its own. For the fiscal year ended October 31, 2011, the annualized acquired fund fees and expenses were 0.19%.

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: October 31, 2001, Through October 31, 2011

Initial Investment of \$10,000



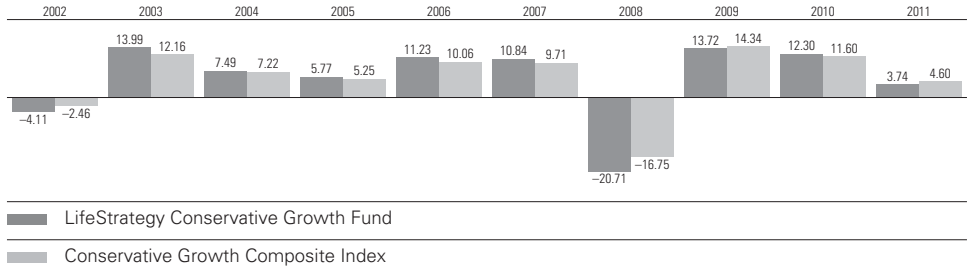
	Average Annual Total Returns Periods Ended October 31, 2011			Final Value of a \$10,000 Investment
	One Year	Five Years	Ten Years	
LifeStrategy Conservative Growth Fund	3.74%	3.09%	4.87%	\$16,095
Dow Jones U.S. Total Stock Market Index	7.67	0.90	4.82	16,011
Conservative Growth Composite Index	4.60	4.04	5.18	16,564
Conservative Growth Composite Average	3.20	2.72	4.21	15,097

Conservative Growth Composite Index: Weighted 40% Barclays Capital U.S. Aggregate Bond Index, 35% Dow Jones U.S. Total Stock Market Index, 20% Citigroup Three-Month Treasury Bill Index, and 5% MSCI EAFE Index through August 31, 2003; 40% Barclays Capital U.S. Aggregate Bond Index, 35% Dow Jones U.S. Total Stock Market Index, 20% Barclays Capital U.S. 1–3 Year Credit Bond Index, and 5% MSCI EAFE Index through April 22, 2005; 40% Barclays Capital U.S. Aggregate Bond Index through December 31, 2009, and Barclays Capital U.S. Aggregate Float Adjusted Index thereafter, 35% MSCI US Broad Market Index, 20% Barclays Capital U.S. 1–3 Year Credit Bond Index, and 5% MSCI EAFE Index through December 15, 2010; and 40% Barclays Capital U.S. Aggregate Float Adjusted Index, 28% MSCI US Broad Market Index, 20% Barclays Capital U.S. 1–3 Year Credit Bond Index, and 12% MSCI ACWI ex USA IMI Index thereafter. MSCI international benchmark returns are adjusted for withholding taxes applicable to Luxembourg holding companies.

Conservative Growth Composite Average: Weighted 40% fixed income funds average, 28% general equity funds average, 20% money market funds average, and 12% international funds average. Derived from data provided by Lipper Inc.

See Financial Highlights for dividend and capital gains information.

Fiscal-Year Total Returns (%): October 31, 2001, Through October 31, 2011



Average Annual Total Returns: Periods Ended September 30, 2011

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	Ten Years		
				Income	Capital	Total
LifeStrategy Conservative Growth Fund	9/30/1994	0.93%	2.56%	3.16%	1.46%	4.62%

Financial Statements

Statement of Net Assets

As of October 31, 2011

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 lists appear in the fund's semiannual and annual reports to shareholders. For the first and third fiscal quarters, the fund files the lists with the Securities and Exchange Commission on Form N-Q. Shareholders can look up the fund's Forms N-Q on the SEC's website at sec.gov. 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)
Investment Companies (100.0%)		
U.S. Stock Fund (14.6%)		
Vanguard Total Stock Market Index Fund Investor Shares	30,620,634	958,426
International Stock Fund (12.4%)		
Vanguard Total International Stock Index Fund Investor Shares	56,882,114	810,001
Balanced Fund (20.7%)		
Vanguard Asset Allocation Fund Investor Shares	56,507,638	1,358,444
Bond Fund (52.3%)		
¹ Vanguard Total Bond Market II Index Fund Investor Shares	313,566,177	3,427,278
Total Investment Companies (Cost \$5,804,234)		6,554,149
Temporary Cash Investment (0.0%)		
Money Market Fund (0.0%)		
¹ Vanguard Market Liquidity Fund, 0.128% (Cost \$772)	771,990	772
Total Investments (100.0%) (Cost \$5,805,006)		6,554,921
Other Assets and Liabilities (0.0%)		
Other Assets		164,046
Liabilities		(165,899)
		(1,853)
Net Assets (100%)		
Applicable to 399,603,446 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)		6,553,068
Net Asset Value Per Share		\$16.40

LifeStrategy Conservative Growth Fund

At October 31, 2011, net assets consisted of:

	Amount (\$000)
Paid-in Capital	5,886,356
Undistributed Net Investment Income	8,533
Accumulated Net Realized Losses	(91,736)
Unrealized Appreciation (Depreciation)	749,915
Net Assets	6,553,068

• See Note A in Notes to Financial Statements.

1 Affiliated fund available only to Vanguard funds and certain trusts and accounts managed by Vanguard. Rate shown for Vanguard Market Liquidity Fund is the 7-day yield.

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

Statement of Operations

	Year Ended October 31, 2011
	(\$000)
Investment Income	
Income	
Income Distributions Received	149,289
Interest	631
Net Investment Income—Note B	149,920
Realized Net Gain (Loss)	
Capital Gain Distributions Received	18,698
Investment Securities Sold	27,749
Realized Net Gain (Loss)	46,447
Change in Unrealized Appreciation (Depreciation) of Investment Securities	39,824
Net Increase (Decrease) in Net Assets Resulting from Operations	236,191

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

Statement of Changes in Net Assets

	Year Ended October 31,	
	2011 (\$000)	2010 (\$000)
Increase (Decrease) in Net Assets		
Operations		
Net Investment Income	149,920	154,564
Realized Net Gain (Loss)	46,447	1,136
Change in Unrealized Appreciation (Depreciation)	39,824	523,512
Net Increase (Decrease) in Net Assets Resulting from Operations	236,191	679,212
Distributions		
Net Investment Income	(151,155)	(154,835)
Realized Capital Gain ¹	(9,424)	—
Total Distributions	(160,579)	(154,835)
Capital Share Transactions		
Issued	1,289,093	1,168,235
Issued in Lieu of Cash Distributions	155,851	150,155
Redeemed	(1,283,322)	(1,013,845)
Net Increase (Decrease) from Capital Share Transactions	161,622	304,545
Total Increase (Decrease)	237,234	828,922
Net Assets		
Beginning of Period	6,315,834	5,486,912
End of Period²	6,553,068	6,315,834

¹ Includes fiscal 2011 short-term gain distributions totaling \$9,424,000. Short-term gain distributions are treated as ordinary income dividends for tax purposes.

² Net Assets—End of Period includes undistributed net investment income of \$8,533,000 and \$9,768,000.

Financial Highlights

For a Share Outstanding Throughout Each Period	Year Ended October 31,				
	2011	2010	2009	2008	2007
Net Asset Value, Beginning of Period	\$16.20	\$14.81	\$13.46	\$17.61	\$16.43
Investment Operations					
Net Investment Income	.374	.406	.439	.568	.580
Capital Gain Distributions Received	.049	—	—	—	—
Net Realized and Unrealized Gain (Loss) on Investments	.179	1.392	1.359	(4.116)	1.170
Total from Investment Operations	.602	1.798	1.798	(3.548)	1.750
Distributions					
Dividends from Net Investment Income	(.378)	(.408)	(.448)	(.592)	(.570)
Distributions from Realized Capital Gains	(.024)	—	—	(.010)	—
Total Distributions	(.402)	(.408)	(.448)	(.602)	(.570)
Net Asset Value, End of Period	\$16.40	\$16.20	\$14.81	\$13.46	\$17.61
Total Return¹	3.74%	12.30%	13.72%	-20.71%	10.84%

Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$6,553	\$6,316	\$5,487	\$4,843	\$7,044
Ratio of Total Expenses to Average Net Assets	—	—	—	—	—
Acquired Fund Fees and Expenses	0.19%	0.19%	0.24%	0.22%	0.24%
Ratio of Net Investment Income to Average Net Assets	2.27%	2.63%	3.23%	3.52%	3.40%
Portfolio Turnover Rate	46% ²	15%	29% ³	22%	10%

¹ Total returns do not include account service fees that may have applied in the periods shown. Fund prospectuses provide information about any applicable account service fees.

² Excludes the value of mutual fund shares delivered and bonds received in connection with a change in the fund's bond investments from Vanguard Short-Term Investment-Grade Fund to individual bonds because those transactions were effected in kind and did not cause the fund to incur transaction costs.

³ Excludes the value of mutual fund shares delivered and received in connection with a change in the fund's bond investments from Vanguard Total Bond Market Index Fund to Vanguard Total Bond Market II Index Fund because those transactions were effected in kind and did not cause the fund to incur transaction costs.

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

Notes to Financial Statements

Vanguard LifeStrategy Conservative Growth Fund is registered under the Investment Company Act of 1940 as an open-end investment company, or mutual fund. The fund follows a balanced investment strategy by investing in selected Vanguard funds to achieve its targeted allocation of assets to U.S. stocks, international stocks, bonds, and short-term reserves.

A. The following significant accounting policies conform to generally accepted accounting principles for U.S. mutual funds. The fund consistently follows such policies in preparing its financial statements.

1. Security Valuation: Investments are valued at the net asset value of each underlying Vanguard fund determined as of the close of the New York Stock Exchange (generally 4 p.m., Eastern time) on the valuation date.

2. 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, 2008–2011), and has concluded that no provision for federal income tax is required in the fund's financial statements.

3. Distributions: Distributions to shareholders are recorded on the ex-dividend date.

4. Other: Income and capital gain distributions received are recorded on the ex-dividend date. 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.

B. Under a service agreement, The Vanguard Group furnishes corporate management, administrative, marketing, and distribution services to the fund. The service agreement provides that the fund's expenses may be reduced or eliminated to the extent of savings realized by the Vanguard funds by the operation of the fund. Accordingly, all incremental expenses for services provided by Vanguard and all other expenses incurred by the fund during the year ended October 31, 2011, were borne by the funds in which the fund invests. The fund's trustees and officers are also directors and officers of Vanguard and the funds in which the fund invests.

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).

At October 31, 2011, 100% of the market value of the fund's investments was based on Level 1 inputs.

D. 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.

For tax purposes, at October 31, 2011, the fund had \$9,781,000 of ordinary income available for distribution. Tax-basis amounts required to be distributed in December 2010 included short-term gain distributions received from Vanguard Total Bond Market II Index Fund in December 2010. Short-term capital gain distributions received are treated as ordinary income for tax purposes, and cannot be offset by capital losses. The fund had available capital loss carryforwards totaling \$76,610,000 to offset future net capital gains of \$6,566,000 through October 31, 2016, \$69,127,000 through October 31, 2017, and \$917,000 through October 31, 2018.

At October 31, 2011, the cost of investment securities for tax purposes was \$5,821,381,000. Net unrealized appreciation of investment securities for tax purposes was \$733,540,000, consisting of unrealized gains of \$749,915,000 on securities that had risen in value since their purchase and \$16,375,000 in unrealized losses on securities that had fallen in value since their purchase.

E. During the year ended October 31, 2011, the fund purchased \$4,595,311,000 of investment securities and sold \$4,415,970,000 of investment securities, other than temporary cash investments.

F. Capital shares issued and redeemed were:

	Year Ended October 31,	
	2011 Shares (000)	2010 Shares (000)
Issued	78,122	75,603
Issued in Lieu of Cash Distributions	9,505	9,717
Redeemed	(77,997)	(65,788)
Net Increase (Decrease) in Shares Outstanding	9,630	19,532

G. In preparing the financial statements as of October 31, 2011, management considered the impact of subsequent events for potential recognition or disclosure in these financial statements. In October 2011, as part of a strategy change for the fund, the fund redeemed its position in Vanguard Short-Term Investment-Grade Fund in exchange for individual bonds. The fund subsequently sold those bonds and used the proceeds to purchase shares of Vanguard Total Stock Market Index Fund and Vanguard Total Bond Market II Index Fund. In November 2011, the fund redeemed its position in Vanguard Asset Allocation Fund and used the proceeds to purchase shares of Vanguard Total Stock Market Index Fund and Vanguard Total Bond Market II Index Fund.

LifeStrategy Moderate Growth Fund

Fund Profile

As of October 31, 2011

Total Fund Characteristics

Ticker Symbol	VSMGX
30-Day SEC Yield	2.06%
Acquired Fund Fees and Expenses ¹	0.16%

Allocation to Underlying Vanguard Funds

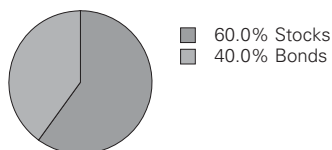
Vanguard Total Bond Market II Index Fund Investor Shares	32.0%
Vanguard Total Stock Market Index Fund Investor Shares	29.0
Vanguard Asset Allocation Fund Investor Shares	20.6
Vanguard Total International Stock Index Fund Investor Shares	18.4

Total Fund Volatility Measures

	Moderate Growth Composite Index	DJ U.S. Total Market Index
R-Squared	1.00	0.97
Beta	1.07	0.64

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

Fund Asset Allocation



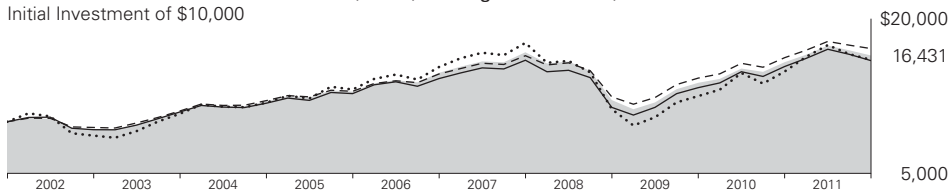
¹ This figure—drawn from the prospectus dated November 29, 2011—represents an estimate of the weighted average of the expense ratios and any transaction fees charged by the underlying mutual funds (the “acquired” funds) in which the LifeStrategy Moderate Growth Fund invests. The LifeStrategy Moderate Growth Fund does not charge any expenses or fees of its own. For the fiscal year ended October 31, 2011, the annualized acquired fund fees and expenses were 0.19%.

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: October 31, 2001, Through October 31, 2011

Initial Investment of \$10,000



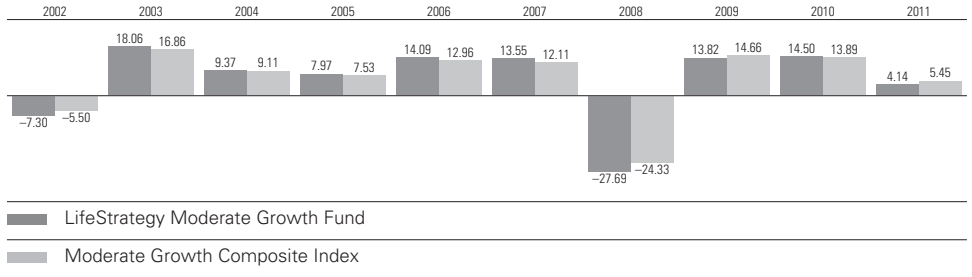
	Average Annual Total Returns Periods Ended October 31, 2011			Final Value of a \$10,000 Investment
	One Year	Five Years	Ten Years	
LifeStrategy Moderate Growth Fund	4.14%	2.19%	5.09%	\$16,431
Dow Jones U.S. Total Stock Market Index	7.67	0.90	4.82	16,011
Moderate Growth Composite Index	5.45	3.16	5.51	17,099
Moderate Growth Composite Average	3.73	2.34	4.77	15,931

Moderate Growth Composite Index: Weighted 50% Dow Jones U.S. Total Stock Market Index, 40% Barclays Capital U.S. Aggregate Bond Index, and 10% MSCI EAFE Index through April 22, 2005; 50% MSCI US Broad Market Index, 40% Barclays Capital U.S. Aggregate Bond Index through December 31, 2009, and Barclays Capital U.S. Aggregate Float Adjusted Index thereafter, and 10% MSCI EAFE Index through December 15, 2010; and 42% MSCI US Broad Market Index, 40% Barclays Capital U.S. Aggregate Float Adjusted Index, and 18% MSCI ACWI ex USA IMI Index thereafter. MSCI international benchmark returns are adjusted for withholding taxes applicable to Luxembourg holding companies.

Moderate Growth Composite Average: Weighted 42% general equity funds average, 40% fixed income funds average, and 18% international funds average. Derived from data provided by Lipper Inc.

See Financial Highlights for dividend and capital gains information.

Fiscal-Year Total Returns (%): October 31, 2001, Through October 31, 2011



Average Annual Total Returns: Periods Ended September 30, 2011

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	Ten Years		
				Income	Capital	Total
LifeStrategy Moderate Growth Fund	9/30/1994	0.03%	1.41%	2.73%	1.95%	4.68%

Financial Statements

Statement of Net Assets

As of October 31, 2011

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 lists appear in the fund's semiannual and annual reports to shareholders. For the first and third fiscal quarters, the fund files the lists with the Securities and Exchange Commission on Form N-Q. Shareholders can look up the fund's Forms N-Q on the SEC's website at sec.gov. 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)
Investment Companies (100.0%)		
U.S. Stock Fund (29.1%)		
Vanguard Total Stock Market Index Fund Investor Shares	75,135,078	2,351,728
International Stock Fund (18.4%)		
Vanguard Total International Stock Index Fund Investor Shares	104,715,871	1,491,154
Balanced Fund (20.6%)		
Vanguard Asset Allocation Fund Investor Shares	69,469,543	1,670,048
Bond Fund (31.9%)		
¹ Vanguard Total Bond Market II Index Fund Investor Shares	236,482,564	2,584,754
Total Investment Companies (Cost \$6,714,765)		8,097,684
Temporary Cash Investment (0.0%)		
Money Market Fund (0.0%)		
¹ Vanguard Market Liquidity Fund, 0.128% (Cost \$1,079)	1,078,692	1,079
Total Investments (100.0%) (Cost \$6,715,844)		8,098,763
Other Assets and Liabilities (0.0%)		
Other Assets		151,204
Liabilities		(151,615)
		(411)
Net Assets (100%)		
Applicable to 414,377,553 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)		8,098,352
Net Asset Value Per Share		\$19.54

LifeStrategy Moderate Growth Fund

At October 31, 2011, net assets consisted of:

	Amount (\$000)
Paid-in Capital	6,781,607
Undistributed Net Investment Income	37,902
Accumulated Net Realized Losses	(104,076)
Unrealized Appreciation (Depreciation)	1,382,919
Net Assets	8,098,352

• See Note A in Notes to Financial Statements.

¹ Affiliated fund available only to Vanguard funds and certain trusts and accounts managed by Vanguard. Rate shown for Vanguard Market Liquidity Fund is the 7-day yield.

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

Statement of Operations

	Year Ended October 31, 2011
	(\$000)
Investment Income	
Income	
Income Distributions Received	172,570
Net Investment Income—Note B	172,570
Realized Net Gain (Loss)	
Capital Gain Distributions Received	17,139
Investment Securities Sold	96,244
Realized Net Gain (Loss)	113,383
Change in Unrealized Appreciation (Depreciation) of Investment Securities	47,079
Net Increase (Decrease) in Net Assets Resulting from Operations	333,032

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

Statement of Changes in Net Assets

	Year Ended October 31,	
	2011 (\$000)	2010 (\$000)
Increase (Decrease) in Net Assets		
Operations		
Net Investment Income	172,570	187,165
Realized Net Gain (Loss)	113,383	(10,517)
Change in Unrealized Appreciation (Depreciation)	47,079	866,656
Net Increase (Decrease) in Net Assets Resulting from Operations	333,032	1,043,304
Distributions		
Net Investment Income	(190,224)	(174,437)
Realized Capital Gain ¹	(12,685)	—
Total Distributions	(202,909)	(174,437)
Capital Share Transactions		
Issued	1,325,804	1,137,142
Issued in Lieu of Cash Distributions	199,148	171,558
Redeemed	(1,606,134)	(1,754,214)
Net Increase (Decrease) from Capital Share Transactions	(81,182)	(445,514)
Total Increase (Decrease)	48,941	423,353
Net Assets		
Beginning of Period	8,049,411	7,626,058
End of Period ²	8,098,352	8,049,411

¹ Includes fiscal 2011 short-term gain distributions totaling \$12,685,000. Short-term gain distributions are treated as ordinary income dividends for tax purposes.

² Net Assets—End of Period includes undistributed net investment income of \$37,902,000 and \$55,556,000.

Financial Highlights

For a Share Outstanding Throughout Each Period	Year Ended October 31,				
	2011	2010	2009	2008	2007
Net Asset Value, Beginning of Period	\$19.22	\$17.16	\$15.56	\$22.21	\$20.09
Investment Operations					
Net Investment Income	.406	.431	.450	.607	.580
Capital Gain Distributions Received	.042	—	—	—	—
Net Realized and Unrealized Gain (Loss) on Investments	.350	2.023	1.632	(6.606)	2.100
Total from Investment Operations	.798	2.454	2.082	(5.999)	2.680
Distributions					
Dividends from Net Investment Income	(.448)	(.394)	(.482)	(.627)	(.560)
Distributions from Realized Capital Gains	(.030)	—	—	(.024)	—
Total Distributions	(.478)	(.394)	(.482)	(.651)	(.560)
Net Asset Value, End of Period	\$19.54	\$19.22	\$17.16	\$15.56	\$22.21
Total Return¹	4.14%	14.50%	13.82%	-27.69%	13.55%

Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$8,098	\$8,049	\$7,626	\$7,408	\$11,272
Ratio of Total Expenses to Average Net Assets	—	—	—	—	—
Acquired Fund Fees and Expenses	0.19%	0.19%	0.23%	0.22%	0.23%
Ratio of Net Investment Income to Average Net Assets	2.05%	2.37%	2.89%	2.98%	2.81%
Portfolio Turnover Rate	32%	17%	25% ²	18%	7%

¹ Total returns do not include account service fees that may have applied in the periods shown. Fund prospectuses provide information about any applicable account service fees.

² Excludes the value of mutual fund shares delivered and received in connection with a change in the fund's bond investments from Vanguard Total Bond Market Index Fund to Vanguard Total Bond Market II Index Fund because those transactions were effected in kind and did not cause the fund to incur transaction costs.

Notes to Financial Statements

Vanguard LifeStrategy Moderate Growth Fund is registered under the Investment Company Act of 1940 as an open-end investment company, or mutual fund. The fund follows a balanced investment strategy by investing in selected Vanguard funds to achieve its targeted allocation of assets to U.S. stocks, international stocks, bonds, and short-term reserves.

A. The following significant accounting policies conform to generally accepted accounting principles for U.S. mutual funds. The fund consistently follows such policies in preparing its financial statements.

1. **Security Valuation:** Investments are valued at the net asset value of each underlying Vanguard fund determined as of the close of the New York Stock Exchange (generally 4 p.m., Eastern time) on the valuation date.

2. **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, 2008–2011), and has concluded that no provision for federal income tax is required in the fund's financial statements.

3. **Distributions:** Distributions to shareholders are recorded on the ex-dividend date.

4. **Other:** Income and capital gain distributions received are recorded on the ex-dividend date. 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.

B. Under a service agreement, The Vanguard Group furnishes corporate management, administrative, marketing, and distribution services to the fund. The service agreement provides that the fund's expenses may be reduced or eliminated to the extent of savings realized by the Vanguard funds by the operation of the fund. Accordingly, all incremental expenses for services provided by Vanguard and all other expenses incurred by the fund during the year ended October 31, 2011, were borne by the funds in which the fund invests. The fund's trustees and officers are also directors and officers of Vanguard and the funds in which the fund invests.

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).

At October 31, 2011, 100% of the market value of the fund's investments was based on Level 1 inputs.

D. 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.

For tax purposes, at October 31, 2011, the fund had \$37,630,000 of ordinary income available for distribution. Tax-basis amounts required to be distributed in December 2010 included short-term gain distributions received from Vanguard Total Bond Market II Index Fund in December 2010. Short-term capital gain distributions received are treated as ordinary income for tax purposes, and cannot be offset by capital losses. The fund had available capital loss carryforwards totaling \$94,363,000 to offset future net capital gains of \$81,603,000 through October 31, 2017, and \$12,760,000 through October 31, 2018.

At October 31, 2011, the cost of investment securities for tax purposes was \$6,725,286,000. Net unrealized appreciation of investment securities for tax purposes was \$1,373,477,000, consisting of unrealized gains of \$1,382,919,000 on securities that had risen in value since their purchase and \$9,442,000 in unrealized losses on securities that had fallen in value since their purchase.

E. During the year ended October 31, 2011, the fund purchased \$2,676,704,000 of investment securities and sold \$2,764,670,000 of investment securities, other than temporary cash investments.

F. Capital shares issued and redeemed were:

	Year Ended October 31,	
	2011 Shares (000)	2010 Shares (000)
Issued	66,971	62,942
Issued in Lieu of Cash Distributions	10,087	9,670
Redeemed	(81,575)	(98,056)
Net Increase (Decrease) in Shares Outstanding	(4,517)	(25,444)

G. In preparing the financial statements as of October 31, 2011, management considered the impact of subsequent events for potential recognition or disclosure in these financial statements. In November 2011, the fund redeemed its position in Vanguard Asset Allocation Fund and used the proceeds to purchase shares of Vanguard Total Stock Market Index Fund and Vanguard Total Bond Market II Index Fund.

LifeStrategy Growth Fund

Fund Profile

As of October 31, 2011

Total Fund Characteristics

Ticker Symbol	VASGX
30-Day SEC Yield	1.84%
Acquired Fund Fees and Expenses ¹	0.17%

Allocation to Underlying Vanguard Funds

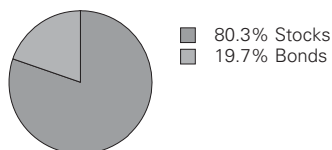
Vanguard Total Stock Market Index Fund Investor Shares	42.9%
Vanguard Total International Stock Index Fund Investor Shares	24.8
Vanguard Asset Allocation Fund Investor Shares	20.7
Vanguard Total Bond Market II Index Fund Investor Shares	11.6

Total Fund Volatility Measures

	Growth Composite Index	DJ U.S. Total Market Index
R-Squared	1.00	0.98
Beta	1.06	0.86

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

Fund Asset Allocation



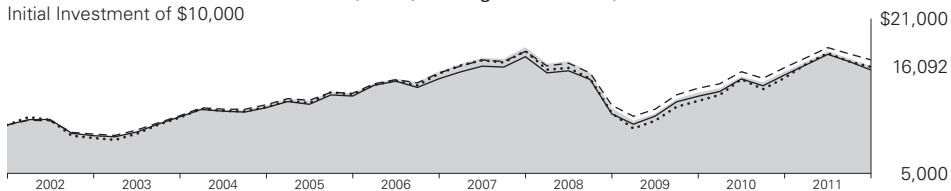
¹ This figure—drawn from the prospectus dated November 29, 2011—represents an estimate of the weighted average of the expense ratios and any transaction fees charged by the underlying mutual funds (the “acquired” funds) in which the LifeStrategy Growth Fund invests. The LifeStrategy Growth Fund does not charge any expenses or fees of its own. For the fiscal year ended October 31, 2011, the annualized acquired fund fees and expenses were 0.20%.

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: October 31, 2001, Through October 31, 2011

Initial Investment of \$10,000



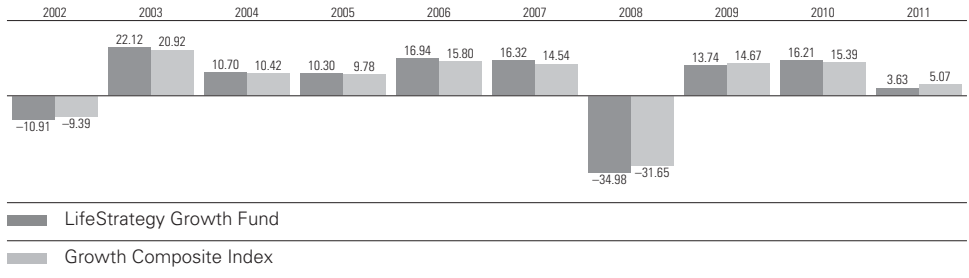
	Average Annual Total Returns Periods Ended October 31, 2011			Final Value of a \$10,000 Investment
	One Year	Five Years	Ten Years	
— LifeStrategy Growth Fund	3.63%	0.71%	4.87%	\$16,092
..... Dow Jones U.S. Total Stock Market Index	7.67	0.90	4.82	16,011
- - - - Growth Composite Index	5.07	1.71	5.29	16,741
—— Growth Composite Average	3.39	1.20	4.61	15,690

Growth Composite Index: Weighted 65% Dow Jones U.S. Total Stock Market Index, 20% Barclays Capital U.S. Aggregate Bond Index, and 15% MSCI EAFE Index through April 22, 2005; 65% MSCI US Broad Market Index, 20% Barclays Capital U.S. Aggregate Bond Index through December 31, 2009, and Barclays Capital U.S. Aggregate Float Adjusted Index thereafter, and 15% MSCI EAFE Index through December 15, 2010; and 56% MSCI US Broad Market Index, 24% MSCI ACWI ex USA IMI Index, and 20% Barclays Capital U.S. Aggregate Float Adjusted Index thereafter. MSCI international benchmark returns are adjusted for withholding taxes applicable to Luxembourg holding companies.

Growth Composite Average: Weighted 56% general equity funds average, 24% international funds average, and 20% fixed income funds average. Derived from data provided by Lipper Inc.

See Financial Highlights for dividend and capital gains information.

Fiscal-Year Total Returns (%): October 31, 2001, Through October 31, 2011



Average Annual Total Returns: Periods Ended September 30, 2011

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	Ten Years		
				Income	Capital	Total
LifeStrategy Growth Fund	9/30/1994	-1.82%	-0.36%	2.16%	2.10%	4.26%

Financial Statements

Statement of Net Assets

As of October 31, 2011

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 lists appear in the fund's semiannual and annual reports to shareholders. For the first and third fiscal quarters, the fund files the lists with the Securities and Exchange Commission on Form N-Q. Shareholders can look up the fund's Forms N-Q on the SEC's website at sec.gov. 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)
Investment Companies (100.0%)		
U.S. Stock Fund (42.9%)		
Vanguard Total Stock Market Index Fund Investor Shares	101,009,449	3,161,596
International Stock Fund (24.8%)		
Vanguard Total International Stock Index Fund Investor Shares	128,169,703	1,825,137
Balanced Fund (20.7%)		
Vanguard Asset Allocation Fund Investor Shares	63,585,062	1,528,585
Bond Fund (11.6%)		
¹ Vanguard Total Bond Market II Index Fund Investor Shares	78,301,961	855,840
Total Investment Companies (Cost \$6,181,632)		7,371,158
Temporary Cash Investment (0.0%)		
Money Market Fund (0.0%)		
¹ Vanguard Market Liquidity Fund, 0.128% (Cost \$1,750)	1,749,957	1,750
Total Investments (100.0%) (Cost \$6,183,382)		7,372,908
Other Assets and Liabilities (0.0%)		
Other Assets		5,906
Liabilities		(8,024)
		(2,118)
Net Assets (100%)		
Applicable to 341,013,326 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)		7,370,790
Net Asset Value Per Share		\$21.61

At October 31, 2011, net assets consisted of:

	Amount (\$000)
Paid-in Capital	6,217,229
Undistributed Net Investment Income	24,394
Accumulated Net Realized Losses	(60,359)
Unrealized Appreciation (Depreciation)	1,189,526
Net Assets	7,370,790

• See Note A in Notes to Financial Statements.

1 Affiliated fund available only to Vanguard funds and certain trusts and accounts managed by Vanguard. Rate shown for Vanguard Market Liquidity Fund is the 7-day yield.

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

Statement of Operations

	Year Ended October 31, 2011
	(\$000)
Investment Income	
Income	
Income Distributions Received	141,094
Net Investment Income—Note B	141,094
Realized Net Gain (Loss)	
Capital Gain Distributions Received	6,052
Investment Securities Sold	7,303
Realized Net Gain (Loss)	13,355
Change in Unrealized Appreciation (Depreciation) of Investment Securities	114,922
Net Increase (Decrease) in Net Assets Resulting from Operations	269,371

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

Statement of Changes in Net Assets

	Year Ended October 31,	
	2011 (\$000)	2010 (\$000)
Increase (Decrease) in Net Assets		
Operations		
Net Investment Income	141,094	147,564
Realized Net Gain (Loss)	13,355	107,354
Change in Unrealized Appreciation (Depreciation)	114,922	790,461
Net Increase (Decrease) in Net Assets Resulting from Operations	269,371	1,045,379
Distributions		
Net Investment Income	(156,993)	(131,354)
Realized Capital Gain ¹	(3,164)	—
Total Distributions	(160,157)	(131,354)
Capital Share Transactions		
Issued	1,075,113	944,850
Issued in Lieu of Cash Distributions	157,899	129,656
Redeemed	(1,402,052)	(1,178,832)
Net Increase (Decrease) from Capital Share Transactions	(169,040)	(104,326)
Total Increase (Decrease)	(59,826)	809,699
Net Assets		
Beginning of Period	7,430,616	6,620,917
End of Period²	7,370,790	7,430,616

¹ Includes fiscal 2011 short-term gain distributions totaling \$3,164,000. Short-term gain distributions are treated as ordinary income dividends for tax purposes.

² Net Assets—End of Period includes undistributed net investment income of \$24,394,000 and \$40,293,000.

Financial Highlights

For a Share Outstanding Throughout Each Period	Year Ended October 31,				
	2011	2010	2009	2008	2007
Net Asset Value, Beginning of Period	\$21.28	\$18.66	\$16.86	\$26.56	\$23.32
Investment Operations					
Net Investment Income	.401	.417	.423	.571	.540
Capital Gain Distributions Received	.018	—	—	—	—
Net Realized and Unrealized Gain (Loss) on Investments	.364	2.573	1.818	(9.690)	3.220
Total from Investment Operations	.783	2.990	2.241	(9.119)	3.760
Distributions					
Dividends from Net Investment Income	(.444)	(.370)	(.441)	(.581)	(.520)
Distributions from Realized Capital Gains	(.009)	—	—	—	—
Total Distributions	(.453)	(.370)	(.441)	(.581)	(.520)
Net Asset Value, End of Period	\$21.61	\$21.28	\$18.66	\$16.86	\$26.56
Total Return¹	3.63%	16.21%	13.74%	-34.98%	16.32%

Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$7,371	\$7,431	\$6,621	\$6,267	\$10,372
Ratio of Total Expenses to Average Net Assets	—	—	—	—	—
Acquired Fund Fees and Expenses	0.20%	0.20%	0.23%	0.21%	0.23%
Ratio of Net Investment Income to Average Net Assets	1.79%	2.09%	2.57%	2.47%	2.15%
Portfolio Turnover Rate	22%	11%	12% ²	10%	4%

¹ Total returns do not include account service fees that may have applied in the periods shown. Fund prospectuses provide information about any applicable account service fees.

² Excludes the value of mutual fund shares delivered and received in connection with a change in the fund's bond investments from Vanguard Total Bond Market Index Fund to Vanguard Total Bond Market II Index Fund because those transactions were effected in kind and did not cause the fund to incur transaction costs.

Notes to Financial Statements

Vanguard LifeStrategy Growth Fund is registered under the Investment Company Act of 1940 as an open-end investment company, or mutual fund. The fund follows a balanced investment strategy by investing in selected Vanguard funds to achieve its targeted allocation of assets to U.S. stocks, international stocks, bonds, and short-term reserves.

A. The following significant accounting policies conform to generally accepted accounting principles for U.S. mutual funds. The fund consistently follows such policies in preparing its financial statements.

1. **Security Valuation:** Investments are valued at the net asset value of each underlying Vanguard fund determined as of the close of the New York Stock Exchange (generally 4 p.m., Eastern time) on the valuation date.

2. **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, 2008–2011), and has concluded that no provision for federal income tax is required in the fund's financial statements.

3. **Distributions:** Distributions to shareholders are recorded on the ex-dividend date.

4. **Other:** Income and capital gain distributions received are recorded on the ex-dividend date. 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.

B. Under a service agreement, The Vanguard Group furnishes corporate management, administrative, marketing, and distribution services to the fund. The service agreement provides that the fund's expenses may be reduced or eliminated to the extent of savings realized by the Vanguard funds by the operation of the fund. Accordingly, all incremental expenses for services provided by Vanguard and all other expenses incurred by the fund during the year ended October 31, 2011, were borne by the funds in which the fund invests. The fund's trustees and officers are also directors and officers of Vanguard and the funds in which the fund invests.

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).

At October 31, 2011, 100% of the market value of the fund's investments was based on Level 1 inputs.

D. 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.

For tax purposes, at October 31, 2011, the fund had \$24,470,000 of ordinary income available for distribution. Tax-basis amounts required to be distributed in December 2010 included short-term gain distributions received from Vanguard Total Bond Market II Index Fund in December 2010. Short-term capital gain distributions received are treated as ordinary income for tax purposes, and cannot be offset by capital losses. The fund had available capital loss carryforwards totaling \$49,225,000 to offset future net capital gains through October 31, 2017.

At October 31, 2011, the cost of investment securities for tax purposes was \$6,194,593,000. Net unrealized appreciation of investment securities for tax purposes was \$1,178,315,000, consisting of unrealized gains of \$1,189,526,000 on securities that had risen in value since their purchase and \$11,211,000 in unrealized losses on securities that had fallen in value since their purchase.

E. During the year ended October 31, 2011, the fund purchased \$1,768,858,000 of investment securities and sold \$1,928,472,000 of investment securities, other than temporary cash investments.

F. Capital shares issued and redeemed were:

	Year Ended October 31,	
	2011 Shares (000)	2010 Shares (000)
Issued	48,291	47,488
Issued in Lieu of Cash Distributions	7,089	6,633
Redeemed	(63,607)	(59,624)
Net Increase (Decrease) in Shares Outstanding	(8,227)	(5,503)

G. In preparing the financial statements as of October 31, 2011, management considered the impact of subsequent events for potential recognition or disclosure in these financial statements. In November 2011, the fund redeemed its position in Vanguard Asset Allocation Fund and used the proceeds to purchase shares of Vanguard Total Stock Market Index Fund and Vanguard Total Bond Market II Index Fund.

Report of Independent Registered Public Accounting Firm

To the Trustees of Vanguard STAR Funds and the Shareholders of Vanguard LifeStrategy Income Fund, Vanguard LifeStrategy Conservative Growth Fund, Vanguard LifeStrategy Moderate Growth Fund and Vanguard LifeStrategy Growth Fund:

In our opinion, the accompanying statements of net assets 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 LifeStrategy Income Fund, Vanguard LifeStrategy Conservative Growth Fund, Vanguard LifeStrategy Moderate Growth Fund and Vanguard LifeStrategy Growth Fund (constituting four separate portfolios of Vanguard STAR Funds, hereafter referred to as the "Funds") at October 31, 2011, 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 five years in the period then ended, 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, 2011 by agreement to the underlying ownership records of the Vanguard funds, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania

December 12, 2011

Special 2011 tax information (unaudited) for Vanguard LifeStrategy Funds

This information for the fiscal year ended October 31, 2011, is included pursuant to provisions of the Internal Revenue Code.

LifeStrategy Income Fund distributed \$1,095,000 as capital gain dividends (from net long-term capital gains) to shareholders during the fiscal year.

The funds distributed qualified dividend income to shareholders during the fiscal year as follows:

Fund	Qualified Dividend Income (\$000)
LifeStrategy Income Fund	9,507
LifeStrategy Conservative Growth Fund	46,439
LifeStrategy Moderate Growth Fund	94,052
LifeStrategy Growth Fund	114,855

For corporate shareholders, the percentage of investment income (dividend income plus short-term gains, if any) that qualifies for the dividends-received deduction is as follows:

Fund	Percentage
LifeStrategy Income Fund	9.4%
LifeStrategy Conservative Growth Fund	20.1
LifeStrategy Moderate Growth Fund	33.1
LifeStrategy Growth Fund	51.8

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 2011. (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.)

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: LifeStrategy Funds

Periods Ended October 31, 2011

	One Year	Five Years	Ten Years
LifeStrategy Income Fund			
Returns Before Taxes	3.77%	4.15%	4.76%
Returns After Taxes on Distributions	2.84	2.95	3.49
Returns After Taxes on Distributions and Sale of Fund Shares	2.51	2.87	3.35

	One Year	Five Years	Ten Years
LifeStrategy Conservative Growth Fund			
Returns Before Taxes	3.74%	3.09%	4.87%
Returns After Taxes on Distributions	2.99	2.16	3.87
Returns After Taxes on Distributions and Sale of Fund Shares	2.56	2.15	3.65

	One Year	Five Years	Ten Years
LifeStrategy Moderate Growth Fund			
Returns Before Taxes	4.14%	2.19%	5.09%
Returns After Taxes on Distributions	3.49	1.47	4.30
Returns After Taxes on Distributions and Sale of Fund Shares	2.91	1.54	4.01

Average Annual Total Returns: LifeStrategy Funds
Periods Ended October 31, 2011

	One Year	Five Years	Ten Years
LifeStrategy Growth Fund			
Returns Before Taxes	3.63%	0.71%	4.87%
Returns After Taxes on Distributions	3.18	0.24	4.35
Returns After Taxes on Distributions and Sale of Fund Shares	2.66	0.46	4.02

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 typical fund's expenses are expressed as a percentage of its average net assets. The LifeStrategy Funds have no direct expenses, but each fund bears its proportionate share of the costs for the underlying funds in which it invests. These indirect expenses make up the acquired fund fees and expenses, also expressed as a percentage of average net assets.

The following examples are intended to help you understand the ongoing cost (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 costs were calculated using the acquired fund fees and expenses for each LifeStrategy Fund.

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, 2011

	Beginning Account Value 4/30/2011	Ending Account Value 10/31/2011	Expenses Paid During Period
Based on Actual Fund Return			
LifeStrategy Income Fund	\$1,000.00	\$998.69	\$0.91
LifeStrategy Conservative Growth Fund	\$1,000.00	\$968.96	\$0.94
LifeStrategy Moderate Growth Fund	\$1,000.00	\$944.89	\$0.93
LifeStrategy Growth Fund	\$1,000.00	\$912.60	\$0.96
Based on Hypothetical 5% Yearly Return			
LifeStrategy Income Fund	\$1,000.00	\$1,024.30	\$0.92
LifeStrategy Conservative Growth Fund	\$1,000.00	\$1,024.25	\$0.97
LifeStrategy Moderate Growth Fund	\$1,000.00	\$1,024.25	\$0.97
LifeStrategy Growth Fund	\$1,000.00	\$1,024.20	\$1.02

The calculations are based on acquired fund fees and expenses charged by the underlying mutual funds in which the LifeStrategy Funds invest. The LifeStrategy Funds' annualized expense figures for the period are (in order as listed from top to bottom above) 0.18%, 0.19%, 0.19%, and 0.20%. The dollar amounts shown as "Expenses Paid" are equal to the annualized average weighted expense ratio for the underlying funds 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.

Glossary

30-Day SEC Yield. A fund's 30-day SEC yield is derived using a formula specified by the U.S. Securities and Exchange Commission. Under the formula, data related to the fund's security holdings in the previous 30 days are used to calculate the fund's hypothetical net income for that period, which is then annualized and divided by the fund's estimated average net assets over the calculation period. For the purposes of this calculation, a security's income is based on its current market yield to maturity (for bonds; excluding inflation for inflation-protected securities), its actual income (for asset-backed securities), or its projected dividend yield (for stocks). Because the SEC yield represents hypothetical annualized income, it will differ—at times significantly—from the fund's actual experience. As a result, the fund's income distributions may be higher or lower than implied by the SEC yield.

Acquired Fund Fees and Expenses. Funds that invest in other Vanguard funds incur no direct expenses, but they do bear proportionate shares of the operating, administrative, and advisory expenses of the underlying funds, and they must pay any fees charged by those funds. The figure for acquired fund fees and expenses represents a weighted average of these underlying costs. *Acquired* is a term that the Securities and Exchange Commission applies to any mutual fund whose shares are owned by another fund.

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.

Expense Ratio. The percentage of a fund's average net assets used to pay its annual administrative and advisory expenses. These expenses directly reduce returns to investors.

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.

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.

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 180 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: 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).

and President (2006–2008) of Rohm and Haas Co. (chemicals); Director of Tyco International, Ltd. (diversified manufacturing and services) and Hewlett-Packard Co. (electronic computer manufacturing); Senior Advisor at New Mountain Capital; Trustee of The Conference Board; Member of the Board of Managers of Delphi Automotive LLP (automotive components).

Amy Gutmann

Born 1949. Trustee Since June 2006. Principal Occupation(s) During the Past Five Years: President of the University of Pennsylvania; Christopher H. Browne Distinguished Professor of Political Science in the School of Arts and Sciences with secondary appointments at the Annenberg School for Communication and the Graduate School of Education of the University of Pennsylvania; Director of Carnegie Corporation of New York, Schuylkill River Development Corporation, and Greater Philadelphia Chamber of Commerce; Trustee of the National Constitution Center; Chair of the Presidential Commission for the Study of Bioethical Issues.

Independent Trustees

Emerson U. Fullwood

Born 1948. Trustee Since January 2008. Principal Occupation(s) During the Past Five Years: 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 2010 Distinguished Minett Professor at the Rochester Institute of Technology; Director of SPX Corporation (multi-industry manufacturing), the United Way of Rochester, Amerigroup Corporation (managed health care), the University of Rochester Medical Center, Monroe Community College Foundation, and North Carolina A&T University.

JoAnn Heffernan Heisen

Born 1950. Trustee Since July 1998. Principal Occupation(s) During the Past Five Years: Corporate Vice President and Chief Global Diversity Officer (retired 2008) and Member of the Executive Committee (1997–2008) of Johnson & Johnson (pharmaceuticals/consumer products); Director of Skytop Lodge Corporation (hotels), the University Medical Center at Princeton, the Robert Wood Johnson Foundation, and the Center for Work Life Policy; Member of the Advisory Board of the Maxwell School of Citizenship and Public Affairs at Syracuse University.

Rajiv L. Gupta

Born 1945. Trustee Since December 2001.² Principal Occupation(s) During the Past Five Years: Chairman and Chief Executive Officer (retired 2009)

F. Joseph Loughrey

Born 1949. Trustee Since October 2009. Principal Occupation(s) During the Past Five Years: President and Chief Operating Officer (retired 2009) and Vice Chairman of the Board (2008–2009) of Cummins Inc. (industrial machinery); Director of SKF AB (industrial machinery), Hillenbrand, Inc. (specialized consumer services), the Lumina Foundation for Education, and Oxfam America; Chairman of the Advisory Council for the College of Arts and Letters and Member of the Advisory Board to the Kellogg Institute for International Studies at the University of Notre Dame.

André F. Perold

Born 1952. Trustee Since December 2004. Principal Occupation(s) During the Past Five Years: George Gund Professor of Finance and Banking at the Harvard Business School (retired July 2011); Chief Investment Officer and co-Managing Partner of HighVista Strategies LLC (private investment firm); Director of Rand Merchant Bank; Overseer of the Museum of Fine Arts Boston.

Alfred M. Rankin, Jr.

Born 1941. Trustee Since January 1993. Principal Occupation(s) During the Past Five Years: Chairman, President, and Chief Executive Officer of NACCO Industries, Inc. (forklift trucks/housewares/lignite); Director of Goodrich Corporation (industrial products/ aircraft systems and services) and the National Association of Manufacturers; Chairman of the Federal Reserve Bank of Cleveland; Vice Chairman of University Hospitals of Cleveland; President of the Board of The Cleveland Museum of Art.

Peter F. Volanakis

Born 1955. Trustee Since July 2009. Principal Occupation(s) During the Past Five Years: President and Chief Operating Officer (retired 2010) of Corning Incorporated (communications equipment); Director of Corning Incorporated (2000–2010) and Dow Corning (2001–2010); Overseer of the Amos Tuck School of Business Administration at Dartmouth College.

Executive Officers**Glenn Booraem**

Born 1967. Controller Since July 2010. Principal Occupation(s) During the Past Five Years: Principal of The Vanguard Group, Inc.; Controller of each of the investment companies served by The Vanguard Group since 2010; 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: Principal of The Vanguard Group, Inc.; Chief Financial Officer of each of the investment companies served by The Vanguard Group since 2008; Treasurer of each of the investment companies served by The Vanguard Group (1998–2008).

Kathryn J. Hyatt

Born 1955. Treasurer Since November 2008. Principal Occupation(s) During the Past Five Years: Principal of The Vanguard Group, Inc.; Treasurer of each of the investment companies served by The Vanguard Group since 2008; Assistant Treasurer of each of the investment companies served by The Vanguard Group (1988–2008).

Heidi Stam

Born 1956. Secretary Since July 2005. Principal Occupation(s) During the Past Five Years: Managing Director of The Vanguard Group, Inc., since 2006; General Counsel of The Vanguard Group since 2005; Secretary of The Vanguard Group and of each of the investment companies served by The Vanguard Group since 2005; Director and Senior Vice President of Vanguard Marketing Corporation since 2005; Principal of The Vanguard Group (1997–2006).

Vanguard Senior Management Team

R. Gregory Barton	Chris D. McIsaac
Mortimer J. Buckley	Michael S. Miller
Kathleen C. Gubanich	James M. Norris
Paul A. Heller	Glenn W. Reed
Martha G. King	George U. Sauter

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, Vanguard Growth Equity Fund, the Vanguard Municipal Bond Funds, and the Vanguard State Tax-Exempt Funds.



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This material may be used in conjunction with the offering of shares of any Vanguard fund only if preceded or accompanied by the fund's current prospectus.

All comparative mutual fund data are from Lipper Inc. or Morningstar, Inc., unless otherwise noted.

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 e-mail 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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