Cost Basis Accounting Disclosure

The Cost Basis Accounting Service (CBA) is made available by Vanguard and Vanguard Brokerage Services®, for your Vanguard funds and brokerage assets, respectively. This service is provided for general informational purposes to non-retirement Vanguard® mutual fund accounts and non-retirement and retirement Vanguard Brokerage accounts. You are responsible for maintaining accurate account records for your tax returns. Neither Vanguard or Vanguard Brokerage, will give your information to the IRS, prepare your tax return, or advise you on which accounting method is best for your particular tax situation. As a CBA client, you have the ability to change your method of accounting for brokerage assets at any time by contacting Vanguard Brokerage Services. However, in order to change the method of accounting on your tax return, you may need IRS approval. Please note that when changing methods, the new method will not be applied to sales made prior to your request.

The CBA service relies on manual data entry by you or your agent of all historical information for mutual funds and securities transferred to Vanguard from other financial institutions. Neither Vanguard or Vanguard Brokerage, is responsible for the accuracy of historical data provided by you or your agent. Erroneous data may result in incorrect unrealized and realized gain and loss information. Cost basis is generally based on your purchase price; however, the original cost basis may be subject to adjustments (either positive or negative). Securities acquired by gift or inheritances are subject to special tax rules. Vanguard Brokerage Services will apply the cost basis allocated to the original account for gift or inheritance situations. You should contact a tax advisor to determine whether adjustments to the cost basis are needed. You should also review the cost basis information reported by the CBA service and confirm its accuracy.

For all eligible Vanguard mutual fund accounts, the CBA service offers the Average Cost Single Category Method. In the mutual fund industry, the Average Cost Single Category method is a commonly used IRS approved method for calculating cost basis. The CBA service offers First In, First Out (FIFO) and Highest Cost accounting methods for debt and equity brokerage securities. This service calculates adjustments for wash sales for Vanguard mutual fund assets only. Portions of short-term losses in municipal bond funds may be disallowed by the amount of any tax-exempt income received on those shares if the shares that generated the loss were held six months or less.

There are other methods of calculating cost basis that may be more beneficial for your particular tax situation. For more information, please consult a qualified tax professional or IRS Publications 550 (Investment Income and Expenses), 551 (Basis of Assets), and 564 (Mutual Fund Distributions).

Important Information About This Service

The following information explains how to enter and edit information about your investments and can help you track your capital gains and losses. To take full advantage of the service, you must enter cost basis and lot structure for investments you owned prior to enrollment in the CBA service or shares that have been transferred to Vanguard Brokerage without cost basis (the service will record new share purchases and sales automatically).

Entering lot information

You must provide the following information for all lots you wish to allocate:
- **Date Acquired** (the date you acquired each lot).
- **Quantity** (the number of shares in each lot).
- Total Cost (the total cost of each lot including commissions and fees to acquire the investment).

- You must allocate your entire position for the cost basis service to calculate any unrealized or realized gains or losses.
- Total Cost and Quantity must be positive numbers greater than zero.
- Dates must be entered in the following format: MM/DD/YYYY (for example, 01/24/2002).
- The system only recognizes dates from January 1, 1921 and thereafter.
- Once you allocate all shares for a position, any future adjustments must be performed by Vanguard Brokerage Services.
- Changes to your lot information will take one business day to take effect.

Calculating gains and losses
- We cannot provide realized or unrealized gains and losses until you allocate all eligible shares for a particular asset.
- We cannot calculate realized gains or losses for an asset until you sell shares.
- If you sell all shares of a security, there will be no unrealized gains or losses to report.

Tracking gains and losses
- Date Acquired will be listed as "Various" if you acquired shares on multiple dates.
- Days to Long will be listed as "—" if either of the following conditions applies:
  (a) The shares were acquired on multiple dates. (Each lot will have a different number of days remaining before it is considered a long-term investment.)
  (b) The information is unavailable.
- Gains and losses will be listed as "—" if you did not allocate the shares in question, if there are no gains or losses (whether short-term or long-term) to report, or if the data is unavailable.

Contact Vanguard Brokerage Services if you have additional questions about the Cost Basis Accounting Service.