INSIDE: The 2 Vanguard funds you should get out of immediately—and 5 poised to soar in 2001!

SPECIAL REPORT and 2001 FORECAST

Earn Double-Digit Profits in Good Markets... *And* Bad.

For 10 years, a select group of Vanguard investors have systematically pulled down 2 to 3 times the profits of the fund average.

Now you can join them...and significantly improve your Vanguard portfolio returns.

by Dan Wiener
Chairman, Fund Family Shareholder Association (FFSA)

If you're like most investors, 2000 was a year you want to forget—and, more importantly, never repeat again.

But a select group of Vanguard investors enjoyed double-digit gains (+20.4%) in 2000, just like they have for each of the past six years…in both good markets *and* bad.

Sound nice? In a minute, I'll tell you how you can join them.

Imagine. No more waking up every morning worried about what the market's going to do today. No more having to watch helplessly as a horrific bear market, like we had in 2000, drops your portfolio lower and lower, as tens of thousands—or even hundreds of thousands of dollars—in hard-earned profits literally disappear over night.

During the long, prosperous bull run of the 1990s, you probably were content to sit back and enjoy double-digit market performance as your net worth grew and grew. Investors took it for granted that Mr. Bull would always be there to make them rich.

But boy, were they wrong! The bull market gravy train came to a screeching halt in

continued inside...

Earn Double-Digit Profits...

...continued from front cover

2000—with the S&P 500 losing 10.1% for the year. Ouch!

Stocks, particularly tech stocks, got clobbered across the board. The NASDAQ lost half its value from its March 2000 high, dropping 35% in April, 2000 alone.

Once high-flying tech stock investors felt cheated—then angry—as they lost as much as one third to one half their net worth in a single nightmare year. For some, the losses were so big, that many of their dreams—a bigger house, a second home, retirement, a boat, a luxury car—got put on hold. With no guarantee of getting the money...or the dream...back ever again.

Yahoo!, a favorite of high-tech investors, dropped from $250 to $35, giving up 7/8 of its value.

Amazon.com, whose CEO Jeff Bezos was *Time* magazine's Man of the Year, went from $113 to $21. Another dot.com darling, Pets.com, went bust; the only asset of theirs worth much these days is a sock puppet dog.

Many big mutual funds didn't fare much better in 2000. Janus Worldwide fund was down 25.6% for the year. Fidelity Magellan lost 9.3% of its value.

The recent stock market meltdown hit lots of people hard where it hurts the most: in their pocketbooks. What about you? Has the correction taken back some of your hard-earned profits...money you were counting on to improve your lifestyle or ensure a comfortable, secure retirement?

A Silver Lining...

A select group of investors has found a "safe harbor" against crashing markets—a "hidden market" that continues to deliver positive double-digit annual profits, in both good times and bad.

It's your wealth-building dream come true, offering big, steady profits, with relative certainty and low risk, year after year—in both good times and bad.

It can protect you against the vagaries of the market, piling up profits even while others lose. And with the returns you make, it can rebuild your portfolio to its former levels of glory and even beyond, so that your goals and dreams are once more within reach again.

The "instrument" we invest in is Vanguard funds, but if you simply call up Vanguard and buy their funds, you won't enjoy the above-average returns we have earned each and every year for the past decade.

Here's why...

Vanguard is arguably the greatest fund family in the world.

But most Vanguard investors are unknowingly robbing themselves of the full returns they could be earning—lost profits of $1,000 to $2,000 per month or more!

The simple mistakes they're making are costing them tens of thousands or even hundreds of thousands of dollars over the long run—making it so much harder to meet their investment objectives.

But there is a select group of Vanguard fund shareholders who don't make this one costly mistake. And we're putting more money in our pockets as a result.

Let's look at the numbers.

In 2000, the average Vanguard investor earned 1.1% return, handily beating the S&P 500's decline of over 10%. On a $100,000 Vanguard portfolio, that's a profit of $1,100.

By comparison, our Vanguard "Growth Portfolio" returned 20.4% for the year—20 times better than the Vanguard average.

On a $100,000 portfolio, that's a profit of $20,400. *Which means we made $19,000 more than our friends and neighbors who own Vanguard but are not in our group!*

And this is not an isolated incident. Our group of select Vanguard fund shareholders has outperformed the Vanguard averages by an average of 39.1% every year for a solid decade.

Had you followed our Vanguard recommendations on a $100,000 portfolio, you would have made over $200,000 more than your friends and neighbors who just earned the Vanguard averages.

Think about what an extra $200,000 in your nest egg would mean to you and your family right now.

You'd be that much closer to achieving your financial goals for life...whether it's owning a vacation home, paying cash for a new Mercedes, adding a family room, paying for your kids' college education, or retiring.

And you would have done it with the same safe, well-managed Vanguard fund family you invest in right now.

As I'll discuss later in this report, Vanguard employs some of the top fund managers in the world. And in today's volatile market, their well-managed funds give you the stability and safety risky tech and Internet stocks do not provide.

But you have to know which ones to buy. And as the markets changes, so do the performance of the Vanguard funds.

In 1999, for instance, we had a continuation of the long-running bull market, and many Vanguard funds—especially global Vanguard index funds—performed accordingly:

Vanguard Fund	1999 Returns	2000 Returns
Emerging Markets Index	61.6%	-27.6%
Pacific Index	57.1%	-25.7%
Total International Index	29.9%	-15.7%
International Growth	26.3%	-8.6%
International Value	21.8%	- 7.4%

But as you can see, the market reversal of 2000 shot the returns of these once-stellar Vanguard funds full of holes. Had you stayed in them, as so many Vanguard investors did, you would have lost a truckload of money.

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Dear Investor,

If you don't own Vanguard funds, you really should. In 2000, a year when both the S&P 500 and NASDAQ were in the red, Vanguard funds averaged a modest 1.1% gain.

But our members did considerably better! We earned 20.4% on our Growth portfolio of Vanguard funds, handily beating the Vanguard average.

In this Special Bulletin, we show you where to put your money in Vanguard to maximize your mutual fund profits this year. Please read it carefully before you buy more or sell any of your Vanguard funds, or transfer money between funds. It could save you a lot of aggravation and money!

In 2001-2002, market weakness and volatility may continue, dragging down the Vanguard 500 Index Fund.

But fear not. 5 Vanguard funds are poised to outperform the other 95 for the coming year. And they may not be the ones you think! See page 12.

Sincerely,

Dan P. Wiener

Dan Wiener
Fund Family Shareholder Association

FFSA members, however, don't stand still. We told them, "Put your money here instead." So they moved their money out of declining funds and into:

- ▶ Vanguard Health Care ....up 60.5%
- ▶ SmallCap Value Index ....up 21.9%
- ▶ MidCap Index ....up 18.1%
- ▶ Capital Opportunity....................up 18.0%
- ▶ Explorer..up 9.2%

And remember, these profits were in a bear market in which the NASDAQ lost nearly 40% of its value for the year, the S&P 500 over 10%. Health Care, for instance, outperformed the S&P 500 by nearly 79% for the year.

How do we do it? Here's the secret.

As good as Vanguard is, not all Vanguard funds are equal.

If you know how to pick the winners, you make out like a bandit. For instance, Vanguard's Health Care Fund earned 60.5% in 2000.

On the other hand, if you own the losers, you'd be better off keeping your money in a passbook savings account. The Vanguard Gold & Precious Metals Fund,

How to be $199,703 richer than the average Vanguard investor.

The chart illustrated here tells the story. And it's a true story! The average Vanguard growth investor earned an impressive 11.4% annualized over the last ten years, more than doubling his or her investment in that time. But FFSA members increased their Vanguard investment more than fivefold!

Following Dan Wiener's advice, FFSA members hauled in an average annual profit of 19.8%—beating the Vanguard average by 57%. That's a substantial gap. But what's even more remarkable is that Dan Wiener expects the profit gap to widen this year and next.

You can get on the gravy train without really changing the way you invest with Vanguard. In fact, you can reap the benefits of Dan Wiener's insights and take less risk than the average Vanguard investor takes.

Let's look closer. Let's compare the average Vanguard investor with the average FFSA member. And to keep it simple, let's start with an investment of $100,000.

As the chart shows, the average Vanguard investor more than doubles his or her money in less than ten years. The $100,000 grows to $288,243. Most investors would be delighted with those figures, so much so that they'd see no reason to change a thing.

But now look at the FFSA column. And remember, FFSA members, like you, are investing in Vanguard funds. But look at the bottom line difference! The original $100,000 turns into $584,267 for FFSA members.

Average Vanguard Investor vs. FFSA Growth Investor
(Starting With $100,000)

	Vanguard Growth Portfolio	Average FFSA Investor
1991	$115,600	$128,900
1992	$124,154	$136,763
1993	$137,439	$159,466
1994	$137,027	$159,147
1995	$166,624	$200,684
1996	$188,286	$233,997
1997	$222,742	$288,285
1998	$255,930	$356,032
1999	$285,106	$485,271
2000	$288,243	$584,267

Total Extra Profit...................$296,024
Extra Profit Per Year $29,602
Extra Profit Per Month $2,467

Do you take the $288,243 profit the average Vanguard investor gets? Or do you take the $584,267 profit the average FFSA member enjoys? Silly question, isn't it? The FFSA investment edge puts $296,024 extra profit in your pocket...that's extra money that can make a huge difference in your life.

That extra $29,602 per year can mean the difference between sending your kids to state college, or the Ivy League. It can mean the difference between renting a beach house for a week, or buying that luxurious vacation home for unlimited enjoyment. It can mean the difference between taking collect calls from your grandchildren every week, or flying them in to see you whenever you want.

And that difference is FFSA membership. Join today. With the Certificate found on the back page of this report, you get big savings on membership, free Special Reports, and an ironclad 100% money-back guarantee...not to mention an EXTRA $2,467 profit each month.

for example, lost 7.3% in 2000 as gold remained in the doldrums.

But here's the problem: *When it comes to picking the 5 or 6 funds out of the 100 funds Vanguard manages, you can't rely on Vanguard for help.* If you're an experienced Vanguard investor, I think you already know this.

Vanguard makes their money no matter which fund you buy—as long as you buy one of theirs. And they really won't tell you when to sell or switch. When you rely on Vanguard's telephone representatives, you're basically talking to an articulate order-taker/salesperson, not an objective financial adviser.

Don't believe me? Think back. When's the last time you called Vanguard to buy a fund and were told, "Oh, don't buy *that* fund; it isn't performing so well right now?" Probably never. Because their job is to sell—to make money for Vanguard, first and foremost. Not Vanguard investors. In fact, Vanguard and all other mutual fund companies are expressly prohibited by the SEC from giving investment advice to their customers.

The Fund Family Shareholder Association (FFSA) was created to solve this problem. We provide Vanguard investors with an objective, independent source of advice on which Vanguard funds to buy, sell, and hold. We are not beholden to Vanguard, or affiliated with Vanguard in any way. This is your assurance of getting unbiased, objective advice, not a sales pitch.

And as we celebrate our 10th anniversary...10 happy years consistently achieving better profits for Vanguard investors...I'm proud to say that FFSA has paid off handsomely for our more than 50,000 members worldwide.

How handsomely? Vanguard is the right fund family to own, and most Vanguard investors have done very nicely over the last 10 years, more than doubling their money in a decade:

Year	$10,000 Portfolio	Average Vanguard Investor
1991	$11,560.00	15.6%
1992	$12,415.44	7.4%
1993	$13,743.89	10.7%
1994	$13,702.66	-0.3%
1995	$16,662.44	21.6%
1996	$18,828.55	13.0%
1997	$22,274.18	18.3%
1998	$25,593.03	14.9%
1999	$28,510.63	11.4%
2000	$28,824.25	1.1%

But in every year except 1992, FFSA's Growth Portfolio substantially outperformed the Vanguard averages. In 1991, FFSA members earned a 28.9% return—almost double what the average Vanguard investor saw. In 1999, the FFSA Growth Portfolio earned more than three times the return of the Vanguard average.

Year	$10,000 Portfolio	FFSA Growth Portfolio
1991	$12,890.00	28.9%
1992	$13,676.29	6.1%
1993	$15,946.55	16.6%
1994	$15,914.66	-0.2%
1995	$20,068.39	26.1%
1996	$23,399.74	16.6%
1997	$28,828.48	23.2%
1998	$35,603.17	23.5%
1999	$48,527.12	36.3%
2000	$58,426.66	20.4%

What's the bottom line? At the end of the 10 years, the average Vanguard investor had turned his original $10,000 investment into $28,824. But those who followed FFSA's recommendations were sitting on $58,426.

Rated #1 by *Hulbert*!

FFSA's outstanding performance with Vanguard funds has caused quite a stir in the financial community.

When Jack Bogle was chairman of Vanguard, he did everything in his power to shut FFSA down, even taking us to court. Now that he has stepped down from Vanguard's helm, I suspect that if you sat with him privately over coffee, he'd tell you, "Every Vanguard

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investor can profit from joining FFSA."

The Hulbert Financial Digest—the *"Consumer Reports"* of the financial newsletter industry—recently rated FFSA's members-only advisory, ***The Independent Adviser for Vanguard Investors***, the top performer of all financial newsletters for 5-year risk-adjusted return.

We are also rated in the top 5 for 8-year risk adjusted returns—and in fact, *Hulbert* consistently rates ***The Independent Adviser for Vanguard Investors*** among the top 5% of financial newsletters. What the rating means to you is that FFSA members make much higher-than-average profits on their Vanguard holdings with extraordinary investor security and peace of mind.

When I started FFSA in 1991, I was an investment columnist for *U.S. News & World Report*, and my beat was the mutual fund industry. Readers began calling me at the magazine's offices, asking for advice on funds. And based on the results my research uncovered, I found myself recommending Vanguard more often than any other funds.

Eventually the volume of requests for mutual fund advice became enormous. Desiring to provide more immediate, practical, and personal help to investors than I could as a columnist, I quit my job at *U.S. News & World Report* to dedicate myself to helping FFSA members full time.

Since then, FFSA has developed an impressive track record of choosing the most profitable Vanguard funds—making FFSA members much richer than Vanguard investors who don't follow our recommendations.

"Doubled our money on Windsor II"

For example, 5 years ago I shocked the Vanguard world by telling FFSA members, "Sell Windsor!"

Many investment advisers considered Windsor's manager, John Neff, one of the best fund managers in the business. Me too. In fact, I personally owned Windsor shares valued in the six figures, all amassed during Neff's tenure.

But unlike other advisers, I didn't accept Vanguard's assertion that Charles Freeman, Neff's protégé and replacement, had what it takes to duplicate Neff's success.

"While Freeman is probably the closest thing to a Neff clone that one could hope for, the bottom line is that there's no independent performance record for him," I wrote in the December 1995 issue of our monthly members bulletin, ***The Independent Adviser for Vanguard Investors***. I told members to sell Windsor and buy Windsor II, which had outperformed Windsor with less risk since its inception.

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Not all Vanguard funds are created equal!

Best-Performing Vanguard Funds		Worst-Performing Vanguard Funds	
Health Care	+60.5%	Emerging Market Index	-27.6%
MidCap Index	+18.1%	Pacific Index	-25.7%
Capital Opportunity	+18.0%	Gold & Precious Metals	-7.3%

The important thing to remember when buying Vanguard is that in a large fund family with many diverse funds, performance varies all over the lot.

Vanguard investors who put $50,000 this year into Health Care saw their investment leap to $80,250—a $30,250 profit in just 12 months.

On the other hand, if you put your $50,000 in the Emerging Market Index, you watched your account sink down to $36,200—a loss of $3,800. Ouch!

The lesson? Vanguard is not a single investment; it's a small market onto itself. And Dan Wiener is the world's #1 Vanguard investment adviser. FFSA members benefit from his more than 10 years experience, so they own the best Vanguard funds instead of the worst.

Meet the man who can propel your Vanguard profits 100% to 200% higher.

Dan Wiener is recognized as America's leading expert on Vanguard funds.

Here's how he earned that moniker...

As an investment columnist for *U.S. News & World Report*, Dan Wiener made an interesting discovery that changed his life, and the lives of thousands of investors.

His job as a columnist was to dig deep to uncover the truth behind the hype and hoopla manufactured by the mutual fund industry. His penchant for investigative reporting began with a journalism school assignment in which the professor asked students to write a profile of her. While other students just interviewed the professor, Dan went to her home and interviewed her family members. He got an A+ on the paper, but the professor told him, "If you every bother my mother at my home again, I'll kick you out of the class."

In upholding his hard-nosed objective journalistic responsibilities as an investment writer, Dan detected a pattern that simply could not be ignored. He says: "It was remarkable, so much so that I went out of my way to double check my research and conclusions. The more exhaustive my research, the more I found myself recommending Vanguard and giving advice on their funds."

Readers flooded the *U.S. News & World Report* mailroom with letters asking for even more mutual fund advice in general and Vanguard guidance in particular. This opened Dan's eyes. "I saw a need for an Advisory devoted strictly to helping Vanguard investors."

Dan puts his money where his mouth is: He personally owns every one of the 103 Vanguard funds. "I have done extremely well with Vanguard," he says modestly, having already taken care of college tuition for his two teenage children through his Vanguard portfolio.

Dan goes on to say, "That's when I decided to give up my column at *U.S. News & World Report* to write and publish an advisory service exclusively for Vanguard investors, *The Independent Adviser for Vanguard Investors*. Dan launched the Adviser in 1990, producing it with a Macintosh and PageMaker software; he and his then 6-year-old son folded issues and stuffed them into envelopes on the dining room table

Today *The Independent Adviser for Vanguard Investors* is a service of the Fund Family Shareholder Association (FFSA), which is 50,000 members strong. Right from the start, Dan was able to help his subscribers improve their Vanguard profits by margins that surprised even Dan.

"The average Vanguard investor does better than the average mutual fund investor, but FFSA members are enjoying profits that are 100% to 200% better than Vanguard's average. And FFSA members looking for income have doubled their income in just five fast years. In all honesty, this track record is better than I originally expected."

Dan Wiener, America's # 1 expert on Vanguard funds, has helped a select group of growth investors triple their wealth since 1991. Those following his strategies for investment income have more than doubled their "take home" pay from Vanguard in just five years. Dan is the author of the best-selling book *FFSA Independent Guide to the Vanguard Funds.*

Dan's secret? Hard work, deep research (a task that Dan admits he loves), and absolutely no tolerance for average returns, nor greed-motivated risk.

You should also know that FFSA is not affiliated with The Vanguard Group of Investment Companies. Our only allegiance is to you—the Vanguard investor seeking to maximize profits safely. Join FFSA today! You'll be delighted for years to come.

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Three years later, Windsor had performed respectably and was up 52.1%. But FFSA members who moved their money to Windsor II earned 91.3% during that same period—they nearly doubled their money! To put it in perspective, if you had $100,000 and moved to Windsor II when I said, you made an extra $39,200 in profits you otherwise would have missed if you had just left it in Windsor.

In over a decade of researching and analyzing Vanguard funds, I have discovered some uncannily accurate indicators for forecasting mutual fund performance many other advisers don't even know about.

For starters, I rate each Vanguard fund's risked based on Maximum Cumulative Loss (MCL). An indicator that's commonplace in commodities but rarely applied to funds, MCL accurately shows you the true risk in a mutual fund.

Another indicator I look at is "rolling returns," which are the fund's returns for all time periods, not just years or quarters.

Another edge I put to work for FFSA members is my intimate knowledge of all the Vanguard fund managers and their individual investment styles. By knowing who can perform and in what markets they do best, we've achieved a consistent 10-year track record of profiting from Vanguard winners and avoid-

MUTUAL FUNDS:
Smart investing for a bear market.

There's an old saying on Wall Street, "Stock picking only works in a bull market." The recent tech-stock meltdown proved that point in dramatic fashion, robbing investors of billions of dollars in paper profits they had made.

Which tech stock did your broker or adviser tell you to load up on? If you were one of the thousands who bought Amazon, you saw your shares go from $113 down to $21. But Amazon.com owners got off easy compared to Priceline shareholders, who saw the price plummet from $104 to $2 (that's not a misprint). Intel shareholders got off easier, losing only half their money as Intel got slammed from $75 to $34.

With unprecedented volatility and a significant market downturn, you need something other than just individual stocks to hedge your portfolio against uncertainty. That's why Dan Wiener recommends that every investor add mutual funds (Vanguard is his choice, of course) to their holdings.

Just look at the benefits a well-chosen portfolio of safe mutual funds offer you:

▶ **Spreading the risk.** Let's face it. No one really knows whether an Amazon, Price Line, Cisco, Yahoo!, or Intel is going to go up or down. Mutual funds offer you diversity to reduce risk. They spread your money over 10 or more different stocks. Even if one or two get clobbered, your fund can still do well.

▶ **Hiring a pro.** With a mutual fund, you are in essence having a highly paid financial professional manage your money for you. It's difficult to pick stocks that beat the market when you can devote only a few minutes a day to it. With a mutual fund, you own a portfolio run by someone who is dedicated to the market full-time. Dan knows all the Vanguard managers (he owns all 100 of the Vanguard funds personally!) and tells you which you should hire—and which to fire. But unlike managed money accounts, which often require a minimum account of $250,000 or more, mutual funds have low minimum investments, some as little as $25 a month. And mutual funds are highly liquid, which is not the case with IRAs or 401(k) plans.

▶ **Tax efficiency.** Mutual funds distribute their profits to shareholders annually. Shareholders pay taxes on the distributions even if they do not redeem their shares. Dan was one of the first financial advisers to rank the tax efficiency of mutual funds. So he saves FFSA members a considerable amount on taxes by guiding them to the most tax efficient Vanguard funds.

▶ **Freedom of choice.** Vanguard, Fidelity, Janus and the other mutual fund companies offer many types of funds to choose from—including stock funds, bond funds, index funds, balanced funds, international funds, growth funds, income funds, and sector funds. Dan has conveniently grouped his top Vanguard funds into 4 portfolios (see page 12) you can follow based on your investment style, tolerance for risk, and investment objectives.

ing the losers.

For instance, when I re-evaluated Windsor in the mid 1990s and changed my recommendation from "hold' to "sell," part of the reason was that John Neff's forte—buying cyclical stocks—was no longer performing in the market at that time. Occasionally a fund manager can make it through difficult periods until their style of investing is back in vogue, but Freeman has demonstrated no such ability.

Are FFSA members pleased with the results we get for them? Listen for yourself...

"I have been a Vanguard investor for years, but never thought it could be this good. By following your Income Portfolio, I am now enjoying twice the returns I was getting from bond funds. I am now able to fly around the country and visit my grandchildren whenever I want."

—S. Baker, New York

"I moved my investments over to Vanguard from Fidelity in large part because of Dan Wiener. He knows what he's doing—proof is seen every time I look at my Vanguard statements."

—W. Hebden, Pennsylvania

"I have now turned a $200,000 portfolio into a half million dollars in the past 3 years just by buying and holding your top 3 Vanguard growth funds. At age 55, I have now been able to pay off my mortgage, and plan on living debt free for life!"

—D. Gilroy, California

"Dan Wiener's independence from Vanguard is a blessing for Vanguard investors. He takes a good thing and makes it a lot better."

—R. Jones, Maryland

Don't rely on *Morningstar*!

One of the questions investors frequently ask me is, "Why do I need FFSA when I can get mutual fund ratings from *Morningstar*?"

It's a good question that deserves a full answer.

To begin with, only FFSA dedicates itself solely to the monitoring, reporting, and analysis of Vanguard funds. I spend 10 hours a day, 6 days a week, 50 weeks a year determining which of the 100 Vanguard funds you should be in right now.

Morningstar, by comparison, deals with a universe of more than 7,000 mutual funds. Vanguard funds account for only 1.4% of the total funds they rate. So which—FFSA or *Morningstar*—do you think knows Vanguard better?

Plus, FFSA—unlike the mutual fund rating services—is completely independent of Vanguard. On the other hand, Vanguard actually *pays* both *Morningstar* and *Lipper* to rate their funds!

Trouble is, this sponsorship doesn't exactly encourage objective criticism. But that's not the worst problem. The analysis that you can do on one fund when you've got to get through 7,000 has to be superficial at best, and it is always chasing *a long way behind reality*.

Example: *Morningstar* rated Capital Opportunity "Two Stars" at a time when the former manager was under intense scrutiny for allegedly lying to the SEC. The media wrote it off as a failure, performance was miserable, and redemptions were far in excess of inflows. Vanguard Capital Opportunity was a dog with fleas when our researchers plucked it out of the pound in 1998.

But then new management came in. I knew and liked them, and we told our FFSA members, "Buy Capital Opportunity"—even though Morningstar and the financial press wrote it off.

Well, we were right, and they were wrong. It took *Morningstar* almost 22 months to figure out the change and upgrade their rating to Five Stars. In that time, our members had made 129.8% profit on Capital Opportunity. In 2000, Capital Opportunity has given us a 30% lead over the market.

There's one small problem today with Capital Opportunity. It's a closed fund. So most people can't buy it. But FFSA members can. An unpublicized loophole we've found gets you inside Capital Opportunity. We can show you how to get into closed funds, if you'd like. Exact details when you join. (But see the article on page 14 for an overview of our methods of buying closed Vanguard funds.)

The death of "mindless" indexing.

In April 2000, Vanguard's 500 Index Fund over-

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The Death of "Mindless" Indexing

As goes the market, so goes the indexer...

It seems obvious but investors seem to forget—indexing matches market performance. Therefore, when the market is flat or down, indexing is a bad investment.

For 2001, the market is likely to be as anemic as it was in 2000, a year when indexing worked out very poorly for Vanguard Index 500 investors. That's why you should avoid the Vanguard 500 Index this year and instead buy the 5 "Vanguard Superstars" Dan Wiener is recommending in this Special Bulletin.

The Vanguard 500 Index has consistently matched the S&P 500 almost dollar for dollar for 16 consecutive years. And it continues to do so as the S&P 500 enters bear market territory...

Year	Vanguard 500 Index
2000	-9.1%
1999	21.07%
1998	28.62%
1997	33.19%
1996	22.88%
1995	37.45%
1994	1.18%
1993	9.89%
1992	7.42%
1991	30.22%
1990	-3.32%
1989	31.36%
1988	16.22%
1987	4.71%
1986	18.06%
1985	31.23%
1984	6.21%

took Fidelity Magellan as the nation's #1 fund. But it's a bittersweet victory for Vanguard owners, because now Vanguard 500 Index—like just about every other indexing fund in the country—has fizzled.

Throughout the long bull market of the '90s, many investors—present company included—rode the indexing strategy for consistent double-digit profits.

And the $105 billion Vanguard Index 500 led the pack. Since 1995, Vanguard Index 500 averaged an annual return of 18.3%. Until this year.

By design, indexing was simple and effective. You invested in index funds, and watched as your returns mirrored the S&P.

But as the market lost most of its steam at the start of the 21st century, investors forgot this basic fact: Indexing mirrors market performance, and therefore indexing *won't* work in a bad market. Yet many investors stubbornly stick with their indexing strategy—a strategy that's going to cost them more and more as the current market weakness continues.

In 2000, the Vanguard 500 Index was in negative territory, losing 9.1% in for the year. And the performance of Vanguard's other indexing funds wasn't much better:

- Growth Index ....-22.2%
- Extended Market Index ....-15.5%
- Total Stock Market Index Fund ....-10.6%
- European Stock Index ....-8.2%

These results are telling us what we already know but hate to admit: In today's volatile market, the best Vanguard funds to be in for the coming year are not index funds.

Throughout Vanguard's history, some Vanguard funds each year do much, much better than the Vanguard average. And some do much worse.

Of the Vanguard funds you own now, how many will be the top performers of 2001 and 2002? How many won't? You really don't know...and Vanguard isn't about to help you pick the right ones or avoid the losers.

With 100 funds, Vanguard is almost like a "mini-market" unto itself. With the right strategy and the right picks, you can significantly outperform the average Vanguard investor. And FFSA can help you do just that.

Many investors were caught off guard by the 2000 market correction. They're still smarting from their losses, wondering how to stem further drains on their net worth and make it all back. And FFSA can help with that, too.

Certainly the investment picture of 2000 was radically different than that of 1999.

In 1999, both the S&P and NASDAQ experienced one of the strongest bull markets to date. Once the Y2K scare proved to be much ado about nothing back in January 2000, investors were led to believe that the raging bull market would continue uninterrupted throughout the year.

The reality of course was another story. The overvalued tech stock market, as well as many "old faithful" blue chips in the S&P 500, both fell victim to nerve-wracking market fluctuations and gut-wrenching lows. Investors watched helplessly as their nest eggs, college, and retirement funds spiraled down-

(continued)

The 4 paths to bigger mutual fund profits.

Choose the model portfolio that fits your style!

I use only the best Vanguard funds to help investors reduce risk while simplifying the investment process. And with 4 Model Portfolios to choose from, FFSA offers a comfortable path to greater wealth for investors of all ages, net worth and risk tolerance.

No matter if you are a 30-year-old father of two pre-school children...a 55-year-old with two kids in college... a 62-year-old approaching retirement ...or a 70-year-old living in retirement...we have a Model Portfolio that can meet your personal investment objectives:

► **Growth Portfolio.** If you are a long-term investor and are primarily looking for capital appreciation, this Model is designed for you. The Growth Portfolio is aimed at investors with long time horizons who can withstand a certain amount of monthly volatility in exchange for above-average returns. Over the last 10 years, the average Vanguard investor earned 13.1% annually vs. 19.4% for the Growth Portfolio. They multiplied their money almost fivefold! This means $100,000 invested in this portfolio in January 1991 is worth $584,267 today, compared to just $288,243 for the average Vanguard investor

► **Conservative Growth Portfolio.** This portfolio is structured for investors seeking to match the market's risk-adjusted returns over time. Generally, this model is designed to have less risk than the market. Since inception, it has been just 80% as volatile as the stock market. FFSA members who went into the Conservative Growth Portfolio in 1991 now have 4 times as much money as they started out with.

► **Growth Index Portfolio.** The biggest challenge for investors who want to index is deciding which index to buy. That's where the Growth Index Model comes in. A special portfolio for investors who wish to index exclusively, it is designed to match the market's performance. Had you invested in the Growth Index Portfolio in 1995, you would have more than doubled your money.

► **Income Portfolio.** This portfolio delivers a high level of income plus the opportunity for capital growth with low risk. Recommended for investors who desire a safe source of income plus capital appreciation as well. Only two-thirds as volatile as the stock market, FFSA's Income Portfolio has produced an annualized return of 19.7% over the past 3 years—vs. 7.2% for Vanguard's popular index bond fund, Total Bond Market. Based on this example, that's three times the income of bond funds. The result: a more enjoyable retirement and true long-term security.

ward.

Today many investors are left feeling uncertain about where to put their money, how to regain their losses, and how to safely profit in the coming year.

Some economists on CNBC promise a great market turnaround in 2001. Other financial writers predict doom and gloom. At FFSA, we're preparing members not only for a potential 2001 rebound, but also to make sure they can protect themselves if there is yet another correction. Either way, we'll stay out of harm's way and profit handsomely.

FFSA members are privy to my most successful Vanguard Model Portfolios. Year after year, regardless of whether the market is bull or bear, our Model Portfolios consistently outperform the Vanguard averages.

Now I've once again selected my top Vanguard fund picks for 2001-2002. I modestly call them the...

5 "SuperStar" Vanguard funds you must own NOW.

When you join FFSA for a no-risk trial membership, I'll immediately send you a free copy of the most important Special Report any Vanguard investor can own—*5 SuperStar Vanguard Funds*.

In this Special Report, you get my recommendations on the top 5 Vanguard funds to own now. And remember, we've been right since FFSA's inception—outperforming the Vanguard average by almost 40% each year for a decade.

Get your pencil and be ready to take notes. Because here's where you should move your Vanguard money now...

★ SUPERSTAR VANGUARD FUND #1:
Vanguard Health Care. Vanguard Health Care has been a mutual fund superstar and will continue to outshine the market for at least the next few years.

In 2000, Health Care returned 60.5%. Compared with the S&P 500 or NASDAQ, that's a killing! Over the last 10 years, it has earned 603% returns for Vanguard investors who held it.

Why do I believe the future bodes well for this fund's continued market-beating performance? Two revolutions—the medical needs of a growing population of aging Baby Boomers and the biotech revolution—are fueling the profit opportunities in health care today.

Just 10 years ago, only 5% of the population was age 50 or older. Now 50-plusers will soon be 20% of the population. And did you know that prescription drug usage quadruples when you're over 50?

Fund manager Ed Owens knows how to exploit these opportunities to the advantage of Vanguard investors. Rhone-Poulenc, one of his top holdings, has a 12.8 P/E and is about to market a powerful new antibiotic. It targets upper-respiratory and urinary-tract infections—both major concerns for the over-40 crowd.

Owens knows the health care market better than just about any fund manager in the country, and this knowledge shows in his portfolio and his performance. He controls risk by spreading his holdings among health services companies, medical product manufacturers, major and specialty pharmaceuticals, and a host of foreign companies.

On top of that, scientists recently decoded the human genome. That's going to fuel an explosion in biotechnology on the scale of the PC boom started in the early 80s. A few years ago, the FDA approved just a handful of drugs. Within the next 12 months, they will approve around 50. The mapping of the human genome has opened what *Business Week* calls "The Great Genome Gold Rush." And Vanguard Health Care Fund owners are poised to profit from it handsomely.

5 Superstar Vanguard Funds

One of the key reasons FFSA members consistently outperform the average Vanguard investor each year is found in this Special Report: Dan Wiener's top 5 Vanguard selections for growth in 2001-2002. Each selection is destined to surpass the S&P 500... and with a higher degree of safety. Buy these funds as soon as you can.

Best of all, it's extremely tax efficient. Vanguard Health Care is not merely one of the best health care funds in America—it's one of the best mutual funds in America period. Buy now!

★ SUPERSTAR VANGUARD FUND #2. My second superstar fund for 2001 made an impressive 22.9% return in 2000. The fund managers have successfully employed a "growth at reasonable price" (GARP) strategy that puts 40% of the portfolio in its favorite ten stocks. And it works, returning a 621% profit over the last ten years.

Tech stocks continue to be a huge holding—one-third of the portfolio—but don't look for a lot of dot.coms here, unless you count Federal Express and other companies with growing Web-based services. Stocks in this fund run from mid- to large-cap, although very few mega-caps make it into this portfolio.

★ SUPERSTAR VANGUARD FUND #3. The successful managers of superstar Vanguard fund #2 recently took over this fund, totally turning it around from a weak sister to a star performer in just 12 months. In 1997, this fund returned -7.9%. But after the new management team took over, its performance skyrocketed to a whopping 97.8% in 1999!

Your free copy of *5 SuperStar Vanguard Funds* gives you the full story on these and the rest of my top 5 Vanguard recommendations.

You'll also get my short list of "Vanguard Dogs"... 2 funds I am convinced will disappoint Vanguard investors over the next 12 months and should be purged from your Vanguard holdings ASAP.

One of these may surprise you—Vanguard's Energy Fund.

Vanguard has a FREE $35,000 gift for you!

Here's one of the biggest reasons Vanguard is the best mutual fund family in the world: low expense ratios. That's the price companies charge you to run their funds.

What's that? You think it's trivial to consider this item, especially when the percentages are so fractional? Think again. As the following story illustrates, the difference between Vanguard and the average mutual fund company is anything but fractional.

The story begins with you and your neighbor investing $10,000 each in mutual funds. Both of you select no-load funds (wise decision!). And both of you select funds that earn an identical return of 15% over the next 20 years. The only difference is that you go with Vanguard and your neighbor goes with an average mutual fund company.

Now you should know that many funds have expense ratios as high as 2.00%. Some charge you even more. But let's give your neighbor a little credit and assume his fund's expense ratio is closer to the industry average of 1.75%.You, on the other hand, are charged Vanguard's average, which is just 0.28%. Let's run the numbers.

Your neighbor's $10,000 grows to $120,438. He's delighted, until he runs into you in the backyard and discovers that your $10,000 is now worth $155,877.That's $35,439 more than your neighbor! And he's really shocked because both of you earned the same rate of return all those years.

The $35,439 gift is yours compliments of Vanguard. Because of the way they run things, they keep your expenses ratios lower than any other mutual fund company.

As your neighbor now realizes, that single benefit of investing with Vanguard is worth a ton of money. And when you combine all of Vanguard's built-in advantages with the added edge you get with FFSA membership, the difference in your bottom line is nothing short of spectacular.

With the FFSA edge on your side, you'll have the inside story on expense ratios of every Vanguard fund—and everything else that impacts your bottom line. Join today and enjoy all the profit "gifts" that are just waiting for you to claim. (But don't tell your neighbor; it would just upset him even more.)

The Vanguard Edge

	Your Return With Vanguard's 0.28% Expense Ratio	Your Neighbor's Return With Industry Average 1.75% Expense Ratio
1	$11,472	$11,325
2	$13,161	$12,825
3	$15,098	$14,525
4	$17,320	$16,450
5	$19,870	$18,629
6	$22,795	$21,097
7	$26,150	$23,893
8	$29,999	$27,059
9	$34,415	$30,644
10	$39,481	$34,704
11	$45,293	$39,303
12	$51,960	$44,510
13	$59,609	$50,408
14	$68,383	$57,087
15	$78,449	$64,651
16	$89,997	$73,217
17	$103,244	$82,918
18	$118,442	$93,905
19	$135,876	$106,347
20	$155,877	$120,438

Total Extra Gift From Vanguard: $35,439

Since 1999, Energy Fund has posted strong positive gains. Even in today's volatile market, it returned an impressive 36.4% in 2000.

Yet, I'm recommending that Vanguard investors stay away from Vanguard's Energy fund despite its strong recent performance and rising energy costs.

While it's true that oil prices over the last year have skyrocketed from $26 to around $30 a barrel, this is not indicative that major oil company stock prices will increase in tandem. And, energy is a highly volatile sector. If you want exposure to energy or natural resources, I recommend in my *5 SuperStar Funds* report another, better-balanced Vanguard fund as an alternative to the Energy Fund.

In this alternative fund, over 6% of your investment would be in energy, and ExxonMobil would be one of your top holdings. But you would have less risk than the Energy Fund, with better returns in the long term.

As an FFSA member, you can pick and choose your favorite of my best Vanguard funds. But if you prefer more definitive guidance, each issue of ***The Independent Adviser for Vanguard Investors*** also contains the full holdings with updates on the 4 Model Portfolios.

This is a unique benefit of FFSA membership. With 4 Model Portfolios—Growth, Conservative Growth, Income, and Growth Index—members can choose the one that meets their personal investment objectives in terms of risk, growth, and income. (The article on page 11 highlights the differences in the four portfolios and their impressive returns.)

You are invited to become an FFSA member risk-free!

You already made a wise decision when you decided to invest with Vanguard. Now its time to capitalize on your wise decision.

And if you're ready to boost your Vanguard profits 50% to 100% or more this year…if you want to "bullet-proof" your portfolio against the next big market correction...if you want to dramatically out-

continued on page 16

The closed fund myth.

When Vanguard says "closed," FFSA members get in anyway

Did you know that Vanguard's claims that PRIMECAP and some of its other funds are now closed to new investors is bunk? There are many ways to get into a closed fund, and these apply to any of Vanguard's "closed" funds, not just PRIMECAP. Let's review.

First, if you know an existing PRIMECAP shareholder, they can transfer shares into your name. (This can only be done to open taxable accounts, however; IRAs need not apply.) Due to the success of this technique, Vanguard has begun to try to limit transfers by requiring that you transfer shares totaling at least $3,000 before they'll open an account.

No big deal. Hand your friendly shareholder a check for $3,000 and ask them to invest it in their account. Then they can simply transfer the money (in PRIMECAP shares) to you. All you need is a "Transfer of Shares to New Owner" form, available directly from Vanguard.

Another way into PRIMECAP: If you've ever owned the fund you may still have an account active in Vanguard's computer system. Just call and ask. While the account may have a zero balance, if it's in the system Vanguard will allow you to move money back into it.

Finally, you may hold PRIMECAP in your IRA but not in your taxable account. Wouldn't it be nice to be able to invest more than the $2,000 per year limit imposed on your IRA into PRIMECAP?

Well, Vanguard will extend the courtesy of opening a taxable account in the fund if you're already a tax-free investor in the fund. Simply send a check for $3,000 made out to the PRIMECAP fund to: Office of the Chairman, Vanguard Group, P O. Box 876, Valley Forge, PA, 19482. One of Vanguard's associates will be happy to accommodate you.

Dan Wiener literally wrote the book on profitable Vanguard investing.

The *FFSA Independent Guide to the Vanguard Funds* puts everything at your fingertips. And it's yours FREE (retail value: $79)!

Every Vanguard investor should own a copy of this 160-page guide. It's the "Bible of Vanguard Funds." With the Guide in hand, you can:

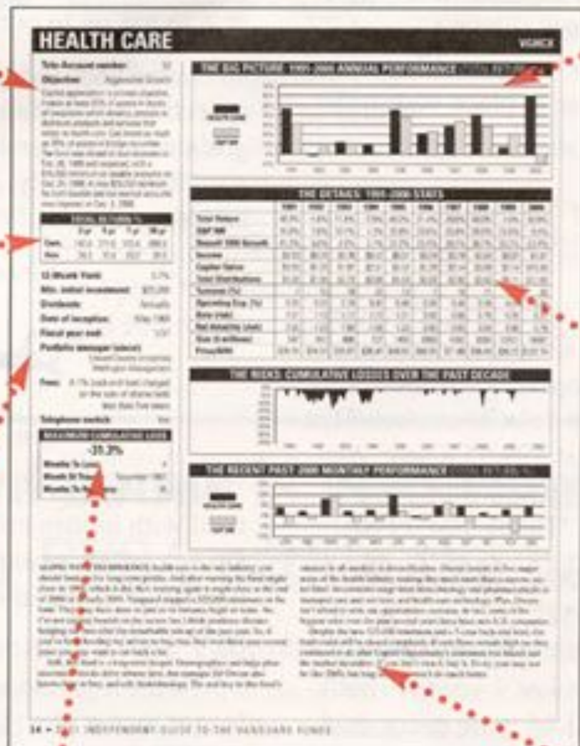
- Determine whether the Vanguard funds you own overlap each other—potentially robbing you of the balanced diversification you seek.
- See how profitable your funds really are.
- Discover the true risk levels of your funds, and how your funds' performance compares to appropriate benchmarks.
- Find out how every $100 invested grows in your fund compared to other funds with the same investment objective.
- Put together a winning portfolio of Vanguard funds that match up with your needs perfectly.

Each fund is smartly presented on a page of its own. Take a look at the key features:

Fund Objective
States the fund's primary and secondary objectives, types of securities, percentage cash position. Tells you if the fund is right for you.

Total Return
Shows both the cumulative and annualized returns for the fund over the past 3, 5, 7, and 10 years. Tells you how well the fund has performed over time.

General Information
Lists minimum initial investment, percentage yield, when dividends are paid, the fund's date of inception, its portfolio manager, fees, telephone switch privilege and more. Tells you the basic facts you need to know.



Risk Level
Shows the Maximum Cumulative Loss (MCL) during the fund's history, the number of months it took to accumulate that loss (MTL), and the number of months it took to recover from it (MTR). Tells you the relative risk level of the fund.

Performance Comparison
Compares the yearly returns of the fund to the S&P 500 (monthly, too). Tells you if the fund has fared better or worse than the market as a whole.

1991-2000 Performance
Shows year-by-year total return, plus income and capital gains distributions, operating expenses, portfolio turnover rate, risk ratings, size in $millions, and price at year's end (Net Asset Value). Tells you if the fund is efficient, profitable, safe, and more.

Advice
This thumbnail will help you determine if the fund is right for your portfolio.

The *FFSA Independent Guide to the Vanguard Funds* sells for $79 but is FREE with your 2-year FFSA membership. CALL TOLL-FREE 1-800-211-7642 to join FFSA and receive your FREE guide!

perform the index funds that are going to fizzle this year...then join FFSA.

But I urge you to hurry. A number of the top funds in our Model Portfolios...even a couple of the 5 SuperStar Vanguard Funds...may soon be closed by Vanguard.

It's not impossible to get into a closed Vanguard fund (see the article on page 14). FFSA members do it all the time. But of course it's always easier to buy while the fund is still open.

Join FFSA now, and I'll rush you your Special Report and your first issue of ***The Independent Adviser for Vanguard Investors***, which includes all holdings for the 4 Model Portfolios. That way you can buy these funds before they close.

Some of my favorite funds are already closed, but may soon be opened again by Vanguard. When they are, I'll immediately issue an alert to FFSA members in ***The Independent Adviser for Vanguard Investors***, telling you when to buy and how to place your order.

Expect a return of 12,174% on your FFSA membership.

Impossible? Not when you join FFSA. Because right now I invite you join at a special introductory rate of just 27¢ a day—the cheapest "portfolio insurance" money can buy in today's volatile market. That comes out to $8.33 a month; just $99.95 a year. And that modest investment pays for itself many times over as quickly as you can say "Thank you, FFSA!"

On a round figure of $100,000 initial investment, FFSA growth investors take in $12,097 more profits per year than the average Vanguard investor (based on FFSA's track record over the last 7 years). That's $1,008 more every month—$33.14 more every day!

All told, you get a 12,174% return on your modest FFSA membership cost. And you risk nothing, thanks to our 100% money-back guarantee.

FFSA is the best Vanguard investment you can make—in good markets and bad! You'll have a new, unshakable confidence. You'll have an investment edge that 99% of all Vanguard investors don't have. Plus, you'll have my 100% money back guarantee. It's quite simple:

FFSA's Iron-Clad Guarantee of Satisfaction

If in the first 6 months you don't make more money with Vanguard, pay less tax on your investments, and find comfort and confidence from the exclusive advice you receive as a member of FFSA, we'll return all your money. All the Special Reports and every issue of ***The Independent Adviser for Vanguard Investors*** are yours to keep FREE... our way of saying "thanks" for giving FFSA a try.

Mail the FFSA Membership Certificate found on the last page. Or better yet, call us toll-free at 1-800-211-7642 today. You'll get the FREE Early Bird Bonus, and all the other valuable information I've promised.

What's more, you'll get the FFSA 24-hour telephone hotline number immediately. You'll also be able to log on to our member-only web site instantly.

Join FFSA today. But I urge you to hurry. The special Charter Member Discount Offer—which gives new members a discount of up to $109—is for a limited time only. And once it expires, it may never be repeated again.

Sincerely,

Dan P. Wiener

Dan Wiener, Chairman, FFSA

P.S. Vanguard's Index 500 fund *isn't* the only fund with hidden risks. Protect your Vanguard money. Give yourself an extra edge that can mean many thousands of dollars to you. Give yourself FFSA membership now.

P.P.S. If you intend to stay with Vanguard for longer than a year, I urge you to check off the BEST OFFER 2-year membership selection. You get the same money-back protection plus additional publications including Dan's best-selling book ***The Independent Adviser for Vanguard Investors*** (a $79 retail value) described on page 15.

FREE Gifts With Your 1-Year FFSA Membership

BONUS #1: 5 Superstar Vanguard Funds

One of the key reasons FFSA members outperform the average Vanguard investor by 50% to 100% every year is found in this Special Report. This report gives you my top Vanguard selections for growth in 2001/2002. Each selection is destined to surpass Index 500 and all other benchmarks of success…with a high degree of safety! Buy these funds as soon as you can.

BONUS #2: Instant Investment Alerts & Opportunities

Free Unlimited Access to FFSA's 24-hour telephone hotline and web site...

Market volatility continues to be the rule. Instead of seeing 150-point swings every week, it's not unusual to see the same dramatic swings occur in a single day! And the question is: How are today's wild swings impacting your Vanguard funds? The general media won't tell you. But FFSA will. You'll get the real story behind what's happening and what the breaking news means to you and your Vanguard investments. Join FFSA today, and you'll get unlimited 24-hour access, to our member-only telephone hotline and web site. Including:

- My analysis of late-breaking market news and its effect on YOUR funds.
- Unexpected Vanguard actions, such as fund closings and what you should do.
- Special alerts on "use it or lose it" Vanguard opportunities.
- Updated buy, hold and sell recommendations.

This early-bird bonus is also yours FREE when you join FFSA within the next 10 days

BONUS #5: Well-Kept Secrets Every Vanguard Investor Should Know

Wise investors rarely make spur-of-the-moment decisions with their money. But rewards are never realized by sitting idly on the sidelines too long. So to encourage you to join FFSA sooner instead of later, you will receive a FREE copy of this Special Report when you respond within the next 10 days. Swing open the doors to Vanguard's secrets and discover:

- The two-fund combo that's sure to beat all benchmarks this year.
- How to sidestep Vanguard's minimum investment requirements.
- How to get into Vanguard's closed funds, including Capital Opportunity and PRIMECAP.
- The trick to getting around Vanguard's "two substantive trades per year" rule.
- How you can qualify for Vanguard's special VIP service every time.

2 Extra FREE Gifts With Your 2-Year FFSA Membership

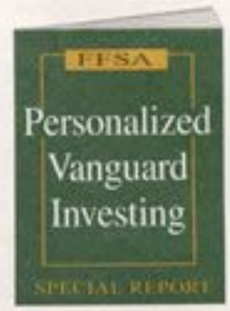
In addition to a FREE copy of *5 Superstar Vanguard Funds*, and unlimited access to the FFSA members-only telephone hotline and web site, you will also *RECEIVE THESE EXTRA FREE GIFTS…*

BONUS #3: Personalized Vanguard Investing

Whether you're a 30-year-old father of two pre-school children…a 55 year old with two kids in college…a 62 year old approaching retirement…or a 71-year-old living in retirement… FFSA has you covered.

I've constructed model portfolios for virtually every Vanguard investor. Each model portfolio consists of five or six specially selected funds. And each is perfectly balanced to meet your specific needs with the highest degree of safety…and your highest degree of performance expectations! This Special Report guides you to the model portfolio that's best for you.

And then, every month in ***The Independent Adviser for Vanguard Investors***, we monitor and track your portfolio's performance for you, offering buy, hold and sell recommendations along the way so that you maintain the optimum balance, diversity and performance you seek.

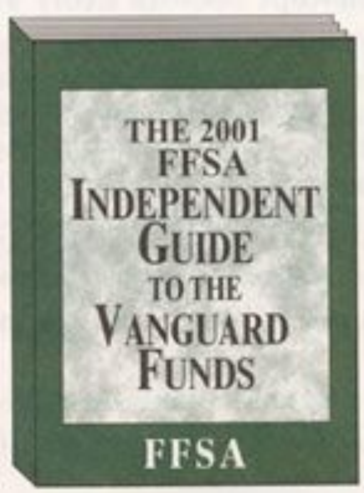


BONUS #4: *The 2001 FFSA Independent Guide to the Vanguard Funds*

This 160-page oversized book is the "bible" of Vanguard funds. No Vanguard investors should be without a copy. All of Vanguard's 103 funds are analyzed in ways that make it easy for you to make wise investment decisions. You'll see if you're in the right or wrong funds. You'll see if your current funds needlessly overlap each other. You'll see a vivid picture of your funds' true performance potential and real-life risk levels. And much more!

A $79 VALUE—YOURS FREE IF YOU ACT NOW.

The best-selling *The 2001 FFSA Independent Guide to the Vanguard Funds*—the "Bible of Vanguard funds"—puts the essential data about all 103 Vanguard funds at your fingertips.



You have questions...

About the safety of your funds. Indexing smarter. Getting higher returns. Building a better portfolio. Doing just about anything at Vanguard better.

I have answers.

Vanguard doesn't. In most cases they can't, legally. In a lot of cases, they won't, because it's just not in their best interests. That's why you need to get your hands on the Vanguard investors' bible, ***The 2001 FFSA Independent Guide to the Vanguard Funds***, right away...

Free and Risk-Free

(the way more things ought to be)

Investing isn't risk-free, right? But my services certainly are risk free. If after the first 180-days you feel the service is not for you, I will gladly refund 100% of your subscription cost.

If you don't get a 47% advantage over go-it-alone Vanguard investors, you get your money back.

If I'm not tough enough on a fund...if I don't ask "what if?"...if I don't get you red-carpet, V.I.P. treatment at Vanguard...if I don't keep you one step ahead each and every month...if I'm not there for you every week with a telephone update...if you ever have a moment's worry or concern...you get your money back.

No questions, ifs, and or buts. (Every decision should be this simple.) You keep all the issues, ***The 2001 FFSA Independent Guide to the Vanguard Funds*** and your other gifts no matter what. That's my personal guarantee to you. Join us today, won't you?

Sincerely,

Dan Wiener

FFSA
Special 10th Anniversary No-Risk Charter Membership Request Form

YES! Please begin my FFSA membership. Send my FREE reports, the FFSA telephone hotline number, codes to access the FFSA web site, and my first monthly issue of ***The Independent Adviser for Vanguard Investors***. My satisfaction is guaranteed. I may cancel within 6 months for any reason and receive a prompt 100% refund. And if I do everything you send to me is mine to keep FREE forever!

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- 24 issues of *The Independent Adviser for Vanguard Investors*
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Your name and address appear on the other side of this form. Please make any necessary corrections on the label. Then detach this Certificate and mail it in the postage paid envelope bound into the center of this Special Report. No stamp required!

FFSA, 7811 Montrose Road, Potomac, MD 20854

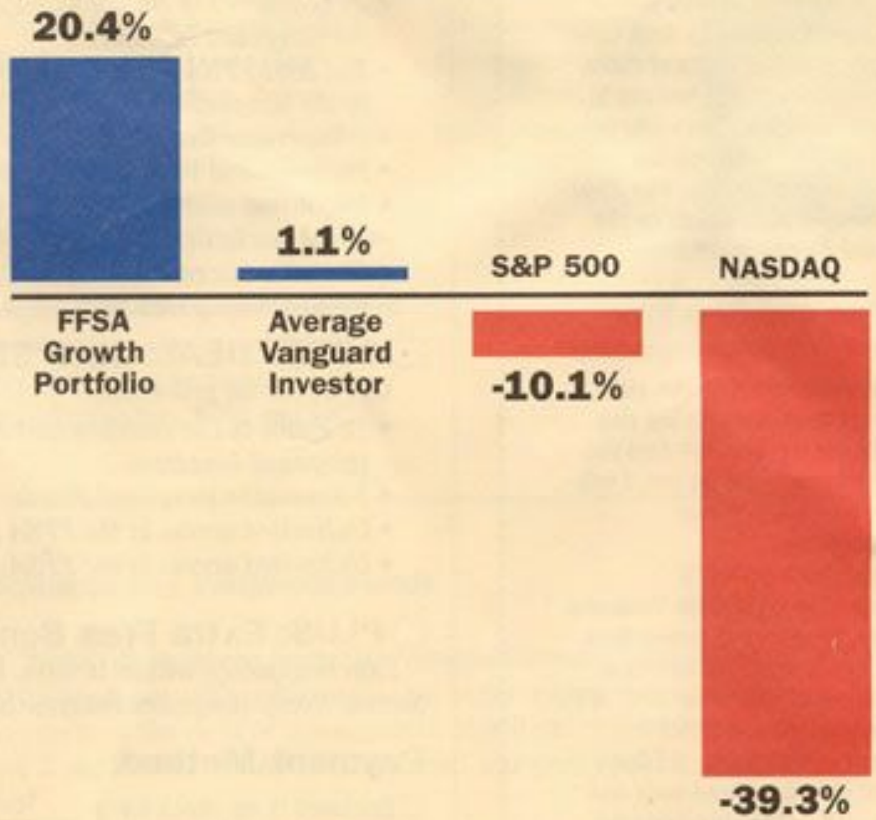
INSIDE THIS SPECIAL REPORT

- Avoid this costly mistake (99% of Vanguard investors make it) ..*page 1*
- How to increase your mutual fund profits $10,000 a year or more ....*page 4*
- Why you can't rely on *Morningstar* mutual fund ratings ....*page 9*
- Should you dump Vanguard Index 500? The surprising answer ....*page 10*
- 5 Vanguard mutual funds you must own NOW .... *page 12*
- Are mutual fund expense ratios costing you a fortune? ....*page 13*
- Vanguard mutual fund closed? Here's how you can still get in ......*page 14*

20.4% Growth in 2000!

While both the S&P 500 and the Nasdaq plummeted into negative territory in 2000, the average Vanguard investor posted a minor 1.1% gain, but...FFSA members made a handsome 20.4% profit.

How did they do it? How will they beat the market again in 2001? *Details inside.*



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