

## **Vanguard Institutional Index Fund (VINIX) +10 Fund Authority Score**

**Category : US Large Capitalization Stock Mutual Funds & ETFs**

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Vanguard Institutional Index Fund (VINIX) captures the highest +10 Fund Authority Score. The table below in this article presents *The Skilled Investor's* Fund Authority Score and other information for the Vanguard Institutional Index Fund. The diversified investment fund strategy of the Vanguard Institutional Index mutual fund (VINIX) According to its prospectus filing on the U.S. Securities and Exchange Commission EDGAR system, the investment strategy of the Vanguard Institutional Index Fund is to "employ a 'passive management' - or indexing - investment approach designed to track the performance of the Standard & Poor's 500 Index, a widely recognized benchmark of U.S. stock market performance that is dominated by the stocks of large U.S. companies. The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the Index, holding each stock in approximately the same proportion as its weightings in the Index." The annual management fee or expense ratio for the Vanguard Institutional Index Fund is a rock bottom .05% per year. Unfortunately, most individual investors would find the \$5,000,000 initial investment requirement a bit challenging. *The Skilled Investor* has prepared a Fund Authority Score report for this VINIX fund for individuals who own it indirectly. This index mutual fund held \$73.8 Billion in late 2007, and it is widely held by individuals who hold shares in traditional IRAs, Roth IRAs, 401k, and other retirement plans or pension plans. Clearly, Vanguard is delivering an extremely low cost large capitalization S&P 500 index mutual fund. The challenge that most investors will have is to understand the add-on fees that they pay for indirect ownership of the Vanguard VINIX index mutual fund. Often, retirement plan management fees and other plan fees are excessively high and are poorly disclosed. If your retirement plan managers have the good sense to offer such a low cost S & P 500 index mutual fund, then the hope is that they also had the good sense to keep down your other investment plan costs, too. Nevertheless, it does not hurt to verify your true costs and to raise questions about fees that you believe are too high or unjustified. It is your retirement money and repeating fees can be a huge drain on your retirement portfolio. See this article: [The heavy burden of recurring investment fees](#). Fund Authority Scores for mutual funds and exchange traded funds (ETFs) help you sort diversified investment funds quickly. [Fund Authority Scores rate mutual funds and exchange traded funds \(ETFs\)](#) on the most important economic factors that influence individual investors' net long term diversified investment fund performance. *The Skilled Investor* developed the Fund Authority Score system to provide individual investors with concise, objective, and realistic summaries of mutual funds and ETFs for comparisons within investment asset classes. For a [directory of the Fund Authority Score reports of other mutual funds and ETFs, go here](#). When you go to this [Fund Authority Score directory](#), you can easily find a list of all fund reports at the bottom of each article for that particular investment asset class. For more information about [how a Fund Authority Score is developed for each mutual fund or ETF, go here](#). The Fund Authority Score for the Vanguard Institutional Index Fund (VINIX) Using an integer scale ranging from -10 to +10, Fund Authority Scores for equity investment funds measure five factors:

- 1) annualized management and investment sales expenses (40% weighting),
- 2) annual trading costs implied by investment fund portfolio turnover (30% weighting),
- 3) inferior and superior historical performance (20% weighting),
- 4) minimum fund maturity (5% weighting), and

5) minimum fund size for operating efficiency (5% weighting). Fund Authority Scores zero in on [the most effective strategy that you have to increase your long-term mutual fund and ETF investment returns](#), which is to cut investment costs to rock bottom. With such a smart, low cost investment strategy, you just have to be a better bargain shopper, when you buy your investments, and then hold on to them. Over a 30-year retirement investment accumulation period, a \$10,000 investment &mdash; reduced by a 5.75% initial sales load charge to pay a financial advisor &mdash; could grow to \$40,734. This result assumes that your investment earns a 5% annual real dollar return after inflation and investment costs, and it ignores any capital gains taxes. In contrast, if you instead buy no load mutual funds directly, you can cut out the initial sales load charge entirely. You can put ALL of your investment capital to work for you from the outset. And, if you pay annual investment fees that are just one percentage point lower, you could end up with \$16,701 more! Your \$10,000 initial investment would be worth 41% MORE after 30 years, when compared to the \$40,734 retirement portfolio that you get with higher cost funds with sales loads! To learn more, read: &ldquo;[Excessive investment costs are a huge problem for individual investors](#).&rdquo; Fund Authority Summary for the Vanguard Institutional Index Fund (VINIX)

Fund Authority Summary Vanguard Institutional Index Fund Fund Authority Score

FUND AUTHORITY SCORE (scale of -10 to +10) 10

#### FUND AUTHORITY SCORING COMPONENTS

A) Management expenses & sales loads (-4 to +4)

-- Annual expense ratio with 12b-1 fees 0.05%

-- Front-end sales load with 5 year amortization 0.00%

----- Total annual direct costs 0.05% 4

B) Fund portfolio transactions costs (-3 to +3)

-- Annual turnover as a trading cost proxy 8.0% 3

C) Penalize very inferior historical performance and credit average and superior historical performance (-2 to +2)

-- Total of the 3 year Morningstar + Lipper ratings 8 2

D) Is this fund sufficiently mature? (0 or +1) 1

E) Very small fund efficiency penalty (-1 or 0) 0

#### INVESTMENT FUND OVERVIEW

-- Type of investment fund index mutual fund

-- Active versus passive management passively managed fund

-- Total net assets \$73.8 Billion

-- Type of investment portfolio securities stocks - equities

-- Geographic focus United States

-- Market capitalization of portfolio securities large

-- Strategy skew (value/growth/neither) neither

-- Target performance benchmark index Standard and Poors 500 Index

-- Year of inception 1990

-- Trading symbol VINIX

-- Share class evaluated institutional shares

-- Front end load charge (percentage) 0.00%

-- Minimum initial deposit for individual investor \$5 Million

TOP 10 INVESTMENT SECURITIES HOLDINGS ExxonMobil Corporation (XOM)

General Electric Company (GE)

AT&T Inc. (T)  
Microsoft Corporation (MSFT)  
Citigroup Inc. (C)  
Bank of America Corporation (BAC)  
Procter & Gamble Company (PG)  
Cisco Systems Inc. (CSCO)  
Chevron Corporation (CVX)  
Johnson & Johnson (JNJ)  
----- Top 10 Investment Portfolio Holdings (%) 19.97%

Fund family website [www.vanguard.com](http://www.vanguard.com)  
Customer service telephone number 877-662-7447  
SEC EDGAR filings and/or fund website accessed 18 December 2007

NOTES:-- Most mutual funds and ETFs change their fees and trading strategies relatively little over time. Because investment expenses, trading/turnover costs, fund maturity, and operating efficiency account for 80% of the Fund Authority Score rating system, Fund Authority Scores tend to remain relatively stable over time for such consistent investment funds.-- The date in the table above indicates when fund information was accessed from SEC EDGAR filings and/or the fund company website. Normally, data used to develop Fund Authority Scores rely upon reporting periods ending the previous calendar quarter or half year.

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