



**Annual Report** | September 30, 2023

# Vanguard Capital Opportunity Fund

See the inside front cover for important information about your fund's annual and semiannual shareholder reports.

## Important information about shareholder reports

Beginning in July 2024, amendments adopted by the Securities and Exchange Commission will substantially impact the design, content, and transmission of shareholder reports. Shareholder reports will provide key fund information in a clear and concise format and must be mailed to each shareholder that has not elected to receive the reports electronically. Financial statements will no longer be included in the shareholder report but will be available at [vanguard.com](http://vanguard.com), can be mailed upon request, or can be accessed on the SEC’s website at [www.sec.gov](http://www.sec.gov).

You may elect to receive shareholder reports and other communications from the fund electronically by contacting your financial intermediary (such as a broker-dealer or bank) or, if you invest directly with the fund, by calling Vanguard at one of the phone numbers on the back cover of this report or by logging on to [vanguard.com](http://vanguard.com).

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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.

## Your Fund's Performance at a Glance

- Vanguard Capital Opportunity Fund returned 25.20% for Investor Shares and 25.29% for Admiral Shares for the 12 months ended September 30, 2023. The fund's benchmark, the Russell Midcap Growth Index, returned 17.47%.
- Early on, inflation began to ease off multidecade highs amid aggressive interest rate hikes by the Federal Reserve. Unexpected resilience in the labor market and consumer spending curbed expectations of a sustained recession, but the prospect of higher rates for longer weighed on market sentiment toward the close of the period.
- Small-, mid-, and large-capitalization U.S. stocks all posted positive returns for the 12-month period, while growth stocks, as measured by the fund's benchmark, outperformed value, as measured by the Russell Midcap Value Index. Both patterns represented reversals relative to the preceding fiscal year. One pattern stayed the same: Large-capitalization stocks did better than mid- and small-caps.
- The fund's outperformance relative to its benchmark was driven by stock selection in the health care and information technology sectors, which combined to account for roughly 60% of the fund's holdings by market value, on average, during the fiscal year. Selection among financial companies detracted the most from the fund's relative return.

### Market Barometer

	Average Annual Total Returns Periods Ended September 30, 2023		
	One Year	Three Years	Five Years
<b>Stocks</b>			
Russell 1000 Index (Large-caps)	21.19%	9.53%	9.63%
Russell 2000 Index (Small-caps)	8.93	7.16	2.40
Russell 3000 Index (Broad U.S. market)	20.46	9.38	9.14
FTSE All-World ex US Index (International)	20.67	4.23	3.00
<b>Bonds</b>			
Bloomberg U.S. Aggregate Float Adjusted Index (Broad taxable market)	0.78%	-5.18%	0.18%
Bloomberg Municipal Bond Index (Broad tax-exempt market)	2.66	-2.30	1.05
FTSE Three-Month U.S. Treasury Bill Index	4.71	1.78	1.74
<b>CPI</b>			
Consumer Price Index	3.70%	5.75%	4.04%

# Advisor's Report

For the 12 months ended September 30, 2023, Vanguard Capital Opportunity Fund returned 25.29% for Admiral Shares and 25.20% for Investor Shares, exceeding the returns of both the fund's benchmark, the Russell Midcap Growth Index (+17.47%), and the broad-market Standard & Poor's 500 Index (+21.62%), as well as the average total return of competing multi-capitalization growth funds (+18.46%). Relative to the indexes, favorable stock selection more than offset unfavorable sector allocation during the period.

## Investment environment

The fiscal year ended September 30 featured a resurgent equity market. The S&P 500 Index's robust rebound fully retraced the preceding fiscal year's decline. Large-capitalization growth stocks, as measured by the Russell 1000 Growth Index, were particularly strong, returning nearly 28% after last year's double-digit decline. Investor optimism about the possibility of a soft economic landing, coupled with enthusiasm for the promise of artificial intelligence (AI), pushed equities higher.

And this despite some notable headwinds in the economic landscape. The Federal Reserve continued its aggressive tightening campaign, hiking its target for short-term interest rates 11 times, totaling 525 basis points (5.25 percentage points), in just over a year. The relentless rise in rates sparked a regional banking crisis in March, starting with Silicon Valley Bank's overnight collapse. While that contagion was contained, rising yields applied

increasing pressure to a variety of rate-sensitive industries.

Nonetheless, a still-tight labor market supported the underlying economy's ongoing resilience. The unemployment rate remained below 4%, and job growth continued at a solid pace. Consumers spent reliably, and consistent strength in personal consumption expenditures translated to steady real economic growth. Meanwhile, inflation moderated to roughly 4%; August's Consumer Price Index reading was less than half year-ago levels, while core CPI, which excludes food and energy, remained above target but was trending lower. These data largely reinforced the market's conviction in a soft landing.

Information technology (+43.0%) and communication services (+38.1%) were the standout S&P 500 Index sectors in a comeback year for Big Tech. Indeed, of the newly minted "Magnificent Seven," only Amazon (+13%) and Tesla (-6%) lagged, weighing on consumer discretionary (+13.7%). The other constituents—NVIDIA (+259%), Meta (+121%), Alphabet (+37%), Microsoft (+37%), and Apple (+25%)—fueled the S&P 500 return, and these seven now comprise nearly 30% of the index, an unprecedented concentration. Elsewhere, defensive sectors including utilities (-7.0%), real estate (-1.4%), consumer staples (+6.7%), and health care (+8.2%) underperformed, while the energy sector (+30.2%) outpaced oil's rise.

## Outlook for U.S. equities

Given the market's outsized strength, the S&P 500 Index's valuation has again swelled above historical norms (17.8x estimated future earnings versus the 20-year average of 15.6x). And this lofty valuation is artificially depressed by rosy estimates. Forward earnings incorporate most of 2024's consensus 12% earnings growth, an expectation that defies widespread concerns about a slowing macroeconomic environment. Meanwhile, interest rates continue to climb; the yield of the 10-year U.S. Treasury note finished the period at 4.57%, up 74 basis points from 12 months earlier. Higher interest rates are not prescriptive, but a higher-for-longer rate regime undermines support for above-average equity valuations. These metrics warrant a more cautious outlook.

## Portfolio update

We maintained our substantial overweight positions in health care and industrial stocks; these sectors comprised 45% of average assets compared to their 23% combined weighting in the S&P 500. The portfolio was equal-weighted consumer discretionary (10% of average assets versus 10% for the S&P 500) and underweight information technology (24% versus 25%), financials (8% versus 13%), communication services (5% versus 8%), and energy (4% versus 5%). The fund maintained limited exposure to materials, consumer staples, real estate, and utilities.

Sector allocation had a modest negative impact during the period. The fund's large

overweight position in health care created a substantial headwind. This was partially offset by underweight positions in other sector laggards, including utilities, real estate, consumer staples, and financials.

Favorable stock selection was the primary driver of relative results. Eli Lilly (+68%), the fund's largest position, surged in response to growing optimism in its twin blockbuster drugs, donanemab for Alzheimer's and Mounjaro for diabetes and obesity. Health care selection was otherwise varied. Seagen (+55%) spiked higher after Pfizer announced plans to acquire the cancer specialist, but several other holdings underperformed, most notably FibroGen (-93%), whose key lung disease drug failed in clinical trials. Bristol-Myers Squibb (-16%), BioNTech (-11%), Biogen (-4%), and BioMarin (+4%) also weighed on sector results. Within industrials, FedEx (+83%) soared as sentiment improved following a difficult stretch; this more than offset weakness in Southwest (-10%), which declined on account of higher fuel prices and persistent operational shortcomings.

Selection elsewhere was mixed. Within information technology, strong results from Jabil (+121%), Splunk (+94%), Adobe (+85%), and Flex (+62%) only served to offset the fund's underweight positions in NVIDIA (+259%) and Microsoft (+37%), where AI-driven exuberance drove massive gains. Within consumer discretionary, Royal Caribbean (+143%) more than doubled as cruising fully recovered, while within energy, Transocean (+232%) more than tripled

from depressed levels as higher oil prices improved the outlook for offshore drilling. Finally, limited exposure to Meta (+121%) proved detrimental within communication services, while Northern Trust (-16%) and Raymond James (+3%) both faltered within financials.

As of September 30, 2023, the fund's top 10 holdings accounted for 32% of assets.

### **Advisor perspectives**

Full-year strength notwithstanding, the equity market finished the period on a downward slide. The S&P 500's return of -4.77% in September reflected a certain fragility in the current moment, as escalating yields threatened to upend the Fed's precarious balancing act.

Market leadership of late has again been heavily concentrated in Big Tech, a stark contrast to last year's sell-off, when large-capitalization growth stocks underperformed. A substantial breakthrough in generative AI explained some of Big Tech's comeback, but so did a belief that a more auspicious interest rate dynamic was just around the corner. Recent equity weakness—especially for Big Tech—is partly a realization that such rate relief may not materialize.

We tend not to obsess about interest rates per se. Our preference for other stocks—the fund is meaningfully underweight the Magnificent Seven on aggregate—reflects bottom-up, fundamental investment theses untethered to a particular rate environment. The fund's largest holding, Eli Lilly, is a prime example.

Not long ago, glucagon-like peptide-1 receptor agonists, or GLP-1s, were a relatively obscure drug class primarily used to treat diabetes. Novo Nordisk's Victoza launched in 2010, followed by Eli Lilly's superior Trulicity in 2014. These GLP-1 therapies and their next-generation derivatives lower blood sugar levels and thus help resolve a diabetic deficiency. But they also induce weight loss, at least in part by signaling satiety to the hypothalamus. First Novo and then Lilly thus pivoted to an obesity indication, with Novo's Wegovy (a version of its Ozempic product) achieving FDA approval for obesity in 2021 and, in something of a Trulicity echo, Lilly's superior Mounjaro appears on the cusp of the same milestone.

Today, GLP-1s are no longer just another drug class. Most drugs aim to transform a patient's life; GLP-1s may transform the entire economy. Obesity is an intractable public health problem, a crisis with expansive ramifications. There are roughly 100 million obese adults in the United States alone; rationalizing their collective appetite should drive better health outcomes, which would have first-order consequences for adjacent medical fields. But such massive behavioral change would also bend the country's food spend lower. And if, as some project, GLP-1-induced satiety softens impulses more broadly, this drug class could disrupt overall consumption in countless ways.

The fund was already invested in Eli Lilly as these developments unfolded. Our Lilly

thesis had many elements, including stellar management, best-in-class research, and a uniquely potent pipeline. We were especially eager to underwrite two mammoth pipeline opportunities, donanemab in Alzheimer's and this next-generation GLP-1 in diabetes/obesity. Both drugs have now cleared their respective clinical hurdles; donanemab awaits full FDA approval, while Mounjaro won approval for diabetes with obesity likely imminent. As a combination GLP-1/GIP agonist, Mounjaro is a novel formulation in the GLP-1 class; it delivers better efficacy and will be advantaged commercially. The stage is set for Mounjaro to become one of the most successful drugs in pharmaceutical history. Lilly's earnings could quadruple or more by decade-end.

Eli Lilly's story has been a staggering success. Of note, the fund holds dozens of other not-yet-magnificent stocks with enormous upside potential, whose fundamental trajectories today may resemble Lilly's a decade ago. Of course, many will not fully realize this potential—such outcomes are exceedingly rare. But our portfolio is biased toward such differentiated opportunities.

### **Conclusion**

The market is awash in powerful crosscurrents. This year's once-inevitable recession never arrived, as the Fed has managed to trim inflation without stalling the economic engine. Worrisome indicators—for instance, an inverted yield curve and declining money supply—have thus far not been predictive, even if our

qualitative assessment of the economy skews negative and our outlook leans cautious. But we still own companies whose fundamentals, like those of Eli Lilly, can evolve much better than the market anticipates. And we still prefer such stocks to the Magnificent Seven, where expectations are perhaps unsustainably high.

PRIMECAP Management Company

October 11, 2023

## 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 fund's expenses are expressed as a percentage of its average net assets. This figure is known as the expense ratio. The following examples are intended to help you understand the ongoing costs (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 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 September 30, 2023

	Beginning Account Value 3/31/2023	Ending Account Value 9/30/2023	Expenses Paid During Period
<b>Based on Actual Fund Return</b>			
Capital Opportunity Fund			
Investor Shares	\$1,000.00	\$1,073.80	\$2.24
Admiral™ Shares	1,000.00	1,074.30	1.87
<b>Based on Hypothetical 5% Yearly Return</b>			
Capital Opportunity Fund			
Investor Shares	\$1,000.00	\$1,022.91	\$2.18
Admiral Shares	1,000.00	1,023.26	1.83

The calculations are based on expenses incurred in the most recent six-month period. The fund's annualized six-month expense ratios for that period are 0.43% for Investor Shares and 0.36% for Admiral Shares. The dollar amounts shown as "Expenses Paid" are equal to the annualized expense ratio 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 (183/365).

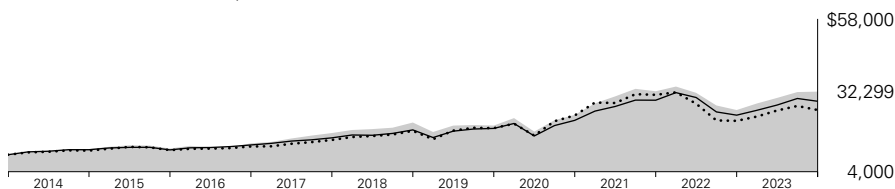
# Capital Opportunity Fund

## 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](http://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: September 30, 2013, Through September 30, 2023

Initial Investment of \$10,000



	Average Annual Total Returns Periods Ended September 30, 2023			Final Value of a \$10,000 Investment
	One Year	Five Years	Ten Years	
Capital Opportunity Fund Investor Shares	25.20%	8.60%	12.44%	\$32,299
Russell Midcap Growth Index	17.47	6.97	9.94	25,807
Dow Jones U.S. Total Stock Market Float Adjusted Index	20.49	9.01	11.19	28,891

	One Year	Five Years	Ten Years	Final Value of a \$50,000 Investment
Capital Opportunity Fund Admiral Shares	25.29%	8.68%	12.52%	\$162,622
Russell Midcap Growth Index	17.47	6.97	9.94	129,037
Dow Jones U.S. Total Stock Market Float Adjusted Index	20.49	9.01	11.19	144,456

See Financial Highlights for dividend and capital gains information.

## Fund Allocation

As of September 30, 2023

Communication Services	5.7%
Consumer Discretionary	10.7
Consumer Staples	0.0
Energy	3.8
Financials	7.1
Health Care	34.0
Industrials	11.7
Information Technology	26.6
Materials	0.4

The table reflects the fund's investments, except for short-term investments. Sector categories are based on the Global Industry Classification Standard ("GICS"), except for the "Other" category (if applicable), which includes securities that have not been provided a GICS classification as of the effective reporting period.

Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard and Poor's, a division of McGraw-Hill Companies, Inc. ("S&P"), and is licensed for use by Vanguard. Neither MSCI, S&P nor any third party involved in making or compiling the GICS or any GICS classification makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of its affiliates or any third party involved in making or compiling the GICS or any GICS classification have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

# Financial Statements

## Schedule of Investments

As of September 30, 2023

The fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the first and third quarters of each fiscal year as an exhibit to its reports on Form N-PORT. The fund's Form N-PORT reports are available on the SEC's website at [www.sec.gov](http://www.sec.gov).

	Shares	Market Value* (\$'000)		Shares	Market Value* (\$'000)			
<b>Common Stocks (97.4%)</b>								
<b>Communication Services (5.6%)</b>								
* Alphabet Inc. Class A	2,426,730	317,562	* Ultra Beauty Inc.	23,000	9,187			
* Alphabet Inc. Class C	2,123,780	280,020	* DoorDash Inc. Class A	106,050	8,428			
* Baidu Inc. ADR	1,627,800	218,695	* Norwegian Cruise Line Holdings Ltd.	457,425	7,538			
* Pinterest Inc. Class A	2,880,350	77,856	* Rivian Automotive Inc. Class A	254,200	6,172			
* Meta Platforms Inc. Class A	193,700	58,151	Newell Brands Inc.	653,000	5,897			
Electronic Arts Inc.	426,800	51,387	* Etsy Inc.	64,600	4,172			
* Trade Desk Inc. Class A	417,200	32,604	* Deckers Outdoor Corp.	2,980	1,532			
* Live Nation Entertainment Inc.	147,100	12,215	* Five Below Inc.	2,300	370			
* Netflix Inc.	24,010	9,066			<b>2,005,933</b>			
* Roblox Corp. Class A	205,300	5,945	<b>Consumer Staples (0.0%)</b>					
* Walt Disney Co.	56,757	4,600	Dollar General Corp.	33,350	3,528			
* ZoomInfo Technologies Inc.	245,950	4,034	<b>Energy (3.7%)</b>					
* Snap Inc. Class A	23,000	205	Hess Corp.	1,667,674	255,154			
		<b>1,072,340</b>	Pioneer Natural Resources Co.	1,021,223	234,422			
<b>Consumer Discretionary (10.4%)</b>								
* Tesla Inc.	1,468,790	367,521	* Transocean Ltd. (XNYS)	11,863,196	97,397			
TJX Cos. Inc.	2,707,400	240,634	EOG Resources Inc.	404,921	51,328			
* Alibaba Group Holding Ltd. ADR	2,500,700	216,911	Coterra Energy Inc.	1,113,350	30,116			
* Capri Holdings Ltd.	2,835,990	149,201	* Southwestern Energy Co.	3,200,000	20,640			
*1 XPeng Inc. ADR	6,965,719	127,891	TechnipFMC plc	818,700	16,652			
*1 Sony Group Corp. ADR	1,482,925	122,208			<b>705,709</b>			
* CarMax Inc.	1,716,597	121,415	<b>Financials (6.9%)</b>					
* Amazon.com Inc.	903,000	114,789	Raymond James Financial Inc.	2,946,590	295,926			
* Royal Caribbean Cruises Ltd.	1,171,700	107,960	Visa Inc. Class A	611,900	140,743			
Entain plc	8,559,162	97,076	Northern Trust Corp.	1,962,851	136,379			
*1 Mobileye Global Inc. Class A	1,547,600	64,303	Wells Fargo & Co.	3,287,480	134,326			
Ross Stores Inc.	408,900	46,185	MarketAxess Holdings Inc.	402,730	86,039			
* Flutter Entertainment plc (XDUB)	170,598	27,757	Morgan Stanley	892,364	72,879			
Marriott International Inc. Class A	140,500	27,617	CME Group Inc.	363,554	72,791			
eBay Inc.	549,200	24,214	Goldman Sachs Group Inc.	198,550	64,245			
* Ollie's Bargain Outlet Holdings Inc.	310,890	23,995	Bank of America Corp.	2,067,117	56,598			
* Carnival Corp.	1,577,945	21,649	* WEX Inc.	293,600	55,223			
* Burlington Stores Inc.	156,300	21,147	Tradeweb Markets Inc. Class A	658,800	52,836			
*1 Restaurant Brands International Inc.	276,600	18,427	Progressive Corp.	279,800	38,976			
Hilton Worldwide Holdings Inc.	76,333	11,464	Discover Financial Services	445,540	38,597			
Las Vegas Sands Corp.	224,100	10,273	LPL Financial Holdings Inc.	98,000	23,290			
			* PayPal Holdings Inc.	395,160	23,101			
			Mastercard Inc. Class A	30,600	12,115			
			JPMorgan Chase & Co.	64,900	9,412			

## Capital Opportunity Fund

	Shares	Market Value* (\$'000)		Shares	Market Value* (\$'000)
Charles Schwab Corp.	167,650	9,204	* United Airlines Holdings Inc.	3,617,083	153,003
Citigroup Inc.	68,100	2,801	Delta Air Lines Inc.	2,786,410	103,097
		<b>1,325,481</b>	* TransDigm Group Inc.	86,419	72,862
<b>Health Care (33.1%)</b>			* American Airlines Group Inc.	4,797,250	61,453
Eli Lilly & Co.	3,453,168	1,854,800	Curtiss-Wright Corp.	302,700	59,217
Amgen Inc.	2,120,759	569,975	Textron Inc.	631,690	49,360
* Biogen Inc.	2,190,247	562,915	IDEX Corp.	194,070	40,370
* Seagen Inc.	2,384,545	505,881	* Uber Technologies Inc.	562,600	25,874
* BioMarin Pharmaceutical Inc.	5,368,030	474,963	* Ryanair Holdings plc ADR	249,500	24,254
* BioNTech SE ADR	2,234,636	242,771	GFL Environmental Inc. (XTSE)	633,100	20,107
Thermo Fisher Scientific Inc.	478,930	242,420	Old Dominion Freight Line Inc.	48,500	19,843
* Boston Scientific Corp.	4,578,106	241,724	AMETEK Inc.	120,000	17,731
Novartis AG ADR	2,230,990	227,249	Caterpillar Inc.	60,000	16,380
* BeiGene Ltd. ADR	1,029,931	185,254	Carrier Global Corp.	268,900	14,843
Bristol-Myers Squibb Co.	3,082,650	178,917	* Lyft Inc. Class A	1,322,110	13,935
AstraZeneca plc ADR	2,244,260	151,981	Union Pacific Corp.	60,000	12,218
* Elanco Animal Health Inc. (XNYS)	9,770,746	109,823	Rockwell Automation Inc.	38,820	11,098
* LivaNova plc	1,940,420	102,609	* JetBlue Airways Corp.	1,638,000	7,535
* Edwards Lifesciences Corp.	1,408,900	97,609			<b>2,189,428</b>
Roche Holding AG	337,338	92,094	<b>Information Technology (25.9%)</b>		
Zimmer Biomet Holdings Inc.	668,210	74,987	* Microsoft Corp.	1,401,300	442,461
Revvity Inc.	617,880	68,399	* Flex Ltd.	15,008,952	404,942
* QIAGEN NV	1,520,507	61,581	* Splunk Inc.	2,723,200	398,268
* Alkermes plc	2,126,000	59,549	KLA Corp.	775,775	355,817
* Charles River Laboratories International Inc.	254,900	49,955	* Micron Technology Inc.	4,962,357	337,589
* Illumina Inc.	259,970	35,689	Adobe Inc.	593,600	302,677
Abbott Laboratories	360,200	34,885	Texas Instruments Inc.	1,471,940	234,053
* Neurocrine Biosciences Inc.	264,850	29,796	Intel Corp.	6,228,730	221,431
Agilent Technologies Inc.	200,700	22,442	NetApp Inc.	2,747,610	208,489
* Medtronic plc	144,000	11,284	ASML Holding NV GDR (Registered)	343,567	202,244
* Allogene Therapeutics Inc.	3,377,879	10,708	Jabil Inc.	1,501,400	190,513
Alcon Inc.	118,960	9,167	NVIDIA Corp.	432,890	188,303
Danaher Corp.	34,195	8,484	* Trimble Inc.	3,128,371	168,494
* Bridgebio Pharma Inc.	275,400	7,262	* Descartes Systems Group Inc.	1,865,912	136,921
* Waters Corp.	25,061	6,872	Universal Display Corp.	819,814	128,703
2 Siemens Healthineers AG	133,680	6,762	QUALCOMM Inc.	844,210	93,758
*.3 FibroGen Inc.	5,418,421	4,676	Corning Inc.	3,032,324	92,395
* Omnicell Inc.	95,960	4,322	Entegris Inc.	967,700	90,877
* Repligen Corp.	25,358	4,032	Intuit Inc.	164,250	83,922
* IQVIA Holdings Inc.	9,292	1,828	* Nutanix Inc. Class A	2,043,619	71,281
* ImmunoGen Inc.	89,900	1,427	Oracle Corp.	656,200	69,505
Humana Inc.	2,875	1,399	* FormFactor Inc.	1,485,241	51,894
* Guardant Health Inc.	43,686	1,295	Teradyne Inc.	472,600	47,477
* Zimvie Inc.	25,730	242	Hewlett Packard Enterprise Co.	2,703,040	46,952
* Adaptive Biotechnologies Corp.	28,100	153	* Salesforce Inc.	213,300	43,253
		<b>6,358,181</b>	*.1 ARM Holdings plc ADR	784,500	41,986
<b>Industrials (11.4%)</b>			HP Inc.	1,600,660	41,137
FedEx Corp.	1,649,274	436,926	* Autodesk Inc.	157,600	32,609
AECOM	4,030,776	334,716	* Zoom Video Communications Inc. Class A	459,950	32,169
Jacobs Solutions Inc.	2,223,989	303,575	* BlackBerry Ltd.	6,635,476	31,253
Southwest Airlines Co.	7,705,679	208,593	* VMware Inc. Class A	175,000	29,134
Airbus SE	1,363,020	182,438	* Wolfspeed Inc.	754,000	28,727
			* Keysight Technologies Inc.	154,490	20,441
			* MongoDB Inc.	50,900	17,604
			*.1 Aurora Innovation Inc.	7,030,000	16,521

## Capital Opportunity Fund

	Shares	Market Value* (\$'000)
Analog Devices Inc.	90,000	15,758
* Palo Alto Networks Inc.	62,400	14,629
* Unity Software Inc.	393,884	12,364
* CrowdStrike Holdings Inc. Class A	59,300	9,926
* Western Digital Corp.	153,280	6,994
* Okta Inc.	58,966	4,806
* Marvell Technology Inc.	80,200	4,341
* Gitlab Inc. Class A	95,400	4,314
Applied Materials Inc.	10,700	1,481
Telefonaktiebolaget LM Ericsson ADR	180,500	877
* HubSpot Inc.	900	443
* RingCentral Inc. Class A	3,250	96
* Arista Networks Inc.	200	37
* DocuSign Inc.	200	8
		<b>4,979,874</b>
<b>Materials (0.4%)</b>		
* Ivanhoe Mines Ltd. Class A	7,105,800	60,896
Albemarle Corp.	113,500	19,299
		<b>80,195</b>
<b>Total Common Stocks (Cost \$7,952,481)</b>		<b>18,720,669</b>
<b>Temporary Cash Investments (3.5%)</b>		
<b>Money Market Fund (3.5%)</b>		
<sup>4,5</sup> Vanguard Market Liquidity Fund, 5.391% (Cost \$677,079)	6,773,109	677,243
<b>Total Investments (100.9%) (Cost \$8,629,560)</b>		<b>19,397,912</b>
<b>Other Assets and Liabilities—Net (-0.9%)</b>		<b>(170,898)</b>
<b>Net Assets (100%)</b>		<b>19,227,014</b>

Cost is in \$'000.

• See Note A in Notes to Financial Statements.

\* Non-income-producing security.

1 Includes partial security positions on loan to broker-dealers. The total value of securities on loan is \$162,669,000.

2 Security exempt from registration under Rule 144A of the Securities Act of 1933. Such securities may be sold in transactions exempt from registration, normally to qualified institutional buyers. At September 30, 2023, the aggregate value was \$6,762,000, representing 0.0% of net assets.

3 Considered an affiliated company of the fund as the fund owns more than 5% of the outstanding voting securities of such company.

4 Affiliated money market fund available only to Vanguard funds and certain trusts and accounts managed by Vanguard. Rate shown is the 7-day yield.

5 Collateral of \$162,248,000 was received for securities on loan.

ADR—American Depositary Receipt.

GDR—Global Depositary Receipt.

# Statement of Assets and Liabilities

As of September 30, 2023

(\$000s, except shares, footnotes, and per-share amounts)	Amount
<b>Assets</b>	
Investments in Securities, at Value <sup>1</sup>	
Unaffiliated Issuers (Cost \$7,785,862)	18,715,993
Affiliated Issuers (Cost \$843,698)	681,919
Total Investments in Securities	19,397,912
Investment in Vanguard	670
Receivables for Investment Securities Sold	7,913
Receivables for Accrued Income	13,241
Receivables for Capital Shares Issued	4,623
<b>Total Assets</b>	<b>19,424,359</b>
<b>Liabilities</b>	
Due to Custodian	7,444
Payables for Investment Securities Purchased	10,110
Collateral for Securities on Loan	162,248
Payables to Investment Advisor	11,249
Payables for Capital Shares Redeemed	5,223
Payables to Vanguard	1,071
<b>Total Liabilities</b>	<b>197,345</b>
<b>Net Assets</b>	<b>19,227,014</b>

<sup>1</sup> Includes \$162,669,000 of securities on loan.

At September 30, 2023, net assets consisted of:

Paid-in Capital	8,041,863
Total Distributable Earnings (Loss)	11,185,151
<b>Net Assets</b>	<b>19,227,014</b>

## Investor Shares—Net Assets

Applicable to 17,314,466 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	1,259,640
<b>Net Asset Value Per Share—Investor Shares</b>	<b>\$72.75</b>

## Admiral Shares—Net Assets

Applicable to 106,979,608 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	17,967,374
<b>Net Asset Value Per Share—Admiral Shares</b>	<b>\$167.95</b>

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

## Statement of Operations

Year Ended  
September 30, 2023

(\$'000)

<b>Investment Income</b>	
<b>Income</b>	
Dividends—Unaffiliated Issuers <sup>1</sup>	183,991
Interest—Affiliated Issuers	31,509
Securities Lending—Net	6,544
Total Income	222,044
<b>Expenses</b>	
Investment Advisory Fees—Note B	42,156
The Vanguard Group—Note C	
Management and Administrative—Investor Shares	2,358
Management and Administrative—Admiral Shares	21,023
Marketing and Distribution—Investor Shares	52
Marketing and Distribution—Admiral Shares	545
Custodian Fees	318
Auditing Fees	28
Shareholders' Reports—Investor Shares	29
Shareholders' Reports—Admiral Shares	94
Trustees' Fees and Expenses	10
Other Expenses	16
Total Expenses	66,629
Expenses Paid Indirectly	(1)
Net Expenses	66,628
<b>Net Investment Income</b>	<b>155,416</b>
<b>Realized Net Gain (Loss)</b>	
Capital Gains Distributions Received – Affiliated Issuers	2
Investment Securities Sold—Unaffiliated Issuers	375,537
Investment Securities Sold—Affiliated Issuers	6
Foreign Currencies	(35)
<b>Realized Net Gain (Loss)</b>	<b>375,510</b>
<b>Change in Unrealized Appreciation (Depreciation)</b>	
Investment Securities—Unaffiliated Issuers	3,475,285
Investment Securities—Affiliated Issuers	(64,610)
Foreign Currencies	124
<b>Change in Unrealized Appreciation (Depreciation)</b>	<b>3,410,799</b>
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>3,941,725</b>

<sup>1</sup> Dividends are net of foreign withholding taxes of \$2,809,000.



## Statement of Changes in Net Assets

	Year Ended September 30,	
	2023	2022
	(\$000)	(\$000)
<b>Increase (Decrease) in Net Assets</b>		
<b>Operations</b>		
Net Investment Income	155,416	128,506
Realized Net Gain (Loss)	375,510	1,535,394
Change in Unrealized Appreciation (Depreciation)	3,410,799	(5,703,778)
Net Increase (Decrease) in Net Assets Resulting from Operations	3,941,725	(4,039,878)
<b>Distributions</b>		
Investor Shares	(101,100)	(149,097)
Admiral Shares	(1,356,592)	(1,902,569)
Total Distributions	(1,457,692)	(2,051,666)
<b>Capital Share Transactions</b>		
Investor Shares	(23,256)	(33,541)
Admiral Shares	956,427	1,122,357
Net Increase (Decrease) from Capital Share Transactions	933,171	1,088,816
Total Increase (Decrease)	3,417,204	(5,002,728)
<b>Net Assets</b>		
Beginning of Period	15,809,810	20,812,538
End of Period	19,227,014	15,809,810

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

# Financial Highlights

## Investor Shares

For a Share Outstanding Throughout Each Period	Year Ended September 30,				
	2023	2022	2021	2020	2019
<b>Net Asset Value, Beginning of Period</b>	<b>\$63.49</b>	<b>\$88.53</b>	<b>\$71.69</b>	<b>\$64.38</b>	<b>\$75.87</b>
<b>Investment Operations</b>					
Net Investment Income <sup>1</sup>	.548	.470	.276	.454	.549
Net Realized and Unrealized Gain (Loss) on Investments	14.575	(16.748)	23.563	11.233	(5.116)
Total from Investment Operations	15.123	(16.278)	23.839	11.687	(4.567)
<b>Distributions</b>					
Dividends from Net Investment Income	(.506)	(.295)	(.334)	(.501)	(.473)
Distributions from Realized Capital Gains	(5.357)	(8.467)	(6.665)	(3.876)	(6.450)
Total Distributions	(5.863)	(8.762)	(6.999)	(4.377)	(6.923)
<b>Net Asset Value, End of Period</b>	<b>\$72.75</b>	<b>\$63.49</b>	<b>\$88.53</b>	<b>\$71.69</b>	<b>\$64.38</b>
<b>Total Return<sup>2</sup></b>	<b>25.20%</b>	<b>-20.45%</b>	<b>34.75%</b>	<b>18.52%</b>	<b>-5.01%</b>

## Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$1,260	\$1,114	\$1,585	\$1,518	\$1,684
Ratio of Total Expenses to Average Net Assets	0.43% <sup>3</sup>	0.43% <sup>3</sup>	0.43%	0.44%	0.44%
Ratio of Net Investment Income to Average Net Assets	0.79%	0.61%	0.33%	0.69%	0.84%
Portfolio Turnover Rate	6%	6%	7%	8%	6%

1 Calculated based on average shares outstanding.

2 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.

3 The ratio of expenses to average net assets for the period net of reduction from custody fee offset arrangements was 0.43%.

# Financial Highlights

## Admiral Shares

For a Share Outstanding Throughout Each Period	Year Ended September 30,				
	2023	2022	2021	2020	2019
<b>Net Asset Value, Beginning of Period</b>	<b>\$146.60</b>	<b>\$204.49</b>	<b>\$165.62</b>	<b>\$148.73</b>	<b>\$175.34</b>
<b>Investment Operations</b>					
Net Investment Income <sup>1</sup>	1.377	1.215	.775	1.148	1.374
Net Realized and Unrealized Gain (Loss) on Investments	33.636	(38.672)	54.409	25.968	(11.834)
Total from Investment Operations	35.013	(37.457)	55.184	27.116	(10.460)
<b>Distributions</b>					
Dividends from Net Investment Income	(1.293)	(.873)	(.916)	(1.270)	(1.241)
Distributions from Realized Capital Gains	(12.370)	(19.560)	(15.398)	(8.956)	(14.909)
Total Distributions	(13.663)	(20.433)	(16.314)	(10.226)	(16.150)
<b>Net Asset Value, End of Period</b>	<b>\$167.95</b>	<b>\$146.60</b>	<b>\$204.49</b>	<b>\$165.62</b>	<b>\$148.73</b>
<b>Total Return<sup>2</sup></b>	<b>25.29%</b>	<b>-20.39%</b>	<b>34.84%</b>	<b>18.60%</b>	<b>-4.95%</b>

## Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$17,967	\$14,696	\$19,228	\$15,395	\$14,618
Ratio of Total Expenses to Average Net Assets	0.36% <sup>3</sup>	0.36% <sup>3</sup>	0.36%	0.37%	0.37%
Ratio of Net Investment Income to Average Net Assets	0.86%	0.68%	0.40%	0.76%	0.91%
Portfolio Turnover Rate	6%	6%	7%	8%	6%

1 Calculated based on average shares outstanding.

2 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.

3 The ratio of expenses to average net assets for the period net of reduction from custody fee offset arrangements was 0.36%.

## Notes to Financial Statements

Vanguard Capital Opportunity Fund is registered under the Investment Company Act of 1940 as an open-end investment company, or mutual fund. The fund offers two classes of shares: Investor Shares and Admiral Shares. Each of the share classes has different eligibility and minimum purchase requirements, and is designed for different types of investors.

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

1. **Security Valuation:** Securities are valued as of the close of trading on the New York Stock Exchange (generally 4 p.m., Eastern time) on the valuation date. Equity securities are valued at the latest quoted sales prices or official closing prices taken from the primary market in which each security trades; such securities not traded on the valuation date are valued at the mean of the latest quoted bid and asked prices. Securities for which market quotations are not readily available, or whose values have been affected by events occurring before the fund's pricing time but after the close of the securities' primary markets, are valued by methods deemed by the valuation designee to represent fair value and subject to oversight by the board of trustees. These procedures include obtaining quotations from an independent pricing service, monitoring news to identify significant market- or security-specific events, and evaluating changes in the values of foreign market proxies (for example, ADRs, futures contracts, or exchange-traded funds), between the time the foreign markets close and the fund's pricing time. When fair-value pricing is employed, the prices of securities used by a fund to calculate its net asset value may differ from quoted or published prices for the same securities. Investments in Vanguard Market Liquidity Fund are valued at that fund's net asset value.

2. **Foreign Currency:** Securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars using exchange rates obtained from an independent third party as of the fund's pricing time on the valuation date. Realized gains (losses) and unrealized appreciation (depreciation) on investment securities include the effects of changes in exchange rates since the securities were purchased, combined with the effects of changes in security prices. Fluctuations in the value of other assets and liabilities resulting from changes in exchange rates are recorded as unrealized foreign currency gains (losses) until the assets or liabilities are settled in cash, at which time they are recorded as realized foreign currency gains (losses).

3. **Federal Income Taxes:** The fund intends to continue to qualify as a regulated investment company and distribute virtually all of its taxable income. The fund's tax returns are open to examination by the relevant tax authorities until expiration of the applicable statute of limitations, which is generally three years after the filing of the tax return. Management has analyzed the fund's tax positions taken for all open federal and state income tax years, and has concluded that no provision for income tax is required in the fund's financial statements.

4. **Distributions:** Distributions to shareholders are recorded on the ex-dividend date. Distributions are determined on a tax basis at the fiscal year-end and may differ from net investment income and realized capital gains for financial reporting purposes.

5. **Securities Lending:** To earn additional income, the fund lends its securities to qualified institutional borrowers. Security loans are subject to termination by the fund at any time, and are required to be secured at all times by collateral in an amount at least equal to the market value of securities loaned. Daily market fluctuations could cause the value of loaned securities to be more or less than the value of the collateral received. When this occurs, the collateral is adjusted and

settled before the opening of the market on the next business day. The fund further mitigates its counterparty risk by entering into securities lending transactions only with a diverse group of prequalified counterparties, monitoring their financial strength, and entering into master securities lending agreements with its counterparties. The master securities lending agreements provide that, in the event of a counterparty's default (including bankruptcy), the fund may terminate any loans with that borrower, determine the net amount owed, and sell or retain the collateral up to the net amount owed to the fund; however, such actions may be subject to legal proceedings. While collateral mitigates counterparty risk, in the event of a default, the fund may experience delays and costs in recovering the securities loaned. The fund invests cash collateral received in Vanguard Market Liquidity Fund, and records a liability in the Statement of Assets and Liabilities for the return of the collateral, during the period the securities are on loan. Collateral investments in Vanguard Market Liquidity Fund are subject to market appreciation or depreciation. Securities lending income represents fees charged to borrowers plus income earned on invested cash collateral, less expenses associated with the loan. During the term of the loan, the fund is entitled to all distributions made on or in respect of the loaned securities.

6. **Credit Facilities and Interfund Lending Program:** The fund and certain other funds managed by The Vanguard Group ("Vanguard") participate in a \$4.3 billion committed credit facility provided by a syndicate of lenders pursuant to a credit agreement and an uncommitted credit facility provided by Vanguard. Both facilities may be renewed annually. Each fund is individually liable for its borrowings, if any, under the credit facilities. Borrowings may be utilized for temporary or emergency purposes and are subject to the fund's regulatory and contractual borrowing restrictions. With respect to the committed credit facility, the participating funds are charged administrative fees and an annual commitment fee of 0.10% of the undrawn committed amount of the facility, which are allocated to the funds based on a method approved by the fund's board of trustees and included in Management and Administrative expenses on the fund's Statement of Operations. Any borrowings under either facility bear interest at an agreed-upon spread plus the higher of the federal funds effective rate, the overnight bank funding rate, or the Daily Simple Secured Overnight Financing Rate inclusive of an additional agreed-upon spread. However, borrowings under the uncommitted credit facility may bear interest based upon an alternate rate agreed to by the fund and Vanguard.

In accordance with an exemptive order (the "Order") from the SEC, the fund may participate in a joint lending and borrowing program that allows registered open-end Vanguard funds to borrow money from and lend money to each other for temporary or emergency purposes (the "Interfund Lending Program"), subject to compliance with the terms and conditions of the Order, and to the extent permitted by the fund's investment objective and investment policies. Interfund loans and borrowings normally extend overnight but can have a maximum duration of seven days. Loans may be called on one business day's notice. The interest rate to be charged is governed by the conditions of the Order and internal procedures adopted by the board of trustees. The board of trustees is responsible for overseeing the Interfund Lending Program.

For the year ended September 30, 2023, the fund did not utilize the credit facilities or the Interfund Lending Program.

7. **Other:** Dividend income is recorded on the ex-dividend date. Non-cash dividends included in income, if any, are recorded at the fair value of the securities received. Interest income includes income distributions received from Vanguard Market Liquidity Fund and is accrued daily. 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.

Each class of shares has equal rights as to assets and earnings, except that each class separately bears certain class-specific expenses related to maintenance of shareholder accounts (included in Management and Administrative expenses) and shareholder reporting. Marketing and distribution expenses are allocated to each class of shares based on a method approved by the board of trustees. Income, other non-class-specific expenses, and gains and losses on investments are allocated to each class of shares based on its relative net assets.

**B.** PRIMECAP Management Company provides investment advisory services to the fund for a fee calculated at an annual percentage rate of average net assets. For the year ended September 30, 2023, the investment advisory fee represented an effective annual basic rate of 0.23% of the fund's average net assets.

**C.** In accordance with the terms of a Funds' Service Agreement (the "FSA") between Vanguard and the fund, Vanguard furnishes to the fund corporate management, administrative, marketing, and distribution services at Vanguard's cost of operations (as defined by the FSA). These costs of operations are allocated to the fund based on methods and guidelines approved by the board of trustees and are generally settled twice a month.

Upon the request of Vanguard, the fund may invest up to 0.40% of its net assets as capital in Vanguard. At September 30, 2023, the fund had contributed to Vanguard capital in the amount of \$670,000, representing less than 0.01% of the fund's net assets and 0.27% of Vanguard's capital received pursuant to the FSA. The fund's trustees and officers are also directors and employees, respectively, of Vanguard.

**D.** The fund's custodian bank has agreed to reduce its fees when the fund maintains cash on deposit in the non-interest-bearing custody account. For the year ended September 30, 2023, custodian fee offset arrangements reduced the fund's expenses by \$1,000 (an annual rate of less than 0.01% of average net assets).

**E.** 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). Any investments valued with significant unobservable inputs are noted on the Schedule of Investments.

## Capital Opportunity Fund

The following table summarizes the market value of the fund's investments as of September 30, 2023, based on the inputs used to value them:

	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)	Total (\$000)
<b>Investments</b>				
<b>Assets</b>				
Common Stocks	18,314,542	406,127	—	18,720,669
Temporary Cash Investments	677,243	—	—	677,243
<b>Total</b>	<b>18,991,785</b>	<b>406,127</b>	<b>—</b>	<b>19,397,912</b>

F. Permanent differences between book-basis and tax-basis components of net assets are reclassified among capital accounts in the financial statements to reflect their tax character. These reclassifications have no effect on net assets or net asset value per share. As of period end, permanent differences primarily attributable to the accounting for applicable foreign currency transactions and distributions in connection with fund share redemptions were reclassified between the following accounts:

	Amount (\$000)
Paid-in Capital	18,205
Total Distributable Earnings (Loss)	(18,205)

Temporary differences between book-basis and tax-basis components of total distributable earnings (loss) arise when certain items of income, gain, or loss are recognized in different periods for financial statement and tax purposes; these differences will reverse at some time in the future. The differences are primarily related to the deferral of losses from wash sales; and the recognition of unrealized gains from passive foreign investment companies. As of period end, the tax-basis components of total distributable earnings (loss) are detailed in the table as follows:

	Amount (\$000)
Undistributed Ordinary Income	125,534
Undistributed Long-Term Gains	304,666
Net Unrealized Gains (Losses)	10,754,951
Capital Loss Carryforwards	—
Qualified Late-Year Losses	—
Other Temporary Differences	—
<b>Total</b>	<b>11,185,151</b>

## Capital Opportunity Fund

The tax character of distributions paid was as follows:

	Year Ended September 30,	
	2023 Amount (\$000)	2022 Amount (\$000)
Ordinary Income*	138,806	159,051
Long-Term Capital Gains	1,318,886	1,892,615
Total	1,457,692	2,051,666

\* Includes short-term capital gains, if any.

As of September 30, 2023, gross unrealized appreciation and depreciation for investments based on cost for U.S. federal income tax purposes were as follows:

	Amount (\$000)
Tax Cost	8,642,995
Gross Unrealized Appreciation	11,859,113
Gross Unrealized Depreciation	(1,104,195)
Net Unrealized Appreciation (Depreciation)	10,754,918

G. During the year ended September 30, 2023, the fund purchased \$997,195,000 of investment securities and sold \$966,528,000 of investment securities, other than temporary cash investments.

H. Capital share transactions for each class of shares were:

	Year Ended September 30,			
	2023		2022	
	Amount (\$000)	Shares (000)	Amount (\$000)	Shares (000)
<b>Investor Shares</b>				
Issued	79,142	1,145	106,036	1,323
Issued in Lieu of Cash Distributions	90,111	1,424	133,246	1,662
Redeemed	(192,509)	(2,794)	(272,823)	(3,348)
Net Increase (Decrease)—Investor Shares	(23,256)	(225)	(33,541)	(363)
<b>Admiral Shares</b>				
Issued	1,214,916	7,660	993,989	5,809
Issued in Lieu of Cash Distributions	1,175,773	8,055	1,647,533	8,903
Redeemed	(1,434,262)	(8,979)	(1,519,165)	(8,496)
Net Increase (Decrease)—Admiral Shares	956,427	6,736	1,122,357	6,216



## Capital Opportunity Fund

I. Certain of the fund's investments are in companies that are considered to be affiliated companies of the fund because the fund owns more than 5% of the outstanding voting securities of the company or the issuer is another member of The Vanguard Group. Transactions during the period in securities of these companies were as follows:

	Sep. 30, 2022 Market Value (\$000)	Current Period Transactions						Sep. 30, 2023 Market Value (\$000)
		Purchases at Cost (\$000)	Proceeds from Securities Sold (\$000)	Realized Net Gain (Loss) (\$000)	Change in Unrealized App. (Dep.) (\$000)	Income (\$000)	Capital Gain Distributions Received (\$000)	
FibroGen Inc.	NA <sup>1</sup>	11,429	—	—	(64,790)	—	—	4,676
Vanguard Market Liquidity Fund	1,004,465	NA <sup>2</sup>	NA <sup>2</sup>	6	180	31,509	2	677,243
<b>Total</b>	<b>1,004,465</b>	<b>11,429</b>	<b>—</b>	<b>6</b>	<b>(64,610)</b>	<b>31,509</b>	<b>2</b>	<b>681,919</b>

1 Not applicable—at September 30, 2022, the issuer was not an affiliated company of the fund.

2 Not applicable—purchases and sales are for temporary cash investment purposes.

J. Significant market disruptions, such as those caused by pandemics (e.g., COVID-19 pandemic), natural or environmental disasters, war (e.g., Russia's invasion of Ukraine), acts of terrorism, or other events, can adversely affect local and global markets and normal market operations. Any such disruptions could have an adverse impact on the value of the fund's investments and fund performance.

To the extent the fund's investment portfolio reflects concentration in a particular market, industry, sector, country or asset class, the fund may be adversely affected by the performance of these concentrations and may be subject to increased price volatility and other risks.

K. Management has determined that no events or transactions occurred subsequent to September 30, 2023, that would require recognition or disclosure in these financial statements.

# Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Vanguard Horizon Funds and Shareholders of Vanguard Capital Opportunity Fund

## ***Opinion on the Financial Statements***

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Vanguard Capital Opportunity Fund (one of the funds constituting Vanguard Horizon Funds, referred to hereafter as the "Fund") as of September 30, 2023, the related statement of operations for the year ended September 30, 2023, the statement of changes in net assets for each of the two years in the period ended September 30, 2023, including the related notes, and the financial highlights for each of the five years in the period ended September 30, 2023 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of September 30, 2023, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended September 30, 2023 and the financial highlights for each of the five years in the period ended September 30, 2023 in conformity with accounting principles generally accepted in the United States of America.

## ***Basis for Opinion***

These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of September 30, 2023 by correspondence with the custodian, transfer agent and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

/s/PricewaterhouseCoopers LLP  
Philadelphia, Pennsylvania  
November 16, 2023

We have served as the auditor of one or more investment companies in The Vanguard Group of Funds since 1975.

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**Tax information (unaudited)**

For corporate shareholders, 97.9%, or if subsequently determined to be different, the maximum percentage allowable by law, of ordinary income (dividend income plus short-term gains, if any) for the fiscal year qualified for the dividends-received deduction.

The fund hereby designates \$138,807,000, or if subsequently determined to be different, the maximum amount allowable by law, as qualified dividend income for individual shareholders for the fiscal year.

The fund hereby designates \$6,464,000, or if subsequently determined to be different, the maximum amount allowable by law, of interest earned from obligations of the U.S. government which is generally exempt from state income tax.

For nonresident alien shareholders, 100% of short-term capital gain dividends distributed by the fund for the fiscal year are qualified short-term capital gains.

The fund distributed \$1,331,390,000 as capital gain dividends (20% rate gain distributions) to shareholders during the fiscal year.

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# 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.

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 205 Vanguard funds.

Information for each trustee and executive officer of the fund appears below. That information, as well as the Vanguard fund count, is as of the date on the cover of this fund report. The mailing address of the trustees and officers is P.O. Box 876, Valley Forge, PA 19482. 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](http://vanguard.com).

## Interested Trustee<sup>1</sup>

### **Mortimer J. Buckley**

Born in 1969. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: chairman of the board (2019–present) of Vanguard and of each of the investment companies served by Vanguard; chief executive officer (2018–present) of Vanguard; chief executive officer, president, and trustee (2018–present) of each of the investment companies served by Vanguard; president and director (2017–present) of Vanguard; and president (2018–present) of Vanguard Marketing Corporation. Chief investment officer (2013–2017), managing director (2002–2017), head of the Retail Investor Group (2006–2012), and chief information officer (2001–2006) of Vanguard. Member of the board of governors of the Investment Company Institute and the board of governors of FINRA.

## Independent Trustees

### **Tara Bunch**

Born in 1962. Trustee since November 2021. Principal occupation(s) during the past five years and other experience: head of global operations at Airbnb (2020–present). Vice president of AppleCare (2012–2020). Member of the board of directors of Out & Equal, the advisory board of the University of California, Berkeley School of Engineering, and the advisory board of Santa Clara University's Leavey School of Business.

### **Emerson U. Fullwood**

Born in 1948. Trustee since January 2008. Principal occupation(s) during the past five years and other experience: executive chief staff and marketing officer for North America and corporate vice president (retired 2008) of Xerox Corporation (document management products and services). Former president of the Worldwide Channels Group, Latin America, and Worldwide Customer Service and executive chief staff officer of Developing Markets of Xerox. Executive in residence and 2009–2010 Distinguished Minett Professor at the Rochester Institute of Technology. Member of the board of directors of the University of Rochester Medical Center, the Monroe Community College Foundation, the United Way of Rochester, North Carolina A&T University, Roberts Wesleyan College, and the Rochester Philharmonic Orchestra. Trustee of the University of Rochester.

### **F. Joseph Loughrey**

Born in 1949. Trustee since October 2009. Principal occupation(s) during the past five years and other experience: president and chief operating officer (retired 2009) and vice chairman of the board (2008–2009) of Cummins Inc. (industrial machinery). Director of the V Foundation. Member of the advisory council for the College of Arts and Letters at the University of Notre Dame. Chairman of the board of Saint Anselm College.

### **Mark Loughridge**

Born in 1953. Trustee since March 2012. Principal occupation(s) during the past five years and other experience: senior vice president and chief financial

<sup>1</sup> Mr. Buckley is considered an "interested person," as defined in the Investment Company Act of 1940, because he is an officer of the Vanguard funds.

officer (retired 2013) of IBM (information technology services). Fiduciary member of IBM's Retirement Plan Committee (2004–2013), senior vice president and general manager (2002–2004) of IBM Global Financing, vice president and controller (1998–2002) of IBM, and a variety of other prior management roles at IBM. Member of the Council on Chicago Booth.

#### **Scott C. Malpass**

Born in 1962. Trustee since March 2012. Principal occupation(s) during the past five years and other experience: chief investment officer (retired 2020) and vice president (retired 2020) of the University of Notre Dame. Chair of the board of Catholic Investment Services, Inc. (investment advisors). Member of the board of superintendence of the Institute for the Works of Religion, the Notre Dame 403(b) Investment Committee, and the board of directors of Paxos Trust Company (finance).

#### **Deanna Mulligan**

Born in 1963. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: chief executive officer of Purposeful (advisory firm for CEOs and C-level executives; 2021–present). Board chair (2020), chief executive officer (2011–2020), and president (2010–2019) of The Guardian Life Insurance Company of America. Chief operating officer (2010–2011) and executive vice president (2008–2010) of Individual Life and Disability of the Guardian Life Insurance Company of America. Director of DuPont. Member of the board of the Economic Club of New York. Trustee of the Partnership for New York City (business leadership), Chief Executives for Corporate Purpose, and the NewYork-Presbyterian Hospital.

#### **André F. Perold**

Born in 1952. Trustee since December 2004. Principal occupation(s) during the past five years and other experience: George Gund Professor of Finance and Banking, Emeritus at the Harvard Business School (retired 2011). Chief investment officer and partner of HighVista Strategies (private investment firm). Member of the board of RIT Capital Partners (investment firm).

#### **Sarah Bloom Raskin**

Born in 1961. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: deputy secretary (2014–2017) of the United States Department of the Treasury. Governor (2010–2014) of the Federal Reserve Board. Commissioner (2007–2010) of financial regulation for the State of Maryland. Colin W. Brown Distinguished Professor of the Practice of Law, Duke Law School (2021–present); Rubenstein Fellow, Duke University (2017–2020); Distinguished Fellow of the Global Financial Markets Center, Duke Law School (2020–2022); and Senior Fellow, Duke Center on Risk

(2020–present). Partner of Kaya Partners (climate policy advisory services). Member of the board of directors of Arcadia (energy solution technology).

#### **Grant Reid**

Born in 1959. Trustee since July 2023. Principal occupation(s) during the past five years and other experience: chief executive officer and president (2014–2022) and member of the board of directors (2015–2022) of Mars, Incorporated (multinational manufacturer). Member of the board of directors of Marriott International, Inc. Chair of Agribusiness Task Force, Sustainable Markets Initiative.

#### **David Thomas**

Born in 1956. Trustee since July 2021. Principal occupation(s) during the past five years and other experience: president of Morehouse College (2018–present). Professor of business administration, emeritus at Harvard University (2017–2018). Dean (2011–2016) and professor of management (2016–2017) at the Georgetown University McDonough School of Business. Director of DTE Energy Company. Trustee of Common Fund.

#### **Peter F. Volanakis**

Born in 1955. Trustee since July 2009. Principal occupation(s) during the past five years and other experience: president and chief operating officer (retired 2010) of Corning Incorporated (communications equipment) and director of Corning Incorporated (2000–2010) and Dow Corning (2001–2010). Director (2012) of SPX Corporation (multi-industry manufacturing). Overseer of the Amos Tuck School of Business Administration, Dartmouth College (2001–2013). Member of the BMW Group Mobility Council.

## Executive Officers

### Jacqueline Angell

Born in 1974. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Chief compliance officer (November 2022–present) of Vanguard and of each of the investment companies served by Vanguard. Chief compliance officer (2018–2022) and deputy chief compliance officer (2017–2019) of State Street.

### Christine M. Buchanan

Born in 1970. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Chief financial officer (2021–present) and treasurer (2017–2022) of each of the investment companies served by Vanguard. Partner (2005–2017) at KPMG (audit, tax, and advisory services).

### John Galloway

Born in 1973. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Investment stewardship officer (September 2020–present) of each of the investment companies served by Vanguard. Head of Investor Advocacy (February 2020–present) and head of Marketing Strategy and Planning (2017–2020) at Vanguard. Special assistant to the President of the United States (2015).

### Ashley Grim

Born in 1984. Principal occupation(s) during the past five years and other experience: treasurer (February 2022–present) of each of the investment companies served by Vanguard. Fund transfer agent controller (2019–2022) and director of Audit Services (2017–2019) at Vanguard. Senior manager (2015–2017) at PriceWaterhouseCoopers (audit and assurance, consulting, and tax services).

### Jodi Miller

Born in 1980. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Finance director (2022–present) of each of the investment companies served by Vanguard. Head of Enterprise Investment Services (2020–present), head of Retail Client Services and Operations (2020–2022), and head of Retail Strategic Support (2018–2020) at Vanguard.

### Anne E. Robinson

Born in 1970. Principal occupation(s) during the past five years and other experience: general counsel (2016–present) of Vanguard. Secretary (2016–present) of Vanguard and of each of the investment companies served by Vanguard. Managing director (2016–present) of Vanguard. Managing director and general counsel of Global Cards and Consumer Services (2014–2016) at Citigroup. Counsel (2003–2014) at American Express. Nonexecutive director (2022–present) of the board of National Grid (energy).

### Michael Rollings

Born in 1963. Principal occupation(s) during the past five years and other experience: finance director (2017–present) and treasurer (2017) of each of the investment companies served by Vanguard. Managing director (2016–present) of Vanguard. Chief financial officer (2016–present) of Vanguard. Director (2016–present) of Vanguard Marketing Corporation. Executive vice president and chief financial officer (2006–2016) of MassMutual Financial Group.

## Vanguard Senior Management Team

Matthew Benchener

Joseph Brennan

Mortimer J. Buckley

Gregory Davis

John James

Chris D. McIsaac

Thomas M. Rampulla

Karin A. Risi

Anne E. Robinson

Michael Rollings

Nitin Tandon

Lauren Valente



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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 Morningstar, Inc., unless otherwise noted.

You can obtain a free copy of Vanguard's proxy voting guidelines by visiting [vanguard.com/proxyreporting](https://vanguard.com/proxyreporting) or by calling Vanguard at 800-662-2739. The guidelines are also available from the SEC's website, [www.sec.gov](https://www.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](https://vanguard.com/proxyreporting) or [www.sec.gov](https://www.sec.gov).

You can review information about your fund on the SEC's website, and you can receive copies of this information, for a fee, by sending a request via email addressed to [publicinfo@sec.gov](mailto:publicinfo@sec.gov).

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