



Semiannual Report | March 31, 2023

Vanguard Capital Opportunity Fund

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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 March 31, 2023

	Beginning Account Value 9/30/2022	Ending Account Value 3/31/2023	Expenses Paid During Period
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Based on Actual Fund Return

Capital Opportunity Fund

Investor Shares	\$1,000.00	\$1,166.00	\$2.32
Admiral™ Shares	1,000.00	1,166.30	1.94

Based on Hypothetical 5% Yearly Return

Capital Opportunity Fund

Investor Shares	\$1,000.00	\$1,022.79	\$2.17
Admiral Shares	1,000.00	1,023.14	1.82

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 (182/365).

Capital Opportunity Fund

Fund Allocation

As of March 31, 2023

Communication Services	5.7%
Consumer Discretionary	10.4
Consumer Staples	0.0
Energy	3.5
Financials	8.1
Health Care	34.1
Industrials	12.3
Information Technology	25.4
Materials	0.5

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 (unaudited)

Schedule of Investments

As of March 31, 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.

	Shares	Market Value* (\$000)	Shares	Market Value* (\$000)
Common Stocks (95.8%)				
Communication Services (5.4%)				
* Alphabet Inc. Class A	2,426,230	251,673	* DoorDash Inc. Class A	106,050
* Baidu Inc. ADR	1,617,300	244,083	* Norwegian Cruise Line Holdings Ltd.	457,425
* Alphabet Inc. Class C	2,123,780	220,873	Newell Brands Inc.	400,000
* Pinterest Inc. Class A	2,880,350	78,547	* Rivian Automotive Inc. Class A	254,200
* Meta Platforms Inc. Class A	285,400	60,488	* Deckers Outdoor Corp.	2,900
Electronic Arts Inc.	426,800	51,408	* Five Below Inc.	2,300
* Trade Desk Inc. Class A	562,000	34,231		474
* Live Nation Entertainment Inc.	147,100	10,297		
* Roblox Corp. Class A	205,300	9,234		
* Netflix Inc.	24,010	8,295		
* Walt Disney Co.	56,757	5,683		
* ZoomInfo Technologies Inc. Class A	175,700	4,342		
* Snap Inc. Class A	22,500	252		
		979,406		
Consumer Discretionary (10.0%)				
* Tesla Inc.	1,493,390	309,819		
* Alibaba Group Holding Ltd. ADR	2,451,700	250,515		
TJX Cos. Inc.	2,707,400	212,152		
Sony Group Corp. ADR	1,482,925	134,427		
* Entain plc	7,991,662	124,111		
* CarMax Inc.	1,716,597	110,343		
* Amazon.com Inc.	900,500	93,013		
* Capri Holdings Ltd.	1,735,637	81,575		
* Xpeng Inc. ADR	6,965,719	77,389		
* Royal Caribbean Cruises Ltd.	1,171,700	76,512		
* Mobileye Global Inc.	1,547,600	66,965		
Ross Stores Inc.	408,900	43,397		
* Burlington Stores Inc.	156,300	31,588		
* Flutter Entertainment plc (XDUB)	170,598	30,783		
eBay Inc.	549,370	24,376		
Marriott International Inc. Class A	140,500	23,329		
Restaurant Brands International Inc.	276,600	18,571		
* Ollie's Bargain Outlet Holdings Inc.	310,890	18,013		
* Carnival Corp.	1,577,945	16,016		
* Las Vegas Sands Corp.	224,100	12,874		
* Ulta Beauty Inc.	23,000	12,550		
Hilton Worldwide Holdings Inc.	76,333	10,753		

	Shares	Market Value* (\$000)	Shares	Market Value* (\$000)
Citigroup Inc.	68,100	3,193		
		1,402,580		
Health Care (32.7%)				
Eli Lilly & Co.	3,482,868	1,196,087	* Delta Air Lines Inc.	2,779,410
* Biogen Inc.	2,180,247	606,174	* American Airlines Group Inc.	4,797,250
* BioMarin Pharmaceutical Inc.	5,350,500	520,283	TransDigm Group Inc.	86,419
Amgen Inc.	2,120,759	512,694	Curtiss-Wright Corp.	302,700
* Seagen Inc.	2,164,024	438,150	IDEX Corp.	194,070
Thermo Fisher Scientific Inc.	478,330	275,695	Textron Inc.	533,290
BioNTech SE ADR	2,166,336	269,860	Old Dominion Freight Line Inc.	90,500
* Boston Scientific Corp.	4,568,106	228,542	* Ryanair Holdings plc ADR	249,500
* BeiGene Ltd. ADR	1,029,931	221,981	GFL Environmental Inc. (XTSE)	633,100
Bristol-Myers Squibb Co.	3,082,650	213,658	* Uber Technologies Inc.	562,600
Novartis AG ADR	2,230,990	205,251	AMETEK Inc.	120,000
AstraZeneca plc ADR	2,244,260	155,774	Caterpillar Inc.	60,000
* Edwards Lifesciences Corp.	1,408,900	116,558	Carrier Global Corp.	268,900
Roche Holding AG	337,338	96,392	Union Pacific Corp.	60,000
* ² FibroGen Inc.	5,160,071	96,287	* JetBlue Airways Corp.	1,638,000
Zimmer Biomet Holdings Inc.	666,210	86,074	Rockwell Automation Inc.	38,820
* Elanco Animal Health Inc. (XNYS)	8,923,106	83,877	* Lyft Inc. Class A	1,168,585
PerkinElmer Inc.	617,880	82,339	* Aurora Innovation Inc.	7,030,000
* LivaNova plc	1,756,220	76,536	* TuSimple Holdings Inc. Class A	12,000
* QIAGEN NV	1,520,507	69,837		18
* Alkermes plc	2,247,570	63,359		2,131,776
* Illumina Inc.	268,970	62,549	Information Technology (24.3%)	
* Charles River Laboratories International Inc.	254,900	51,444	Microsoft Corp.	1,380,300
Abbott Laboratories	360,200	36,474	* Flex Ltd.	15,007,952
Agilent Technologies Inc.	200,700	27,765	KLA Corp.	786,090
* Neurocrine Biosciences Inc.	259,600	26,277	Micron Technology Inc.	4,962,357
* ¹ Allogene Therapeutics Inc.	3,377,879	16,687	Texas Instruments Inc.	1,471,940
Medtronic plc	144,000	11,609	* Splunk Inc.	2,704,200
Danaher Corp.	34,195	8,619	ASML Holding NV GDR (Registered)	343,567
Alcon Inc.	118,960	8,391	* Adobe Inc.	592,900
Siemens Healthineers AG	133,680	7,707	Intel Corp.	5,681,930
* Waters Corp.	21,596	6,687	NetApp Inc.	2,747,610
* Omnicell Inc.	95,960	5,630	* Trimble Inc.	3,128,371
* Repligen Corp.	24,608	4,143	* Descartes Systems Group Inc.	1,947,265
* Bridgebio Pharma Inc.	215,900	3,580	Corning Inc.	3,032,324
* IQVIA Holdings Inc.	9,292	1,848	Entegris Inc.	967,700
* Guardant Health Inc.	51,586	1,209	Intuit Inc.	164,250
Humania Inc.	1,875	910	Oracle Corp.	656,200
* Immunogen Inc.	89,900	345	* Nutanix Inc. Class A	2,043,619
* Adaptive Biotechnologies Corp.	28,100	248	Teradyne Inc.	472,100
* Zimvie Inc.	28,210	204	* FormFactor Inc.	1,485,241
		5,897,734	HP Inc.	1,600,660
Industrials (11.8%)			* Wolfspeed Inc.	704,600
FedEx Corp.	1,649,274	376,843	Hewlett Packard Enterprise Co.	2,703,040
AECOM	4,030,776	339,875	* Salesforce Inc.	213,100
Jacobs Solutions Inc.	2,223,989	261,341	* Autodesk Inc.	157,600
Southwest Airlines Co.	7,705,679	250,743	* BlackBerry Ltd.	6,635,476
* Airbus SE	1,363,020	182,055	* Zoom Video Communications Inc. Class A	359,950
* United Airlines Holdings Inc.	3,617,083	160,056	* Keysight Technologies Inc.	154,650
			* VMware Inc. Class A	180,000
			* Analog Devices Inc.	90,000
			* MongoDB Inc. Class A	58,050
				13,533

Capital Opportunity Fund

	Shares	Market Value* (\$000)
* Unity Software Inc.	393,884	12,778
* Palo Alto Networks Inc.	62,250	12,434
* CrowdStrike Holdings Inc. Class A	59,300	8,139
* Western Digital Corp.	153,280	5,774
* Okta Inc.	58,716	5,064
* Gitlab Inc. Class A	95,300	3,268
Marvell Technology Inc.	35,900	1,554
Applied Materials Inc.	10,700	1,314
Telefonaktiebolaget LM Ericsson ADR	199,200	1,165
* HubSpot Inc.	900	386
* RingCentral Inc. Class A	3,000	92
* Arista Networks Inc.	200	34
* DocuSign Inc. Class A	200	12
		<u>4,395,317</u>
Materials (0.4%)		
* Ivanhoe Mines Ltd. Class A	7,095,800	64,106
Albemarle Corp.	79,500	17,573
		<u>81,679</u>
Total Common Stocks (Cost \$7,763,048)		17,303,420
Temporary Cash Investments (5.0%)		
Money Market Fund (5.0%)		
^{4,5} Vanguard Market Liquidity Fund, 4.839% (Cost \$905,295)	9,055,423	905,452
Total Investments (100.8%) (Cost \$8,668,343)		18,208,872
Other Assets and Liabilities—Net (-0.8%)		(151,254)
Net Assets (100%)		18,057,618

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 \$147,586,000.
- 2 Considered an affiliated company of the fund as the fund owns more than 5% of the outstanding voting securities of such company.
- 3 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 March 31, 2023, the aggregate value was \$7,707,000, representing 0.0% of net assets.
- 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 \$154,892,000 was received for securities on loan.
ADR—American Depository Receipt.
GDR—Global Depository Receipt.

Statement of Assets and Liabilities

As of March 31, 2023

(\$000s, except shares, footnotes, and per-share amounts)	Amount
Assets	
Investments in Securities, at Value ¹	
Unaffiliated Issuers (Cost \$7,597,087)	17,207,133
Affiliated Issuers (Cost \$1,071,256)	1,001,739
Total Investments in Securities	18,208,872
Investment in Vanguard	637
Receivables for Investment Securities Sold	5,205
Receivables for Accrued Income	15,702
Receivables for Capital Shares Issued	6,402
Total Assets	18,236,818
Liabilities	
Due to Custodian	4,439
Payables for Investment Securities Purchased	3,153
Collateral for Securities on Loan	154,892
Payables to Investment Advisor	10,324
Payables for Capital Shares Redeemed	5,367
Payables to Vanguard	1,025
Total Liabilities	179,200
Net Assets	18,057,618

1 Includes \$147,586,000 of securities on loan.

At March 31, 2023, net assets consisted of:

Paid-in Capital	8,195,581
Total Distributable Earnings (Loss)	9,862,037
Net Assets	18,057,618

Investor Shares—Net Assets

Applicable to 18,131,356 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	1,228,332
Net Asset Value Per Share—Investor Shares	\$67.75

Admiral Shares—Net Assets

Applicable to 107,643,136 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	16,829,286
Net Asset Value Per Share—Admiral Shares	\$156.34

Statement of Operations

Six Months Ended
March 31, 2023

(\$000)

	(\$000)
Investment Income	
Income	
Dividends—Unaffiliated Issuers ¹	101,065
Interest—Unaffiliated Issuers	—
Interest—Affiliated Issuers	14,676
Securities Lending—Net	2,641
Total Income	118,382
Expenses	
Investment Advisory Fees—Note B	20,281
The Vanguard Group—Note C	
Management and Administrative—Investor Shares	1,147
Management and Administrative—Admiral Shares	9,944
Marketing and Distribution—Investor Shares	23
Marketing and Distribution—Admiral Shares	241
Custodian Fees	246
Shareholders' Reports—Investor Shares	15
Shareholders' Reports—Admiral Shares	47
Trustees' Fees and Expenses	4
Other Expenses	6
Total Expenses	31,954
Net Investment Income	86,428
Realized Net Gain (Loss)	
Capital Gains Distributions Received – Affiliated Issuers	2
Investment Securities Sold—Unaffiliated Issuers	330,988
Investment Securities Sold—Affiliated Issuers	22
Foreign Currencies	(27)
Realized Net Gain (Loss)	330,985
Change in Unrealized Appreciation (Depreciation)	
Investment Securities—Unaffiliated Issuers	2,155,200
Investment Securities—Affiliated Issuers	27,652
Foreign Currencies	141
Change in Unrealized Appreciation (Depreciation)	2,182,993
Net Increase (Decrease) in Net Assets Resulting from Operations	2,600,406

1 Dividends are net of foreign withholding taxes of \$2,066,000.

Statement of Changes in Net Assets

	Six Months Ended March 31, 2023	Year Ended September 30, 2022
	(\$000)	(\$000)
Increase (Decrease) in Net Assets		
Operations		
Net Investment Income	86,428	128,506
Realized Net Gain (Loss)	330,985	1,535,394
Change in Unrealized Appreciation (Depreciation)	2,182,993	(5,703,778)
Net Increase (Decrease) in Net Assets Resulting from Operations	2,600,406	(4,039,878)
Distributions		
Investor Shares	(101,100)	(149,097)
Admiral Shares	(1,356,592)	(1,902,569)
Total Distributions	(1,457,692)	(2,051,666)
Capital Share Transactions		
Investor Shares	33,992	(33,541)
Admiral Shares	1,071,102	1,122,357
Net Increase (Decrease) from Capital Share Transactions	1,105,094	1,088,816
Total Increase (Decrease)	2,247,808	(5,002,728)
Net Assets		
Beginning of Period	15,809,810	20,812,538
End of Period	18,057,618	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	Six Months Ended March 31,		Year Ended September 30,			
	2023	2022	2021	2020	2019	2018
Net Asset Value, Beginning of Period	\$63.49	\$88.53	\$71.69	\$64.38	\$75.87	\$65.51
Investment Operations						
Net Investment Income ¹	.312	.470	.276	.454	.549	.428
Net Realized and Unrealized Gain (Loss) on Investments	9.811	(16.748)	23.563	11.233	(5.116)	12.957
Total from Investment Operations	10.123	(16.278)	23.839	11.687	(4.567)	13.385
Distributions						
Dividends from Net Investment Income	(.506)	(.295)	(.334)	(.501)	(.473)	(.449)
Distributions from Realized Capital Gains	(5.357)	(8.467)	(6.665)	(3.876)	(6.450)	(2.576)
Total Distributions	(5.863)	(8.762)	(6.999)	(4.377)	(6.923)	(3.025)
Net Asset Value, End of Period	\$67.75	\$63.49	\$88.53	\$71.69	\$64.38	\$75.87
Total Return²	16.60%	-20.45%	34.75%	18.52%	-5.01%	21.03%
Ratios/Supplemental Data						
Net Assets, End of Period (Millions)	\$1,228	\$1,114	\$1,585	\$1,518	\$1,684	\$2,065
Ratio of Total Expenses to Average Net Assets	0.43%	0.43% ³	0.43%	0.44%	0.44%	0.43%
Ratio of Net Investment Income to Average Net Assets	0.91%	0.61%	0.33%	0.69%	0.84%	0.62%
Portfolio Turnover Rate	5%	6%	7%	8%	6%	10%

The expense ratio and net investment income ratio for the current period have been annualized.

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	Six Months Ended March 31, 2023	Year Ended September 30,				
		2022	2021	2020	2019	2018
Net Asset Value, Beginning of Period	\$146.60	\$204.49	\$165.62	\$148.73	\$175.34	\$151.28
Investment Operations						
Net Investment Income ¹	.777	1.215	.775	1.148	1.374	1.103
Net Realized and Unrealized Gain (Loss) on Investments	22.626	(38.672)	54.409	25.968	(11.834)	29.937
Total from Investment Operations	23.403	(37.457)	55.184	27.116	(10.460)	31.040
Distributions						
Dividends from Net Investment Income	(1.293)	(.873)	(.916)	(1.270)	(1.241)	(1.030)
Distributions from Realized Capital Gains	(12.370)	(19.560)	(15.398)	(8.956)	(14.909)	(5.950)
Total Distributions	(13.663)	(20.433)	(16.314)	(10.226)	(16.150)	(6.980)
Net Asset Value, End of Period	\$156.34	\$146.60	\$204.49	\$165.62	\$148.73	\$175.34
Total Return²	16.63%	-20.39%	34.84%	18.60%	-4.95%	21.12%
Ratios/Supplemental Data						
Net Assets, End of Period (Millions)	\$16,829	\$14,696	\$19,228	\$15,395	\$14,618	\$16,372
Ratio of Total Expenses to Average Net Assets	0.36%	0.36% ³	0.36%	0.37%	0.37%	0.36%
Ratio of Net Investment Income to Average Net Assets	0.98%	0.68%	0.40%	0.76%	0.91%	0.69%
Portfolio Turnover Rate	5%	6%	7%	8%	6%	10%

The expense ratio and net investment income ratio for the current period have been annualized.

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.

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.

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 six months ended March 31, 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 six months ended March 31, 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 March 31, 2023, the fund had contributed to Vanguard capital in the amount of \$637,000, representing less than 0.01% of the fund's net assets and 0.25% of Vanguard's capital received pursuant to the FSA. The fund's trustees and officers are also directors and employees, respectively, of Vanguard.

D. 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.

The following table summarizes the market value of the fund's investments as of March 31, 2023, based on the inputs used to value them:

	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)	Total (\$000)
Investments				
Assets				
Common Stocks	16,862,372	441,048	—	17,303,420
Temporary Cash Investments	905,452	—	—	905,452
Total	17,767,824	441,048	—	18,208,872

E. As of March 31, 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	8,681,764
Gross Unrealized Appreciation	10,389,641
Gross Unrealized Depreciation	(862,533)
Net Unrealized Appreciation (Depreciation)	9,527,108

F. During the six months ended March 31, 2023, the fund purchased \$756,211,000 of investment securities and sold \$870,428,000 of investment securities, other than temporary cash investments.

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

	Six Months Ended March 31, 2023		Year Ended September 30, 2022	
	Amount (\$000)	Shares (000)	Amount (\$000)	Shares (000)
Investor Shares				
Issued	53,056	780	106,036	1,323
Issued in Lieu of Cash Distributions	90,111	1,424	133,246	1,662
Redeemed	(109,175)	(1,612)	(272,823)	(3,348)
Net Increase (Decrease)—Investor Shares	33,992	592	(33,541)	(363)
Admiral Shares				
Issued	672,177	4,336	993,989	5,809
Issued in Lieu of Cash Distributions	1,175,772	8,055	1,647,533	8,903
Redeemed	(776,847)	(4,992)	(1,519,165)	(8,496)
Net Increase (Decrease)—Admiral Shares	1,071,102	7,399	1,122,357	6,216

H. 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:

	Current Period Transactions								
Sep. 30, 2022	Purchases at Cost (\$000)	Proceeds from Securities Sold (\$000)	Realized Net Gain (Loss) (\$000)	Change in Unrealized App. (Dep.) (\$000)	Capital Gain Distributions Received (\$000)	Mar. 31, 2023	Market Value (\$000)		
FibroGen Inc.	NA ¹	10,771	—	—	27,479	—	—	96,287	
Vanguard Market Liquidity Fund	1,004,465	NA ²	NA ²	22	173	14,676	2	905,452	
Total	1,004,465	10,771	—	22	27,652	14,676	2	1,001,739	

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.

I. Management has determined that no events or transactions occurred subsequent to March 31, 2023, that would require recognition or disclosure in these financial statements.

Trustees Approve Advisory Arrangement

The board of trustees of Vanguard Capital Opportunity Fund has renewed the fund's investment advisory arrangement with PRIMECAP Management Company (PRIMECAP). The board determined that renewing the fund's advisory arrangement was in the best interests of the fund and its shareholders.

The board based its decision upon an evaluation of the advisor's investment staff, portfolio management process, and performance. This evaluation included information provided to the board by Vanguard's Portfolio Review Department, which is responsible for fund and advisor oversight and product management. The Portfolio Review Department met regularly with the advisor and made monthly presentations to the board during the fiscal year that directed the board's focus to relevant information and topics.

The board, or an investment committee made up of board members, also received information throughout the year during advisor presentations. For each advisor presentation, the board was provided with letters and reports that included information about, among other things, the advisory firm and the advisor's assessment of the investment environment, portfolio performance, and portfolio characteristics.

In addition, the board received periodic reports throughout the year, which included information about the fund's performance relative to its peers and benchmark, as applicable, and updates, as needed, on the Portfolio Review Department's ongoing assessment of the advisor.

Prior to their meeting, the trustees were provided with a memo and materials that summarized the information they received over the course of the year. They also considered the factors discussed below, among others. However, no single factor determined whether the board approved the arrangement. Rather, it was the totality of the circumstances that drove the board's decision.

Nature, extent, and quality of services

The board reviewed the quality of the fund's investment management services over both the short and long term, and took into account the organizational depth and stability of the advisor. The board considered that PRIMECAP, founded in 1983, located in Pasadena, California, is recognized for its long-term approach to growth-equity investing. The portfolio managers are responsible for separate sub-portfolios, and each portfolio manager employs a fundamental, research-driven approach in seeking to identify companies with long-term growth potential that the market has yet to appreciate. The multi-counselor approach that the advisor employs is designed to emphasize individual decision-making and enable the portfolio managers to invest only in their highest-conviction ideas. PRIMECAP's fundamental research focuses on developing opinions independent from Wall Street's consensus and maintaining a long-term horizon. PRIMECAP has managed the fund since 1998. The board concluded that the advisor's experience, stability, depth, and performance, among other factors, warranted continuation of the advisory arrangement.

Investment performance

The board considered the short- and long-term performance of the fund, including any periods of outperformance or underperformance compared with a relevant benchmark index and peer group. The board concluded that the performance was such that the advisory arrangement should continue.

Cost

The board concluded that the fund's expense ratio was below the average expense ratio charged by funds in its peer group and that the fund's advisory fee rate was also below the peer-group average.

The board did not consider the profitability of PRIMECAP in determining whether to approve the advisory fee, because PRIMECAP is independent of Vanguard and the advisory fee is the result of arm's-length negotiations.

The benefit of economies of scale

The board concluded that the fund's shareholders benefit from economies of scale because of breakpoints in the fund's advisory fee schedule for PRIMECAP. The breakpoints reduce the effective rate of the fee as the fund's assets increase.

The board will consider whether to renew the advisory arrangement again after a one-year period.

Liquidity Risk Management

Vanguard funds (except for the money market funds) have adopted and implemented a written liquidity risk management program (the “Program”) as required by Rule 22e-4 under the Investment Company Act of 1940. Rule 22e-4 requires that each fund adopt a program that is reasonably designed to assess and manage the fund’s liquidity risk, which is the risk that the fund could not meet redemption requests without significant dilution of remaining investors’ interests in the fund.

Assessment and management of a fund’s liquidity risk under the Program take into consideration certain factors, such as the fund’s investment strategy and the liquidity of its portfolio investments during normal and reasonably foreseeable stressed conditions, its short- and long-term cash-flow projections during both normal and reasonably foreseeable stressed conditions, and its cash and cash-equivalent holdings and access to other funding sources. As required by the rule, the Program includes policies and procedures for classification of fund portfolio holdings in four liquidity categories, maintaining certain levels of highly liquid investments, and limiting holdings of illiquid investments.

The board of trustees of Vanguard Horizon Funds approved the appointment of liquidity risk management program administrators responsible for administering Vanguard Capital Opportunity Fund’s Program and for carrying out the specific responsibilities set forth in the Program, including reporting to the board on at least an annual basis regarding the Program’s operation, its adequacy, and the effectiveness of its implementation for the past year (the “Program Administrator Report”). The board has reviewed the Program Administrator Report covering the period from January 1, 2022, through December 31, 2022 (the “Review Period”). The Program Administrator Report stated that during the Review Period the Program operated and was implemented effectively to manage the fund’s liquidity risk.

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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.