

Semiannual Report | March 31, 2023

Vanguard Strategic Equity 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

Strategic Equity Fund	Beginning Account Value 9/30/2022	Ending Account Value 3/31/2023	Expenses Paid During Period
Based on Actual Fund Return	\$1,000.00	\$1,150.20	\$0.91
Based on Hypothetical 5% Yearly Return	1,000.00	1,024.08	0.86

The calculations are based on expenses incurred in the most recent six-month period. The fund's annualized six-month expense ratio for that period is 0.17%. 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).

Strategic Equity Fund

Fund Allocation

As of March 31, 2023

Communication Services	3.9%
Consumer Discretionary	12.2
Consumer Staples	4.2
Energy	4.4
Financials	13.7
Health Care	12.0
Industrials	16.2
Information Technology	14.8
Materials	5.7
Real Estate	7.4
Utilities	5.5

The table reflects the fund's investments, except for short-term investments and derivatives. 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 (99.5%)					
Communication Services (3.9%)					
* Live Nation Entertainment Inc.	619,886	43,392	LKQ Corp.	579,257	32,879
Iridium Communications Inc.	513,004	31,770	Tapestry Inc.	761,653	32,835
* Yelp Inc. Class A	927,674	28,480	* Skyline Champion Corp.	420,089	31,603
New York Times Co. Class A	612,870	23,828	* Capri Holdings Ltd.	580,513	27,284
* Match Group Inc.	524,408	20,132	Travel & Leisure Co.	628,742	24,647
News Corp. Class B	722,116	12,586	Toll Brothers Inc.	408,774	24,539
* Pinterest Inc. Class A	442,378	12,064	* Tri Pointe Homes Inc.	887,192	22,464
Madison Square Garden Sports Corp.	61,686	12,019	Buckle Inc.	503,737	17,978
Omnicom Group Inc.	104,477	9,856	Brunswick Corp.	216,597	17,761
* TripAdvisor Inc.	470,103	9,336	Winnabago Industries Inc.	628,742	16,568
Cable One Inc.	13,200	9,266	* Cavco Industries Inc.	52,018	16,528
Cogent Communications Holdings Inc.	138,803	8,845	* SeaWorld Entertainment Inc.	262,055	16,067
Interpublic Group of Cos. Inc.	222,258	8,277	Harley-Davidson Inc.	404,130	15,345
Shutterstock Inc.	95,151	6,908	Bath & Body Works Inc.	391,982	14,339
* ZipRecruiter Inc. Class A	264,455	4,215	Wendy's Co.	588,370	12,815
* PubMatic Inc. Class A	295,486	4,084	Macy's Inc.	680,819	11,907
* AMC Entertainment Holdings Inc. Class A	780,214	3,909	* Hyatt Hotels Corp. Class A	104,175	11,646
* Altice USA Inc. Class A	1,094,730	3,744	Murphy USA Inc.	44,637	11,519
News Corp. Class A	213,779	3,692	Tractor Supply Co.	45,976	10,806
* Playtika Holding Corp.	293,491	3,305	* Taylor Morrison Home Corp. Class A	274,196	10,491
Sinclair Broadcast Group Inc. Class A	157,702	2,706	* Caesars Entertainment Inc.	211,247	10,311
Lumen Technologies Inc.	804,011	2,131	* Stride Inc.	262,431	10,300
* fuboTV Inc.	1,714,800	2,075	PVH Corp.	93,914	8,373
Fox Corp. Class B	53,838	1,686	Texas Roadhouse Inc. Class A	74,409	8,041
* Cinemark Holdings Inc.	105,415	1,559	* Shake Shack Inc. Class A	142,818	7,925
Warner Music Group Corp. Class A	46,066	1,537	Red Rock Resorts Inc. Class A	174,483	7,777
* ZoomInfo Technologies Inc. Class A	53,257	1,316	Signet Jewelers Ltd.	98,283	7,644
* Liberty Media Corp.- Liberty SiriusXM Class C	36,649	1,026	* Under Armour Inc. Class C	893,495	7,621
		273,744	*.1 Chevy Inc. Class A	190,636	7,126
Consumer Discretionary (12.1%)					
Genuine Parts Co.	337,116	56,403	* Goodyear Tire & Rubber Co.	636,567	7,015
* Ulta Beauty Inc.	77,832	42,471	Meritage Homes Corp.	58,954	6,883
Boyd Gaming Corp.	616,528	39,532	Academy Sports & Outdoors Inc.	105,360	6,875
* AutoNation Inc.	288,657	38,784	Dine Brands Global Inc.	98,320	6,650
* NVR Inc.	6,100	33,990	Marriott Vacations Worldwide Corp.	47,296	6,378
* Expedia Group Inc.	342,568	33,239	ADT Inc.	857,702	6,201
			* Chegg Inc.	372,448	6,071
			Steven Madden Ltd.	167,382	6,026
			Etsy Inc.	53,678	5,976
			MGM Resorts International	119,743	5,319
			* Abercrombie & Fitch Co. Class A	191,138	5,304
			* Grand Canyon Education Inc.	44,337	5,050

Strategic Equity Fund

	Shares	Market Value* (\$'000)		Shares	Market Value* (\$'000)
Patrick Industries Inc.	72,229	4,970	Energizer Holdings Inc.	53,990	1,873
* Hilton Grand Vacations Inc.	103,910	4,617	* United Natural Foods Inc.	42,074	1,109
Williams-Sonoma Inc.	37,132	4,517			296,166
* VVV International Inc.	1,083,540	4,464	Energy (4.4%)		
* Everi Holdings Inc.	259,747	4,455	Halliburton Co.	1,364,990	43,188
* American Axle & Manufacturing Holdings Inc.	550,818	4,302	APA Corp.	666,673	24,040
* Penn Entertainment Inc.	144,743	4,293	Plains GP Holdings LP Class A	1,591,070	20,875
Columbia Sportswear Co.	46,183	4,168	Liberty Energy Inc. Class A	1,573,332	20,154
Qurate Retail Inc. Series A	3,889,336	3,842	SM Energy Co.	700,728	19,733
Service Corp. International	54,234	3,730	Marathon Oil Corp.	822,473	19,707
PulteGroup Inc.	60,839	3,546	PDC Energy Inc.	286,585	18,393
*1 Stitch Fix Inc. Class A	663,101	3,388	* Southwestern Energy Co.	2,608,008	13,040
*1 Luminar Technologies Inc. Class A	467,746	3,036	* Weatherford International plc	219,186	13,009
* Deckers Outdoor Corp.	6,343	2,851	* Par Pacific Holdings Inc.	406,363	11,866
Jack in the Box Inc.	28,238	2,473	Helmerich & Payne Inc.	323,108	11,551
* Visteon Corp.	15,643	2,453	* Nabors Industries Ltd. (XNYS)	94,656	11,540
* Six Flags Entertainment Corp.	88,971	2,376	Range Resources Corp.	390,142	10,327
Group 1 Automotive Inc.	10,042	2,274	Diamondback Energy Inc.	70,760	9,565
* Dave & Buster's Entertainment Inc.	56,705	2,086	Ovintiv Inc. (XNYS)	263,278	9,499
Hibbett Inc.	32,602	1,923	Delek US Holdings Inc.	364,222	8,359
Century Communities Inc.	29,065	1,858	* Talos Energy Inc.	438,534	6,508
* Fox Factory Holding Corp.	14,826	1,799	* W&T Offshore Inc.	1,116,613	5,672
* MarineMax Inc.	61,798	1,777	* Kosmos Energy Ltd.	757,987	5,639
Aaron's Co. Inc.	166,515	1,609	Murphy Oil Corp.	136,424	5,045
XPEL Inc.	23,631	1,606	* US Silica Holdings Inc.	248,236	2,964
Oxford Industries Inc.	14,790	1,562	* NextTier Oilfield Solutions Inc.	367,976	2,925
* Brinker International Inc.	38,651	1,469	Patterson-UTI Energy Inc.	244,087	2,856
Vail Resorts Inc.	6,009	1,404	* Gulfport Energy Corp.	32,692	2,615
Wyndham Hotels & Resorts Inc.	18,073	1,226	* Oceanenergy International Inc.	114,680	2,022
		857,380	* Denbury Inc.	22,609	1,981
Consumer Staples (4.2%)			* ProPetro Holding Corp.	248,363	1,786
Cal-Maine Foods Inc.	502,459	30,595	* Equitrans Midstream Corp.	261,770	1,513
Lamb Weston Holdings Inc.	261,777	27,361	* Callon Petroleum Co.	35,711	1,194
Ingles Markets Inc. Class A	233,625	20,723			307,566
* elf Beauty Inc.	243,887	20,084	Financials (13.7%)		
J M Smucker Co.	123,000	19,357	W R Berkley Corp.	712,926	44,387
Flowers Foods Inc.	547,163	14,998	Radian Group Inc.	1,922,984	42,498
Coca-Cola Consolidated Inc.	27,004	14,449	LPL Financial Holdings Inc.	196,265	39,724
Ingredient Inc.	138,389	14,078	MGIC Investment Corp.	2,888,468	38,763
Conagra Brands Inc.	368,677	13,848	Equitable Holdings Inc.	1,483,433	37,664
* Pilgrim's Pride Corp.	575,645	13,343	Essent Group Ltd.	785,379	31,454
* Coty Inc. Class A	1,072,093	12,929	Hartford Financial Services Group Inc.	450,494	31,395
* Darling Ingredients Inc.	220,890	12,900	CNO Financial Group Inc.	1,266,498	28,104
Campbell Soup Co.	204,239	11,229	Affiliated Managers Group Inc.	178,125	25,369
* Herbalife Nutrition Ltd.	650,804	10,478	Stifel Financial Corp.	425,657	25,152
Medifast Inc.	90,978	9,432	American Financial Group Inc.	201,567	24,490
Church & Dwight Co. Inc.	99,678	8,813	Evercore Inc. Class A	190,093	21,933
* Hostess Brands Inc. Class A	325,526	8,099	Fidelity National Financial Inc.	609,597	21,293
* Dollar Tree Inc.	53,133	7,627	Cboe Global Markets Inc.	150,584	20,214
* USANA Health Sciences Inc.	72,128	4,537	Popular Inc.	347,667	19,960
Casey's General Stores Inc.	20,391	4,414	FNB Corp.	1,706,735	19,798
* Sprouts Farmers Market Inc.	89,223	3,125	Synovus Financial Corp.	630,189	19,429
Vector Group Ltd.	247,366	2,971	SouthState Corp.	269,992	19,240
* Performance Food Group Co.	45,639	2,754	Comerica Inc.	442,193	19,200
* Hain Celestial Group Inc.	153,304	2,629	Zions Bancorp NA	636,841	19,061
* Beauty Health Co.	190,924	2,411	Loews Corp.	328,295	19,048
			SLM Corp.	1,478,870	18,323
			Primerica Inc.	102,585	17,669

Strategic Equity Fund

	Shares	Market Value* (\$000)		Shares	Market Value* (\$000)
Tradeweb Markets Inc. Class A	222,884	17,612	Health Care (11.9%)		
Carlyle Group Inc.	566,903	17,608	AmerisourceBergen Corp. Class A	302,801	48,481
First BanCorp. (XNYS)	1,409,763	16,099	Chemed Corp.	86,238	46,374
Regions Financial Corp.	841,751	15,623	* Alkermes plc	1,443,943	40,705
Fifth Third Bancorp	554,513	14,772	* Tenet Healthcare Corp.	567,077	33,696
Hancock Whitney Corp.	402,753	14,660	Bruker Corp.	408,280	32,189
International Bancshares Corp.	310,505	13,296	West Pharmaceutical Services Inc.	78,077	27,051
Columbia Banking System Inc.	607,341	13,009	* IQVIA Holdings Inc.	135,568	26,963
Old National Bancorp	901,422	12,998	* Mettler-Toledo International Inc.	17,308	26,485
Synchrony Financial	445,334	12,950	* Medpace Holdings Inc.	136,773	25,720
Everest Re Group Ltd.	35,717	12,787	* Inspire Medical Systems Inc.	105,074	24,595
Unum Group	316,078	12,504	* Teladoc Health Inc.	919,900	23,825
* Robinhood Markets Inc. Class A	1,164,424	11,307	* AMN Healthcare Services Inc.	284,640	23,614
Wintrust Financial Corp.	147,161	10,735	* Lantheus Holdings Inc.	264,064	21,801
Hanover Insurance Group Inc.	74,595	9,585	* Incyte Corp.	282,190	20,394
Virtu Financial Inc. Class A	500,707	9,463	* ACADIA Pharmaceuticals Inc.	1,002,558	18,868
* LendingClub Corp.	1,298,055	9,359	* Exact Sciences Corp.	254,361	17,248
Axis Capital Holdings Ltd.	164,442	8,965	* Merit Medical Systems Inc. Laboratory Corp. of America Holdings	64,951	14,901
Lincoln National Corp.	392,947	8,830	* Veradigm Inc.	1,128,385	14,725
Voya Financial Inc.	118,640	8,478	* Intercept Pharmaceuticals Inc.	1,077,887	14,476
Western Alliance Bancorp	221,663	7,878	* Deciphera Pharmaceuticals Inc.	853,101	13,180
PacWest Bancorp	754,214	7,338	* PTC Therapeutics Inc.	257,348	12,466
UMB Financial Corp.	126,690	7,313	* Veeva Systems Inc. Class A	67,203	12,351
Jackson Financial Inc. Class A	186,735	6,986	* Integra LifeSciences Holdings Corp.	214,105	12,292
Webster Financial Corp.	176,918	6,974	* Shockwave Medical Inc.	55,600	12,056
Associated Banc-Corp.	339,979	6,113	* Haemonetics Corp.	130,362	10,787
* Brightstone Financial Inc.	136,173	6,007	* Nevro Corp.	296,669	10,725
Reinsurance Group of America Inc.	44,642	5,927	* STAAR Surgical Co.	164,025	10,489
Navient Corp.	355,612	5,686	* Ultragenyx Pharmaceutical Inc.	253,234	10,155
Citizens Financial Group Inc.	171,860	5,219	* Exelixis Inc.	494,737	9,603
American Equity Investment Life Holding Co.	122,022	4,453	* Novavax Inc.	1,329,273	9,212
Nasdaq Inc.	80,352	4,393	* Ionis Pharmaceuticals Inc.	257,725	9,211
* AvidXchange Holdings Inc.	541,434	4,223	* ImmunoGen Inc.	2,320,321	8,910
BrightSphere Investment Group Inc.	173,942	4,102	* Bridgebio Pharma Inc.	533,636	8,848
* Cannae Holdings Inc.	149,397	3,015	* Evolent Health Inc. Class A	265,676	8,621
OFG Bancorp	118,348	2,952	Universal Health Services Inc. Class B	62,728	7,973
* Green Dot Corp. Class A	159,930	2,748	* GoodRx Holdings Inc. Class A	1,270,389	7,940
East West Bancorp Inc.	49,166	2,729	* Jazz Pharmaceuticals plc	51,237	7,497
* Customers Bancorp Inc.	98,880	1,831	* Neurocrine Biosciences Inc.	70,001	7,085
Glacier Bancorp Inc.	39,298	1,651	* Avantar Inc.	291,815	6,169
Simmons First National Corp. Class A	93,570	1,637	* Agenus Inc.	4,057,529	6,167
* Payoneer Global Inc.	250,444	1,573	Cooper Cos. Inc.	16,267	6,073
Fulton Financial Corp.	107,959	1,492	* Enanta Pharmaceuticals Inc.	141,360	5,717
First Hawaiian Inc.	69,187	1,427	* Axonics Inc.	103,455	5,644
Bank OZK	39,547	1,353	* Health Catalyst Inc.	437,940	5,111
S&T Bancorp Inc.	41,921	1,318	* Mirati Therapeutics Inc.	133,847	4,976
First Interstate BancSystem Inc. Class A	42,553	1,271	* Natera Inc.	87,410	4,853
Assured Guaranty Ltd.	23,873	1,200	Cardinal Health Inc.	60,586	4,574
WSFS Financial Corp.	27,289	1,026	* TG Therapeutics Inc.	299,391	4,503
Eagle Bancorp Inc.	28,582	957	* Pediatrix Medical Group Inc.	281,121	4,192
		965,600	* Opticon Care Health Inc.	118,595	3,768

Strategic Equity Fund

	Shares	Market Value* (\$'000)		Shares	Market Value* (\$'000)
* Charles River Laboratories International Inc.	18,145	3,662	* Clean Harbors Inc.	197,842	28,204
* Myriad Genetics Inc.	145,320	3,376	* ManpowerGroup Inc.	337,189	27,828
* MacroGenics Inc.	438,261	3,142	* Ryder System Inc.	304,523	27,176
* Fate Therapeutics Inc.	527,058	3,004	* Rush Enterprises Inc. Class A	473,491	25,853
* iRhythm Technologies Inc.	23,465	2,910	* Triton International Ltd.	403,275	25,495
* LivaNova plc	66,502	2,898	* Acuity Brands Inc.	138,773	25,358
* Protagonist Therapeutics Inc.	124,574	2,865	* Tetra Tech Inc.	154,686	22,725
* Travers Therapeutics Inc.	125,581	2,824	* Korn Ferry	424,134	21,945
* 2seventy bio Inc.	271,346	2,768	* Applied Industrial Technologies Inc.	146,818	20,867
* BioCryst Pharmaceuticals Inc.	308,846	2,576	* UFP Industries Inc.	258,720	20,560
* Inovio Pharmaceuticals Inc.	3,001,740	2,461	* CSG Systems International Inc.	356,142	19,125
* Editas Medicine Inc. Class A	321,404	2,330	* Encore Wire Corp.	87,539	16,224
* Arrowhead Pharmaceuticals Inc.	89,007	2,261	* nVent Electric plc	348,480	14,964
* Amedisys Inc.	30,218	2,223	* Boise Cascade Co.	218,906	13,846
* Emergent BioSolutions Inc.	208,756	2,163	* Builders FirstSource Inc.	142,342	12,637
* Prestige Consumer Healthcare Inc.	30,585	1,916	* Valmont Industries Inc.	36,644	11,700
* Community Health Systems Inc.	375,500	1,841	* WillScot Mobile Mini Holdings Corp.	236,856	11,104
* Twist Bioscience Corp.	118,830	1,792	* GrafTech International Ltd.	2,260,608	10,987
* Rigel Pharmaceuticals Inc.	1,318,144	1,740	* Copart Inc.	144,443	10,864
* 10X Genomics Inc. Class A	30,788	1,718	* Dover Corp.	68,806	10,454
* Puma Biotechnology Inc.	540,434	1,670	* Watts Water Technologies Inc. Class A	53,637	9,028
* Silk Road Medical Inc.	41,137	1,610	* Matson Inc.	149,694	8,932
* CorVel Corp.	8,398	1,598	* Donaldson Co. Inc.	125,464	8,198
* Veracyte Inc.	71,405	1,592	* GMS Inc.	140,848	8,154
* Vir Biotechnology Inc.	68,065	1,584	* AECOM	94,074	7,932
* DaVita Inc.	17,739	1,439	* ASGN Inc.	90,919	7,516
* FibroGen Inc.	76,732	1,432	* Esab Corp.	124,131	7,332
* Tilray Brands Inc.	532,420	1,347	* ExiService Holdings Inc.	43,319	7,010
* Morphic Holding Inc.	35,517	1,337	* MDU Resources Group Inc.	219,493	6,690
* Joint Corp.	66,951	1,127	* TrueBlue Inc.	360,610	6,419
* Seres Therapeutics Inc.	195,204	1,107	* Lincoln Electric Holdings Inc.	36,550	6,181
* Nektar Therapeutics Class A	1,517,103	1,066	* Brink's Co.	83,670	5,589
* iTeos Therapeutics Inc.	76,718	1,044	* Howmet Aerospace Inc.	129,815	5,500
* Atea Pharmaceuticals Inc.	278,408	933	* Primoris Services Corp.	223,004	5,499
* Heron Therapeutics Inc.	609,042	920	* Herc Holdings Inc.	46,251	5,268
* Sangamo Therapeutics Inc.	467,930	824	* Ennis Inc.	238,646	5,033
* Syneos Health Inc.	20,407	727	* TriNet Group Inc.	60,580	4,883
		840,447	* Avis Budget Group Inc.	23,437	4,565
Industrials (16.1%)			* EnerSys	49,744	4,322
United Rentals Inc.	152,200	60,235	* MYR Group Inc.	33,729	4,250
* Owens Corning	526,431	50,432	* Insperty Inc.	29,357	3,568
* Atkore Inc.	336,067	47,211	* Hub Group Inc. Class A	39,154	3,287
* VV Grainger Inc.	68,430	47,135	* Kirby Corp.	46,622	3,250
* Allison Transmission Holdings Inc.	1,000,705	45,272	* Curtiss-Wright Corp.	18,132	3,196
* United Airlines Holdings Inc.	1,022,107	45,228	* SkyWest Inc.	138,356	3,067
* Textron Inc.	615,886	43,500	* Carlisle Cos. Inc.	13,485	3,049
* AGCO Corp.	276,509	37,384	* Air Lease Corp. Class A	75,470	2,971
* IDEX Corp.	138,685	32,040	* Huntington Ingalls Industries Inc.	13,420	2,778
* American Airlines Group Inc.	2,151,323	31,732	* Science Applications International Corp.	25,462	2,736
* Robert Half International Inc.	377,509	30,416	* MSA Safety Inc.	18,968	2,532
* Wabash National Corp.	1,183,418	29,100	* WESCO International Inc.	15,829	2,446
* CACI International Inc. Class A	97,698	28,946	* Trinity Industries Inc.	77,581	1,890
* EMCOR Group Inc.	175,440	28,525	* Genco Shipping & Trading Ltd.	117,466	1,839
* Terex Corp.	586,907	28,395	* Upwork Inc.	162,181	1,836
			* RXO Inc.	86,488	1,699
			* Alaska Air Group Inc.	40,151	1,685
			* Sunrun Inc.	83,191	1,676
			* BWX Technologies Inc.	25,058	1,580

Strategic Equity Fund

	Shares	Market Value* (\$'000)		Shares	Market Value* (\$'000)
ArcBest Corp.	15,111	1,397	* Cohu Inc.	96,005	3,686
* Masterbrand Inc.	114,190	918	* Fabrinet	30,349	3,604
		1,139,168	* Western Digital Corp.	79,862	3,008
Information Technology (14.7%)			* Digital Turbine Inc.	219,129	2,708
* CDW Corp.	273,725	53,346	* Sanmina Corp.	42,278	2,579
* Cirrus Logic Inc.	434,110	47,483	* Blackline Inc.	33,422	2,244
* Splunk Inc.	476,095	45,648	* LivePerson Inc.	504,899	2,227
* Arrow Electronics Inc.	362,130	45,219	* Zebra Technologies Corp. Class A	6,805	2,164
* Jabil Inc.	488,663	43,080	* Viavi Solutions Inc.	195,472	2,117
* Manhattan Associates Inc.	277,219	42,927	* Samsara Inc. Class A	90,430	1,783
* Nutanix Inc. Class A	1,641,976	42,675	* Infinera Corp.	227,603	1,766
* Flex Ltd.	1,607,301	36,984	* Ciena Corp.	30,665	1,610
* Cadence Design Systems Inc.	147,319	30,950	* Alpha & Omega Semiconductor Ltd.	55,692	1,501
* DocuSign Inc. Class A	513,182	29,918	* Trimble Inc.	25,551	1,339
* Amkor Technology Inc.	1,114,227	28,992			1,041,058
* Axcelis Technologies Inc.	199,997	26,650	Materials (5.6%)		
* Gartner Inc.	80,814	26,327	Reliance Steel & Aluminum Co.	228,340	58,624
* RingCentral Inc. Class A	798,137	24,479	* Packaging Corp. of America	244,240	33,908
* CommScope Holding Co. Inc.	3,687,351	23,488	Albemarle Corp.	151,343	33,453
* NetApp Inc.	349,957	22,345	CF Industries Holdings Inc.	422,697	30,641
* Avnet Inc.	422,945	19,117	* Eagle Materials Inc.	173,579	25,473
* Dropbox Inc. Class A	882,704	19,084	* Olin Corp.	372,028	20,648
* Kyndryl Holdings Inc.	1,286,652	18,991	* O-I Glass Inc.	892,726	20,274
* Everbridge Inc.	522,139	18,103	* Warrior Met Coal Inc.	550,290	20,201
* Fortinet Inc.	270,959	18,008	* Chemours Co.	638,800	19,126
* Extreme Networks Inc.	864,611	16,531	* Steel Dynamics Inc.	119,569	13,518
* MaxLinear Inc.	432,184	15,217	Graphic Packaging Holding Co.	496,664	12,660
* Impinj Inc.	110,506	14,976	* Greif Inc. Class A	190,188	12,052
* Pure Storage Inc. Class A	575,957	14,693	* Mosaic Co.	240,989	11,057
* Teradata Corp.	362,808	14,614	* Berry Global Group Inc.	170,687	10,053
* Yext Inc.	1,408,005	13,531	* Westrock Co.	322,278	9,820
* Box Inc. Class A	502,142	13,452	* Tronox Holdings plc Class A	613,733	8,825
* Rapid7 Inc.	290,380	13,331	* Ashland Inc.	78,819	8,095
* Elastic NV	229,134	13,267	* Sonoco Products Co.	122,625	7,480
* Xerox Holdings Corp.	826,764	12,732	* Huntsman Corp.	257,491	7,045
* Diodes Inc.	132,824	12,321	* Avery Dennison Corp.	33,000	5,905
* Okta Inc.	141,107	12,169	* Ingevity Corp.	72,957	5,218
* EPAM Systems Inc.	40,237	12,031	* TimkenSteel Corp.	282,836	5,187
* New Relic Inc.	158,402	11,926	* Sylvamo Corp.	75,099	3,474
* CommVault Systems Inc.	202,552	11,493	* Avient Corp.	78,038	3,212
* Lattice Semiconductor Corp.	111,252	10,625	* Arconic Corp.	103,563	2,716
* Super Micro Computer Inc.	95,016	10,124	Sensient Technologies Corp.	27,646	2,117
* UiPath Inc. Class A	565,016	9,922	* Materion Corp.	17,150	1,989
* Domo Inc. Class B	663,679	9,418	* LSB Industries Inc.	161,138	1,665
* SMART Global Holdings Inc.	538,756	9,288	* Balchem Corp.	11,168	1,413
* MongoDB Inc. Class A	38,148	8,893	* Schnitzer Steel Industries Inc. Class A	35,635	1,108
* Pegasystems Inc.	151,888	7,364			396,957
* Qorvo Inc.	70,523	7,163	Real Estate (7.4%)		
* 8x8 Inc.	1,700,369	7,091	Life Storage Inc.	305,701	40,074
* Hewlett Packard Enterprise Co.	429,478	6,842	* Extra Space Storage Inc.	240,689	39,216
* ON Semiconductor Corp.	81,586	6,716	* Brixmor Property Group Inc.	1,674,709	36,040
* Ultra Clean Holdings Inc.	193,546	6,418	* National Retail Properties Inc.	743,958	32,846
* Ichor Holdings Ltd.	161,689	5,294	* Mid-America Apartment Communities Inc.	178,072	26,896
* Synaptics Inc.	46,737	5,195	* Host Hotels & Resorts Inc.	1,469,895	24,239
* NCR Corp.	204,803	4,831	* Spirit Realty Capital Inc.	573,749	22,858
* Semtech Corp.	169,959	4,103	* Gaming and Leisure Properties Inc.	421,434	21,940
* GoDaddy Inc. Class A	50,651	3,937	* Highwoods Properties Inc.	914,951	21,218
* Fastly Inc. Class A	220,183	3,910			
* Juniper Networks Inc.	113,596	3,910			
* Unisys Corp.	1,001,495	3,886			
* Smartstreet Inc. Class A	81,216	3,882			
* Twilio Inc. Class A	572,15	3,812			

Strategic Equity Fund

	Shares	Market Value* (\$000)		Shares	Market Value* (\$000)
Apple Hospitality REIT Inc.	1,283,976	19,927	NiSource Inc.	1,701,017	47,560
Sun Communities Inc.	125,174	17,635	National Fuel Gas Co.	707,761	40,866
Essential Properties Realty Trust Inc.	686,895	17,069	Edison International	441,142	31,140
Invitation Homes Inc.	504,290	15,749	Pinnacle West Capital Corp.	392,912	31,134
Outfront Media Inc.	886,342	14,385	Vistra Corp.	1,199,276	28,783
DiamondRock Hospitality Co.	1,648,243	13,400	DTE Energy Co.	216,936	23,763
Xenia Hotels & Resorts Inc.	913,408	11,957	PPL Corp.	648,269	18,015
EPR Properties	300,186	11,437	Hawaiian Electric Industries Inc.	425,238	16,329
National Storage Affiliates Trust	256,377	10,711	Alliant Energy Corp.	236,773	12,644
Camden Property Trust	100,734	10,561	Portland General Electric Co.	256,549	12,543
Piedmont Office Realty Trust Inc. Class A	1,186,316	8,660	Entergy Corp.	106,619	11,487
Park Hotels & Resorts Inc.	698,416	8,632	Otter Tail Corp.	64,869	4,688
RLJ Lodging Trust	775,238	8,218	FirstEnergy Corp.	110,678	4,434
Sabra Health Care REIT Inc.	711,832	8,186	* PG&E Corp.	146,291	2,366
Kilroy Realty Corp.	221,084	7,163	Ameren Corp.	24,190	2,090
Essex Property Trust Inc.	32,744	6,848	IDACORP Inc.	18,316	1,984
Ryman Hospitality Properties Inc.	72,998	6,550			386,282
SITE Centers Corp.	484,076	5,945	Total Common Stocks		7,023,541
Brandywine Realty Trust	1,240,687	5,868	(Cost \$6,414,660)		
DigitalBridge Group Inc.	405,052	4,857	Temporary Cash Investments (0.9%)		
Universal Health Realty Income Trust	94,854	4,563	Money Market Fund (0.9%)		
Tanger Factory Outlet Centers Inc.	206,689	4,057	^{2,3} Vanguard Market Liquidity Fund, 4.839%		
Federal Realty Investment Trust	38,352	3,790	(Cost \$63,699)	637,101	63,704
CubeSmart	79,933	3,695	Total Investments (100.4%)		7,087,245
Rayonier Inc.	109,677	3,648	(Cost \$6,478,359)		
Regency Centers Corp.	55,982	3,425	Other Assets and Liabilities — Net (-0.4%)		(28,840)
* CBRE Group Inc. Class A	43,535	3,170	Net Assets (100%)		7,058,405
Alexandria Real Estate Equities Inc.	24,993	3,139			
First Industrial Realty Trust Inc.	54,630	2,906			
* Zillow Group Inc. Class C	57,657	2,564			
Broadstone Net Lease Inc.	126,962	2,160			
LXP Industrial Trust	182,381	1,880			
Paramount Group Inc.	239,341	1,091			
		519,173			
Utilities (5.5%)					
Energy Inc.	799,909	48,891			
AES Corp.	1,975,286	47,565			

Total Common Stocks
(Cost \$6,414,660) **7,023,541**

Temporary Cash Investments (0.9%)

Money Market Fund (0.9%)		
^{2,3} Vanguard Market Liquidity Fund, 4.839%		
(Cost \$63,699)	637,101	63,704

Total Investments (100.4%)
(Cost \$6,478,359) **7,087,245**

Other Assets and Liabilities — Net (-0.4%) **(28,840)**

Net Assets (100%) **7,058,405**

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 \$31,307,000.

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

3 Collateral of \$33,398,000 was received for securities on loan. REIT—Real Estate Investment Trust.

Derivative Financial Instruments Outstanding as of Period End

Futures Contracts

	Expiration	Number of Long (Short) Contracts	Notional Amount	Value and Unrealized Appreciation (Depreciation)
(\$000)				
Long Futures Contracts				
E-mini Russell 2000 Index	June 2023	266	24,120	457
E-mini S&P 500 Index	June 2023	52	10,758	594
				1,051

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

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 \$6,414,660)	7,023,541
Affiliated Issuers (Cost \$63,699)	63,704
Total Investments in Securities	7,087,245
Investment in Vanguard	268
Cash Collateral Pledged—Futures Contracts	2,213
Receivables for Investment Securities Sold	8,321
Receivables for Accrued Income	7,000
Receivables for Capital Shares Issued	2,635
Variation Margin Receivable—Futures Contracts	587
Total Assets	7,108,269
Liabilities	
Due to Custodian	8,321
Payables for Investment Securities Purchased	4,160
Collateral for Securities on Loan	33,398
Payables for Capital Shares Redeemed	3,479
Payables to Vanguard	506
Total Liabilities	49,864
Net Assets	7,058,405

¹ Includes \$31,307,000 of securities on loan.

At March 31, 2023, net assets consisted of:

Paid-in Capital	6,263,311
Total Distributable Earnings (Loss)	795,094
Net Assets	7,058,405

Net Assets

Applicable to 223,409,507 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	7,058,405
Net Asset Value Per Share	\$31.59

Statement of Operations

Six Months Ended
March 31, 2023

(\$000)

Investment Income	
Income	
Dividends	59,148
Interest ¹	593
Securities Lending—Net	393
Total Income	60,134
Expenses	
The Vanguard Group—Note B	
Investment Advisory Services	870
Management and Administrative	4,901
Marketing and Distribution	148
Custodian Fees	20
Shareholders' Reports	59
Trustees' Fees and Expenses	2
Other Expenses	6
Total Expenses	6,006
Expenses Paid Indirectly	(2)
Net Expenses	6,004
Net Investment Income	54,130
Realized Net Gain (Loss)	
Investment Securities Sold ¹	181,210
Futures Contracts	(1,098)
Realized Net Gain (Loss)	180,112
Change in Unrealized Appreciation (Depreciation)	
Investment Securities ¹	709,564
Futures Contracts	4,439
Change in Unrealized Appreciation (Depreciation)	714,003
Net Increase (Decrease) in Net Assets Resulting from Operations	948,245

¹ Interest income, realized net gain (loss), capital gain distributions received, and change in unrealized appreciation (depreciation) from an affiliated company of the fund were \$553,000, \$9,000, less than \$1,000, and (\$1,000), respectively. Purchases and sales are for temporary cash investment purposes.

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	54,130	105,327
Realized Net Gain (Loss)	180,112	740,962
Change in Unrealized Appreciation (Depreciation)	714,003	(1,958,579)
Net Increase (Decrease) in Net Assets Resulting from Operations	948,245	(1,112,290)
Distributions		
Total Distributions	(734,585)	(1,479,168)
Capital Share Transactions		
Issued	259,781	689,147
Issued in Lieu of Cash Distributions	682,719	1,370,549
Redeemed	(433,748)	(997,958)
Net Increase (Decrease) from Capital Share Transactions	508,752	1,061,738
Total Increase (Decrease)	722,412	(1,529,720)
Net Assets		
Beginning of Period	6,335,993	7,865,713
End of Period	7,058,405	6,335,993

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

Financial Highlights

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	\$30.70	\$44.07	\$30.31	\$31.87	\$37.21	\$34.89
Investment Operations						
Net Investment Income ¹	.251	.517	.465	.459	.449	.392
Net Realized and Unrealized Gain (Loss) on Investments	4.239	(5.606)	13.937	(1.041)	(2.980)	4.781
Total from Investment Operations	4.490	(5.089)	14.402	(.582)	(2.531)	5.173
Distributions						
Dividends from Net Investment Income	(.457)	(.526)	(.479)	(.444)	(.395)	(.460)
Distributions from Realized Capital Gains	(3.143)	(7.755)	(.163)	(.534)	(2.414)	(2.393)
Total Distributions	(3.600)	(8.281)	(.642)	(.978)	(2.809)	(2.853)
Net Asset Value, End of Period	\$31.59	\$30.70	\$44.07	\$30.31	\$31.87	\$37.21
Total Return²	15.02%	-14.81%	47.98%	-2.09%	-5.63%	15.63%
Ratios/Supplemental Data						
Net Assets, End of Period (Millions)	\$7,058	\$6,336	\$7,866	\$5,836	\$7,098	\$7,946
Ratio of Total Expenses to Average Net Assets	0.17% ³	0.17%	0.17%	0.17%	0.17%	0.17%
Ratio of Net Investment Income to Average Net Assets	1.52%	1.39%	1.15%	1.53%	1.42%	1.10%
Portfolio Turnover Rate	26%	62%	59%	61%	60%	82%

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 0.17%.

Notes to Financial Statements

Vanguard Strategic Equity Fund is registered under the Investment Company Act of 1940 as an open-end investment company, or mutual fund. 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. Investments in Vanguard Market Liquidity Fund are valued at that fund's net asset value.

2. **Futures Contracts:** The fund uses index futures contracts to a limited extent, with the objective of maintaining full exposure to the stock market while maintaining liquidity. The fund may purchase or sell futures contracts to achieve a desired level of investment, whether to accommodate portfolio turnover or cash flows from capital share transactions. The primary risks associated with the use of futures contracts are imperfect correlation between changes in market values of stocks held by the fund and the prices of futures contracts, and the possibility of an illiquid market. Counterparty risk involving futures is mitigated because a regulated clearinghouse is the counterparty instead of the clearing broker. To further mitigate counterparty risk, the fund trades futures contracts on an exchange, monitors the financial strength of its clearing brokers and clearinghouse, and has entered into clearing agreements with its clearing brokers. The clearinghouse imposes initial margin requirements to secure the fund's performance and requires daily settlement of variation margin representing changes in the market value of each contract. Any securities pledged as initial margin for open contracts are noted in the Schedule of Investments.

Futures contracts are valued at their quoted daily settlement prices. The notional amounts of the contracts are not recorded in the Statement of Assets and Liabilities. Fluctuations in the value of the contracts are recorded in the Statement of Assets and Liabilities as an asset (liability) and in the Statement of Operations as unrealized appreciation (depreciation) until the contracts are closed, when they are recorded as realized gains (losses) on futures contracts.

During the six months ended March 31, 2023, the fund's average investments in long and short futures contracts represented 1% and 0% of net assets, respectively, based on the average of the notional amounts at each quarter-end during the period.

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.

B. In accordance with the terms of a Funds' Service Agreement (the "FSA") between Vanguard and the fund, Vanguard furnishes to the fund investment advisory, 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 \$268,000, representing less than 0.01% of the fund's net assets and 0.11% of Vanguard's capital received pursuant to the FSA. The fund's trustees and officers are also directors and employees, respectively, of Vanguard.

C. 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 six months ended March 31, 2023, custodian fee offset arrangements reduced the fund's expenses by \$2,000 (an annual rate of less than 0.01% of average net assets).

D. Various inputs may be used to determine the value of the fund's investments and derivatives. 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 and derivatives valued with significant unobservable inputs are noted on the Schedule of Investments.

At March 31, 2023, 100% of the market value of the fund's investments and derivatives was determined based on Level 1 inputs.

Strategic Equity Fund

E. As of March 31, 2023, gross unrealized appreciation and depreciation for investments and derivatives based on cost for U.S. federal income tax purposes were as follows:

	Amount (\$000)
Tax Cost	6,482,688
Gross Unrealized Appreciation	1,243,006
Gross Unrealized Depreciation	(637,398)
Net Unrealized Appreciation (Depreciation)	605,608

F. During the six months ended March 31, 2023, the fund purchased \$1,842,919,000 of investment securities and sold \$2,009,444,000 of investment securities, other than temporary cash investments.

The fund purchased securities from and sold securities to other Vanguard funds or accounts managed by Vanguard or its affiliates, in accordance with procedures adopted by the board of trustees in compliance with Rule 17a-7 of the Investment Company Act of 1940. For the six months ended March 31, 2023, such purchases were \$5,632,000 and sales were \$3,902,000, resulting in net realized gain of \$2,113,000; these amounts, other than temporary cash investments, are included in the purchases and sales of investment securities noted above.

G. Capital shares issued and redeemed were:

	Six Months Ended March 31, 2023	Year Ended September 30, 2022
	Shares (000)	Shares (000)
Issued	7,961	17,927
Issued in Lieu of Cash Distributions	22,340	36,883
Redeemed	(13,277)	(26,922)
Net Increase (Decrease) in Shares Outstanding	17,024	27,888

H. 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 Strategic Equity Fund has renewed the fund's investment advisory arrangement with The Vanguard Group, Inc. (Vanguard), through its Quantitative Equity Group. The board determined that continuing the fund's internalized management structure 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 Vanguard has been managing investments for more than four decades. The Quantitative Equity Group adheres to a sound, disciplined investment management process; the team has considerable experience, stability, and depth.

The board concluded that Vanguard'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 expenses were also below the peer-group average.

The board does not conduct a profitability analysis of Vanguard because of Vanguard's unique structure. Unlike most other mutual fund management companies, Vanguard is owned by the funds it oversees.

The benefit of economies of scale

The board concluded that the fund's arrangement with Vanguard ensures that the fund will realize economies of scale as it grows, with the cost to shareholders declining as fund 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 Strategic Equity 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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