

Annual Report | October 31, 2020

Vanguard International Value Fund

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

Important information about access to shareholder reports

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, paper copies of your fund’s annual and semiannual shareholder reports will no longer be sent to you by mail, unless you specifically request them. Instead, you will be notified by mail each time a report is posted on the website and will be provided with a link to access the report.

If you have already elected to receive shareholder reports electronically, you will not be affected by this change and do not need to take any action. You may elect to receive shareholder reports and other communications from the fund electronically by contacting your financial intermediary (such as a broker-dealer or bank) or, if you invest directly with the fund, by calling Vanguard at one of the phone numbers on the back cover of this report or by logging on to vanguard.com.

You may elect to receive paper copies of all future shareholder reports free of charge. If you invest through a financial intermediary, you can contact the intermediary to request that you continue to receive paper copies. If you invest directly with the fund, you can call Vanguard at one of the phone numbers on the back cover of this report or log on to vanguard.com. Your election to receive paper copies will apply to all the funds you hold through an intermediary or directly with Vanguard.

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Please note: The opinions expressed in this report are just that—informed opinions. They should not be considered promises or advice. Also, please keep in mind that the information and opinions cover the period through the date on the front of this report. Of course, the risks of investing in your fund are spelled out in the prospectus.

Your Fund's Performance at a Glance

- For the 12 months ended October 31, 2020, Vanguard International Value Fund returned -8.69%. Its benchmark, the MSCI All Country World Index ex USA, returned -2.61%.
- In October, Sprucegrove Investment Management Ltd. was added as an advisor to the fund, with a target allocation of 35% of assets. Edinburgh Partners Limited no longer advises the fund.
- The period was marked by the global spread of COVID-19 and efforts to contain it. However, responses from policymakers, the start of trials for vaccines and treatments, and the easing of some pandemic-related restrictions eventually lifted investor sentiment.
- The broad U.S. stock market, as measured by the Russell 3000 Index, returned 10.15%. Growth stocks outperformed value, and large-capitalization stocks outperformed mid- and small-caps.
- Of the fund's 11 sectors, only health care and real estate helped relative performance. Holdings in communication services and consumer discretionary detracted the most.
- On a regional basis, companies based in Europe and emerging markets lagged most. In the Pacific, firms in South Korea helped performance, but those in Japan, the fund's largest market, detracted.
- Over the decade ended October 31, the fund's average annualized return was 2.98%, trailing the 3.43% return of its expense-free benchmark.

Market Barometer

	Average Annual Total Returns Periods Ended October 31, 2020		
	One Year	Three Years	Five Years
Stocks			
Russell 1000 Index (Large-caps)	10.87%	10.63%	11.79%
Russell 2000 Index (Small-caps)	-0.14	2.19	7.27
Russell 3000 Index (Broad U.S. market)	10.15	10.04	11.48
FTSE All-World ex US Index (International)	-2.17	0.13	4.52
Bonds			
Bloomberg Barclays U.S. Aggregate Bond Index (Broad taxable market)	6.19%	5.06%	4.08%
Bloomberg Barclays Municipal Bond Index (Broad tax-exempt market)	3.59	4.09	3.70
FTSE Three-Month U.S. Treasury Bill Index	0.86	1.62	1.15
CPI			
Consumer Price Index	1.18%	1.82%	1.83%

Advisors' Report

For the 12 months ended October 31, 2020, Vanguard International Value Fund returned -8.69%. It underperformed its benchmark, the MSCI All Country World Index ex USA, which returned -2.61%.

Your fund is managed by three independent advisors, a strategy that enhances its diversification by providing exposure to distinct yet complementary investment approaches. It's not uncommon for different advisors to have different views about individual securities or the broader investment environment.

The accompanying table lists the advisors, the amount and percentage of fund assets each manages, and brief descriptions of their investment strategies.

The advisors have provided the following assessment of the investment environment during the past 12 months and the notable successes and shortfalls in their portfolios. These comments were prepared on November 18, 2020.

Lazard Asset Management LLC

Portfolio Managers:

Michael G. Fry, Managing Director

Michael A. Bennett, CPA,
Managing Director

Market overview

As we entered the year, investors had high expectations that corporate profits would start growing again after positive geopolitical developments calmed uneasy

markets in the fourth quarter of 2019. Global central banks, which drove valuations and stock prices higher by loosening policy in 2019, were expected to be supportive.

Then came the virus. By March, COVID-19 was a pandemic, and optimism dissipated. However, once economies around the world began to emerge from lockdowns, equities soared. On the heels of their worst-ever performance in the first quarter, international equities staged a dramatic recovery from March 23 through the end of October, and the MSCI All Country World Index ex USA rose 38.8%. International stocks are not yet back to their pre-coronavirus levels—the index is down 7.5% so far this calendar year—but the trend is encouraging.

Portfolio review

The most expensive growth stocks led the market as the MSCI All Country World ex US Growth Index outpaced its value counterpart by more than 27 percentage points. This was a headwind to relative performance.

Stock selection in the energy sector hurt relative returns as Suncor Energy, a Canadian integrated energy company, underperformed. The stock remains surrounded by the storm as an oil producer in an unprecedented period of demand destruction.

In contrast, stock selection in the communication services sector helped relative returns as Japanese video game manufacturer Nintendo outperformed. Both gross margins and operating margins

rose significantly during the year, and early indications of new-release games sales have been encouraging.

Outlook

The U.S. election, economic uncertainty, and COVID-19 could dominate market concerns in the near-term. There has certainly been progress toward developing viable treatments and vaccines, as well as building a more robust testing and contact-tracing system. However, scientists and policymakers are racing against reopenings, colder weather (flu season), and a second wave.

Nevertheless, we are optimistic that governments can manage through any increases in COVID-19 cases. The significant stimulus currently in the market and the potential for more to come could bode well for the performance of inexpensively valued, quality cyclical, particularly in Europe.

Sprucegrove Investment Management Ltd.

Portfolio Managers:

Arjun Kumar, CFA,
Co-Lead of International Equities

Shirley Woo, CFA,
Co-Lead of International Equities

Note: On October 12, 2020, Vanguard added Sprucegrove as an advisor to Vanguard International Value Fund. The firm's investment philosophy is described next.

Sprucegrove is a Toronto-based boutique asset manager specializing in international and global strategies. It was founded in 1993 and is 100% employee-owned.

The advisor's investment philosophy is grounded in the belief that the short-term focus of many investors enables high-quality companies to trade at a discount. This allows firms that strictly adhere to a disciplined long-term approach to be patient and wait for exploitable valuation opportunities.

Sprucegrove seeks to purchase high-quality businesses at a substantial discount to their long-term value and has a record of holding them through market volatility, with a typical holding period of 10 years. The investment process begins with a bottom-up idea generation process that involves analysts measuring company quality based on five criteria:

- Above-average, consistent profitability
- Sustainable competitive advantages
- Financial strength
- Opportunities to grow the business
- Capable management

For each company, analysts look at approximately a decade's worth of annual reports and balance sheets to assess the fundamentals of both the company and its competitors and to calculate projected return on equity. Analysts also meet with companies' management to further determine the quality of capital allocation decisions. The team keeps a working list

of approximately 250 names, often covering a company for years before deciding its valuation presents a buying opportunity.

The result of this long-term, bottom-up, quality-first approach to value investing is a portfolio of approximately 80 firms with high active share, low downside capture and volatility over the long term, and an average annual turnover rate of only 7%.

ARGA Investment Management, LP

Portfolio Managers:

A. Rama Krishna, CFA, Founder and Chief Investment Officer

Steven Morrow, CFA, Director of Research

International equity markets met the tumultuous year ended October 31 with an overall decline. Results reflected investors' desire for certainty amid grave uncertainties from the pandemic. Companies with near-term earnings certainty and likely growth during the crisis enjoyed record highs. Those with less near-term certainty and economically sensitive stocks underperformed. While this dynamic created a growth-over-value scenario, it created very compelling value-style opportunities.

ARGA responded by maintaining its long-term discipline, seeking to take advantage of stock price anomalies identified through a research-based valuation process. Sector, country, and company research drove the portfolio's focus toward businesses with solid balance sheets and strong franchises.

With many such companies priced as if they will remain permanently depressed, ARGA found opportunities in various sectors, including industrials, materials, and financials.

Most of ARGA's successes, shortfalls, and opportunities occur on a company-specific basis. Even in industries suffering pandemic fallout, we found firms that are well-positioned to manage the downturn if not emerge stronger. For example, for the first time in more than a decade, we purchased underpriced aerospace companies with strong market positions. These include a duopolistic aircraft manufacturer and the world's largest aircraft lessor. Both have unique advantages in revenue protection and balance sheet strength that imply strong future earnings when travel recovers.

Company-specific exposures to depressed industries included a low-cost South Korean steel producer. ARGA research projected the company could improve capital allocation and returns in non-steel businesses. During the period, management engagement by ARGA and other shareholders successfully led the firm to announce a large buyback program and implement initiatives boosting non-steel returns.

Additionally, select European banks became attractive on market overreaction to low interest rates. These holdings have strong capital positions to weather loan-book stress and boost returns despite environmental pressures.

Valuation spreads between international growth and value stocks are currently at their highest level in more than 45 years, even exceeding the dot-com peak. This suggests strong return potential for value-style investors. Fundamental research confirms this long-term opportunity. When the crisis eventually ends, ARGA expects recovery by many undervalued companies to substantially benefit the portfolio.

Vanguard International Value Fund Investment Advisors

Investment Advisor	Fund Assets Managed		Investment Strategy
	%	\$ Million	
Lazard Asset Management LLC	40	3,767	The advisor uses a research-driven, bottom-up, relative-value approach in selecting stocks. The goal is to identify individual stocks that offer an appropriate trade-off between low relative valuation and high financial productivity.
Sprucegrove Investment Management Ltd.	32	3,036	The advisor employs a disciplined, low-turnover, value-oriented investment strategy to select stocks. The investment process was founded on intense proprietary research, with analysts identifying high-quality companies as measured against five criteria: above-average consistent profitability, sustainable competitive advantages, financial strength, opportunity for growth, and capable management.
ARGA Investment Management, LP	25	2,373	The advisor believes that investors overreact to short-term developments in companies, leading to opportunities to generate gains as the businesses recover. Its valuation-focused process uses a dividend discount model to select stocks that trade at a discount to intrinsic value based on the company's long-term earnings power and dividend-paying capability.
Cash Investments	3	232	These short-term reserves are invested by Vanguard in equity index products to simulate investments in stocks. Each advisor may also maintain a modest cash position.

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 October 31, 2020

International Value Fund	Beginning Account Value 4/30/2020	Ending Account Value 10/31/2020	Expenses Paid During Period
Based on Actual Fund Return	\$1,000.00	\$1,093.97	\$1.84
Based on Hypothetical 5% Yearly Return	1,000.00	1,023.38	1.78

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 0.35%. 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 (184/366).

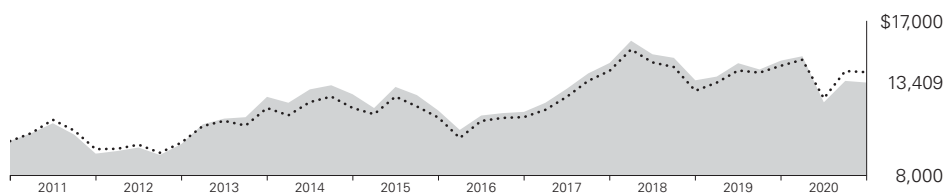
International Value Fund

Performance Summary

All of the returns in this report represent past performance, which is not a guarantee of future results that may be achieved by the fund. (Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at vanguard.com/performance.) Note, too, that both investment returns and principal value can fluctuate widely, so an investor's shares, when sold, could be worth more or less than their original cost. The returns shown do not reflect taxes that a shareholder would pay on fund distributions or on the sale of fund shares.

Cumulative Performance: October 31, 2010, Through October 31, 2020

Initial Investment of \$10,000



Average Annual Total Returns
Periods Ended October 31, 2020

	One Year	Five Years	Ten Years	Final Value of a \$10,000 Investment
International Value Fund	-8.69%	2.62%	2.98%	\$13,409
MSCI All Country World Index ex USA	-2.61	4.26	3.43	14,012

See Financial Highlights for dividend and capital gains information.

Fund Allocation

As of October 31, 2020

Communication Services	8.8%
Consumer Discretionary	12.5
Consumer Staples	7.7
Energy	3.2
Financials	17.5
Health Care	5.0
Industrials	18.5
Information Technology	9.5
Materials	12.8
Real Estate	1.7
Utilities	2.8

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.

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

Financial Statements

Schedule of Investments

As of October 31, 2020

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 (93.7%)					
Australia (0.9%)					
BHP Group Ltd.	1,831,825	43,912	* Alibaba Group Holding Ltd.	1,249,000	47,329
National Australia Bank Ltd.	2,035,110	26,625	* Weibo Corp. ADR	887,480	36,875
Adbri Ltd.	8,006,814	15,915	*1 ESR Cayman Ltd.	11,034,400	33,329
		86,452	China Mobile Ltd.	5,075,500	31,044
			Shanghai Fosun Pharmaceutical Group Co. Ltd. Class H	6,454,500	26,638
Belgium (0.5%)			Momo Inc. ADR	1,489,717	22,346
Anheuser-Busch InBev SA/NV	939,832	48,614			626,968
			Denmark (1.1%)		
Brazil (1.7%)			Vestas Wind Systems A/S	314,712	53,993
Ambev SA ADR	25,834,800	55,286	Carlsberg AS Class B	349,224	44,219
Banco Bradesco SA ADR	12,577,200	44,020	Pandora A/S	101,783	8,075
Cia de Saneamento Basico do Estado de Sao Paulo	3,588,000	26,576			106,287
BB Seguridade Participacoes SA	5,489,500	22,655	Egypt (0.1%)		
Lojas Renner SA	2,426,200	15,835	Commercial International Bank Egypt SAE GDR	3,590,900	13,851
		164,372			
Canada (2.7%)			Finland (1.4%)		
Nutrien Ltd.	1,621,162	65,903	Nokia Renkaat Oyj	1,888,170	58,020
Canadian Natural Resources Ltd.	3,628,109	57,732	Sampo Oyj Class A	1,250,500	47,190
Canadian National Railway Co.	431,558	42,871	* Nokia Oyj	6,980,867	23,534
Saputo Inc.	1,184,949	28,843			128,744
Bank of Nova Scotia	683,400	28,392	France (9.9%)		
Suncor Energy Inc.	2,506,606	28,277	Vivendi SA	3,672,238	105,994
		252,018	Sanofi	1,007,062	90,932
China (6.7%)			* Safran SA	782,464	82,535
Tencent Holdings Ltd.	1,663,800	127,124	* Engie SA	6,693,231	80,952
* Baidu Inc. ADR	787,832	104,821	* Airbus SE	1,067,483	78,104
Ping An Insurance Group Co. of China Ltd.	8,411,500	86,972	Air Liquide SA	527,168	77,093
ENN Energy Holdings Ltd.	4,640,300	58,728	* Atos SE	1,058,788	72,333
Autohome Inc. ADR	541,730	51,762	Vinci SA	877,933	69,344
			TOTAL SE	1,853,010	56,141
			* Alstom SA	901,794	40,292
			* BNP Paribas SA	913,564	31,861
			Pernod Ricard SA	191,139	30,793
			* ArcelorMittal SA	2,147,325	29,118
			* Societe Generale SA	1,673,334	22,737
			* Credit Agricole SA	2,444,326	19,336

International Value Fund

	Shares	Market Value* (\$000)		Shares	Market Value* (\$000)
Publicis Groupe SA	472,470	16,415	Maruti Suzuki India Ltd.	169,720	15,941
Thales SA	233,464	15,213	Infosys Ltd. ADR	1,104,600	15,763
* Natixis SA	3,560,935	8,294	GAIL India Ltd.	9,815,836	11,217
		927,487			315,002
Germany (6.2%)			Indonesia (1.0%)		
SAP SE	672,147	71,708	Astra International		
Volkswagen AG			Tbk PT	158,681,200	57,946
Preference Shares	468,372	68,226	Telekomunikasi		
Henkel AG & Co. KGaA	679,270	61,409	Indonesia Persero		
Bayerische Motoren			Tbk PT ADR	1,247,186	21,315
Werke AG	842,110	57,549	Bank Mandiri Persero		
Beiersdorf AG	508,804	53,277	Tbk PT	39,057,900	15,214
Basf SE	896,280	49,079			94,475
Muenchener			Ireland (1.3%)		
Rueckversicherungs-			* Ryanair Holdings		
Gesellschaft AG in			plc ADR	765,228	61,677
Muenchen	205,564	48,180	CRH plc	1,639,500	57,370
Knorr-Bremse AG	309,135	35,807			119,047
Jungheinrich AG			Israel (0.1%)		
Preference Shares	710,712	25,840	* Check Point Software		
MTU Aero Engines AG	145,066	24,795	Technologies Ltd.	86,700	9,846
Merck KGaA	148,809	22,043			
Fuchs Petrolub SE			Italy (1.8%)		
Preference Shares	414,898	21,355	Enel SPA	8,471,672	67,354
Continental AG	198,245	21,064	* CNH Industrial NV	4,810,689	37,301
Fresenius Medical Care			* Freni Brembo SPA	3,117,759	32,394
AG & Co. KGaA	261,996	20,007	* UniCredit SPA	4,284,797	32,091
		580,339			169,140
Hong Kong (2.0%)			Japan (12.7%)		
AIA Group Ltd.	5,984,400	56,955	Nintendo Co. Ltd.	198,000	107,056
Xinyi Glass Holdings			Hitachi Ltd.	2,419,700	81,554
Ltd.	11,928,000	26,194	Toyota Motor Corp.	1,024,200	67,236
Jardine Strategic			Nitto Denko Corp.	936,800	65,816
Holdings Ltd.	1,156,000	25,030	Denso Corp.	1,389,300	64,737
CK Hutchison			Panasonic Corp.	6,533,000	60,349
Holdings Ltd.	3,887,000	23,477	Mitsubishi Electric Corp.	4,616,600	59,457
Hongkong Land			Makita Corp.	1,333,900	58,963
Holdings Ltd.	5,005,500	18,376	Shin-Etsu Chemical		
CK Asset Holdings Ltd.	3,466,500	16,097	Co. Ltd.	397,100	53,039
Swire Pacific Ltd.			Kubota Corp.	3,028,700	52,633
Class A	3,432,850	15,655	Shimano Inc.	203,400	46,521
Yue Yuen Industrial			Sumitomo Mitsui		
Holdings Ltd.	4,431,000	7,217	Financial Group Inc.	1,600,800	44,313
		189,001	Ryohin Keikaku Co. Ltd.	2,063,900	43,320
India (3.3%)			Daito Trust Construction		
Adani Ports & Special			Co. Ltd.	400,000	36,386
Economic Zone Ltd.	13,391,490	64,957	Suzuki Motor Corp.	846,500	36,355
Zee Entertainment			Kao Corp.	506,000	36,026
Enterprises Ltd.	20,262,660	51,319	Komatsu Ltd.	1,501,400	33,850
* ICICI Bank Ltd. ADR	4,850,498	51,173	Omron Corp.	461,500	33,323
Housing Development			Daiwa House Industry		
Finance Corp. Ltd.	1,685,290	43,722	Co. Ltd.	1,252,800	32,917
Ambuja Cements Ltd.	11,579,019	40,538	Ulvac Inc.	761,809	27,905
Hero MotoCorp Ltd.	539,992	20,372			

International Value Fund

	Shares	Market Value* (\$000)		Shares	Market Value* (\$000)
Ain Holdings Inc.	374,300	26,181	South Korea (6.0%)		
ITOCHU Corp.	894,800	21,492	Samsung Electronics		
Teijin Ltd.	1,227,300	18,800	Co. Ltd.	2,814,067	141,451
Mitsubishi Heavy			Posco	654,918	120,900
Industries Ltd.	874,100	18,780	¹ Samsung Electronics		
Canon Inc.	1,076,600	18,739	Co. Ltd. GDR	85,820	108,268
FANUC Corp.	84,200	17,785	SK Hynix Inc.	1,141,810	81,003
Daiwa Securities			LG Household & Health		
Group Inc.	3,414,000	13,833	Care Ltd.	28,844	38,244
Nihon Kohden Corp.	339,000	10,603	Hana Financial Group Inc.	984,207	26,586
Sumitomo Chemical			KB Financial Group Inc.	605,341	21,653
Co. Ltd.	2,747,800	8,989	Shinhan Financial Group		
Hitachi Construction			Co. Ltd.	561,096	15,224
Machinery Co. Ltd.	13,000	321	Amorepacific Corp.	72,440	10,177
		1,197,279			563,506
Mexico (0.6%)			Spain (1.0%)		
* Grupo Financiero Banorte			* Banco Santander SA	19,133,324	38,316
SAB de CV	12,476,000	55,582	Banco Bilbao Vizcaya		
			Argentaria SA	13,270,316	38,287
Netherlands (3.2%)			[^] Industria de Diseno		
Koninklijke DSM NV	378,269	60,496	Textil SA	705,306	17,414
Wolters Kluwer NV	577,224	46,736			94,017
* AerCap Holdings NV	1,772,366	44,008	Sweden (1.5%)		
SBM Offshore NV	2,413,430	39,002	* Sandvik AB	2,321,780	41,386
* ¹ ABN AMRO Bank NV	4,225,815	34,712	* Hexagon AB Class B	548,256	40,186
* JDE Peet's BV	780,837	27,814	* Nordea Bank Abp (XSTO)	4,502,368	33,791
Aegon NV	8,867,307	23,853	* Nordea Bank Abp (XHEL)	3,861,674	29,087
* Boskalis Westminster	1,034,646	20,806			144,450
		297,427	Switzerland (6.7%)		
Norway (1.6%)			Novartis AG	1,957,311	152,519
Telenor ASA	2,979,350	46,038	LafargeHolcim Ltd.	2,854,015	122,493
Yara International ASA	1,214,920	42,517	ABB Ltd.	3,465,426	84,089
Equinor ASA	2,176,637	27,773	Cie Financiere		
* Bakkafrøst P/F	303,820	17,381	Richemont SA	1,054,930	65,937
TGS NOPEC Geophysical			Credit Suisse Group AG	6,226,274	58,723
Co. ASA	1,531,110	14,125	Lonza Group AG	68,307	41,388
		147,834	Swatch Group AG (Bearer)	166,110	35,177
Singapore (1.8%)			Adecco Group AG	505,126	24,768
United Overseas			UBS Group AG	2,113,238	24,602
Bank Ltd.	4,603,700	63,966	* Flughafen Zurich AG	142,628	19,248
Singapore					628,944
Telecommunications			Taiwan (0.2%)		
Ltd.	24,778,300	36,834	Silicon Motion Technology		
DBS Group Holdings			Corp. ADR	371,881	14,035
Ltd.	2,276,700	33,913	United Kingdom (12.4%)		
Sembcorp Industries			* Lloyds Banking		
Ltd.	16,004,700	18,525	Group plc	201,924,516	73,522
SATS Ltd.	6,992,400	15,249	RELX plc	3,477,744	68,818
		168,487	* Weir Group plc	3,481,170	64,673
South Africa (0.8%)			Anglo American plc	2,692,090	63,165
Tiger Brands Ltd.	3,843,234	47,672	Tesco plc	22,485,622	59,847
Mr Price Group Ltd.	3,373,013	25,517	Unilever plc	946,500	53,940
		73,189			

International Value Fund

	Shares	Market Value* (\$000)		Shares	Market Value* (\$000)
* HSBC Holdings plc (XLON)	11,471,635	48,073	Temporary Cash Investments (5.7%)		
* Ferguson plc	461,227	45,810	Money Market Fund (5.5%)		
Smiths Group plc	2,649,210	45,646	2,3 Vanguard Market		
IMI plc	3,342,400	44,817	Liquidity Fund, 0.112%		
Berkeley Group Holdings plc	850,336	44,709			
BHP Group plc	2,227,230	43,147		Face Amount (\$000)	
* Travis Perkins plc	3,088,200	42,414	U.S. Government and Agency Obligations (0.2%)		
Victrex plc	1,727,690	41,284	4 United States Cash		
Standard Life Aberdeen plc	13,959,404	40,675	Management Bill, 0.113%, 3/23/21		
Diageo plc	1,189,490	38,442		12,402	12,397
Spectris plc	1,180,060	37,874	United States Cash Management Bill, 0.165%, 11/3/20		
Royal Dutch Shell plc Class B	3,088,180	37,242		9,000	9,000
Prudential plc	3,020,088	36,937	4 United States Treasury Bill, 0.095%, 1/28/21		
* HSBC Holdings plc (XHKG)	7,830,000	32,706		434	434
Johnson Matthey plc	1,018,630	28,356	21,831		
Carnival plc	2,369,740	26,790	Total Temporary Cash Investments (Cost \$541,233)		
* Glencore plc	11,474,085	23,146	541,295		
* Natwest Group plc	13,263,907	21,386	Total Investments (99.4%) (Cost \$9,357,910)		
Direct Line Insurance Group plc	5,486,918	18,751	9,354,433		
Electrocomponents plc	1,823,960	16,014	Other Assets and Liabilities—Net (0.6%)		
Aggreko plc	2,784,239	15,869	53,989		
* ITV plc	14,022,431	13,105	Net Assets (100%)		
* Kingfisher plc	3,512,509	13,063	9,408,422		
easyJet plc	1,978,861	12,976	Cost is in \$000.		
* Taylor Wimpey plc	8,950,968	12,264	• See Note A in Notes to Financial Statements.		
Pearson plc	692,289	4,574	* Non-income-producing security.		
		1,170,035	^ Includes partial security positions on loan to broker-dealers. The total value of securities on loan is \$16,543,000.		
United States (4.5%)			1 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 October 31, 2020, the aggregate value of these securities was \$176,309,000, representing 1.9% of net assets.		
* Capri Holdings Ltd.	4,861,508	103,161	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.		
TechnipFMC plc	4,509,803	24,939	3 Collateral of \$17,528,000 was received for securities on loan.		
Aon plc Class A RenaissanceRe Holdings Ltd.	260,654	42,153	4 Securities with a value of \$12,831,000 have been segregated as initial margin for open futures contracts.		
Medtronic plc	745,494	74,975	ADR—American Depositary Receipt.		
Copa Holdings SA Class A	375,300	18,495	GDR—Global Depositary Receipt.		
Accenture plc Class A	265,248	57,535			
Linde plc	146,300	32,064			
		426,710			
Total Common Stocks (Cost \$8,816,677)		8,813,138			

Derivative Financial Instruments Outstanding as of Period End

Futures Contracts

			(\$000)	
	Expiration	Number of Long (Short) Contracts	Notional Amount	Value and Unrealized Appreciation (Depreciation)
<hr/> Long Futures Contracts <hr/>				
MSCI EAFE Index	December 2020	1,422	126,835	(6,081)
MSCI Emerging Market Index	December 2020	1,089	59,998	(725)
				<hr/> (6,806) <hr/>

Statement of Assets and Liabilities

As of October 31, 2020

(\$000s, except shares and per-share amounts)	Amount
Assets	
Investments in Securities, at Value	
Unaffiliated Issuers (Cost \$8,838,507)	8,834,969
Affiliated Issuers (Cost \$519,403)	519,464
Total Investments in Securities	9,354,433
Investment in Vanguard	399
Cash	5
Cash Collateral Pledged—Futures Contracts	2,640
Foreign Currency, at Value (Cost \$26,414)	26,481
Receivables for Investment Securities Sold	20,805
Receivables for Accrued Income	38,928
Receivables for Capital Shares Issued	10,271
Total Assets	9,453,962
Liabilities	
Payables for Investment Securities Purchased	16,772
Collateral for Securities on Loan	17,528
Payables to Investment Advisor	2,730
Payables for Capital Shares Redeemed	6,112
Payables to Vanguard	1,013
Variation Margin Payable—Futures Contracts	1,385
Total Liabilities	45,540
Net Assets	9,408,422

At October 31, 2020, net assets consisted of:

Paid-in Capital	9,899,813
Total Distributable Earnings (Loss)	(491,391)
Net Assets	9,408,422
Net Assets	
Applicable to 289,651,681 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	9,408,422
Net Asset Value Per Share	\$32.48

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

Statement of Operations

	Year Ended October 31, 2020
	(\$000)
Investment Income	
Income	
Dividends—Unaffiliated Issuers ¹	224,778
Dividends—Affiliated Issuers	133
Interest—Unaffiliated Issuers	236
Interest—Affiliated Issuers	4,511
Securities Lending—Net	1,835
Total Income	231,493
Expenses	
Investment Advisory Fees—Note B	
Basic Fee	15,713
Performance Adjustment	(1,795)
The Vanguard Group—Note C	
Management and Administrative	18,644
Marketing and Distribution	961
Custodian Fees	386
Auditing Fees	44
Shareholders' Reports	221
Trustees' Fees and Expenses	17
Total Expenses	34,191
Net Investment Income	197,302
Realized Net Gain (Loss)	
Investment Securities—Unaffiliated Issuers	(507,239)
Investment Securities—Affiliated Issuers	4,180
Futures Contracts	18,397
Forward Currency Contracts	(10,593)
Foreign Currencies	(502)
Realized Net Gain (Loss)	(495,757)
Change in Unrealized Appreciation (Depreciation)	
Investment Securities—Unaffiliated Issuers	(534,421)
Investment Securities—Affiliated Issuers	(6,322)
Futures Contracts	(9,616)
Forward Currency Contracts	(1,460)
Foreign Currencies	879
Change in Unrealized Appreciation (Depreciation)	(550,940)
Net Increase (Decrease) in Net Assets Resulting from Operations	(849,395)

¹ Dividends are net of foreign withholding taxes of \$25,103,000.

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

Statement of Changes in Net Assets

	Year Ended October 31,	
	2020 (\$000)	2019 (\$000)
Increase (Decrease) in Net Assets		
Operations		
Net Investment Income	197,302	308,413
Realized Net Gain (Loss)	(495,757)	(142,714)
Change in Unrealized Appreciation (Depreciation)	(550,940)	640,000
Net Increase (Decrease) in Net Assets Resulting from Operations	(849,395)	805,699
Distributions¹		
Total Distributions	(308,988)	(527,741)
Capital Share Transactions		
Issued	2,047,882	1,467,177
Issued in Lieu of Cash Distributions	283,820	490,069
Redeemed	(2,125,218)	(1,399,172)
Net Increase (Decrease) from Capital Share Transactions	206,484	558,074
Total Increase (Decrease)	(951,899)	836,032
Net Assets		
Beginning of Period	10,360,321	9,524,289
End of Period	9,408,422	10,360,321

¹ Certain prior-period numbers have been reclassified to conform with the current-period presentation.

Financial Highlights

For a Share Outstanding Throughout Each Period	Year Ended October 31,				
	2020	2019	2018	2017	2016
Net Asset Value, Beginning of Period	\$36.63	\$35.86	\$39.26	\$32.30	\$33.22
Investment Operations					
Net Investment Income	.684 ¹	1.104 ¹	.950 ¹	.781 ¹	.721
Net Realized and Unrealized Gain (Loss) on Investments	(3.723)	1.669	(3.607)	6.905	(.979)
Total from Investment Operations	(3.039)	2.773	(2.657)	7.686	(.258)
Distributions					
Dividends from Net Investment Income	(1.111)	(.943)	(.743)	(.726)	(.662)
Distributions from Realized Capital Gains	—	(1.060)	—	—	—
Total Distributions	(1.111)	(2.003)	(.743)	(.726)	(.662)
Net Asset Value, End of Period	\$32.48	\$36.63	\$35.86	\$39.26	\$32.30
Total Return²	-8.69%	8.48%	-6.95%	24.33%	-0.67%

Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$9,408	\$10,360	\$9,524	\$9,964	\$7,873
Ratio of Total Expenses to Average Net Assets ³	0.35%	0.37%	0.38%	0.40%	0.43%
Ratio of Net Investment Income to Average Net Assets	2.05%	3.15%	2.41%	2.21%	2.29%
Portfolio Turnover Rate	72%	38%	28%	34%	30%

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 Includes performance-based investment advisory fee increases (decreases) of (0.02%), (0.01%), (0.01%), 0.00%, and 0.03%.

Notes to Financial Statements

Vanguard International Value Fund is registered under the Investment Company Act of 1940 as an open-end investment company, or mutual fund. The fund invests in securities of foreign issuers, which may subject it to investment risks not normally associated with investing in securities of U.S. corporations. Market disruptions associated with the COVID-19 pandemic have had a global impact, and uncertainty exists as to the long-term implications. Such disruptions can adversely affect assets of the fund and thus 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 at their fair values calculated according to procedures adopted 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. Temporary cash investments are valued using the latest bid prices or using valuations based on a matrix system (which considers such factors as security prices, yields, maturities, and ratings), both as furnished by independent pricing services.

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. **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 investments 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 year ended October 31, 2020, the fund's average investments in long and short futures contracts represented 2% and less than 1% of net assets, respectively, based on the average of the notional amounts at each quarter-end during the period.

4. **Forward Currency Contracts:** The fund enters into forward currency contracts to provide the appropriate currency exposure related to any open futures contracts or to protect the value of securities and related receivables and payables against changes in future foreign exchange rates. The fund's risks in using these contracts include movement in the values of the foreign currencies relative to the U.S. dollar and the ability of the counterparties to fulfill their obligations under the contracts. The fund mitigates its counterparty risk by entering into forward currency contracts only with a diverse group of prequalified counterparties, monitoring their financial strength, entering into master netting arrangements with its counterparties, and requiring its counterparties to transfer collateral as security for their performance. In the absence of a default, the collateral pledged or received by the fund cannot be repledged, resold, or rehypothecated. The master netting arrangements provide that, in the event of a counterparty's default (including bankruptcy), the fund may terminate the forward currency contracts, determine the net amount owed by either party in accordance with its master netting arrangements, and sell or retain any collateral held up to the net amount owed to the fund under the master netting arrangements. The forward currency contracts contain provisions whereby a counterparty may terminate open contracts if the fund's net assets decline below a certain level, triggering a payment by the fund if the fund is in a net liability position at the time of the termination. The payment amount would be reduced by any collateral the fund has pledged. Any securities pledged as collateral for open contracts are noted in the Schedule of Investments. The value of collateral received or pledged is compared daily to the value of the forward currency contracts exposure with each counterparty, and any difference, if in excess of a specified minimum transfer amount, is adjusted and settled within two business days.

Forward currency contracts are valued at their quoted daily prices obtained from an independent third party, adjusted for currency risk based on the expiration date of each contract. 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 forward currency contracts.

During the year ended October 31, 2020, the fund's average investment in forward currency contracts represented 3% of net assets, based on the average of the notional amounts at each quarter-end during the period. The fund had no open forward currency contracts at October 31, 2020.

5. **Federal Income Taxes:** The fund intends to continue to qualify as a regulated investment company and distribute 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.

6. 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.

7. 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.

8. 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, 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; these fees 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 a rate based upon the higher of the one-month London Interbank Offered Rate (or an acceptable alternate rate, if necessary), federal funds effective rate, or overnight bank funding rate plus an agreed-upon spread, except that borrowings under the uncommitted credit facility may bear interest based upon an alternative rate agreed to by the fund and Vanguard.

In accordance with an exemptive order (the "Order") from the SEC, the fund may participate in a joint lending and borrowing program that allows registered open-end Vanguard funds to borrow money from and lend money to each other for temporary or emergency purposes (the "Interfund Lending Program"), subject to compliance with the terms and conditions of the Order, and to the extent permitted by the fund's investment objective and investment policies. Interfund loans and

borrowings normally extend overnight, but can have a maximum duration of seven days. Loans may be called on one business day's notice. The interest rate to be charged is governed by the conditions of the Order and internal procedures adopted by the board of trustees. The board of trustees is responsible for overseeing the Interfund Lending Program.

For the year ended October 31, 2020, the fund did not utilize the credit facilities or the Interfund Lending Program.

9. Other: Dividend income is recorded on the ex-dividend date. Interest income includes income distributions received from Vanguard Market Liquidity Fund and is accrued daily. Premiums and discounts on debt securities are amortized and accreted, respectively, to interest income over the lives of the respective securities, except for premiums on certain callable debt securities that are amortized to the earliest call date. 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.

Withholding taxes on foreign dividends and capital gains have been provided for in accordance with the fund's understanding of the applicable countries' tax rules and rates. The fund has filed tax reclaims for previously withheld taxes on dividends earned in certain European Union countries. These filings are subject to various administrative and judicial proceedings within these countries. Such tax reclaims received during the year, if any, are included in dividend income. No other amounts for additional tax reclaims are reflected in the financial statements due to the uncertainty as to the ultimate resolution of proceedings, the likelihood of receipt of these reclaims, and the potential timing of payment.

B. The investment advisory firms Lazard Asset Management LLC, ARGA Investment Management, LP, and, beginning October 2020, Sprucegrove Investment Management Ltd. each provide investment advisory services to a portion of the fund for a fee calculated at an annual percentage rate of average net assets managed by the advisor. The basic fees of Lazard Asset Management LLC and ARGA Investment Management, LP, are subject to quarterly adjustments based on performance relative to the MSCI All Country World Index ex US for the preceding five years. In accordance with the advisory contract entered into with Sprucegrove Investment Management Ltd., beginning November 1, 2021, the investment advisory fee will be subject to quarterly adjustments based on performance relative to the MSCI All Country World Index ex US since October 31, 2020. Until October 2020, a portion of the fund was managed by Edinburgh Partners Limited. The basic fee paid to Edinburgh Partners Limited was subject to quarterly adjustments based on performance relative to the MSCI All Country World Index ex US for the preceding three years.

Vanguard manages the cash reserves of the fund as described below.

For the year ended October 31, 2020, the aggregate investment advisory fee represented an effective annual basic rate of 0.16% of the fund's average net assets, before a net decrease of \$1,795,000 (0.02%) based on performance.

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, distribution, and cash management 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 October 31, 2020, the fund had contributed to Vanguard capital in the amount of \$399,000, representing less than 0.01% of the fund's net assets and 0.16% 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 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.

The following table summarizes the market value of the fund's investments and derivatives as of October 31, 2020, based on the inputs used to value them:

	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)	Total (\$000)
Investments				
Assets				
Common Stock	1,300,237	7,512,901	—	8,813,138
Temporary Cash Investments	519,464	21,831	—	541,295
Total	1,819,701	7,534,732	—	9,354,433
Derivative Financial Instruments				
Liabilities				
Futures Contracts ¹	1,385	—	—	1,385

¹ Represents variation margin on the last day of the reporting period.

E. Permanent differences between book-basis and tax-basis components of net assets are reclassified among capital accounts in the financial statements to reflect their tax character. These reclassifications have no effect on net assets or net asset value per share. As of period end, permanent differences primarily attributable to the accounting for foreign currency transactions and passive foreign investment companies were reclassified between the individual components of total distributable earnings (loss).

Temporary differences between book-basis and tax-basis components of total distributable earnings (loss) arise when certain items of income, gain, or loss are recognized in different periods for financial statement and tax purposes; these differences will reverse at some time in the future.

International Value Fund

The differences are primarily related to the deferral of losses from wash sales; and the recognition of unrealized gains or losses from certain derivative contracts. As of period end, the tax-basis components of total distributable earnings (loss) are detailed in the table as follows:

	Amount (\$000)
Undistributed Ordinary Income	164,608
Undistributed Long-Term Gains	—
Capital Loss Carryforwards	(639,349)
Qualified Late-Year Losses	—
Net Unrealized Gains (Losses)	(16,650)

The tax character of distributions paid was as follows:

	Year Ended October 31,	
	2020 Amount (\$000)	2019 Amount (\$000)
Ordinary Income*	308,988	279,535
Long-Term Capital Gains	—	248,206
Total	308,988	527,741

* Includes short-term capital gains, if any.

As of October 31, 2020, 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	9,372,209
Gross Unrealized Appreciation	867,135
Gross Unrealized Depreciation	(884,912)
Net Unrealized Appreciation (Depreciation)	(17,777)

F. During the year ended October 31, 2020, the fund purchased \$6,630,280,000 of investment securities and sold \$6,470,942,000 of investment securities, other than temporary cash investments.

G. Capital shares issued and redeemed were:

	Year Ended October 31,	
	2020 Shares (000)	2019 Shares (000)
Issued	64,897	42,273
Issued in Lieu of Cash Distributions	7,593	15,158
Redeemed	(65,710)	(40,172)
Net Increase (Decrease) in Shares Outstanding	6,780	17,259

H. Transactions during the period in investments where the issuer is another member of The Vanguard Group were as follows:

	Current Period Transactions							Oct. 31, 2020 Market Value (\$000)
	Oct. 31, 2019 Market Value (\$000)	Purchases at Cost (\$000)	Proceeds from Securities Sold (\$000)	Realized Net Gain (Loss) (\$000)	Change in Unrealized App. (Dep.) Income (\$000)	Capital Gain Distributions Received (\$000)		
Vanguard FTSE All World ex-US ETF	37,084	—	35,096	4,361	(6,349)	133	—	—
Vanguard Market Liquidity Fund	588,088	NA ¹	NA ¹	(181)	27	4,511	—	519,464
Total	625,172	—	35,096	4,180	(6,322)	4,644	—	519,464

¹ Not applicable—purchases and sales are for temporary cash investment purposes.

I. Management has determined that no events or transactions occurred subsequent to October 31, 2020, that would require recognition or disclosure in these financial statements.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Vanguard Trustees' Equity Fund and Shareholders of Vanguard International Value Fund

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Vanguard International Value Fund (one of the funds constituting Vanguard Trustees' Equity Fund, referred to hereafter as the "Fund") as of October 31, 2020, the related statement of operations for the year ended October 31, 2020, the statement of changes in net assets for each of the two years in the period ended October 31, 2020, including the related notes, and the financial highlights for each of the five years in the period ended October 31, 2020 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of October 31, 2020, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended October 31, 2020 and the financial highlights for each of the five years in the period ended October 31, 2020 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of October 31, 2020 by correspondence with the custodian and brokers and by agreement to the underlying ownership records of the transfer agent; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

/s/PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
December 17, 2020

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

Special 2020 tax information (unaudited) for Vanguard International Value Fund

This information for the fiscal year ended October 31, 2020, is included pursuant to provisions of the Internal Revenue Code.

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

The fund distributed \$228,466,000 of qualified dividend income to shareholders during the fiscal year.

The fund designates to shareholders foreign source income of \$250,528,000 and foreign taxes paid of \$17,947,000. Shareholders will receive more detailed information with their Form 1099-DIV in January 2021 to determine the calendar-year amounts to be included on their 2020 tax returns.

Trustees Approve Advisory Arrangement

Effective October 12, 2020, the board of trustees of Vanguard International Value Fund approved a restructuring of the portfolio's investment advisory arrangements whereby Sprucegrove Investment Management Ltd. (Sprucegrove) has been added as an advisor and Edinburgh Partners Limited has been removed as an advisor to the portfolio. The board determined that the foregoing actions were in the best interests of the portfolio and its shareholders. As of October 12, 2020, ARGA Investment Management, LP, Lazard Asset Management LLC, and Sprucegrove are advisors to the fund.

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 will meet regularly with the fund's advisors and will make monthly presentations to the board during the fiscal year that direct the board's focus to relevant information and topics.

The board, or an investment committee made up of board members, will also receive information throughout the year during advisor presentations. For each advisor presentation, the board will be provided with letters and reports that include 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 will receive monthly reports, which include a Market and Economic Report, a Fund Dashboard Monthly Summary, and a Fund Performance Report.

Prior to their meeting to determine whether to approve the new advisory arrangement with Sprucegrove, the trustees were provided with a memo and materials that summarized the information they receive over the course of the year for each advisor. 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 considered the quality of the investment management services to be provided to the fund by Sprucegrove and took into account the organizational depth and stability of the advisor. The board considered that Sprucegrove, a Toronto-based boutique asset management firm founded in 1993, specializes in international and global strategies. The firm has an investment edge centered on its disciplined research and decision-making process; an impressive, multigenerational, diverse team; and a 27-year history as an independent and value-investing-focused boutique. It employs a disciplined, value-oriented, global investment strategy to select stocks. The foundation of the firm's investment philosophy is the belief that investors' short-term focus allows high-quality companies to trade at a discount. The investment process was founded on research that identifies high-quality companies as measured against five criteria: above-average consistent profitability, sustainable competitive advantages, financial strength, opportunity for growth, and capable management. Sprucegrove has managed a portion of the portfolio since October 2020.

The board concluded that the advisor's experience, stability, depth, and performance, among other factors, warranted approval of the advisory arrangement.

Investment performance

The board concluded that Sprucegrove, in its management of other funds and portfolios, has produced strong long-term performance in its international value strategy, particularly when compared to a style-specific benchmark, and the firm's selection in emerging markets has been solid over time. The long-term track record of Sprucegrove's flagship strategy has been strong, with outperformance versus an appropriate value benchmark over 3-, 5-, 10-, and 15-year periods.

Cost

The board considered the cost of services to be provided and competitive fee rates and concluded that the portfolio's advisory fee rate and expense ratio under the new advisory arrangement should remain well below the advisory fee rates and expense ratios of the portfolio's peers.

The board did not consider the profitability of Sprucegrove in determining whether to approve the advisory fee, because the firm 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 and its shareholders will realize economies of scale as the fund grows because of the breakpoints in the fund's advisory fee schedule for Sprucegrove. The breakpoints reduce the effective rate of the fee as the fund grows, thereby capturing economies of scale for the benefit of the fund's shareholders.

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

The People Who Govern Your Fund

The trustees of your mutual fund are there to see that the fund is operated and managed in your best interests since, as a shareholder, you are a part owner of the fund. Your fund's trustees also serve on the board of directors of The Vanguard Group, Inc., which is owned by the Vanguard funds and provides services to them.

A majority of Vanguard's board members are independent, meaning that they have no affiliation with Vanguard or the funds they oversee, apart from the sizable personal investments they have made as private individuals. The independent board members have distinguished backgrounds in business, academia, and public service. Each of the trustees and executive officers oversees 213 Vanguard funds.

Information for each trustee and executive officer of the fund appears below. That information, as well as the Vanguard fund count, is as of the date on the cover of this fund report. The mailing address of the trustees and officers is P.O. Box 876, Valley Forge, PA 19482. More information about the trustees is in the *Statement of Additional Information*, which can be obtained, without charge, by contacting Vanguard at 800-662-7447, or online at vanguard.com.

Interested Trustee¹

Mortimer J. Buckley

Born in 1969. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: chairman of the board (2019–present) of Vanguard and of each of the investment companies served by Vanguard; chief executive officer (2018–present) of Vanguard; chief executive officer, president, and trustee (2018–present) of each of the investment companies served by Vanguard; president and director (2017–present) of Vanguard; and president (2018–present) of Vanguard Marketing Corporation. Chief investment officer (2013–2017), managing director (2002–2017), head of the Retail Investor Group (2006–2012), and chief information officer (2001–2006) of Vanguard. Chairman of the board (2011–2017) and trustee (2009–2017) of the Children's Hospital of Philadelphia; and trustee (2018–present) and vice chair (2019–present) of The Shipley School.

Independent Trustees

Emerson U. Fullwood

Born in 1948. Trustee since January 2008. Principal occupation(s) during the past five years and other experience: executive chief staff and marketing officer for North America and corporate vice president (retired 2008) of Xerox Corporation (document management products and services). Former president of the Worldwide Channels Group, Latin America, and

Worldwide Customer Service and executive chief staff officer of Developing Markets of Xerox. Executive in residence and 2009–2010 Distinguished Minett Professor at the Rochester Institute of Technology. Director of SPX FLOW, Inc. (multi-industry manufacturing). Director of the University of Rochester Medical Center, the Monroe Community College Foundation, the United Way of Rochester, North Carolina A&T University, and Roberts Wesleyan College. Trustee of the University of Rochester.

Amy Gutmann

Born in 1949. Trustee since June 2006. Principal occupation(s) during the past five years and other experience: president (2004–present) of the University of Pennsylvania. Christopher H. Browne Distinguished Professor of Political Science, School of Arts and Sciences, and professor of communication, Annenberg School for Communication, with secondary faculty appointments in the Department of Philosophy, School of Arts and Sciences, and at the Graduate School of Education, University of Pennsylvania.

F. Joseph Loughrey

Born in 1949. Trustee since October 2009. Principal occupation(s) during the past five years and other experience: president and chief operating officer (retired 2009) and vice chairman of the board (2008–2009) of Cummins Inc. (industrial machinery). Chairman of the board of Hillenbrand, Inc. (specialized consumer services) and the Lumina Foundation. Director of the V Foundation. Member of the advisory

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

council for the College of Arts and Letters and chair of the advisory board to the Kellogg Institute for International Studies, both at the University of Notre Dame.

Mark Loughridge

Born in 1953. Trustee since March 2012. Principal occupation(s) during the past five years and other experience: senior vice president and chief financial officer (retired 2013) of IBM (information technology services). Fiduciary member of IBM's Retirement Plan Committee (2004–2013), senior vice president and general manager (2002–2004) of IBM Global Financing, vice president and controller (1998–2002) of IBM, and a variety of other prior management roles at IBM. Member of the Council on Chicago Booth.

Scott C. Malpass

Born in 1962. Trustee since March 2012. Principal occupation(s) during the past five years and other experience: chief investment officer (retired June 2020) and vice president (retired June 2020) of the University of Notre Dame. Assistant professor of finance at the Mendoza College of Business, University of Notre Dame, and member of the Notre Dame 403(b) Investment Committee (retired June 2020). Member of the board of Catholic Investment Services, Inc. (investment advisors) and the board of superintendence of the Institute for the Works of Religion.

Deanna Mulligan

Born in 1963. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: board chair (2020–present), chief executive officer (2011–2020), and president (2010–2019) of The Guardian Life Insurance Company of America. Chief operating officer (2010–2011) and executive vice president (2008–2010) of the individual life and disability division of Guardian Life. Member of the board of the American Council of Life Insurers and the board of the Economic Club of New York. Trustee of the Partnership for New York City (business leadership), Chief Executives for Corporate Purpose, NewYork-Presbyterian Hospital, Catalyst, and the Bruce Museum (arts and science). Member of the Advisory Council for the Stanford Graduate School of Business.

André F. Perold

Born in 1952. Trustee since December 2004. Principal occupation(s) during the past five years and other experience: George Gund Professor of Finance and Banking, Emeritus at the Harvard Business School (retired 2011). Chief investment officer and co-managing partner of HighVista Strategies (private investment firm). Member of the board of advisors and member of the investment committee of the Museum of Fine Arts Boston. Member of the board (2018–present) of RIT Capital Partners (investment firm). Member of the investment committee of Partners Health Care System.

Sarah Bloom Raskin

Born in 1961. Trustee since January 2018. Principal occupation(s) during the past five years and other experience: deputy secretary (2014–2017) of the United States Department of the Treasury. Governor (2010–2014) of the Federal Reserve Board. Commissioner (2007–2010) of financial regulation for the State of Maryland. Member of the board of directors (2012–2014) of Neighborhood Reinvestment Corporation. Director (2017–present) of i(x) Investments, LLC; director (2017–present) of Reserve Trust. Rubenstein Fellow (2017–present) of Duke University; trustee (2017–present) of Amherst College, and trustee (2019–present) of the Folger Shakespeare Library.

Peter F. Volanakis

Born in 1955. Trustee since July 2009. Principal occupation(s) during the past five years and other experience: president and chief operating officer (retired 2010) of Corning Incorporated (communications equipment) and director of Corning Incorporated (2000–2010) and Dow Corning (2001–2010). Director (2012) of SPX Corporation (multi-industry manufacturing). Overseer of the Amos Tuck School of Business Administration, Dartmouth College (2001–2013). Chairman of the board of trustees of Colby-Sawyer College. Member of the board of Hypertherm Inc. (industrial cutting systems, software, and consumables).

Executive Officers

John Bendl

Born in 1970. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Chief financial officer (2019–present) of each of the investment companies served by Vanguard. Chief accounting officer, treasurer, and controller of Vanguard (2017–present). Partner (2003–2016) at KPMG (audit, tax, and advisory services).

Christine M. Buchanan

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

David Cermak

Born in 1960. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Finance director (2019–present) of each of the investment companies served by Vanguard. Managing director and head (2017–present) of Vanguard Investments Singapore. Managing director and head (2017–2019) of Vanguard Investments Hong Kong. Representative director and head (2014–2017) of Vanguard Investments Japan.

John Galloway

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

Thomas J. Higgins

Born in 1957. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Finance director (2019–present), chief financial officer (2008–2019), and treasurer (1998–2008) of each of the investment companies served by Vanguard.

Peter Mahoney

Born in 1974. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Controller (2015–present) of each of the investment companies served by Vanguard. Head of International Fund Services (2008–2014) at Vanguard.

Anne E. Robinson

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

Michael Rollings

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

John E. Schadt

Born in 1972. Principal occupation(s) during the past five years and other experience: principal of Vanguard. Chief compliance officer (2019–present) of Vanguard and of each of the investment companies served by Vanguard. Assistant vice president (2019–present) of Vanguard Marketing Corporation.

Vanguard Senior Management Team

Joseph Brennan

Mortimer J. Buckley

Gregory Davis

John James

John T. Marcante

Chris D. McIsaac

James M. Norris

Thomas M. Rampulla

Karin A. Risi

Anne E. Robinson

Michael Rollings

Lauren Valente



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This material may be used in conjunction with the offering of shares of any Vanguard fund only if preceded or accompanied by the fund's current prospectus.

All comparative mutual fund data are from Morningstar, Inc., unless otherwise noted.

You can obtain a free copy of Vanguard's proxy voting guidelines by visiting vanguard.com/proxyreporting or by calling Vanguard at 800-662-2739. The guidelines are also available from the SEC's website, www.sec.gov. In addition, you may obtain a free report on how your fund voted the proxies for securities it owned during the 12 months ended June 30. To get the report, visit either vanguard.com/proxyreporting or www.sec.gov.

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

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