

Annual Report | January 31, 2023

Vanguard Health Care Fund

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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 January 31, 2023, Vanguard Health Care Fund returned 6.57% for Investor Shares and 6.63% for Admiral Shares. These results outpaced the 1.13% return of the fund’s benchmark index.
- Despite some relief in midsummer and toward the end of the period, it was a volatile, challenging time for financial markets. Early on, inflation readings across much of the world continued climbing to multidecade highs amid supply chain bottlenecks, rising energy and food prices, and broader price increases in goods and services. Central banks responded by aggressively tightening monetary policy. Later, it appeared that inflation might have peaked, and central banks began slowing their pace of interest rate hikes.
- Sticky inflation, dramatic rate hikes, and fears of a recession weighed heavily on sentiment in the stock market. Health care was one of the few sectors that posted positive returns for the 12 months.
- The fund’s performance relative to the benchmark was bolstered primarily by stock selection, most notably in biotechnology and pharmaceuticals. The fund’s allocations among subsectors, especially an overweight to biotechnology, also boosted relative performance.

Market Barometer

	Average Annual Total Returns Periods Ended January 31, 2023		
	One Year	Three Years	Five Years
Stocks			
Russell 1000 Index (Large-caps)	-8.55%	9.66%	9.38%
Russell 2000 Index (Small-caps)	-3.38	7.51	5.54
Russell 3000 Index (Broad U.S. market)	-8.24	9.51	9.12
FTSE All-World ex US Index (International)	-5.39	4.15	1.73
Bonds			
Bloomberg U.S. Aggregate Float Adjusted Index (Broad taxable market)	-8.40%	-2.34%	0.89%
Bloomberg Municipal Bond Index (Broad tax-exempt market)	-3.25	-0.42	2.07
FTSE Three-Month U.S. Treasury Bill Index	1.87	0.78	1.29
CPI			
Consumer Price Index	6.41%	5.06%	3.83%

Advisor's Report

For the 12 months ended January 31, 2023, Vanguard Health Care Fund returned 6.57% for Investor Shares and 6.63% for Admiral Shares. The fund outperformed the 1.13% return of its benchmark index and the -1.67% average return of its Lipper peer fund group.

The investment environment

We view the health care sector through a custom lens of subsectors. We combine biotechnology and pharmaceuticals and think of them in terms of capitalization: biopharma small-cap, biopharma mid-cap, and biopharma large-cap. The other subsectors are health care services and medical technology.

Biopharma large-cap was the top-performing subsector in the benchmark during the 12 months, followed by health care services and biopharma mid-cap. Medical technology lagged the broader health care sector. Small-cap biopharmaceuticals are not meaningfully represented in the benchmark.

Our successes

Stock selection contributed positively to the fund's performance, particularly in the biopharma large-cap and biopharma mid-cap subsectors. From an allocation perspective, our underweight to the underperforming medical technology space contributed to relative performance, as did our overweight to biopharma mid-cap.

Eli Lilly, a biopharma large-cap company, was the fund's top relative performer.

Shares rose after it received FDA approval for tirzepatide, for the treatment of type 2 diabetes. Compelling pivotal data for non-diabetic obesity also underscored the drug's long-term value. Furthermore, positive results in the phase 3 trial for an Alzheimer's drug manufactured by Eisai raised hopes for other anti-amyloid drugs, including Eli Lilly's donanemab.

Another top contributor was Alnylam Pharmaceuticals, a biopharma large-cap company. Its shares rose after Onpattro—the company's RNA interference therapy that reduces amyloid deposits in various tissues and organs—met the main goal of a late-stage trial in patients with a form of heart disease. This paves the way for the company to seek wider approval from U.S. regulators.

Not owning biopharma large-cap company Roche Holding AG was also among the top relative contributors. Roche had two research and development disappointments: the failed phase 3 results of its Alzheimer's studies for gantenerumab, and results from tiragolumab for non-small cell lung cancer treatment that failed to meet the primary co-endpoint of progression-free survival.

Our shortfalls

Stock selection was weakest within the biopharma small-cap subsector. From an allocation perspective, our underweight to the biopharma large-cap space detracted from relative performance.

Not owning Merck & Co., a biopharma large-cap company, for most of the period

was the largest detractor. Its shares rose on the back of higher sales guidance for leading immunotherapy cancer treatment Keytruda and human papillomavirus vaccine Gardasil, in addition to R&D success for sotatercept—a drug for pulmonary arterial hypertension that was added to Merck’s pipeline through its acquisition of Acceleron Pharma. The study achieved its primary endpoint of showing significant improvement in exercise capacity.

Another top detractor was not owning Novo Nordisk, a biopharma large-cap company. Shares rose after the company announced strong third-quarter profits driven primarily by demand for the company’s diabetes treatment Ozempic. Additionally, the company made progress on alleviating supply disruptions with its obesity drug Wegovy, and management expressed confidence in increasing production capacity in 2023.

Viatis—a biopharma mid-cap company formed through the combination of Mylan and Pfizer’s generics business, Upjohn—was another notable detractor. Shares declined after the company reported worse-than-expected topline results for the last quarter of 2021 and issued guidance below estimates.

Our additions and eliminations

We initiated a position in Merck, as we are becoming increasingly optimistic that the company will be able to manage the loss of exclusivity of Keytruda later this decade. We are starting to see improved growth security in Keytruda and Gardasil

and are encouraged by progress in the oncology pipeline and the company’s competitive position in pneumococcal conjugate vaccines.

We also initiated a position in Abbott Laboratories, a diversified medical technology company, as we are finding an attractive risk/reward opportunity following the stock’s recent underperformance. The company has faced short-term headwinds, including declines in COVID-19 testing demand and challenges following a baby-formula product recall. However, we are encouraged by its fundamentals, which are supported by a strong balance sheet and its portfolio of diversified franchises such as Libre, the company’s continuous glucose monitoring system for diabetes.

We eliminated positions in Bristol-Myers Squibb and Incyte. Both face patent expirations of their lead franchise this decade and need more significant new product innovation to offset these challenges.

The fund’s characteristics

At the fiscal year’s end, about 27% of the fund’s assets were in non-U.S. investments, a level that has remained fairly stable in recent years. Our non-U.S. holdings were primarily companies domiciled in Japan, the United Kingdom, Switzerland, Belgium, and Denmark, many of which operate globally. We believe this strategy provides diversification for shareholders over the long term.

The fund held 105 companies across all subsectors of health care as of the end of

the period, reflecting a slight decrease from the 108 equity names we held a year ago. The fund's 10 largest holdings represented a significant 41 % of total assets.

The fund's positioning and outlook

We have a positive outlook across the health care opportunity set.

Groundbreaking innovation, supportive valuations, and business models that are positioned to show resilience through the cycle should benefit long-term investors in this sector. Within biopharma, we anticipate continued developments in areas such as Alzheimer's disease, metabolic diseases, and cancer, as well as companies discovering drugs using new modalities such as messenger RNA, RNA interference, and bispecific antibodies.

Innovation is also accelerating across medical technology, which should lead to strong growth. This includes advances in new diabetes and cardiovascular devices and novel tools that serve the life sciences industry. Lastly, health care services companies remain well-positioned to help solve the societal challenge of rising health care costs. Some will benefit from the ongoing transition from a fee-for-service to a fee-for-value care system. We expect the strength of managed care business models to continue to shine. We are finding attractive opportunities among companies focused on improving patient outcomes while reining in costs.

Jean M. Hynes, CFA
Senior Managing Director and
Portfolio Manager

Wellington Management Company LLP

February 10, 2023

About Your Fund's Expenses

As a shareholder of the fund, you incur ongoing costs, which include costs for portfolio management, administrative services, and shareholder reports (like this one), among others. Operating expenses, which are deducted from a fund's gross income, directly reduce the investment return of the fund.

A fund's expenses are expressed as a percentage of its average net assets. This figure is known as the expense ratio. The following examples are intended to help you understand the ongoing costs (in dollars) of investing in your fund and to compare these costs with those of other mutual funds. The examples are based on an investment of \$1,000 made at the beginning of the period shown and held for the entire period.

The accompanying table illustrates your fund's costs in two ways:

- **Based on actual fund return.** This section helps you to estimate the actual expenses that you paid over the period. The "Ending Account Value" shown is derived from the fund's actual return, and the third column shows the dollar amount that would have been paid by an investor who started with \$1,000 in the fund. You may use the information here, together with the amount you invested, to estimate the expenses that you paid over the period.

To do so, simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number given for your fund under the heading "Expenses Paid During Period."

- **Based on hypothetical 5% yearly return.** This section is intended to help you compare your fund's costs with those of other mutual funds. It assumes that the fund had a yearly return of 5% before expenses, but that the expense ratio is unchanged. In this case—because the return used is not the fund's actual return—the results do not apply to your investment. The example is useful in making comparisons because the Securities and Exchange Commission requires all mutual funds to calculate expenses based on a 5% return. You can assess your fund's costs by comparing this hypothetical example with the hypothetical examples that appear in shareholder reports of other funds.

Note that the expenses shown in the table are meant to highlight and help you compare *ongoing* costs only and do not reflect transaction costs incurred by the fund for buying and selling securities. Further, the expenses do not include any purchase, redemption, or account service fees described in the fund prospectus. If such fees were applied to your account, your costs would be higher. Your fund does not carry a "sales load."

The calculations assume no shares were bought or sold during the period. Your actual costs may have been higher or lower, depending on the amount of your investment and the timing of any purchases or redemptions.

You can find more information about the fund's expenses, including annual expense ratios, in the Financial Statements section of this report. For additional information on operating expenses and other shareholder costs, please refer to your fund's current prospectus.

Six Months Ended January 31, 2023

	Beginning Account Value 7/31/2022	Ending Account Value 1/31/2023	Expenses Paid During Period
Based on Actual Fund Return			
Health Care Fund			
Investor Shares	\$1,000.00	\$1,038.90	\$1.80
Admiral™ Shares	1,000.00	1,039.20	1.54
Based on Hypothetical 5% Yearly Return			
Health Care Fund			
Investor Shares	\$1,000.00	\$1,023.44	\$1.79
Admiral Shares	1,000.00	1,023.69	1.53

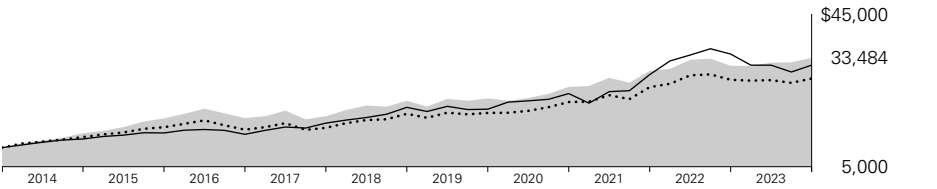
The calculations are based on expenses incurred in the most recent six-month period. The fund's annualized six-month expense ratios for that period are 0.35% for Investor Shares and 0.30% for Admiral Shares. The dollar amounts shown as "Expenses Paid" are equal to the annualized expense ratio multiplied by the average account value over the period, multiplied by the number of days in the most recent six-month period, then divided by the number of days in the most recent 12-month period (184/365).

Health Care 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: January 31, 2013, Through January 31, 2023
Initial Investment of \$10,000



	Average Annual Total Returns Periods Ended January 31, 2023			Final Value of a \$10,000 Investment
	One Year	Five Years	Ten Years	
Health Care Fund Investor Shares	6.57%	8.50%	12.85%	\$33,484
MSCI All Country World Index Health Care Index	1.13	8.29	10.87	28,067
Dow Jones U.S. Total Stock Market Float Adjusted Index	-8.42	8.99	12.19	31,581

	One Year	Five Years	Ten Years	Final Value of a \$50,000 Investment
Health Care Fund Admiral Shares	6.63%	8.56%	12.90%	\$168,254
MSCI All Country World Index Health Care Index	1.13	8.29	10.87	140,334
Dow Jones U.S. Total Stock Market Float Adjusted Index	-8.42	8.99	12.19	157,905

Fund Allocation

As of January 31, 2023

United States	72.2%
Japan	8.8
United Kingdom	6.9
Switzerland	5.3
Belgium	3.1
Denmark	2.2
China	1.1
Other	0.4

The table reflects the fund's investments, except for short-term investments.

Financial Statements

Schedule of Investments

As of January 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 (98.3%)					
Belgium (3.1%)					
¹ UCB SA	10,923,125	896,839	Ono Pharmaceutical Co. Ltd.	19,628,460	425,912
* Argenx SE	1,339,326	510,131	Astellas Pharma Inc.	22,277,204	327,923
* Galapagos NV	1,175,458	52,024	Terumo Corp.	6,976,400	203,085
		1,458,994	Nippon Shinyaku Co. Ltd.	1,977,800	101,790
			Asahi Intecc Co. Ltd.	2,023,500	35,501
					4,079,042
Brazil (0.0%)			Spain (0.1%)		
^{*,2} Hapvida Participacoes e Investimentos SA	8,909,471	9,039	Almirall SA	3,142,775	31,667
			Switzerland (5.2%)		
China (1.1%)			Novartis AG (Registered)	21,530,502	1,946,553
² WuXi AppTec Co. Ltd. Class H	9,838,416	127,841	Alcon Inc.	3,393,208	256,047
* Legend Biotech Corp. ADR	1,483,204	74,902	Lonza Group AG (Registered)	352,632	201,156
* Zai Lab Ltd.	14,229,400	59,519	Tecan Group AG (Registered)	203,082	85,228
Yifeng Pharmacy Chain Co. Ltd. Class A	6,945,794	58,463			2,488,984
^{*,2} Wuxi Biologics Cayman Inc.	6,756,200	56,417	United Kingdom (6.8%)		
* Zai Lab Ltd. ADR	1,085,794	45,755	AstraZeneca plc	19,440,938	2,547,006
Shandong Weigao Group Medical Polymer Co. Ltd. Class H	24,872,000	41,347	GSK plc	22,646,145	397,780
^{*,2} Remegen Co. Ltd. Class H	4,397,500	35,558	Hikma Pharmaceuticals plc	6,910,934	146,195
Shenzhen Mindray Bio-Medical Electronics Co. Ltd. Class A (XSHE)	452,517	22,372	* Abcam plc ADR	7,161,997	99,337
^{*,2} Everest Medicines Ltd.	2,139,500	6,836	Genus plc	1,004,385	36,024
		529,010			3,226,342
Denmark (2.2%)			United States (71.0%)		
* Genmab A/S	2,088,852	818,614	UnitedHealth Group Inc.	5,901,234	2,945,837
* Ascendis Pharma A/S ADR	942,809	116,984	Eli Lilly & Co.	7,644,984	2,631,021
^{*,3} Genmab A/S ADR	2,285,855	89,491	Pfizer Inc.	48,324,782	2,134,022
		1,025,089	Merck & Co. Inc.	18,307,050	1,966,360
			* Biogen Inc.	4,887,203	1,421,687
Italy (0.2%)			Stryker Corp.	5,156,679	1,308,817
DiaSorin SpA	552,359	71,906	Elevance Health Inc.	2,560,815	1,280,382
Amplifon SpA	1,439,109	39,738	Danaher Corp.	4,433,654	1,172,169
		111,644	* Boston Scientific Corp.	25,019,385	1,157,147
			* Regeneron Pharmaceuticals Inc.	1,522,435	1,154,721
Japan (8.6%)			Thermo Fisher Scientific Inc.	2,024,414	1,154,584
Daiichi Sankyo Co. Ltd.	43,891,190	1,378,488	Abbott Laboratories	9,932,377	1,098,024
¹ Eisai Co. Ltd.	18,623,177	1,152,216	Humana Inc.	2,102,867	1,076,037
Chugai Pharmaceutical Co. Ltd.	17,516,900	454,127	* Alnylam Pharmaceuticals Inc.	4,718,518	1,068,273
			* Vertex Pharmaceuticals Inc.	3,181,078	1,027,806

Health Care Fund

	Shares	Market Value* (\$000)		Shares	Market Value* (\$000)
HCA Healthcare Inc.	3,130,156	798,409	* Glaukos Corp.	934,746	45,849
Zoetis Inc.	4,787,260	792,244	* Amicus Therapeutics Inc.	3,307,491	43,130
* Edwards Lifesciences Corp.	9,662,088	741,082	* Ultragenyx Pharmaceutical Inc.	900,000	40,797
* Centene Corp.	8,903,692	678,818	* Kymera Therapeutics Inc.	877,191	32,789
* Seagen Inc.	4,583,727	639,338	* Celldex Therapeutics Inc.	734,330	32,355
* Moderna Inc.	3,493,282	615,027	*.1 2seventy bio Inc.	2,046,666	27,835
Agilent Technologies Inc.	3,576,445	543,906	* Rocket Pharmaceuticals Inc.	1,199,337	26,062
* Insulet Corp.	1,720,456	494,321	* NanoString Technologies Inc.	1,416,596	14,988
Laboratory Corp. of America Holdings	1,485,818	374,604			33,713,019
* IQVIA Holdings Inc.	1,559,767	357,826	Total Common Stocks		
* Align Technology Inc.	1,245,662	335,992	(Cost \$28,715,157)		46,672,830
* agilon health Inc.	14,265,479	310,417	Temporary Cash Investments (1.7%)		
Teleflex Inc.	1,217,493	296,362	Money Market Fund (0.0%)		
* Illumina Inc.	1,377,704	295,104	4.5 Vanguard Market Liquidity Fund		
* Waters Corp.	811,122	266,518	4.437%	6,690	669
* Sarepta Therapeutics Inc.	1,904,084	237,953		Face Amount (\$000)	
* Acadia Healthcare Co. Inc.	2,711,116	227,788	Repurchase Agreements (1.6%)		
* Molina Healthcare Inc.	729,664	227,531	Bank of America Securities LLC,		
* Exact Sciences Corp.	2,807,222	189,544	4.300%, 2/1/23		
* Apellis Pharmaceuticals Inc.	3,222,912	169,944	(Dated 1/31/23,		
*.1 Agios Pharmaceuticals Inc.	5,148,413	151,775	Repurchase Value		
* Alkermes plc	4,619,968	132,316	\$61,507,000,		
*.1 Ironwood Pharmaceuticals Inc. Class A	10,902,066	125,592	collateralized by		
Royalty Pharma plc Class A	3,053,455	119,665	Ginnie Mae		
* Blueprint Medicines Corp.	2,379,137	111,201	4.000%–4.500%,		
* Intra-Cellular Therapies Inc.	2,295,196	109,986	6/20/52–9/20/52, with		
Encompass Health Corp.	1,753,507	109,507	a value of		
* Mirati Therapeutics Inc.	1,981,533	105,834	\$62,730,000)	61,500	61,500
* Karuna Therapeutics Inc.	514,899	102,666	Bank of Nova Scotia,		
* Cytokinetics Inc.	2,281,868	96,934	4.250%, 2/1/23		
* Denali Therapeutics Inc.	3,056,783	92,529	(Dated 1/31/23,		
* Syndax Pharmaceuticals Inc.	3,092,082	88,743	Repurchase Value		
* Oak Street Health Inc.	2,978,154	86,545	\$79,009,000,		
REVOLUTION Medicines Inc.	2,991,103	79,982	collateralized by		
* Immunocore Holdings plc ADR	1,174,442	71,958	U.S. Treasury Note/Bond		
* Syneos Health Inc.	1,911,256	68,652	0.375%–7.625%,		
* Intellia Therapeutics Inc.	1,534,651	65,131	4/15/24–5/15/45, with		
* Sage Therapeutics Inc.	1,406,483	62,363	a value of		
* Amedisys Inc.	603,050	58,291	\$80,590,000)	79,000	79,000
* Vaxcyte Inc.	1,271,342	57,655	Barclays Capital Inc.,		
* PTC Therapeutics Inc.	1,235,744	56,708	4.230%, 2/1/23		
* Evolent Health Inc. Class A	1,734,142	55,874	(Dated 1/31/23,		
* Reata Pharmaceuticals Inc. Class A	1,237,211	53,608	Repurchase Value		
* Charles River Laboratories International Inc.	210,626	51,235	\$148,317,000,		
* Surgery Partners Inc.	1,504,178	49,939	collateralized by		
* Prothena Corp. plc	852,512	48,210	U.S. Treasury Note/Bond		
* TG Therapeutics Inc.	3,066,304	46,700	0.375%–1.250%,		
			12/31/25–11/30/26,		
			with a value of		
			\$151,266,000)	148,300	148,300

Health Care Fund

	Face Amount (\$000)	Market Value* (\$000)		Face Amount (\$000)	Market Value* (\$000)
BNP Paribas Securities Corp., 4.300%, 2/1/23 (Dated 1/31/23, Repurchase Value \$27,903,000, collateralized by Fannie Mae 2.500%, 2/1/51, Freddie Mac 2.000%–6.000%, 12/1/51–2/1/53, Ginnie Mae 2.500%–6.000%, 7/15/24–10/20/51, and U.S. Treasury Bill 0.000%, 3/21/23–6/1/23, with a value of \$28,458,000)	27,900	27,900	Nomura International plc, 4.280%, 2/1/23 (Dated 1/31/23, Repurchase Value \$197,023,000, collateralized by U.S. Treasury Note/Bond 0.250%–4.750%, 9/30/25–2/15/41, with a value of \$200,940,000)	197,000	197,000
Credit Agricole Securities, 4.250%, 2/1/23 (Dated 1/31/23, Repurchase Value \$8,001,000, collateralized by U.S. Treasury Note/Bond 2.875%, 11/15/46, with a value of \$8,160,000)	8,000	8,000	RBC Capital Markets LLC, 4.270%, 2/1/23 (Dated 1/31/23, Repurchase Value \$147,117,000, collateralized by Fannie Mae 3.500%, 2/1/43, U.S. Treasury Inflation Indexed Note/Bond 0.500%, 4/15/24, and U.S. Treasury Note/Bond 0.375%–3.250%, 12/31/25–6/30/29, with a value of \$150,042,000)	147,100	147,100
HSBC Bank USA, 4.260%, 2/1/23 (Dated 1/31/23, Repurchase Value \$54,706,000, collateralized by U.S. Treasury Bill 0.000%, 1/25/24, with a value of \$55,794,000)	54,700	54,700			746,900
HSBC Bank USA, 4.300%, 2/1/23 (Dated 1/31/23, Repurchase Value \$1,500,000, collateralized by Fannie Mae 5.000%, 10/1/52, with a value of \$1,530,000)	1,500	1,500	U.S. Government and Agency Obligations (0.1%)		
Natixis SA, 4.250%, 2/1/23 (Dated 1/31/23, Repurchase Value \$21,903,000, collateralized by Federal Home Loan Bank 3.000%, 2/24/37, U.S. Treasury Inflation Indexed Note/Bond 0.125%, 2/15/51, and U.S. Treasury Note/Bond 2.500%–6.625%, 2/15/27–2/15/36, with a value of \$22,338,000)	21,900	21,900	United States Treasury Bill, 4.320%–4.339%, 4/4/23	50,000	49,613
			Total Temporary Cash Investments (Cost \$797,188)		797,182
			Total Investments (100.0%) (Cost \$29,512,345)		47,470,012
			Other Assets and Liabilities—Net (0.0%)		7,413
			Net Assets (100%)		47,477,425
			Cost is in \$000.		
			• See Note A in Notes to Financial Statements.		
			* Non-income-producing security.		
			1 Considered an affiliated company of the fund as the fund owns more than 5% of the outstanding voting securities of such company.		
			2 Security exempt from registration under Rule 144A of the Securities Act of 1933. Such securities may be sold in transactions exempt from registration, normally to qualified institutional buyers. At January 31, 2023, the aggregate value was \$235,691,000, representing 0.5% of net assets.		
			3 Includes partial security positions on loan to broker-dealers. The total value of securities on loan is \$564,000.		
			4 Affiliated money market fund available only to Vanguard funds and certain trusts and accounts managed by Vanguard. Rate shown is the 7-day yield.		
			5 Collateral of \$576,000 was received for securities on loan. ADR—American Depositary Receipt.		

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

Statement of Assets and Liabilities

As of January 31, 2023

(\$000s, except shares, footnotes, and per-share amounts) Amount

Assets	
Investments in Securities, at Value ¹	
Unaffiliated Issuers (Cost \$27,587,286)	45,115,086
Affiliated Issuers (Cost \$1,925,059)	2,354,926
Total Investments in Securities	47,470,012
Investment in Vanguard	1,801
Cash	68
Foreign Currency, at Value (Cost \$1,482)	1,394
Receivables for Investment Securities Sold	14,833
Receivables for Accrued Income	59,392
Receivables for Capital Shares Issued	4,046
Total Assets	47,551,546
Liabilities	
Payables for Investment Securities Purchased	30,760
Collateral for Securities on Loan	576
Payables to Investment Advisor	18,673
Payables for Capital Shares Redeemed	20,898
Payables to Vanguard	3,214
Total Liabilities	74,121
Net Assets	47,477,425

¹ Includes \$564,000 of securities on loan.

At January 31, 2023, net assets consisted of:

Paid-in Capital	28,125,477
Total Distributable Earnings (Loss)	19,351,948
Net Assets	47,477,425

Investor Shares—Net Assets

Applicable to 35,259,414 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	7,495,969
Net Asset Value Per Share—Investor Shares	\$212.59

Admiral Shares—Net Assets

Applicable to 446,008,662 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	39,981,456
Net Asset Value Per Share—Admiral Shares	\$89.64

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

Statement of Operations

Year Ended
January 31, 2023

(\$000)

Investment Income	
Income	
Dividends—Unaffiliated Issuers ¹	483,582
Dividends—Affiliated Issuers ²	29,407
Interest—Unaffiliated Issuers	15,562
Securities Lending—Net	1,173
Total Income	529,724
Expenses	
Investment Advisory Fees—Note B	
Basic Fee	67,269
Performance Adjustment	1,628
The Vanguard Group—Note C	
Management and Administrative—Investor Shares	13,365
Management and Administrative—Admiral Shares	53,190
Marketing and Distribution—Investor Shares	344
Marketing and Distribution—Admiral Shares	984
Custodian Fees	767
Auditing Fees	30
Shareholders' Reports—Investor Shares	166
Shareholders' Reports—Admiral Shares	162
Trustees' Fees and Expenses	16
Other Expenses	130
Total Expenses	138,051
Expenses Paid Indirectly	(55)
Net Expenses	137,996
Net Investment Income	391,728
Realized Net Gain (Loss)	
Investment Securities Sold—Unaffiliated Issuers	2,863,025
Investment Securities Sold—Affiliated Issuers	(807,486)
Foreign Currencies	(1,453)
Realized Net Gain (Loss)	2,054,086
Change in Unrealized Appreciation (Depreciation)	
Investment Securities—Unaffiliated Issuers	(229,200)
Investment Securities—Affiliated Issuers	779,448
Foreign Currencies	(1,226)
Change in Unrealized Appreciation (Depreciation)	549,022
Net Increase (Decrease) in Net Assets Resulting from Operations	2,994,836

1 Dividends are net of foreign withholding taxes of \$15,841,000.

2 Dividends are net of foreign withholding taxes of \$6,251,000.

Statement of Changes in Net Assets

	Year Ended January 31,	
	2023 (\$000)	2022 (\$000)
Increase (Decrease) in Net Assets		
Operations		
Net Investment Income	391,728	430,364
Realized Net Gain (Loss)	2,054,086	4,838,005
Change in Unrealized Appreciation (Depreciation)	549,022	(2,985,233)
Net Increase (Decrease) in Net Assets Resulting from Operations	2,994,836	2,283,136
Distributions		
Investor Shares	(407,436)	(650,696)
Admiral Shares	(2,190,665)	(3,443,247)
Total Distributions	(2,598,101)	(4,093,943)
Capital Share Transactions		
Investor Shares	(56,992)	(610,620)
Admiral Shares	(289,544)	737,980
Net Increase (Decrease) from Capital Share Transactions	(346,536)	127,360
Total Increase (Decrease)	50,199	(1,683,447)
Net Assets		
Beginning of Period	47,427,226	49,110,673
End of Period	47,477,425	47,427,226

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

Financial Highlights

Investor Shares

For a Share Outstanding Throughout Each Period	Year Ended January 31,				
	2023	2022	2021	2020	2019
Net Asset Value, Beginning of Period	\$210.54	\$218.60	\$204.57	\$203.34	\$215.96
Investment Operations					
Net Investment Income ¹	1.654	1.869	2.005	2.506	2.375
Net Realized and Unrealized Gain (Loss) on Investments	11.988	8.949	29.203	23.326	2.489
Total from Investment Operations	13.642	10.818	31.208	25.832	4.864
Distributions					
Dividends from Net Investment Income	(1.659)	(1.951)	(1.886)	(2.428)	(2.323)
Distributions from Realized Capital Gains	(9.933)	(16.927)	(15.292)	(22.174)	(15.161)
Total Distributions	(11.592)	(18.878)	(17.178)	(24.602)	(17.484)
Net Asset Value, End of Period	\$212.59	\$210.54	\$218.60	\$204.57	\$203.34
Total Return²	6.57%	4.48%	16.16%	13.16%	2.76%

Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$7,496	\$7,493	\$8,342	\$8,729	\$8,850
Ratio of Total Expenses to Average Net Assets ³	0.34% ⁴	0.30%	0.32%	0.32%	0.34%
Ratio of Net Investment Income to Average Net Assets	0.80%	0.82%	0.95%	1.25%	1.12%
Portfolio Turnover Rate	19%	15%	18%	18%	16%

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 0.00%, (0.04%), (0.01%), (0.02%), and 0.00%.

⁴ The ratio of expenses to average net assets for the period net of reduction from custody fee offset and broker commission abatement arrangements was 0.34%.

Financial Highlights

Admiral Shares

For a Share Outstanding Throughout Each Period	Year Ended January 31,				
	2023	2022	2021	2020	2019
Net Asset Value, Beginning of Period	\$88.77	\$92.17	\$86.27	\$85.75	\$91.08
Investment Operations					
Net Investment Income ¹	.750	.830	.883	1.097	1.036
Net Realized and Unrealized Gain (Loss) on Investments	5.052	3.780	12.316	9.844	1.057
Total from Investment Operations	5.802	4.610	13.199	10.941	2.093
Distributions					
Dividends from Net Investment Income	(.743)	(.870)	(.849)	(1.068)	(1.027)
Distributions from Realized Capital Gains	(4.189)	(7.140)	(6.450)	(9.353)	(6.396)
Total Distributions	(4.932)	(8.010)	(7.299)	(10.421)	(7.423)
Net Asset Value, End of Period	\$89.64	\$88.77	\$92.17	\$86.27	\$85.75
Total Return²	6.63%	4.53%	16.21%	13.22%	2.81%

Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$39,981	\$39,934	\$40,769	\$38,126	\$37,888
Ratio of Total Expenses to Average Net Assets ³	0.29% ⁴	0.25%	0.27%	0.27%	0.28%
Ratio of Net Investment Income to Average Net Assets	0.86%	0.86%	0.99%	1.30%	1.18%
Portfolio Turnover Rate	19%	15%	18%	18%	16%

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 0.00%, (0.04%), (0.01%), (0.02%), and 0.00%.

4 The ratio of expenses to average net assets for the period net of reduction from custody fee offset and broker commission abatement arrangements was 0.29%.

Notes to Financial Statements

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

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

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

1. **Security Valuation:** Securities are valued as of the close of trading on the New York Stock Exchange (generally 4 p.m., Eastern time) on the valuation date. Equity securities are valued at the latest quoted sales prices or official closing prices taken from the primary market in which each security trades; such securities not traded on the valuation date are valued at the mean of the latest quoted bid and asked prices. Securities for which market quotations are not readily available, or whose values have been affected by events occurring before the fund's pricing time but after the close of the securities' primary markets, are valued by methods deemed by the valuation designee to represent fair value and subject to oversight by the board of trustees. These procedures include obtaining quotations from an independent pricing service, monitoring news to identify significant market- or security-specific events, and evaluating changes in the values of foreign market proxies (for example, ADRs, futures contracts, or exchange-traded funds), between the time the foreign markets close and the fund's pricing time. When fair-value pricing is employed, the prices of securities used by a fund to calculate its net asset value may differ from quoted or published prices for the same securities. Investments in Vanguard Market Liquidity Fund are valued at that fund's net asset value. 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. **Repurchase Agreements:** The fund enters into repurchase agreements with institutional counterparties. Securities pledged as collateral to the fund under repurchase agreements are held by a custodian bank until the agreements mature, and in the absence of a default, such collateral cannot be repledged, resold, or rehypothecated. Each agreement requires that the market value of the collateral be sufficient to cover payments of interest and principal. The fund further mitigates its counterparty risk by entering into repurchase agreements only with a diverse group of prequalified counterparties, monitoring their financial strength, and entering into master

repurchase agreements with its counterparties. The master repurchase agreements provide that, in the event of a counterparty's default (including bankruptcy), the fund may terminate any repurchase agreements with that counterparty, determine the net amount owed, and sell or retain the collateral up to the net amount owed to the fund. Such action may be subject to legal proceedings, which may delay or limit the disposition of collateral.

4. **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.

5. **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.

6. **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.

7. **Credit Facilities and Interfund Lending Program:** The fund and certain other funds managed by The Vanguard Group ("Vanguard") participate in a \$4.4 billion committed credit facility provided by a syndicate of lenders pursuant to a credit agreement and an uncommitted credit facility provided by Vanguard. Both facilities may be renewed annually. Each fund is individually liable for its borrowings, if any, under the credit facilities. Borrowings may be utilized for temporary or emergency purposes and are subject to the fund's regulatory and contractual borrowing restrictions. With respect to the committed credit facility, the participating funds are charged administrative fees and an annual commitment fee of 0.10% of the undrawn committed amount of the facility, which are allocated to the funds based on a method approved by the fund's board of trustees and included in Management and Administrative expenses on the fund's Statement of Operations. Any borrowings under either facility bear interest at an agreed-upon spread plus the higher of the federal funds effective rate, the overnight bank funding rate, or the Daily Simple

Secured Overnight Financing Rate inclusive of an additional agreed-upon spread. However, borrowings under the uncommitted credit facility may bear interest based upon an alternate rate agreed to by the fund and Vanguard.

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

For the year ended January 31, 2023, the fund did not utilize the credit facilities or the Interfund Lending Program.

8. 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. 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.

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. Deferred foreign capital gains tax, if any, is accrued daily based upon net unrealized gains. 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. Amounts related to these reclaims are recorded when there are no significant uncertainties as to the ultimate resolution of proceedings, the likelihood of receipt of these reclaims, and the potential timing of payment. Such tax reclaims and related professional fees, if any, are included in dividend income and other expenses, respectively.

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

B. Wellington Management Company LLP provides investment advisory services to the fund for a fee calculated at an annual percentage rate of average net assets. The basic fee is subject to quarterly adjustments based on the fund's performance relative to the MSCI All Country World Health Care Index for the preceding three years. For the year ended January 31, 2023, the investment advisory fee represented an effective annual basic rate of 0.14% of the fund's average net assets, before a net increase of \$1,628,000 (0.00%) 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, 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 January 31, 2023, the fund had contributed to Vanguard capital in the amount of \$1,801,000, representing less than 0.01% of the fund's net assets and 0.72% of Vanguard's capital received pursuant to the FSA. The fund's trustees and officers are also directors and employees, respectively, of Vanguard.

D. The fund has asked its investment advisor to direct certain security trades, subject to obtaining the best price and execution, to brokers who have agreed to rebate to the fund part of the commissions generated. Such rebates are used solely to reduce the fund's management and administrative expenses. The fund's custodian bank has also agreed to reduce its fees when the fund maintains cash on deposit in the non-interest-bearing custody account. For the year ended January 31, 2023, these arrangements reduced the fund's management and administrative expenses by \$53,000 and custodian fees by \$2,000. The total expense reduction represented an effective annual rate of less than 0.01% of the fund's average net assets.

E. Various inputs may be used to determine the value of the fund's investments. These inputs are summarized in three broad levels for financial statement purposes. The inputs or methodologies used to value securities are not necessarily an indication of the risk associated with investing in those securities.

- Level 1—Quoted prices in active markets for identical securities.
- Level 2—Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).
- Level 3—Significant unobservable inputs (including the fund's own assumptions used to determine the fair value of investments). Any investments valued with significant unobservable inputs are noted on the Schedule of Investments.

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

	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)	Total (\$000)
Investments				
Assets				
Common Stocks—North and South America	33,722,058	—	—	33,722,058
Common Stocks—Other	426,469	12,524,303	—	12,950,772
Temporary Cash Investments	669	796,513	—	797,182
Total	34,149,196	13,320,816	—	47,470,012

F. Permanent differences between book-basis and tax-basis components of net assets are reclassified among capital accounts in the financial statements to reflect their tax character. These reclassifications have no effect on net assets or net asset value per share. As of period end,

Health Care Fund

permanent differences primarily attributable to the accounting for applicable foreign currency transactions, passive foreign investment companies, and distributions in connection with fund share redemptions were reclassified between the following accounts:

	Amount (\$000)
Paid-in Capital	61,730
Total Distributable Earnings (Loss)	(61,730)

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

	Amount (\$000)
Undistributed Ordinary Income	21,088
Undistributed Long-Term Gains	1,474,284
Capital Loss Carryforwards	—
Qualified Late-Year Losses	—
Net Unrealized Gains (Losses)	17,856,576

The tax character of distributions paid was as follows:

	Year Ended January 31,	
	2023 Amount (\$000)	2022 Amount (\$000)
Ordinary Income*	386,442	966,751
Long-Term Capital Gains	2,211,659	3,127,192
Total	2,598,101	4,093,943

* Includes short-term capital gains, if any.

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

	Amount (\$000)
Tax Cost	29,613,839
Gross Unrealized Appreciation	20,297,006
Gross Unrealized Depreciation	(2,440,832)
Net Unrealized Appreciation (Depreciation)	17,856,174

G. During the year ended January 31, 2023, the fund purchased \$8,773,240,000 of investment securities and sold \$11,222,909,000 of investment securities, other than temporary cash investments.

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

	Year Ended January 31,			
	2023		2022	
	Amount (\$000)	Shares (000)	Amount (\$000)	Shares (000)
Investor Shares				
Issued	421,032	2,016	629,952	2,783
Issued in Lieu of Cash Distributions	383,037	1,809	609,552	2,709
Redeemed	(861,061)	(4,158)	(1,850,124)	(8,061)
Net Increase (Decrease)—Investor Shares	(56,992)	(333)	(610,620)	(2,569)
Admiral Shares				
Issued	917,744	10,465	1,787,859	18,432
Issued in Lieu of Cash Distributions	1,929,691	21,616	3,027,419	31,867
Redeemed	(3,136,979)	(35,909)	(4,077,298)	(42,774)
Net Increase (Decrease)—Admiral Shares	(289,544)	(3,828)	737,980	7,525

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

	Jan. 31, 2022 Market Value (\$000)	Current Period Transactions						Jan. 31, 2023 Market Value (\$000)
		Purchases at Cost (\$000)	Proceeds from Securities Sold (\$000)	Realized Net Gain (Loss) (\$000)	Change in Unrealized App. (Dep.) (\$000)	Income (\$000)	Capital Gain Distributions Received (\$000)	
2seventy bio Inc.	38,211	—	—	—	(10,376)	—	—	27,835
Agios Pharmaceuticals Inc.	159,034	—	—	—	(7,259)	—	—	151,775
Alkermes plc	301,083	—	201,154	(86,001)	118,388	—	—	NA ¹
Bluebird Bio Inc.	48,445	—	25,566	(331,131)	308,252	—	—	—
Eisai Co. Ltd.	894,327	45,294	24,013	(1,449)	238,057	20,009	—	1,152,216
Ironwood Pharmaceuticals Inc. Class A	121,558	—	—	—	4,034	—	—	125,592
Nektar Therapeutics Class A	126,587	—	31,437	(403,000)	307,850	—	—	—
UCB SA	1,018,749	90,308	46,817	14,097	(179,498)	9,398	—	896,839
Vanguard Market Liquidity Fund	4,711	NA ²	NA ²	(2)	—	—	—	669
Total	2,712,705	135,602	328,987	(807,486)	779,448	29,407	—	2,354,926

1 Not applicable—at January 31, 2023, the security was still held, but the issuer was no longer an affiliated company of the fund.

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

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

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Vanguard Specialized Funds and Shareholders of Vanguard Health Care Fund

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Vanguard Health Care Fund (one of the funds constituting Vanguard Specialized Funds, referred to hereafter as the "Fund") as of January 31, 2023, the related statement of operations for the year ended January 31, 2023, the statement of changes in net assets for each of the two years in the period ended January 31, 2023, including the related notes, and the financial highlights for each of the five years in the period ended January 31, 2023 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of January 31, 2023, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended January 31, 2023 and the financial highlights for each of the five years in the period ended January 31, 2023 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of January 31, 2023 by correspondence with the custodian, transfer agent and brokers; when replies were not received from the brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

/s/PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
March 23, 2023

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

Tax information (unaudited)

For corporate shareholders, 75.6%, or if subsequently determined to be different, the maximum percentage allowable by law, of ordinary income (dividend income plus short-term gains, if any) for the fiscal year qualified for the dividends-received deduction.

The fund hereby designates \$386,442,000, or if subsequently determined to be different, the maximum amount allowable by law, as qualified dividend income for individual shareholders for the fiscal year.

The fund hereby designates \$1,928,000, or if subsequently determined to be different, the maximum amount allowable by law, of interest earned from obligations of the U.S. government which is generally exempt from state income tax.

The fund distributed \$2,263,579,000 as capital gain dividends (20% rate gain distributions) to shareholders during the fiscal year.

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The People Who Govern Your Fund

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

A majority of Vanguard's board members are independent, meaning that they have no affiliation with Vanguard or the funds they oversee, apart from the sizable personal investments they have made as private individuals. The independent board members have distinguished backgrounds in business, academia, and public service. Each of the trustees and executive officers oversees 206 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. Member of the board of governors of the Investment Company Institute and the board of governors of FINRA. Trustee and vice chair of The Shipley School.

Independent Trustees

Tara Bunch

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

Emerson U. Fullwood

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

F. Joseph Loughrey

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

Mark Loughridge

Born in 1953. Trustee since March 2012. Principal occupation(s) during the past five years and other

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.

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 2020) and vice president (retired 2020) of the University of Notre Dame. Chair of the board of Catholic Investment Services, Inc. (investment advisors). Member of the board of superintendence of the Institute for the Works of Religion, the Notre Dame 403(b) Investment Committee, and the board of directors of Paxos Trust Company (finance).

Deanna Mulligan

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

André F. Perold

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

Sarah Bloom Raskin

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

(2020–2022); and Senior Fellow, Duke Center on Risk (2020–present). Partner of Kaya Corporation Ltd. (climate policy advisory services). Member of the board of directors of Arcadia Corporation (energy solution technology).

David Thomas

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

Peter F. Volanakis

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

Executive Officers

Jacqueline Angell

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

Christine M. Buchanan

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

John Galloway

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

Ashley Grim

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

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. Nonexecutive director of the board of National Grid (energy).

Michael Rollings

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

Vanguard Senior Management Team

Matthew Benchener	Thomas M. Rampulla
Joseph Brennan	Karin A. Risi
Mortimer J. Buckley	Anne E. Robinson
Gregory Davis	Michael Rollings
John James	Nitin Tandon
Chris D. McIsaac	Lauren Valente



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