



**Annual Report** | September 30, 2023

# Vanguard Equity Income Fund

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

# Important information about shareholder reports

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

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

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

## Your Fund's Performance at a Glance

- For the 12 months ended September 30, 2023, Vanguard Equity Income Fund returned 12.54% for Investor Shares and 12.64% for Admiral Shares. The fund slightly outpaced its benchmark, which returned 12.48%.
- Early on, inflation began to ease off multidecade highs amid aggressive interest rate hikes by the Federal Reserve. Unexpected resilience in the labor market and consumer spending helped dial back expectations of a sustained recession, but the prospect of higher rates for longer weighed on market sentiment toward the close of the period.
- From a sector perspective, selection in communication services and health care helped relative performance the most. Energy and real estate were the biggest detractors.
- For the 10 years ended September 30, 2023, the fund posted an average annual return of 9.60% for Investor Shares and 9.70% for Admiral Shares. These results were above that of the fund's benchmark index, which returned 9.47%.

### Market Barometer

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

# Advisors' Report

For the fiscal year ended September 30, 2023, Vanguard Equity Income Fund returned 12.54% for Investor Shares and 12.64% for Admiral Shares. The fund outpaced its benchmark, which returned 12.48%. Your fund is managed by Wellington Management Company LLP and Vanguard Quantitative Equity Group. The use of two investment advisors provides exposure to distinct yet complementary investment approaches, enhancing the diversification of your fund. It is not uncommon for different advisors to have different views about individual securities or the broader investment environment.

The table on page 4 presents the percentage and amount of the fund's assets that each advisor manages, as well as brief descriptions of their investment strategies. The advisors have also prepared a discussion of the investment environment that existed during the fiscal year and of how their portfolio positioning reflects this assessment. These comments were prepared on October 12, 2023.

**Wellington Management Company LLP**  
Portfolio Manager:

Matthew C. Hand, CFA  
Senior Managing Director

U.S. equities surged over the year ended September 30, 2023. Investors' greater optimism that the U.S. Federal Reserve would begin to slow its pace of interest rate hikes, along with outsized short covering and hedging, fueled a sharp rebound in stocks in October and

November. Shortly thereafter, risk sentiment waned amid recession fears, macroeconomic difficulties, and downside earnings risks.

In the first quarter of 2023, the collapse of two U.S. regional banks prompted more uncertainty about the economic outlook. Investors worked to assess the impact of tightening credit conditions and the future of interest rates and inflation.

The Fed slowed its pace of policy tightening in February and March. Markets continued to surge in the second quarter, driven by a potent rally in a group of mega-cap technology companies that benefited from investor optimism about generative artificial intelligence. Stronger-than-forecast first-quarter corporate earnings and improving earnings prospects bolstered market sentiment. During the third quarter, markets were pressured by surging Treasury yields amid firming views that the Fed will keep interest rates elevated for a prolonged period.

For the fiscal year, overweight allocations to health care and real estate detracted, while an overweight to information technology and an underweight to financials added to results. Strong security selection in consumer discretionary, health care, and communication services also helped, while selection in energy, information technology, and consumer staples detracted.

From an individual stock perspective, the largest detractors were U.S.-based

pharmaceutical company Pfizer, U.S.-based bank holding company M&T Bank, and our decision not to hold energy company ExxonMobil. The largest contributors to relative performance were U.S.-based pharmaceutical company Eli Lilly and out-of-benchmark positions in Siemens, a Germany-based technology conglomerate, and TJX, an off-price department store corporation.

At the end of the period, our portion of the fund was most overweighted in real estate, health care, and materials, while communication services, consumer discretionary, and industrials were our largest underweight positions.

As always, we remain focused on finding investment opportunities in quality dividend-paying companies with attractive total-return potential at discounted valuations.

**Vanguard Quantitative Equity Group**  
Portfolio Manager:

Sharon Hill, Ph.D., head of the Alpha Equity Global and Income Investment team at Vanguard

Inflation began to ease early in the period amid aggressive Federal Reserve interest rate hikes. The labor market and consumer spending remained resilient, but the prospect of higher rates for longer weighed on market sentiment when the period ended.

The Russell 3000 Index, the benchmark for the entire U.S. stock market, returned 20.46% for the 12 months.

Large-capitalization stocks outperformed mid- and small-caps, while the Russell 3000 Growth Index returned more than the Russell 3000 Value Index.

Stocks outside the United States returned 20.67%, as measured by the FTSE All-World ex US Index.

Overall, yields of U.S. bonds finished higher and their prices lower. The yield for the bellwether 10-year U.S. Treasury, for example, climbed from 3.83% to 4.57%. The broad U.S. investment-grade bond market returned 0.78% (as measured by the Bloomberg U.S. Aggregate Float Adjusted Index).

Although it's important to understand how overall performance is affected by macro factors, our approach to investing focuses on specific fundamentals. To do this, we use a systematic quantitative approach to evaluate a stock's attractiveness based on several characteristics, or subfactors. Our subfactors are sustainable dividend growth—a company's dividend track record and ability to continue to pay and grow dividends; strong market sentiment—confirmation from market participants of a positive view; high quality—healthy balance sheets and strong and steady profitability; and reasonable valuation—measured with a diversified basket of valuation metrics to better distinguish stocks within the value-oriented benchmark.

Using these four themes, we generate a daily composite stock ranking. We then monitor our portfolio based on those rankings and adjust when appropriate to

maximize expected returns while minimizing exposure to risks that our research indicates don't improve returns (such as industry selection and other risks relative to our benchmark).

Our yields valuation and quality models added to the fund's relative performance for the year, while our market sentiment and sustainable dividend growth models detracted. Nine of the fund's 11 industry sectors added to relative performance. Our strongest sector results were in financials, communication services, and health care, primarily because of stock selection. Consumer discretionary and information technology detracted.

At the stock level, top contributors included overweight positions in utility company Vistra, energy firm Marathon Petroleum, and materials company Reliance Steel & Aluminum, in addition to underweight positions in utilities companies NextEra Energy and Dominion Energy. Detractors included overweight positions in financial company Zions Bancorporation and consumer discretionary firms Macy's and Advance Auto Parts, as well as underweight positions in industrials firm Eaton and information technology company Broadcom.

#### Vanguard Equity Income Fund Investment Advisors

Investment Advisor	Fund Assets Managed		Investment Strategy
	%	\$ Million	
Wellington Management Company LLP	64	33,056	A fundamental approach to seeking desirable stocks. Our selections typically offer above-average dividend yields, below-average valuations, and the potential for dividend increases in the future.
Vanguard Quantitative Equity Group	35	17,884	Employs a quantitative fundamental management approach, using models that assess valuation, dividend growth and sustainability, market sentiment, and earnings and balance-sheet quality of companies as compared with their peers.
Cash Investments	1	502	These short-term reserves are invested by Vanguard in equity index products to simulate investment 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 September 30, 2023

	Beginning Account Value 3/31/2023	Ending Account Value 9/30/2023	Expenses Paid During Period
<b>Based on Actual Fund Return</b>			
Equity Income Fund			
Investor Shares	\$1,000.00	\$1,009.50	\$1.36
Admiral™ Shares	1,000.00	1,010.00	0.91
<b>Based on Hypothetical 5% Yearly Return</b>			
Equity Income Fund			
Investor Shares	\$1,000.00	\$1,023.72	\$1.37
Admiral Shares	1,000.00	1,024.17	0.91

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 0.27% for Investor Shares and 0.18% for Admiral Shares. The dollar amounts shown as "Expenses Paid" are equal to the annualized expense ratio multiplied by the average account value over the period, multiplied by the number of days in the most recent six-month period, then divided by the number of days in the most recent 12-month period (183/365).

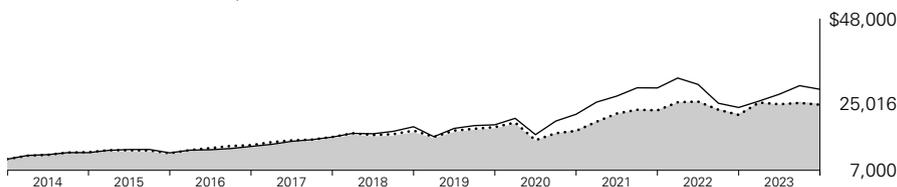
# Equity Income Fund

## Performance Summary

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

Cumulative Performance: September 30, 2013, Through September 30, 2023

Initial Investment of \$10,000



	Average Annual Total Returns Periods Ended September 30, 2023			Final Value of a \$10,000 Investment
	One Year	Five Years	Ten Years	
Equity Income Fund Investor Shares	12.54%	7.70%	9.60%	\$25,016
FTSE High Dividend Yield Index	12.48	6.89	9.47	24,719
Dow Jones U.S. Total Stock Market Float Adjusted Index	20.49	9.01	11.19	28,891

	One Year	Five Years	Ten Years	Final Value of a \$50,000 Investment
Equity Income Fund Admiral Shares	12.64%	7.80%	9.70%	\$126,199
FTSE High Dividend Yield Index	12.48	6.89	9.47	123,595
Dow Jones U.S. Total Stock Market Float Adjusted Index	20.49	9.01	11.19	144,456

See Financial Highlights for dividend and capital gains information.

## Fund Allocation

As of September 30, 2023

Communication Services	1.0%
Consumer Discretionary	5.4
Consumer Staples	13.6
Energy	11.5
Financials	19.8
Health Care	14.6
Industrials	10.7
Information Technology	9.2
Materials	4.1
Real Estate	2.2
Utilities	7.9

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

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

# Financial Statements

## Schedule of Investments

As of September 30, 2023

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

	Shares	Market Value* (\$'000)		Shares	Market Value* (\$'000)
<b>Common Stocks (97.8%)</b>					
<b>Communication Services (1.0%)</b>			Ingration Inc.	273,499	26,912
Verizon Communications Inc.	6,591,834	213,641	Coca-Cola Europacific Partners plc	328,925	20,551
Comcast Corp. Class A	4,346,525	192,725	J M Smucker Co.	146,392	17,993
AT&T Inc.	3,185,601	47,848	Medifast Inc.	120,836	9,045
TEGNA Inc.	2,483,157	36,180			<b>6,868,379</b>
Omnicom Group Inc.	214,997	16,013	<b>Energy (11.2%)</b>		
		<b>506,407</b>	ConocoPhillips	11,754,930	1,408,241
<b>Consumer Discretionary (5.3%)</b>			EOG Resources Inc.	9,267,885	1,174,797
Home Depot Inc.	3,179,951	960,854	Exxon Mobil Corp.	4,656,463	547,507
TJX Cos. Inc.	3,697,648	328,647	Diamondback Energy Inc.	3,011,305	466,391
Lennar Corp. Class A	2,885,322	323,820	Coterra Energy Inc.	16,141,080	436,616
Tractor Supply Co.	1,385,412	281,308	Chevron Corp.	2,353,379	396,827
McDonald's Corp.	660,120	173,902	Phillips 66	2,732,302	328,286
Williams-Sonoma Inc.	855,774	132,987	Enbridge Inc.	9,569,168	317,387
Tapestry Inc.	3,358,033	96,544	Marathon Petroleum Corp.	1,349,957	204,303
Macy's Inc.	7,543,960	87,586	Valero Energy Corp.	1,317,656	186,725
Travel & Leisure Co.	1,616,481	59,373	Schlumberger NV	2,802,277	163,373
Best Buy Co. Inc.	825,639	57,357	APA Corp.	2,599,351	106,833
Bloomin' Brands Inc.	2,254,212	55,431	HF Sinclair Corp.	850,333	48,409
Starbucks Corp.	552,844	50,458			<b>5,785,695</b>
Wendy's Co.	2,190,006	44,698	<b>Financials (19.4%)</b>		
Ralph Lauren Corp.	295,463	34,300	JPMorgan Chase & Co.	12,933,381	1,875,599
Advance Auto Parts Inc.	364,456	20,384	MetLife Inc.	10,936,952	688,044
		<b>2,707,649</b>	Chubb Ltd.	2,829,224	588,988
<b>Consumer Staples (13.3%)</b>			Raymond James Financial Inc.	5,333,400	535,633
Procter & Gamble Co.	6,999,133	1,020,893	Regions Financial Corp.	30,958,204	532,481
Philip Morris International Inc.	9,324,546	863,266	M&T Bank Corp.	4,012,794	507,418
Archer-Daniels-Midland Co.	7,823,127	590,020	Morgan Stanley	6,083,857	496,869
Unilever plc ADR	11,137,006	550,168	American International Group Inc.	7,771,673	470,963
Keurig Dr Pepper Inc.	17,059,634	538,573	Intercontinental Exchange Inc.	4,112,476	452,455
Pernod Ricard SA	2,617,351	435,763	Royal Bank of Canada	4,724,994	412,926
Kenvue Inc.	20,190,497	405,425	PNC Financial Services Group Inc.	3,334,558	409,384
Walmart Inc.	2,418,408	386,776	Bank of America Corp.	12,790,843	350,213
Kellogg Co.	6,050,246	360,050	Wells Fargo & Co.	7,489,492	306,021
PepsiCo Inc.	1,565,574	265,271	Fidelity National Information Services Inc.	4,457,085	246,343
Kimberly-Clark Corp.	1,980,476	239,340	Citigroup Inc.	4,801,083	197,468
Coca-Cola Co.	4,240,224	237,368	Ameriprise Financial Inc.	468,972	154,611
Mondelez International Inc. Class A	3,318,834	230,327	Bank of New York Mellon Corp.	2,891,508	123,323
Altria Group Inc.	4,651,485	195,595			
Kroger Co.	3,078,928	137,782			
Hershey Co.	639,727	127,997			
Target Corp.	1,119,423	123,775			
Colgate-Palmolive Co.	1,202,205	85,489			

## Equity Income Fund

	Shares	Market Value* (\$000)		Shares	Market Value* (\$000)
Hartford Financial Services Group Inc.	1,716,248	121,699	RTX Corp.	5,347,141	384,834
Discover Financial Services	1,375,473	119,157	Siemens AG (Registered)	2,498,823	357,104
MGIC Investment Corp.	6,666,329	111,261	Canadian National Railway Co.	2,932,606	317,583
Synchrony Financial	3,442,748	105,245	Eaton Corp. plc	1,484,358	316,584
Goldman Sachs Group Inc.	307,977	99,652	Caterpillar Inc.	1,077,653	294,199
Aflac Inc.	1,141,384	87,601	L3Harris Technologies Inc.	1,527,459	265,961
SLM Corp.	5,740,926	78,191	Union Pacific Corp.	1,234,882	251,459
Popular Inc.	1,132,712	71,372	Automatic Data Processing Inc.	990,590	238,316
Jefferies Financial Group Inc.	1,912,176	70,043	United Parcel Service Inc. Class B (XNYS)	1,386,029	216,040
Everest Group Ltd.	185,229	68,844	Lockheed Martin Corp.	453,866	185,613
Unum Group	1,255,929	61,779	3M Co.	1,633,972	152,972
Jackson Financial Inc. Class A	1,380,881	52,777	Cummins Inc.	502,026	114,693
US Bancorp	1,586,453	52,448	PACCAR Inc.	1,284,880	109,241
Travelers Cos. Inc.	309,481	50,541	ManpowerGroup Inc.	1,164,043	85,348
Assurant Inc.	336,008	48,244	Oshkosh Corp.	244,903	23,371
Radian Group Inc.	1,792,546	45,011	nVent Electric plc	310,400	16,448
American Financial Group Inc.	399,967	44,664	Ryder System Inc.	50,254	5,375
Truist Financial Corp.	1,557,201	44,551			<b>5,378,469</b>
Western Union Co.	3,257,333	42,932	<b>Information Technology (9.0%)</b>		
BlackRock Inc.	58,973	38,125	Cisco Systems Inc.	20,301,338	1,091,400
Corebridge Financial Inc.	1,751,534	34,593	Broadcom Inc.	1,167,842	969,986
Zions Bancorp NA	968,295	33,784	QUALCOMM Inc.	6,593,127	732,233
Fidelity National Financial Inc.	708,523	29,262	NXP Semiconductors NV	1,766,574	353,173
East West Bancorp Inc.	510,749	26,922	Corning Inc.	11,584,353	352,975
Comerica Inc.	581,677	24,169	TE Connectivity Ltd.	2,355,179	290,935
Fifth Third Bancorp	761,487	19,288	Analog Devices Inc.	1,519,365	266,026
Reinsurance Group of America Inc.	86,335	12,535	HP Inc.	4,680,779	120,296
Lincoln National Corp.	501,118	12,373	Texas Instruments Inc.	649,177	103,226
Progressive Corp.	51,872	7,226	Intel Corp.	2,660,211	94,570
Credicorp Ltd.	53,386	6,832	International Business Machines Corp.	488,204	68,495
Evercore Inc. Class A	45,315	6,248	Dell Technologies Inc. Class C	902,789	62,202
		<b>9,976,108</b>	KLA Corp.	134,535	61,706
<b>Health Care (14.3%)</b>			NetApp Inc.	564,848	42,861
Merck & Co. Inc.	12,846,205	1,322,517			<b>4,610,084</b>
Pfizer Inc.	36,843,687	1,222,105	<b>Materials (4.0%)</b>		
Johnson & Johnson	7,715,986	1,201,765	Rio Tinto plc ADR	8,747,907	556,717
UnitedHealth Group Inc.	1,026,327	517,464	LyondellBasell Industries NV Class A	3,528,773	334,175
Gilead Sciences Inc.	6,550,101	490,865	Barrick Gold Corp. (XTSE)	21,644,315	314,925
AbbVie Inc.	2,883,182	429,767	PPG Industries Inc.	2,149,511	279,006
Becton Dickinson and Co.	1,585,994	410,027	Celanese Corp.	1,781,417	223,603
AstraZeneca plc ADR	5,492,336	371,941	CF Industries Holdings Inc.	1,549,518	132,856
Elevance Health Inc.	778,921	339,158	Reliance Steel & Aluminum Co.	470,243	123,312
Roche Holding AG	1,181,743	322,617	Steel Dynamics Inc.	921,573	98,811
Amgen Inc.	1,157,309	311,038			<b>2,063,405</b>
CVS Health Corp.	3,164,408	220,939	<b>Real Estate (2.2%)</b>		
Bristol-Myers Squibb Co.	1,856,649	107,760	Crown Castle Inc.	4,545,335	418,307
Medtronic plc	621,382	48,691	Welltower Inc.	3,954,549	323,957
Royalty Pharma plc Class A	1,354,503	36,761	Host Hotels & Resorts Inc.	17,202,047	276,437
		<b>7,353,415</b>	Weyerhaeuser Co.	3,374,503	103,462
<b>Industrials (10.4%)</b>					<b>1,122,163</b>
General Dynamics Corp.	3,338,065	737,612			
Johnson Controls International plc	8,622,295	458,792			
Emerson Electric Co.	4,694,533	453,351			
Honeywell International Inc.	2,130,415	393,573			



## Equity Income Fund

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### Derivative Financial Instruments Outstanding as of Period End

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#### Futures Contracts

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				(\$000)
	Expiration	Number of Long (Short) Contracts	Notional Amount	Value and Unrealized Appreciation (Depreciation)
<hr/>				
Long Futures Contracts				
E-mini S&P 500 Index	December 2023	2,697	583,294	(24,550)

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

# Statement of Assets and Liabilities

As of September 30, 2023

(\$000s, except shares, footnotes, and per-share amounts)	Amount
<b>Assets</b>	
Investments in Securities, at Value	
Unaffiliated Issuers (Cost \$42,922,605)	50,913,697
Affiliated Issuers (Cost \$533,672)	533,791
Total Investments in Securities	51,447,488
Investment in Vanguard	1,797
Cash	79
Cash Collateral Pledged—Futures Contracts	30,779
Foreign Currency, at Value (Cost \$7)	18
Receivables for Investment Securities Sold	158,777
Receivables for Accrued Income	95,368
Receivables for Capital Shares Issued	19,875
<b>Total Assets</b>	<b>51,754,181</b>
<b>Liabilities</b>	
Payables for Investment Securities Purchased	242,155
Payables to Investment Advisor	10,243
Payables for Capital Shares Redeemed	55,507
Payables to Vanguard	2,348
Variation Margin Payable—Futures Contracts	1,646
<b>Total Liabilities</b>	<b>311,899</b>
<b>Net Assets</b>	<b>51,442,282</b>

At September 30, 2023, net assets consisted of:

Paid-in Capital	41,204,654
Total Distributable Earnings (Loss)	10,237,628
<b>Net Assets</b>	<b>51,442,282</b>

**Investor Shares—Net Assets**

Applicable to 126,374,740 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	4,943,050
<b>Net Asset Value Per Share—Investor Shares</b>	<b>\$39.11</b>

**Admiral Shares—Net Assets**

Applicable to 567,314,124 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	46,499,232
<b>Net Asset Value Per Share—Admiral Shares</b>	<b>\$81.96</b>

## Statement of Operations

Year Ended  
September 30, 2023

(\$000)

<b>Investment Income</b>	
<b>Income</b>	
Dividends <sup>1</sup>	1,623,084
Interest <sup>2</sup>	52,179
Securities Lending—Net	3,610
Total Income	1,678,873
<b>Expenses</b>	
Investment Advisory Fees—Note B	
Basic Fee	45,157
Performance Adjustment	2,697
The Vanguard Group—Note C	
Management and Administrative—Investor Shares	9,102
Management and Administrative—Admiral Shares	40,616
Marketing and Distribution—Investor Shares	275
Marketing and Distribution—Admiral Shares	2,499
Custodian Fees	299
Auditing Fees	32
Shareholders' Reports—Investor Shares	118
Shareholders' Reports—Admiral Shares	690
Trustees' Fees and Expenses	30
Other Expenses	16
Total Expenses	101,531
Expenses Paid Indirectly	(90)
Net Expenses	101,441
<b>Net Investment Income</b>	<b>1,577,432</b>
<b>Realized Net Gain (Loss)</b>	
Investment Securities Sold <sup>2</sup>	2,594,369
Futures Contracts	1,606
Foreign Currencies	823
<b>Realized Net Gain (Loss)</b>	<b>2,596,798</b>
<b>Change in Unrealized Appreciation (Depreciation)</b>	
Investment Securities <sup>2</sup>	1,788,083
Futures Contracts	111,412
Foreign Currencies	397
<b>Change in Unrealized Appreciation (Depreciation)</b>	<b>1,899,892</b>
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>6,074,122</b>

1 Dividends are net of foreign withholding taxes of \$13,166,000.

2 Interest income, realized net gain (loss), capital gain distributions received, and change in unrealized appreciation (depreciation) from an affiliated company of the fund were \$31,335,000, \$112,000, \$2,000, and (\$48,000), respectively. Purchases and sales are for temporary cash investment purposes.

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

## Statement of Changes in Net Assets

	Year Ended September 30,	
	2023 (\$000)	2022 (\$000)
<b>Increase (Decrease) in Net Assets</b>		
<b>Operations</b>		
Net Investment Income	1,577,432	1,445,651
Realized Net Gain (Loss)	2,596,798	3,027,890
Change in Unrealized Appreciation (Depreciation)	1,899,892	(6,877,921)
Net Increase (Decrease) in Net Assets Resulting from Operations	6,074,122	(2,404,380)
<b>Distributions</b>		
Investor Shares	(441,135)	(417,573)
Admiral Shares	(4,056,028)	(3,618,297)
Total Distributions	(4,497,163)	(4,035,870)
<b>Capital Share Transactions</b>		
Investor Shares	(43,886)	181,131
Admiral Shares	2,048,004	5,413,453
Net Increase (Decrease) from Capital Share Transactions	2,004,118	5,594,584
Total Increase (Decrease)	3,581,077	(845,666)
<b>Net Assets</b>		
Beginning of Period	47,861,205	48,706,871
End of Period	51,442,282	47,861,205

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

# Financial Highlights

## Investor Shares

For a Share Outstanding Throughout Each Period	Year Ended September 30,				
	2023	2022	2021	2020	2019
<b>Net Asset Value, Beginning of Period</b>	<b>\$37.83</b>	<b>\$42.95</b>	<b>\$33.75</b>	<b>\$36.51</b>	<b>\$37.98</b>
<b>Investment Operations</b>					
Net Investment Income <sup>1</sup>	1.157	1.159	1.041	1.000	1.002
Net Realized and Unrealized Gain (Loss) on Investments	3.597	(2.848)	9.232	(2.067)	.972
Total from Investment Operations	4.754	(1.689)	10.273	(1.067)	1.974
<b>Distributions</b>					
Dividends from Net Investment Income	(1.149)	(1.134)	(1.012)	(1.034)	(.997)
Distributions from Realized Capital Gains	(2.325)	(2.297)	(.061)	(.659)	(2.447)
Total Distributions	(3.474)	(3.431)	(1.073)	(1.693)	(3.444)
<b>Net Asset Value, End of Period</b>	<b>\$39.11</b>	<b>\$37.83</b>	<b>\$42.95</b>	<b>\$33.75</b>	<b>\$36.51</b>
<b>Total Return<sup>2</sup></b>	<b>12.54%</b>	<b>-4.67%</b>	<b>30.66%</b>	<b>-2.87%</b>	<b>6.43%</b>

## Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$4,943	\$4,823	\$5,285	\$4,482	\$5,478
Ratio of Total Expenses to Average Net Assets <sup>3</sup>	0.27% <sup>4</sup>	0.28% <sup>4</sup>	0.28%	0.28%	0.27%
Ratio of Net Investment Income to Average Net Assets	2.86%	2.69%	2.56%	2.89%	2.84%
Portfolio Turnover Rate	48%	40%	29%	35%	32%

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 0.01%, 0.01%, 0.01%, 0.01%, and 0.01%.

4 The ratio of expenses to average net assets for the period net of reduction from broker commission abatement arrangements was 0.27% and 0.28%, respectively.

# Financial Highlights

## Admiral Shares

For a Share Outstanding Throughout Each Period	Year Ended September 30,				
	2023	2022	2021	2020	2019
<b>Net Asset Value, Beginning of Period</b>	<b>\$79.28</b>	<b>\$90.01</b>	<b>\$70.73</b>	<b>\$76.52</b>	<b>\$79.61</b>
<b>Investment Operations</b>					
Net Investment Income <sup>1</sup>	2.503	2.516	2.262	2.159	2.167
Net Realized and Unrealized Gain (Loss) on Investments	7.534	(5.973)	19.342	(4.331)	2.028
Total from Investment Operations	10.037	(3.457)	21.604	(2.172)	4.195
<b>Distributions</b>					
Dividends from Net Investment Income	(2.484)	(2.460)	(2.196)	(2.236)	(2.156)
Distributions from Realized Capital Gains	(4.873)	(4.813)	(.128)	(1.382)	(5.129)
Total Distributions	(7.357)	(7.273)	(2.324)	(3.618)	(7.285)
<b>Net Asset Value, End of Period</b>	<b>\$81.96</b>	<b>\$79.28</b>	<b>\$90.01</b>	<b>\$70.73</b>	<b>\$76.52</b>
<b>Total Return<sup>2</sup></b>	<b>12.64%</b>	<b>-4.58%</b>	<b>30.77%</b>	<b>-2.77%</b>	<b>6.51%</b>

## Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$46,499	\$43,039	\$43,422	\$30,816	\$30,972
Ratio of Total Expenses to Average Net Assets <sup>3</sup>	0.18% <sup>4</sup>	0.19% <sup>4</sup>	0.19%	0.19%	0.18%
Ratio of Net Investment Income to Average Net Assets	2.95%	2.78%	2.64%	2.98%	2.93%
Portfolio Turnover Rate	48%	40%	29%	35%	32%

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 0.01%, 0.01%, 0.01%, 0.01%, and 0.01%.

4 The ratio of expenses to average net assets for the period net of reduction from broker commission abatement arrangements was 0.18% and 0.19%, respectively.

## Notes to Financial Statements

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

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

1. **Security Valuation:** Securities are valued as of the close of trading on the New York Stock Exchange (generally 4 p.m., Eastern time) on the valuation date. Equity securities are valued at the latest quoted sales prices or official closing prices taken from the primary market in which each security trades; such securities not traded on the valuation date are valued at the mean of the latest quoted bid and asked prices. Securities for which market quotations are not readily available, or whose values have been affected by events occurring before the fund's pricing time but after the close of the securities' primary markets, are valued by methods deemed by the valuation designee to represent fair value and subject to oversight by the board of trustees. These procedures include obtaining quotations from an independent pricing service, monitoring news to identify significant market- or security-specific events, and evaluating changes in the values of foreign market proxies (for example, ADRs, futures contracts, or exchange-traded funds), between the time the foreign markets close and the fund's pricing time. When fair-value pricing is employed, the prices of securities used by a fund to calculate its net asset value may differ from quoted or published prices for the same securities. Investments in Vanguard Market Liquidity Fund are valued at that fund's net asset value. Other 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. **Futures Contracts:** The fund uses index futures contracts to a limited extent, with the objective of maintaining full exposure to the stock market while maintaining liquidity. The fund may purchase or sell futures contracts to achieve a desired level of investment, whether to accommodate portfolio turnover or cash flows from capital share transactions. The primary risks associated with the use of futures contracts are imperfect correlation between changes in market values of stocks held by the fund and the prices of futures contracts, and the possibility of an illiquid market. Counterparty risk involving futures is mitigated because a regulated clearinghouse is the counterparty instead of the clearing broker. To further mitigate counterparty risk, the fund trades futures contracts on an exchange, monitors the financial strength of its clearing brokers and clearinghouse, and has entered into clearing agreements with its clearing brokers. The clearinghouse imposes initial margin requirements to secure the fund's performance and requires daily settlement of variation margin representing changes in the market value of each contract. Any securities pledged as initial margin for open contracts are noted in the Schedule of Investments.

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

During the year ended September 30, 2023, the fund's average investments in long and short futures contracts represented 2% and 0% of net assets, respectively, based on the average of the notional amounts at each quarter-end during the period.

5. **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.

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 and are subject to the fund's regulatory and contractual borrowing restrictions. With respect to the committed credit facility, the participating funds are charged administrative fees and an annual commitment fee of 0.10% of the undrawn committed amount of the facility, which are allocated to the funds based on a method approved by the fund's board of trustees and included in Management and Administrative expenses on the fund's Statement of Operations. Any borrowings under either facility bear interest at an agreed-upon spread plus the higher of the federal funds effective rate, the overnight bank funding rate, or the Daily Simple Secured Overnight Financing Rate inclusive of an additional agreed-upon spread. However, borrowings under the uncommitted credit facility may bear interest based upon an alternate rate agreed to by the fund and Vanguard.

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

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

9. 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 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 a portion of the fund for a fee calculated at an annual percentage rate of average net assets managed by the advisor. The basic fee is subject to quarterly adjustments based on performance relative to the FTSE High Dividend Yield Index for the preceding three years.

Vanguard provides investment advisory services to a portion of the fund as described below; the fund paid Vanguard advisory fees of \$4,699,000 for the year ended September 30, 2023.

For the year ended September 30, 2023, the aggregate investment advisory fee paid to all advisors represented an effective annual basic rate of 0.08% of the fund's average net assets, before a net increase of \$2,697,000 (0.01%) 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 investment advisory, corporate management, administrative, marketing, and distribution services at Vanguard's cost of operations (as defined by the FSA). These costs of operations are allocated to the fund based on methods and guidelines approved by the board of trustees and are generally settled twice a month.

Upon the request of Vanguard, the fund may invest up to 0.40% of its net assets as capital in Vanguard. At September 30, 2023, the fund had contributed to Vanguard capital in the amount of \$1,797,000, 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. For the year ended September 30, 2023, these arrangements reduced the fund's expenses by \$90,000 (an annual rate of less than 0.01% of average net assets).

**E.** Various inputs may be used to determine the value of the fund's investments 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.).

## Equity Income Fund

**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 September 30, 2023, based on the inputs used to value them:

	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)	Total (\$000)
<b>Investments</b>				
<b>Assets</b>				
Common Stocks	49,221,813	1,115,484	—	50,337,297
Temporary Cash Investments	533,791	576,400	—	1,110,191
<b>Total</b>	<b>49,755,604</b>	<b>1,691,884</b>	<b>—</b>	<b>51,447,488</b>
<b>Derivative Financial Instruments</b>				
<b>Liabilities</b>				
Futures Contracts <sup>1</sup>	24,550	—	—	24,550

<sup>1</sup> Includes cumulative appreciation (depreciation) on futures contracts and centrally cleared swaps, if any, as reported in the Schedule of Investments. Only current day’s variation margin is reported within the Statement of Assets and Liabilities.

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

	Amount (\$000)
Paid-in Capital	158,111
Total Distributable Earnings (Loss)	(158,111)

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

## Equity Income Fund

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	100,807
Undistributed Long-Term Gains	2,325,917
Net Unrealized Gains (Losses)	7,810,904
Capital Loss Carryforwards	—
Qualified Late-Year Losses	—
Other Temporary Differences	—
<b>Total</b>	<b>10,237,628</b>

The tax character of distributions paid was as follows:

	Year Ended September 30,	
	2023 Amount (\$000)	2022 Amount (\$000)
Ordinary Income*	1,550,267	1,723,789
Long-Term Capital Gains	2,946,896	2,312,081
<b>Total</b>	<b>4,497,163</b>	<b>4,035,870</b>

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

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

	Amount (\$000)
Tax Cost	43,636,694
Gross Unrealized Appreciation	10,586,259
Gross Unrealized Depreciation	(2,775,465)
<b>Net Unrealized Appreciation (Depreciation)</b>	<b>7,810,794</b>

**G.** During the year ended September 30, 2023, the fund purchased \$24,814,495,000 of investment securities and sold \$25,322,883,000 of investment securities, other than temporary cash investments.

The fund purchased securities from and sold securities to other funds or accounts managed by its investment advisors or their affiliates, in accordance with procedures adopted by the board of trustees in compliance with Rule 17a-7 of the Investment Company Act of 1940. For the year ended September 30, 2023, such purchases were \$62,505,000 and sales were \$2,096,000, resulting in net realized gain of \$634,000; these amounts, other than temporary cash investments, are included in the purchases and sales of investment securities noted above.

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

	Year Ended September 30,			
	2023		2022	
	Amount (\$000)	Shares (000)	Amount (\$000)	Shares (000)
<b>Investor Shares</b>				
Issued	585,386	14,340	847,534	19,586
Issued in Lieu of Cash Distributions	411,265	10,313	385,775	9,104
Redeemed	(1,040,537)	(25,752)	(1,052,178)	(24,275)
Net Increase (Decrease)—Investor Shares	(43,886)	(1,099)	181,131	4,415
<b>Admiral Shares</b>				
Issued	7,447,318	87,620	9,294,275	102,758
Issued in Lieu of Cash Distributions	3,644,882	43,619	3,190,190	35,953
Redeemed	(9,044,196)	(106,801)	(7,071,012)	(78,259)
Net Increase (Decrease)—Admiral Shares	2,048,004	24,438	5,413,453	60,452

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

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

The use of derivatives may expose the fund to various risks. Derivatives can be highly volatile, and any initial investment is generally small relative to the notional amount so that transactions may be leveraged in terms of market exposure. A relatively small market movement may have a potentially larger impact on derivatives than on standard securities. Leveraged derivatives positions can, therefore, increase volatility. Additional information regarding the fund's use of derivative(s) and the specific risks associated is described under significant accounting policies.

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

# Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Vanguard Fenway Funds and Shareholders of Vanguard Equity Income Fund

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

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

## ***Basis for Opinion***

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

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

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

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

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

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**Tax information (unaudited)**

For corporate shareholders, 87.9%, or if subsequently determined to be different, the maximum percentage allowable by law, of ordinary income (dividend income plus short-term gains, if any) for the fiscal year qualified for the dividends-received deduction.

The fund hereby designates \$1,535,146,000, 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 \$8,671,000, 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 \$3,105,007,000 as capital gain dividends (20% rate gain distributions) to shareholders during the fiscal year.

The fund hereby designates \$7,610,000, or if subsequently determined to be different, the maximum amount allowable by law, of qualified business income for individual shareholders for the fiscal year.

# The People Who Govern Your Fund

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

A majority of Vanguard's board members are independent, meaning that they have no affiliation with Vanguard or the funds they oversee, apart from the sizable personal investments they have made as private individuals. The independent board members have distinguished backgrounds in business, academia, and public service. Each of the trustees and executive officers oversees 205 Vanguard funds.

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

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

### **Mortimer J. Buckley**

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

## Independent Trustees

### **Tara Bunch**

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

### **Emerson U. Fullwood**

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

### **F. Joseph Loughrey**

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

### **Mark Loughridge**

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

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

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

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

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

#### **Deanna Mulligan**

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

#### **André F. Perold**

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

#### **Sarah Bloom Raskin**

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

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

#### **Grant Reid**

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

#### **David Thomas**

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

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

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

## Executive Officers

### Jacqueline Angell

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

### Christine M. Buchanan

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

### John Galloway

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

### Ashley Grim

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

### Jodi Miller

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

### Anne E. Robinson

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

### Michael Rollings

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

## Vanguard Senior Management Team

Matthew Benchener

Joseph Brennan

Mortimer J. Buckley

Gregory Davis

John James

Chris D. McIsaac

Thomas M. Rampulla

Karin A. Risi

Anne E. Robinson

Michael Rollings

Nitin Tandon

Lauren Valente



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

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

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

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

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