Vanguard®

Semiannual Report | April 30, 2023

Vanguard Windsor™ II Fund

Contents

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 April 30, 2023

	Beginning Account Value 10/31/2022	Ending Account Value 4/30/2023	Expenses Paid During Period
Based on Actual Fund Return			
Windsor II Fund			
Investor Shares	$1,000.00	$1,072.60	$1.75
Admiral™ Shares	1,000.00	1,073.00	1.34
Based on Hypothetical 5% Yearly Return			
Windsor II Fund			
Investor Shares	$1,000.00	$1,023.11	$1.71
Admiral Shares	1,000.00	1,023.51	1.30

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 0.34% for Investor Shares and 0.26% 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 (181/365).

Fund Allocation

As of April 30, 2023

Communication Services	7.9%
Consumer Discretionary	8.6
Consumer Staples	7.7
Energy	5.9
Financials	17.7
Health Care	16.8
Industrials	9.4
Information Technology	20.0
Materials	2.8
Real Estate	1.6
Utilities	1.5
Other	0.1

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.

Financial Statements (unaudited)

Schedule of Investments
As of April 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.

	Shares	Market Value• ($000)
Common Stocks (95.9%)		
Communication Services (7.6%)		
* Alphabet Inc. Class A	13,333,689	1,431,238
* Meta Platforms Inc. Class A	3,373,708	810,770
* Alphabet Inc. Class C	4,666,850	505,047
* Walt Disney Co.	2,477,943	253,989
Comcast Corp. Class A	5,841,513	241,663
* Activision Blizzard Inc.	2,743,883	213,227
* Warner Bros Discovery Inc.	10,268,148	139,749
News Corp. Class A	6,280,710	110,603
Vodafone Group plc ADR	9,071,932	108,410
[1] Paramount Global Inc. Class B	3,620,200	84,459
Omnicom Group Inc.	743,079	67,301
* Baidu Inc. ADR	78,683	9,490
		3,975,946
Consumer Discretionary (8.2%)		
* Amazon.com Inc.	8,068,440	850,817
McDonald's Corp.	1,475,490	436,376
Lennar Corp. Class A	3,592,078	405,222
* Aptiv plc	3,069,691	315,748
Home Depot Inc.	925,591	278,177
General Motors Co.	8,072,524	266,716
Sony Group Corp. ADR	2,959,000	265,334
Bayerische Motoren Werke AG (XETR)	1,989,126	222,950
Cie Generale des Etablissements Michelin SCA ADR	13,221,000	209,421
Magna International Inc.	3,850,532	200,844
* Booking Holdings Inc.	74,400	199,861
NIKE Inc. Class B	1,505,549	190,783
Mercedes-Benz Group AG	2,120,529	165,372
DR Horton Inc.	1,142,080	125,423
Lear Corp.	539,100	68,822
* Adient plc	1,311,943	48,463
* Goodyear Tire & Rubber Co.	2,833,996	30,239
		4,280,568
Consumer Staples (7.3%)		
Procter & Gamble Co.	5,773,494	902,859
Coca-Cola Co.	10,467,875	671,514
Sysco Corp.	5,482,255	420,708
PepsiCo Inc.	1,525,568	291,216
Estee Lauder Cos. Inc. Class A	905,818	223,484
Unilever plc ADR	3,884,298	215,695
Dollar General Corp.	919,021	203,526
Constellation Brands Inc. Class A	846,000	194,132
Mondelez International Inc. Class A	2,526,973	193,869
Unilever plc (XLON)	3,329,200	185,377
Kroger Co.	3,704,423	180,146
Nestle SA (Registered)	1,167,287	149,751
		3,832,277
Energy (5.7%)		
Chevron Corp.	2,232,134	376,293
ConocoPhillips	3,549,210	365,178
APA Corp.	8,415,267	310,103
Coterra Energy Inc.	9,614,000	246,118
Halliburton Co.	7,291,635	238,801
Suncor Energy Inc.	7,383,332	231,246
Shell plc ADR	3,328,512	206,301
Phillips 66	1,839,000	182,061
Marathon Oil Corp.	7,226,387	174,589
NOV Inc.	9,853,188	165,041
Ovintiv Inc. (XNYS)	3,183,410	114,857
Murphy Oil Corp.	2,420,952	88,873
Cenovus Energy Inc.	5,223,900	87,762
Pioneer Natural Resources Co.	281,065	61,146
Schlumberger NV	1,083,800	53,486
Baker Hughes Co. Class A	1,760,800	51,486
		2,953,341
Financials (17.0%)		
Wells Fargo & Co.	23,418,795	930,897
Visa Inc. Class A	2,696,151	627,475
Bank of America Corp.	21,338,728	624,798
Intercontinental Exchange Inc.	5,052,565	550,376
Citigroup Inc.	11,065,803	520,867
American Express Co.	3,221,575	519,769
PNC Financial Services Group Inc.	3,535,433	460,490
Marsh & McLennan Cos. Inc.	2,217,413	399,556
American International Group Inc.	7,345,946	389,629
Capital One Financial Corp.	2,931,300	285,216

	Shares	Market Value• ($000)
Ameriprise Financial Inc.	906,000	276,439
JPMorgan Chase & Co.	1,860,475	257,192
Commerce Bancshares Inc.	4,493,097	250,939
US Bancorp	6,913,900	237,009
Goldman Sachs Group Inc.	680,249	233,625
BNP Paribas SA	3,463,600	223,795
Cincinnati Financial Corp.	2,086,000	222,034
Blackstone Inc.	2,402,563	214,621
Bank of New York Mellon Corp.	4,882,634	207,951
Citizens Financial Group Inc.	5,787,351	179,061
* Cullen/Frost Bankers Inc.	1,577,000	173,864
Hartford Financial Services Group Inc.	2,435,600	172,903
Fidelity National Information Services Inc.	2,581,500	151,586
1 Mitsubishi UFJ Financial Group Inc. ADR	19,937,000	125,204
First Citizens BancShares Inc. Class A	117,358	118,201
Charles Schwab Corp.	1,790,839	93,553
Truist Financial Corp.	2,065,088	67,281
NatWest Group plc	18,944,743	62,406
* ING Groep NV	4,497,433	55,778
State Street Corp.	665,188	48,066
Equitable Holdings Inc.	1,842,040	47,875
Corebridge Financial Inc.	2,694,200	45,424
Sumitomo Mitsui Financial Group Inc.	946,600	38,691
China Construction Bank Corp. Class H	50,934,000	34,051
		8,846,622
Health Care (16.2%)		
Johnson & Johnson	5,450,140	892,188
Medtronic plc	9,788,198	890,237
UnitedHealth Group Inc.	1,625,950	800,114
Elevance Health Inc.	1,591,938	746,062
HCA Healthcare Inc.	2,533,900	728,065
Danaher Corp.	2,735,289	648,017
Cigna Group	1,763,873	446,771
Thermo Fisher Scientific Inc.	787,412	436,935
Humana Inc.	644,083	341,680
Merck & Co. Inc.	2,488,000	287,289
* Boston Scientific Corp.	5,019,366	261,609
Amgen Inc.	1,055,000	252,926
Roche Holding AG	731,049	228,921
Zoetis Inc.	1,226,959	215,675
* Alcon Inc.	2,918,000	211,497
CVS Health Corp.	2,871,500	210,510
* IQVIA Holdings Inc.	956,000	179,948
* Centene Corp.	2,139,988	147,509
Novartis AG ADR	1,040,800	106,755
* GE Healthcare Inc.	1,309,615	106,524
Zimmer Biomet Holdings Inc.	612,008	84,726
AbbVie Inc.	535,167	80,874
Sanofi ADR	1,320,391	70,839
GSK plc ADR	1,567,915	56,492
		8,432,163
Industrials (9.0%)		
Honeywell International Inc.	3,858,153	771,013
General Dynamics Corp.	1,832,971	400,211
Northrop Grumman Corp.	717,742	331,073
Raytheon Technologies Corp.	3,312,000	330,869
Parker-Hannifin Corp.	964,000	313,184
Waste Management Inc.	1,704,686	283,063
FedEx Corp.	1,223,640	278,721
Norfolk Southern Corp.	1,328,779	269,782
General Electric Co.	2,537,245	251,111
Xylem Inc.	2,310,000	239,871
HEICO Corp.	1,023,878	172,667
Caterpillar Inc.	695,070	152,081
Cummins Inc.	633,672	148,938
* Boeing Co.	674,400	139,453
Oshkosh Corp.	1,690,000	129,319
PACCAR Inc.	1,690,980	126,299
CNH Industrial NV	7,994,599	112,724
* Daimler Truck Holding AG	2,895,614	95,680
Timken Co.	737,700	56,692
* Fluor Corp.	1,403,385	40,782
Siemens AG (Registered)	189,874	31,297
Nordson Corp.	79,898	17,283
		4,692,113
Information Technology (19.2%)		
Microsoft Corp.	10,113,228	3,107,390
Apple Inc.	3,696,848	627,281
Micron Technology Inc.	8,189,123	527,052
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	6,185,485	521,436
* Adobe Inc.	1,187,119	448,209
Samsung Electronics Co. Ltd. (XKRX)	8,361,400	411,415
Analog Devices Inc.	1,976,126	355,466
* Salesforce Inc.	1,726,462	342,478
* ANSYS Inc.	1,000,000	313,920
* Workday Inc. Class A	1,633,900	304,134
Amphenol Corp. Class A	3,942,852	297,567
* F5 Inc.	2,126,500	285,717
Microchip Technology Inc.	3,874,000	282,763
Applied Materials Inc.	2,300,944	260,076
Cisco Systems Inc.	5,084,860	240,260
QUALCOMM Inc.	2,036,500	237,863
* Autodesk Inc.	1,170,000	227,904
Accenture plc Class A	752,582	210,941
Telefonaktiebolaget LM Ericsson ADR	37,013,480	203,204
Oracle Corp.	2,099,125	198,829
Seagate Technology Holdings plc	3,270,998	192,237
TE Connectivity Ltd.	902,266	110,410
Corning Inc.	3,320,051	110,292
Cognex Corp.	1,687,309	80,468
Lam Research Corp.	121,321	63,582

	Shares	Market Value• ($000)
Cognizant Technology Solutions Corp. Class A	866,500	51,739
		10,012,633
Materials (2.7%)		
Corteva Inc.	6,320,000	386,278
Martin Marietta Materials Inc.	731,000	265,499
Ecolab Inc.	1,258,000	211,143
RPM International Inc.	2,399,000	196,790
Avery Dennison Corp.	859,179	149,909
Olin Corp.	2,625,900	145,475
International Paper Co.	1,016,629	33,661
		1,388,755
Other (0.1%)		
SPDR S&P 500 ETF Trust	185,472	77,143
Real Estate (1.5%)		
Prologis Inc.	3,552,715	444,978
Crown Castle Inc.	1,560,000	192,020
Equity LifeStyle Properties Inc.	2,142,000	147,584
		784,582
Utilities (1.4%)		
Xcel Energy Inc.	3,638,000	254,333
Atmos Energy Corp.	2,210,000	252,249
PPL Corp.	8,270,715	237,535
		744,117
Total Common Stocks (Cost $35,049,709)		**50,020,260**

	Shares	Market Value• ($000)
Temporary Cash Investments (3.8%)		
Money Market Fund (3.8%)		
[2,3] Vanguard Market Liquidity Fund, 4.853% **(Cost $1,988,364)**	19,888,814	**1,988,683**
Total Investments (99.7%) (Cost $37,038,073)		**52,008,943**
Other Assets and Liabilities—Net (0.3%)		**141,714**
Net Assets (100%)		**52,150,657**

Cost is in $000.

- See Note A in Notes to Financial Statements.

* Non-income-producing security.

1 Includes partial security positions on loan to broker-dealers. The total value of securities on loan is $89,503,000.

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

3 Collateral of $93,487,000 was received for securities on loan.

ADR—American Depositary Receipt.

Derivative Financial Instruments Outstanding as of Period End

Futures Contracts

	Expiration	Number of Long (Short) Contracts	Notional Amount ($000)	Value and Unrealized Appreciation (Depreciation) ($000)
Long Futures Contracts				
E-mini S&P 500 Index	June 2023	3,546	742,621	27,283

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

Statement of Assets and Liabilities

As of April 30, 2023

($000s, except shares, footnotes, and per-share amounts)	Amount
Assets	
Investments in Securities, at Value[1]	
Unaffiliated Issuers (Cost $35,049,709)	50,020,260
Affiliated Issuers (Cost $1,988,364)	1,988,683
Total Investments in Securities	52,008,943
Investment in Vanguard	1,832
Cash	2,779
Cash Collateral Pledged—Futures Contracts	40,600
Receivables for Investment Securities Sold	196,561
Receivables for Accrued Income	65,686
Receivables for Capital Shares Issued	8,977
Variation Margin Receivable—Futures Contracts	6,300
Total Assets	**52,331,678**
Liabilities	
Payables for Investment Securities Purchased	48,394
Collateral for Securities on Loan	93,487
Payables to Investment Advisor	14,536
Payables for Capital Shares Redeemed	21,171
Payables to Vanguard	3,433
Total Liabilities	**181,021**
Net Assets	**52,150,657**

1 Includes $89,503,000 of securities on loan.

At April 30, 2023, net assets consisted of:

Paid-in Capital	36,222,882
Total Distributable Earnings (Loss)	15,927,775
Net Assets	**52,150,657**

Investor Shares—Net Assets	
Applicable to 277,417,866 outstanding $.001 par value shares of beneficial interest (unlimited authorization)	**10,994,182**
Net Asset Value Per Share—Investor Shares	**$39.63**

Admiral Shares—Net Assets	
Applicable to 585,347,733 outstanding $.001 par value shares of beneficial interest (unlimited authorization)	**41,156,475**
Net Asset Value Per Share—Admiral Shares	**$70.31**

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

Statement of Operations

	Six Months Ended April 30, 2023
	($000)
Investment Income	
Income	
Dividends[1]	451,181
Interest[2]	44,689
Securities Lending—Net	382
Total Income	496,252
Expenses	
Investment Advisory Fees—Note B	
Basic Fee	32,321
Performance Adjustment	(1,865)
The Vanguard Group—Note C	
Management and Administrative—Investor Shares	11,329
Management and Administrative—Admiral Shares	26,826
Marketing and Distribution—Investor Shares	223
Marketing and Distribution—Admiral Shares	726
Custodian Fees	532
Shareholders' Reports—Investor Shares	220
Shareholders' Reports—Admiral Shares	129
Trustees' Fees and Expenses	11
Other Expenses	41
Total Expenses	70,493
Expenses Paid Indirectly	(100)
Net Expenses	70,393
Net Investment Income	**425,859**
Realized Net Gain (Loss)	
Investment Securities Sold[2]	679,242
Futures Contracts	52,348
Foreign Currencies	267
Realized Net Gain (Loss)	**731,857**
Change in Unrealized Appreciation (Depreciation)	
Investment Securities—Unaffiliated Issuers[2]	2,436,312
Futures Contracts	1,408
Foreign Currencies	703
Change in Unrealized Appreciation (Depreciation)	**2,438,423**
Net Increase (Decrease) in Net Assets Resulting from Operations	**3,596,139**

1 Dividends are net of foreign withholding taxes of $6,956,000.

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 $44,159,000, $121,000, $5,000, and $57,000, 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

	Six Months Ended April 30, 2023	Year Ended October 31, 2022
	($000)	($000)
Increase (Decrease) in Net Assets		
Operations		
Net Investment Income	425,859	795,248
Realized Net Gain (Loss)	731,857	2,796,748
Change in Unrealized Appreciation (Depreciation)	2,438,423	(10,644,556)
Net Increase (Decrease) in Net Assets Resulting from Operations	3,596,139	(7,052,560)
Distributions		
Investor Shares	(654,976)	(1,012,782)
Admiral Shares	(2,445,356)	(3,567,050)
Total Distributions	(3,100,332)	(4,579,832)
Capital Share Transactions		
Investor Shares	139,081	(437,223)
Admiral Shares	1,092,098	1,926,529
Net Increase (Decrease) from Capital Share Transactions	1,231,179	1,489,306
Total Increase (Decrease)	1,726,986	(10,143,086)
Net Assets		
Beginning of Period	**50,423,671**	**60,566,757**
End of Period	**52,150,657**	**50,423,671**

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

Financial Highlights

Investor Shares

For a Share Outstanding Throughout Each Period	Six Months Ended April 30, 2023	Year Ended October 31, 2022	2021	2020	2019	2018
Net Asset Value, Beginning of Period	**$39.39**	**$48.48**	**$34.85**	**$37.22**	**$37.39**	**$38.81**
Investment Operations						
Net Investment Income[1]	.312	.585	.502	.551	.775	.783
Net Realized and Unrealized Gain (Loss) on Investments	2.359	(6.039)	15.971	.607	2.628	.950
Total from Investment Operations	2.671	(5.454)	16.473	1.158	3.403	1.733
Distributions						
Dividends from Net Investment Income	(.323)	(.566)	(.516)	(.635)	(.844)	(.740)
Distributions from Realized Capital Gains	(2.108)	(3.070)	(2.327)	(2.893)	(2.729)	(2.413)
Total Distributions	(2.431)	(3.636)	(2.843)	(3.528)	(3.573)	(3.153)
Net Asset Value, End of Period	**$39.63**	**$39.39**	**$48.48**	**$34.85**	**$37.22**	**$37.39**
Total Return[2]	**7.26%**	**-11.93%**	**49.42%**	**2.93%**	**10.82%**	**4.44%**
Ratios/Supplemental Data						
Net Assets, End of Period (Millions)	$10,994	$10,747	$13,734	$10,997	$12,119	$12,061
Ratio of Total Expenses to Average Net Assets[3]	0.34%[4]	0.34%[4]	0.34%	0.34%	0.33%	0.33%
Ratio of Net Investment Income to Average Net Assets	1.58%	1.38%	1.15%	1.61%	2.20%	2.04%
Portfolio Turnover Rate	9%	18%	20%	61%	32%	29%

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

1 Calculated based on average shares outstanding.

2 Total returns do not include account service fees that may have applied in the periods shown. Fund prospectuses provide information about any applicable account service fees.

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

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

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

Financial Highlights

Admiral Shares

For a Share Outstanding Throughout Each Period	Six Months Ended April 30, 2023	Year Ended October 31, 2022	2021	2020	2019	2018
Net Asset Value, Beginning of Period	**$69.89**	**$86.03**	**$61.84**	**$66.06**	**$66.35**	**$68.88**
Investment Operations						
Net Investment Income[1]	.581	1.098	.950	1.027	1.426	1.443
Net Realized and Unrealized Gain (Loss) on Investments	4.181	(10.716)	28.341	1.065	4.675	1.682
Total from Investment Operations	4.762	(9.618)	29.291	2.092	6.101	3.125
Distributions						
Dividends from Net Investment Income	(.602)	(1.074)	(.972)	(1.178)	(1.547)	(1.371)
Distributions from Realized Capital Gains	(3.740)	(5.448)	(4.129)	(5.134)	(4.844)	(4.284)
Total Distributions	(4.342)	(6.522)	(5.101)	(6.312)	(6.391)	(5.655)
Net Asset Value, End of Period	**$70.31**	**$69.89**	**$86.03**	**$61.84**	**$66.06**	**$66.35**
Total Return[2]	**7.30%**	**-11.86%**	**49.55%**	**3.00%**	**10.93%**	**4.52%**
Ratios/Supplemental Data						
Net Assets, End of Period (Millions)	$41,156	$39,677	$46,833	$30,992	$34,022	$34,126
Ratio of Total Expenses to Average Net Assets[3]	0.26%[4]	0.26%[4]	0.26%	0.26%	0.25%	0.25%
Ratio of Net Investment Income to Average Net Assets	1.66%	1.46%	1.22%	1.69%	2.28%	2.12%
Portfolio Turnover Rate	9%	18%	20%	61%	32%	29%

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

1 Calculated based on average shares outstanding.

2 Total returns do not include account service fees that may have applied in the periods shown. Fund prospectuses provide information about any applicable account service fees.

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

4 The ratio of expenses to average net assets for the period net of reduction from broker commission abatement arrangements was 0.26%.

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

Notes to Financial Statements

Vanguard Windsor II 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.

2. Foreign Currency: Securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars using exchange rates obtained from an independent third party as of the fund's pricing time on the valuation date. Realized gains (losses) and unrealized appreciation (depreciation) on investment securities include the effects of changes in exchange rates since the securities were purchased, combined with the effects of changes in security prices. Fluctuations in the value of other assets and liabilities resulting from changes in exchange rates are recorded as unrealized foreign currency gains (losses) until the assets or liabilities are settled in cash, at which time they are recorded as realized foreign currency gains (losses).

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

Futures contracts are valued at their quoted daily settlement prices. The notional amounts of the contracts are not recorded in the Statement of Assets and Liabilities. Fluctuations in the value of

the contracts are recorded in the Statement of Assets and Liabilities as an asset (liability) and in the Statement of Operations as unrealized appreciation (depreciation) until the contracts are closed, when they are recorded as realized gains (losses) on futures contracts.

During the six months ended April 30, 2023, the fund's average investments in long and short futures contracts represented 1% and 0% of net assets, respectively, based on the average of the notional amounts at each quarter-end during the period.

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 $4.3 billion committed credit facility provided by a syndicate of lenders pursuant to a credit agreement and an uncommitted credit facility provided by Vanguard. Both facilities may be renewed annually. Each fund is individually liable for its borrowings, if any, under the credit facilities. Borrowings may be utilized for temporary or emergency purposes and are subject to the fund's regulatory and contractual borrowing restrictions. With respect to the committed credit facility, the participating funds are charged administrative fees and an annual commitment fee of 0.10% of the undrawn committed amount of the facility, which are allocated to the funds based on a method approved by the fund's board of trustees and included in Management and Administrative expenses on the fund's Statement of

Operations. Any borrowings under either facility bear interest at an agreed-upon spread plus the higher of the federal funds effective rate, the overnight bank funding rate, or the Daily Simple Secured Overnight Financing Rate inclusive of an additional agreed-upon spread. However, borrowings under the uncommitted credit facility may bear interest based upon an alternate rate agreed to by the fund and Vanguard.

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

For the six months ended April 30, 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. 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. The investment advisory firms Lazard Asset Management LLC, Hotchkis and Wiley Capital Management, LLC, Sanders Capital, LLC, and Aristotle Capital Management, LLC, each provide investment advisory services to a portion of the fund for a fee calculated at an annual percentage rate of average net assets managed by the advisor. The basic fee of Lazard Asset Management LLC is subject to quarterly adjustments based on performance relative to the S&P 500 Index for the preceding three years. The basic fee of Hotchkis and Wiley Capital Management, LLC, is subject to quarterly adjustments based on performance relative to the MSCI US Investable Market 2500 Index for the preceding five years. The basic fee of Sanders Capital, LLC, is subject to

quarterly adjustments based on performance relative to the Russell 3000 Index for the preceding five years. The basic fee of Aristotle Capital Management, LLC, is subject to quarterly adjustments based on performance relative to the S&P 500 Index since January 31, 2020.

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

For the six months ended April 30, 2023, the aggregate investment advisory fee paid to all advisors represented an effective annual basic rate of 0.13% of the fund's average net assets, before a net decrease of $1,865,000 (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 corporate management, administrative, marketing, distribution and cash management services at Vanguard's cost of operations (as defined by the FSA). These costs of operations are allocated to the fund based on methods and guidelines approved by the board of trustees and are generally settled twice a month.

Upon the request of Vanguard, the fund may invest up to 0.40% of its net assets as capital in Vanguard. At April 30, 2023, the fund had contributed to Vanguard capital in the amount of $1,832,000, representing less than 0.01% of the fund's net assets and 0.73% 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 advisors 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 six months ended April 30, 2023, these arrangements reduced the fund's expenses by $100,000 (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.).
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 April 30, 2023, based on the inputs used to value them:

	Level 1 ($000)	Level 2 ($000)	Level 3 ($000)	Total ($000)
Investments				
Assets				
Common Stocks	48,114,776	1,905,484	—	50,020,260
Temporary Cash Investments	1,988,683	—	—	1,988,683
Total	50,103,459	1,905,484	—	52,008,943
Derivative Financial Instruments				
Assets				
Futures Contracts[1]	27,283	—	—	27,283

1 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. As of April 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	37,118,273
Gross Unrealized Appreciation	16,439,982
Gross Unrealized Depreciation	(1,522,029)
Net Unrealized Appreciation (Depreciation)	14,917,953

G. During the six months ended April 30, 2023, the fund purchased $4,392,908,000 of investment securities and sold $6,062,145,000 of investment securities, other than temporary cash investments.

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

	Six Months Ended April 30, 2023		Year Ended October 31, 2022	
	Amount ($000)	Shares (000)	Amount ($000)	Shares (000)
Investor Shares				
Issued	185,688	4,713	594,292	13,465
Issued in Lieu of Cash Distributions	639,779	17,390	986,376	22,623
Redeemed	(686,386)	(17,512)	(2,017,891)	(46,545)
Net Increase (Decrease)—Investor Shares	139,081	4,591	(437,223)	(10,457)

	Six Months Ended April 30, 2023		Year Ended October 31, 2022	
	Amount ($000)	Shares (000)	Amount ($000)	Shares (000)
Admiral Shares				
Issued	886,796	12,773	2,903,794	37,328
Issued in Lieu of Cash Distributions	2,286,419	35,035	3,344,538	43,301
Redeemed	(2,081,117)	(30,160)	(4,321,803)	(57,306)
Net Increase (Decrease)—Admiral Shares	1,092,098	17,648	1,926,529	23,323

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 April 30, 2023, that would require recognition or disclosure in these financial statements.

Trustees Approve Advisory Arrangements

The board of trustees of Vanguard Windsor II Fund has renewed the fund's investment advisory arrangements with Lazard Asset Management LLC (Lazard); Hotchkis and Wiley Capital Management, LLC (Hotchkis and Wiley); Aristotle Capital Management, LLC (Aristotle); and Sanders Capital, LLC (Sanders Capital). The board determined that renewing the fund's advisory arrangements was in the best interests of the fund and its shareholders.

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

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

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

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

Nature, extent, and quality of services

The board reviewed the quality of the investment management services provided by Lazard, Hotchkis and Wiley, Aristotle, and Sanders Capital over both the short and long term, and took into account the organizational depth and stability of each advisor. The board considered the following:

Lazard. Lazard, a subsidiary of the investment bank Lazard Ltd., provides investment management services for clients around the world in a variety of investment mandates, including international equities, domestic equities, and fixed income securities. The investment team employs a relative value, bottom-up stock-selection process to identify stocks with sustainable financial productivity and attractive valuations. Using scenario analysis, the team seeks to understand the durability and future direction of financial productivity and valuation. Lazard has managed a portion of the fund since 2007.

Hotchkis and Wiley. Founded in 1980, Hotchkis and Wiley is a value-oriented firm that manages various large-, mid-, and small-capitalization portfolios. Hotchkis and Wiley invests in companies where it believes that the present value of future cash flows exceeds the market price. The advisor believes that the market frequently undervalues companies due to the extrapolation of current

trends, while capital flows usually cause a company's returns and profitability to normalize over the long term. Hotchkis and Wiley seeks to identify these companies with a disciplined, bottom-up research process. The portfolio managers leverage the support of a broad analyst team, which is organized into sector teams in an effort to better understand the impact that industry dynamics and macro-economic risk factors might have on individual companies. Hotchkis and Wiley has managed a portion of the fund since 2003.

Aristotle. Aristotle is a majority employee-owned investment firm that provides investment management services to clients across a variety of value equity strategies, including domestic, international, and global. The team has employed the same research-driven, bottom-up, quality-value approach for more than 20 years, seeking to invest in high-quality companies trading at attractive valuations. Aristotle has managed a portion of the fund since 2019.

Sanders Capital. Founded in 2009, Sanders Capital employs a traditional, bottom-up, fundamental research approach to identify securities that are undervalued relative to their expected total return. The portfolio managers are supported by a well-credentialed and experienced analyst team, in addition to a quantitative research analyst. Sanders Capital has managed a portion of the fund since 2010.

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

Investment performance

The board considered the short-term, long-term, and since-inception performance, as applicable, of Lazard's, Hotchkis and Wiley's, Aristotle's, and Sanders Capital's subportfolios, including any periods of outperformance or underperformance compared with a relevant benchmark index and peer group. The board concluded that the performance was such that the advisory arrangements should continue.

Cost

The board concluded that the fund's expense ratio was below the average expense ratio charged by funds in its peer group and that Lazard's, Hotchkis and Wiley's, Aristotle's, and Sanders Capital's advisory fee rates were also below the peer-group average.

The board did not consider the profitability of Lazard, Hotchkis and Wiley, Aristotle, or Sanders Capital in determining whether to approve the advisory fees, because the firms are independent of Vanguard and the advisory fees are the result of arm's-length negotiations.

The benefit of economies of scale

The board concluded that the fund's shareholders benefit from economies of scale because of breakpoints in the advisory fee schedules with Lazard, Hotchkis and Wiley, Aristotle, and Sanders Capital. The breakpoints reduce the effective rate of the fees as the fund's assets managed by each advisor increase.

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

Liquidity Risk Management

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

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

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

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

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

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