

**Semiannual Report** | April 30, 2021

# Vanguard Selected Value Fund

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# About Your Fund's Expenses

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

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

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

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

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

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

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

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

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

**Six Months Ended April 30, 2021**

Selected Value Fund	Beginning Account Value 10/31/2020	Ending Account Value 4/30/2021	Expenses Paid During Period
Based on Actual Fund Return	\$1,000.00	\$1,528.10	\$2.07
Based on Hypothetical 5% Yearly Return	1,000.00	1,023.16	1.66

The calculations are based on expenses incurred in the most recent six-month period. The fund's annualized six-month expense ratio for that period is 0.33%. 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).

# Selected Value Fund

## Fund Allocation

As of April 30, 2021

Communication Services	0.8%
Consumer Discretionary	15.6
Consumer Staples	0.7
Energy	3.9
Financials	29.3
Health Care	6.1
Industrials	22.6
Information Technology	8.2
Materials	8.1
Real Estate	1.4
Utilities	3.3

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

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

# Financial Statements (unaudited)

## Schedule of Investments

As of April 30, 2021

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)
<b>Common Stocks (94.2%)</b>		
<b>Communication Services (0.8%)</b>		
Omnicom Group Inc.	636,300	52,342
<b>Consumer Discretionary (14.7%)</b>		
* Gildan Activewear Inc.	4,722,706	163,831
* Taylor Morrison Home Corp. Class A	3,571,543	111,468
* Helen of Troy Ltd.	384,180	81,143
Lear Corp.	437,782	80,482
Gentex Corp.	1,795,374	63,161
American Eagle Outfitters Inc.	1,783,160	61,644
* Ford Motor Co.	5,128,127	59,178
* Skechers USA Inc. Class A	1,205,325	58,446
* Mohawk Industries Inc.	277,719	57,071
* PVH Corp.	497,879	56,350
Whirlpool Corp.	236,176	55,844
Newell Brands Inc.	2,011,365	54,226
Hanesbrands Inc.	1,784,600	37,584
Extended Stay America Inc.	1,553,760	30,904
Gap Inc.	783,437	25,932
		<b>997,264</b>
<b>Consumer Staples (0.6%)</b>		
Spectrum Brands Holdings Inc.	422,849	37,270
Ingredion Inc.	54,680	5,108
		<b>42,378</b>
<b>Energy (3.7%)</b>		
Halliburton Co.	3,240,456	63,383
NOV Inc.	3,759,533	56,205
Baker Hughes Co. Class A	2,190,681	43,989
Cenovus Energy Inc.	3,821,052	29,690
Euronav NV	2,532,587	21,578
* TechnipFMC plc	2,854,756	21,125
Murphy Oil Corp.	645,960	10,936
Devon Energy Corp.	131,582	3,076
* Technip Energies NV ADR	124,475	1,769
		<b>251,751</b>
<b>Financials (27.6%)</b>		
Unum Group	3,668,000	103,658
Fifth Third Bancorp	2,506,161	101,600
FirstCash Inc.	1,262,187	90,915

## Selected Value Fund

	Shares	Market Value* (\$000)
Equitable Holdings Inc.	2,650,549	90,728
Globe Life Inc.	873,502	89,525
Fidelity National Financial Inc.	1,890,987	86,267
American International Group Inc.	1,747,857	84,684
Voya Financial Inc.	1,151,895	78,122
Jefferies Financial Group Inc.	2,346,121	76,272
CNO Financial Group Inc.	2,977,704	76,021
* Arch Capital Group Ltd.	1,903,999	75,608
Axis Capital Holdings Ltd.	1,343,287	74,955
Essent Group Ltd.	1,350,000	70,983
Regions Financial Corp.	3,236,935	70,565
* Alleghany Corp.	100,240	68,060
KeyCorp.	2,947,082	64,129
CNA Financial Corp.	1,259,754	59,120
State Street Corp.	690,600	57,976
RenaissanceRe Holdings Ltd.	313,200	52,871
Progressive Corp.	467,177	47,063
Synchrony Financial	1,025,700	44,864
Invesco Ltd.	1,529,420	41,294
Webster Financial Corp.	779,926	41,266
Reinsurance Group of America Inc.	285,446	37,259
Hartford Financial Services Group Inc.	498,808	32,901
Loews Corp.	514,233	28,668
Allstate Corp.	213,800	27,110
Commerce Bancshares Inc.	344,737	26,824
Navient Corp.	1,445,858	24,334
American National Group Inc.	193,300	21,911
Everest Re Group Ltd.	51,771	14,338
Hanover Insurance Group Inc.	97,763	13,522
MFA Financial Inc.	1,016,357	4,472
		<b>1,877,885</b>
<b>Health Care (5.7%)</b>		
* Integra LifeSciences Holdings Corp.	994,675	73,685
* Syneos Health Inc.	855,199	72,564
Hill-Rom Holdings Inc.	603,000	66,463
Cardinal Health Inc.	956,318	57,704
Perrigo Co. plc	1,329,354	55,341
* Laboratory Corp. of America Holdings	149,200	39,668
McKesson Corp.	124,152	23,286
		<b>388,711</b>
<b>Industrials (21.3%)</b>		
* AerCap Holdings NV	3,754,579	218,704
* JetBlue Airways Corp.	4,440,529	90,409
Leidos Holdings Inc.	821,998	83,252
* IAA Inc.	1,278,392	80,296
* Colfax Corp.	1,739,879	78,625
Ryder System Inc.	895,007	71,457
Textron Inc.	1,078,154	69,261
Westinghouse Air Brake Technologies Corp.	807,320	66,257
BWX Technologies Inc.	947,355	63,397
Huntington Ingalls Industries Inc.	290,790	61,741
Woodward Inc.	458,515	57,319
* JELD-WEN Holding Inc.	1,752,190	51,111
Terex Corp.	1,083,477	50,913
Stanley Black & Decker Inc.	228,182	47,181

## Selected Value Fund

	Shares	Market Value* (\$000)
Acuity Brands Inc.	229,000	42,484
Enerpac Tool Group Corp. Class A	1,539,856	40,960
AMETEK Inc.	278,400	37,564
KBR Inc.	755,545	29,889
* MasTec Inc.	284,088	29,647
Armstrong World Industries Inc.	276,720	28,682
* Gates Industrial Corp. plc	1,460,840	25,199
* Air France KLM ADR	4,252,756	23,794
MSC Industrial Direct Co. Inc. Class A	261,409	23,569
Steelcase Inc. Class A	1,665,188	22,980
* Atlas Air Worldwide Holdings Inc.	314,000	21,324
Snap-on Inc.	56,185	13,350
* AECOM	194,184	12,900
Bank Bukopin Tbk PT	111,500	5,594
		<b>1,447,859</b>
<b>Information Technology (7.7%)</b>		
* Arrow Electronics Inc.	1,036,558	118,240
Amdocs Ltd.	1,294,501	99,340
Avnet Inc.	1,921,012	84,371
* Micron Technology Inc.	563,100	48,466
TE Connectivity Ltd.	343,800	46,231
Hewlett Packard Enterprise Co.	2,554,563	40,924
Genpact Ltd.	505,149	24,010
Juniper Networks Inc.	829,020	21,049
*.1 Celestica Inc.	2,485,719	20,706
MKS Instruments Inc.	106,000	18,985
		<b>522,322</b>
<b>Materials (7.7%)</b>		
Mosaic Co.	2,455,300	86,378
Olin Corp.	1,598,409	68,780
* IAMGOLD Corp.	19,855,730	62,148
Gold Fields Ltd. ADR	5,428,027	50,915
Reliance Steel & Aluminum Co.	305,317	48,945
Dow Inc.	771,245	48,203
* Alcoa Corp.	1,226,700	44,946
Domtar Corp.	973,400	38,371
Schweitzer-Mauduit International Inc.	621,800	28,398
Kinross Gold Corp.	3,238,209	22,797
*.1 Equinox Gold Corp.	2,671,383	21,603
		<b>521,484</b>
<b>Real Estate (1.3%)</b>		
* Howard Hughes Corp.	392,541	42,371
* CBRE Group Inc. Class A	334,400	28,491
Park Hotels & Resorts Inc.	838,758	18,712
		<b>89,574</b>
<b>Utilities (3.1%)</b>		
Edison International	1,276,707	75,900
Atmos Energy Corp.	549,493	56,922
NRG Energy Inc.	1,559,325	55,855
Entergy Corp.	190,579	20,829
		<b>209,506</b>
<b>Total Common Stocks (Cost \$4,652,695)</b>		<b>6,401,076</b>



## Selected Value Fund

	Shares	Market Value* (\$000)
<b>Temporary Cash Investments (6.1%)</b>		
<b>Money Market Fund (6.1%)</b>		
<sup>2,3</sup> Vanguard Market Liquidity Fund, 0.068% (Cost \$416,173)	4,162,014	416,201
<b>Total Investments (100.3%) (Cost \$5,068,868)</b>		<b>6,817,277</b>
<b>Other Assets and Liabilities—Net (-0.3%)</b>		<b>(22,943)</b>
<b>Net Assets (100%)</b>		<b>6,794,334</b>

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 \$1,741,000.

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 \$1,932,000 was received for securities on loan.

ADR—American Depositary Receipt.

## Derivative Financial Instruments Outstanding as of Period End

### Futures Contracts

				(\$000)
	Expiration	Number of Long (Short) Contracts	Notional Amount	Value and Unrealized Appreciation (Depreciation)
<b>Long Futures Contracts</b>				
E-mini S&P 500 Index	June 2021	868	181,169	6,963

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

# Statement of Assets and Liabilities

As of April 30, 2021

(\$000s, except shares and per-share amounts)	Amount
<b>Assets</b>	
Investments in Securities, at Value	
Unaffiliated Issuers (Cost \$4,652,695)	6,401,076
Affiliated Issuers (Cost \$416,173)	416,201
Total Investments in Securities	6,817,277
Investment in Vanguard	235
Cash Collateral Pledged—Futures Contracts	9,359
Receivables for Investment Securities Sold	3,941
Receivables for Accrued Income	1,990
Receivables for Capital Shares Issued	7,453
<b>Total Assets</b>	<b>6,840,255</b>
<b>Liabilities</b>	
Due to Custodian	20
Payables for Investment Securities Purchased	35,425
Collateral for Securities on Loan	1,932
Payables to Investment Advisor	2,515
Payables for Capital Shares Redeemed	4,350
Payables to Vanguard	444
Variation Margin Payable—Futures Contracts	1,235
<b>Total Liabilities</b>	<b>45,921</b>
<b>Net Assets</b>	<b>6,794,334</b>

At April 30, 2021, net assets consisted of:

Paid-in Capital	4,847,832
Total Distributable Earnings (Loss)	1,946,502
<b>Net Assets</b>	<b>6,794,334</b>

**Net Assets**

Applicable to 215,429,747 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	6,794,334
<b>Net Asset Value Per Share</b>	<b>\$31.54</b>

# Statement of Operations

Six Months Ended  
April 30, 2021

(\$000)

<b>Investment Income</b>	
<b>Income</b>	
Dividends <sup>1</sup>	55,266
Interest <sup>2</sup>	134
Securities Lending—Net	15
<b>Total Income</b>	<b>55,415</b>
<b>Expenses</b>	
Investment Advisory Fees—Note B	
Basic Fee	6,613
Performance Adjustment	(1,466)
The Vanguard Group—Note C	
Management and Administrative	4,532
Marketing and Distribution	219
Custodian Fees	13
Shareholders' Reports	12
Trustees' Fees and Expenses	1
<b>Total Expenses</b>	<b>9,924</b>
Expenses Paid Indirectly	(149)
<b>Net Expenses</b>	<b>9,775</b>
<b>Net Investment Income</b>	<b>45,640</b>
<b>Realized Net Gain (Loss)</b>	
Investment Securities Sold <sup>2</sup>	154,220
Futures Contracts	19,214
<b>Realized Net Gain (Loss)</b>	<b>173,434</b>
<b>Change in Unrealized Appreciation (Depreciation)</b>	
Investment Securities <sup>2</sup>	2,231,050
Futures Contracts	9,518
<b>Change in Unrealized Appreciation (Depreciation)</b>	<b>2,240,568</b>
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>2,459,642</b>

1 Dividends are net of foreign withholding taxes of \$157,000.

2 Interest income, realized net gain (loss), and change in unrealized appreciation (depreciation) from an affiliated company of the fund were \$132,000, \$0, and \$0, respectively. Purchases and sales are for temporary cash investment purposes.

## Statement of Changes in Net Assets

	Six Months Ended April 30, 2021	Year Ended October 31, 2020
	(\$000)	(\$000)
<b>Increase (Decrease) in Net Assets</b>		
<b>Operations</b>		
Net Investment Income	45,640	96,766
Realized Net Gain (Loss)	173,434	742,145
Change in Unrealized Appreciation (Depreciation)	2,240,568	(1,782,293)
Net Increase (Decrease) in Net Assets Resulting from Operations	2,459,642	(943,382)
<b>Distributions</b>		
Total Distributions	(550,483)	(563,718)
<b>Capital Share Transactions</b>		
Issued	630,384	671,477
Issued in Lieu of Cash Distributions	506,643	520,183
Redeemed	(1,261,089)	(2,567,674)
Net Increase (Decrease) from Capital Share Transactions	(124,062)	(1,376,014)
Total Increase (Decrease)	1,785,097	(2,883,114)
<b>Net Assets</b>		
Beginning of Period	5,009,237	7,892,351
End of Period	6,794,334	5,009,237

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

## Financial Highlights

For a Share Outstanding Throughout Each Period	Six Months, Ended April 30,					
	2021	2020	2019	Year Ended October 31, 2018 2017 2016		
<b>Net Asset Value, Beginning of Period</b>	<b>\$22.78</b>	<b>\$27.59</b>	<b>\$27.38</b>	<b>\$33.15</b>	<b>\$27.24</b>	<b>\$28.15</b>
<b>Investment Operations</b>						
Net Investment Income	.212 <sup>1</sup>	.368 <sup>1</sup>	.493 <sup>1</sup>	.493 <sup>1</sup>	.449 <sup>1</sup>	.527 <sup>1</sup>
Net Realized and Unrealized Gain (Loss) on Investments	11.194	(3.163)	2.392	(3.153)	6.760	.030
Total from Investment Operations	11.406	(2.795)	2.885	(2.660)	7.209	.557
<b>Distributions</b>						
Dividends from Net Investment Income	(.360)	(.450)	(.506)	(.423)	(.501)	(.443)
Distributions from Realized Capital Gains	(2.286)	(1.565)	(2.169)	(2.687)	(.798)	(1.024)
Total Distributions	(2.646)	(2.015)	(2.675)	(3.110)	(1.299)	(1.467)
<b>Net Asset Value, End of Period</b>	<b>\$31.54</b>	<b>\$22.78</b>	<b>\$27.59</b>	<b>\$27.38</b>	<b>\$33.15</b>	<b>\$27.24</b>
<b>Total Return<sup>2</sup></b>	<b>52.81%</b>	<b>-11.25%</b>	<b>12.51%</b>	<b>-9.15%</b>	<b>27.17%</b>	<b>2.20%</b>
<b>Ratios/Supplemental Data</b>						
Net Assets, End of Period (Millions)	\$6,794	\$5,009	\$7,892	\$8,811	\$10,574	\$8,802
Ratio of Total Expenses to Average Net Assets <sup>3</sup>	0.33%	0.31%	0.33%	0.36%	0.39%	0.35%
Ratio of Net Investment Income to Average Net Assets	1.54%	1.58%	1.89%	1.61%	1.47%	2.00%
Portfolio Turnover Rate	16%	85%	31%	31%	22%	27%

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 (0.05%), (0.06%), (0.06%), (0.02%), 0.00%, and (0.04%).

## Notes to Financial Statements

Vanguard Selected Value Fund is registered under the Investment Company Act of 1940 as an open-end investment company, or mutual fund. Market disruptions associated with the COVID-19 pandemic have had a global impact, and uncertainty exists as to the long-term implications. Such disruptions can adversely affect assets of the fund and thus fund performance.

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

1. **Security Valuation:** Securities are valued as of the close of trading on the New York Stock Exchange (generally 4 p.m., Eastern time) on the valuation date. Equity securities are valued at the latest quoted sales prices or official closing prices taken from the primary market in which each security trades; such securities not traded on the valuation date are valued at the mean of the latest quoted bid and asked prices. Securities for which market quotations are not readily available, or whose values have been affected by events occurring before the fund's pricing time but after the close of the securities' primary markets, are valued at their fair values calculated according to procedures adopted by the board of trustees. These procedures include obtaining quotations from an independent pricing service, monitoring news to identify significant market- or security-specific events, and evaluating changes in the values of foreign market proxies (for example, ADRs, futures contracts, or exchange-traded funds), between the time the foreign markets close and the fund's pricing time. When fair-value pricing is employed, the prices of securities used by a fund to calculate its net asset value may differ from quoted or published prices for the same securities. Investments in Vanguard Market Liquidity Fund are valued at that fund's net asset value. Temporary cash investments are valued using the latest bid prices or using valuations based on a matrix system (which considers such factors as security prices, yields, maturities, and ratings), both as furnished by independent pricing services.

2. **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, 2021, 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.

3. **Federal Income Taxes:** The fund intends to continue to qualify as a regulated investment company and distribute all of its taxable income. The fund's tax returns are open to examination by the relevant tax authorities until expiration of the applicable statute of limitations, which is generally three years after the filing of the tax return. Management has analyzed the fund's tax positions taken for all open federal and state income tax years, and has concluded that no provision for income tax is required in the fund's financial statements.

4. **Distributions:** Distributions to shareholders are recorded on the ex-dividend date. Distributions are determined on a tax basis at the fiscal year-end and may differ from net investment income and realized capital gains for financial reporting purposes.

5. **Securities Lending:** To earn additional income, the fund lends its securities to qualified institutional borrowers. Security loans are subject to termination by the fund at any time, and are required to be secured at all times by collateral in an amount at least equal to the market value of securities loaned. Daily market fluctuations could cause the value of loaned securities to be more or less than the value of the collateral received. When this occurs, the collateral is adjusted and settled before the opening of the market on the next business day. The fund further mitigates its counterparty risk by entering into securities lending transactions only with a diverse group of prequalified counterparties, monitoring their financial strength, and entering into master securities lending agreements with its counterparties. The master securities lending agreements provide that, in the event of a counterparty's default (including bankruptcy), the fund may terminate any loans with that borrower, determine the net amount owed, and sell or retain the collateral up to the net amount owed to the fund; however, such actions may be subject to legal proceedings. While collateral mitigates counterparty risk, in the event of a default, the fund may experience delays and costs in recovering the securities loaned. The fund invests cash collateral received in Vanguard Market Liquidity Fund, and records a liability in the Statement of Assets and Liabilities for the return of the collateral, during the period the securities are on loan. Collateral investments in Vanguard Market Liquidity Fund are subject to market appreciation or depreciation. Securities lending income represents fees charged to borrowers plus income earned on invested cash collateral, less expenses associated with the loan. During the term of the loan, the fund is entitled to all distributions made on or in respect of the loaned securities.

6. **Credit Facilities and Interfund Lending Program:** The fund and certain other funds managed by The Vanguard Group ("Vanguard") participate in a \$4.3 billion committed credit facility provided by a syndicate of lenders pursuant to a credit agreement and an uncommitted credit facility provided by Vanguard. Both facilities may be renewed annually. Each fund is individually liable for its borrowings, if any, under the credit facilities. Borrowings may be utilized for temporary or emergency purposes, subject to the fund's regulatory and contractual borrowing restrictions. With respect to the committed credit facility, the participating funds are charged administrative fees and an annual commitment fee of 0.10% of the undrawn committed amount of the facility; these fees are allocated to the funds based on a method approved by the fund's board of trustees and included in Management and Administrative expenses on the fund's Statement of Operations. Any borrowings under either facility bear interest at a rate based upon the higher of the one-month London Interbank Offered Rate (or an acceptable alternate rate, if necessary), federal funds effective rate, or overnight bank funding rate plus an agreed-upon spread, except that borrowings under the uncommitted credit facility may bear interest based upon an 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

## Selected Value Fund

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, 2021, the fund did not utilize the credit facilities or the Interfund Lending Program.

7. Other: Dividend income is recorded on the ex-dividend date. Non-cash dividends included in income, if any, are recorded at the fair value of the securities received. Interest income includes income distributions received from Vanguard Market Liquidity Fund and is accrued daily. 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.

B. The investment advisory firms Cooke & Bieler, LP, Pzena Investment Management, LLC, and Donald Smith & Co., Inc., 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 Cooke & Bieler, LP, is subject to quarterly adjustments based on performance relative to the Russell Midcap Value Index since January 31, 2020. The basic fee of Pzena Investment Management, LLC, is subject to quarterly adjustments based on performance relative to the Russell Midcap Value Index for the preceding three years. The basic fee of Donald Smith & Co., Inc., is subject to quarterly adjustments based on performance relative to the MSCI Investable Market 2500 Index for the preceding five years.

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

For the six months ended April 30, 2021, the aggregate investment advisory fee paid to all advisors represented an effective annual basic rate of 0.22% of the fund's average net assets, before a net decrease of \$1,466,000 (0.05%) 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, 2021, the fund had contributed to Vanguard capital in the amount of \$235,000, representing less than 0.01% of the fund's net assets and 0.09% 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



## Selected Value Fund

the commissions generated. Such rebates are used solely to reduce the fund's management and administrative expenses. For the six months ended April 30, 2021, these arrangements reduced the fund's expenses by \$149,000 (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.

At April 30, 2021, 100% of the market value of the fund's investments and derivatives was determined based on Level 1 inputs.

F. As of April 30, 2021, 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	5,075,903
Gross Unrealized Appreciation	1,888,746
Gross Unrealized Depreciation	(140,409)
Net Unrealized Appreciation (Depreciation)	1,748,337

G. During the six months ended April 30, 2021, the fund purchased \$883,756,000 of investment securities and sold \$1,666,214,000 of investment securities, other than temporary cash investments.

H. Capital shares issued and redeemed were:

	Six Months Ended April 30, 2021	Year Ended October 31, 2020
	Shares (000)	Shares (000)
Issued	21,769	30,348
Issued in Lieu of Cash Distributions	19,853	19,338
Redeemed	(46,133)	(115,758)
Net Increase (Decrease) in Shares Outstanding	(4,511)	(66,072)

I. Management has determined that no events or transactions occurred subsequent to April 30, 2021, that would require recognition or disclosure in these financial statements.

## Trustees Approve Advisory Arrangements

The board of trustees of Vanguard Selected Value Fund has renewed the fund's investment advisory arrangements with Pzena Investment Management, LLC (Pzena), Cooke & Bieler, L.P. (C&B), and Donald Smith & Co., Inc. (Donald Smith & Co.). 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 monthly presentations to the board during the fiscal year that directed the board's focus to relevant information and topics.

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

In addition, the board received monthly reports, which included a Market and Economic Report, a Fund Dashboard Monthly Summary, and a Fund Performance Report.

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 fund's investment management services provided by Pzena, C&B, and Donald Smith & Co. over both the short and long term and took into account the organizational depth and stability of each advisor. The board considered the following:

Pzena. Founded in 1995, Pzena is a global investment management firm that employs a deep-value investment approach. Pzena uses in-depth fundamental research to identify companies that are temporarily underperforming their long-term earnings power. Companies are purchased when Pzena judges that: (1) the company's problems are temporary; (2) management has a viable strategy to generate recovery; and (3) there is meaningful downside protection in case the earnings recovery does not materialize. Pzena has managed a portion of the fund since 2014.

C&B. Founded in 1949, C&B is an independently owned investment boutique with assets across six domestic value strategies. The portfolio management team comprises eight analysts/portfolio managers that cover the entire market-capitalization spectrum and specialize in particular sectors. The team has employed the same research-driven, bottom-up, quality value approach for more than six decades, seeking to invest in high-quality companies trading at attractive valuations. While the team is highly collaborative, the analyst/portfolio managers retain individual decision-making authority across each of the portfolios and coverage for their respective sectors, resulting in a

structure that contains elements of a multi-counselor approach. C&B has managed a portion of the fund since 2019.

Donald Smith & Co. Founded in 1983, Donald Smith & Co. is a deep-value-oriented firm that manages large-, mid-, and small-capitalization value portfolios. Donald Smith & Co. employs a strictly bottom-up approach, focusing on companies in the bottom decile of price-to-tangible-book value in the benchmark. The advisor uses fundamental analysis to invest in those companies that it considers to be inexpensive relative to their estimate of normalized earnings power and to have solid balance sheets and asset quality. Donald Smith & Co. has managed a portion of the fund since 2005.

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-, long-term, and since-inception performance, as applicable, of Pzena's, C&B's, and Donald Smith & Co.'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 well below the average expense ratio charged by funds in its peer group and that Pzena's, C&B's, and Donald Smith & Co.'s advisory fee rates were also well below the peer-group average.

The board did not consider the profitability of Pzena, C&B, or Donald Smith & Co. 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 for Pzena, C&B, and Donald Smith & Co. 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 Whitehall Funds approved the appointment of liquidity risk management program administrators responsible for administering Vanguard Selected Value 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, 2020, through December 31, 2020 (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 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).